



Digia Plc

FINANCIAL STATEMENT BULLETIN 2023

Unaudited

Digia's profitable growth continued in October–December: net sales grew by 9.1 per cent and the EBITA margin was 9.6 per cent

October–December 2023

- Net sales: EUR 53.2 (48.7) million, up 9.1 per cent
- Operating profit (EBITA): EUR 5.1 (5.1) million, down 0.5 per cent; EBITA margin: 9.6 (10.5) per cent of net sales
- Operating profit (EBIT): EUR 4.3 (4.2) million, up 2.3 per cent; EBIT margin: 8.1 (8.7) per cent of net sales
- Earnings per share: EUR 0.12 (0.09)

January–December 2023

- Net sales: EUR 192.1 (170.8) million, up 12.5 per cent
- Operating profit (EBITA): EUR 16.7 (15.7) million, up 6.3 per cent; EBITA margin: 8.7 (9.2) per cent of net sales
- Operating profit (EBIT): EUR 13.8 (12.7) million, up 8.7 per cent; EBIT margin: 7.2 (7.5) per cent of net sales
- Earnings per share: EUR 0.37 (0.36)
- Return on investment: 12.9 (12.9) per cent
- Equity ratio: 46.7 (45.9) per cent
- The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.17 (EUR 0.17 for 2022) be paid for 2023.

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

Group key figures

EUR 1,000	10–12/ 2023	10–12/ 2022	Change, %	1–12/ 2023	1–12/ 2022	Change, %
Net sales	53,160	48,735	9.1%	192,087	170,754	12.5%
Operating profit (EBITA)	5,077	5,103	-0.5%	16,727	15,733	6.3%
- as a % of net sales	9.6%	10.5%		8.7%	9.2%	
Operating profit (EBIT)	4,318	4,222	2.3%	13,835	12,727	8.7%
- as a % of net sales	8.1%	8.7%		7.2%	7.5%	
Result for the period	3,136	2,313	35.6%	9,872	9,571	3.1%
- as a % of net sales	5.9%	4.7%		5.1%	5.6%	

EUR 1,000	10-12/ 2023	10-12/ 2022	Change, %	1-12/ 2023	1-12/ 2022	Change, %
Return on equity, %				13.5%	13.8%	
Return on investment, %				12.9%	12.9%	
Cash flow from operations				16,973	14,252	19.1%
Interest-bearing net liabilities				24,771	17,608	40.7%
Net gearing, %				32.8%	24.8%	
Equity ratio, %				46.7%	45.9%	
Number of personnel at period-end				1,527	1,426	7.1%
Average number of personnel	1,527	1,434	6.5%	1,465	1,399	4.7%
Shareholders' equity				75,420	71,087	6.1%
Balance sheet total				168,157	160,116	5.0%
Earnings per share, EUR	0.12	0.09	35.9%	0.37	0.36	2.9%
Earnings per share (diluted), EUR	0.12	0.09	35.5%	0.37	0.36	2.2%

CEO's Review:

"I'm pleased that Digia's long-term profitable growth trend has continued. 2023 was Digia's eighth consecutive year of profitable growth. Our full-year net sales grew by 12.5 per cent to EUR 192.1 (170.8) million. Of this, full-year organic growth was strong at 8.8 per cent. Our net sales increased by 9.1 per cent to EUR 53.2 (48.7) million during the fourth quarter. Organic growth accounted for 2.6 per cent of net sales in the fourth quarter.

Our full-year operating profit (EBITA) totalled EUR 16.7 (15.7) million, with an EBITA margin of 8.7 (9.2) per cent. The business environment for IT services became somewhat more challenging towards the end of the year, and our fourth-quarter operating profit (EBITA) amounted to EUR 5.1 (5.1) million with an EBITA margin of 9.6 (10.5) per cent. Profitability in the fourth quarter was impacted by slightly lower-than-expected net sales and EUR 0.3 million in non-recurring costs related to internationalisation and the development of sustainability reporting. That

said, our order book developed well at the end of 2023, thanks to which we are well poised going into 2024.

Digia's well-rounded business consists of four service areas, of which three increased their net sales during the fourth quarter. Strong growth areas included CRM and ERP solutions based on Microsoft technologies, Digia's AI and automation platform, and knowledge management solutions. In addition, the Swedish company Top of Minds – which became part of Digia at the beginning of the review period – grew in line with plans. Profound skills in analytics, data, and data-related integrations are at the core of Top of Minds' expertise. All of these are Digia's core strengths.

In Microsoft solutions, growth was driven by stronger demand that improved the invoicing rate. Another positive turn in the fourth quarter was that customers put aside their caution in decision-making, and previously postponed Microsoft Dynamics 365 projects could be started up. During the review period, we won Microsoft Dynamics 365 agreements valued at EUR 10.1 million. We made new agreements with Hankkija Oy, financial sector companies, wellbeing service counties, and actors in the municipal and urban sector. During the review period, we also completed international deliveries: Walki deployed the Microsoft Dynamics 365 ERP system we had delivered in Poland and earlier this year in Belgium. Digia is one of Finland's leading providers of Microsoft solutions and is a member of Microsoft's global Business Applications Inner Circle partner network. Only about one per cent of Microsoft's global strategic partners are selected for this network.

