Digitalist Group Plc's Business Review, 1 January – 30 September 2021

SUMMARY

July –September 2021 (comparable figures for 2020 in parentheses):

- Turnover: EUR 3.9 million (EUR 4.3 million), decrease: 9.3%.
- EBITDA: EUR 0.5 million (EUR -0.8 million), 13.2% of turnover (-18.9%).
- EBIT: EUR -0.0 million (EUR -1.5 million), -0.7% of turnover (-34.3%).
- Net income: EUR -0.4 million (EUR -2.5 million), -9.8% of turnover (-58.3%).
- Earnings per share (diluted and undiluted): EUR -0.00 (EUR -0.00).

January–September 2021 (comparable figures for 2020 in parentheses):

- Turnover: EUR 13.5 million (EUR 15.5 million), decrease: 12.9%.
- EBITDA: EUR -1.3 million (EUR -2.3 million), -9.7% of turnover (-14.8%).
- EBIT: EUR -3.5 million (EUR -8.2 million), -25.7% of turnover (-52.8%).
- Net income: EUR -3.9 million (EUR -10.5 million), -29.0% of turnover (-66.4%).
- Earnings per share (diluted and undiluted): EUR -0.01 (EUR -0.02).
- Number of employees at the end of the review period: 160 (187), decrease of 14.4%.

The EBIT and net result of the review period was impacted by a write-down of the company's goodwill (EUR -0.5 million). EBIT, EBITDA and net result of the review period were impacted by a booked gain of 1.3 million EUR from the Ticknovate Share transaction.

CEO's review

Having been forced to work and meet remotely has brought people from our different studios and countries closer together than ever. This, in addition to growing needs for digitalization, are the positive impacts of Covid. We are now much better at working together with and supporting our clients in mixed teams from all of our studios and excellence areas.

Digitalist continues to work with some of the most well known brands in the industry. Our largest clients include Honda, Spotify, Posti, Electrolux and Tetra Pak. After the summer the group has acquired new clients in all our regions and business areas, young and growing companies like Wayout International, Yangi and Pophouse.

As part of the measures taken during quarter three was the successful divestment of Ticknovate Ltd. With this arrangement, Digitalist Group increases its financial flexibility and the focus on its core business.

During the quarter Digitalist group has also initiated the expansion of its Open source tech offering on the Finnish market.

Quarter three has been a period of planning to generate a new start. We are continuously looking into our expenses, and we aim to improve our profitability as we increase our revenues.

We hope that the Covid pandemic will come to an end soon and look forward to that Digitalist Group will come out strong when things get back to normal.

//CEO Magnus Leijonborg

FUTURE PROSPECTS

In 2021, turnover is expected to decrease in comparison to 2020 and EBITDA is expected be approximately at the same level as compared to 2020.

OTHER EVENTS DURING THE THIRD QUARTER

Digitalist Group divested its share in Ticknovate Limited

Digitalist UK Limited belonging to Digitalist Group has on the 27th of August signed a share purchase agreement to divest its subsidiary Ticknovate Limited. Digitalist UK Limited owned 65% of Ticknovate's shares. The transaction was completed by selling all Ticknovate's shares in Digitalist UK Limited's possession to Turret Oy Ab. Turret is Digitalist Group Plc's largest shareholder.

Sales price was 2.6 million eur and it is paid in cash. The transaction was closed on 31.8.2021. The parties have agreed about possible additional sales price, which is estimated to be 0 – 0.4 million eur depending on the development of the value of Ticknovate by 31.12.2023.

Digitalist Group has booked in other operating income, a capital gain of 1.3 million eur of the Share transaction. The transaction will not have a material effect on the group's turnover, but it supports the group's equity. With the arrangement, Digitalist Group increases its financial flexibility and the focus on its core business. Following the Share transaction, Ticknovate and Digitalist Group will continue cooperation under market terms.

Changes in Digitalist Group's Management Team

Digitalist Group also streamlined its Group's Management Team.
Digitalist Group's new Management Team started on 23.9.2021 consists of the following persons:
CEO Magnus Leijonborg
CFO Mervi Södö

Digitalist Group Plc decreased its earlier guidance regarding future prospects

During the third quarter, Digitalist Group Plc decreased its earlier guidance regarding future prospects. On 17.8.2021 the guidance was changed to:

In 2021, turnover is expected to decrease in comparison to 2020 and EBITDA is expected be approximately at the same level as compared to 2020.

The previous guidance of the company was:
In 2021, turnover and EBITDA is expected to improve in comparison with 2020.

The stock exchange releases for the review period are on the company's website at www.digitalist.global/investors/releases.

EVENTS SINCE THE REVIEW PERIOD

When the business review was published, the company expected its working capital to be sufficient to cover its requirements over the next 12 months.

DIGITALIST GROUP OYJ
Board of Directors

Additional information:

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