



digia

Report by the Board of Directors
and Financial Statements

2022

DIGITALISATION THAT MAKES A DIFFERENCE

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This is a voluntary published pdf report, so it does not fulfill the disclosure obligation pursuant to Section 7:5g of the Securities Markets Act.



Board of Directors' Report 2022

Digia in brief

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 the partner for its customers in comprehensive digitalisation. We provide all the layers of digitalisation from business systems to integrations, digital services and 24/7 monitoring and service management.

During the year now ended, we continued to implement our "Next Level" strategy. In the 2020–2022 strategy period, our goals were to pursue strong growth and profitability improvement while bolstering Digia's future competitiveness by renewing our operations. To support future growth, we deployed the Digia Business Engine, our new management and ERP system. In addition to technical system development, the project involved the renewal of many operational models. In the strategy period, we emphasised the potential of data utilisation

in services and business processes. As a company, we have advanced to the next capability level to be an even stronger partner for our customers in the development of their business.

Digia seeks growth both organically and through acquisitions. During the fiscal year, particularly strong growth was seen in integration and API services, data analytics as well as Microsoft Business Central and Oracle Netsuite ERP system solutions. The net sales of the Digia Hub subcontracting network also saw good growth. In this uncertain environment, the large share of the company's net sales accounted for by continuous services was a strength, bringing stability to our business.

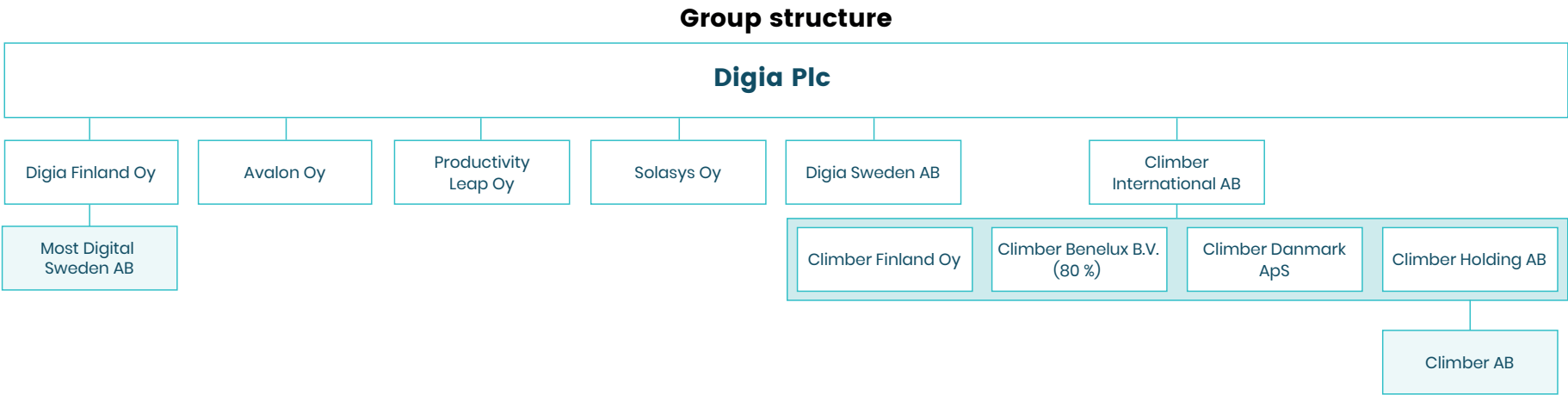
Group structure

Digia operates in Finland – Helsinki, Joensuu, Jyväskylä, Kuopio, Lahti, Oulu, Rauma, Tampere, Turku and Vaasa – as well as in Stockholm and Malmö in Sweden, and

Hengelo in the Netherlands. Our headquarters are located in Helsinki. On 31 December 2022, the Digia Group included the parent company Digia Plc and its subsidiaries Digia Finland Oy and its subsidiary Most Digital Sweden AB, Avalon Oy, Productivity Leap Oy, Solasys Oy, Digia Sweden AB and Climber International AB, with its subsidiaries Climber Finland Oy, Climber Benelux B.V. (80%), Climber Denmark ApS, Climber Holding AB and its subsidiary Climber AB.

Digia owns all of its subsidiaries in full with the exception of Climber Benelux B.V., in which it has an 80 per cent holding.

In the 2022 fiscal year, to clarify its group structure, Digia started the merger processes of its subsidiaries Digia Hub Oy and Most Digital Oy into Digia Finland Oy. The mergers came into effect on 31 December 2022



Strategy and business development

2022 was the last year of Digia's 2020–2022 strategy period. Our "Next Level" strategy has revolved around smart digitalisation and continuous change in digital business. Digia enables its customers to take their digital business to the next level as a controlled whole. Smart and responsible data utilisation in both services and business processes has comprised an important cornerstone of strategy implementation. Refined information has become even more important. The core of Digia's service offering is a smart and functional package of digital services, business systems, integrations and analytics. Digia takes care of the life cycle of solutions from development to maintenance and also invests in the opportunities provided by data and analytics in its own operations.

In the strategy period 2020–2022, Digia sought annual net sales growth exceeding 10 per cent including organic growth and acquisitions. The target level of profitability improvement has been an EBITA margin of 10 per cent by the end of the strategy period.

The focus areas of Digia's strategy to increase customer benefits have been:

1) Smart data utilisation

We have brought data utilisation as a cross-cutting theme for all Digia's service areas from business systems to integrations and digital services. Data is a key element in all of our customers' operations.

2) Service business

We have deepened our customer relationships and further bolstered our service business.

3) Productivity and scalability

We have developed our operational models and solutions to improve our cost-competitiveness. An essential modernisation project in the strategy period was the renewal of our own business platform and management system.

4) Cloud technologies

Cloud is the development and operating platform for future services. We have further strengthened our cloud service capabilities, taking into account both data security and key public cloud platforms.

5) Valued employer

Personnel who are committed to the objectives of our customers and constantly hone their skills are Digia's most important success factor. We have invested in a workplace culture that bolsters a good employee experience and lifelong learning.

Strategy implementation in 2022

Our single most significant development project and outlay in 2022 was the deployment of our own business platform and management system, the Digia Business Engine. We sought to build a constantly evolving smart business platform and management system that supports Digia's long-term competitiveness. Smart technology combined with modern ways of working and culture enhances efficiency in business processes and day-to-day operations.

In addition to overhauling our internal operations, we made outlays on the development of our service offering and acquisitions to ensure future growth. We carried out three acquisitions during the fiscal year.

Digia's strategy – Unlock Your Intelligence – and financial objectives for 2023–2025

We combine technological possibilities and human capabilities to build intelligent business, society and a sustainable future. We ensure that our customers are at the forefront of digital evolution, with an operational model and rhythm that are right for them. We harness Digia's well-rounded expertise and comprehensive offering as well as operational models that suit the customer's needs. We constantly renew our own operations and expertise, and work with reliable partners. As a versatile company, Digia can offer its employees meaningful job tasks and new things to learn. We are building a responsible society and Digia.

We implement our strategy by tapping into strengths of Digia and the special expertise of our service areas. As a unified company, we provide our customers with large scale solutions and the expertise of our specialised service areas for their individual needs. We build long-term customer relationships and partnerships. Digia's strengths:

- reliability and long-term customer relationships
- diverse and constantly evolving top expertise
- a versatile offering where solution connectivity enables expanding customer relationships
- a strong financial position
- a business model in which continuous services yield operational stability
- the ability to carry out successful acquisitions and grow the acquirees as part of Digia.



Digia's specialised service areas at the beginning of the strategy period:

Digital Solutions: Solutions for growing business and developing the customer experience.

Intelligent digital and value adding data solutions for the customer's different lifecycle phases. The solutions range from the automation of digital marketing to service design, customer relationship management and a variety of application solutions.

Business Platforms: Solutions for business management and stepping up efficiency.

Versatile and comprehensive industry-independent ERP solutions. The solutions are based on partners' platforms, Digia's own product solutions or a combination of these, depending on the customer's business requirements.

Financial Platforms: Digia's product and service solutions for the financial sector.

A comprehensive end-to-end system for fund management companies, asset managers and stockbrokers, including system support for the loan and account process management of financial companies. Service models are tailored to the needs of customers: software deliveries, application maintenance, SaaS solutions and the partial or full outsourcing of core processes.

Managed Solutions: Solutions for boosting operational efficiency, continuity and data availability.

Managed solution and outsourcing with a focus on service continuity, development and security and resilience. State-of-the-art application services, integrations and API solutions and robotics platforms. Solutions for special segments, such as security-critical customers.

Strategy growth paths

- 1. **Specialised service areas:** Precision solutions delivered using a model suitable for customers. We are expanding our customer relationships into deeper partnerships, harnessing all of Digia's diverse offering and expertise.
- 2. **Large scale solutions :** Extensive and demand-ing solution packages in which we utilise all of Digia's extensive offering, from project deliveries to outsourcing.
- 3. **Acquisitions:** Enriching our offering and venturing into new markets and customer relationships.
- 4. **International operations:** Expanding our target mar-ket and customer relationships.

Strategy enablers

A modern and attractive work community: Skilled employees are the most important success factor for Digia. Continuous growth is part of the personal and pro-fessional development of each and every Digia employ-ee. We invest in our learning-focused, professional and relaxed culture. We want our employees to enjoy working at Digia. Hybrid work, smart ways of working and tools help us to succeed together.

Scalability and productivity: We invest in scalability and productivity in both our own operations and the solutions we provide for customers. In our own operations, produc-tivity development is based on the continuous renewal of working methods, intelligent technology platform that supports them, and harnessing Digia-level synergies. In customer solutions, we focus on increasing scalability in our service and product solutions. We scale our expertise through our Digia Hub network.

Responsibility: Responsibility is part of our day-to-day operations. Our corporate responsibility is based on the UN's and the UN Global Compact principles and objectives. The essential focus areas in our corporate responsibility will remain the same. Our own operations are already carbon neutral. We also see the green transition and solving of sustainability challenges as business opportunities. We are ambitiously seeking to do even better in all subareas of responsibility (environment, people and trusted partner), improving on our already good baseline situation.

Objectives for the 2023–2025 strategy period

Financial objectives:

Net sales growth:	over 10 per cent annually, including organic and inorganic growth
Operating profit (EBITA):	over 12 per cent of net sales at the end of the strategy period

Expanding our international business

Our aim is that international business will account for over 15 per cent of net sales at the end of the strategy period.

Sustainability objectives:

Environment	carbon neutrality: CO ₂ emissions -60% ⁽¹⁾
People	healthy, diverse and skilled personnel: eNPS +35% ⁽²⁾
Trusted partner	a visionary, reliable and secure part-ner: NPS +25% ⁽²⁾

1) CO₂ – the comparison year in emissions calculations is 2019, the target value is for the end of 2025
2) eNPS (employee net promoter score) and NPS (customer net promoter score) – the comparison year is 2022, the target value is for the end of 2025

Major events in 2022

- Net sales: EUR 170.8 (155.9) million, up 9.5 per cent
- Operating profit (EBITA): EUR 15.7 (17.7) million, down 11.3 per cent
- EBITA margin: 9.2 (11.4) per cent of net sales
- Deployment of the Digia Business Engine
- Digia acquired the entire share capital of MOST Digital on 2 May 2022. With this acquisition, Digia grew its scalable services and bolstered its expertise and growth in the integration and API business with automation platform services.
- Digia acquired the entire share capital of Productivity Leap on 1 July 2022. With the acquisition, Digia strengthened its expertise in knowledge management, which is in increasingly high demand, and its ability to serve its customers in an ever more comprehensive way, particularly in the social welfare and healthcare sector.
- Digia acquired the entire share capital of Avalon Oy on 1 October 2022. With this acquisition, Digia bolstered its expertise in the development of customer experiences and digital marketing.
- Earnings per share: EUR 0.36 (0.44)
- Board of Directors' proposal for the distribution of profit to the Annual General Meeting: The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.17 per share be paid (EUR 0.17 per share in 2021).

Key indicators

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

EUR 1,000	2022	2021	2020
Extent of business			
Net sales	170,754	155,939	139,049
- net sales growth, %	9.5%	12.1%	5.5%
Gross capital expenditure ¹	1,253	1,768	1,268
- % of net sales	0.7%	1.1%	0.9%
Number of personnel, 31 Dec	1,426	1,339	1,258
Average number of personnel	1,399	1,334	1,261
Profitability			
Operating profit plus purchase price allocation amortisation and costs (EBITA)	15,733	17,739	16,000
- % of net sale ²	9.2%	11.4%	11.5%
Operating profit (EBIT)	12,727	14,680	14,102
- % of net sales	7.5%	9.4%	10.1%
Net profit	9,571	11,772	10,627
- % of net sales	5.6%	7.5 %	7.6%
Return on equity, %	13.8%	18.3%	18.7%
Return on investment, %	12.9%	16.3%	16.5%
Financing and financial standing			
Interest-bearing net liabilities,	17,608	10,663	10,531
Net gearing, %	24.8%	15.7%	17.3%
Equity ratio, %	45.9%	48.0%	50.7%
Cash flow from operations	14,252	16,648	23,589
Dividends (paid)	4,478	4,002	2,672
Earnings per share (EPS), EUR, undiluted ³	0.36	0.44	0.40
Earnings per share (EPS), EUR, diluted ³	0.36	0.44	0.39

EUR 1,000	2022	2021	2020
Equity/share, EUR ⁴	2.65	2.54	2.26
Equity/share, EUR	2.65	2.54	2.26
Dividend per share (2022 proposal), EUR	0.17	0.17	0.15
Dividend payout ratio	47.2%	38.5%	37.5%
Effective dividend yield	-	2.5%	2.0%
Price/earnings ratio (P/E) (P/E) ³	15.86	16.00	18.80
Lowest share price	5.62	6.30	3.30
Highest share price	7.80	9.46	7.80
Average share price	6.67	7.51	5.47
Market capitalisation	153,163	188,839	201,714
Trading volume, shares	3,683,503	5,558,726	5,546,624
Trading volume,%	13.2%	20.8%	20.7%

¹ Gross capital expenditure includes gross investments in tangible and intangible assets.

² Foreign exchange gains and losses from operations are included in the corresponding items above EBIT. Purchase price allocation amortisation includes the amortisation on the transaction prices allocated to customer contracts and other intangible assets in business combinations.

³ The dilution-adjusted key figures account for the effect of the share-based incentive scheme for management.

⁴ Shareholders' equity divided by the undiluted number of shares on the closing date.

As alternative performance measures, the Group reports operating profit before purchase price allocation amortisation and costs (EBITA), operating profit (EBIT), return on equity, return on investment, net gearing and equity ratio, which are not defined in IFRS. The company presents the alternative performance measures to describe the financial situation and development of business operations, as it considers this information necessary for investors. Formulas for the key figures are presented in [Note 8.1](#) and reconciliations in [Note 8.2](#).

Profit guidance for 2023

Digia's profit guidance for 2023: Digia's net sales (EUR 170.8 million in 2022) and operating profit (EBITA) (EUR 15.7 million in 2022) will increase compared to 2022.

Markets, business environment and Digia's market position

Digia's main market area has traditionally been Finland, but the acquisition of Climber in 2021 opened up new opportunities to expand the company's international operations. One of the objectives set in the strategy for the 2023–2025 period, published on 10 February 2023, is to moderately increase the share accounted for by international operations during the period.

Digia expects that the IT service market will grow during the strategy period. Digitalisation is a strong underlying long-term trend. Increasing automation and intelligence in solutions represent the next level in digital evolution. We see the following trends:

- **User-centred and secure solutions** are gaining further ground. Inspiring user experience of applications is of paramount importance
- **Level of automation and intelligence is growing.** This is the trend in digital evolution. It is trending towards automated and AI-assisted or controlled processes and services. These are based on reliable data, its secure availability, and the organisation's ability to refine and utilise it.
- **Instead of isolated solutions, the renewal of entire businesses is being considered.** Application and IT system are becoming more extensive and complex. The continuity of the operations of organisations is critical – and this emphasises the interoperability, reliability and security of the system as a whole. When an overview and roadmap of the business as a whole have been drafted, system modernisation can be carried out in phases.

- **Business is becoming networked – and so, too, are applications and IT systems.** Secure and reliable integrations are at the heart of digital evolution. They enable the functionality of application packages and data availability. Integrations are an enabler of networked and smart business.
- **Sustainable development** and the green transition are megatrends. The utilisation of digital technologies and data is key to solving sustainability challenges.

Acquisitions and business combinations

Digia acquired the entire share capital of MOST Digital on 2 May 2022. The MOST Digital Group includes MOST Digital Oy and MOST Digital Sweden AB. With this acquisition, Digia grew its scalable services and bolstered its expertise and growth in the integration and API business with automation platform services. MOST Digital had net sales of around EUR 2.8 million in the fiscal year ending in December 2021. MOST Digital's figures have been consolidated with the Digia Group as from the beginning of May 2022.

Digia acquired the entire share capital of Productivity Leap Oy on 1 July 2022. With the acquisition, Digia strengthened its expertise in knowledge management, which is in increasingly high demand, and its ability to serve its customers in an ever more comprehensive way, particularly in the social welfare and healthcare sector. Productivity Leap's net sales for the fiscal period ending December 2021 amounted to approximately EUR 5.5 million. Productivity Leap's figures have been consolidated with the Digia Group from the beginning of July 2022.

Digia acquired the entire share capital of Avalon Oy on 1 October 2022. With this acquisition, Digia bolstered its expertise in the development of customer experiences and digital marketing. Avalon had net sales of around EUR 2.4 million in the fiscal year ending in December 2021.

Avalon's figures have been consolidated with the Digia Group from the beginning of October 2022.

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.

Financial review 2022

Net sales

Digia's consolidated net sales for the fiscal year were EUR 170.8 (155.9) million, up 9.5 per cent on the previous year. Net sales increased especially in Integration and API solutions, data-driven solutions, and Microsoft Business Central and Oracle Netsuite ERP systems. Growth was accelerated by acquisitions. Demand for Digia's own key products, Digia Envision and Digia Financial Systems, remained steady throughout the fiscal year.

The service and maintenance business accounted for 60.3 (67.1) per cent and the project business for 39.7 (32.9) per cent of net sales. The product business accounted for 12.9 (13.4) per cent of the company's net sales.

Profit and profitability

Digia's operating profit (EBITA) for the fiscal year was EUR 15.7 (17.7) million with an operating margin (EBITA %) of 9.2 (11.4) per cent. During the fiscal year, profitability was weakened by the costs of the deployment of the Digia Business Engine. The project had a cost impact of EUR –2.8 million during the fiscal period.

Earnings before taxes were EUR 12.0 (14.6) million, with earnings after taxes totalling EUR 9.6 (11.8) million.

Earnings per share were EUR 0.36 (0.44). Net financial expenses amounted to EUR –0.7 (–0.1) million.

Financing, cash flow and expenditure

At the end of the fiscal year on 31 December 2022, Digia's balance sheet total stood at EUR 160.1 (143.0) million and its equity ratio at 45.9 (48.0) per cent. Balance sheet growth was largely due to acquisitions during the fiscal year. Net gearing was 24.8 (15.7) per cent.

At the end of the fiscal year on 31 December 2022, Digia had EUR 31.9 (28.8) million in interest-bearing liabilities. Interest-bearing liabilities consisted of EUR 17.3 million in long-term and EUR 8.2 million in short-term loans from financial institutions, and EUR 6.4 million in lease liabilities.

In the 2022 fiscal year, cash flow from operations totalled EUR 14.3 (16.6) million. Cash flow from investments came to EUR -11.8 (-10.1) million. Acquisitions of subsidiaries are included in cash flow from investments. Cash flow from financing was EUR -6.1 (-4.8) million.

Total investments in tangible assets amounted to EUR 3.1 (1.3) million during the 2022 fiscal year. The return on investment (ROI) was 12.9 (16.3) per cent, and return on equity (ROE) was 13.8 (18.3) per cent.

Report on the extent of research and development

Digia constantly invests in enhancing its long-term competitiveness. Research and development expenses totalled EUR 5.5 million in the 2022 fiscal year (2021: 6.0; 2020: 6.0), representing 3.2 per cent of net sales (2021: 3.9%; 2020: 4.3%). All research and development expenses have been recognised in the result. The main focus of R&D remained on the development of ERP systems offered to customers (Digia Envision 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.

More information about Digia's services and solutions can be found on the company's website: www.digia.com/en/services.

Human resources and management

At the end of the period, the total number of Group personnel was 1,426 (1,339), representing an increase of 87 employees or 6.5 per cent since the end of the 2021 fiscal period. The average number of employees was 1,399 (1,334), an increase of 65 employees, or 4.9 per cent, on the 2021 average. Pasi Ropponen, Senior Vice President, Sales and Marketing joined Digia's Management Team in spring 2022.

Digia employees by location:

	31 Dec 2022	31 Dec 2021	Change, no. of employees
Helsinki	722	726	-4
Tampere	275	248	27
Jyväskylä	171	172	-1
Turku	76	67	9
Stockholm, Sweden	53	50	3
Joensuu	29	-	29
Oulu	22	7	15
Rauma	22	24	-2
Lahti	18	15	3
Malmö, Sweden	13	14	-1
Vaasa	10	10	0
Kuopio	8	-	8
Hengelo, The Netherlands	7	6	1
Total	1,426	1,339	87

Share capital and shares

On 31 December 2022, the number of Digia Plc shares totalled 26,823,723. The company had a total of 8,315 shareholders. Foreign shareholders accounted for 0.4 per cent of all Digia Plc shareholders and they held 0.1 per cent of all shares and votes. Nominee-registered shareholders accounted for 0.8 per cent of all Digia Plc

shareholders and they held 0.9 per cent of all shares and votes.

The weighted average number of shares during the accounting period, adjusted for share issues, was 26,447,794. The diluted weighted average number of shares during the period was 26,439,167. The number of outstanding shares at the end of the review period was 26,555,897.