Customers' need to boost their operational efficiency and utilise AI was also evident in the fourth quarter as strong growth in Digia's automation and AI platform. Its net sales saw year-on-year growth of 142 per cent. The platform streamlines and refines customers' business processes. Digia's smart platform is used by organisations such as DigiFinland in the social welfare and healthcare sector, Valio in boosting process efficiency and the Unemployment Fund of Service Union United in the automated processing of earnings-related allowance applications. We see strong growth potential in Digia's automation and AI platform and are investing in its development. The platform is ISO 27001 certified.

At the end of the review period, we carried out an extensive assessment of how companies and public-sector actors utilise AI. It indicated that 66 per cent of organisations only have preliminary plans for the utilisation of AI and data. Among the responding organizations, 52 per cent have utilized the outputs of data analysis and artificial intelligence to some extent in decision-making and actions. Our well-rounded service portfolio from AI strategy to concrete implementations meets this customer need. In connection with this assessment, we held a competition – the winners, the construction company YIT and the Finnish Olympic Committee, received an AI Roadmap valued at EUR 10,000. Roadmap drafting is part of Digia's service range.

2023 was the first year in our three-year strategy period. One of our objectives is to increase the share of Digia's total net sales accounted for by international operations to 15 per cent by the end of 2025. Top of Minds, which became part of Digia in the review period, is a step towards achieving this objective. International operations represented 8.7 per cent of net sales in 2023.

Our responsible way of working is the foundation of our strategy. We continued our sustainability efforts in preparation for the EU's Corporate Sustainability Reporting Directive, which will apply to our reporting in 2024. Sustainability goals are included in Digia's objectives for the 2023-2025 strategy period and the incentive scheme. Our goal is to reduce our carbon footprint, and to be a good and attractive employer and a trusted partner to our customers. Our carbon footprint decreased by 37 per cent from the comparable level in 2019. Our customer and personnel satisfaction were at a good level and improved further in 2023. Compared to the previous year, Digia's Customer Net Promoter Score (NPS) improved by 23 per cent and its Employee Net Promoter Score (eNPS) by 25 per cent. We achieved a Silver rating from Ecovadis – an international assessment of sustainability – for the third time in a row.

Digia is also a responsible partner to its customers when it comes to data security. Towards the end of 2023, we expanded our ISO 27001 data security certification in connection with the annual audit to cover new business functions in Managed Solutions and Financial Platforms as well as our offices in Turku and Oulu.

In 2023, we operated in an uncertain market, but in our view the IT service market will see further good growth in the long term. We have proven our ability to achieve long-term profitable growth and we believe that the trend in the long-term demand for smart digital solutions is strong. This development is supported by new opportunities opened up by automation and AI in data utilisation. A state-of-the-art business platform and the secure utilisation of smart solutions comprise an increasingly essential success factor for all organisations.

I would like to thank all of Digia's personnel, customers, shareholders and other partners for 2023, a year of sustainable growth!"

Profit guidance for 2024

Digia's profit guidance for 2024: Digia's net sales (EUR 192.1 million in 2023) and operating profit (EBITA) (EUR 16.7 million in 2023) will increase compared to 2023.

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 9:30 am EET on Friday, 9 February 2024 as a Teams meeting. Attendance instructions have been emailed to participants.

The material and presentation for the event will be available from 9:30 am on 9 February 2024 on the company's website: digia.com/en/investors/reports-and-presentations.

Financial reporting

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

- Business Review 1–3/2024: Wednesday, 8 May 2024 at 8:00 am EEST
- Half-year Interim Report 1–6/2024: Friday, 9 August 2024 at 8:00 am EEST
- Business Review 1–9/2024: Friday, 25 October 2024 at 8:00 am EEST

The Annual Report will be published on the company's website on Thursday, 29 February 2024.

Digia Plc's Annual General Meeting will be held on Wednesday, 20 March 2024.

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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 1,500 of us working at Digia and we operate globally with our international customers. Digia's turnover in 2023 was EUR 192.1 million. The company is listed on Nasdaq Helsinki (DIGIA).
digia.com

DIGIA PLC'S FINANCIAL STATEMENT BULLETIN 2023

Digia is a growing software and service company that combines technological possibilities and human capabilities to build intelligent business, society and a sustainable future. Digia is your partner for comprehensive digitalisation. We provide all the layers of digitalisation from business systems to integrations, digital services and 24/7 monitoring and service management.

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

Markets, business environment and Digia's market position

Digia's main market is Finland, and we also provide solutions internationally. In addition to Finland, Digia operates in Sweden and the Netherlands.

Digia believes that the IT service market will grow during the strategy period, even though risks related to short-term demand have increased in the operating environment, particularly due to the weaker macroeconomic outlook and high inflation. This is to some extent being reflected in customer behaviour.

However, the long-term trend in demand for digital solutions is strong, and data utilisation that harnesses intelligent technology both efficiently and securely is an increasingly essential success factor for all organisations. Expanding existing systems and utilising the data they generate will play a central role alongside new digital solutions. This means that both integration and data expertise will become increasingly important. Interest in automation and harnessing artificial intelligence is also growing strongly. Although streamlining is often the focus during an economic downturn, our customers' goal is to boost the efficiency of their current operations and thereby enable investments in continuous digitalisation and, above all, artificial intelligence.

