

DIGITALIST GROUP INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2017**STRONG GROWTH BOTH ORGANICALLY AND THROUGH BUSINESS ACQUISITIONS****SUMMARY****July–September 2017 (figures for 2016 in brackets):**

- Turnover EUR 4.5 million (EUR 3.0 million), growth of 48.5%.
- Earnings before interest, taxes, depreciation, and amortisation (EBITDA) EUR -1.1 million (EUR -1.9 million), -23.9% of turnover (-62.4%).
- Operating result EUR -1.4 million (EUR -2.0 million), -30.2% of turnover (-66.3%).
- Net result EUR -2.0 million (EUR -2.5 million), -44.4% of turnover (-82.7%).
- Earnings per share (diluted and undiluted) EUR -0.01 (EUR -0.01).
- Cash flow from operating activities EUR -2.0 million (EUR -1.8 million).

Review period January–September 2017 (figures for 2016 in brackets):

- Turnover EUR 13.4 million (EUR 10.8 million), growth of 24.6%.
- Earnings before interest, taxes, depreciation, and amortisation (EBITDA) EUR -2.8 million (EUR -6.3 million), -21.1% of turnover (-58.4%).
- Operating result EUR -3.4 million (EUR -6.7 million), -25.3% of turnover (-61.8%).
- Net result EUR -5.1 million (EUR -8.2 million), -37.7% of turnover (-76.5%).
- Earnings per share (diluted and undiluted) EUR -0.01 (EUR -0.02).
- Cash flow from operating activities EUR -6.2 million (EUR -5.2 million).

Outlook 2017

Operating result is expected to improve compared to 2016.

CEO's review

"The company's operations were strengthened during the third quarter, as the entire company and business of Wunderkraut Sweden became a part of the Digitalist Group. We were able to protect the company's new name Digitalist and to start using it in Finland, Sweden and England. The unified Digitalist aims to continue on the path of profitable growth and internationalisation.

The company's turnover continued to grow during the third quarter, increasing by 48.5% compared to the same time last year. Regarding profitability, we continued to advance in the right direction, although earnings remained negative during the third quarter. Result was negatively affected by efforts related to the company's renewal and continuous development as well as costs due to acquisitions and the name change. The new name has been well received among the company's clients, partners and especially among the personnel. The number of experts applying for work in the company is also increasing.

Digitalist Group specialises in the promotion of digitalisation within the private and the public sector by offering research, design and implementation services for the execution of new ideas and services. The company's competitive advantage is the result of the ability to combine the above mentioned services into a clear value proposition and to deliver projects in a versatile manner by combining experts, competence and new opportunities created by technology. In order to combine new trends, services and competences, the company acts as part of the Digitalist Network that brings together digitalisation experts, competence and companies in Finland and, in 2018, also abroad. In 2017, 12 companies have been involved in the Digitalist Network.

We believe that our results will improve when compared to the previous financial year. The key factors improving earnings are successful recruiting, focusing on growth with our current clients and continuous development of operations."

/Ville Tolvanen, CEO

SEGMENT REPORTING

Digitalist Group reports its operations as a single segment.

TURNOVER

In the third quarter, the group's turnover was EUR 4.5 million (EUR 3.0 million), which is 48.5% more than last year. Out of the turnover growth, the share of organic growth was approximately EUR 0.6 million and the share of non-organic growth was approximately EUR 0.9 million.

During the review period, the group's turnover was EUR 13.4 million (EUR 10.8 million), which was 24.6% more than last year.

During the review period, the company has expanded its operations into Sweden and significantly strengthened its web-design and development offering with the acquisition of Wunderkraut Sweden AB.

The business in Finland and Great Britain has developed in a positive manner during the review period, and the company also believes that the business in the United States will develop in a positive direction.

During the review period, the share of turnover from related party customers was 12.9%.

RESULT

In the third quarter, the operating result was EUR -1.4 million (EUR -2.0 million) and the result before taxes was EUR -2.0 million (EUR -2.5 million). The net result for the third quarter was EUR -2.0 million (EUR -2.5 million), earnings per share were EUR -0.01 (EUR -0.01) and cash flow from operating activities per share was EUR -0.02 (EUR -0.01).

