



Digia Plc

BUSINESS REVIEW

January–September 2023 (unaudited)

Net sales for July–September rose by 7.1 per cent, operating profit (EBITA) improved by 1.1 per cent on the previous year

July–September 2023

- Net sales EUR 41.0 (38.3) million, up 7.1 per cent, of which 5.9 per cent was organic growth
- Operating profit (EBITA): EUR 3.4 (3.4) million, up 1.1 per cent; EBITA margin: 8.3 (8.8) per cent of net sales
- Operating profit (EBIT): EUR 2.7 (2.4) million, up 12.4 per cent; EBIT margin: 6.6 (6.3) per cent of net sales
- Earnings per share: EUR 0.07 (0.08)
- 20 September 2023: agreement on the acquisition of the entire share capital of Top of Minds AB

January–September 2023

- Net sales: EUR 138.9 (122.0) million, up 13.9 per cent, of which 8.7 per cent was organic growth
- Operating profit (EBITA): EUR 11.7 (10.6) million, up 9.6 per cent; EBITA margin: 8.4 (8.7) per cent of net sales
- Operating profit (EBIT): EUR 9.5 (8.5) million, up 11.9 per cent; EBIT margin: 6.9 (7.0) per cent of net sales
- Earnings per share: EUR 0.25 (0.27)
- Return on investment: 11.9 (11.6) per cent
- Equity ratio: 45.2 (45.6) per cent

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

Group key figures

EUR 1,000	7-9/ 2023	7-9/ 2022	Change, %	1-9/ 2023	1-9/ 2022	Change, %	1-12/2022
Net sales	41,046	38,318	7.1%	138,927	122,019	13.9%	170,754
Operating profit (EBITA)	3,390	3,354	1.1%	11,650	10,630	9.6%	15,733
- as a % of net sales	8.3%	8.8%		8.4%	8.7%		9.2%
Operating profit (EBIT)	2,717	2,418	12.4%	9,518	8,505	11.9%	12,727
- as a % of net sales	6.6%	6.3%		6.9%	7.0%		7.5%
Result for the period	1,856	2,126	-12.7%	6,736	7,258	-7.2%	9,571

EUR 1,000	7-9/ 2023	7-9/ 2022	Change, %	1-9/ 2023	1-9/ 2022	Change, %	1-12/2022
- as a % of net sales	4.5%	5.5%		4.8%	5.9%		5.6%
Return on equity, %				12.6%	14.1%		13.6%
Return on investment, %				11.9%	11.6%		12.7%
Cash flow from operations							14,252
Interest-bearing net liabilities				36,176	22,316	62.1%	17,608
Net gearing, %				51.1%	32.2%		24.8%
Equity ratio, %				45.2%	45.6%		45.9%
Number of personnel at period-end				1,459	1,421	2.7%	1,426
Average number of personnel	1,447	1,427	1.4%	1,443	1,387	4.0%	1,399
Shareholders' equity				70,859	69,329	2.2%	71,087
Balance sheet total				161,185	155,079	3.9%	160,116
Earnings per share, EUR	0.07	0.08	-12.7%	0.25	0.27	-5.7%	0.36
Earnings per share (diluted), EUR	0.07	0.08	-12.9%	0.25	0.27	-7.7 %	0.36

CEO's Review:

"Digia continued to grow profitably. In January-September, our net sales grew by 13.9 per cent to EUR 138.9 (122.0) million. Operating profit (EBITA) grew by 9.6 per cent and the EBITA margin was 8.4 (8.7) per cent of net sales. Our net sales increased by 7.1 per cent to EUR 41.0 (38.3) million during the third quarter. I am particularly pleased that organic growth accounted for 5.9 per cent of our net sales growth. Our operating profit (EBITA) totalled EUR 3.4 (3.4) million, representing growth of 1.1 per cent, with an EBITA margin of 8.3 (8.8) per cent of net sales. The continuous service and maintenance business, which plays a significant role in Digia's business model, grew by 6.6 per cent in the third quarter and accounted for 59.2 (59.5) per cent of net sales.

Digia's business consists of four specialised service areas: Digital Solutions, Business Platforms, Financial Platforms and Managed Solutions. The third quarter saw good net sales

growth in all service areas with the exception of Business Platforms, in which growth was limited by customer caution and delays in decision-making. However, this service area still has a strong bid volume. During the review period, we launched significant cooperation in the Business Platforms service area with Lahti Energia, to whom we will supply a Microsoft Dynamics 365 ERP system, including continuous services.