Digia's extensive offering – through both individual service areas and broader customer solutions – brings stability and balances out the effects of any market fluctuations in our business.

We see the following trends:

- User-centred and secure solutions are gaining further ground. A good user experience for applications is of paramount importance.
- The level of automation and intelligent functionalities is growing. Digital evolution 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 data and technology.
- Instead of isolated solutions, the renewal of entire businesses as a whole is being considered. Application and IT system entities are expanding and becoming more complex. Operational continuity, which is critical for organisations and business, emphasises the interoperability, reliability and security of system entities. When an

overview and roadmap of the business have been drafted, system modernisation can be carried out in phases.

- Business operations are becoming networked both internally and externally. Secure and reliable integrations are at the heart of digital evolution. They enable the functionality of application packages and data availability.
- Sustainable development and the green transition are megatrends. The utilisation of digital technologies and data is key to solving sustainability challenges.

Digia combines technological possibilities and human capabilities to build intelligent business, society and a sustainable future. In line with our strategy, we develop and maintain high-quality business solutions for our customers, which we fine-tune with automation and intelligent technology. Our mission is to ensure that our customers are at the forefront of digital evolution, with an operational model and rhythm that are right for them.

Net sales

October–December 2023

Digia's net sales for the review period totalled EUR 53.2 (48.7) million, up 9.1 per cent on the corresponding period of the previous year. Organic growth accounted for 2.6% of net sales.

Net sales growth was boosted especially by the open source AI and automation platform, high-security solutions, Microsoft Dynamics 365 Unified Operations, Microsoft Customer Apps & Power Platform and Productivity Leap. This was also a strong quarter for our Managed Services unit. The acquisition of Top of Minds increased net sales in the fourth quarter.

The service and maintenance business accounted for 51.6 (55.4) per cent and the project business for 48.4 (44.6) per cent of the company's net sales during the review period. The net sales of both the project and the service and maintenance businesses include product business activities, which accounted for 12.1 (12.8) per cent of the Group's total net sales. The product business comprises Digia's own licences, the licence sales of its partners, as well as licence maintenance.

January–December 2023

Digia's net sales for the January–December period totalled EUR 192.1 (170.8) million, representing a year-on-year increase of 12.5 per cent. Organic growth accounted for 8.8% of net sales.

All our service areas increased their net sales during the year, and the operations of Top of Minds as part of Digia got off to a very promising start.

The service and maintenance business accounted for 56.0 (60.3) per cent of net sales, while the project business accounted for 44.0 (39.7) per cent. The product business accounted for 12.1 (12.9) per cent of the company's total net sales.

Profit and profitability

October–December 2023

Operating profit (EBITA) for the review period amounted to EUR 5.1 (5.1) million with an EBITA margin (EBITA %) of 9.6 (10.5) per cent. Operating profit for the review period was impacted by non-recurring costs of EUR 0.3 million related to internationalisation and the development of sustainability reporting.

Earnings before taxes were EUR 3.8 (2.9) million, with earnings after taxes totalling EUR 3.1 (2.3) million. Earnings per share were EUR 0.12 (0.09). Net financial expenses amounted to EUR -0.6 (-1.3) million.

January–December 2023

Digia's operating profit (EBITA) for January–December was EUR 16.7 (15.7) million with an EBITA margin (EBITA %) of 8.7 (9.2) per cent. Digia's own collective agreement came into force in May, and included a new pay settlement for 2023–2024. The salary increases under this agreement were implemented as of May. During the financial year, we invested in international growth and preparations for changes in sustainability legislation.

Earnings before taxes were EUR 12.4 (12.0) million, with earnings after taxes totalling EUR 9.9 (9.6) million. Earnings per share were EUR 0.37 (0.36). Net financial expenses amounted to EUR -1.4 (-0.7) million.

Research and development

Digia constantly invests in enhancing its long-term competitiveness. In January–December, research and development expenses on Digia's own products totalled EUR 4.8 (5.5) million, which represents 2.5 (3.2) per cent of net sales. R&D mainly focused on the development of the Digia Envision ERP solution, which was updated last year, and Digia's automation and AI platform. We also continued to develop ERP systems for the financial and logistics sectors.

Financing, cash flow and expenditure

At the end of December 2023, Digia's balance sheet total stood at EUR 168.2 (160.1) million. Balance sheet growth was largely due to acquisitions.

Equity ratio was 46.7 (45.9) per cent and net gearing was 32.8 (24.8) per cent. At the end of December 2023, Digia had EUR 37.2 (31.9) million in interest-bearing liabilities. Unused bank credit facilities amounted to EUR 4.5 million at the end of December. Interest-bearing liabilities consisted of EUR 20.6 million in long-term and EUR 11.6 million in short-term loans from financial institutions, and EUR 5.0 million in lease liabilities.

Cash flow from operating activities in January–December 2023 totalled EUR 17.0 (14.3) million. Cash flow from investments came to EUR -16.4 (-11.8) million. Cash flow from financing was EUR -2.5 (-6.1) million.