Ten largest shareholders on 31 December 2022

Shareholder	Percentage of shares and votes
Ingman Development Oy Ab	29.5%
Ilmarinen Mutual Pension Insurance Company	12.5%
Etola Oy	10.9%
Varma Mutual Pension Insurance Company	4.6%
Matti Savolainen	3.3%
Rausanne Oy	0.9%
Varelius Juha Pekka	0.8%
Kohonen Jorma	0.8%
Polvi Jere	0.5%
EAM Digia Holding Oy	0.5%

Shareholding by number of shares held on 31 December 2022

Number of shares	Percentage of shareholders	Percentage of shares and votes
1-100	34.3%	0.5%
101-500	36.9%	3.0%
501-1,000	13.5%	3.2%
1,001-5,000	12.4%	7.9%
5,001-10,000	1.3%	3.0%
10,001-50,000	1.1%	7.2%
50,001-100,000	0.2%	4.5%
100,001-500,000	0.2%	7.8%
500,001-	0.1%	63.1%
	100%	100%

Shareholding by sector on 31 December 2022

	Percentage of holdings	Percentage of shares and votes
Companies	3.4%	45.3%
Households	95.6%	30.7%
Public-sector organisations	0.0%	17.2%
Financial and insurance institutions	0.3%	5.6%
Non-profit associations	0.2%	0.3%
Foreign holding	0.4%	0.9%
	100.0%	100.0%

Digia Plc held a total of 129,604 treasury shares at the end of 31 December 2022. The company held about 0.5 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 owned by EAM Digia Holding Oy, remained undistributed.

Up-to-date information about the company's major shareholders and the distribution of their shareholdings can be found on Digia's website: www.digia.com/en/investors/shareholders.

Share-based payments

Share-based bonuses

On 6 February 2020, Digia Plc's Board of Directors decided to establish a long-term share-based incentive scheme. The Board will confirm the target group of the long-term

incentive scheme at a later date. In principle, the target group consists of the CEO and the company's senior executives. The scheme is designed to align the goals of the company's shareholders and management in order to increase the company's value, and to commit executive management to the company and its long-term objectives.

This long-term incentive scheme covers the calendar years 2020–2022. It offers its participants the chance to earn company shares if the targets set by the Board of Directors for the three-year bonus period are met.

The targets are based on the company's net sales and total shareholder return (TSR). The earnings period for the net sales and TSR indicators is three years (2020–2022), and the targets for both indicators have been set for the final date of the earnings period. During the bonus period, the company's CEO and other scheme participants are entitled to a bonus equivalent to a maximum of 525,000 new Digia Plc shares. If the terms are met, the bonuses for both indicators based on the new scheme will be paid at the end of the reward period in spring 2023. Rewards under the scheme will be paid as a 50/50 combination of shares and cash. The cash component of the bonus will primarily be used to cover taxes and other comparable costs arising from the scheme.

As a rule, the bonus will not be paid if a member resigns or if a member's employment or post is terminated prior to the bonus payment date specified in the incentive scheme. Under certain conditions, the Board has the option to decide on possible bonuses in accordance with the pro-rata principle.

EUR 0.06 million in expenses were incurred by the scheme during the 2022 fiscal year, and EUR 0.39 million in the previous fiscal year.

Digia has an agreement with Evli Awards Management Ltd for the coordination of the company's share-based incentive schemes, their associated share management, and the payment of incentives to individuals in accordance with the terms and conditions of the schemes.

Board of Directors	No. of shares
Robert Ingman, Chair of the Board	7,930,000
Martti Ala-Härkönen	20,000
Sannttu Elsinen	0
Päivi Hokkanen	10,833
Sari Leppänen	0
Seppo Ruotsalainen, Vice Chair	6,000
Outi Taivainen	872
Timo Levoranta, President and CEO	106,179

At year-end, the CEO and members of the Board of Directors held a total of 8,073,884 of the company's shares, representing 30.10 per cent of all shares and votes.

Trading in shares during the fiscal year

Digia Plc's share is listed on Nasdaq Helsinki Ltd in the Technology sector. The company's short name is DIGIA.

Summary of trading on Nasdaq Helsinki, 1 Jan – 31 Dec 2022

January– December 2022	Trading volume, shares	Value total, EUR	High, EUR	Low, EUR	Trade-weighted average price, EUR	Latest, EUR
DIGIA	3,683,503	24,563,248	7.80	5.62	6.67	5.71
			31.12.2022		31.12.2021	
Market capitalisation, EUR			153,163,458		188,839,010	
Shareholders			8,315		8,639	

Flagging notifications

On 6 October 2022, Digia Plc received notification of changes in the company's ownership in accordance with Chapter 9 Section 10 of the Finnish Securities Market Act whereby the holding of Etola Oy, a company under the control of Erkki Etola, had exceeded the flagging limit of 10 per cent of Digia's shares and votes.

According to the notification, on 6 October 2022, the company controlled by Erkki Etola held 2,930,495 Digia Plc shares, corresponding to 10.93 per cent of all Digia shares and votes. On the date of the notification, Digia Plc's share capital consisted of 26,823,723 shares.

Corporate governance

Annual General Meeting 2022

Digia Plc's Annual General Meeting (AGM) was held on 21 March 2022. The AGM adopted the financial statements for 2021, released the Board members and the CEO from

liability, determined Board emoluments and auditor fees, set the number of Board members at six, and elected the company's Board of Directors for a new term.

With regard to profit distribution for 2021, the AGM approved the Board's proposal to pay a dividend of EUR 0.17 per share to all shareholders listed in the shareholder register maintained by Euroclear Finland Ltd on the reconciliation date of 23 March 2022. The dividend payment date was 30 March 2022.

The AGM granted the following authorisations to the Board

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 17 March 2021 and is valid for 18 months, that is, until 21 September 2023.

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

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

This issue may total a maximum of 2,500,000 shares. The proposed number is under 10 per cent of the company's total number of shares. The authorisation applies to both new shares and treasury shares held by the company. The authorisation may be used

to fund or complete acquisitions or other business transactions, for offering share-based incentive schemes, to develop the company's capital structure, or for other purposes decided by the Board. It is proposed that this authorisation should include the right for the Board to decide on all terms related to the share issue or special rights, including the subscription price, payment of the subscription price in cash or (partly or wholly) in capital contributed in kind or its being written off against the subscriber's receivables, and its recognition in the company's balance sheet. This authorisation will supersede the authorisation granted by the AGM of 17 March 2021 and is valid for 18 months, that is, until 21 September 2023.

More information about the AGM's decisions is available at digia.com/en/investors/governance/annual-general-meeting/agm-2022.

Board of Directors and Auditor

Digia Plc's Annual General Meeting (AGM) of 21 March 2022 re-elected Martti Ala-Härkönen, Santtu Elsinen, Robert Ingman, Seppo Ruotsalainen and Outi Taivainen as members of the Board. Sari Leppänen was elected to the Board as a new member. At its organisational meeting after the AGM, the Board of Directors elected Robert Ingman as Chair and Seppo Ruotsalainen as Vice Chair of the Board.

Ernst & Young Oy, Authorised Public Accountants, are Digia's auditors, with Authorised Public Accountant Terhi Mäkinen as the chief auditor.

Committees of the Board of Directors

During the 2022 fiscal year, Digia's Board of Directors had three (3) committees: the Audit Committee, the Compensation Committee, and the Nomination Committee.

- The Audit Committee consisted of Seppo Ruotsalainen (Chair), Santtu Elsinen and Martti Ala-Härkönen.
- The Compensation Committee consisted of Outi Taivainen (Chair), Robert Ingman and Sari Leppänen.
- The Nomination Committee consisted of Martti Ala-Härkönen (Chair), Robert Ingman and Seppo Ruotsalainen.

CEO and the Management Team

Digia Plc's CEO is Timo Levoranta, who also serves as the Chair of the Management Team.

On 31 December 2022, Digia's Management Team consisted of:

- Timo Levoranta, President and CEO
- Pia Huhdanmäki, Senior Vice President, HR, Culture & Sustainability
- Juhana Juppo, CTO and Senior Vice President, Horizontal Services
- Mika Kervinen, General Counsel
- Jukka Kotro, Senior Vice President, Business Platforms and acting SVP, Sales and Marketing
- Tuomo Niemi, Senior Vice President, Financial Platforms and M&As
- Sami Paihonen, Senior Vice President, Intelligent Solutions
- Pasi Ropponen, Senior Vice President, Sales and Marketing
- Kristiina Simola, Chief Financial Officer (CFO)
- Janne Tuominen, Senior Vice President, Managed Digital Core

You can read more about Digia's Management Team on the company's website: www.digia.com/en/investors/governance/ceo-and-management.

Events after the balance sheet date

There have been no major events since the balance sheet date.

Risks and uncertainties

Risks are classified as strategic and operational risks, cyclical, hazard, and data security and protection risks, cyberthreat risks and risks related to customer deliveries, under which the impacts of global pandemics and economic cycles, for instance, are described. The risk management plan describes the impacts of risks and their mitigation. Risk mitigation is monitored continuously and an up-to-date risk assessment is reported to the company's Audit Committee every six months. Digia's risk management has been implemented with the Granite IS risk management solution.

The company's strategic risks and uncertainty factors relate to increasing competition and potential significant changes in the company's operating environment and service areas.

In operational risks, 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. According to the company's estimate, the uncertainty caused by the war and economic cycles may have a negative impact on business development.

Implementing the growth strategy places 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.

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

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 poses a risk. Risks related to customer receivables are also growing.

Hazard risks are covered by insurance. Property and business interruption insurance policies have been taken out to protect against any property and business interruption risks.

Data security and protection risks comprise a significant risk area in the company's business operations, as organisations have more and more information that is critical to their operations. The quality and quantity of threats to data security and protection have risen significantly during the past year. The company identifies, manages and prevents both internal and external threats, and implements a regular ISO 27001-certified risk management

process based on best practices in handling data security and protection risks. Risks are identified and their impact and significance are analysed. The risk level is reduced with appropriate measures where possible. Operational response and the handling of potential threats have been planned, rehearsed and tested in practice. The risk status is reported on regularly and reviewed at the management level appropriate to the situation. The company's Board of Directors regularly monitors the status and development of risks to data security and protection. On a practical level, it is vital to continuously train the company's employees and proactively communicate about data security and protection issues both in-house and to partners and customers as necessary. The company works in close cooperation with a variety of data security and protection authorities and networks. Physical personnel safety issues are also managed by means of practices similar to the data security and protection mechanisms.

Data security and protection risks largely involve technology and personnel risks. Significant risk factors include, for instance, risks in high-security projects and the subcontracting chain – new data security controls have been implemented to mitigate them. Data security and protection risks in software engineering are managed with controls added to production processes. Due to the nature of its operations, the company is the target of hostile influence. Digia has engaged in the management of these risks for a long time.

The war in Ukraine and the energy crisis that began during the fiscal year impact the company's risk map in many ways. With respect to energy availability, the company has identified the key project risks in different business functions and drafted alternative plans to mitigate risks in exceptional circumstances. In addition,

the company launched numerous additional projects in 2022 to reduce the risks posed by war and other hostile operations against the company.

During the fiscal year, Digia assessed the human rights risks of its operations and their impacts. This assessment was carried out in line with the UN Guiding Principles on Business and Human Rights. In Digia's view, its own operations do not involve significant risks related to human rights, but it is keeping a close eye on these issues.

Board's dividend proposal

According to the balance sheet dated 31 December 2022, Digia Plc's distributable shareholders' equity was EUR 64,495,362.61, of which EUR 7,569,610.09 was profit for the fiscal year. At the Annual General Meeting (AGM), the Board of Directors will propose that a dividend of EUR 0.17 per share be paid according to the confirmed balance sheet for the fiscal year ending 31 December 2022. Shareholders listed in the shareholders' register maintained by Euroclear Finland Oy on the dividend reconciliation date, 27 March 2023, will be eligible for the payment of dividend. Dividends will be paid on 3 April 2023.



Non-financial reporting 2022

Digia reports on responsibility to external stakeholders in connection with its annual reporting. The report complies with the requirements set for disclosure of non-financial information in accounting legislation.

More detailed information on Digia's responsibility and sustainability is presented in Digia's Sustainability Report 2022, which will be published on 1 March 2023. Digia's sustainability indicators, such as key environmental and personnel figures, are reported for the same period as our financial indicators: 1 January to 31 December 2022.

In this report on non-financial information, the following topics are dealt with in compliance with the requirements of the Accounting Act:

Accounting Act requirement	Location in this report
Description of business model	Business model
Environmental issues	Sustainable digital life
HR matters and social responsibility	Sustainable digital value, Sustainable digital expertise, Sustainable digital life
Human rights	Sustainable digital value, Sustainable digital life
Anti-corruption measures	Sustainable digital life

Business model

Digia is both a service company and a turnkey provider of smart digital solutions. We manage the entire lifecycle of our services from implementation to maintenance and further development. We provide our customers with a service package covering mobile and online services,

data platforms and knowledge-based management, integrations and APIs, as well as business core systems including high-security solutions. We provide maintenance services for all our solutions to ensure that our customers can operate their business-critical systems and services around the clock. Strong customer relations, professionalism, product and service packages, a partnership network and responsibility form the basis for our operations.

Principles and management of responsibility at Digia

Digia's operations are governed by the Finnish Limited Liability Companies Act, regulations concerning publicly listed companies, the rules and regulations of Nasdaq Helsinki Oy, and Digia's Articles of Association. Our operations are also guided by the policies and operating principles approved by the Board of Directors or Group Management Team.

Our responsibility is based on our Code of Conduct, which is approved by the Board of Directors, and the UN Sustainable Development Goals. We are committed to respecting human rights in accordance with the UN's Universal Declaration of Human Rights, the UN Global Compact, and the International Labour Organisation's (ILO) Fundamental Principles and Rights at Work. At the end of 2022, we joined the UN Global Compact and committed to the principles of the initiative.

However, in our changing business environment, responsibility is based above all else on the continual monitoring and improvement of our business environment and operations. We closely monitor Finnish and international

corporate responsibility regulation and develop our corporate responsibility proactively.

The CEO is responsible for Digia's corporate responsibility, while the Senior Vice President, HR, Culture and Sustainability is in charge of responsibility reporting. The corporate responsibility management team heads up operational responsibility efforts, coordinated by focus area. The Head of Sustainability chairs the corporate responsibility management team, and the Senior Vice President, HR, Culture and Sustainability is responsible to the Group Management Team. The key indicators for corporate responsibility are regularly monitored in the management teams. Digia's corporate responsibility targets and indicators are approved by both the Group Management Team and the Board of Directors.

Stakeholders

When identifying the material aspects of responsibility for each of our stakeholders, we have taken into account the most significant economic, social and environmental impacts of our operations and services, as well as other significant trends affecting the ICT sector. We build up an understanding of materialities and stakeholders' expectations through a combination of routine management and regular meetings, surveys and analyses. Our most important stakeholders are personnel, customers, investors, society and authorities, educational institutions and universities, partners, subcontractors, the media, and other operators in our sector.



Digia’s corporate responsibility efforts are guided by the following key policies and principles:

Policies and processes for sustainable operations			
Sustainability areas	Planet	People	Trusted Partner
	<p>Climate roadmap: responsible procurement and hybrid work model</p> <p>Circular economy practices: such as IT hardware purchases/leasing, furniture purchases/leasing</p> <p>Resource-wise code: Green Ict, Green Coding</p>	<p>Cultural principles</p> <p>A culture of mutual respect</p> <p>Equality and non-discrimination</p> <p>Early intervention</p> <p>Salary and remuneration manual</p>	<p>Business ethics and rules – Code of Conduct</p> <p>Digital security: data security and protection</p> <p>Responsible data</p> <p>Customer experience</p>
	Policies and guidelines		
Policies	<p>Code of Conduct, Anti-corruption and Anti-bribery Policy, Disclosure Policy, Ethical Principles for Using Artificial Intelligence, Cultural Principles, Environmental Policy, Climate Roadmap, Corporate Network Policy, Data Back-up Principles and Policy, Guidelines for equality and non-discrimination, Green Code Guidelines</p> <p>ISO 9001 quality management system, ISO 27001 information security management system</p>		
Corporate Governance	<p>Whistleblowing on issues concerning ethical principles: Whistleblower channel</p> <p>Support for handling the situation from the occupational safety and health, HR and Legal organisations and shop stewards</p>		

Focus areas, objectives and key indicators of Digia's corporate responsibility

For each strategy period, we publish an updated sustainability programme that defines the focal points of our corporate responsibility, and their associated

targets and indicators. The key sustainability topics, objectives, indicators and actual figures for the strategy period 2020–2022 are presented in the table below. As

we are just entering a new period, we have drawn up a new sustainability programme that is presented in the Sustainability Report (publication on 1 March 2023).

Sustainable digital value for our customers while building a functional society

Topic	Objective	UN Sustainable Development Goals	Key indicators	2022
Solutions that promote the responsibility of our customers	Improving the responsible use of data		Growth in data protection impacts and security analyses in customer orders, %*	46%
	Improving availability and user-friendliness of services		Activity in the ethical utilisation of data, examples*	Examples in Digia's Sustainability Report
Promoting the sustainable digitalisation of society	Solutions that enhance environmental and social responsibility for society and our customers		Growth in accessibility design and testing, %	40%
			Description of the solutions and their sustainable development impacts	Examples in Digia's Sustainability Report

Sustainable digital expertise for both our personnel and Finland as a whole

Topic	Objective	UN Sustainable Development Goals	Key indicators	2022
A learning community for top digital experts	The value of our personnel's expertise increases during their term of employment		Growth in certified expertise in the selected area, % (2022: cloud)*	15%
			Employees for whom a learning target has been set, %	Not known due to system change
Bolstering technological expertise in Finland	We train new digital experts every year, to meet both our own needs and those of the sector as a whole		Total annual number of participants in external and internal training programmes as well as trainees and students working on theses*	55



Sustainable digital life in our own work with respect for the environment

Topic	Objective	UN Sustainable Development Goals	Key indicators	2022
Employee well-being and diversity	Among the best in the sector in occupational wellbeing		Personnel satisfaction with team spirit and work-life balance (0–100)*	Satisfaction with team spirit 74 Satisfaction with work-life balance 82
			Sick leave (days/person, average)*	7.1
	Digia fosters diversity and inclusion at different levels of the organisation		Age and gender distribution of the Management Team, Board of Directors, supervisors and personnel***	See section Gender and age breakdown of management and personnel in 2022
			% of supervisors who have undergone training to promote diversity and inclusion *	70%
Carbon-neutral Digia	Reducing CO ₂ emissions		CO ₂ emissions**	See the section "Towards a carbon-neutral value chain"
Ethical operating culture	Entire organisation has adopted ethical ways of working		% of employees who have completed Code of Conduct training*	68%

* The entire Group, excluding Climber International AB and its subsidiaries, and Productivity Leap Oy and Avalon Oy, which became part of Digia Group in late 2022.
** The Group's locations in Finland, excluding Productivity Leap Oy and Avalon Oy, which became part of Digia Group in late 2022.
*** Entire Group.

Sustainable digital value for our customers while building a functional society

Our key sustainability topics in the “sustainable digital value” focus area are solutions that promote the responsibility of our customers and the sustainable digitalisation of society. We help our customers to utilise data in a responsible manner, to improve the availability and usability of their services, and to solve sustainability challenges, for instance.

We seek to implement our customer solutions so that they promote our customers’ responsibility. We aim to improve the responsible utilisation of data. We report on the annual growth in data protection impacts and security analyses in customer orders (%). In 2022, analyses saw growth of 46%.

In late 2022, we received the ISO 27001 international information security certificate. ISO 27001 is an international information security standard that provides organisations with a security management framework for implementing, administering and continuously improving information security management.

We maintain a high level of data protection and security for example by training our personnel, administrative and technical controls, audits, and continually developing processes related to data protection and security. Each Digia employee familiarises themselves with data security and protection procedures as part of their induction. Digia uses a data security and data protection training package. This training must be retaken every year, not only by Digia personnel but also any subcontractors working on Digia’s premises.

In addition, we aim to improve the accessibility and user-friendliness of services. At the annual level, we monitor and report on the growth in accessibility design and testing. In 2022, growth in accessibility design and testing amounted to 40%.

We want to be a pioneer of sustainable digitalisation in society

Digia aims to act as a technological pioneer whose products and services promote the development of society and the wellbeing of the environment. We want to demonstrate that digital solutions can be produced and used in an ecologically sustainable manner and that they also have a significant effect on society.

- We create management and data utilisation solutions that promote sustainability.
- We undertake to promote material and energy-efficient low-carbon digital infrastructure and the circular economy.
- We promote the ethical and secure use of data.
- We promote the long-term use of ICT equipment and the circulation of materials in our own work and in customer projects.
- We increase our positive handprint and strive to deliver measurable benefits to our customers in all areas of sustainable development.

Sustainable digital expertise for both our personnel and Finland as a whole

The most important responsibility themes in the “sustainable digital expertise” focus area are providing a learning community for top digital experts and bolstering technological expertise in Finland.

A learning community for top digital experts

Changes in the operating environment and society affect what kinds of expertise are required. We want to be a team of top professionals who are always learning and are both skilled and flexible. We create opportunities for employees to pursue career paths and personal development and to maintain their competence at a competitive level. For instance, Digia has active workplace

tribes, whose major task is to develop the competence of the tribe members through peer activities and provide recommendations about company-level technology policies in the specialist area of the tribe.

Our goal is to increase the value of our personnel’s expertise during their term of employment. At the annual level, we monitor and report on the percentage of employees for whom a personal competence target has been set. In 2022, a competence target had been set for 80% of Digia employees who had been employed by the company since the beginning of the year.

To verify the growth in the expertise of Digia employees, we monitor and report on the growth in certified expertise in selected areas. Although on-the-job learning is the main focus of our competence development, a variety of training programmes and certifications also have their value. An average of 72.4 hours of training per person were spent on competence development in 2022.

Bolstering technological expertise in Finland

Digia is a significant employer in the Finnish IT sector. This also gives us a sense of responsibility for strengthening technological competence in our society. We aim to train new digital experts every year, to meet both our own needs and those of the sector as a whole. To achieve this objective, we monitor and report on the annual number of participants in training programmes organised by Digia, either alone or in cooperation with partners, and on the number of trainees and students working on theses. In 2022, the total number was 55 (65).

