



Digia Plc

BUSINESS REVIEW

January–September 2024 (unaudited)

A record-breaking Q3: net sales rise by 10.7% and operating profit (EBITA) improves by 64.3%, Digia to further invest in automation and artificial intelligence

July–September 2024

- Net sales: EUR 45.4 (41.0) million, up 10.7 per cent, of which 5.2 per cent was organic growth
- Operating profit (EBITA): EUR 5.6 (3.4) million, up 64.3 per cent; EBITA margin: 12.3 (8.3) per cent of net sales
- Operating profit (EBIT): EUR 4.8 (2.7) million, up 77.3 per cent; EBIT margin: 10.6 (6.6) per cent of net sales
- Earnings per share: EUR 0.13 (0.07)

January–September 2024

- Net sales: EUR 151.1 (138.9) million, up 8.8 per cent, of which 3.3 per cent was organic growth
- Operating profit (EBITA): EUR 15.3 (11.7) million, up 31.4 per cent; EBITA margin: 10.1 (8.4) per cent of net sales
- Operating profit (EBIT): EUR 13.0 (9.5) million, up 36.8 per cent; EBIT margin: 8.6 (6.9) per cent of net sales
- Earnings per share: EUR 0.35 (0.25)
- Return on equity (ROE): 15.9 (12.6) per cent
- Equity ratio: 50.7 (45.2) per cent
- Profit guidance 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.

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

Group key figures

| EUR 1,000 | 7-9/2024 | 7-9/2023 | Change, % | 1-9/2024 | 1-9/2023 | Change, % | 1-12/2023 |
|--------------------------|----------|----------|-----------|----------|----------|-----------|-----------|
| Net sales | 45,438 | 41,046 | 10.7% | 151,148 | 138,927 | 8.8% | 192,087 |
| Operating profit (EBITA) | 5,569 | 3,390 | 64.3% | 15,311 | 11,650 | 31.4% | 16,727 |
| - as a % of net sales | 12.3% | 8.3% | | 10.1% | 8.4% | | 8.7% |
| Operating profit (EBIT) | 4,816 | 2,717 | 77.3% | 13,022 | 9,518 | 36.8% | 13,835 |
| - as a % of net sales | 10.6% | 6.6% | | 8.6% | 6.9% | | 7.2% |

| EUR 1,000 | 7-9/2024 | 7-9/2023 | Change, % | 1-9/2024 | 1-9/2023 | Change, % | 1-12/2023 |
|--|----------|----------|-----------|----------|----------|-----------|-----------|
| Result for the period | 3,421 | 1,856 | 84.3% | 9,296 | 6,736 | 38.0% | 9,872 |
| - as a % of net sales | 7.5% | 4.5% | | 6.2% | 4.8% | | 5.1% |
| Return on equity, % | | | | 15.9% | 12.6% | | 13.5% |
| Return on investment, % | | | | 15.9% | 11.9% | | 12.9% |
| Cash flow from operations | | | | | | | 16,973 |
| Interest-bearing net liabilities | | | | 18,094 | 36,176 | -50.0% | 24,771 |
| Net gearing, % | | | | 22.6% | 51.1% | | 32.8% |
| Equity ratio, % | | | | 50.7% | 45.2% | | 46.7% |
| Number of personnel at period-end | | | | 1,567 | 1,459 | 7.4% | 1,527 |
| Average number of personnel | 1,559 | 1,447 | 7.8% | 1,554 | 1,443 | 7.7% | 1,465 |
| Shareholders' equity | | | | 80,012 | 70,859 | 12.9% | 75,420 |
| Balance sheet total | | | | 162,723 | 161,185 | 1.0% | 168,157 |
| Earnings per share, EUR | 0.13 | 0.07 | 84.3% | 0.35 | 0.25 | 38.4% | 0.37 |
| Earnings per share (diluted), EUR | 0.13 | 0.07 | 84.3% | 0.35 | 0.25 | 38.0% | 0.37 |

CEO's Review:

“July–September 2024 was the best third quarter in Digia's history in terms of both net sales and operating profit.

Our net sales increased by 10.7 per cent to EUR 45.4 (41.0) million during the third quarter. Organic growth accounted for 5.2 per cent. Our operating profit (EBITA) totalled EUR 5.6 (3.4) million, representing year-on-year growth of 64.3 per cent, with an EBITA margin of 12.3 (8.3) per cent of net sales. The service and maintenance business accounted for 51.2 (59.2) per cent and the project business for 48.8 (40.8) per cent of net sales during the review period.

In January–September, our net sales grew by 8.8 per cent to EUR 151.1 (138.9) million. Organic growth accounted for 3.3 per cent. Operating profit (EBITA) grew by 31.4 per cent with an EBITA margin of 10.1 (8.4) per cent of net sales. In January–September 2024, international net sales accounted for 11.9 (7.3) per cent of net sales.