Operating result for the review period was EUR -3.4 million (EUR -6.7 million) and the result before taxes was EUR -5.3 million (EUR -8.2 million). Fuelled by growth, the operative result grew by EUR 3.3 million (+49.1%) but remained negative due to efforts towards the renewal and continuous improvement of the company, as well as costs due

to the name change. Net result for the review period was EUR -5.1 million (EUR -8.2 million). Net result was affected by the financial expenses for the review period, EUR -1.9 million (EUR -1.6 million) and tax debt entries dissolved during the review period, EUR 0.2 million in total. Furthermore, the result takes into account the unrealized foreign exchange loss of EUR -0.6 million (EUR -0.7 million) resulting from the company's internal receivables and debt items in the balance sheet amounting to EUR 10.2 million (EUR 8.0 million). Net Result for the review period include a total of EUR -0.4 million in costs related to acquisitions.

Earnings per share were EUR -0.01 (EUR -0.01) and cash flow from operating activities per share was EUR -0.02 (EUR -0.01).

RETURN ON CAPITAL

The group's equity was negative by EUR -0.8 million (EUR -2.7 million). As the group's equity was negative, the key figure return on equity (ROE) has not been calculated for the review period. The negative equity only concerned the group, not the parent company.

Return on investment (ROI) was -27.7% (-49.0%).

INVESTMENTS

Investments for the review period were EUR 6.8 million (EUR 0.1 million). Investments mainly consisted of acquisitions completed as share exchanges during the review period. All research and development costs are included in the group's results and no research and development costs were capitalised during the review period.

BALANCE SHEET AND FINANCING

Total assets were EUR 24.4 million (EUR 16.5 million). Equity was EUR -0.8 million (EUR -2.7 million). The equity ratio for the entire shareholder's equity was -3.1% (-16.4%). The group's liquid assets at the end of the review period amounted to EUR 0.9 million (EUR 0.9 million). Non-controlling interest of the equity was EUR 0.0 million (EUR -0.2 million).

Factors contributing to changes in the company's equity during the review period were mainly the negative earnings, approximately EUR -5.1 million in total, and the share issues related to acquisitions, approximately EUR 7.9 million in total.

At the end of the review period, the group's balance sheet included EUR 2.8 million (EUR 2.9 million) in loans from financial institutions, including the credit limits in use. Some of the loan agreements with financial institutions have covenants concerning the company's equity ratio that will be first reviewed on 31 December 2017.

In addition to this, the company has loans and a convertible bond from its principal owner. Interest-bearing debt as of 30 September 2017 was EUR 17.1 million (EUR 12.7 million), of which loans from related party companies constitute EUR 14.2 million (EUR 9.6 million). Loan agreements signed with related party companies during the review period are listed in the section "Related party transactions".

CASH FLOW

The consolidated cash flow from operating activities during the review period was EUR -6.2 million (EUR -5.2 million), a change of -19.2%. The reduction in cash flow from operating activities was mainly due to changes in working capital. The changes in working capital were mainly brought about by changes in sales receivables.

In order to shorten the rotation of sales receivables, the group is selling a part of its sales receivables from Finland. Sold sales receivables during the review period amounted to EUR 4.1 million (EUR 4.2 million).

GOODWILL

The group's balance sheet included EUR 12.6 million (EUR 11.5 million) in goodwill as of 30 September 2017.

Goodwill has been tested with the following parameters:

- Length of review period 4 years
- WACC discount rate 9%

- 1% growth estimate used for terminal value calculation

No need for goodwill impairment was discovered during the goodwill impairment testing on 30 September 2017. The present value of future cash flows exceeded the carrying value of assets by EUR 19.1 million.

The present value of the cash flow calculation, EUR 36.8 million, is lower than the sum of the company's financial liabilities (EUR 17.1 million) and market price of the shares (EUR 42.9 million) as of 30 September 2017.

PERSONNEL

The average number of personnel during the review period was 191 (192) and at the end of the period there were 232 (174) employees. At the end of the review period, 151 (141) persons were employed by the Finnish companies and 81 (33) persons by the group's foreign companies. During the review period, the number of personnel increased by 58 people.

SHARES AND SHARE CAPITAL

Share turnover and price

During the review period, the highest price for the company's share was EUR 0.160 (EUR 0.11), the lowest rate price EUR 0.102 (EUR 0.06) and the closing price on 29 September 2017 was EUR 0.105 (EUR 0.09). The average price for the review period was EUR 0.123 (EUR 0.07). 32,258,559 (16,656,497) shares were traded during the review period corresponding to 7.91% (4.71%) of the number of shares at the end of the review period. The market value for shares using the closing price on 29 September 2017 was EUR 42,845,208 (EUR 31,820,841).

