



## Digitalist Group Plc. Business review 1 January – 30 September 2019

### July - September 2019 (figures for 2018 in brackets):

- Turnover EUR 5.8 million (EUR 5.8 million), reduction of 0.7%.
- EBITDA EUR -1.0 million (EUR -0.8 million), -18.3% of turnover (-13.5%).
- Operating result EUR -1.9 million (EUR -1.2 million), -33.1% of turnover (-20.8%).
- Net result EUR -1.8 million (EUR -1.3 million), -31.7% of turnover (-23.3 %).
- Earnings per share (undiluted and diluted) EUR -0.00 (EUR -0.00).

### January - September 2019 (figures for 2018 in brackets):

- Turnover EUR 20.7 million (EUR 17.3 million), growth of 19.6%.
- EBITDA EUR -2.0 million (EUR -4.0 million), -9.8% of turnover (-23.1%).
- Operating result EUR -4.6 million (EUR -5.1 million), -22.2% of turnover (-29.8%).
- Net result EUR -5.2 million (EUR -5.3 million), -25.1% of turnover (-30.7%).
- Earnings per share (undiluted and diluted) EUR -0.01 (EUR -0.01).
- Number of employees at the end of the review period 255 (266), reduction of 4.1%

\*The effect of IFRS 16 on July – September earnings before interest, taxes, depreciation, and amortisation (EBITDA) is EUR 0.3 million, and on Operating result in the same period EUR -0,1 million; the effect on earnings before interest, taxes, depreciation, and amortisation (EBITDA) for the review period is EUR 1.1 million, and on Operating result EUR -0.1 million.

### CEO's review

Digitalist Group combines brand, design and technology expertise in a unique way. We design and execute products and services for our customers that are innovative, creative and user-friendly. We have continued to clarify Digitalist Group strategy based on these strengths.

Our primary goal is to help our clients deliver top-notch customer experiences to their target audiences. The assignments are often extensive: we even help companies create completely new business models. Innovations are based on insights deriving from customer data.

Our comprehensive portfolio provides Digitalist Group with a competitive edge in the global market where more and more companies have recognized that a distinctive customer experience is a key competitive asset and a cornerstone of the brand.

During the first three quarters of 2019, we have worked hard to improve profitability and to align our operating models and culture. These objectives are central also in the last quarter of the financial year.

During January-September 2019, we have successfully increased our revenue and EBITDA and EBIT compared to the corresponding period in 2018. This indicates that we are on the right track even though our business has continued to be unprofitable. Revenue increased by +19.6% in the first three quarters compared to the comparison period. In the third quarter, revenue remained almost unchanged compared to the corresponding period, amounting to approx. 5.8 million euros (decrease 0.7%).

At the end of September, the company had a total of 255 employees (down 4.1%), including more than 30 different nationalities in five different countries. This illustrates the diversity of our company, which brings added value to our customers. Digitalist Group has specialized studios e.g. in Helsinki, Stockholm, London, San Francisco and Vancouver. These studios combine experts ranging from strategic and brand designers to design and technology experts.

I started as CEO of Digitalist Group in early September. I have met extensively our customers, employees and partners.

Profitable growth, streamlining of processes for completed acquisitions, and crystallization of company strategy and key messages will continue to require special attention and refinements. With the feedback we have received, we are also refining our CRM offering.

In addition to the consulting business, Digitalist Group has new business areas that will receive closer attention in the future. These include e.g. Ticknovate ticketing system, LeanLab user research platform, Experience Store app store, and the Smart and Sustainable Packaging suite of programs focused on sustainability.

I'm really impressed with Digitalist Group's world-class expertise and solutions that we have designed and implemented for our customers. Customer experience is becoming a strategic asset for companies in all markets, and we are well positioned to respond to this transformation. Together with our customers, we can design and build innovative services that take the customer experience to the next level!

*// CEO Petteri Poutiainen*

## **FUTURE PROSPECTS**

In 2019, turnover and operating result are expected to develop positively compared to 2018.

## **OTHER EVENTS DURING THE THIRD QUARTER**

The Stock Exchange releases of the review period are available on the company website at <https://digitalist.global/investors/releases>.

## **EVENTS FOLLOWING THE REVIEW PERIOD**

23 October 2019 Digitalist Group Plc has agreed with Turret Oy Ab on a short term loan amounting to EUR 1,000,000. The loan was granted on market terms, and it falls due on 30 November 2019. Turret Oy Ab is the biggest shareholder of Digitalist Group.

28. October 2019 Digitalist Group Plc's subsidiary Digitalist Finland Ltd initiates co-operation negotiations concerning the employees of the company's offices in Kemi, Oulu and Tampere.

The company plans to close down the offices in Kemi, Oulu and Tampere and to centralise its Finnish operations at the office in Helsinki. The planned arrangements aim at making the company's operations more effective and at adjusting the number of employees to correspond to the number of jobs available in the company in the future in Kemi, Oulu and Tampere offices. The co-operation negotiations are preliminarily estimated to lead not only to a potential reduction in the number of employees but also to organisational changes and reorganisation of activities. These may result in changes in the employees' duties and working methods, organisation of work, and transfers of employees to different duties and locations. The planned reorganisation may thus also involve solutions concerning the training and relocation of employees, and adjustments to the forms of employment relationship (permanent/fixed-term/part-time). The initial estimate is that the planned changes may lead to a reduction of a maximum of 18 persons in the number of employees.

At the time of publication of the business review, the company estimates that its working capital will be sufficient for the needs of the 12 following months taking in to account anticipated financing arrangements.

## **DIGITALIST GROUP PLC**

Board of Directors

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## **DIGITALIST GROUP PLC**

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