In addition to training programmes, Digia engages in cooperation with educational institutions to support and round out their offering of IT courses. We also collaborate in various networks and events.



Sustainable digital life in our own work with respect for the environment

The most important responsibility topics in the “sustainable digital life” focus area are employee well-being and diversity, carbon-neutral Digia and an ethical operating culture.

Digia wants to provide a safe and healthy working environment in which everyone is valued as themselves. Employee well-being, equality and equal treatment of personnel are Digia’s direct impacts on personnel, social responsibility and human rights. They are also issues that affect Digia’s reputation as an employer and improve its ability to retain the best experts in its employ and recruit top professionals.

Employee well-being and diversity

Continually monitoring and supporting personnel wellbeing play a key role at Digia. Well-being is supported by, among other things, ensuring a workload suitable for the life situation of the employee, a coaching leadership style and support for developing one’s own competence. Digia uses an early intervention model that supports success at work. Wellbeing is also supported with extensive benefits and flexible working arrangements, for instance.

Our goal is for Digia to be one of the best companies in its industry in terms of wellbeing at work. We monitor and report on the annual average days of sick leave per employee. In 2022, sick leave per employee averaged 7.05 (5.6) days.

We also use a personnel survey to monitor our employees’ satisfaction with team spirit and work-life balance. We aim to maintain this at a good level (over 80 on a scale

of 0–100). In 2022, personnel satisfaction with team spirit was 74 (73) and satisfaction with work-life balance was 82 (80).

Non-discrimination and equality are recorded in our Code of Conduct and we treat all employees equally regardless of gender, ethnicity, religion, age, sexual orientation and other such factors.

In accordance with Digia’s equality and non-discrimination plan for 2021–2022, our priorities for 2022 included fostering a culture of mutual respect, better inclusion of experts who are not native Finnish speakers, and encouraging women to enter the IT industry.

We monitor and report on what percentage of our supervisors have completed diversity, equity, and inclusion (DEI) training each year. 70% (36%) of our supervisors completed this training in 2022.

In late 2022, we updated our guidelines on inappropriate behaviour and harassment. We also introduced a Whistleblower channel to enable anonymous reporting when a direct discussion is not possible for whatever reason.

We analyse the realisation of pay equality from different perspectives (such as gender, the competence classification of positions, and task profiles). At Digia, women earned 98 cents for every euro paid to men in 2022. This figure is based on the aforementioned classification of profiles and does not take into account other factors that may affect salaries, such as personal competence levels.

We aim to ensure diversity and inclusivity at all levels of our organisation. We monitor and report on the gender and age distribution of all employees, the Management Team, supervisors and the Board of Directors at an annual level.

Digia’s Board of Directors has defined a Board diversity policy. It states that the requirements of the company’s size, market position and industry should be duly reflected in the Board’s composition. Both genders should be represented on the Board.

Gender and age breakdown of management and personnel in 2022:

Employeed by gender 31 Dec

Percent

**Group management team distribution
by gender 31 Dec**

Percent

**Supervisor distribution by gender 31 Dec**

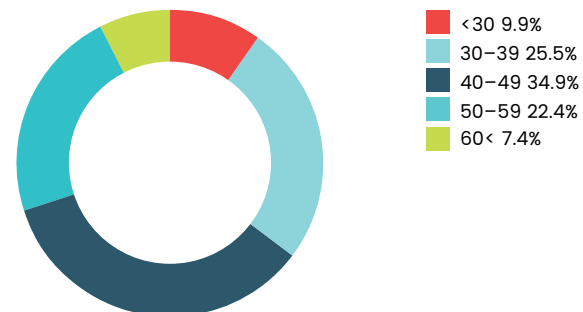
Percent

**Board of Directors distribution by gender 31 Dec**

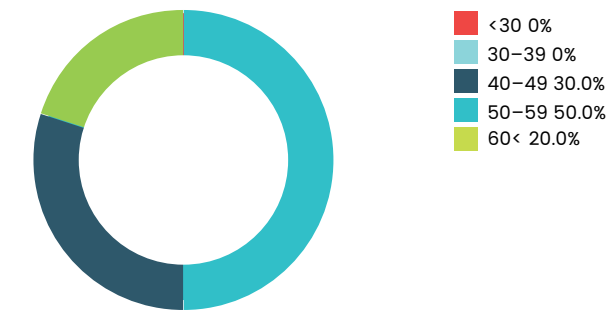
Percent

**Personnel distribution by age 31 Dec**

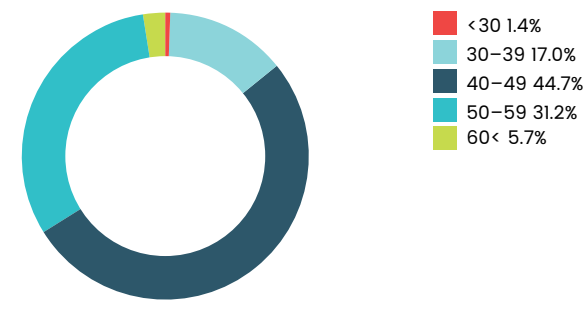
Percent

**Group management team distribution
by age 31 Dec**

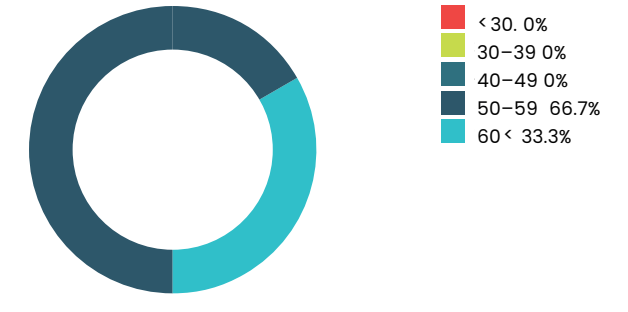
Percent

**Supervisor distribution by age 31 Dec**

Percent

**Board of Directors distribution by age 31 Dec**

Percent



Towards a carbon-neutral value chain

Information and communications technology (ICT) is an important part of society's critical infrastructure. All who operate in this sector – like Digia – also play a key role in reconciling society's activities with the carrying capacity of nature and the climate.

Our key environmental principles are:

1. Our own operations are in balance with the carrying capacity of nature and the climate
2. Environmental responsibility is part of the daily life and expertise of our workplace community
3. We accelerate the ecological renewal of society

Digia has been carbon-neutral in terms of its own operations in Finland since 2020. We aim to be carbon neutral, including the entire value chain, by the end of 2030. Our goal is to reduce emissions by 75% compared to the 2019 baseline by 2030. We have drawn up a climate roadmap that contains an action plan to reduce emissions, and also defines our climate objectives until 2030. The plan also includes Digia's carbon handprint. We will compensate for the remaining emissions in a reliable manner.

The largest environmental impacts of Digia's operations are related to energy consumption and equipment. Office work typically poses a very low risk of environmental damage

How Digia's carbon footprint is calculated

Since 2019, we have calculated the carbon footprint of our companies in Finland. In accordance with the GHG Protocol, this calculation includes emissions from the company's own operations (Scope 1 and 2) as well as emissions from the value chain in line with the extent of the annual assessment. The calculation covers all operations in Finland with the exception of Productivity Leap Oy and Avalon Oy, which were acquired towards the end of the year. Digia's emissions reduction plan has

been drafted on the basis of the situation in 2019 and the defined limits.

Digia's carbon footprint 2022

The carbon footprint of Digia's own operations in 2022 was about 298 tonnes CO₂e. The figure includes emissions from the heating and cooling of all premises in Finland, emissions from the electricity consumption of premises and data centres, as well as emissions from the fuel consumption of leased cars.

The carbon footprint – covering the entire value chain – was around 1,650 tonnes CO₂e. The figure includes not only the emissions presented above, but also emissions from waste management, commuting, equipment procurements, recycling, and other procurements. Emissions from equipment procurements grew because more IT hardware reached the end of its service life than in the previous year. The standardisation of working methods and equipment due to acquisitions also had an impact. Emissions relative to personnel were about 1.3 tonnes/employee and relative to net sales 9.7 kg CO₂e/€1,000.

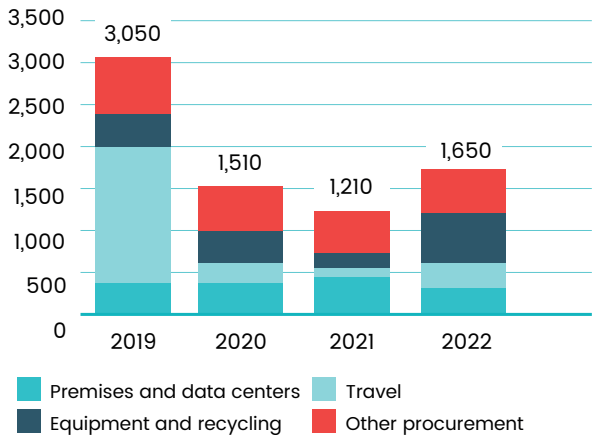
The carbon footprint of our own operations decreased slightly due to a number of minor factors such as the need for heating, the rationalisation of the size of premises, and the switchover to lower-emission electricity at the head office. On the other hand, the emissions of leased cars (Scope 1) have been separated out from other vehicle emissions for the first time. That said, the most relevant figure to monitor is the total carbon footprint, which saw slight year-on-year growth. The major factors behind this were hardware renewal, higher electricity consumption on premises, and higher emissions from business travel and commuting than in the previous year. The total carbon footprint grew slightly compared to 2021. The major factors behind this were hardware renewal and higher emissions from business travel and commuting than in the previous year. Emissions from commuting are still substantially lower than in the pre-pandemic era, but other travel emissions have risen. We can say that 2022

was a year of building new, post-pandemic approaches to work and management. Climate impacts comprise one of the focus areas in the further development of operations as the company grows and becomes more international.

We are further enhancing calculation practices and accuracy as part of our work on the climate roadmap. We seek to expand calculation to cover our operations abroad, too, and our Group as a whole as it grows and goes international.

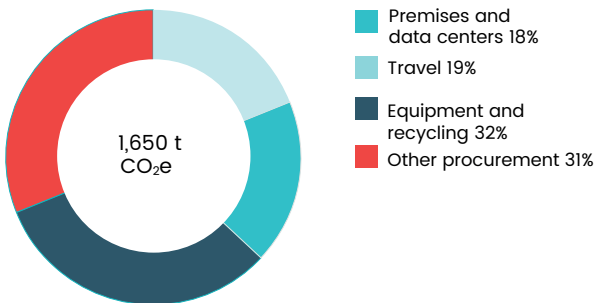
Co₂ footprint 2022 (Scopes 1–3)

tonnia CO₂e



Co₂ footprint 2022 (Scopes 1–3)

procent



	2019	2020	2021	2022	Unit
Carbon footprint of own operations (Scopes 1+2)	337	343	386	298	tonnes CO ₂ e
Carbon footprint of the entire value chain	3,050	1,510	1,210	1,650	tonnes CO ₂ e
Emissions per employee	2.4	1.2	1.0	1.3	tonnes CO ₂ e /employee
Emissions relative to net sales	23.2	10.9	7.8	9.7	kg CO ₂ e /€1,000

Digia Carbon footprint 2019–2022 (Scopes 1–3)	2019	2020	2021	2022	%
Premises and data centers	360	350	420	300	18%
Travel	1,620	240	110	310	19%
Equipment and recycling	390	390	190	530	32%
Other procurement	680	530	490	510	31%
Total, t CO ₂ e	3,050	1,510	1,210	1,650	100%

Ethical operating culture

Compliance with Digia’s Code of Conduct is a key element of our business. We monitor, develop and report on our activities in accordance with the guidelines. Our goal is for our organisation and partner network to internalise our ethical practices. Our subcontractors commit contractually to complying with ethical practices and our guidelines in their own operations. Any deviations in the operations of subcontractors during projects are reported, and observations are dealt with as part of subcontractor management. By the end of 2022, 73 (67) % of our subcontractors had committed to our Code of Conduct. Training on the Code of Conduct is part of the annual training of Digia employees and we review this at a personal level. In 2022, 68 (46.9) per cent of Digia employees had completed Code of Conduct training. Digia’s

operations do not pose a high risk in terms of anti-bribery and anti-corruption activities. This is because Digia operates largely in Finland. Furthermore, the operations of Group companies mainly extend to countries classified as having a low risk of corruption according to Transparency International.

However, Digia has foreign partners in countries where the risk of bribery and corruption is high. We take this risk into account and select our partners very carefully. We require our partners to commit to compliance with anti-bribery and corruption legislation. We are also prepared to make rapid changes to the subcontractor relationship if any deviations are detected.

All Digia Group companies are committed to complying with the same, or a similar, code of conduct, and also to corresponding anti-bribery and corruption policies. Per-

sonnel working for Group companies have been instructed to use low-threshold advisory and reporting channels.

We have introduced a reporting channel in accordance with the EU Whistleblower Directive (EU2021/1937), through which a Digia employee or external person can report any suspected misconduct or violations of our Code of Conduct, either anonymously or under their own name. The channel can be found here: <https://whistleblower.digia.com>. Digia will handle the reports in its own separately appointed processing team. This processing team will consist of the Chair of the Board of Directors’ Audit Committee, the General Counsel and a lawyer.

Sustainability risks as part of our risk management

The company’s risk management and most significant risks are described in Digia’s Corporate Governance Statement. Digia employs systematic risk management to improve operational efficiency, controls, business continuity and profitability.

Our risk management model consists of a risk management organisation, policies, processes, tools and common practices. The risk management organisation leads, develops and maintains the company’s risk management, such as risk identification and reporting as well as the monitoring and mitigation of various risks.

Digia has defined its sustainability risks as potential negative impacts on people and the environment both within its own organisation and in its value chain. Potential risks related to personnel are monitored on the basis of a human rights survey – these include experiences of overwork, occupational well-being, and discrimination and unequal treatment. The monitoring of procurements, in turn, involves potential human rights risks such as the use of forced labour in the manufacture of technological equipment and the sourcing of raw materials. Office

work of this kind poses a rather low risk of environmental damage.

The health, safety, diversity and wellbeing of Digia personnel are priorities for us. Enhancing personnel wellbeing has become an important issue in our new, post-pandemic operating environment. We continuously monitor the occupational wellbeing and working capacity of our employees at our supervisor events and through personnel satisfaction surveys.

During 2022, we analysed the business-related human rights risks and impacts in our value chain. In accordance with the UN Guiding Principles on Business and Human Rights, this analysis considered both actual and potential human rights risks and impacts. These risks had already been identified and managed, but the most important reasons to carry out the analysis were the changes in the operating environment and especially our desire to further improve our operations. The analysis and reassessment of the risks provide us with a basis for the further development of the management mechanisms for human rights risks and their redefinition and development as necessary. The key risks are related to our personnel and supply chain.

We have also analysed environmental risks, and reassess our environmental impacts every six months. The significant environmental risks identified in conjunction with these assessments fall within the scope of the company’s risk management.

The company’s supply chain may contain risks related to the environment, human rights, labour rights or corruption. Our goal is to ensure a fair, ethical and green supply chain in which the company does not have direct or indirect negative impacts on people or the environment. Digia’s suppliers are committed to operating in accordance with Digia’s Code of Conduct.

In general, we can state that Digia has started making special outlays on the further development of its risk management in 2023 and will continue these efforts in 2023, with a particular focus on the management of risks involving data security and protection as well as the management of responsibility risks.

Reporting based on EU taxonomy

The European Union has set itself the target of becoming the first climate-neutral continent by 2025. The Taxonomy Regulation (EU 2020/852) seeks to define standardised, science-based assessment criteria for environmentally sustainable economic activities. Advances in digitalisation, technology and energy efficiency will play a major role in achieving this goal. The information and communication sector is constantly growing – and so, too, is its share of greenhouse gas emissions. At the same time, information and communications technology has the potential to contribute to the mitigation of climate change and reduce greenhouse gas emissions in other sectors, such as by providing solutions to facilitate decision-making and thereby enable the reduction of greenhouse gas emissions or other positive actions to mitigate climate change and its impacts.

Digia was therefore obliged to publish the proportion of taxonomy-eligible operations in the Group’s net sales, investments and operating expenses during 2021. In 2021, Digia assessed whether the company’s business operations belong to any of the activities of the sectors specified in the taxonomy and examined its business operations in light of the taxonomy criteria. The 2021 assessment indicated that, according to the criteria for both “climate change mitigation” and “substantial contribution to climate change adaptation”, the company operates in the Information and Communication sector, but in our view did not at that time provide any services of the kind specified in the criteria.

Taxonomy eligibility in 2022

Digia’s field of business is to build IT solutions and engage in related projects, maintenance and consulting. Based on the clarifications and answers to frequently asked questions in Commission Notice (2022/C 385/01) issued in 2022, it can be stated that all of Digia’s operations are activities that substantially contribute to climate change adaptation in accordance with Section 8.2 of the taxonomy (“Computer programming, consultancy and related activities”) and thereby the taxonomy-alignment of operations as a whole must be assessed in accordance with the technical criteria and it must be stated whether the operations substantially contribute to climate change adaptation and whether they cause significant harm to any of the other environmental objectives.

In addition, compliance with the minimum safeguards must be assessed in accordance with Article 18. In July 2022, the EU Platform on Sustainable Finance published its recommendations on criteria for assessing compliance with the minimum safeguards. These minimum safeguards cover four core areas: human rights, bribery and corruption, fair competition and taxation. Digia has utilised the two-tiered criteria of this recommendation to assess its own operations with respect to these core areas and has concluded that in its view the company complies with the criteria in terms of both adequacy of actual day-to-day operations and the absence of violations. Digia has a Code of Conduct covering human rights, anti-corruption and anti-bribery measures and fair competition, as well as other related guidelines. These set forth principles and requirements that Digia employees, subcontractors and partners must comply with. Digia is committed to respecting and complying with internationally recognised norms for labour and human rights. Digia has incorporated measures to assess and monitor compliance with



human rights in processes for different parties. Digia also conducts internal training, assessments and surveys on performance with respect to compliance with human rights and both anti-bribery and anti-corruption.

A substantial part of Digia’s business operations consist of activities that either substantially contribute to climate change adaptation in accordance with Activity 8.1 (“Data processing, hosting and related activities”) or substantially contribute to climate change mitigation in accordance with Activities 8.1 (“Data processing, hosting and related activities”) or 8.2 (“Data-driven solutions for GHG emissions reductions”). Digia has conducted the analysis at project level, compiling data from the bottom up to ensure its accuracy and also verify that business operations are not reported twice under different taxonomy classes. Therefore, the entire company’s business operations in 2022 are to be considered to constitute taxonomy-eligible economic activity.

In the tables, Digia reports taxonomy-eligibility as a single KPI for turnover (that is, net sales), OpEx (operational expenses) and CapEx (gross capital expenditure) in accordance with the table templates.

Taxonomy-alignment in 2022

A substantial proportion of the IT services and solutions that Digia provides are based on the use of public cloud solutions. These solutions enable customer organisations to operate more climate-efficiently and improve their ability to withstand physical climate risks: For instance, ERP solutions enable organisations to step up the energy-efficiency of their processes and improve the use of transportation resources, thereby substantially reducing CO₂ emissions.

This approach should be highly encouraged for the sake of the environment, as all three major public cloud

providers (Microsoft, Amazon and Google) are committed to significant programmes to reduce the environmental burden in terms of energy-efficiency, CO₂ emissions, water and other environmentally important subareas. Public cloud platforms such as Microsoft Azure do not cause significant harm to other environmental objectives, and thus it can be assumed that public cloud platforms are climate-resilient solutions as set out in the taxonomy and are highly likely to comply with the criteria for activities that substantially contribute to climate change mitigation in accordance with Activity 8.1 (“Data processing, hosting and related activities”).

Digia’s largest cloud services partner is Microsoft – and so Digia has worked in particularly close cooperation with Microsoft to ensure that its platform services fulfil technical and DNSH criteria. With respect to the DNSH criteria for climate change adaptation and sustainable use of water resources, operations meet the requirements in Annex A to the criteria. With respect to the transition to the circular economy, the used equipment and its management meet the criteria requirements. With respect to biodiversity and the prevention and avoidance of pollution, there are no applicable criteria for the DNSH assessment of Activity 8.1 (“Data processing, hosting and related activities”).

Digia implements tailored data-based solutions for its customers for the analysis and forecasting of climate change impacts. These comprise activities that substantially contribute to climate change mitigation in accordance with Activity 8.2 (“Data-driven solutions for GHG emissions reductions”) as set forth in the taxonomy and some of them fulfil all technical and DNSH criteria. Digia also meets the minimum safeguards in all of its operations as described above. Operations meet the requirements of the DNSH criteria for climate change adaptation set out in Annex A to the criteria. The used equipment and its management also meet the criteria requirements

for the transition to the circular economy. With respect to biodiversity, the prevention and avoidance of pollution, and the sustainable use of water resources, there are no applicable criteria for Activity 8.2 (“Data-driven solutions for GHG emissions reductions”).

Due to the nature of its business operations, Digia estimates that the size of its taxonomy-aligned operations may vary significantly from year to year due to reasons such as variations in the demand for climate change-related customer-specific solutions. In addition, Digia estimates that the implementation of the sustainability strategy defined for the company will significantly increase taxonomy-alignment – especially in the case of activities that substantially contribute to climate change adaptation (Activity 8.2) – in the years ahead.

Due to its business structure, Digia reports on its operations at the taxonomy activity level, even though taxonomy assessment has been carried out at project level in terms of technical and DNSH criteria. All of Digia’s operations also meet the minimum safeguards.

Turnover KPI

The denominator of the turnover KPI (the key performance indicator for net sales) covers Digia’s total turnover, which is recognised in line with IFRS 15 (note 3.2).

The numerator of the turnover KPI is the turnover from products or services related to taxonomy-eligible or taxonomy-aligned economic activities, including intangible assets, presented by taxonomy class. A more detailed division into different taxonomy classes is presented in the adjacent table.