Human resources and management

At Digia, we seek to build smooth everyday working practices and an excellent employee experience – to build a work community that offers Digia employees the best possible opportunities for success. We aim to be an attractive employer in the technology sector – a goal-oriented employer that supports personnel wellbeing and competence development. We want to provide a safe and healthy working environment in which every employee is valued for themselves.

During the review period, we made two significant investments in building our workplace culture and community. In March, we celebrated the start of Digia's new strategy period with a party at the Helsinki Exhibition and Convention Centre. This celebration brought together all Digia personnel and, after the pandemic, enabled much-needed interaction between both new and existing colleagues.

Digia's own collective agreement entered into force on 1 May 2023, seeking flexibility and focus areas that take the needs of Digia and its personnel into account. For example, Digia already offers flexible working hours that facilitate daily work, a flexible hybrid model for remote and in-person work, and strong investments in wellbeing. These and other themes were assessed, and some were also included in our company-specific collective agreement. A pay settlement for 2023–2024 was also agreed on as part of this collective agreement package. A new kind of model was introduced in which salary adjustments are partly tied to trends in the company's profitability. Its primary aim is to ensure that the company's success benefits all Digia employees. We also continued to develop our practices for salaries and remuneration.

In 2023, we also developed our feedback culture. We introduced a new tool through which Digia employees can give and request feedback. We also held feedback training for supervisors, service managers and project managers. An active feedback culture is necessary for continuous learning, and supports personal development and achievement of objectives alongside performance and development discussions.

Digia's number of employees increased both organically and inorganically during the review period due to the Top of Minds acquisition. As an employer, Digia attracts a broad range of experts. In 2023, we were among the 40 most interesting employers in Universum and Academic Work's surveys on the most attractive employers. In the early year, we continued our popular Career Compass campaign for students in the sector, through which we recruited dozens of new Digia employees on both permanent and fixed-term contracts. The total number of employees at the end of the year was 1,527 (1,436) and our personnel turnover was 9.5 per cent.

In the review year, we prepared a new equality and non-discrimination plan for 2023–2025. The plan's key themes are an inclusive culture and psychological safety, making the use of English commonplace, increasing the proportion of women working at Digia, and increasing inclusivity and career opportunities for women. As part of Digia's equality and non-discrimination work, we are also involved in the UN Global Compact's Target Gender Equality Accelerator training programme. This provides important information, and helps companies to find suitable targets and draw up an action plan to promote gender equality, diversity and equal pay.

All Digia employees play their part in creating a functional and psychologically safe workplace. We revised our guidelines on intervening in inappropriate behaviour and harassment, and organised training on how to intervene in such situations for supervisors and others in positions of trust.

Towards the end of the year, we also conducted a personnel survey to assess the job satisfaction of Digia employees and meaningful issues and their realisation in our day-to-day lives. The aim is to identify factors that will improve our employee experience. The employee net promoter score (eNPS), which measures employee satisfaction, improved by 25% year-on-year.

Changes in Group structure

In November 2022, to clarify its group structure, Digia started the merger process of its subsidiary Avalon Oy into Digia Finland Oy, which was completed on 1 May 2023. In March 2023, Digia started the merger process of its subsidiary SolaSys Oy into Digia Finland Oy, which was completed on 1 October 2023.

On 31 December 2023, the Digia Group included the parent company Digia Plc and the following subsidiaries:

- Digia Finland Oy and its subsidiary Most Digital Sweden AB
- Productivity Leap Oy
- Digia Sweden AB
- Climber International AB and its subsidiaries Climber Finland Oy, Climber Benelux B.V., Climber Danmark ApS, Climber Holding AB and its subsidiary Climber AB
- Top of Minds AB and its subsidiaries Top of Minds Accelerate AB, Top of Minds Drive AB, Top of Minds Go AB, Top of Minds Steam AB and Top of Minds Top AB.

Share capital and shares

On 31 December 2023, the number of Digia Plc shares totalled 26,823,723 and the company had a total of 8,064 shareholders.

Digia Plc held a total of 129,604 treasury shares on 31 December 2023. The accounting counter value of these treasury shares is EUR 0.10 per share. The company held about 0.5 per cent of its capital stock.

At the end of the period, a total of 216,789 company shares, previously funded by Digia for use in the incentive system for key personnel and under the management of Evli Awards Management Ltd, remained undistributed.

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

Trading on the Helsinki Exchanges

Digia Plc's share is listed on Nasdaq Helsinki Ltd in the Technology sector. The company's short name is DIGIA. The lowest reported share quotation in 2023 was EUR 4.74 and the highest EUR 6.66. The share officially closed at EUR 5.40 on 31 December 2023. The share's trade weighted average price was EUR 5.96. The company's market capitalisation totalled EUR 144,848,104 on 31 December 2023.

Flagging notifications

On 27 December 2023, Digia received notification of changes in the company's ownership in accordance with Chapter 9 Section 10 of the Finnish Securities Market Act. According to the notification, Ilmarinen Mutual Pension Insurance Company held a total of 26,823,723 Digia Plc shares and votes, corresponding to 9.91 per cent of all Digia shares and votes.

Decisions of the Annual General Meeting and the organisation of the Board of Directors

Digia Plc's Annual General Meeting (AGM), held on 23 March 2023, adopted the company's annual accounts, including the consolidated annual accounts for 1 January–31 December 2022, and discharged the members of the Board and the President and CEO from liability.

