



Digia Plc

HALF-YEAR FINANCIAL REPORT

January–June 2024 (unaudited)

Digia's profitable growth continued: second-quarter net sales up 8.8 per cent and operating profit (EBITA) improved by 24.5 per cent

April-June 2024

- Net sales: EUR 52.1 (47.8) million, up 8.8 per cent
- Operating profit (EBITA): EUR 4.2 (3.4) million, up 24.5 per cent; EBITA margin: 8.1 (7.1) per cent of net sales
- Operating profit (EBIT): EUR 3.5 (2.7) million, up 29.7 per cent; EBIT margin: 6.6 (5.6) per cent of net sales
- Earnings per share: EUR 0.09 (0.07)

January-June 2024

- Net sales: EUR 105.7 (97.9) million, up 8.0 per cent
- Operating profit (EBITA): EUR 9.7 (8.3) million, up 18.0 per cent; EBITA margin: 9.2 (8.4) per cent of net sales
- Operating profit (EBIT): EUR 8.2 (6.8) million, up 20.7 per cent; EBIT margin: 7.8 (6.9) per cent of net sales
- Earnings per share: EUR 0.22 (0.18)
- Return on investment: 15.1 (13.6) per cent
- Equity ratio: 46.9 (45.1) 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	4-6/ 2024	4-6/ 2023	Change, %	1-6/ 2024	1-6/ 2023	Change, %	1-12/ 2023
Net sales	52,062	47,847	8.8%	105,710	97,881	8.0%	192,087
Operating profit (EBITA)	4,219	3,390	24.5%	9,742	8,259	18.0%	16,727
- as a % of net sales	8.1%	7.1%		9.2%	8.4%		8.7%
Operating profit (EBIT)	3,455	2,664	29.7%	8,206	6,801	20.7%	13,835
- as a % of net sales	6.6%	5.6%		7.8%	6.9%		7.2%
Result for the period	2,460	1,859	32.3%	5,875	4,880	20.4%	9,872
- as a % of net sales	4.7%	3.9%		5.6%	5.0%		5.1%

EUR 1,000	4-6/ 2024	4-6/ 2023	Change, %	1-6/ 2024	1-6/ 2023	Change, %	1-12/ 2023
Return on equity, %				15.4%	14.0%		13.5%
Return on investment, %				15.1%	13.6%		12.9%
Cash flow from operations				13,234	7,535	66.8%	16,973
Interest-bearing net liabilities				17,705	21,901	-19.2%	24,771
Net gearing, %				23.2%	31.8%		32.8%
Equity ratio, %				46.9%	45.1%		46.7%
Number of personnel at period-end				1,563	1,437	8.8%	1,527
Average number of personnel	1,558	1,443	8.0%	1,551	1,442	7.6%	1,465
Shareholders' equity				76,274	68,768	10.9%	75,420
Balance sheet total				168,614	157,510	7.0%	168,157
Earnings per share, EUR	0.09	0.07	32.7%	0.22	0.18	20.7%	0.37
Earnings per share (diluted), EUR	0.09	0.07	32.3%	0.22	0.18	20.4%	0.37

CEO's Review:

"In the second quarter of 2024, we continued to implement Digia's strategy of long-term profitable growth. Both our net sales and operating profit grew from the comparison period, and at the same time we continued to invest in our business renewal and offering development. I am especially pleased that all of Digia's service areas increased their net sales in spite of the challenging market situation.

Our net sales grew by 8.8 per cent to EUR 52.1 (47.8) million during the second quarter. Organic growth accounted for 2.9 per cent of net sales. In April-June, operating profit (EBITA) grew by 24.5 per cent to EUR 4.2 (3.4) million. EBITA margin amounted to 8.1 (7.1) per cent. The second-quarter result includes EUR 0.3 million in non-recurring restructuring costs.

In January-June, our net sales grew by 8.0 per cent to EUR 105.7 (97.9) million. Organic growth in net sales amounted to 2.2 per cent. Operating profit (EBITA) grew by 18.0 per cent and the EBITA margin was 9.2 (8.4) per cent. Cash flow from operations was strong. International operations accounted for 12.1 (7.3) per cent of net sales in January-June.

In the second quarter, customers remained cautious, rescheduling project start-ups and delaying their decision-making. At the same time, we see a trend in demand in which customers are centralising their procurements, relying on providers with broader offerings. This trend supports Digia's growth.