The third-quarter result included EUR 0.5 million in expenses recognised for the additional purchase prices related to the acquisition of Most Digital Oy. Our Swedish subsidiary Top of Minds revised its estimates concerning variable salary components, which had a positive impact of EUR 0.4 million on the result for the review period.

I am very pleased with Digia's growth and profitability during the third quarter. For example, I was delighted to hear that our business specialising in modern software development had achieved 20 per cent organic growth in relation to the comparison period. Digia's subcontractor network, Digia Hub, also increased its net sales by 17 per cent. In ERP-solutions, both Microsoft Business Central and Digia's own products, Envision and Logistics, achieved good growth during the quarter. Our automation and AI platform has had a strong year, and this continued during the third quarter with more than 10 per cent growth year-on-year.

Market and customers

The market remains somewhat cautious due to postponed decision-making and delayed startups. At the same time, there is a clear trend in demand in which customers are centralising their procurements, relying on providers with broader offerings. This will create new opportunities for Digia and support our growth. We maintain our competitiveness through expertise and high quality, and by building genuine partnerships.

One example of our profound expertise is a partnership with the Finnish Immigration Service that was agreed on during the review period. This contract is worth about EUR 5–10 million, and Digia achieved the highest points for quality in the tender. We also made another important partnership during the review period, in which we will be supplying personnel to join the agile teams of a major player in the financial sector. This agreement covers a broad range of Digia's business areas and competencies, including Data, AI, Microsoft Azure solutions, and hard skills in the financial sector.

Digia strengthened its position as one of Finland's leading operators in Microsoft Business Applications by launching a project to create a customer relationship management and enterprise resource planning solution worth about EUR 2 million for the Kanta-Häme wellbeing services county. This will be the first time that an organisation in Finland will use Microsoft Cloud for Healthcare as its customer relationship management solution, and it will also be one of the first major deliveries of this solution in Europe.

Other agreements signed during the review period included a six-year, EUR 4 million contract to develop the HSL application into a platform for personalised service and a new agreement with the Finnish Hockey Association to replace its statistics and results service.

Automation and AI – from pilot to deployment

In August 2024, Digia conducted a survey to analyse the current status of AI usage in Finnish organisations. We conducted the same kind of survey in early 2024, and noticed a surprising leap forward in several areas. Theory has evidently been put into practice.

In September, we brought our artificial intelligence offerings together under one umbrella with the launch of Digia Dolphin. This service concept provides customers with a fast and reliable way to leverage AI while generating measurable business benefits along the way. It revolves around Digia's automation and artificial intelligence platform, which enables the automation and orchestration of a variety of AI models. The platform enables a fast and secure way of directly connecting AI to operational processes and existing systems. In addition to project deliveries, this service concept also provides continuous maintenance and development services. The service is ISO 27001 certified.

AI solutions are required across a broad range of industries, and we have provided practical applications to the Kanta-Häme wellbeing services county, UPM (a forestry company), Hedengren (which provides security and technical building services), Söderberg & Partners (which provides insurance brokerage services), and Voimateli (a company that builds digital infrastructure).

Our personnel and own operations

We are continuing the systematic improvement of our own operations, developing our expertise, and investing in automation and artificial intelligence. During the review period, we had a net increase of four employees compared to the end of the second quarter, and continued to recruit as normal. The largest increase in personnel was seen at Digital Experience and in the Secure and Scalable Solutions unit. Subcontracting decreased and we had 99 full-time subcontracted employees during the review period.

Our sustainability efforts look to the future

Digia will begin reporting in accordance with the EU's Corporate Sustainability Reporting Directive (CSRD) as of the 2024 financial statements. Our sustainability efforts during the review period focused on meeting future reporting requirements in particular. The CSRD's obligations will come into force gradually, and Digia will be in the first wave of those implementing these changes in practice. Digia's sustainability data will be published as part of the Report of the Board of Directors."

Profit guidance for 2024 remains unchanged

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 review period.

Briefing invitation

A briefing for analysts will be held at 9:00 am on Friday 25 October 2024 as a Teams meeting. Attendance instructions have been emailed to participants.

The material and presentation for the event will be available from 9:00 am on 25 October 2024 on the company's website: digia.com/en/investors/reports-and-presentations.

CEO Timo Levoranta will give a webcast on the results in Finnish starting at 1:00 pm at <https://digia.videosync.fi/q3-2024>. During the webcast, questions may be asked in writing via the webcast portal.

Financial reporting in 2025

In 2025, Digia will publish its Financial Statement Bulletin, two business reviews, and half-year interim report as follows:

- Financial statement bulletin 2024: Tuesday 25 February 2025 at 3:00 p.m.
- Business Review 1-3/2025: Friday 25 April 2025 at 8:00 am
- Half-year Report 1-6/2025: Thursday 7 August 2025 at 3:00 pm
- Business Review 1-9/2025: Thursday 23 October 2025 at 3:00 pm

The 2024 Annual Report will be published on Thursday 6 March 2025. The Annual General Meeting is scheduled for Thursday 27 March 2025.

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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).