Share capital

The company's registered share capital at the beginning of the review period was EUR 585,394.16 and the number of shares was 353,564,898. At the end of the review period, the share capital was EUR 585,394.16 and the number of shares was 408,049,597. The

number of shares has increased by 54,484,699 during the review period, which consists entirely of shares issued in relation to the acquisitions.

Option plans 2011, 2014 and 2016

Digitalist Group Plc has three option plans: 2011, 2014 and 2016, which in total give the right to subscribe to 42,018,526 new shares. Descriptions of the option plans are available on the company's website at www.digitalist.global

Shareholders

The number of shareholders on 29 September 2017 was 3,943 (3,142). Private persons owned 12.619% (12.6%) of shares, institutions owned 86.909% (86.8%), foreigners owned 0.472% (0.5%) and nominee registered ownership was 7.639% (1.8%) of all shares.

Tremoko Oy Ab, a related party company, owns 73.96% of shares. Options and convertible bond held by Tremoko allows to increase its ownership to 80,36%.

Related-party transactions

3 February 2017 The company has agreed with Tremoko Oy Ab on additional debt financing for working capital. The loan agreement allows for additional funding of up to EUR 1.0 million if necessary.

3 March 2017 The company has accepted its principal owner Tremoko Oy Ab's binding offer for a debt financing arrangement of up to EUR 2.0 million (the "Financing Arrangement"). The Financing Arrangement incorporates the earlier additional financing arrangement of EUR 1.0 million between Digitalist Group Plc and Tremoko Oy that was communicated on 3 February 2017. Therefore, the Financing Arrangement being executed will provide Digitalist Group Plc with an additional financing of EUR 1.0 million compared to the previous situation. The additional financing pursuant to the Financing Arrangement will be due at the latest on 31 January 2019.

23 May 2017 The company has agreed with its principal owner Tremoko Oy Ab to increase the current credit limit (communicated on 3 March 2017) from EUR 2.0 million to EUR 4.6 million (the “Financing Arrangement”). Therefore, the Financing Arrangement being executed will provide Digitalist Group Plc with an additional financing of EUR 2.6 million compared to the previous situation. The additional financing pursuant to the Financing Arrangement will be due at the latest on 31 January 2019.

27 September 2017 On the basis of the share issue authorisation provided by the Annual General Meeting on 29 March 2017, the company’s Board of Directors decided on a special share issue where a maximum of 12,500,000 shares in Digitalist Group were issued to be subscribed to by Tremoko Oy Ab. The subscription price for the shares issued was EUR 0.12. Tremoko Oy Ab subscribed to all the new shares in Digitalist Group that were offered for subscription, a total of 12,500,000 shares. The total subscription price for the shares is EUR 1,500,000 which Tremoko Oy Ab has paid at time of subscription.

OTHER EVENTS DURING THE THIRD QUARTER

The company has received approximately EUR 1.0 million in advance payments from Savox Communications Oy in relation to an research and development agreement communicated earlier (20 June 2016).

The Financial Supervisory Authority has on 4 July 2017 approved Digitalist Group Plc’s (the “Company”) registration document pursuant to the Securities Market Act (the “Registration Document”). The Registration Document contains information on the Company and its business and financial position. The Registration Document is valid for 12 months following its approval.

Digitalist Group acquired all the shares in NodeOne Group AB, the parent company to the Swedish Wunderkraut Sweden AB (“Wunderkraut Sweden”) on 24 August 2017. As compensation, Digitalist Group provided a total of 37,500,000 new shares in Digitalist Group (“Compensation Shares”) in a special issue to be subscribed to by the owners of NodeOne Group AB (the “Sellers”). The Sellers have subscribed to the Compensation Shares offered in the share issue in full and Digitalist Group’s Board of Directors has approved the Sellers’ subscriptions. The subscription price for the Compensation Shares during the share issue was EUR 0.1166 per Compensation Share. Following the share

issue, the Compensation Shares represent some 9.19% of the shares and votes in Digitalist Group. According to a separate agreement, 60% of the Compensation Shares are subject to a lock-up period between twelve (12) months and three (3) years from their issue.

Hans Parvikoski was appointed Chief Financial Officer (CFO) for Digitalist Group Plc, and he started in the position on 11 October 2017. As part of the new position, Parvikoski entered the option plan for the company's key personnel.