Net sales growth in the third quarter was driven by service design and customer relationship management solutions, customised software development and NetSuite ERP solutions. Particularly strong growth was seen in the Managed Solutions service area's high-security solutions, continuous services and Digia's automation and artificial intelligence services. Comparable net sales for the latter grew by 150 per cent on the third quarter of last year. Valio was the most significant new customer for this service. We launched a project to replace Valio's existing robotic process automation with Digia's automation and artificial intelligence service.

Other significant customer agreements in the third quarter included an approximately EUR 3 million partnership with a leading Finnish financial and insurance company and an approximately EUR 10 million, five-year framework agreement with the Finnish Food Authority for customised software development and maintenance. We also signed an eight-year development partnership agreement worth about EUR 10 million with the State Treasury. In addition, we played a key role in supporting our customers in the financial sector (such as Aktia, Handelsbanken, Evli, SEB and the Savings Banks' Union Coop) in the successful launch of the European Central Bank's securities settlement platform, TARGET2-Securities. Digia has integrated the features required by this service into its own Digia Financial Systems product solution.

In line with our strategy, we continued to invest in future sustainable growth and the internationalisation of our business in the third quarter. On 20 September, we signed an agreement to acquire the Swedish IT consulting and service company Top of Minds AB. In the Swedish market, Top of Minds has profiled itself as a player with top-level expertise. The company specialises in profound expertise in analytics, data and related integrations. This acquisition will strengthen Digia's position in the Swedish market and open up new opportunities for further growth, for example, in integration. Thanks to the acquisition, we are already employing more than 100 professionals in Sweden, and the number of data and analytics experts totals almost 300. This makes us one of the leading operators in the sector. We recognised approximately EUR 0.2 million in non-recurring expenses related to this transaction in the third quarter.

During the review period, we also strengthened our position as Finland's leading provider of integration and API services. We expanded our integration and API services at two major Finnish global industrial companies. We also entered into a strategic partnership with MuleSoft. This will further strengthen Digia's already extensive technology capabilities. Our goal is to hire and train approximately 30 new MuleSoft experts over the next 12 months.

Our responsible way of working is integral to our strategy and instrumental to our business success.

We are among the first to prepare for the EU's upcoming Corporate Sustainability Reporting Directive. During the review period, we completed our double materiality assessment, in which we defined the sustainability themes that are essential for our company in accordance with the new directive.

Continuous learning is an integral part of our culture. We are taking part in the UN Global Compact's Target Gender Equality Accelerator training programme in order to strengthen and enhance our efforts to promote equality and non-discrimination. This training programme supports Digia's equality and non-discrimination goals, which include encouraging women to enter the IT sector, a more equal gender distribution in different roles and equal pay."

Profit guidance for 2023 remains unchanged

Digia's profit guidance for 2023 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.

Events after the review period

On 20 September, we signed an agreement to acquire the entire share capital of the Swedish IT consulting and service company Top of Minds AB. The acquisition was carried out on 2 October 2023. Top of Minds is a Swedish IT consulting and service company that provides its customers with high-quality services for data and analytics consulting, integrations, e-commerce and project management. This acquisition will strengthen Digia's position in Sweden, and particularly in the fields of data, analytics and integrations.

Briefing invitation

A briefing for analysts will be held at 4:00 pm EEST on Friday, 27 October 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 EEST on 27 October 2023 on the company's website: digia.com/en/investors/reports-and-presentations.

Financial reporting in 2024

In 2024, Digia will publish its Financial Statement Bulletin, two business reviews, and half-year interim report as follows:

- Financial Statement Bulletin 2023: Friday, 9 February 2024 at 8:00 am EET
- Business Review 1-3/2024: Wednesday, 8 May 2024 at 8:00 am EEST
- Half-year Financial Report 1-6/2024: Friday, 9 August 2024 at 8:00 am EEST
- Business Review 1-9/2024: Wednesday, 25 October 2024 at 8:00 am EEST

The 2023 Annual Report will be published on 29 February 2024. The Annual General Meeting is scheduled for Wednesday 20 March 2024.

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