Dividends

In accordance with the proposal of the Board of Directors, the Annual General Meeting decided that a dividend of EUR 0.17 per share be paid according to the confirmed balance sheet for the financial year ending 31 December 2022.

Composition of the Board of Directors

The AGM decided to elect six members to the Board. Martti Ala-Härkönen, Santtu Elsinen, Robert Ingman, Sari Leppänen and Outi Taivainen were re-elected as Board members, and Henry Nieminen was elected as a new member. At its organisational meeting after the AGM, the Board of Directors elected Robert Ingman as Chair and Martti Ala-Härkönen as Vice Chair of the Board.

At the meeting, the Board of Directors decided as follows on the composition of the Board committees:

- Audit Committee: Martti Ala-Härkönen (Chair), Santtu Elsinen and Henry Nieminen
- Compensation Committee: Outi Taivainen (Chair), Robert Ingman and Sari Leppänen
- Nomination Committee: Santtu Elsinen (Chair), Robert Ingman and Martti Ala-Härkönen

Board members' emoluments

The Annual General Meeting decided on the payment of monthly remunerations of EUR 3,500 to Board members, EUR 4,500 to the Vice Chair and EUR 6,000 to the Chair for their work on the

Board for the duration of the term expiring at the end of the 2024 Annual General Meeting. In addition, fees of EUR 1,000 to the Chair and EUR 500 to other members are paid per each Board and Board Committee meeting. It was decided that Board members will be reimbursed for ordinary and reasonable expenses resulting from Board work against an invoice.

Auditor's fees

The AGM decided that the company's auditor will be paid according to the auditor's reasonable invoice approved by the company.

Authorising the Board of Directors to decide on buying back own shares and/or accepting them as collateral

The Annual General Meeting authorised the Board to decide on the acquisition and/or pledging of treasury shares with the following terms and conditions:

- A maximum total of 2,000,000 shares may be bought back and/or pledged in one or more instalments. The proposed number is under 10 per cent of the company's total number of shares.
- Only unrestricted equity may be used to buy back treasury shares.
- The Board will decide on how these shares are to be acquired. Treasury shares may be bought back in disproportion to shareholders' holdings (directed acquisition). This authorisation also includes the acquisition of shares through public trading on Nasdaq OMX Helsinki in accordance with the rules and instructions of Nasdaq OMX Helsinki and Euroclear Finland Ltd, or through offers made to shareholders.
- Shares may be acquired in order to improve the company's capital structure, to fund or complete acquisitions or other business transactions, to offer share-based incentive schemes, to sell on, or to be annulled.
- The shares must be acquired at the market price in public trading. The minimum price of the shares to be acquired shall be the lowest quotation in public trading while the authorisation is in force and, correspondingly, the maximum price shall be the highest quotation in public trading while the authorisation is in force.
- The Board of Directors is otherwise authorised to decide on all terms relating to share buyback.

This authorisation will supersede the authorisation granted by the AGM of 21 March 2022 and is valid for 18 months, that is, until 23 September 2024.

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, with the following conditions:

- 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 21 March 2022 and is valid for 18 months, that is, until 23 September 2024.

Amendment to the Articles of Association

The Annual General Meeting approved an amendment to Section 10 of the company's Articles of Association, which would allow General Meetings to take place entirely without a meeting venue if the Board so decides.

Changes highlighted below:

10 § Annual General Meeting

The Annual General Meeting shall be held annually in Helsinki, Espoo or Vantaa on a date determined by the Board of Directors within six months of the end of the financial year.

The Board of Directors may decide that a General Meeting (either Annual or Extraordinary) can be held entirely without a meeting venue, in a way that enables shareholders to fully exercise their right to speak and vote in real time during the meeting by way of a telecommunications connection or other technical means.

To be presented at the meeting:

1. Financial Statements, Consolidated Financial Statements, and the Report of the Board of Directors;

2. Auditor's Report

To be decided upon:

3. the adoption of the Financial Statements and the Consolidated Financial Statements

4. the disposal of profit according to the balance sheet

5. discharge of liability for the Members of the Board of Directors and the President & CEO

6. remuneration payable to the Board of Directors and grounds for compensation of expenses

7. the number of Members of the Board of Directors

To be elected:

8. the Members of the Board of Directors, and

9. the Auditor, if necessary

More information about the AGM's decisions is available at digia.com/en/investors/governance/annual-general-meeting/agm-2023

Events after the review period

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

Risks and uncertainties

Digia's risk management process is supported by centralised risk management software. Risks are classified as strategic, financial, operational and sustainability risks. The Audit Committee of the Board of Directors is responsible for supervising the implementation of risk management and assessing its effectiveness. Monitoring focuses on risks of material significance to the company that are classified as high risk. Digia's Group Management Team is responsible for the appropriateness of risk management and overseeing operational activities. The owner of risk management is responsible for reporting on risks and their correct assessment.

The development of the risk status is reported to the Audit Committee twice a year and the Group Management Team monitors the risk status at its regular meetings. Reports cover the risk status, the impacts of significant risks and measures used to manage them, and the monitoring of objectives, including the specified indicators.