Ville Tolvanen has been appointed the new CEO of Digitalist Group Plc. He started in the position on 1 October 2017. His position as CEO also places him in the option plan for the company's key personnel.

Stock market releases for the review period are available on the company's website at www.digitalist.global/investors/releases.

RISK MANAGEMENT AND NEAR-FUTURE UNCERTAINTY FACTORS

The goal of Digitalist Group Plc's risk management is to ensure the undisturbed continuation and development of the company's operations, and to support the achievement of the business goals set by the company and promote increasing of the company's value. More detailed information on the organisation and processes of risk management and the identified risks is available on the company's website at www.digitalist.global

The company's results have recently been negative, despite the measures implemented in order to improve efficiency. Losses have an immediate effect on the company's working capital. Risks are managed by maintaining readiness for different financing solutions.

Changes in key customer accounts may have a negative effect on Digitalist Group's operations, profitability and financial position. If one of the largest clients were to move their purchases from Digitalist Group to its competitors or dramatically change their business model, the opportunities for finding new client volume in the short term would be limited.

The group's turnover mainly consists of individual client agreements that are often fairly short in duration. Forecasting the starting times and scope of new projects is at times challenging, while the cost structure is largely fixed by nature. The above factors may cause unexpected variation in turnover and, thereby, profitability.

Fixed-price project deliveries form a part of the group's business. Fixed-price project deliveries involve risks related to time and content. Contract and project leadership tools are used in order to mitigate this risk.

A part of the group's turnover is invoiced in currencies other than euros. The risk related to currency exchange rate is managed by different means, including net positions and hedging agreements.

The group has a subsidiary in England. The effects of Brexit on the subsidiary's business have been assessed and the impact has been estimated to be minor.

The group has a substantial amount of goodwill in its balance sheet; this is subject to an impairment risk in case the group's future cashflow earnings outlook declines due to internal or external factors. Goodwill is tested each quarter and also at other times if need arises.

Some of the group's loans from financial institutions (EUR 0.3 million) involve covenants. A covenant breach may cause either an increase of the company's financing costs or a demand for the accelerated repayment of debts either in part or entirely. The largest risks related to the covenant breaches are associated with EBITDA fluctuations due to market situation or a possible need to increase the company's working capital through debt financing. Risks are managed by means of negotiations and by maintaining readiness for different financing solutions.

REGARDING LONG-TERM GOALS AND STRATEGY

In the long term, Digitalist Group is aiming at an operating profit level of at least 10%. In order to achieve the long-term goals, Digitalist Group concentrates in its strategy to deepen its services and solutions businesses as well as on the seamless integration of user and usage research, design and technology. We aim at new customer relationships in various

segments by replicating our unique approach to providing business benefits for our customers through digital and mobile services.

NEXT REPORTS

The Financial Statement for 2017 will be published on Wednesday 28 February 2018.

DIGITALIST GROUP PLC

Board of Directors

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Main media

DIGITALIST GROUP**SUMMARY OF INTERIM REPORT AND NOTES 1 JANUARY – 30 SEPTEMBER 2017****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, TEUR**

	1 July–30 September 2017	1 July–30 September 2016	Change, %	1 January– 30 September 2017	1 January– 30 September 2016	Change, %	1 January– 31 December 2016
Turnover	4,510	3,037	48.5	13,412	10,767	24.6	15,256
Operating expenses	-5,872	-5,050	-16.3	-16,801	-17,420	3.6	-22,993
OPERATING RESULT	-1,362	-2,014	32.3	-3,389	-6,653	49.1	-7,736
Financing income and expenses	-623	-496	-25.6	-1,889	-1,581	-19.5	-1,811
Result before tax	-1,986	-2,510	20.9	-5,278	-8,234	35.9	-9,547
Income taxes	-18	0		219	-1		-2
RESULT FOR THE PERIOD	-2,004	-2,510	20.2	-5,059	-8,235	38.6	-9,550
Attributable to: Equity holders of the parent company	-2,004	-2,510	20.2	-5,059	-8,233	38.6	-9,550
Non-controlling interests	0	-0		0	-2		0
Earnings per share:							
Undiluted, EUR	-0.01	-0.01	0.0	-0.01	-0.02	0.0	-0.03
Diluted, EUR	0.01	-0.01	0.0	-0.01	-0.02	0.0	-0.03

