



Digia Plc

BUSINESS REVIEW

January-March 2023 (unaudited)

Net sales grew by 17.8 per cent in the first quarter and the EBITA margin was 9.7 per cent

January–March 2023

- Net sales: EUR 50.0 (42.5) million, up 17.8 per cent
- Operating profit (EBITA): EUR 4.9 (5.1) million, down 5.1 per cent;
EBITA margin: 9.7 (12.1) per cent of net sales
- Operating profit (EBIT): EUR 4.1 (4.5) million, down 9.0 per cent; operating margin: 8.3 (10.7) per cent of net sales
- Earnings per share: EUR 0.11 (0.14)
- Return on investment: 16.2 (19.6) per cent
- Equity ratio: 43.1 (46.8) per cent
- Profit guidance remains unchanged: 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.

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

Group key figures

EUR 1,000	1-3/2023	1-3/2022	Change, %	1-12/2022
Net sales	50,034	42,460	17.8%	170,754
Operating profit (EBITA)	4,870	5,133	-5.1%	15,733
- as a % of net sales	9.7%	12.1%		9.2%
Operating profit (EBIT)	4,137	4,547	-9.0%	12,727
- as a % of net sales	8.3%	10.7%		7.5%
Result for the period	3,021	3,658	-17.4%	9,571
- as a % of net sales	6.0%	8.6%		5.6%
Return on equity, %	17.2%	21.9%		13.8%
Return on investment, %	16.2%	19.6%		12.9%

EUR 1,000	1-3/2023	1-3/2022	Change, %	1-12/2022
Interest-bearing net liabilities	18,802	10,078	86.6%	17,608
Net gearing, %	27.1%	15.4%		24.8%
Equity ratio, %	43.1%	46.8%		45.9%
Number of personnel at period-end	1,451	1,363	6.5%	1,426
Average number of personnel	1,441	1,349	6.8%	1,399
Shareholders' equity	69,444	65,336	6.3%	71,087
Balance sheet total	166,731	141,835	17.6%	160,116
Earnings per share, EUR	0.11	0.14	-17.8%	0.36
Earnings per share (diluted), EUR	0.11	0.14	-19.6%	0.36

CEO's Review:

“The first quarter launched our new three-year strategy period. Digia’s updated strategy and new objectives were published on 10 February 2023. Intelligent business forms the core of our strategy: automation and intelligence are becoming an increasingly integral aspect of all services, solutions and processes. Our mission is to keep our customers at the forefront of digital evolution and build sustainable growth. During the first quarter, we invested in operationalising our strategy and continued our profitable growth.

I am very pleased with our net sales growth during early 2023. In January–March, our net sales grew by 17.8 per cent to EUR 50.0 (42.5) million, of which 10.6 per cent was organic growth. Quarterly net sales reached the EUR 50 million mark for the first time in Digia’s history. Net sales of our digital services grew, and there was strong demand for our data, analytics and support services in particular. This growth was also supported by the acquisitions we made in 2022. Our service business generated about 57 per cent of net sales, and our project business about 43 per cent.

Operating profit (EBITA) for the first quarter was EUR 4.9 (5.1) million, which was almost on par with the comparison period. Our EBITA margin amounted to 9.7 (12.1) per cent of net sales. During the review period, we invested in operationalising our strategy and reorganisation, due to which about EUR 0.7 million in non-recurring expenses was incurred during the period. Uncertainty in the global economy has been reflected in demand in certain areas. Although we have observed some slower decision-making and increased caution in individual customer relationships, overall demand has

remained stable during the first quarter. We recorded higher sales in the January–March period than in the corresponding quarter of the previous year.

Particularly strong sales were seen in our high-security solutions, the Microsoft Dynamics 365 business, and our integration and API business.

During the review period, we signed an agreement to supply an ERP system to R-kioski Oy. The system will be based on Microsoft Dynamics 365 Finance and Operations and Microsoft Dynamics 365 Commerce solutions. The food industry company Apetit Plc also chose Digia as its partner for a major ERP system renewal based on Microsoft Dynamics 365 technology. Kuntien Tiera Oy selected Digia as its Microsoft Dynamics 365 expert services provider for municipalities and wellbeing services counties. The four-year framework agreement has an estimated value of EUR 9 million.

Digia is a trusted partner to its customers. At the beginning of the year, we passed the annual assessment of our ISO 9001 quality assurance system without a single deviation. Digia was also granted the ISO 27001 information security certificate in December 2022. The quality and reliability of our operations are one of the cornerstones of our sustainable growth.

At Digia, we are well on the way to achieving the financial objectives set for our 2023–2025 strategy period. These objectives are annual growth of over 10 per cent in net sales, including both organic and inorganic growth, and operating profit (EBITA) of more than 12 per cent of net sales at the end of the strategy period.”

Profit guidance for 2023 remains unchanged

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.

Events after the review period

There have been no major events since the report period.

Briefing invitation

A briefing for analysts will be held at 4:00 pm on Thursday, 4 May 2023 as a Teams meeting. Attendance instructions have been emailed to participants.

The material and presentation for the event will be available from 4:00 pm on 4 May 2023 on the company's website: digia.com/en/investors/reports-and-presentations.

For further information, please contact:

Timo Levoranta, President & CEO
Switchboard +358 (0)10 313 3000

Distribution

Nasdaq Helsinki
Key media
digia.com

Digia is a software and service company that combines technological possibilities and human capabilities to build intelligent business, society and a sustainable future. Our mission is to ensure that our customers are at the forefront of digital evolution. There are more than 1,400 of us working at Digia and we operate globally with our customers. Digia's net sales totalled EUR 171 million in 2022. The company is listed on Nasdaq Helsinki (DIGIA). digia.com