The company's strategic and financial risks relate to increasing competition and potential significant changes in the company's operating environment and service areas. General economic trends, higher interest rates 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 in Ukraine 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 and remain in effect due to the uncertainty in the business climate. If demand sees a sharp fall, price levels might also decline. Although the pricing models used in the service business balance out cyclical business, products provided via SaaS (Software as a Service) involve longer-term revenue streams compared to the one-off payment of product licenses. 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 always poses a risk. Risks related to customer receivables are also growing.

Data security and protection risks comprise a significant risk area in the company's business operations. Organisations have more and more information that is critical to their operations. Threats to data security and protection, and their quality and quantity, have risen significantly in recent years. Data security and protection risks mainly concern technology and people. Significant risk factors include, for instance, risks in high-security projects and the subcontracting chain. Due to the nature of its operations, the company is also the target of hostile influence. The company identifies, manages and prevents both internal and external threats. The company 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 company's employees are continuously trained, and data security and protection issues are actively communicated within the company and, if necessary, also to partners and customers. The company works in close cooperation with a variety of data security and protection authorities and networks. Physical security and personnel safety issues are managed using mechanisms similar to those employed in data security and data protection.

Sustainability risks consist of environmental, social and governance risks. Office work poses a rather low risk of environmental damage. The potential risks related to social responsibility that are monitored include experiences of overwork, occupational well-being, 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 equipment and the sourcing of raw materials. Administrative risks primarily concern the company's legality and ethical operations.

Outlook for 2024

Profit guidance for 2024: Digia's net sales (EUR 192.1 million in 2023) and operating profit (EBITA) (EUR 16.7 million in 2023) will increase compared to 2023.

Helsinki, 9 February 2024

Digia Plc

Board of Directors

TABLES SECTION

Accounting policies

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Condensed consolidated balance sheet

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Accounting policies

This Financial Statement Bulletin was prepared in compliance with IFRS and the IAS 34 Interim Financial Reporting standard. No significant changes have been made to the accounting policies in 2023. Costs arising from the acquisition of customer contracts, including compensation paid to sales personnel for service contracts, are recognised in the balance sheet when the required conditions are met. Expenses and sales are recognised on an accrual basis for the contract period when the services are handed over. The half-year report has not been audited.

Condensed consolidated income statement

EUR 1,000	10-12/ 2023	10-12/ 2022	Change, %	1-12/ 2023	1-12/ 2022	Change, %
NET SALES	53,160	48,735	9.1%	192,087	170,754	12.5%
Other operating income	75	104	-27.8%	145	248	-41.5%
Materials and services	-9,192	-8,539	7.7%	-33,270	-28,512	16.7%
Depreciation, amortisation and impairment	-1,793	-1,635	9.6%	-7,256	-7,094	2.3%
Other operating expenses	-37,933	-34,443	10.1%	-137,871	-122,671	12.4%
Operating profit (EBIT)	4,318	4,222	2.3%	13,835	12,727	8.7%
Financial expenses (net)	-565	-1,285	-56.1%	-1,405	-677	107.6%
Profit before taxes	3,753	2,937	27.8%	12,430	12,050	3.2%

EUR 1,000	10-12/ 2023	10-12/ 2022	Change, %	1-12/ 2023	1-12/ 2022	Change, %
Income taxes	-617	-624	-1.1%	-2,558	-2,479	3.2%
RESULT FOR THE PERIOD	3,136	2,313	35.6%	9,872	9,571	3.1%
Other comprehensive income						
Items that may later be reclassified as profit or loss:						
Exchange differences on translation of foreign operations	1,292	-1,145	-212.8%	728	-1,721	-142.3%
TOTAL COMPREHENSIVE INCOME	4,428	1,168	279.2%	10,600	7,850	35.0%
Distribution of net profit for the period						
Parent-company shareholders	3,136	2,304	36.1%	9,868	9,533	3.5%
Non-controlling interests	0	9	-100.0%	4	39	-98.7%
Distribution of total comprehensive income						
Parent-company shareholders	4,428	1,159	282.2%	10,596	7,812	35.6%
Non-controlling interests	0	9	-100.0%	4	39	-89.7%
Earnings per share, EUR (undiluted EPS)	0.12	0.09	35.9%	0.37	0.36	2.9%
Earnings per share, EUR (diluted EPS)	0.12	0.09	35.5%	0.37	0.36	2.2%

Condensed consolidated balance sheet

EUR 1,000	31 Dec 2023	31 Dec 2022
Assets		
Non-current assets		
Goodwill	93,295	85,829
Other intangible assets	13,338	14,389
Tangible assets	481	570
Right-of-use assets	4,634	5,957
Investments	482	483
Non-current receivables	593	372
Deferred tax assets	290	332
Total non-current assets	113,113	107,932
Current assets		
Current receivables	42,639	37,846
Cash and cash equivalents	12,404	14,338
Total current assets	55,044	52,184
Total assets	168,157	160,115
Shareholders' equity and liabilities		
Share capital	2,088	2,088
Other reserves	5,204	5,204
Unrestricted shareholders' equity reserve	42,081	42,081
Translation difference	-1,533	-2,261