STATEMENT OF COMPREHENSIVE INCOME, TEUR

	1 July–30 September 2017	1 July–30 September 2016	Change, %	1 January– 30 September 2017	1 January– 30 September 2016	Change, %	1 January– 31 December 2016
Result for the period	-2,004	-2,510	20.2	-5,059	-8,235	38.6	-9,550

Other comprehensive income							
Change in translation difference	59	203	-71.0	462	733	-37.0	538
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-1,945	-2,307	15.7	-4,596	-7,502	38.7	-9,012

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, TEUR

	30 September 2017	30 September 2016	31 December 2016
ASSETS			
NON-CURRENT ASSETS			
Goodwill	12,625	11,543	11,543
Other intangible assets	5,409	339	323
Property, plant and equipment	370	336	340
Available - for- sale investments	21	8	8
Accounts receivable	42	0	156
NON-CURRENT ASSETS TOTAL	18,467	12,225	12,370
CURRENT ASSETS			
Trade and other receivables	4,996	3,369	3,304
Cash and cash equivalents	924	872	422
CURRENT ASSETS TOTAL	5,919	4,241	3,726
TOTAL ASSETS	24,386	16,466	16,095
EQUITY AND LIABILITIES	30 September 2017	30 September 2016	31 December 2016
SHAREHOLDERS' EQUITY			
Share capital	585	585	585
Share premium account	219	219	219
Invested unrestricted equity fund	55,050	47,189	47,191
Retained earnings	-51,556	-42,462	-42,645
Result for the financial period	-5,059	-8,233	-9,550
Total equity attributable to equity holders of the parent company	-760	-2,701	-4,199
Non-controlling interests	0	0	0
TOTAL EQUITY	-760	-2,701	-4,199
LIABILITIES			
Non-current liabilities	12,712	9,992	10,215

Current liabilities	12,435	9,176	10,078
LIABILITIES TOTAL	25,147	19,167	20,294
TOTAL EQUITY AND LIABILITIES	24,386	16,466	16,095

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, TEUR

A: Share capital

B: Share premium account

C: Share issue

D: Invested unrestricted equity fund

E: Translation difference

F: Retained earnings

G: Total equity attributable to equity holders of the parent company

H: Non-controlling interests

I: Equity total

	A	B	C	D	E	F	G	H	I
Shareholders' Equity on 1 January 2016	585	219	0	46,994	-258	- 45,054	2,487	221	2,708
Other changes				219			219	219	0
Result for the financial period						-8,233	-8,233	-2	-8,235
Other comprehensive income items									
Translation difference					733		733		733
Transactions with shareholders : Equity part of the convertible bond						2,114	2,114		2,114
Expenses for equity procurement				-25			-25		-25
Share-based remuneration						2	2		2
Shareholders' Equity on 30 September 2016	585	219	0	47,189	475	- 51,170	-2,701	0	-2,701
Shareholders' Equity on 1 January 2017	585	219	0	47,190	280	- 52,475	-4,199	0	-4,199

Other changes									
Result for the financial period						-5,059	-5,059		-5,059
Other comprehensive income items									
Translation difference					462		462		462
Transactions with shareholders : Equity part of the convertible bond			1,500	6,403			7,903		7,903
Expenses for equity procurement				-44			-44		-44
Share-based remuneration						176	176		176
Shareholders' Equity on 30 September 2017	585	219	1,500	53,549	742	-	57,710	-761	0
									-761

CONSOLIDATED STATEMENT OF CASH FLOWS, TEUR

	1 January–30 September 2017	1 January–30 September 2016	1 January-31 December 2016
Cash flows from operating activities			
Result for the period	-5,059	-8,235	-9,550
Adjustments to cash flow from operating activities			
Income taxes	-219	1	1
Other income and expenses with no payment relation	0	0	500
Depreciations, amortisations and impairment	557	862	505
Financial income and expenses	1,889	1,344	1,511
Other adjustments	-587	-654	-997
Cash flow from operating activities before change in working capital	-3,420	-6,682	-8,029
Change in working capital	-2,059	1,724	2,841
Interest received	4	3	2
Interest paid	-707	-234	-280
Taxes paid	-6	-1	-1
Net cash flow from operating activities	-6,188	-5,190	-5,467
Compensation received from a business transaction	0	400	550