The table lists the turnover of activities identified as falling in taxonomy Activities 8.1 and 8.2 based on analyses. Turnover from Activity 8.1 (“Data processing, hosting

and related activities”) amounts to EUR 24,129 thousand, representing 14.1% of total turnover. Turnover from Activity 8.2 (“Data-driven solutions for GHG emissions reductions”) amounts to EUR 178 thousand, representing 0.1% of total turnover. These combined comprise the taxonomy-aligned turnover, which totals EUR 24,301 thousand, or 14.2% of total turnover. The remainder of Digia’s turnover comprises taxonomy-eligible turnover, amounting to EUR 146,453 thousand, representing 85.8% of total turnover.

OpEx KPI

The denominator of the OpEx KPI (key performance indicator for operational expenses) includes direct non-capitalised expenses related to R&D (note 3.7).

The numerator of the OpEx KPI is the proportion of the OpEx included in the denominator that is connected to taxonomy-eligible or taxonomy-aligned economic activities. These include the direct expenses of these activities and the proportion of expenses incurred by Digia’s centralised Group services allocated to these activities in relation to the direct expenses of these activities. These refer to OpEx in taxonomy category a) and Digia has not identified any OpEx falling in categories b) and c).

The table lists the OpEx of activities identified as falling in taxonomy Activities 8.1 and 8.2 based on analyses. OpEx in Activity 8.1 (“Data processing, hosting and related activities”) amounts to EUR 16,108 thousand, representing 13.1% of total OpEx. OpEx in Activity 8.2 (“Data-driven solutions for GHG emissions reductions”) amounts to EUR 159 thousand, representing 0.1% of total OpEx. These combined comprise the taxonomy-aligned OpEx, which is EUR 16,267 thousand, or 13.3% of total OpEx. Taxonomy-eligible total OpEx amounts to EUR 106,404 thousand, representing 86.7% of total OpEx.

CapEx KPI

The denominator of the CapEx KPI (key performance indicator for gross capital expenditure) covers increases in tangible and intangible assets during the fiscal year before depreciation, amortisation and revaluation. The denominator also covers increases in right-of-use asset items in leases under IFRS 16 (note 7.4).

The numerator of the CapEx KPI is the proportion of CapEx included in the denominator that is connected to taxonomy-eligible or taxonomy-aligned economic activities. The numerator also includes the proportions of any capital expenditure on centralised systems for the business functions in relation to the direct expenses incurred by taxonomy-eligible or taxonomy-aligned economic activities. In accordance with the taxonomy, these constitute category a) capital expenditure, and Digia has not recognised capital expenditure in other categories. The taxonomy classification with respect to the numerator of the CapEx KPI is shown in the adjacent table.

The table lists the CapEx of activities identified as falling in taxonomy Activities 8.1 and 8.2 based on analyses. CapEx in Activity 8.1 (“Data processing, hosting and related activities”) amounts to EUR 165 thousand, representing 13.1% of total CapEx. CapEx in Activity 8.2 (“Data-driven solutions for GHG emissions reductions”) amounts to EUR 2 thousand, or 0.1% of total CapEx. These combined comprise the taxonomy-aligned CapEx, which totals EUR 166 thousand, or 13.3% of total CapEx. Taxonomy-eligible CapEx amounts to EUR 1,087 thousand, representing 86.7% of total CapEx.

Turnover

Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Substantial contribution criteria						DNSH criteria (‘Does Not Significantly Harm’)						Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year N (18)	Taxonomy – aligned proportion of turnover, year N-1 (19)	Category (enabling activity or) (20)	Category ‘(transitional activity)’ (21)
				Climate change mitigation (5)	Climate change daptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)					
		k€	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy aligned)																				
Activity 8.1 Data processing, hosting and related activities	8.1	24,123	14.1%	100	0	0	0	0	0	N/A	Y	Y	Y	N/A	N/A	Y				T
Activity 8.2 Data-driven solutions for GHG emissions reductions	8.2	178	0.1%	100	0	0	0	0	0	N/A	Y	N/A	Y	N/A	N/A	Y			E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		24,301	14.2%														14%			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		146,453	85.8%														85.8%	0.0%		
Total (A.1 + A.2)		170,754	100.0%														100.0%	0.0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		0	0%																	
Total (A + B)		170,754	100.0%																	

OpEx

Economic activities (1)	Code(s) (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Substantial contribution criteria						DNSH criteria (‘Does Not Significantly Harm’)						Minimum safeguards (17)	Taxonomy-aligned proportion of OpEx, year N (18)	Taxonomy – aligned proportion of OpEx, year N-1 (19)	Category (enabling activity or) (20)	Category ‘(transitional activity)’ (21)		
				Climate change mitigation (5)	Climate change daptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)							
		k€	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T			
A. TAXONOMY-ELIGIBLE ACTIVITIES																						
A.1. Environmentally sustainable activities (Taxonomy aligned)																						
Activity 8.1 Data processing, hosting and related activities	8.1	16,108	13.1%	100	0	0	0	0	0	N/A	Y	Y	Y	N/A	N/A	Y		N/A		T		
Activity 8.2 Data-driven solutions for GHG emissions reductions	8.2	159	0.1%	100	0	0	0	0	0	N/A	Y	N/A	Y	N/A	N/A	Y		N/A	E			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		16,267	13.3%														13.3%	0				
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																						
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		106,404	86.7%														86.7%	0				
Total (A.1 + A.2)		122,671	100.0%														100.0%	0				
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																						
OpEx of Taxonomy-non eligible activities (B)		0	0.0%																			
Total (A + B)		122,671	100.0%																			

CapEx

Economic activities (1)				Substantial contribution criteria						DNSH criteria (‘Does Not Significantly Harm’)										
	Code(s) (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of CapEx year N (18)	Taxonomy - aligned proportion of CapEx year N-1 (19)	Category (enabling activity or) (20)	Category ‘(transitional activity)’ (21)
		k€	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy aligned)																				
Activity 8.1 Data processing, hosting and related activities	8.1	165	13.1%	100	0	0	0	0	0	N/A	Y	Y	Y	N/A	N/A	Y		N/A		T
Activity 8.2 Data-driven solutions for GHG emissions reductions	8.2	2	0.1%	100	0	0	0	0	0	N/A	Y	N/A	Y	N/A	N/A	Y		N/A	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		166	13.3%														13.3%			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1,087	86.7%														86.7%	0		
Total (A.1 + A.2)		1,253	100.0%														100%	0		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities (B)		0	0.0%																	
Total (A + B)		1,253	100.0%																	

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1 Main statements in the consolidated financial statements (IFRS)

1.1 Consolidated Income Statement

EUR 1,000	Note	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Net sales	<u>3.2</u>	170,754	155,939
Other operating income	<u>3.4</u>	248	445
Materials and services		-28,512	-21,674
Depreciation, amortisation and impairment	<u>3.6</u>	-7,094	-7,485
Personnel expenses	<u>4.1, 4.2, 4.4, 7.6</u>	-105,827	-99,063
Other operating expenses	<u>3.7</u>	-16,843	-13,482
		-158,028	-141,260
Operating profit		12,727	14,680
Financial income	<u>6.5</u>	233	540
Financial expenses	<u>6.5</u>	-910	-646
		-677	-107
Profit before taxes		12,050	14,573
Income taxes	<u>3.8</u>	-2,479	-2,801
Net profit		9,571	11,772
Earnings per share, EUR, undiluted	<u>3.10</u>	0.36	0.44
Earnings per share, EUR (diluted)		0.36	0.44
Distribution of income for the period:			
Parent company shareholders		9,533	11,758
Non-controlling interests		39	14

1.2 Consolidated statement of comprehensive income

	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Net profit	9,571	11,772
Other comprehensive income items:		
Items that may later be reclassified as profit or loss:		
Exchange differences on translation of foreign operations	-1,721	-198
Total comprehensive income	7,850	11,574
Distribution of total comprehensive income:		
Parent company shareholders	7,812	11,560
Non-controlling interests	39	14

1.3 Consolidated balance sheet

EUR 1,000	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Non-current assets			
Goodwill	<u>7.1</u>	85,829	71,915
Intangible assets	<u>7.3</u>	14,389	10,875
Tangible assets	<u>7.2</u>	570	686
Right-of-use assets	<u>7.4</u>	5,957	6,969
Financial assets recognised at fair value through profit or loss	<u>6.2</u>	483	484
Non-current receivables	<u>6.2</u>	372	538
Deferred tax assets	<u>3.9</u>	332	640
		107,932	92,107
Current assets			
Accounts receivable and other receivables	<u>5.2, 6.2</u>	37,846	32,785
Cash and cash equivalents	<u>6.2</u>	14,338	18,148
		52,184	50,933
Total assets		160,116	143,040
SHAREHOLDERS' EQUITY AND LIABILITIES			

EUR 1,000	Note	31 Dec 2022	31 Dec 2021
Equity attributable to parent-company shareholders			
Share capital		2,088	2,088
Other reserves		5,204	5,204
Unrestricted shareholders' equity reserve		42,081	42,081
Translation difference		-2,261	-541
Retained earnings		14,391	7,468
Net profit		9,533	11,758
		71,034	68,057
Equity attributable to non-controlling interests		53	14
Total shareholders' equity	<u>6.7</u>	71,087	68,072
Non-current liabilities			
Deferred tax liabilities	<u>3.9</u>	2,553	1,877
Non-current advances received		107	0
Financial liabilities	<u>6.3</u>	17,270	16,000
Lease liabilities		3,032	4,354
Other non-current liabilities	<u>3.5</u>	5,232	2,324
		28,194	24,554
Current liabilities			
Accounts payable and other liabilities	<u>5.2</u>	27,764	21,156
Income tax liabilities		0	985
Provisions	<u>3.3</u>	0	1,234
Accruals and deferred income		21,427	18,580
Lease liabilities	<u>6.4</u>	3,450	3,431
Other financial liabilities	<u>6.3</u>	8,194	5,026
		60,834	50,413
Total liabilities		89,028	74,968
Total shareholders' equity and liabilities		160,116	143,040

1.4 Consolidated cash flow statement

EUR 1,000	Note	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Cash flow from operations:			
Net profit		9,571	11,772
Adjustments to net profit	<u>7.5</u>	9,194	9,398
Change in working capital	<u>5.1</u>	-1,547	-3,204
Change in other receivables and liabilities		2,567	2,517
Interest paid		-308	-299
Interest income		16	43
Taxes paid		-5,242	-3,580
Cash flow from operations		14,252	16,648
Cash flow from investments:			
Purchases of tangible and intangible assets		-1,177	-1,768
Acquisition of subsidiaries, net of cash and cash equivalents at the time of acquisition	<u>3.5</u>	-10,646	-9,933
Dividends received		-	5
Repayment of loans receivable		-	1,573
Cash flow from investments		-11,823	-10,124

EUR 1,000	Note	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Cash flow from financing:			
Repayment of lease liabilities	<u>6.3</u>	-3,810	-4,085
Repayment of current loans	<u>6.3</u>	-5,000	-9,726
Withdrawals of current loans	<u>6.3</u>	-	3,000
Repayment of non-current loans	<u>6.3</u>	-	-271
Withdrawals of non-current loans	<u>6.3</u>	9,000	10,900
Acquisition of treasury shares		-1,963	-630
Sale of treasury shares		163	-
Dividends paid		-4,478	-4,002
Cash flow from financing		-6,087	-4,814
Change in cash and cash equivalents		-3,659	1,710
Cash and cash equivalents at beginning of period		18,148	16,410
Change in cash and cash equivalents		-3,659	1,710
Effects of changes in foreign exchange rates		-151	28
Cash and cash equivalents at end of period	<u>6.2</u>	14,338	18,148

1.5 Changes in shareholders' equity

EUR 1,000	Notes	Share capital	Unrestricted shareholders' equity reserve	Other reserves	Translation difference	Retained earnings	Non-controlling interests	Total shareholders' equity
Shareholders' equity, 1 Jan 2021		2,088	42,081	5,204	-343	11,707	0	60,737
Comprehensive income								
Net profit (+) / loss (-)	1.1					11,758	14	11,772
Other comprehensive income items	1.2	-	-	-	-198	-		-198
Total comprehensive income		-	-	-	-198	11,758	14	11,574
Transactions with shareholders								
Share-based transactions settled in equity	4.4	-	-	-	-	392		392
Dividends		-	-	-	-	-4,002		-4,002
Acquisition of treasury shares		-	-	-	-	-630		-630
Transactions with shareholders, total						-4,239		-4,239
Shareholders' equity, 31 Dec 2021		2,088	42,081	5,204	-541	19,226	14	68,072

EUR 1,000	Notes	Share capital	Unrestricted shareholders' equity reserve	Other reserves	Translation difference	Retained earnings	Non-controlling interests	Total shareholders' equity
Shareholders' equity, 1 Jan 2022		2,088	42,081	5,204	-541	19,226	14	68,072
Comprehensive income								
Net profit (+) / loss (-)	1.1					9,533	39	9,571
Other comprehensive income items	1.2	-	-	-	-1,721	-		-1,721
Total comprehensive income		-	-	-	-1,721	9,533	39	7,850
Transactions with shareholders								
Share-based transactions settled in equity	4.4	-	-	-	-	63		63
Dividends		-	-	-	-	-4,478		-4,478
Acquisition of treasury shares		-	-	-	-	-420		-420
Transactions with shareholders, total						-4,835		-4,835
Shareholders' equity, 31 Dec 2022		2,088	42,081	5,204	-2,261	23,923	53	71,087

2 General information

2.1 Basic information on the Group

Digia is a software and service company that helps its customers renew themselves in the networked world. There are more than 1,400 of us working at Digia. Our roots are in Finland and we work with our customers both in Finland and abroad. We are building a world in which digitalisation makes a difference – together with our customers and partners.

The company's strengths are its good customer base, extensive product and service offering, 24/7 maintenance and support, and the credible size of its business. Based on these strengths, Digia can serve as a trusted partner to its customers in their digitalisation transformation. We forge long-term customer relationships and develop them to grow with our customers.

Digia operates in Finland – Helsinki, Lahti, Jyväskylä, Oulu, Rauma, Tampere, Turku and Vaasa – as well as in Stockholm and Malmö in Sweden, and Hengelo in the Netherlands. The company is listed on NASDAQ Helsinki (DIGIA). The Group's parent company Digia Plc is a Finnish public limited liability company established under the laws of Finland. Its Business ID is 0831312-4 and it is domiciled in Helsinki. Its registered address is Atomitie 2 A, 00370 Helsinki.

2.2 Approval by the Board of Directors

The Board of Directors approved the financial statements for publication on 10 February 2023. According to the Finnish Companies Act, shareholders have the right to approve or reject the financial statements at the General Meeting held after publication. Digia Plc's Annual General Meeting will be held on 23 March 2023.

2.3 Accounting policies

The consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS), observing the IAS and IFRS standards, as well as SIC and IFRIC interpretations valid on 31 December 2022.

International Financial Reporting Standards refer to the standards and their interpretations approved for application in the EU in accordance with the procedure stipulated in EU regulation (EU) No. 1606/2002 and embodied in Finnish accounting legislation and the statutes enacted under it.

The consolidated financial statements are based on original acquisition costs. In the fair value hierarchy, the highest level is assigned to quoted (unadjusted) prices for identical assets or liabilities in active markets (Level 1 inputs), and the lowest to unobservable inputs (Level 3 inputs).

The consolidated financial statements include the parent company, Digia Plc, and all of its subsidiaries. Digia owns all of these subsidiaries in full with the exception of Climber Benelux B.V., in which it has an 80% holding. Acquired subsidiaries are consolidated using the acquisition method, according to which the assets and liabilities of the acquired entity are measured at fair value at the time of acquisition, and the remaining difference between the acquisition price and the acquired shareholders' equity constitutes goodwill. Subsidiaries acquired during the fiscal period are included in the consolidated financial statements as from when control was gained, while divested subsidiaries are included until the date of divestment. No subsidiaries were divested in the 2022 and 2021 fiscal periods.

The consolidated financial statements are primarily presented in thousands of euros and the figures have been

rounded to the nearest thousand euro, which means that the sum of individual figures may differ from the totals given.

Items referring to the earnings and financial position of the Group's units are recognised in the currency that is the main currency of the unit's primary operating environment ('functional currency'). The consolidated financial statements are given in euros, which is the operating and presentation currency of the parent company. The Group has five foreign subsidiaries in Sweden, one in Denmark and one in the Netherlands.

Receivables and liabilities denominated in foreign currencies have been converted into euro at the exchange rate in effect on the balance sheet date. Gains and losses arising from foreign currency transactions are recognised through profit or loss. Foreign exchange gains and losses from operations are included in the corresponding items above EBIT. The income statements of the foreign group companies have been converted into euro at the weighted average exchange rate for the period, and the balance sheets have been converted at the exchange rate quoted on the balance sheet date. Translation differences arising from the application of the acquisition method are treated as items adjusting consolidated shareholders' equity.

In the 2022 fiscal year, the company had non-controlling interests through Climber Benelux B.V., and thus the result is distributed between parent company shareholders and non-controlling interests.

Digia presents the other accounting principles applied in the financial statements in the notes to the financial statement items in question. The table below lists the Group's accounting policies, information about which note they are presented in and a reference to the relevant IFRS standard.

Accounting policy	Note		IFRS standard
Segment reporting	<u>3.1</u>	Reportable segments	IFRS 8
Recognition of net sales	<u>3.2</u>	Net sales	IFRS 15
Provisions	<u>3.3</u>	Provisions	IAS 37
Government grants	<u>3.4</u>	Other operating income	IAS 20
Business combinations	<u>3.5</u>	Acquired business operations	IFRS 3, IFRS 10
Research and development costs	<u>3.7</u>	Other operating expenses	IAS 38
Current tax	<u>3.8</u>	Current tax	IAS 12
Deferred tax assets and liabilities	<u>3.9</u>	Deferred tax	IAS 12
Earnings per share	<u>3.10</u>	Earnings per share	IAS 33
Pension liabilities	<u>4.2</u>	Pension liabilities	IAS 19
Accounts receivable and other receivables	<u>6.2</u>	Accounts receivable and other receivables	IFRS 9, IFRS 15
Financial assets	<u>6.2</u>	Financial assets recognised at fair value through profit or loss	IAS 32, IFRS 9, IFRS 7
Interest-bearing liabilities	<u>6.3</u>	Financial liabilities	IFRS 9, IFRS 13
Lease liabilities	<u>6.4</u>	Lease liabilities	IFRS 16
Share-based incentives	<u>4.4, 6.7</u>	Personnel expenses, Equity	IFRS 2
Goodwill	<u>7.1</u>	Goodwill	IFRS 3, IAS 36
Intangible assets	<u>7.3</u>	Intangible assets	IAS 38, IAS 36
Property, plant and equipment	<u>7.2</u>	Property, plant and equipment	IAS 16, IAS 36
Right-of-use assets	<u>7.4</u>	Lease obligations and commitments	IFRS 16
Impairment	<u>7.5</u>	Impairment of assets	IAS 36
Related party transactions	<u>7.6</u>	Related party information	IAS 24

The Digia Group complies with the agenda decision issued by the Interpretations Committee (IFRIC) on the accounting treatment of configuration or customisation costs in a cloud computing arrangement (IAS 38 Intangible Assets).

IAS 38 Intangible Assets agenda decision

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.

Accounting estimates and judgements applied in the preparation of the financial statements

The preparation of financial statements in accordance with IFRS requires the Group's management to make accounting estimates and apply judgements and assumptions that have an effect on the application of the accounting principles and the carrying amounts of assets, liabilities, income and expenses. These estimates and assumptions are based on previous experience and other justifiable assumptions that are believed to be reasonable under the circumstances and that serve as a foundation for evaluating the items included in the financial statements.

The estimates and judgements are reviewed regularly, but the actual results may differ from the estimates and solutions. The assumptions underlying management's estimates and judgements are presented in the following notes:

Note	
Revenue recognition: Degree of completion of a project recognised as revenue over time	<u>3.2</u>
Revenue recognition: Principal or agent	<u>3.2</u>
Fair values of net assets acquired in business combinations and additional purchase prices	<u>3.5</u>
Main assumptions used in impairment testing of goodwill	<u>7.1</u>
Cloud service configuration and customisation costs	<u>7.3</u>
Leases	<u>6.4</u> and <u>7.4</u>

2.4 New and amended standards

Applicable new and amended standards as at 31 Dec 2022

Costs of Fulfilling a Contract – Amendments to IAS 37 Provisions, contingent liabilities and contingent assets (effective for financial periods beginning on or after 1 January 2022).

The amendments clarify that when a provision is recognised for an onerous contract on the basis of costs that the entity cannot avoid, these costs include both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

Property, Plant and Equipment – Proceeds before Intended Use – Amendments to IAS 16 Property, Plant and Equipment (effective for financial periods beginning on or after 1 January 2022).

The amendments require that sales proceeds recognised before the related item of property, plant and equipment is available for use are recognised in profit or loss together with the manufacturing costs associated with the items sold.

Reference to the Conceptual Framework – Amendments to IFRS 3 Business Combinations (effective for financial periods beginning on or after 1 January 2022).

The amendments update a reference in IFRS 3 and include related clarifications.

New and amended standards to be applied in future financial periods

In addition to the standards and interpretations presented in the 2022 financial statements, the Group will adopt the following standards, interpretations and amendments

to existing standards and interpretations published by the IASB in the fiscal year commencing 1 January 2023 or later. The Group will adopt each standard on its effective date or, if said date is not the first day of the reporting period, at the beginning of the next reporting period, provided that the EU approves it.

Classification of Liabilities as Current or Non-current – Amendments to IAS 1 Presentation of Financial Statements* (effective for financial periods beginning on or after 1 January 2023 – early application is permitted).

The amendments intend to harmonise application and clarify the requirements for classifying debt as current or non-current.

Disclosure of Accounting Policies – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements* (effective for financial periods beginning on or after 1 January 2023 – early application is permitted).

The amendments clarify how to apply the concept of materiality to accounting policy disclosures.

Definition of Accounting Estimates – Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors* (effective for financial periods beginning on or after 1 January 2023 – early application is permitted).