EUR 1,000	31 Dec 2023	31 Dec 2022
Retained earnings	17,713	14,391
Result for the period	9,868	9,533
Equity attributable to parent-company shareholders	75,420	71,034
Equity attributable to non-controlling interests	0	53
Total shareholders' equity	75,420	71,087
Liabilities		
Non-current interest-bearing liabilities	22,486	20,302
Non-current advances received	15	107
Other non-current liabilities	3,480	5,232
Deferred tax liabilities	2,534	2,553
Total non-current liabilities	28,515	28,194
Current interest-bearing liabilities	14,690	11,644
Other current liabilities	49,532	49,191
Total current liabilities	64,222	60,834
Total liabilities	92,736	89,028
Shareholders' equity and liabilities	168,157	160,116

Consolidated cash flow statement

EUR 1,000	1 Jan 2023–31 Dec 2023	1 Jan 2022–31 Dec 2022
Cash flow from operations:		

EUR 1,000	1 Jan 2023–31 Dec 2023	1 Jan 2022–31 Dec 2022
Profit for the period	9,868	9,571
Adjustments to net profit	11,744	9,194
Change in working capital	-3,379	-1,547
Change in other receivables and liabilities	1,467	2,567
Interest paid	-1,070	-308
Interest income	263	16
Taxes paid	-1,920	-5,242
Cash flow from operations	16,973	14,252
Cash flow from investments:		
Purchases of tangible and intangible assets	-56	-1,177
Acquisition of subsidiaries, net of cash and cash equivalents at the time of acquisition	-7,251	-10,646
Additional purchase prices of subsidiaries	-9,059	-
Cash flow from investments	-16,366	-11,823
Cash flow from financing:		
Repayment of lease liabilities	-3,478	-3,810
Repayment of current loans	-8,319	-5,000
Withdrawals of non-current loans	15,000	9,000
Acquisition of treasury shares	-1,237	-1,936
Sale of treasury shares	-	163
Dividends paid	-4,515	-4,478
Cash flow from financing	-2,549	-6,087
Change in cash and cash equivalents	-1,942	-3,659

EUR 1,000	1 Jan 2023–31 Dec 2023	1 Jan 2022–31 Dec 2022
Cash and cash equivalents at beginning of period	14,338	18,148
Effect of changes in foreign exchange rates	9	-151
Change in cash and cash equivalents	-1,942	-3,659
Cash and cash equivalents at end of period	12,404	14,338

Statement of changes in shareholders' equity

EUR 1,000	a	b	c	d	e	f	g
Shareholders' equity, 1 Jan 2022	2,088	42,081	5,204	-541	19,226	14	68,072
Net profit					9,533	39	9,571
Other comprehensive income				-1,721			-1,721
Transactions with shareholders							
Dividends					-4,478		-4,478
Share-based payments recognised against equity					63		63
Acquisition of treasury shares					-420		-420
Shareholders' equity, 31 Dec 2022	2,088	42,081	5,204	-2,261	23,923	53	71,087
Shareholders' equity, 1 Jan 2023	2,088	42,081	5,204	-2,261	23,923	53	71,087
Net profit					9,868	4	9,872
Other comprehensive income				728			728

Transactions with shareholders							
Dividends					-4,515		-4,515
Acquisition of minority shares					-242	-56	-298
Share-based payments recognised against equity					-217		-217
Acquisition of treasury shares					-1,237		-1,237
Shareholders' equity, 31 Dec 2023	2,088	42,081	5,204	-1,533	27,581	0	75,420

a = share capital

b = unrestricted invested shareholders' equity reserve

c = other reserves

d = currency translation differences

e = retained earnings

f = non-controlling interests

g = total shareholders' equity

Property, plant, and equipment, and intangible assets

EUR 1,000	Tangible assets	Goodwill	Other intangible assets
31 Dec 2023			
Acquisition cost, 1 Jan 2023	45,116	137,223	55,026
Increases	2,344	7,132	2,510
Decreases	-454	0	0
Translation difference	3	334	0
Transferred in acquisitions of business operations	331		136
Acquisition cost, 31 Dec 2023	47,340	144,689	57,672

EUR 1,000	Tangible assets	Goodwill	Other intangible assets
Accumulated depreciation and amortisation, 1 Jan 2023	-38,589	-51,394	-40,637
Depreciation (in income statement)	-3,623	0	-3,633
Translation difference	-15	0	-63
Accumulated depreciation and amortisation, 31 Dec 2023	-42,226	-51,394	-44,334
Book value, 1 Jan 2023	6,526	85,829	14,389
Book value, 31 Dec 2023	5,114	93,295	13,338
31 Dec 2022			
Acquisition cost, 1 Jan 2022	42,388	123,309	48,314
Increases	3,090	15,030	1,014
Decreases	-319	0	0
Translation difference	-82	-1,116	-413
Transferred in acquisitions of business operations	38	0	0
Acquisition cost, 31 Dec 2022	45,116	137,223	55,026
Accumulated depreciation and amortisation, 1 Jan 2022	-34,734	-51,394	-37,439

EUR 1,000	Tangible assets	Goodwill	Other intangible assets
Depreciation (in income statement)	-3,875	0	-3,219
Translation difference	19	0	20
Accumulated depreciation and amortisation, 31 Dec 2022	-38,589	-51,394	-40,637
Book value, 1 Jan 2022	7,655	71,915	10,876
Book value, 31 Dec 2022	6,526	85,829	14,389