Acquisition of subsidiaries, net of cash acquired	673	0	0
Investments in tangible and intangible assets	-154	-125	-364
Sales of property, plant and equipment	0	0	47
Net cash flow from investment activities	518	275	233
Net cash flow before financing	-5,670	-4,915	-5,234
Cash flow from financing activities			
Increase in long-term borrowings	4,680	4,394	4,394
Increase in short-term borrowings	2,002	46	47
Prepayment of short-term borrowings	-2,190	-190	-253
Payments received from share subscriptions	1,800	0	0
Equity acquisition cost	-44	26	24
Financial lease payments	-76	-391	-457
Net cash flow from financing activities	6,172	3,886	3,755
Change in cash and cash equivalents	502	-1,029	-1,479
Cash and cash equivalents at the beginning of the period	422	1,901	1,901
Cash and cash equivalents at the end of the period	924	872	422

Accounting principles

This interim report has been prepared in accordance with IAS 34 (Interim Financial Reporting standard). The changes in IFRS standards and their interpretations that entered into force on 1 January 2017 have not had a substantial effect on the consolidated financial statement.

For the application of the IFRS 15 standard, the group has examined all the agreements for projects implemented during the review period. Based on these agreements, the IFRS 15 standard has no significant effect on the recognition of sales income. The company continues to prepare for the adoption of the standard in question.

Preparing the interim report in accordance with the IFRS standards requires the use of the management's assessments and presumptions, which affect the amounts of assets and

liabilities at the time of preparation as well as the earnings and expenses during the review period. Furthermore, consideration is required in the application of the preparation principles for financial statements. Since the assessments and presumptions are based on the outlook at the time of the interim report, they contain risks and uncertainty factors. Actual results may differ from the assessments and presumptions made.

The figures in the income statement and balance sheet are consolidated. The consolidated balance sheet combines all the group's companies. The original release is in Finnish. The English release is a translation of the original.

The figures in the release are rounded, which is why the sum of individual figures may deviate from the total sum presented. The interim report is unaudited.

Acquired business operations

Business operations acquired during the review period. On 24 August 2017, the company acquired NodeOne Group AB, the parent company of Wunderkraut Sweden AB; in the transaction, the Swedish group became a part of Digitalist Group.

The turnover for NodeOne Group AB as of 31 December was SEK 37.3 million, EBITDA was SEK 2.77 million and earnings were SEK 2.74 million.

As part of the transaction, all shares in NodeGroup AB were transferred to Digitalist Group. As compensation, Digitalist Group provided a total of 37,500,000 new shares in Digitalist Group (the "Compensation Shares") in a special issue (the "Share Issue") to be subscribed to by the owners of NodeOne Group AB (the "Sellers"). The Sellers have subscribed to the Compensation Shares offered in the Share Issue in full and Digitalist Group's Board of Directors has approved the Sellers' subscriptions.

The subscription price for the Compensation Shares (the "Subscription Price") during the Share Issue was EUR 0.1166 per Compensation Share. The number of Compensation Shares being issued was determined by dividing the sum of the purchase price (EUR 4,371,252.33) by the average price, weighted by traded amounts, of Digitalist Group's shares on the Nasdaq Helsinki Oy exchange over 50 trading days before the Closing. However, the maximum total number of Shares offered in the Share Issue was 37,500,000

Compensation Shares, even though more Compensation Shares would have been required according to the above calculation.

At the decision of Digitalist Group's board of directors, the Share Issue was executed while deviating from shareholder priority, based on the authorisation provided by Digitalist Group's Annual General Meeting on 29 March 2017 regarding the completion of the business acquisition. The Compensation Shares offered in the Share Issue were issued for the purpose of developing the group's business and financing the business acquisition, which constitutes a weighty financial reason, as referred to in the Limited Liability Companies Act, for deviating from shareholder priority.

Following the share issue, the Compensation Shares represent some 9.19% of the shares and votes in Digitalist Group. The Compensation Shares entitle their owners to any possible full dividends distributed by Digitalist Group, to other distribution of assets, and provide full shareholder rights in the Company from the moment when the Compensation Shares are recorded in the trade register and the company's list of shareholders. According to a separate agreement, 60% of the Compensation Shares are subject to a lock-up period between twelve (12) months and three (3) years from their issue.

The acquisition expands Digitalist Group's operations into Sweden and significantly strengthens its service offering in the field of website design and development. Digitalist Group is introducing to the Swedish market its full "Discover – Design – Deliver" offering, allowing all customers to receive all the necessary digitalisation services from a single location. Wunderkraut Sweden AB has a strong reputation as the leading company specialised in digital development and website design in Sweden, its customer satisfaction remains at a very high level and its world-class team has continuous assignments and projects.