In the Digital Solutions service area, growth was boosted by the development of digital services and CRM solutions. Growth in the Business Platforms service area was driven by Microsoft technology-based ERP solutions and Digia's logistics product solution. In the Managed Solutions service area, growth was generated by solutions that support higher efficiency in customers' operations and data utilisation. This demand was evident as growth in Digia's automation and AI platform, integrations, and our subsidiary Productivity Leap.

Major customer contracts signed during the review period included a two-million-euro development partnership with a Finnish logistics company in core system development and a one million euro contract for Power Platform development with a financial sector organisation. Thanks to Digia's robust expertise in AI and automation, we won a notable competitive bidding process in the public sector for the selection of a partner to establish a centre of expertise in AI, robotics and automation services. This centre of expertise will develop and produce comprehensive services related to AI, robotics and automation, and handle the overall management and maintenance of solutions.

One of the key themes in the development of our offering during the review period was harnessing automation and AI and their integration into Digia's offering. Digia's automation and AI platform provides our customers with a rapid and cost-effective means to boost their business efficiency. As a result of the development work, the smart platform can be integrated into Digia's customer solutions. Woikoski for example uses the automation and AI platform to automate critical sales orders as part of their Microsoft ERP system. We have also utilised the platform with Digia's own products, such as the Digia Envision and Digia Logistics systems. During the review period, we started deliveries of the new version of the Digia Envision ERP system, which also features climate impact assessment (CO₂ functionality).

Technology vendor Microsoft once again recognised Digia's strong expertise. For the fourth year in a row, Microsoft recognised Digia as Partner of the Year, this time in the Business Applications category.

Quality and information security are an integral part of Digia's reliable operations. During the review period, we completed the recertification of our ISO 9001 quality certificate without any deviations. In addition, we conducted a follow-up assessment of ISO 27001 information security certification covering previously certified business areas without any deviations.

Digia will start reporting in accordance with the EU Sustainability Reporting Directive as from the 2024 financial statements. During the review period, we submitted our commitment to the Science Based Targets initiative, whereby we will define our science-based climate targets. In recognition of our good sustainability efforts, we achieved a silver rating in our annual EcoVadis sustainability assessment for the fourth year running."

Profit guidance for 2024

Digia's profit guidance for 2024 remains unchanged: 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 9:00 am on Friday, 9 August 2024 as a Teams meeting. Attendance instructions have been emailed to participants.

CEO Timo Levoranta will give a webcast on the results starting at 12:00 noon at <https://digia.videosync.fi/q2-2024>.

The material and presentation for the event will be available from 9:00 am on 9 August 2024 on the company's website: digia.com/en/investors/reports-and-presentations.

Financial reporting

Digia will publish its business review for January–September 2024 at 8:00 am on Friday 25 October 2024.

For further information, please contact:

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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 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 1,500 of us working globally with our customers. Digia's net sales totalled EUR 192.1 million in 2023. The company is listed on Nasdaq Helsinki (DIGIA). digia.com

DIGIA PLC HALF-YEAR FINANCIAL REPORT 2024

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 in the long term, even though demand has been cautious in the short term. The long-term trend in the demand for digital solutions is strong in spite of this, and data utilisation harnessing smart technology both efficiently and securely is an increasingly important 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. In addition, interest in automation and harnessing artificial intelligence is growing strongly. Our customers' goal is to boost the efficiency of their current operations and thereby enable investments in continuous digitalisation and artificial intelligence.

Digia's extensive offering – from individual service areas to 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 smart 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 packages are become larger and 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 big picture have been drafted, system modernisation can be carried out in phases.

- Business operations are becoming networked both internally and externally. Secure and reliable integrations and interfaces 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 smart 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

April–June 2024

Digia's net sales for the review period totalled EUR 52.1 (47.8) million, up 8.8 per cent on the corresponding period of the previous year. Organic growth accounted for 2.9% of net sales.

Net sales were increased especially by the open-source automation and AI platform, high-security solutions, digital service development, Microsoft Business Central and Microsoft Customer Apps & Power Platform solutions, and the logistics business. This was also a strong quarter for Digia's subsidiary Productivity Leap.

The service and maintenance business accounted for 49.5 (56.9) per cent and the project business for 50.5 (43.1) 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 11.6 (12.4) 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–June 2024

Digia's net sales for the January–June period totalled EUR 105.7 (97.9) million, representing a year-on-year increase of 8.0 per cent. Organic growth accounted for 2.2 per cent of net sales.

