Digitalist Group Plc Inside information 17 December 2020 at 9:55

Digitalist Group sells minority shareholding in Digitalist Sweden AB to executive management, Directed acquisition of company shares

Sale of minority shareholding in Digitalist Sweden AB

The Board of Directors of Digitalist Group Plc ("Digitalist Group" or "Company") has approved a corporate transaction ("Transaction") whereby the Company, among others, sells altogether 30 per cent of the stock of Digitalist Sweden AB to three different holding companies owned by managers ("Manager") of Digitalist Sweden AB (individually "Buyer", collectively "Buyers"), 10 per cent to each Buyer.

The purchase price of the sold shares is altogether approximately EUR 1,587,000, of which the Buyers will pay altogether approximately EUR 314,000 in cash (approximately EUR 99,000-116,000 per Buyer) and the rest of which will constitute debt ("Debt") to the Company. Each Buyer shall pay the Debt (approximately EUR 413,000-430,000) in one instalment no later than by 4 December 2030. The Debt will accrue an interest on market terms and the Buyer will pledge their acquired shares in Digitalist Sweden AB as security for the payment of the Debt and interest to Digitalist Group. The ownership of the Digitalist Sweden AB shares sold in the Transaction will be transferred to the Buyers on 31 December 2020.

In connection with carrying out the Transaction, Digitalist Group will acquire its own shares approximately for a total value of EUR 214,600 from two holding companies owned by different Managers of Digitalist Sweden AB.

Digitalist Sweden AB, a subsidiary to Digitalist Group, provides digital services for open source (Drupal) environments and is a leading web design and integration specialist in Sweden. The main clients include municipalities, government agencies and NGO's that have chosen an open source strategy. The objective of the transaction is to enable an accelerated growth for Digitalist Group within this segment in Sweden and elsewhere in the Nordics and to strengthen the service footprint within the open source environment and within the selected client segments, as the Group is sharpening its focus on its core market of CX innovation.

Digitalist Group innovates and develops top class customer experiences by combining expertise in brand strategy, transformation, service design and technology, and operates from offices in Helsinki, Stockholm, London and Vancouver.

The turnover of the Digitalist Sweden AB on financial year 2019 was SEK 71.3 million, EBITDA was SEK 128 thousand and result was SEK -28 thousand.

Digitalist Group estimates that the Transaction will not affect its earlier guidance for the year 2020, according to which, in 2020, turnover is expected to decrease in comparison with 2019 and EBITDA is expected to improve in comparison with 2019.

Directed Acquisition of the Company’s own shares

As a part of enabling the Transaction, the Board of Directors of Digitalist Group has resolved, under the authorisation granted to the Board of Directors by the annual general meeting on 14 April 2020, to acquire the Company’s own shares, altogether 7,664,943 shares, in a directed purchase.

Own shares will be acquired from the Swedish Inowat AB, altogether 3,539,367 shares, and from the Swedish Seeheim Holding AB, altogether 4,125,576 shares. The purchase price is EUR 0.028 per share, which corresponds to the highest price of Digitalist Group Plc’s share during continuous trading on 16 December 2020 in the Nasdaq Helsinki Ltd stock exchange immediately prior to making the decision to carry out the acquisition and, therefore, fulfils the authorisation’s requirement by being at most the highest price payable for the share in public trading at the time of acquisition.

The own shares will be acquired in order to carry out arrangements forming part of the Company’s business, so there is a weighty financial reason for the Company to acquire shares in a proportion other than that of the shareholdings of existing shareholders.

Following the transactions made on December 17 2020, Digitalist Group holds a total of 7,664,943 of its own shares, which corresponds to approximately 1.18 percent of all the Company's shares.

DIGITALIST GROUP PLC

Board of Directors

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