NodeOne Group AB's figures are included in Digitalist Group's turnover and profits from 25 August 2017 onward. The purchase price is approximately EUR 4.4 million. According to preliminary calculations, intangible assets contains approximately EUR 3.9 million in value related to client relationships and other intangible assets. Goodwill includes EUR 0.8 million in calculated tax debt. Value related to client relationships is depreciated in 5 years and value related to other intangible assets is depreciated in 3 years starting from the third quarter.

If NodeOne Group AB's turnover of EUR 2.9 million is included, the company's turnover for the review period would have been EUR 16.3 million.

If NodeOne Group AB's net result of EUR 0.1 million are included, the company's net result for the review period would have been EUR -5.0 million.

At the time of closing, NodeOne Group AB had EUR 328 thousand in sales receivables and EUR 1,010 thousand in other receivables. It had EUR 47 thousand in accounts payable, EUR 184 thousand in other liabilities and EUR 639 thousand in accrued liabilities.

Purchase price	
- Shares	4,371
Acquisition cost	4,371
NodeOne shareholders' equity	
Share capital	51
Retained Earnings	416
Total Equity	467
	3,904
Allocated sum	3,904
Contracts	1,600
Client relationships	2,303
Goodwill	760

The costs incurred for the acquisition, EUR 237 thousand, are recognised as follows:

Invested unrestricted equity fund	21
Administration costs	216
Total	237

Going concern

This interim report has been prepared in line with the principle of going concern, taking into account the financing arrangements executed by the company and the business forecast for 2017. The forecasts take into consideration the probable or foreseeable changes in future expectations, of revenues and costs.

At the time of the publication of the interim report, the company estimates that its net working capital is expected to be sufficient for the needs of the following 12 months.

Some of the company's bank loans include covenants that are reviewed for the next time on 31 December 2017.

Goodwill impairment testing

Digitalist Group performed goodwill impairment testing on 30 September 2017. Goodwill is attributed to the one cash-generating unit starting from 1 November 2013 onwards.

Based on the performed goodwill impairment testing, the present value of future cash flows exceeded the carrying value of assets by EUR 19.1 million and there was no need for impairment. The balance sheet at the end of the review period included EUR 12.6 million in goodwill. The present value of the cash flow calculation, EUR 36.8 million, is lower than the sum of the company's financial liabilities (EUR 17.1 million) and market price of the shares (EUR 42.9 million) as of 30 September 2017.

The company tests its goodwill based on the value of assets in use. In the testing performed on 30 September 2017, the cash flow forecast period consisted of the forecast between Q4 2017 and Q3 2021.

The forecast includes moderate growth for 2017. During the years 2018 to 2021, stronger growth of approximately 13% on average is expected as digitalisation will impact an ever-growing part of business community. Operating margin is expected to increase to around 6% on average.

The impairment test is conducted by comparing the carrying value of assets to the present value of future cash flow, taking into consideration forecasted cash flows during the forecast period, discount factor, and growth rate used in calculating terminal value. The discount factor used is 9% p.a. and growth rate used in calculating terminal value is 1% p.a. When calculating the terminal value, the weighted average EBIT % level for the period was used.

The impairment test is most sensitive to the following two factors: the cash flow forecast itself (and the assumptions behind it) and the growth rate used (when calculating the terminal value and to the discount factor). If any of the following conditions applied, then the tested value would have been equal to the discounted cash flow: the growth rate of -19,6% had been used instead of 1%, the discount factor had been 18,7% instead of 9%; or the EBIT % used had been 0.7% instead of 6%.

Loan covenants

As of 30 September 2018, the company has EUR 2.8 million in loans from financial institutions. The amount of the loans including covenants was EUR 0.3 million (0.6) as of 30 September 2017.

The loan agreements include covenants regarding equity ratio, which is considered to include loans from the principal owner as well as the credit limits in use. The covenants will be reviewed for the next time on 31 December 2017. If the company does not meet the limit set in the covenant agreement, the financier is entitled to terminate the loans that the covenant agreement applies to and demand their immediate repayment. After 31 December 2017, the covenant level to be followed will be reviewed every six months. The equity ratio calculated according to the covenant definition in the loan agreements shall be at least 30%.

On 30 September 2017, the company's equity ratio pursuant to the covenant definition was 55.1%.