Net sales growth was boosted especially by the open-source automation platform, Microsoft Business Central, Microsoft Customer Apps & Power Platform solutions and Productivity Leap.

The service and maintenance business accounted for 50.1 (57.0) per cent of net sales, while the project business accounted for 49.9 (43.0) per cent. The product business accounted for 11.2 (11.5) per cent of the company's total net sales.

Profit and profitability

April–June 2024

Operating profit (EBITA) for the review period amounted to EUR 4.2 (3.4) million with an EBITA margin (EBITA %) of 8.1 (7.1) per cent. The second-quarter result includes EUR 0.3 million in non-recurring restructuring costs.

Earnings before taxes were EUR 3.2 (2.4) million, with earnings after taxes totalling EUR 2.5 (1.9) million. Earnings per share were EUR 0.09 (0.07). Net financial expenses amounted to EUR -0.3 (-0.3) million.

January–June 2024

Digia's operating profit (EBITA) for January–June was EUR 9.7 (8.3) million with an EBITA margin (EBITA %) of 9.2 (8.4) per cent.

Earnings before taxes were EUR 7.6 (6.3) million, with earnings after taxes totalling EUR 5.9 (4.9) million. Earnings per share were EUR 0.22 (0.18). Net financial expenses amounted to EUR -0.6 (-0.5) million.

Research and development

Digia constantly invests in enhancing the Group's long-term competitiveness. In January–June, research and development expenses on Digia's own products totalled EUR 2.3 (2.4) million, which represents 2.1 (2.5) per cent of net sales. R&D mainly focused on the development of the Digia Envision ERP solution and the Digia OIVA Smart Automation platform. In addition, we continued to develop financial and logistics ERP systems and the Digia liris operational overview and monitoring service.

Financing, cash flow and expenditure

At the end of June 2024, Digia's balance sheet total stood at EUR 168.6 (157.5) million. Balance sheet growth was largely due to an acquisition carried out in 2023.

Equity ratio was 46.9 (45.1) per cent and net gearing was 23.2 (31.8) per cent. At the end of June 2024, Digia had EUR 32.0 (32.5) million in interest-bearing liabilities. At the end of June, unused bank credit facilities amounted to EUR 4.5 million. Interest-bearing liabilities consisted of EUR 15.6 million in long-term and EUR 11.7 million in short-term loans from financial institutions, and EUR 4.8 million in lease agreement liabilities.

Cash flow from operating activities in January–June 2024 totalled EUR 13.2 (7.5) million. Cash flow from investments came to EUR -0.06 (-5.1) million. Cash flow from financing was EUR -11.2 (-6.2) million.

Human resources and management

Learning, goal-orientedness, wellbeing and a sense of community are the cornerstones of Digia's HR strategy. Operations are guided by Digia's cultural principles – courage, sharing, learning and professional pride – which are strongly reflected in the daily lives of Digia employees. During the review period, Digia continued to take action to bolster the focus areas of its HR strategy as planned.

Goal-oriented work and an effective feedback culture were key themes during the review period. During the spring target discussions, Digia introduced a new feedback model for target assessment covering all employees. This model seeks to enhance clarity in feedback and how performance in achieving the targets and what matters should be developed next at the individual and team level. In the same context, Digia continued to use its tried-and-tested peer feedback model to ensure that each Digia employee receives comprehensive feedback and development ideas on their work.

During the review period, Digia launched a project to create new management principles for the company. The management principles are being built in close collaboration with all Digia employees. These management principles, coupled with Digia's cultural principles, will provide a strong framework for the company's day-to-day operations and management.

Digia also continued to work towards more professional and transparent payroll management. The aim is to improve all employees' understanding and transparency with respect to how pay and remuneration are determined.

Digia's recruitment continued as planned in the first half of the year. At the beginning of the year, Digia carried out its popular Career Compass recruiting programme, which is targeted at professionals who are starting out in their careers. The number of applicants for this programme saw substantial year-on-year growth. In addition, Digia climbed into the ranks of the Top 25 most attractive employers in Finland in Universum's survey of IT students. The total number of employees at the end of the review period was 1,563 (1,437), with turnover of 7.1 per cent. Turnover has declined significantly, which is most likely partly influenced by the general market situation in the IT sector.

