



Digia Plc

BUSINESS REVIEW

January–March 2025 (unaudited)

Organic growth in a challenging market: first-quarter net sales up 0.2 per cent, with an EBITA margin of 8.5 per cent, investments to sustainable growth

January–March 2025

- Net sales: EUR 53.8 (53.6) million, up 0.2 per cent. Organic growth 0.2 per cent.
- Operating profit (EBITA): EUR 4.6 (5.5) million, down 17.6 per cent; EBITA margin: 8.5 (10.3) per cent of net sales.
- Operating profit (EBIT): EUR 3.9 (4.8) million, down 18.3 per cent; operating margin: 7.2 (8.9) per cent of net sales.
- Earnings per share: EUR 0.10 (0.13).
- Return on equity (ROE): 13.0 (18.4) per cent.
- Equity ratio: 49.7 (43.8) per cent.
- Profit guidance remains unchanged: Digia's net sales will grow (EUR 205.7 million in 2024) and its operating profit (EBITA) will either increase or remain on a par with 2024 (EUR 21.2 million in 2024).

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

Group key figures

EUR 1,000	1–3/2025	1–3/2024	Change, %	1–12/2024
Net sales	53,776	53,648	0.2%	205,672
Operating profit (EBITA)	4,553	5,523	-17.6%	21,161
- as a % of net sales	8.5%	10.3%		10.3%
Operating profit (EBIT)	3,883	4,751	-18.3%	18,208
- as a % of net sales	7.2%	8.9%		8.9%
Result for the period	2,713	3,415	-20.6%	13,291
- as a % of net sales	5.0%	6.4%		6.5%
Return on equity, %	13.0%	18.4%		16.7%
Return on investment, %	13.6%	17.0%		16.6%
Interest-bearing net liabilities	11,639	22,060	-47.2%	11,642

EUR 1,000	1-3/2025	1-3/2024	Change, %	1-12/2024
Net gearing, %	14.0%	30.1%		13.9%
Equity ratio, %	49.7%	43.8%		52.9%
Number of personnel at period-end	1,596	1,547	3.2%	1,576
Average number of personnel	1,593	1,544	3.2%	1,553
Shareholders' equity	83,269	73,215	13.7%	83,718
Balance sheet total	173,390	173,770	-0.2%	163,486
Earnings per share, EUR	0.10	0.13	-19.7%	0.50
Earnings per share (diluted), EUR	0.10	0.13	-20.2%	0.50

CEO's Review:

“The IT services market situation remained challenging in the first quarter of 2025. Despite the market conditions, Digia's business model and operational management once again proved their strength. Thanks to good performance in March, we remained on a profitable growth track. Net sales grew slightly year-on-year by 0.2 per cent. Our key growth investments focused on sales, service productisation and bolstering technology partnerships.

In January–March, our net sales amounted to EUR 53.8 (53.6) million. Our operating profit (EBITA) was down on the strong comparison period, amounting to EUR 4.6 (5.5) million. Our EBITA margin amounted to 8.5 (10.3) per cent of net sales. The first-quarter result included 0.3 million in expenses with no cash flow impact related to changes in the fair value of acquisitions. Digia's continuing service and maintenance business accounted for 50.0 (50.6) per cent of net sales in the first quarter.

Digia's Digital Solutions business area continued its strong organic growth out of the company's four business areas, particularly in modern software development. Managed Solutions and Business Platforms faced challenges because customers were cautious in their investments as well as delayed both decision-making and project launches. Financial Platforms, the smallest of the business areas, suffered from the slow startup of two major customer projects.

New customer contracts bolster our position as a turnkey provider of smart solutions

I am pleased with the several sales successes achieved during the first quarter. It is great to note that Digia strengthened its position as a pioneer in the AI and data market, securing contracts worth over 10 million euros in this area. The most significant new breakthrough was

the five-year, seven-million-euro contract signed with Business Finland. Under this contract, we will be responsible for Business Finland's data platform and future analytics, automation, and AI solutions.

Other contracts announced in the first months of the year included a contract worth EUR 8 million to serve as the ICT system support partner of the Finnish Defence Forces and a EUR 3 million contract to expand cooperation with HSL in API development. In addition, Valtori is continuing its integration partnership with us with a EUR 4.5 million contract and also selected Digia as its Oracle Private Cloud partner with a two-year contract valued at EUR 4.5 million.