Due dates for loans subject to covenants:

Period	Instalment TEUR
1 January – 31 December 2017	253
1 January – 31 December 2018	253

CONSOLIDATED INCOME STATEMENT BY QUARTER, TEUR

	Q3/2017 1 July–30 September 2017	Q2/2017 1 April– 30 June 2017	Q1/2017 1 January– 31 March 2017	Q4/2016 1 October– 31 December 2016	Q3/2016 1 July–30 September 2016	Q2/2016 1 April– 30 June 2016
Turnover	4,510	4,667	4,236	4,489	3,037	3,830
Operating expenses	-5,872	-5,896	-5,034	-5,572	-5,050	-6,229
OPERATING RESULT	-1,362	-1,229	-798	-1,083	-2,014	-2,400
Financing income and expenses	-623	-826	-440	-231	-495	-506
Result before tax	-1,986	-2,055	-1,237	-1,341	-2,510	-2,905
Income taxes	-18	237	0	- 1	0	- 1
RESULT FOR REFERENCE PERIOD	-2,004	-1,818	-1,237	-1,315	-2,510	-2,906

CHANGES IN FIXED ASSETS, TEUR

	Goodwill	Intangible assets	Tangible fixed assets	Available for- sale investments	Total
Carrying amount 1 January 2016	12,043	548	372	23	12,986
Additions	0	24	94	0	118
Changes in exchange rates	0	0	-2	0	-2
Disposal and transfers	0	0	0	-15	-15
Sale of business activities	-500	0	0	0	-500
Depreciations and amortisations for the review period	0	-233	-129	0	-362
Carrying amount 30 September 2016	11,543	338	335	8	12,225
Carrying amount 1 January 2017	11,543	323	340	8	12,214
Additions	1,091	5,602	123	14	6,830
Changes in exchange rates	-9	-46	-5	0	-60

Depreciation for the review period	0	-470	-87	0	-557
Carrying amount 30 September 2017	12,625	5,409	370	22	18,426

KEY FIGURES

	1 January–30 September 2017	1 January–30 September 2016	1 January–31 December 2016
ASSETS			
Earnings per share, EUR, diluted	-0.01	-0.02	- 0.03
Earnings per share, EUR	-0.01	-0.02	-0.03
Equity per share, EUR	0.00	-0.08	-0.01
Cash flow from operations per share, EUR, diluted	-0.02	-0.01	-0.01
Cash flow from operations per share, EUR	-0.02	-0.01	-0.01
Return on investment, %	-27.7	-49.0	-70.1
Return on equity, %	N/A	N/A	1.5
Operating result/turnover, %	-25.3	-61.8	-50.7
Net gearing from total equity, %	-2,122.7	-439.7	-288.3
Equity ratio, %	-3.1	-16.4	-26.1
Equity ratio excluding non-controlling interests, %	-3.1	-16.4	-26.1
EBITDA, TEUR	-2,832	-6,291	-7,231

OTHER INFORMATION

	1 January–30 September 2017	1 January–30 September 2016	1 January–31 December 2016
Employees, average	191	192	188
Employees at the end of the period	232	174	174
COMMITMENTS, TEUR			
Guarantees given for own commitments			
Corporate mortgages	23,500	23,500	23,500
Guarantees	0	0	0
Leasing and other rental commitments			
Due within 1 year	1,029	892	831

Due within 1–5 years	1,347	708	1,307
Due after 5 years	0	0	0
Total	2,376	1,600	2,138
Nominal value of interest rate swap agreement			
Due within 1 year	253	253	253
Due within 1–5 years	63	316	253
Due after 5 years	0	0	0
Total	316	569	506
Fair value	-3	-9	-7

CALCULATION PRINCIPLES FOR KEY FIGURES

EBITDA = Earnings before interest, taxes, depreciation and amortization

Diluted earnings per share = Profit for the period, attributable to equity holders of the parent/ Number of shares, adjusted for issues and for option dilution, average

Earnings per share = Earnings for financial period / Average share issue-adjusted number of shares outstanding during the period

Equity per share = Equity attributable to equity holders of the parent/ Amount of shares on the closing date

Cash flow from operations per share, EUR, diluted = Net cash flow from operations / Average share issue-adjusted number of shares outstanding during the period, adjusted for dilution

Return on investment (ROI) =
 (earnings before tax + interest expenses + other financing expenses) /
 (Total assets - interest-free debt (average)) x 100

Return on equity (ROE) = net earnings / Total equity (average) x 100

Gearing = interest-bearing debt - liquid assets / total equity x 100