Efficient premises and hybrid work practices are an important part of building sustainable growth and a great employee experience at Digia. As part of the continuous improvement of Digia's operations, the company decided to modernise its premises in Helsinki. The aim is to facilitate hybrid work, strengthen the sense of community, reduce Digia's carbon footprint and achieve cost savings.

The well-being of employees is an important aspect of Digia's social responsibility. During the review period, the company's performance with respect to its goals for employee well-being developed as planned. Personnel support measures at Digia include internal coaching, the Auntie support service and a variety of support services provided in cooperation with occupational health.

Digia also took numerous steps to strengthen equality and diversity. The company updated its equality and non-discrimination plan and signed the Women's Empowerment Principles

established by UN Women and UN Global Compact. Digia was also one of the official partners of Helsinki Pride.

Changes in Group structure

In order to clarify its group structure, Digia started the process of merging 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 into Top of Minds AB on 1 March 2024. The merger came into effect on 31 May 2024.

On 30 June 2024, 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

Share capital and shares

On 30 June 2024, the number of Digia Plc shares totalled 26,823,723 and the company had a total of 7,884 shareholders.

Digia Plc held a total of 129,604 treasury shares on 30 June 2024. 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: 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 January–June 2024 was EUR 5.04 and the highest EUR 5.98. The share officially closed at EUR 5.46 on 30 June 2024. The share's trade weighted average price was EUR 5.39. The company's market capitalisation on 30 June 2024 was EUR 146,457,528.

Flagging notifications

There were no flagging notifications during the review period.

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

Digia Plc's Annual General Meeting (AGM), held on 20 March 2024, adopted the company's annual accounts, including the consolidated annual accounts for 1 January–31 December 2023, 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 2023. Shareholders listed in the shareholders' register maintained by Euroclear Finland Oy on the dividend reconciliation date, 22 March 2024, will be eligible for the payment of dividend. Dividends will be paid on 2 April 2024.

Remuneration Report for Governing Bodies

The Annual General Meeting decided to adopt the Remuneration Report for Governing Bodies as presented.

Remuneration Policy for Governing Bodies

The Annual General Meeting decided to adopt the Remuneration Policy for Governing Bodies as presented.

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, Henry Nieminen and Outi Taivainen were re-elected as Board members. 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 2025 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. In addition to the aforementioned remuneration, it was

decided that Board members should 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 23 March 2023 and is valid for 18 months, that is, until 20 September 2025.

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 23 March 2023 and is valid for 18 months, that is, until 20 September 2025.

More information about the AGM's decisions is available at
digia.com/en/investors/governance/annual-general-meeting/agm-2024

Events after the review period

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

Risks and uncertainties

Digia's 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. Digia's risk management process is supported by centralised risk management software.

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.

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 risks related to short-term demand. 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 accounts receivable 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 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. Climate threats might disrupt the global supply chains of IT hardware. The potential risks related to social responsibility that are monitored include experiences of overwork, occupational well-being, discrimination and unequal treatment. With respect to the subcontracting chain, potential human rights risks have been analysed and their probability is monitored actively. Human rights risks are also taken into consideration in the selection of new subcontracting partners. Administrative risks primarily concern the company's legality and ethical operations as well as data security and protection.

In addition, increasing regulation may have an adverse impact on the development of Digia's net sales and cost levels.

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, 8 August 2024

Digia Plc

Board of Directors

TABLES SECTION

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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 2024. The half-year report has not been audited.

Condensed consolidated income statement

EUR 1,000	4-6/ 2024	4-6/ 2023	Change, %	1-6/ 2024	1-6/ 2023	Change, %	1-12/ 2023
NET SALES	52,062	47,847	8.8%	105,710	97,881	8.0%	192,087
Other operating income	11	-464	102.4%	23	61	-61.9%	145
Materials and services	-8,713	-8,297	5.0%	-17,745	-16,831	5.4%	-33,270
Depreciation, amortisation and impairment	-1,833	-1,837	-0.2%	-3,661	-3,695	-0.9%	-7,256
Personnel expenses	-32,251	-29,593	9.0%	-64,425	-59,375	8.5%	-115,603
Other operating expenses	-5,822	-4,993	16.6%	-11,696	-11,240	4.1%	-22,267
Operating profit (EBIT)	3,455	2,664	29.7%	8,206	6,801	20.7%	13,835
Financial expenses (net)	-301	-260	15.8%	-616	-493	25.0%	-1,405