The amendments clarify how companies should distinguish between changes in accounting policies and accounting estimates, and focus on the definition of “accounting estimate” and its clarification.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 Income Taxes* (effective for financial periods beginning on or after 1 January 2023).

The amendments narrow the application of the recognition exemption and clarify that it no longer applies to individual transactions such as leases and decommissioning obligations that, on initial recognition, give rise to equal taxable and deductible temporary differences.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures* (voluntary application is permitted – effective date postponed indefinitely).

The amendments eliminate an inconsistency between current guidance on consolidation and the equity method, and require that gains be recognised in full when the transferred assets constitute a business as defined in IFRS 3 Business Combinations.

The company is assessing the effects of the amendment of IAS 12 on the Group. Other new or amended standards and interpretations have no effect on the consolidated financial statements.

3 Financial development

3.1 Reportable segments

Digia reports on its business operations as one segment. In 2022, Digia comprised four service areas: Intelligent Solutions, Managed Digital Core, Business Platforms and Financial Platforms. These service areas have similar financial characteristics and are also similar in terms of the nature of product and service production processes, type of customer, geographical characteristics, and methods used in product or service distribution or service provision. For this reason, these service areas have been combined into a single reporting segment.

The table below presents the combined net sales and balance sheet value of the companies in the main market areas.

EUR 1,000	Finland	Sweden	Other countries	Total
Net sales	157,536	11,162	2,056	170,754
Balance sheet	146,254	12,417	1,445	160,116

3.2 Net sales

Digia's net sales in the review period amounted to EUR 170.8 (155.9) million, of which Finland accounted for EUR 157.5 (143.6) million and other countries for EUR 13.2 (12.3) million. The net sales of the service and maintenance business totalled EUR 102.9 (104.7) million, or 60.3 (67.1) per cent of total net sales. The net sales of the project business totalled EUR 67.9 (51.3) million and accounted for 39.7 (32.9) per cent of total net sales. The net sales of the product business generated 12.9 (13.4) per cent of the company's net sales. The product business includes licence maintenance, and it is included in both project and service and maintenance operations. Net sales of work performed by people accounted for 49.5 (72.7) per cent of the company's net sales.

Of net sales, EUR 5.8 (2.2) million were recognised in one instalment and EUR 165.0 (153.7) million over time.

At the end of the reporting period, Digia reports the total transaction price of uncompleted performance obligations insofar as the agreement is for several years and not charged on an hourly basis. On 31 December 2022, Digia had an order book of EUR 6.4 (6.4) million for multiyear projects with a fixed or target price. The order book for service and maintenance agreements cannot be unambiguously determined and it is not reported because the agreements often include transaction-based items in addition to a fixed-price item.

On 31 December 2022, the balance sheet included EUR 0.5 (0.4) million in advance payments for projects in which income is recognised over time. In 2022, EUR 0.2 million has been recognised as income from advance payments received for 2021.

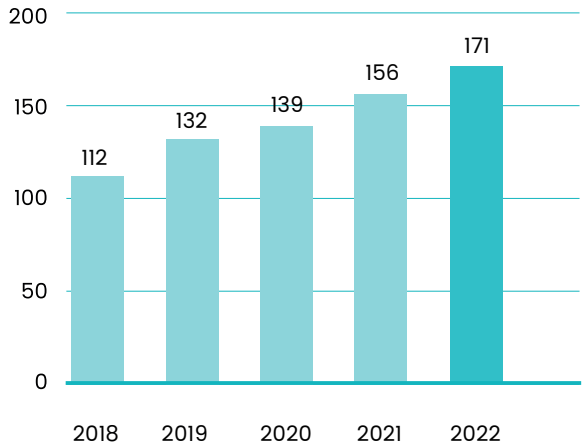
In 2022, no single customer accounted for more than 10 per cent of consolidated net sales.

Accounting principle – recognition in net sales

Digia's performance obligations are work performed by people, licences of own products, maintenance of own products, third-party products, maintenance of third-party products as well as services. The typical payment term in all performance obligations is 14–60 days from the invoice date. Digia does not have a significant financing component in customer contracts. The warranty period for customer-specific materials in all performance obligations is six months from the approval of the delivery. Both parties typically have the right to cancel the agreement if a party commits a

Net sales

EUR million





material breach of the agreement and has not remedied said breach within 30 days. When an agreement is cancelled, the parties are to return any deliverables received.

Work performed by people

Work performed by people in specification and delivery projects is recognised as revenue over time in accordance with progress. Long-term projects with a fixed price are recognised over time on the basis of their percentage of completion once the outcome of the project can be reliably estimated. The percentage of completion is determined as the proportion of costs arising from work performed for the project up to the date of review in the total estimated project costs. If estimates of the project change, the recognised sales and profit/margin are amended in the period during which the change becomes known and can be estimated for the first time.

Digia fulfils its performance obligation with respect to work performed by people in accordance with progress. The warranty period in expert service agreements is 30 days from service delivery.

Projects that include a specification phase after which the customer has the option of withdrawing from the project are recognised as revenue over time. The delivery project will not be recognised as revenue until the specification project has been approved.

Own products

The licences of own products comprise a performance obligation that is to be recognised as revenue at a point in time. Revenue is recognised in one instalment when the product has been delivered, that is, when the licences have been installed in the customer's testing environment. Digia has fulfilled its performance obligation once installation has been completed.

SaaS (software as a service) agreements for the company's own products are recognised as revenue over time during the contract period.

Maintenance fees for Digia product licences are recognised as revenue over time during the contract period.

Digia provides a six-month warranty for its own products, effective as from the date when the delivery of the completed software has been approved.

Third-party products

With respect to third-party licences, the actual responsibility for the features, further development and maintenance of the product is specified in the agreement. If Digia is responsible, revenue from third-party products is recognised on a gross basis in one instalment once the product licence has been installed in the customer's test environment. If a third party holds actual responsibility for the aforementioned matters, revenue is recognised on a net basis, that is, the margin or commission is recognised in net sales upon installation.

Revenue accrued from maintenance of third-party products and from SaaS agreements is recognised over time either on a gross basis (Digia has actual responsibility for maintenance) or on a net basis (a third party is responsible for maintenance).

The warranty for third-party software is determined according to the terms of the third-party software.

Services

Revenue from service agreements is recognised over time during the agreement period. If a service agreement includes a ticket- or hour-based performance obligation, revenue is recognised over time in accordance with progress.

Significant estimate or judgement:

Revenue recognition: degree of completion of a project recognised as revenue over time

A project recognised as revenue over time is recognised as income and expenses on the basis of degree of completion once the outcome of the project can be reliably estimated. Recognition is based on estimates of expected income and expenses of the project and reliable measurement and estimation of project progress. If estimates of the project's outcome change, the recognised sales and profit/margin are amended in the period during which the change becomes known and can be estimated for the first time. An onerous contract is immediately recognised as an expense. Additional information is provided in [Note 3.3 Provisions](#).

Recognition: principal or agent

Digia can act as either a principal or agent for third-party products. Whether the company is deemed to be acting as a principal or agent for third-party products is based on Digia management's analysis of the legal form and factual content of the agreements made between the company and its suppliers. With respect to factual content, the decisive factor is Digia's role and responsibility towards the end customer. If Digia is responsible, revenue is recognised from these products in one instalment on a gross basis once the installation environment has been completed. Maintenance revenue will also be recognised on a gross basis, but over time. If a third party holds actual responsibility, Digia only recognises the margin or commission in net sales.

3.3 Provisions

Unprofitable agreements

EUR 1,000	2022	2021
1.1.	1,234	1,383
Increase in provisions	127	1,100
Provisions used	-1,362	-1,249
31 Dec	0	1,234

Unprofitable agreements

At the balance sheet date of 31 December 2022, the Group had no unprofitable projects.

Accounting principle – provisions

A provision is recognised when the Group has a legal or factual obligation based on previous events, the realisation of a payment obligation is probable and the amount of the obligation can be reliably estimated.

A loss provision is created for fixed-price projects if it becomes apparent that the obligatory expenditure on the fulfilment of project obligations will exceed the benefits to be gained from the agreement. The loss is recognised in the period when it becomes known and can be estimated for the first time. Loss provisions are reversed in accordance with the extent and timing of incurred expenses.

3.4 Other operating income

EUR 1,000	2022	2021
Government grants	0	41
Other income	248	403
Total	248	445

In 2022 and 2021, government grants were allocated for product development and these product development expenses are included in employee benefit expenses and external services.

Accounting principle – government grants

Government grants received as compensation for costs are recognised in the income statement at the same time as the expenses related to the target of the grant are recognised as expenses. Grants of this kind are presented under other operating income.

3.5 Acquired business operations

Business operations acquired during the 2022 fiscal year

Three acquisitions were carried out in the 2022 fiscal year.

Digia acquired the entire share capital of MOST Digital Oy on 2 May 2022. The MOST Digital Group includes MOST Digital Oy and MOST Digital Sweden AB. MOST Digital provides continuous Robotics as a Service solutions for business process automation built on top of an open-source platform developed in house as well as its own cloud solution that harnesses the Microsoft Azure cloud service platform. At the time of the transaction, MOST Digital employed 34 software robotics and artificial intelligence professionals at its locations in Helsinki, Lempäälä, Rovaniemi and Stockholm.

Digia acquired the entire share capital of Productivity Leap Oy on 1 July 2022. With the acquisition, Digia strengthened its expertise in knowledge management, which is in increasingly high demand, and its ability to serve its customers in an ever more comprehensive way, particularly in the social welfare and healthcare sector. The company offers IT consulting services with a focus on knowledge management, low-code, integration and robotics services, as well as tailored application development. On the date of the transaction, Productivity Leap employed 56 people at its offices in Joensuu, Helsinki, Tampere, Turku and Kuopio.

Digia acquired the entire share capital of Avalon Oy on 1 October 2022. The acquisition further strengthens Digia's market position as a leading comprehensive digitalisation partner and improves its ability to serve both companies' customers in a wider way than ever. Avalon offers its customers comprehensive digital marketing and customer experience development services based on the utilisation of data and analytics. At the time of the transaction, Avalon had 24 employees at its offices in Helsinki and Oulu.

Total fair values of the acquired businesses on the acquisition date:

Property, plant, and equipment, and intangible assets	534
Accounts receivable and other receivables	1,591
Cash and cash equivalents	2,702
Total assets	4,827
Accounts payable and other liabilities	3,223
Total liabilities	3,223
Deferred tax	1,113
Value of technology	2,663
Value of trademark	126
Value of customer contracts	2,776
Net assets	1,604
Goodwill	15,030
Acquisition cost	21,104

Cash flow effect of the acquired businesses:

Total purchase price	-21,104
Paid with shares	1,380
Cash and cash equivalents	2,702
Additional purchase price	6,376
Acquisition-related costs and taxes	-344
Net cash flow of acquisition	-10,991

The purchase prices were paid at the time of acquisition in cash and Digia Plc shares, with the exception of estimated additional contingent amounts subsequently payable in cash. The total purchase price of acquisitions

in the 2022 fiscal year was EUR 21.1 million. The total value of the net assets of the acquirees was estimated at EUR 1.6 million in the acquisition cost calculations. Acquisitions had an impact of EUR 5.7 million on the Digia Group's net sales in the 2022 fiscal year and EUR 0.5 million on the result for the period.

Accounts receivable consist of the ordinary receivables of the acquired companies, whose fair values are estimated to correspond to their book values. According to the company's estimate, the accounts receivable will be paid in full. Digia's goodwill grew by EUR 15.0 million as a result of the acquisitions. Goodwill consisted of the value of acquired market share, business expertise and expected synergies. Additional information on goodwill is presented in [Note 7.1](#). Goodwill is not tax-deductible.

The business operations acquired in 2022 were not of substantial relevance to the Group as a whole. 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 2022 would have amounted to about EUR 176.5 million and the operating result to EUR 13.1 million.

Business operations acquired during the 2021 fiscal year

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 concerned Climber's operations in Sweden, Finland, Denmark

and the Netherlands. Climber will continue as a subsidiary with its own brand.

Climber International AB's net sales in 2021 totalled about EUR 13.3 million and the company employed 77 people on 31 December 2021. Smart data utilisation is one of the main focal points of Digia's strategy. The acquisition of Climber will accelerate growth in Digia's data and analytics business, primarily by providing access to markets outside Finland.

Digia acquired the entire share capital of Solasys Oy on 1 September 2021. In the financial period ending in June, Solasys had net sales of about EUR 1.3 million. Nine experts joined Digia as a result of the acquisition. Previously, Digia had a 10 per cent holding in Solasys Oy. Solasys has long served as a partner in the delivery and development of the Digia Enterprise ERP system. In addition, the company has robust expertise in reporting and analytics. The acquisition supports our strategy of combining analytics solutions with profound expertise in core business systems.

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
Deferred tax	1,079
Value of order book	542
Value of trademark	936
Value of customer contracts	3,919
Net assets	3,175
Goodwill	10,254
Acquisition cost	17,746

Cash flow effect of the acquired businesses:

Purchase price, cash component	-17,746
Cash and cash equivalents	2,527
Additional purchase price, cash component	5,324
Acquisition-related costs and taxes	-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 total purchase price of acquisitions in the 2021 fiscal year was EUR 17.7 million. The total 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.

Accounts receivable consist of the ordinary receivables of the acquired companies, whose fair values are estimated to correspond to their book values. The company estimates that all accounts receivable will be paid. 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. Goodwill is not tax-deductible. Additional information on goodwill is presented in [Note 7.1](#).

The business operations acquired in 2021 were not of substantial relevance to the Group as a whole. 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.

Conditional additional purchase prices of the acquired companies

At the balance sheet date, the conditional additional purchase prices estimated to be payable at the target level in cash at a later date amounted to:

	2022	2021
Opening balance, 1 Jan	7,724	7,400
Change in fair value		
Increases	6,577	324
Decreases	0	0
Balance, 31 Dec	14,301	7,724

Accounting principle – business combinations

All business combinations are accounted for using the acquisition method. The purchase price consists of a share paid at the time of acquisition and any additional purchase price payable later. Such additional purchase prices are paid in cash.

Identifiable assets acquired and liabilities assumed in business combinations are measured at their fair value at the time of acquisition. The amount of the purchase price that exceeds the fair value of acquired net assets is recognised as goodwill. Changes in the value of the additional purchase price (liability item) are recognised through profit or loss. The exception to this is a situation in which additional information has been received about the financial position at the time of acquisition and this has an effect on the acquisition price. In this case, the change in the acquisition price is recognised by adjusting the acquisition cost calculation. Acquisition-related costs are recognised as expenses when incurred and are presented under other operating expenses in the consolidated income statement.

Non-controlling interests in the acquired subsidiary are measured as a relative share of the fair value.

In a phased acquisition, the earlier holding is measured at fair value and the resulting gain or loss is recognised through profit or loss.

Significant estimate

Fair values of net assets acquired in business combinations and additional purchase prices

The purchase price, additional purchase price, if any, and net assets acquired in business combinations are measured at fair value.

The fair value of acquired net assets is determined based on the fair values of similar asset items, estimated expected cash flows from acquired assets or estimated payments required to fulfil the obligation. The fair value of the additional purchase price is determined based on a forecast of the parameters in accordance with the terms of the additional purchase price over the period defined in the terms and discounted to its present value.

In the view of management, the used estimates and assumptions are sufficiently reliable for determining fair value.

3.6 Depreciation, amortisation and impairment

EUR 1,000	2022	2021
Depreciation and amortisation by asset category		
Intangible assets		
Development costs	119	0
Software and licences	435	31
Amortisation of acquisition costs	2,659	3,059
Other intangible assets	5	0
Property, plant and equipment		
Buildings	7	7
Improvements to premises	142	170
Machinery and equipment	243	303
Right-of-use assets	3,483	3,915
Total	7,094	7,485
Total depreciation and amortisation	7,094	7,485

In the fiscal years 2022 and 2021, the Group did not recognise impairment losses.

3.7 Other operating expenses

EUR 1,000	2022	2021
Cost of premises	1,395	1,101
IT costs	7,481	5,585
Voluntary personnel expenses	3,870	3,214
Travel	798	291
External services	2,082	1,851
Other expenses	1,218	1,439
Total	16,843	13,482

In addition to information technology, IT costs include the cost of communication solutions. Voluntary personnel expenses primarily include expenses tied to Digia's personnel benefits. Both expected and realised credit losses are recognised in other operating expenses.

Auditors' fees

EUR 1,000	2022	2021
KPMG Oy Ab		
Audit	5	96
Tax counselling	0	2
Other services	6	15
Ernst & Young Oy		
Audit	92	0
Other statutory duties	4	0
Tax counselling	10	0
Other		
Audit	46	39
Other statutory duties	0	2
Tax counselling	0	0
Other services	2	3
Total	165	157

In 2022, the audit firm invoiced EUR 92.0 (0) thousand for auditing and EUR 14.0 (0) thousand for other services. Audit fees are included in other operating expenses.

Research and development costs

EUR 1,000	2022	2021
Research and development costs	5,508	6,103
Total	5,508	6,103

The R&D spend includes the development of the company's own products carried out largely by in-house personnel and recognised in personnel expenses. When external services are used for this purpose, the expenses are recognised in other operating expenses.

3.8 Income taxes

EUR 1,000	2022	2021
Current tax	2,603	3,390
Taxes from previous periods	8	-20
Deferred tax	-132	-570
Total	2,479	2,801

Reconciliation between the tax expenses in the income statement and taxes calculated at the tax rate valid in the Group's home country (20 per cent):

EUR 1,000	2022	2021
Profit before taxes	12,050	14,573
Taxes calculated at the domestic corporation tax rate	2,410	2,912
Deviating tax rates of foreign subsidiaries	26	11
Income not subject to tax	-20	-51
Non-deductible expenses	125	18
Other items	-70	-73
Taxes from previous periods	8	-20
Total	2,479	2,801

Taxes in the income statement	2,479	2,801
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Accounting principle – current tax

Income taxes recognised in the income statement include taxes based on taxable income for the financial period, adjustments to taxes for previous periods, as well as changes in deferred taxes. Tax based on taxable income for the period is calculated using the corporate income tax rate applicable in each country (Finland, Sweden and the Netherlands).

3.9 Deferred tax assets and liabilities

Changes in deferred taxes during 2022:

EUR 1,000	1 Jan 2022	Recognised in income statement	Acquired business operations	31 Dec 2022
Deferred tax assets:				
Provisions	247	-247	-	-
Share-based payments	149	13	-	161
Other items	244	-70	-4	171
Total	640	-304	-4	332

EUR 1,000	1 Jan 2022	Recognised in income statement	Acquired business operations	31 Dec 2022
Deferred tax liabilities:				
Allocation of acquisitions	1,638	-583	1,113	2,168
Other items	239	147	-	385
Total	1,877	-436	1,113	2,553

Changes in deferred taxes during 2021:

EUR 1,000	1 Jan 2021	Recognised in income statement	Acquired business operations	31 Dec 2021
Deferred tax assets:				
Provisions	277	-30	-	247
Share-based payments	70	78		149
Other items	167	33	45	244
Total	513	82	45	640

EUR 1,000	1 Jan 2021	Recognised in income statement	Acquired business operations	31 Dec 2021
Deferred tax liabilities:				
Allocation of acquisitions	1,115	-557	1,079	1,638
Other items	-	69	170	239
Total	1,115	-488	1,249	1,877

Accounting principle – deferred taxes

Deferred tax receivables and liabilities are recognised for temporary differences between the taxable values and book values of asset and liability items. Temporary differences arise from obligatory provisions, the share-based incentive scheme, and revaluation at fair value in connection with acquisitions. Deferred taxes are determined on the basis of the tax rate enacted by the balance sheet date. Deferred tax receivables are recognised up to the probable amount of taxable income in the future, against which the temporary difference can be utilised.

3.10 Earnings per share

	2022	2021
Profit for the period attributable to parent company shareholders (EUR 1,000)	9,533	11,758
Weighted average number of shares during the period		
Undiluted	26,439,167	26,647,118
Diluted	26,447,794	26,823,723
Earnings per share, EUR, undiluted	0.36	0.44
Earnings per share, EUR, diluted	0.36	0.44

Accounting principle – earnings per share

Basic earnings per share are calculated by dividing the earnings before tax for the accounting period attributable to the parent company’s shareholders by the weighted average of shares outstanding during the accounting period. Own shares held by the company are not included in the calculation of the weighted average of shares outstanding. When calculating diluted earnings per share, the impact of the share-based incentive scheme is taken into consideration.

4 Human resources

Group personnel on average during the period	2022	2021
Business units	1,346	1,285
Administration and management	53	49
Total	1,399	1,334

4.1 Personnel expenses

EUR 1,000	2022	2021
Salaries and remunerations	87,087	81,345
Pension costs, defined-contribution plans	14,396	12,878
Share-based payments	63	392
Other personnel expenses	4,281	4,448
Total	105,827	99,063

The total remuneration Digia offers to employees consists of salaries, fringe benefits and short-term incentives ([see 4.4](#)). Share-based payments include the annual costs of the management incentive scheme. Information on share-based payments is provided in [Note 4.4 Share-based payments](#). Additional information on the remuneration of key employees is also provided in [Note 7.6 Related party transactions](#).

4.2 Pension liabilities

Digia's pension schemes are arranged through external pension insurance companies in Finland, Sweden and the Netherlands.

Accounting principle – pension liabilities

The Group's pension schemes are defined contribution plans, and payments are recognised in the income statement during the period to which the payment applies.

4.3 Personnel remuneration

Employee remuneration is based on fixed monthly or hourly pay. Part of the employees are covered by target bonus schemes. The key indicators of the target bonus scheme for sales are the value of agreements or the value of agreements and net sales. The key indicators of the short-term target bonus scheme are consolidated net sales and operating profit. Employees have access to extensive occupational healthcare services. In addition, all employees have medical expenses insurance from an insurance company as well as telephone and fitness benefits.