Condensed income statement by quarter

EUR 1,000	10-12/2023	7-9/2023	4-6/2023	1-3/2023	10-12/2022
Net sales	53,160	41,046	47,847	50,034	48,735
Other operating income	75	9	-464	525	104
Materials and services	-9,192	-7,247	-8,297	-8,534	-8,539
Depreciation, amortisation and impairment	-1,793	-1,768	-1,837	-1,858	-1,635
Other operating expenses	-37,933	-29,323	-34,586	-36,029	-34,443
Operating result	4,318	2,717	2,664	4,137	4,222
Financial expenses (net)	-565	-348	-260	-233	-1,285
Profit before taxes	3,753	2,369	2,404	3,904	2,937
Income taxes	-617	-514	-545	-883	-624
Result for the period	3,136	1,856	1,859	3,021	2,313

EUR 1,000	10-12/2023	7-9/2023	4-6/2023	1-3/2023	10-12/2022
Distribution of net profit for the period					
Parent-company shareholders	3,136	1,853	1,865	3,014	2,304
Non-controlling interests	0	-3	-7	7	9
Earnings per share, EUR, undiluted	0.12	0.07	0.07	0.11	0.09
Earnings per share, EUR, diluted	0.12	0.07	0.07	0.11	0.09

Group key figures

EUR 1,000	1-12/2023	1-12/2022
Extent of business		
Net sales	192,087	170,754
Average capital invested	107,814	100,575
Number of personnel	1,527	1,426
Average number of personnel	1,465	1,399
Profitability		
Operating profit (EBITA)	16,727	15,733
- as a % of net sales	8.7%	9.2%
Operating profit (EBIT)	13,835	12,727
- as a % of net sales	7.2%	9.2%
Profit before taxes	12,430	12,050
- as a % of net sales	6.5%	7.1%
Result for the period	9,872	9,571
- as a % of net sales	5.1%	5.6%

EUR 1,000	1-12/2023	1-12/2022
Return on equity, %	13.5%	13.8%
Return on investment, %	12.9%	12.9%
Financing and financial standing		
Interest-bearing net liabilities	24,771	17,608
Net gearing	32.8%	24.8%
Equity ratio	46.7%	45.9%
Cash flow from operations	16,973	14,252
Earnings per share, EUR, undiluted	0.37	0.36
Earnings per share, EUR, diluted	0.37	0.36
Equity/share, EUR	2.81	2.65
Lowest share trading price, EUR	4.74	5.62
Highest share trading price, EUR	6.66	7.80
Average share price, EUR	5.96	6.67
Market capitalisation, EUR 1,000	144,848	153,163

Change in contingent liabilities

The company has recognised contingent liabilities from its acquisitions in 2021 and 2022. EUR 9.1 million of the payments for 2023 are presented in cash flow from investments.

EUR 1,000	2023	2022
Contingent liabilities 1 Jan	13,804	7,324
New acquisitions	2,336	5,232
Payments	-9,059	0.0
Increase in value	1,231	1,247

EUR 1,000	2023	2022
Decrease in value	-748	0.0
Contingent liabilities 31 Dec	7,564	13,804

Formulas

Operating profit (EBITA):

Operating profit + purchase price allocation amortisation and costs

EBITA margin, %:

$$\frac{\text{Operating profit} + \text{purchase price allocation amortisation and costs}}{\text{Net sales}} \times 100$$

Return on investment (ROI),%:

$$\frac{(\text{Profit or loss before taxes} + \text{interest and other financing costs})}{\text{Balance sheet total} - \text{non-interest bearing liabilities (average)}} \times 100$$

Return on equity (ROE),%:

$$\frac{(\text{Profit or loss before taxes} - \text{taxes})}{\text{Shareholders' equity}} \times 100$$

Equity ratio, %:

$$\frac{(\text{Shareholders' equity} + \text{minority interest})}{\text{Balance sheet total} - \text{advances received}} \times 100$$

Earnings per share:

$$\frac{(\text{Profit before taxes} - \text{taxes} + / - \text{minority interest})}{\text{Average number of shares during the period, adjusted for share issues}}$$

Earnings per share (diluted):

(Profit before taxes - taxes +/- minority interest)

The average number of shares during the period, adjusted for share issues, includes shares and options issued through share-based incentives schemes.

Dividend per share:

Total dividend

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

Net gearing, %:

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

Shareholders' equity

Largest shareholders 31 Dec 2023

Shareholders	Shares and votes	%
1. Ingman Development Oy Ab	7,900,000	29.5%
2. Etola Oy	3,430,495	12.8%
3. Ilmarinen Mutual Pension Insurance Company	2,658,306	9.9%
4. Varma Mutual Pension Insurance Company	1,247,142	4.7%
5. Savolainen Matti Ilmari	883,959	3.3%
6. Rausanne Oy	237,057	0.9%
7. Varelius Juha Pekka	218,424	0.8%
8. EAM Digia Holding Oy	216,789	0.8%
9. Kohonen Jorma Tapani	215,658	0.8%
10. Mandatum Life Insurance Company	199,086	0.7%
Total	17,206,916	64.2%