In the occupational pensions sector, we started up a major system overhaul in cooperation with Arek Oy in a project to modernise the joint insurance, employer services and pension calculation services of occupational pension providers with a state-of-the-art technological foundation.

In addition, it is wonderful to see that our operations under a Preferred Partner contract with a major company in the financial sector that we signed in autumn 2024 have grown in line with our expectations during the first months of the year.

Digia is positioning itself in the market as a trusted partner for customers and a turnkey provider of smart solutions. This position is bolstered by Digia's expertise in delivering business-critical systems and long experience in continuous services. One of the ongoing market trends we see is that customers still want to centralise their procurements in the hands of trusted providers with a broad offering. In addition, safeguarding business continuity is highlighted in customer demand.

Growth investments in productisation and technology partnerships

Our spearhead project in service productisation in the first quarter was the Digia Business Operations Center – it is a comprehensive 24/7 service package providing around-the-clock business support for our customers. The service includes solutions for real-time situational awareness of operations in ICT environments, process monitoring and necessary AI-assisted responses. In multi-vendor environments, the service also involves coordinating and directing other suppliers. The service will be produced in accordance with the customer's security classification requirements and will be launched commercially in the second quarter.

Digia Business Operations Center also supports our long-term efforts to build up Digia's growth in the Application Management Services (AMS) market. According to the latest Whitelane Research study, Digia is one of the best application service providers in Finland, and we are also in the top ten in the Nordic countries. Our success testifies to our ability to serve large organisations in both Finland and the other Nordic countries. The Whitelane Global IT Sourcing Study is considered one of the most representative reports on the IT market.

We have also continued the development of our Envision ERP product. The functionality has been expanded to meet the requirements of the international defense industry and Envision can now be delivered as a high-security solution from the customer's data center or from the Google Cloud platform. Additionally, the first AI features have been productized for the platform, with their commercial launch scheduled for the second quarter.

In recognition of our technological leadership, Traficom approved our secure data transfer product, Digia Linja, for its list of security-critical products. This bolsters our ability to deliver solutions with the highest level of security to our customers.

Technology partnerships enable smart customer solutions

During the first months of the year, we strengthened our strategically important technology partnerships, especially with Microsoft and Google. Digia is one of the leading players in the Microsoft ecosystem in Finland. In the first quarter, we invested in and achieved specialisations in Analytics on Microsoft Azure and Microsoft Small and Midsize Business Management. With our certified expertise, we can better help our customers build smart business platforms and harness data and AI.

The calibre of our cloud expertise is also demonstrated by our Google Cloud Platform Infrastructure Specialisation – this major recognition further strengthens our position as a cloud services expert and also lays the foundation for delivering AI solutions.

A dynamic working community and sustainability

In the first quarter, we opened our modernised Kamppi office, which supports the requirements of hybrid and collaborative work. Employees have been pleased with the new office. At the same time, we significantly scale down our premises at Atomitie, Helsinki. Digia's attractiveness as an employer was also evident in the record number of applicants to our Career Compass programme.

In the first quarter of 2025, we published our Group Sustainability Report for 2024, our first in line with the Corporate Sustainability Reporting Directive (CSRD). Sustainability is the cornerstone of Digia's strategy and is included in the objectives set for the strategy period.

Market outlook and Digia's strategy

The uncertain international political situation fuels market instability. In our view, the market will remain challenging in the short term. Digia's "Unlock Your Intelligence" strategy sets its sights on long-term profitable growth. We are implementing our strategy by continuously renewing and enhancing our operations and by making investments targeted at future growth in line with the market situation.

Profit guidance for 2025 remains unchanged

Digia's profit guidance for 2025: Digia's net sales will grow (EUR 205.7 million in 2024) and its operating profit (EBITA) will either increase or remain on a par with 2024 (EUR 21.2 million in 2024).

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 EEST on Friday 25 April 2025 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 EEST on 25 April 2025 on the company's website: digia.com/en/investors/reports-and-presentations.

Financial reporting in 2025

Digia will publish its half-year interim report for 2025 at 3:00 pm EEST on Thursday, 7 August 2025, and its business review for January–September 2025 at 3:00 pm EEST on Thursday, 23 October 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 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 net sales totalled EUR 205.7 million in 2024. The company is listed on NASDAQ Helsinki (DIGIA).