4.4 Share-based payments

Digia has incentive schemes where payments are made either in equity instruments or in cash. The benefits granted through these arrangements are measured at fair value on the date of their being granted and recognised as expenses in the income statement evenly during the vesting period. The impact of these arrangements on the financial results is shown in the income statement under the cost of employee benefits and the impact on the balance sheet as a change in shareholders' equity.

On 7 February 2020, Digia Plc's Board of Directors decided to establish a new long-term share-based incentive scheme that covers the calendar years 2020–2022. The

scheme offered participants the chance to earn company shares according to the targets set by the Board of Directors for the three-year bonus period. In principle, the target group confirmed by the Board of Directors consisted of the CEO and the company's senior executives. The scheme was designed to align the goals of the company's shareholders and management in order to increase the company's value, and to commit executive management to the company and its long-term objectives.

The targets of the scheme were based on the company's net sales and total shareholder return (TSR). The earnings period for the net sales and TSR indicators was three years (2020–2022), and the targets for both indicators were set for the final date of the earnings period. During the bonus period, the company's CEO and other scheme participants were entitled to a bonus equivalent to a maximum of 525,000 new Digia Plc shares. According to the achievement of the conditions, the bonuses for both indicators based on the scheme will be paid after the end of the reward period in spring 2023. All bonuses under this scheme will be paid as a 50/50 combination of shares and cash. The cash portion of the bonus will primarily be used to cover taxes and other comparable costs arising from the scheme.

As a rule, the bonus will not be paid if a member resigns or if a member's employment or post is terminated prior to the bonus payment date specified in the incentive scheme. Under certain conditions, the Board has the option to decide on possible bonuses in accordance with the pro-rata principle.

Basic information on the share-based incentive scheme is presented below.

	President and CEO's share-based incentive scheme 2020–2022	Key personnel's share-based incentive scheme 2020–2022
Granting date	7 Feb 2020	7 Feb 2020
Implementation	Shares and cash	Shares and cash
Target group	President & CEO	Key personnel
Maximum number of shares *	180,000	345,000
Beginning of the earning period	1 Jan 2020	1 Jan 2020
End of the earning period	31 Dec 2022	31 Dec 2022
Vesting date of shares	15 Apr 2023	15 Apr 2023
Vesting condition	Net sales and TSR	Net sales and TSR
	Employment requirement	Employment requirement
Maximum validity, years	3.2	3.2
Remaining validity, years	0.3	0.3
Implementation	Cash and share (net payment)	Cash and share (net payment)
Number of persons (31 Dec 2022)	1	12

* The amounts include the cash portion (in shares) granted according to the terms of the incentive scheme.

Transactions carried out in the 2022 fiscal year are presented in the table below. Because the cash portion of the bonus payment is also recorded as a share-based expense, the sums below are gross, i.e. the bonuses include the shares and the equivalent cash sum.

Events in 2022 fiscal year	President and CEO's share-based incentive scheme 2020–2022	Key personnel's share-based incentive scheme 2020–2022
Gross amounts, 1 Jan 2022		
Outstanding at beginning of period	180,000	259,462
Changes during the period		
Granted during the year	7,500	26,833
Forfeited during the year	-	-
Exercised during the year	-	-
Gross amounts, 31 Dec 2022		
Outstanding at end of period	187,500	286,295

Accounting principle – share-based incentive scheme

The targets of the share-based scheme are based on the Group's net sales and total shareholder return (TSR). The accrual of expenses from the incentive scheme is recognised annually, assessing the total cost impact of the scheme at the level estimated by management. If estimates of the total cost impact of the scheme change, the cost is amended in the period during which the change becomes known for the first time.

Immediate costs relating to the acquisition of Digia Plc's own shares are recognised as deductions in shareholders' equity.

The parent company complies with Statement 2020/1998 of the Accounting Board (KILA) in the FAS treatment of share-based incentive schemes, as the terms and conditions of such schemes are irrevocably fulfilled only at the end of the incentive period.

Allocation of incentives under the terms and conditions of the share-based incentive scheme does not require an employee covered by the scheme to make a cash payment as consideration, and thus has no effect on the parent company's income statement and balance sheet. Once the incentive period has ended and the terms and conditions of the scheme have been fulfilled, ownership of said shares is transferred to the employee in question and does not result in an event that would be recognised in the bookkeeping of the parent company.

Expense effect of share-based incentive schemes on 2022 consolidated result

Effect on earnings and financial position, EUR 1,000	President and CEO's share-based incentive scheme 2020–2022	Key personnel's share-based incentive scheme 2020–2022	Total
Share-based payment expense for the fiscal year	24	39	63
Share-based payments, shareholders' equity, 31 Dec 2022	24	39	63

The estimate of the amount of bonuses to be paid on 31 Dec 2022 is EUR 805 thousand.

Comparison data for 2021

Effect on earnings and financial position, EUR 1,000	President and CEO's share-based incentive scheme 2020–2022	Key personnel's share-based incentive scheme 2020–2022	Total
Share-based payment expense for the fiscal year	152	241	392
Share-based payments, shareholders' equity, 31 Dec 2021	152	241	392

Value parameters for incentives granted during the period

Share price when granted, EUR	7.45
Total expected dividends during exercise period, discounted, EUR	0.36
Assumed volatility, %	34%
Risk-free interest, %	–0.47%
Effect of the arm's length criterion on fair value, %	9%
Fair value per share, EUR	6.85
Valuation method	Monte Carlo

5 Working capital

Digia ensures optimal working capital through the turnover of accounts receivable and payable. Additional information on accounts receivable is provided in [Note 6.2](#).

5.1 Change in working capital

EUR 1,000	2022	2021
Change in accounts receivable	-1,700	-4,504
Change in accounts payable	-1,302	1,300
Total	-3,003	-3,204

5.2 Accounts payable and other liabilities

EUR 1,000	2022	2021
Accounts payable	6,313	6,160
Advance payments received	5,108	1,256
Other liabilities	16,343	13,740
Total	27,764	21,156

Accounts payable are non-interest-bearing and are paid mainly within 14–90 days.

Other liabilities include VAT liabilities, other short-term liabilities, and liabilities due to personnel expenses.

Accounting principle – accounts payable and other liabilities

The carrying amounts of accounts payable and other liabilities are considered to correspond to their fair values due to the short-term nature of these items.

6 Capital structure

6.1 Capital management and net liabilities

The Group's capital management aims at supporting company business by means of optimal management of the capital structure, ensuring normal operating conditions and increasing shareholder value with a view to achieving the best possible profit. At the end of the year, the Group's interest-bearing net liabilities were EUR 17.6 million (31 Dec. 2021: EUR 10.7 million). When calculating net gearing, the interest-bearing net liabilities are divided by shareholders' equity as indicated in the consolidated balance sheet. Gearing includes interest-bearing net liabilities less cash and cash equivalents. Interest-bearing liabilities comprise loans from financial institutions and lease liabilities in accordance with IFRS 16. Net gearing at the year-end 2022 was 25% (2021: 16%).

The share of liabilities of total shareholders' equity was as follows on 31 December 2022 and 31 December 2021:

EUR 1,000	2022	2021
Interest-bearing liabilities	31,946	28,811
Cash and cash equivalents	14,338	18,148
Interest-bearing net liabilities	17,608	10,663
Total shareholders' equity	71,087	68,072
Net gearing, %	25%	16%

Net gearing = Net liabilities / Total shareholders' equity

Additional information on shareholders' equity is presented in [Note 6.7](#) and on interest-bearing liabilities in [Note 6.3](#).

6.2 Financial assets

Amortised cost:

Accounts receivable and other receivables

EUR 1,000	2022	2021
Accounts receivable and other receivables		
Accounts receivable	28,319	26,618
Receivables arising from customer agreements	2,076	1,645
Prepayments and accrued income	7,013	4,101
Other receivables	1,142	1,599
Accounts receivable and other receivables	38,549	33,963

EUR 1,000	2022	2021
Not yet due	26,618	25,641
Due 1–30 days ago	1,432	771
Due 31–90 days ago	235	171
Due more than 90 days ago	34	36
Total	28,319	26,618

Accounts receivable are mainly attributable to invoicing of Finnish companies and organisations. At the end of the 2022 fiscal year, credit losses totalled EUR 1 (9) thousand.

The book value of accounts receivable, receivables from customer agreements and security deposits for rental dues is a reasonable estimate of their fair value. Their balance sheet values best correspond with the sum of money that represents the maximum amount of credit risks. Receivables from customer agreements comprise

completed work that has not been invoiced. Typically, these are fixed or target price projects in which it has been agreed that invoices will be sent after sub-deliveries are accepted. After invoicing, receivables from customer agreements are transferred to accounts receivable. Essential items included in prepayments and accrued income are associated with the accrual of statutory insurance premiums and other accrued expenses.

At fair value through profit or loss:

Other shares and holdings	31 Dec 2021	Change	31 Dec 2022
Other shares total	484	-1	483
Total	484	-1	483

Other shares include holiday cabins usable by personnel and golf shares.

Accounting principle – financial assets

Financial assets are classified at amortised cost and as financial assets recognised at fair value through profit or loss. Classification is based on the business model objective and contractual cash flows of investments or by applying the fair value option at the time of initial acquisition. All purchases and sales of financial assets are recognised on the transaction date.

Amortised cost: Financial assets measured at amortised cost comprise accounts receivable and receivables from customer agreements. Due to their nature, the carrying amount of short-term accounts receivable and other prepayments and accrued income is their fair value minus the amount of credit losses.

At fair value through profit or loss: Both realised and unrealised gains and losses due to fair value changes are recognised in the period in which they arise. Unlisted shares and participations owned by Digia are recognised at fair value through profit or loss.

Accounts receivable and receivables from customers on long-term projects

Accounts receivable and other receivables are measured at amortised cost less credit losses. The credit loss provision is based on management's estimate of expected credit losses in each accounts receivable category and contractual receivables.

Provision matrix for accounts receivable

Accounts receivable, EUR 1,000	Balance sheet values (gross)	Expected credit loss	Credit loss provision
Not yet due	26,618	0.1%	29
Due 1–30 days ago	1,432	0.2%	3
Due 31–90 days ago	235	1.5%	4
Due more than 90 days ago	34	2.5%	1
Total	28,319		36
Receivables related to customer contracts	2,086	0.1 %	2

In addition to anticipated credit loss provisions, a customer-specific credit loss provision of EUR 21 thousand has been recognised.

Impairment of financial assets

The Group's credit loss provision is estimated based on expected credit losses on accounts receivable and receivables from customers in long-term projects over

their entire period of validity (Note 5.2). Digia applies a simplified provision matrix to recognise the credit risk of accounts receivable. Thus the estimate of the credit loss provision is based on expected credit losses over the entire period of validity. The model based on expected credit losses is predictive and the expected loss share is based on previous loss amounts. The expected credit losses for the entire period are calculated by multiplying the gross carrying amount of unpaid accounts receivable and receivables from customers on long-term projects by the expected loss share in each age category. Changes in expected credit losses are recognised in other operating expenses through profit or loss.

Cash and other cash equivalents

EUR 1,000	2022	2021	Fair value hierarchy level
Bank accounts	14,338	18,148	–

Accounting principle – cash and cash equivalents

Cash and cash equivalents consist of withdrawable bank deposits. Items classified as cash and cash equivalents have a maturity of no more than three months after the acquisition date.

Cash and cash equivalents are recognised at fair value.

6.3 Financial liabilities

The Group's financial liabilities include accounts with a credit facility, bank loans from financial institutions, lease liabilities, conditional additional purchase prices, and accounts payable. Digia did not use derivative instruments in the 2022 and 2021 fiscal years. Loans from financial institutions are subject to covenant terms that are described in more detail below.

Interest-bearing liabilities

The Group's bank loans on 31 December 2022 amounted to EUR 25.5 (21.0) million. Bank loans have floating interest rates tied to three- or six-month Euribor plus a margin. The average interest rate of the loans in 2022 was 2.0 per cent (1.2 per in 2021). Total lease liabilities as at 31 Dec. 2022 amounted to EUR 6.5 (7.8) million. During the fiscal year, Digia agreed on two new loans: a long-term loan of EUR 7.0 million from Danske Bank A/S and a long-term loan of EUR 7.0 million from OP Corporate Bank Plc. The loans have floating interest rates tied to the six-month Euribor plus a margin.

The loan covenant related to the Group's solvency and liquidity comprised the following key figure: operating profit before depreciation and amortisation (EBITDA) in relation to net debt. The company fulfilled the set loan covenants in 2022 and 2021. The maximum and minimum values specified in the loan covenants, and the realised figures on 31 December 2022 and 31 December 2021 were:

31 Dec 2022		
	Covenant value	Realised value
Net debt / EBITDA, max.	3.5	1.0
31 Dec 2021		
	Covenant value	Realised value
Net debt / EBITDA, max.	3.5	0.5

Credit facility

The company also has EUR 4.5 million in floating rate credit facilities at its disposal. More information on these facilities is provided in Note 6.6 on liquidity risk.

Balance sheet values and fair values of financial liabilities

EUR 1,000	2022 Fair values	2021 Fair values	2022 Balance sheet values	2021 Balance sheet values	Fair value hierarchy level
Non-current					
Bank loans	17,270	16,000	17,270	16,000	
Liabilities measured at fair value through profit or loss					
Additional purchase prices	14,301	7,724	14,301	7,724	3
Current					
Bank loans	8,194	5,026	8,194	5,026	

The fair values of Level 3 instruments are based on input data on the asset or liability which are not based on observable market data. Accounts payable have not been included in the table above because the carrying amount of accounts payable is close to their fair value.

Interest-bearing liabilities fall due as follows:

Year, EUR 1,000	2022	2021
2022		8,457
2023	11,640	7,271
2024	12,188	8,159
2025	4,607	1,424
2026	3,500	3,500
Total	31,936	28,811

The tables below describe agreement-based maturity analysis results for 2022 and the 2021 comparison period. The figures are undiscounted with the exception of lease liabilities and include interest payments and the repayment of loan capital:

EUR 1,000					
31 Dec 2022	Balance sheet values	Cash flow	Less than 1 year	1–2 years	2–5 years
Bank loans	25,464	26,582	8,769	10,085	7,727
Lease liabilities	6,472	6,472	3,447	2,490	535
Accounts payable	6,313	6,313	6,313	0	0
Total	38,249	39,367	18,529	12,576	8,262

EUR 1,000					
31 Dec 2021	Balance sheet values	Cash flow	Less than 1 year	1–2 years	2–5 years
Bank loans	21,026	21,705	5,283	5,186	11,236
Lease liabilities	7,785	7,785	3,431	2,271	2,083
Accounts payable	6,160	6,160	6,160	0	0
Total	34,971	35,650	14,874	7,457	13,319

Accounts payable are recognised in the balance sheet at their original cost, which is equivalent to their fair value, because the effect of discounting is not material, considering the maturities of the liabilities.

Changes in financial liabilities with an effect on cash flow and no effect on cash flow in 2022

EUR 1,000	1 Jan	Changes with an effect on cash flow	Changes with no effect on cash flow	Other changes	31 Dec
Non-current interest-bearing financial liabilities including a current component					
Loans from financial institutions	21,000	4,000		464	25,464
Lease liabilities	7,785	–3,810	2,497		6,472
Total	28,785	190	2,497		31,936
Current interest-bearing liabilities					
	95	38			133

Changes in financial liabilities with an effect on cash flow and no effect on cash flow in 2021

EUR 1,000	1 Jan	Changes with an effect on cash flow	Changes with no effect on cash flow	31.12.
Non-current interest-bearing financial liabilities including a current component				
Loans from financial institutions	16,800	4,200		21,000
Lease liabilities	10,089	-3,898	1,594	7,785
Total	26,889	302	1,594	28,785
Current interest-bearing liabilities	26	69		95

Accounting principle – financial liabilities

The Group's financial liabilities are classified in two categories: measured at amortised cost and fair value through profit or loss. Financial liabilities are initially recognised in the accounts at fair value on the basis of the consideration received. Financial liabilities are included in non-current and current liabilities and may be interest-bearing or non-interest-bearing. Loans falling due in less than 12 months are presented under current financial liabilities.

6.4 Lease liabilities

A more detailed description of leases is provided in [Note 7.4](#).

Lease liabilities (EUR 1,000)	31 Dec 2022	31 Dec 2021
Long-term	3,025	4,354
Short-term	3,447	3,431
Lease liabilities, total	6,472	7,785

Maturity distribution

Within one year	3,447	3,431
Within more than one but less than five years	3,025	4,354
After more than five years	0	0

Interest expenses	123	180
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Exemptions on recognition and measurement

Costs of agreements on low-value asset items		
Short-term leases	1,168	1,015
Future cash flows from:		
Commitments to future agreements	34	0
Short-term lease commitments	0	27

Contingent liabilities

EUR 1,000	2022	2021
Bank guarantees for lease agreements	594	594

6.5 Financial income and expenses

Financial income

EUR 1,000	2022	2021
Interest income from accounts receivable	4	43
Dividend income	0	5
Exchange rate gains	215	412
Other financial income	14	80
Total	233	540

Financial expenses

EUR 1,000	2022	2021
Interest expenses for financing loans valued at amortised cost	341	324
Interest expenses for leases	123	180
Interest expenses for accounts payable	16	8
Loan administration fees	39	47
Exchange rate losses	336	18
Other financial expenses	55	69
Total	910	646

6.6 Financial risks

Financial risk management consists, for instance, of the planning and monitoring of solvency of liquid assets, the management of investments, receivables and liabilities denominated in a foreign currency, and the management of interest rate risks on non-current interest-bearing liabilities.

Digia Plc's internal and external financing and the management of financing risks is concentrated in the finance and financial management unit of the Group's parent company. The unit is responsible for the Group's liquidity, sufficiency of financing, and the management of interest rate and currency risk. The Group is exposed to several financial risks in the normal course of business.

The Group's risk management seeks to minimise the adverse effects of changes in financial markets on the Group's earnings. The primary types of financial risks are interest rate risk, credit risk, and liquidity risk. The general principles of risk management are approved by the parent company's Board of Directors, and the Group's finance and financial management unit together with the business segments is responsible for their practical implementation.

Interest rate risks

The Group's interest rate risk is primarily associated with long-term bank loans whose interest rates are linked to Euribor rates. Changes in market interest rates have a direct effect on the Group's future interest payments. During the 2022 fiscal year, the interest rate on long-term bank loans varied between 0.6% and 3.1% (in 2021, between 0.95% and 1.7%). The impact of a +/-1% change in the loan's interest rate is EUR 0.2 million per annum. Interest rate developments are monitored and reported on regularly in the Group. Possible interest rate hedges will be made with the appropriate instruments. At the end of the 2022 and 2021 fiscal years, the Group did not have any hedging instruments in force.

Credit loss risk

The Group's customers are mostly well-known Finnish and foreign companies with well-established credit, and thus the Group is deemed to have no significant credit loss risks. The Group continuously assesses the increase in credit risk after initial recognition on the basis of changes in the default risk.

The Group's policy defines creditworthiness requirements for customers and investment transactions with the aim of minimising credit losses. Services and products are only sold to companies with a good credit rating. The counterparties in investment transactions are companies with a good credit rating. Credit loss risks associated with commercial operations are primarily the responsibility

of operational units. The parent company's finance and financial management unit provides customer financing services in a centralised manner and ensures that the Group's guidelines are observed with regard to terms of payment and collateral required.

The credit loss provision totalled EUR 17 thousand on 31 Dec. 2022 (31 Dec. 2021: EUR 33 thousand). The maturity analysis of accounts receivable and receivables from customer agreements for 2022 and 2021 is presented in [Note 6.2](#). The Group has no identified risk concentrations.

Foreign exchange risks

The Group's currency risks are related to the receivables, liabilities and investments of the Swedish and Danish subsidiaries as well as the Finnish companies' accounts receivable and payable denominated in foreign currency. On 31 December 2022, accounts receivable denominated in foreign currency amounted to EUR 2,139 thousand and accounts payable denominated in foreign currency to EUR 627 thousand (on 31 December 2021, accounts receivable amounted to EUR 2,267 thousand and accounts payable to EUR 860 thousand).

Liquidity risk

The Group aims to continuously estimate and monitor the amount of financing required for business operations in order to maintain sufficient liquid funds for financing operations and repaying loans falling due. The Group maintains its immediate liquidity with the help of cash management solutions such as Group accounts and credit facilities at banks. The amount of unwithdrawn standby credit on 31 December 2022 was EUR 4.5 million (31 December 2021: EUR 4.5 million). Cash and cash equivalents on 31 December 2022 amounted to a total of EUR 14.4 million (31 December 2021: EUR 18.1 million). The contractual maturity analysis of financial liabilities is presented in [Note 6.3](#).

6.7 Shareholders' equity

	Number of shares	Share capital (EUR 1,000)
1 Jan 2022	26,823,723	2,088
31 Dec 2022	26,823,723	2,088

	Number of shares	Share capital (EUR 1,000)
1 Jan 2021	26,823,723	2,088
31 Dec 2021	26,823,723	2,088

The accounting countervalue of the shares is EUR 0.10 per share and the maximum number of shares is 48 million (48 million in 2021). All shares grant equal rights to their holders. The Group's maximum share capital is EUR 4.8 million (EUR 4.8 million in 2021). All outstanding shares are paid in full. On 31 December 2022, the company held 129,604 of its own shares (31 December 2021: 97,369), or 0.5 per cent of all shares (31 December 2021: 0.4%). At the end of the fiscal year, EAM Digia Holding Oy held 138,222 shares (31 Dec 2021: 138,222).

Treasury shares	2022	2021
1 Jan	97,369	57,371
Increases	260,003	39,997
Decreases	227,768	0
Treasury shares, 31 Dec.	129,604	97,369

Reserves

Other funds have consisted of M&A-related structural changes in previous years. Translation differences comprise translation differences arising from the translation of financial statements of non-Finnish units. The unrestricted shareholders' equity reserve comprises investments similar to shareholders' equity and the subscription price of shares when a specific decision is made not to enter it in shareholders' equity.

Dividends

A dividend of EUR 0.17 per share is proposed for the 2022 fiscal year. A dividend of EUR 0.17/share was paid for the 2021 fiscal year, to a total of EUR 4,477,685.76. Dividends were paid on 30 March 2022.