EUR 1,000	4-6/ 2024	4-6/ 2023	Change, %	1-6/ 2024	1-6/ 2023	Change, %	1-12/ 2023
Profit before taxes	3,154	2,404	31.2%	7,590	6,308	20.3%	12,430
Income taxes	-722	-545	32.5%	-1,743	-1,428	22.1%	-2,558
RESULT FOR THE PERIOD	2,460	1,859	32.3%	5,875	4,880	20.4%	9,872
Other comprehensive income							
Items that may later be reclassified as profit or loss:							
Exchange differences on translation of foreign operations	451	-702	-164.2%	-737	-958	-23.2%	728
TOTAL COMPREHENSIVE INCOME	2,911	1,157	151.7%	5,139	3,921	31.0%	10,600
Distribution of net profit for the period							
Parent-company shareholders	2,460	1,865	31.9%	5,875	4,879	20.4%	9,868
Non-controlling interests	0	-7	-100%	0	-1	-100%	4
Distribution of total comprehensive income							
Parent-company shareholders	2,911	1,164	150.1%	5,139	3,922	31.0%	10,596
Non-controlling interests	0	-7	-100.0%	0	-1	-100.0%	4
Earnings per share, EUR (undiluted EPS)	0.09	0.07	32.7%	0.22	0.18	20.7%	0.37

EUR 1,000	4-6/ 2024	4-6/ 2023	Change, %	1-6/ 2024	1-6/ 2023	Change, %	1-12/ 2023
Earnings per share, EUR (diluted EPS)	0.09	0.07	32.3%	0.22	0.18	20.4%	0.37

Condensed consolidated balance sheet

EUR 1,000	30 Jun 2024	30 Jun 2023	31 Dec 2023
Assets			
Non-current assets			
Goodwill	92,918	85,319	93,295
Other intangible assets	11,388	12,380	13,338
Tangible assets	425	499	481
Right-of-use assets	4,471	5,219	4,634
Investments	482	483	482
Non-current receivables	435	479	593
Deferred tax assets	341	182	290
Total non-current assets	110,459	104,561	113,113
 Current assets			
Current receivables	43,853	42,395	42,639
Cash and cash equivalents	14,302	10,554	12,404
Total current assets	58,155	52,949	55,044
 Total assets	168,614	157,510	168,157
 Shareholders' equity and liabilities			
Share capital	2,088	2,088	2,088

EUR 1,000	30 Jun 2024	30 Jun 2023	31 Dec 2023
Other reserves	5,204	5,204	5,204
Unrestricted shareholders' equity reserve	42,081	42,081	42,081
Translation difference	-2,270	-3,220	-1,533
Retained earnings	23,297	17,683	17,713
Result for the period	5,875	4,879	9,868
Equity attributable to parent-company shareholders	76,274	68,714	75,420
Equity attributable to non-controlling interests	0	53	0
Total shareholders' equity	76,274	68,768	75,420
<hr/>			
Liabilities			
Non-current interest-bearing liabilities	17,257	20,934	22,486
Non-current advances received	1	61	15
Other non-current liabilities	3,896	4,830	3,480
Deferred tax liabilities	2,236	2,272	2,534
Total non-current liabilities	23,389	28,097	28,515
Current interest-bearing liabilities	14,750	11,521	14,690
Other current liabilities	54,201	49,124	49,532
Total current liabilities	68,951	60,646	64,222
Total liabilities	92,340	88,742	92,736
Shareholders' equity and liabilities	168,614	157,510	168,157

Consolidated cash flow statement

EUR 1,000	1 Jan 2024–30 Jun 2024	1 Jan 2023–30 Jun 2023
Cash flow from operations:		
Profit for the period	5,875	4,880
Adjustments to net profit	6,276	5,203
Change in working capital	1,617	-1,112
Change in other receivables and liabilities	1,627	-837
Interest paid	-949	-447
Interest income	196	110
Taxes paid	-1,408	-262
Cash flow from operations	13,234	7,535
Cash flow from investments:		
Purchases of tangible and intangible assets	-63	-91
Additional purchase prices of subsidiaries		-5,000
Cash flow from investments	-63	-5,091
Cash flow from financing:		
Repayment of lease liabilities	-1,779	-1,814
Repayment of current loans	-4,900	-4,243
Withdrawals of current loans		622
Withdrawals of non-current loans		5,000
Acquisition of treasury shares		-1,237
Dividends paid	-4,501	-4,515
Cash flow from financing	-11,180	-6,186
Change in cash and cash equivalents	1,991	-3,742

EUR 1,000	1 Jan 2024–30 Jun 2024	1 Jan 2023–30 Jun 2023
Cash and cash equivalents at beginning of period	12,404	14,338
Effect of changes in foreign exchange rates	-93	-42
Change in cash and cash equivalents	1,991	-3,742
Cash and cash equivalents at end of period	14,302	10,554

Statement of changes in shareholders' equity

EUR 1,000	a	b	c	d	e	f	g
Shareholders' equity, 1 Jan 2023	2,088	42,081	5,204	-2,261	23,923	53	71,087
Net profit					4,879	1	4,880
Other comprehensive income				-958			-958
Transactions with shareholders							
Dividends					-4,515		-4,515
Share-based payments recognised against equity					-489		-489
Acquisition of treasury shares					-1,237		-1,237
Shareholders' equity, 30 Jun 2023	2,088	42,081	5,204	-3,220	22,562	53	68,768
Shareholders' equity, 1 Jan 2024	2,088	42,081	5,204	-1,533	27,581	0	75,420
Net profit					5,875		5,875
Other comprehensive income				-737			-737
Transactions with shareholders							

Dividends					-4,501		-4,501
Share-based payments recognised against equity					285		285
Other items					-68		-68
Shareholders' equity, 30 Jun 2024	2,088	42,081	5,204	-2,270	29,172	0	76,274

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

Financial assets and liabilities

EUR 1,000	30 Jun 2024 Fair values	31 Dec 2023 Fair values	30 Jun 2024 Balance sheet values	31 Dec 2023 Balance sheet values
Financial assets				
Measured at fair value through profit or loss				
Shares and interests	482	482	482	482
Financial liabilities				
Non-current, measured at amortised cost				
Bank loans	15,572	20,572	15,572	20,572
Liabilities measured at fair value through profit or loss:				
Additional purchase prices (Level 3)	8,653	7,564	8,653	7,564
Current				
Measured at amortised cost				

EUR 1,000	30 Jun 2024 Fair values	31 Dec 2023 Fair values	30 Jun 2024 Balance sheet values	31 Dec 2023 Balance sheet values
Bank loans	11,672	11,572	11,672	11,572

Digia has signed a new five-year lease agreement as part of the renovation of the Helsinki premises. The lease agreement begins on 1 February 2025 and involves lease agreement liabilities of EUR 1.8 million.

Condensed income statement by quarter

EUR 1,000	4-6/2024	1-3/2024	10-12/2023	7-9/2023	4-6/2023
Net sales	52,062	53,648	53,160	41,046	47,847
Other operating income	11	12	75	9	-464
Materials and services	-8,713	-9,033	-9,192	-7,247	-8,297
Personnel expenses	-32,251	-32,174	-31,852	-24,375	-29,593
Depreciation, amortisation and impairment	-1,833	-1,828	-1,793	-1,768	-1,837
Other operating expenses	-5,822	-5,874	-6,080	-4,947	-4,993
Operating result	3,455	4,751	4,318	2,717	2,664
Financial expenses (net)	-301	-315	-565	-348	-260
Profit before taxes	3,154	4,436	3,753	2,369	2,404
Income taxes	-722	-1,021	-617	-514	-545
Result for the period	2,460	3,415	3,136	1,856	1,859

EUR 1,000	4-6/2024	1-3/2024	10-12/2023	7-9/2023	4-6/2023
Distribution of net profit for the period					
Parent-company shareholders	2,460	3,415	3,136	1,853	1,865
Non-controlling interests	0	0	0	-3	-7
Earnings per share, EUR, undiluted	0.09	0.13	0.12	0.07	0.07
Earnings per share, EUR, diluted	0.09	0.13	0.12	0.07	0.07

Net sales

Digia's net sales in January-June amounted to EUR 105.7 (97.9) million, of which Finland accounted for EUR 92.9 (90.8) million and other countries for EUR 12.8 (7.1) million. No single customer accounted for more than 10 per cent of consolidated net sales.