Accounting principle – dividends

Dividends proposed by the Board of Directors will not be deducted from distributable shareholders' equity before the Board's decision has been received.

Calculation of the parent company Digia Plc's distributable funds, 31 Dec

EUR 1,000	2022	2021
Unrestricted shareholders' equity reserve	42,540	42,540
Retained earnings	14,385	9,750
Net profit	7,560	9,533
Total	64,485	61,824

7 Other items

7.1 Goodwill

Goodwill and impairment testing

Digia’s goodwill has been generated by several acquisitions. Goodwill amounted to EUR 85.8 million at the end of the 2022 fiscal year (31 December 2021: EUR 71.9 million). The goodwill of the businesses acquired in 2022 accounted for EUR 15.0 million and the goodwill of those acquired in 2021 for EUR 10.4 million.

	Goodwill 2022	Goodwill 2021
Acquisition cost, 1 Jan	123,309	112,872
Increases	15,030	10,254
Exchange rate change	-1,116	183
Acquisition cost, 31 Dec	137,223	123,309
Accumulated amortisation, 1 Jan	-51,394	-51,394
Accumulated depreciation and amortisation, 31 Dec	-51,394	-51,394
Book value, 1 Jan	71,915	61,478
Book value, 31 Dec	85,829	71,915

Accounting principle – goodwill

Goodwill is recognised from the acquisition as the difference between points 1 and 2 below:

1. Sum of the following items:
 - The fair value of the consideration paid at the time of acquisition.

- The amount of any non-controlling interest in the object of acquisition
- The fair value of any previously held non-controlling interest in the object of acquisition, in the case of a phased business combination.

2. The net sum of the acquisition date assets acquired and liabilities assumed.

No amortisation is booked on goodwill but it is tested annually for impairment. For this purpose, goodwill is allocated to cash generating units. Goodwill is recognised at the original cost from which the impairment is deducted.

Impairment testing of assets

Goodwill impairment testing is performed at Group level, with the Group as the cash-generating unit. The tables below show the distribution of goodwill and balance sheet values of other asset items subject to testing at the end of the reporting period:

	EUR 1,000	Specified intangible assets	Goodwill	Other items	Balance sheet value of assets subject to testing, total
31 Dec 2022		10,519	85,829	-4,954	91,394
31 Dec 2021		5,576	61,478	17,968	85,022

In the five-year forecast period, annual growth in net sales is expected to be 5.8 (2021: 5.0) per cent and 2.0 (2021: 2.0) per cent thereafter, with average operating profit of 9.6 (2021: 8.0) per cent and a pre-tax discount rate of 12.5 (2021: 11.0) per cent. Cash flows after the forecast period have been extrapolated using

the net sales growth rate of 2.0 per cent (2021: 2.0) and the operating profit margin of 8.0 per cent (2021: 8.0). The discount rate used is the average cost of capital (WACC).

Sensitivity analysis

Management tests the impacts of changes in the significant estimates used in forecasts with sensitivity analyses.

The most important factors in goodwill sensitivity analyses are not only the cash flow forecasts and their assumptions, but also the growth percentage of the terminal value and the discount rate used and the effect on the goodwill percentage. If -45 per cent had been used as the growth percentage of the terminal value, instead of 2.0 per cent, the value in use would have corresponded to the value subject to testing. If 31.9 per cent had been used as the discount rate, instead of 12.5 per cent, the value in use would have corresponded to the value subject to testing. If the operating margin were 1.7 per cent, instead of the average of 9.6 per cent, the value in use would correspond to the value subject to testing.

In addition, a sensitivity analysis of net sales growth and operating profit has been carried out. According to the sensitivity analysis, goodwill requires either net sales to remain at the current level with operating profit of 3.5 per cent, or a 2.0 per cent growth in net sales with operating profit of 2.2 per cent.



**Significant estimate – main assumptions used
in impairment testing of goodwill**

Management applies significant estimates and judgments in assessing the development of the Group’s net sales and costs, the applicable tax rates, and the impact of changes in market conditions on the Group’s earnings trend. The main assumptions used to calculate the recoverable amount were the operating profit in the forecast period, long-term growth over the terminal period and the discount rate used. Cash flow forecasts are based on the Group’s actual result and management’s best estimates of future financial performance. Cash flow forecasts include the budgeted figure for the next fiscal year and projected figures for the next five years. Growth rates are based on management’s estimates of growth in future years.

Accounting principle – impairments

On the balance sheet date, it is estimated whether there is evidence that the value of a tangible or intangible asset may have been impaired. If there is evidence of impairment, the amount recoverable from the asset is estimated. In addition, the recoverable amount is estimated annually on goodwill regardless of whether there is an indication of impairment or not. The need for impairment is reviewed at the level of cash generating units, which refers to the lowest level of unit that is mainly independent of other units and whose cash flows can be separated from other cash flows. If the carrying amount exceeds the recoverable amount, an impairment loss is recognised in the income statement. An impairment loss recognised for goodwill will not be reversed under any circumstances.

7.2 Property, plant and equipment

2022 EUR 1,000	Right-of-use assets	Buildings and structures	Machinery and equipment	Other tangible assets	Total 2022
Acquisition cost, 1 Jan	17,935	162	23,555	735	42,388
Translation difference	-81	-	-1	-	-82
Increases	2,851	-	224	14	3,090
Transferred through business combinations	-	-	38	-	38
Decreases	-318	-	-1	-	-319
Acquisition cost, 31 Dec	20,388	162	23,816	750	45,116
Accumulated depreciation and amortisation, 1 Jan	-10,966	-138	-23,106	-524	-34,734
Depreciation for the period	-3,483	-7	-243	-142	-3,875
Translation difference	19	-	1	-	19
Accumulated depreciation and amortisation, 31 Dec	-14,430	-145	-23,348	-666	-38,589
Book value, 1 Jan	6,969	25	449	212	7,655
Book value, 31 Dec	5,957	18	468	84	6,527

2021 EUR 1,000	Right-of-use assets	Buildings and structures	Machinery and equipment	Other tangible assets	Total 2021
Acquisition cost, 1 Jan	16,322	162	23,389	724	40,598
Increases	1,202		104	11	1,318
Transferred through business combinations	1,899		63	1	1,962
Decreases	-1,489	-	-	-	-1,489
Acquisition cost, 31 Dec	17,935	162	23,555	735	42,388
Accumulated depreciation and amortisation, 1 Jan	-7,051	-132	-22,802	-354	-30,339
Depreciation for the period	-3,915	-7	-303	-170	-4,395
Accumulated depreciation and amortisation, 31 Dec	-10,966	-138	-23,106	-524	-34,734
Book value, 1 Jan	9,272	31	586	370	10,259
Book value, 31 Dec	6,969	25	449	212	7,655

Accounting principle – property, plant and equipment

Property, plant and equipment (PPE) are carried at cost less accumulated depreciation and impairment. Assets are depreciated over their estimated useful lives. Depreciation is not booked for land areas. Estimated useful lives are as follows:

Machinery and equipment	3–8 years
Leasehold improvement expenditure	3–5 years
Buildings and structures	25 years

The residual value and useful life of assets is reviewed on each balance sheet date and, if necessary, adjusted to reflect any changes in expected economic value.

Capital gains and losses on elimination and the transfer of property, plant and equipment are included either in other operating income or expenses.

7.3 Intangible assets

2022 EUR 1,000	Goodwill	Development expenses	Other intangible assets	Intangible assets in progress	Allocated assets related to acquisitions	Total 2022
Acquisition cost, 1 Jan	123,309	2,487	27,587	2,837	15,404	171,623
Increases	15,030	-	1,014	-	5,565	21,609
Translation difference	-1,116	-	-	-	-413	-1,529
Transferred through business combinations	-	529	18	-	-	547
Decreases	-	-	-	-	-	-
Transfers between items			2,837	-2,837	-	-
Acquisition cost, 31 Dec	137,223	3,016	31,456	-	20,555	192,250
Accumulated depreciation and amortisation, 1 Jan	-51,394	-2,487	-27,555	-	-7,396	-88,833
Depreciation for the period	-	-119	-440	-	-2,659	-3,219
Translation difference	-	-	-	-	20	20
Accumulated depreciation and amortisation, 31 Dec	-51,394	-2,606	-27,996	-	-10,035	-92,031
Book value, 1 Jan	71,915	0	32	2,837	8,007	82,790
Book value, 31 Dec	85,829	409	3,460	0	10,520	100,218

2021 EUR 1,000	Goodwill	Development expenses	Other intangible assets	Intangible assets in progress	Allocated assets related to acquisitions	Total 2021
Acquisition cost, 1 Jan	112,782	2,487	27,544	736	9,914	153,553
Increases	10,254	-	43	2,726	-	13,022
Translation difference	183	-	-	-	93	276
Transferred through business combinations	-	-	-	-	5,397	5,397
Decreases	-	-	-	-625	-	-625
Acquisition cost, 31 Dec	123,309	2,487	27,587	2,837	15,404	171,623
Accumulated depreciation and amortisation, 1 Jan	-51,394	-2,487	-27,525	-	-4,337	-85,743
Depreciation for the period	-	-	-31	-	-3,039	-3,070
Translation difference	-	-	-	-	-20	-20
Accumulated depreciation and amortisation, 31 Dec	-51,394	-2,487	-27,555	-	-7,396	-88,833
Book value, 1 Jan	61,478	0	20	736	5,576	67,810
Book value, 31 Dec	71,915	0	32	2,837	8,007	82,790

Accounting principle – intangible assets

Allocated assets related to acquisitions comprise customer agreements, product brands and technologies with a limited useful life. They are entered in the balance sheet under intangible assets and recognised as expenses in the income statement by straight-line depreciation over their useful life, which is typically 2–9 years.

Other intangible assets comprise capitalised IT software licenses. The depreciation period of licences is three years.

Prepayments and in-progress intangible assets include capitalisations of the new business platform and management system (Digia Business Engine) during the fiscal year, including services provided by external experts and in-house work. Digia Business Engine will be introduced in phases starting in 2022. During deployment, this item will be included in other intangible assets.

Research costs are recognised as expenses. Development costs are capitalised if they fulfil the capitalisation criteria for development costs.

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. Such arrangements may require consideration by management. 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.

7.4 Right-of-use assets

Leases in the balance sheet:

EUR 1,000	1 Jan 2022	Depreciation	Increases	Decreases	31 Dec 2022
Business premises	6,366	-3,135	2,546	-335	5,443
Cars	398	-197	264	-50	415
IT equipment	205	-132	41	-14	99
Right-of-use assets, total	6,969	-3,464	2,851	-399	5,957

EUR 1,000	1 Jan 2021	Depreciation	Increases	Decreases	31 Dec 2021
Business premises	8,500	-3,350	2,540	-1,325	6,366
Cars	514	-252	300	-164	398
IT equipment	216	-168	261	-105	205
Equipment	41	-41	0	0	0
Right-of-use assets, total	9,272	-3,811	3,102	-1,593	6,969

Accounting principle – lease agreements

IFRS 16 sets out the requirements for the recognition, measurement, and disclosure of leases that have been complied with. Under the standard, the lessee shall recognise lease contracts in the balance sheet as a lease liability and related right-of-use asset. At the commencement date of the contract, the lessee recognises a liability for its obligation to make lease payments and an asset for its right to use the leased asset. Interest expenses must be recognised for the liability in the balance sheet and depreciation for the asset.

Digia leases its business premises, company cars, equipment and multifunction devices, and thus the adoption of the standard has had an impact on the

accounting treatment of these items. The bulk of the lease liability and right-of-use asset in the balance sheet comprises lease contracts for offices. Digia has applied exemptions permitted under IFRS 16 for short-term lease contracts. Such lease contracts with a term of less than 12 months have not been recognised in the balance sheet. In addition, Digia does not recognise an asset and liability in the balance sheet for leases of low value assets. Calculations of the right-of-use asset and corresponding lease liability are based on the company's estimate of the duration of current lease contracts and potential use of options to extend them.

Lease liabilities are described in [Note 6.4](#).

7.5 Notes to the cash flow statement

Adjustments to net profit

EUR 1,000	2022	2021
Depreciation, amortisation and impairment	7,094	7,485
Transactions that do not involve a payment transaction	-1,055	-1,183
Change in receivables and liabilities related to customer agreements	-	-379
Financial income and expenses	677	107
Taxes	2,479	3,369
Total	9,194	9,398

7.6 Related party transactions

Two parties are considered related if one party can exercise control or significant power in decision-making associated with the other party's finances and business operations. The related parties of the Group's parent company, Digia Plc, include the following entities:

- subsidiaries
- members of the Board of Directors and the Group's Management Team, including the CEO (key management)
- the family members of said persons, and
- companies under the control of related parties.

The amounts presented in the tables below correspond to the costs recognised as expenses in the fiscal years in question. Wages and salaries include any share-based incentive scheme benefits and fringe benefits.

Remuneration paid to key management during the fiscal period, including fringe benefits, was as follows:

EUR 1,000	2022	2021
Salaries and other short-term employee benefits	1,962	1,586
Performance bonuses	262	478
Share-based bonuses	0	0
Cash component of the share-based incentive scheme	0	0
Total	2,224	2,064

The CEO and the Group's other management are provided with pension coverage under the Finnish Employees' Pension Act (TyEL).

The members of the Board of Directors and the CEO have received the following salaries and fees:

EUR 1,000		2022	2021
Ala-Härkönen Martti	Member of the Board	50	61
Elsinen Santtu	Member of the Board	45	57
Hokkanen Päivi	Member of the Board	10	63
Ingman Robert	Chair of the Board of Directors	86	89
Leppänen Sari	Member of the Board	36	0
Ruotsalainen Seppo	Member of the Board	63	80
Taivainen Outi	Member of the Board	48	58
Levoranta Timo	CEO	369	428
Total		707	834

The Group's incentive schemes are described in Note 4.4 Share-based payments and in the separate report on corporate governance.

Related party transactions involving purchases of goods and services totalled EUR 442 thousand (2021: EUR 104 thousand) and consisted mainly of office rents and marketing services. Related party transactions involving sales totalled EUR 2,023 thousand (2021: EUR 907 thousand) and consisted mainly of expert services. Sales of services to related parties are based on the Group's current prices. The Group has no related-party loans or voluntary pension arrangements.

Group companies	Domicile	Domestic segment	Share of ownership	Share of votes
Digia Plc	Helsinki	Finland	Parent company	
Avalon Oy	Oulu	Finland	100%	100%
Digia Finland Ltd	Helsinki	Finland	100%	100%
Digia Hub Oy	Helsinki	Finland	100%	100%
Most Digital Oy	Lempäälä	Finland	100%	100%
Most Digital AB	Stockholm	Finland	100%	100%
Productivity Leap Oy	Joensuu	Finland	100%	100%
Solasys Oy	Turku	Finland	100%	100%
Digia Sweden AB	Stockholm	Sweden	100%	100%
Climber International AB	Stockholm	Sweden	100%	100%
Climber Finland Oy	Helsinki	Finland	100%	100%
Climber Benelux B.V.	Hengelo	Netherlands	80%	80%
Climber Danmark ApS	Copenhagen	Denmark	100%	100%
Climber Holding AB	Stockholm	Sweden	100%	100%
Climber AB	Stockholm	Sweden	100%	100%

7.7 Events after the balance sheet date

There have been no major events since the balance sheet date.



8 Formulas for the indicators and reconciliations

8.1 Formulas for the indicators

IFRS performance measures:

Earnings per share (EPS), EUR:

Profit for the period attributable to parent company shareholders

Weighted average number of shares during the period

Earnings per share (EPS), EUR, diluted:

Profit for the period attributable to parent company shareholders

Diluted weighted average number of shares during the period

non-IFRS performance measures:

Net sales growth, %:

Net sales for the period x 100

Net sales for the comparison period

Operating profit (EBIT):

Profit for the period + income taxes + financial income and expenses

Operating profit (EBITA):

Operating profit + purchase price allocation amortisation and costs

Operating profit (EBITA) margin, %

(Operating profit + purchase price allocation amortisation and costs)
x 100

Net sales

Return on investment (ROI), %:

(Profit or loss before taxes + interest and other financing costs) x 100

Balance sheet total – non-interest bearing financial liabilities (average)

Return on equity (ROE), %:

(Profit or loss before taxes – taxes) x 100

Shareholders' equity (average)

Equity ratio, %:

(Shareholders' equity + minority interest) x 100

Balance sheet total – advances received

Dividend/share, EUR:

Total dividend

Number of shares at the end of the period, adjusted for share issues

Dividend payout ratio, %:

Dividend per share

Earnings per share

Net gearing, %:

(Interest-bearing liabilities – cash and cash equivalents) x 100

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

8.2 Reconciliation of alternative performance measures

As alternative performance measures, the Group reports operating profit plus purchase price allocation amortisation (EBITA) and costs, operating profit (EBIT), return on equity, return on investment, net gearing and equity ratio, which are not defined in IFRS. The company presents the alternative performance measures to describe the financial situation and development of business operations, as it considers this information necessary for investors.

	31 Dec 2022	31 Dec 2021
Operating profit (EBITA)		
Operating profit	12,727	14,680
Purchase price allocation amortisation and costs	3,006	3,059
Operating profit (EBITA)	15,733	17,739
Return on equity, %		
Profit before taxes	12,050	14,573
Taxes	-2,479	-2,801
Profit after taxes	9,571	11,772
Shareholders' equity (average for the year)	69,580	64,404
Return on equity, %	13.8%	18.3%

	31 Dec 2022	31 Dec 2021
Return on investment, %		
Profit before taxes	12,050	14,573
Financial expenses	-910	-646
Profit before taxes + financial expenses	12,960	15,219
Balance sheet total (average for the period)	151,578	132,059
Non-interest-bearing liabilities (average for the year)	51,003	38,470
Balance sheet total – non-interest bearing liabilities	100,575	93,589
Return on investment, %	12.9%	16.3%

	31 Dec 2022	31 Dec 2021
Net gearing, %		
Interest-bearing liabilities	31,946	28,811
Cash and cash equivalents	14,338	18,148
Shareholders' equity	71,087	68,072
Net gearing, %	24.8%	15.7%

	31.12.2022	31.12.2021
Equity ratio, %		
Shareholders' equity	71,087	68,072
Balance sheet total	160,116	143,040
Advance payments received	5,108	1,256
Balance sheet total – advances received	155,008	141,784
Equity ratio, %	45.9%	48.0%

9 Parent company's financial statements (FAS)

9.1 Parent company's income statement

EUR	Note	1.1.–31 Dec 2022	1.1.–31 Dec 2021
Net sales	<u>1</u>	16,275,998.26	13,387,000.00
Other operating income	<u>2</u>	77,290.00	41,934.00
Materials and services		-1,287,601.08	0
Personnel expenses	<u>3</u>	-4,548,223.84	-4,100,382.01
Depreciation, amortisation and impairment	<u>4</u>	-772,115.42	-430,994.10
Other operating expenses	<u>5</u>	-9,206,650.53	-8,329,762.28
		-15,737,300.87	-12,819,204.39
Operating profit		538,697.39	567,795.61
Financial income and expenses	<u>6</u>	-1,127,017.02	-629,511.98
Profit before appropriations and taxes		-588,319.63	-61,716.37
Accumulated appropriations			
Group contribution		10,400,000.00	12,000,000.00
Depreciation differences		-359,233.80	0.00
Profit before taxes		9,452,446.57	11,938,283.62
Income taxes	<u>7</u>	-1,882,836.48	-2,405,101.58
Net profit		7,569,610.09	9,533,182.05

9.2 Parent company balance sheet

EUR	Note	31 Dec 2022	31 Dec 2021
ASSETS			
FIXED ASSETS			
Intangible assets	<u>8</u>	57,489.85	
Intangible rights		3,446,808.82	28,841.99
Other long-term expenses		0.00	3,025,073.47
		3,504,298.67	3,053,915.46
Tangible assets	<u>9</u>		
Land and water areas		16,818.79	16,818.79
Buildings and structures		18,132.01	24,725.47
Machinery and equipment		374,043.37	367,278.34
Other fixed assets		1,210.95	1,210.95
		410,205.12	410,033.55
Investments	<u>10</u>		
Shares in Group companies		180,427,733.37	158,375,053.19
Other shares and holdings		480,004.54	480,004.54
		180,907,737.91	158,855,057.73
Total fixed assets		184,822,241.70	162,319,006.74

EUR	Note	31 Dec 2022	31 Dec 2021
CURRENT ASSETS			
Non-current receivables			
Prepayments and accrued income		217,516.93	302,222.43
Current receivables	<u>11</u>		
Accounts receivable		0.00	260.40
Receivables from Group companies		11,792,152.78	2,955,524.62
Other receivables		339,705.91	141,043.78
Prepayments and accrued income		1,942,473.29	1,028,612.86
		14,074,331.98	4,125,441.66
Cash and cash equivalents		4,457,051.25	7,762,533.69
Total current assets		18,748,900.16	12,190,197.78
Total assets		203,571,141.86	174,509,204.52

EUR	Note	31 Dec 2022	31 Dec 2021
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Equity attributable to parent-company shareholders	<u>12</u>		
Share capital		2,087,564.50	2,087,564.50
Unrestricted shareholders' equity reserve		42,540,499.12	42,540,499.12
Retained earnings		14,385,253.40	9,749,865.95
Net profit		7,569,610.09	9,533,182.05
Total shareholders' equity		66,582,927.11	63,911,111.62

EUR	Note	31 Dec 2022	31 Dec 2021
ACCUMULATED APPROPRIATIONS			
Depreciation difference		359,233.80	0.00
LIABILITIES			
Non-current liabilities			
Loans from financial institutions	<u>13</u>	17,000,000.00	16,000,000.00
Other non-current liabilities		5,730,000.00	2,324,000.00
		22,730,000.00	18,324,000.00
Current liabilities			
Accounts payable		232,282.15	902,901.78
Current interest-bearing liabilities	<u>14</u>	8,000,000.00	5,000,000.00
Liabilities to Group companies		95,623,033.20	79,449,092.38
Other liabilities		8,838,123.93	5,245,978.00
Accruals and deferred income		1,202,541.67	890,866.04
Taxes based on the net result for the year		3,000.00	785,254.70
		113,898,980.95	92,274,092.90
Total liabilities		136,628,980.95	110,598,092.90
Total shareholders' equity and liabilities		203,571,141.86	174,509,204.52

9.3 Parent company's cash flow statement

EUR	Note	1.1.–31 Dec 2022	1.1.–31 Dec 2021
Cash flow from operations:			
Net profit		7,569,610.09	9,533,182.05
Adjustments to net profit		-6,295,077.28	-9,249,919.55
Change in working capital		12,082,371.99	-2,090,324.04
Interest paid		-295,317.60	-639,295.79
Interest income		1,237.03	-
Taxes paid		-3,197,137.93	-1,620,247.66
Cash flow from operations		9,865,686.30	-4,066,604.99
Cash flow from investments:			
Purchases of tangible and intangible assets		-2,418,788.01	-1,764,741.50
Acquisition of subsidiary, net of cash acquired		-13,700,023.96	-12,707,037.01
Cash flow from investments		-16,118,811.97	-14,471,778.50
Cash flow from financing:			
Acquisition of treasury shares		-1,962,752.48	-630,085.36
Sale of treasury shares		162,597.84	-
Repayment of current loans		-5,000,000.00	-9,700,000.00
Withdrawals of current loans		1,000,000.00	3,000,000.00
Withdrawals of non-current loans		8,000,000.00	10,900,000.00
Group financing items ¹		2,725,483.63	8,400,326.93
Group contribution		2,500,000.00	10,000,000.00
Dividends paid	12	-4,477,685.76	-4,001,719.35
Cash flow from financing		2,947,643.23	17,968,522.22
Change in cash and cash equivalents		-3,305,482.44	-569,861.27
Cash and cash equivalents at beginning of period		7,762,533.69	8,332,394.96
Change in cash and cash equivalents		-3,305,482.44	-569,861.27
Cash and cash equivalents at end of period		4,457,051.25	7,762,533.69

¹ Group financing items comprise changes in loans between the parent company and its subsidiaries.