The net sales of the service and maintenance business totalled EUR 52.9 (55.8) million, or 50.1 (57.0) per cent of total net sales. The net sales of the project business totalled EUR 52.8 (42.1) million and accounted for 49.9 (43.0) per cent of total net sales. Net sales from the product business amounted to EUR 11.8 (11.3) million, representing 11.2 (11.5) per cent of total net sales. The product business includes licence maintenance, and it is included in both project and service and maintenance operations.

Of net sales, EUR 4.1 (3.1) million were recognised in one instalment and EUR 101.7 (94.8) million over time.

Group key figures

EUR 1,000	1-6/2024	1-6/2023
Extent of business		
Net sales	105,710	97,881
Average capital invested	110,438	102,128
Number of personnel	1,563	1,437
Average number of personnel	1,551	1,442

EUR 1,000	1-6/2024	1-6/2023
Profitability		
Operating profit (EBITA)	9,742	8,259
- as a % of net sales	9.2%	8.4%
Operating profit (EBIT)	8,206	6,801
- as a % of net sales	7.8%	6.9%
Profit before taxes	7,590	6,308
- as a % of net sales	7.2%	6.4%
Result for the period	5,875	4,880
- as a % of net sales	5.6%	5.0%
Return on equity, %	15.4%	14.0%
Return on investment, %	15.1%	13.6%
Financing and financial standing		
Interest-bearing net liabilities	17,705	21,901
Net gearing	23.1%	31.8%
Equity ratio	47.0%	45.1%
Cash flow from operations	13,234	7,535
Earnings per share, EUR, undiluted	0.22	0.18
Earnings per share, EUR, diluted	0.22	0.18
Equity/share, EUR	2.85	2.56
Lowest share trading price, EUR	5.04	5.32
Highest share trading price, EUR	5.98	6.66
Average share price, EUR	5.39	6.12
Market capitalisation, EUR 1,000	146,458	159,869

Change in contingent liabilities

The company has recognised contingent liabilities from its acquisitions. EUR 5.0 million of the payments for 2023 are presented in cash flow from investments and EUR 0.4 million in cash flow from operations.

EUR 1,000	30 June 2024	30 June 2023
Contingent liabilities 1 Jan	7,564	14,301
New acquisitions	0	0
Payments	0	-5,400
Increase in value	1,090	980
Decrease in value	0	-500
Contingent liabilities 30 Jun	8,653	9,381

Sensitivity analysis of contingent additional purchase prices of acquired companies

Contingent purchase price liability	Valuation method	Value under consideration	Weighted average	Fair value sensitivity
Procurement 1	Discounted cash flows	EBIT	3,735.5	A 3% fall in the value under consideration would decrease the fair value by EUR 249.4 thousand A 5% rise in the value under consideration would not affect the fair value
		Discount rate	17.7%	A 3 percentage point fall in the value under consideration would increase the fair value by EUR 120.1 thousand A 3 percentage point rise in the value under consideration would decrease the fair value by EUR 56.0 thousand

Procurement 2	Discounted cash flows	EBIT	2,393.6	A 15% fall in the remaining value under consideration would not affect the fair value A 10% rise in the remaining value under consideration would not affect the fair value
		Net sales	10,686.4	A 5% fall in the remaining value under consideration would decrease the fair value by EUR 50.6 thousand A 5% rise in the remaining value under consideration would increase the fair value by EUR 116.0 thousand
		Discount rate	2.5%	A 2.5 percentage point fall in the value under consideration would not significantly affect the fair value A 3 percentage point rise in the value under consideration would not significantly affect the fair value
Procurement 3	Discounted cash flows	EBIT	4,680.7	A 5% fall in the remaining value under consideration would decrease the fair value by EUR 119.7 thousand A 10% rise in the remaining value under consideration would increase the fair value by EUR 156.1 thousand
		Discount rate	5%	A 3 percentage point fall in the value under consideration would not significantly affect the fair value A 3 percentage point rise in the value under consideration would not significantly affect the fair value

Formulas

Operating profit (EBITA):

Operating profit + purchase price allocation amortisation and costs

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 financial expenses) x 100
Balance sheet total - non-interest-bearing liabilities (average)

Return on equity (ROE), %:

(Profit or loss before taxes - taxes) x 100
Shareholders' equity

Equity ratio, %:

(Shareholders' equity + minority interest) x 100
Balance sheet total - advances received

Earnings per share:

(Profit before taxes - taxes +/- minority interest)
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, including 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 30 June 2024

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	4.6%
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	196,647	0.7%
Total	17,204,477	64.1%