9.4 Basic information on the parent company and accounting policies

Basic information on the company

Digia Plc is the parent company of the Digia Group. It is domiciled in Helsinki and its registered office is at Atomitie 2, 00370 Helsinki. Digia Plc's active subsidiaries are Avalon Oy, Digia Finland Oy, Digia Hub Oy, Most Digital Oy and its subsidiaries, Productivity Leap Oy, Solasys Oy, Digia Sweden AB and Climber International AB with their subsidiaries.

Accounting policies

The parent company's financial statements have been prepared in accordance with Finnish Accounting Standards (FAS). The financial statements are based on original acquisition costs. Book values based on original costs have been reduced to correspond to fair value as necessary.

Since 1 June 2005, the parent company has operated as the Group's administrative company and charged the Group companies for services rendered.

Pension schemes

The Group's pension schemes are arranged through a pension insurance company. Pension premiums and expenses allocated to the financial period are based on confirmations received from the insurance company. Pension expenses are recognised as expenses for the year in which they arise.

Leasing payments

Leasing payments are recognised as annual expenses.

Share-based payments

Digia has a share-based incentive scheme where payments are made either in equity instruments or in cash. The company complies with Statement 1998, 15 January 2020 of the Accounting Board (KILA) in the treatment of benefits granted in such schemes. According to the statement, the terms and conditions of a share-based incentive scheme are irrevocably fulfilled only at the end of the incentive period. Therefore, the service commitment required of an employee under the

share-based incentive scheme is indivisible by nature – the performance is to be considered to have been rendered on the one hand and received on the other by the company at the end of the incentive period, at which point the employee shall have an irrevocable right to the shares specified in the scheme.

Fixed assets, depreciation and amortisation

Fixed assets are recognised in the balance sheet at immediate cost less planned depreciation and amortisation.

The economic lives underlying planned depreciation and amortisation are as follows:

Intangible assets	
Intangible rights	3–5 years
Other long-term expenses	3–5 years
Tangible assets	
Buildings and structures	25 years
Machinery and equipment	3–8 years

Purchases of fixed assets with an economic life of less than three years are recognised as annual expenses.

Board's dividend proposal

According to the balance sheet dated 31 December 2022, Digia Plc's distributable shareholders' equity was EUR 64,495,362.61, of which EUR 7,569,610.61 was profit for the fiscal year. At the Annual General Meeting (AGM), the Board of Directors will propose that a dividend of EUR 0.17 per share be paid according to the confirmed balance sheet for the fiscal year ending 31 December 2022. Shareholders listed in the shareholders' register maintained by Euroclear Finland Oy on the dividend reconciliation date, 27 March 2023, will be eligible for the payment of dividend. Dividends will be paid on 3 April 2023.

9.5 Notes to the parent company's financial statements

1. Net sales

Net sales by segment

EUR	2022	2021
Projects	760.00	-
Group administration services	16,275,238.26	13,387,000.00
Total	16,275,988.26	13,387,000.00

2. Other operating income

EUR	2022	2021
Rental income	41,010.00	41,199.00
Other operating income	36,280.00	735.00
Total	77,290.00	41,934.00

3. Information on personnel and governing bodies

EUR	2022	2021
Board emoluments and remuneration and CEO's compensation	707,131.80	834,259.55
Other salaries and remunerations	3,151,886.46	2,640,118.86
Pension insurance contributions	603,562.19	542,390.58
Other personnel expenses	85,643.39	83,613.02
Total	4,548,223.84	4,100,382.01

Number of personnel, 31 Dec	2022	2021
Management and administration	46	43
Total	46	43

4. Depreciation, amortisation and impairment

EUR	2022	2021
Planned depreciation and amortisation		
Property, plant, and equipment, and intangible assets	772,115.42	430,994.10
Total	772,115.42	430,994.10

5. Auditors' fees

EUR	2022	2021
Audit	91,630.50	86,000.00
Tax counselling	-	1,627.50
Other services	10,640.00	14,645.00
Total	102,270.50	102,272.50

6. Financial income and expenses

Financial income

EUR	2022	2021
Interest and financial income from Group companies	2,297.34	0.00
Interest and financial income from others	152,952.38	67,198.57
Total	155,249.72	67,198.57

Financial expenses

EUR	2022	2021
Interest expenses to Group companies	854,178.48	300,795.96
Interest expenses to other companies	351,250.98	320,273.29
Loan administration fees	38,175.00	46,655.97
Other financial expenses	38,662.86	28,985.33
Total	1,282,266.74	696,710.55

7. Income taxes

EUR	2022	2021
Income taxes on operations	-1,882,836.48	-2,405,101.58
Income taxes for previous periods	-	-
Total	-1,882,836.48	-2,405,101.58

Deferred tax assets arising from accrual differences and from temporary differences between book values and taxation values are unrecorded in the statement of financial position, in accordance with the principle of prudence. Deferred tax assets totalled EUR 225 thousand at the end of the fiscal year.

8. Intangible assets

EUR	Intangible rights	Other long-term expenses	Intangible assets in progress	Total 2022	Total 2021
Acquisition cost, 1 Jan	5,386,528.99	1,524,947.33	2,836,532.91	9,748,009.23	7,593,183.77
Increases	1,014,054.08	5,484.98	-	1,019,539.06	2,779,760.46
Decreases	-	-	-	-	-624,935.00
Transfers between items	2,836,532.91	-	-2,836,532.91	-	-
Acquisition cost, 31 Dec	9,237,115.98	1,530,432.31	-	10,767,548.29	9,748,009.23
Accumulated depreciation and amortisation, 1 Jan.	-5,357,687.00	-1,336,406.77	-	-6,694,093.77	-6,509,764.60
Depreciation	-432,620.16	-136,535.69	-	-569,155.85	-184,329.17
Accumulated depreciation and amortisation, 31 Dec	-5,790,307.16	-1,472,942.46	-	-7,263,249.62	-6,694,093.77
Book value, 1 Jan	28,841.99	188,540.56	2,836,532.91	3,053,915.46	1,083,419.17
Book value, 31 Dec	3,446,808.82	57,489.85	-	3,504,298.67	3,053,915.46

Intangible assets in progress are disclosed in [Note 7.3: Intangible assets](#).

9. Property, plant and equipment

EUR	Land and water areas	Buildings and structures	Machinery and equipment	Total 2022	Total 2021
Acquisition cost, 1 Jan	16,818.79	162,905.90	3,523,610.57	3,703,335.26	3,603,262.98
Increases	-	-	203,131.14	203,131.14	100,072.28
Acquisition cost, 31 Dec	16,818.79	162,905.90	3,726,741.71	3,906,466.40	3,703,335.26
Accumulated depreciation and amortisation, 1 Jan	-	-138,180.43	-3,155,121.28	-3,293,301.71	-3,046,636.78
Depreciation	-	-6,593.46	-196,366.11	-202,959.57	-246,664.93
Accumulated depreciation and amortisation, 31 Dec	-	-144,773.89	-3,351,487.39	-3,496,261.28	-3,293,301.71
Book value, 1 Jan	16,818.79	24,725.47	368,489.29	410,033.55	556,626.20
Book value, 31 Dec	16,818.79	18,132.01	375,254.32	410,205.12	410,033.55

10. Investments

EUR	Investments in subsidiary shares	Other shares and holdings	Total 2022	Total 2021
Acquisition cost, 1 Jan	158,404,009.19	606,292.32	159,010,301.51	141,077,082.83
Increases	22,052,680.18	-	22,052,680.18	17,933,218.68
Decreases	-	-	-	-
Acquisition cost, 31 Dec	180,456,689.37	606,292.32	181,062,981.69	159,010,301.51
Accumulated amortisation, 1 Jan	-28,956.00	-126,287.78	-155,243.78	-155,243.78
Impairment	-	-	-	-
Accumulated amortisation, 31 Dec	-28,956.00	-126,287.78	-155,243.78	-155,243.78
Book value, 1 Jan	158,375,053.19	480,004.54	158,855,057.73	140,921,839.05
Book value, 31 Dec	180,427,733.37	480,004.54	180,907,737.91	158,855,057.73

Itemisation of subsidiaries and other shares and holdings

Group companies	Domicile	Domestic segment	Share of ownership	Share of votes
Avalon Oy	Oulu	Finland	100%	100%
Climber International AB	Stockholm	Sweden	100%	100%
Digia Finland Ltd	Helsinki	Finland	100%	100%
Digia Hub Oy	Helsinki	Finland	100%	100%
Digia Sweden Ab	Stockholm	Sweden	100%	100%
Most Digital Oy	Lempäälä	Finland	100%	100%
Productivity Leap Oy	Joensuu	Finland	100%	100%
Solasys Oy	Turku	Finland	100%	100%

11. Current receivables

EUR	2022	2021
Receivables from Group companies		
Accounts receivable	1,542,855.44	914,072.38
Loan receivables	347,000.00	0.00
Prepayments and accrued income	9,902,297.34	2,041,452.24
Accounts receivable	0.00	260.40
Other receivables	339,705.91	141,043.78
Prepayments and accrued income	1,942,473.29	1,028,612.86
Total	14,074,331.98	4,125,441.66

12. Shareholders' equity

EUR	2022	2021
Share capital, 1 Jan	2,087,564.50	2,087,564.50
Share capital, 31 Dec	2,087,564.50	2,087,564.50
Total restricted shareholders' equity	2,087,564.50	2,087,564.50
Unrestricted shareholders' equity reserve, 1 Jan	42,540,499.12	42,540,499.12
Unrestricted shareholders' equity reserve, 31 Dec	42,540,499.12	42,540,499.12
Accrued earnings, 1 Jan	19,283,048.00	14,381,670.66
Changes during the fiscal year		
Dividends	-4,477,685.76	-4,001,719.35
Acquisition of treasury shares	-1,962,752.48	-630,085.36
Share-based payments	1,542,643.64	-
Accrued earnings, 31 Dec	14,385,253.40	9,749,865.95
Net profit	7,569,610.09	9,533,182.05
Total unrestricted shareholders' equity	64,495,362.61	61,823,547.12
Total shareholders' equity	66,582,927.11	63,911,111.62

Calculation of distributable shareholders' equity, 31 Dec

EUR	2022	2021
Unrestricted shareholders' equity reserve	42,540,499.12	42,540,499.12
Retained earnings	14,385,253.40	9,749,865.95
Net profit	7,569,610.09	9,533,182.05
Total	64,495,362.61	61,823,547.12

13. Non-current liabilities

EUR	2022	2021
Loans from financial institutions	17,000,000.00	16,000,000.00
Other non-current liabilities	5,730,000.00	2,324,000.00
Total	22,730,000.00	18,324,000.00

14. Current liabilities

EUR	2022	2021
Interest-bearing		
Current interest-bearing liabilities	8,000,000.00	5,000,000.00
Liabilities to Group companies		
Borrowings	75,474,255.21	72,552,623.45
Total interest-bearing current liabilities	83,474,255.21	77,552,623.45
Liabilities to Group companies		
Accounts payable	1,540,722.59	-
Accruals and deferred income	18,608,055.40	6,896,468.93
To others		
Accounts payable	232,282.15	902,901.78
Other liabilities	8,838,123.93	5,245,978.00
Accruals and deferred income	1,205,541.67	1,676,120.74
Total interest-free current liabilities	30,424,725.74	14,721,469.45
Total current liabilities	113,898,980.95	92,274,092.90

Material items included in accrued expenses arise from the accrual of holiday pay, as well as accrued provisions for salaries and fees.

15. Contingent liabilities**Lease liabilities**

EUR	2022	2021
Due during the current financial period	68,680.17	62,849.82
Due later	45,824.61	25,387.76
Total	114,504.78	88,237.58

Other lease liabilities

EUR	2022	2021
Due during the current financial period	2,753,091.14	2,709,633.60
Due later	2,423,861.79	3,508,262.08
Total	5,176,952.93	6,217,895.68

Other liabilities

EUR	2022	2021
Collateral pledged for own commitments		
Other	582,617.82	582,617.82
Total	582,617.82	582,617.82

16. Share-based incentive scheme

The purpose and key terms of the share-based incentive scheme are presented in [section 4.4](#) of the consolidated financial statements.

The maximum number of shares promised as share rewards is 525,000. They represent 2.0 per cent of share capital and the total number of shares. The number of people participating in the scheme as at 31 December 2022 was 13, including the CEO. The estimate of the amount of bonuses to be paid on 31 Dec 2022 is EUR 805 thousand.

Signatures to the Board's Report and Financial Statements

Helsinki, 10 February 2023

Robert Ingman
Chair of the Board of Directors

Martti Ala-Härkönen

Sanntu Elsinen

Sari Leppänen

Seppo Ruotsalainen

Outi Taivainen

Timo Levoranta
President & CEO

Auditor's Note

A report of the audit has been submitted today.

Helsinki, 10 February 2023

Ernst & Young Oy

Terhi Mäkinen

Authorised Public Accountant

Auditor's report (Translation of the Finnish original)

To the Annual General Meeting of Digia Plc

Opinion

We have audited the financial statements of Digia Plc (business identity code 0831312-4) for the year ended 31 December, 2022. The financial statements comprise the consolidated income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and notes, including a summary of significant accounting policies, as well as the parent company's income statement, balance sheet, cash flow statement and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position as well as its financial performance and its cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the

Auditor's Responsibilities for the Audit of Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in [note 3.7](#) to the consolidated financial statements and [note 5](#) to the parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Key Audit Matter

How our audit addressed the Key Audit Matter

Revenue Recognition

We refer to [note 3.2](#) of the consolidated financial statements.

The group has multiple sources of revenue, including work performed by people, licenses and maintenance of own products, products of third parties and their maintenance as well as services.

Revenue on work performed by people is recognized over time in accordance with progress. Fixed price projects are recognized over time based on their percentage of completion. Licenses of own products are recognized when the product has been delivered and maintenance is recognized over time during the contract period. Revenue on third-party licenses is recognized on delivery. If Digia bears the responsibility of the product, revenue is recognized on gross basis and if third party bears the responsibility, the margin or commission is recognized as revenue. Revenue from services is recognized over time during the agreement period.

There is a risk in revenue recognition due to various terms and conditions included in the sales contracts and management judgment required in applying percentage of completion method. Because of the risk associated with the correct timing of revenue recognition, revenue recognition was determined to be a key audit matter and a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10(2).

Our audit procedures to address the risk of material misstatement in respect of revenue recognition included, among others, following procedures:

- We evaluated revenue recognition principles applied by the group from the perspective of applicable accounting standards.
- We evaluated the applied revenue recognition methods in relation to the terms and conditions of sales contracts.
- We tested correctness of the timing of revenue recognition.
- Concerning fixed price projects, we compared estimates of project revenues to sales agreements.
- We evaluated estimates of remaining amount of work in order to recognize potential loss-making projects.
- We evaluated appropriateness and sufficiency of the notes relating to group's revenues.

Valuation of Goodwill

We refer to [note 7.1](#) of the consolidated financial statements.

At the balance sheet date of 31.12.2022 the value of goodwill amounted to 86 million euros, representing 54 % of total assets and 121 % of shareholders' equity.

Valuation of goodwill was a key audit matter because

- the annual impairment testing process is complex, it includes estimates and it requires significant management judgment,
- impairment testing is based on management's assumptions relating to market and economic conditions, and
- goodwill is significant to the financial statements.

The Board of Directors has determined that the group in its entirety is a cash generating unit subject to impairment test. The recoverable amount is determined based on value in use calculation. The outcome of the calculation may vary significantly when the underlying assumptions change. Value in use is dependent on several assumptions such as revenue growth, operating profit and discount rate applied. Changes in these assumptions may lead in impairment of goodwill.

Our audit procedures included, among others, following procedures:

- We evaluated with the assistance of our valuation specialists the appropriateness of underlying assumptions and methods applied by the management with regards to following assumptions: forecasted revenue growth, operating profit percentage and weighted average cost of capital on discounted cash flows.
- We evaluated with the assistance of our valuation specialists the appropriateness of sensitivity analysis and whether any reasonably possible change in an underlying assumption could cause the book value to exceed the value in use.
- We compared future estimates to the budget approved by the Board of Directors, we compared the available historical information to actual outcome, and we tested the mathematical accuracy of the impairment calculation.
- We compared note 7.1 of impairment testing to the disclosure requirements of the applicable accounting standard and evaluated appropriateness and sufficiency of information included the note.



Key Audit Matter

How our audit addressed the Key Audit Matter

Business combinations

We refer to [note 3.5](#) of the consolidated financial statements.

The group executed three acquisitions during the financial year. Acquisitions were a key audit matter because of them being at a total level significant and they comprise of management judgement related to the valuation processes and methods used. Management judgment was involved especially in determining fair value of assets and liabilities acquired as well as in allocation of purchase price into identifiable immaterial assets, such as customer relationships, brand and technologies.

Our audit procedures included, among others, following procedures:

- We evaluated applied group's accounting policies from the perspective of IFRS 3 Business Combinations standard.
- We evaluated with the assistance of our valuation specialists processes and methods applied by the management to identify assets and liabilities acquired and to determine their fair values.
- We evaluated appropriateness and sufficiency of notes related to business combinations.



Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if,

individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our

conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not



be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on 21.3.2022.

Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor’s report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor’s report, and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has

been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 10.2.2023

Ernst & Young Oy

Authorized Public Accountant Firm

Terhi Mäkinen

Authorized Public Accountant

Independent Auditor's Report on Digia Oyj's ESEF-Consolidated Financial Statements

(Translation of the Finnish original)

To the Board of Directors of Digia Oyj

We have performed a reasonable assurance engagement on the iXBRL tagging of the consolidated financial statements included in the digital files 743700QVAG6OXK5OP587-2022-12-31-fi.zip of Digia Oyj for the financial year 1.1.-31.12.2022 to ensure that the financial statements are marked/tagged with iXBRL in accordance with the requirements of Article 4 of EU Commission Delegated Regulation (EU) 2018/815 (ESEF RTS).

Responsibilities of the Board of Directors and Managing Director

The Board of Directors and Managing Director are responsible for the preparation of the Report of Board of Directors and financial statements (ESEF financial statements) that comply with the ESEF RTS. This responsibility includes:

- preparation of ESEF-financial statements in accordance with Article 3 of ESEF RTS
- tagging the consolidated financial statements included within the ESEF-financial statements by using the iXBRL mark ups in accordance with Article 4 of ESEF RTS
- ensuring consistency between ESEF financial statements and audited financial statements

The Board of Directors and Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of ESEF financial statements in accordance with the requirements of ESEF RTS.

Auditor's Independence and Quality Control

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to the engagement we have performed, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The auditor applies International Standard on Quality Control (ISQC) 1 and therefore maintains a comprehensive quality control system including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibilities

In accordance with the Engagement Letter we will express an opinion on whether the electronic tagging of the consolidated financial statements complies in all material respects with the Article 4 of ESEF RTS. We have conducted a reasonable assurance engagement in accordance with International Standard on Assurance Engagements ISAE 3000.

The engagement includes procedures to obtain evidence on:

- whether the tagging of the primary financial statements in the consolidated financial statements complies in all material respects with Article 4 of the ESEF RTS
- whether the tagging of the notes to the financial statements and the entity identifier information in the consolidated financial statements complies in all material respects with Article 4 of the ESEF RTS

- whether the ESEF-financial statements are consistent with the audited financial statements

The nature, timing and extent of the procedures selected depend on the auditor's judgement including the assessment of risk of material departures from requirements sets out in the ESEF RTS, whether due to fraud or error.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our statement.

Opinion

In our opinion the tagging of the consolidated financial statement included in the ESEF financial statement of Digia Oyj for the year ended 31.12.2022 complies in all material respects with the requirements of ESEF RTS.

Our audit opinion on the consolidated financial statements of Digia Oyj for the year ended 31.12.2022 is included in our Independent Auditor's Report dated 10.2.2023. In this report, we do not express an audit opinion any other assurance on the consolidated financial statements.

Helsinki 1.3.2023

Ernst & Young Oy

Authorized Public Accountant Firm

Terhi Mäkinen

Authorized Public Accountant



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