

DIGITALIST GROUP'S HALF-YEAR REVIEW, 1 JANUARY–30 JUNE 2022**SUMMARY****April–June 2022 (comparable figures for 2021 in parentheses):**

- Turnover: EUR 5.3 million (EUR 4.8 million), increase: 10,0%.
- EBITDA: EUR -1.0 million (EUR -1.1 million), -19.3% of turnover (-24.0%).
- EBIT: EUR -1,0 million (EUR -2.2 million*), -19.5% of turnover (-45.7%).
- Net income: EUR -1.8 million (EUR -2.8 million*), -33.5% of turnover (-57.8%).
- Earnings per share (diluted and undiluted): EUR -0.00 (EUR -0.00).

January–June 2022 (comparable figures for 2021 in parentheses):

- Turnover: EUR 10,4 million (EUR 9.6 million), increase: 8.5%.
- EBITDA: EUR -1.4 million (EUR -1.8 million), -13.4% of turnover (-19.1%).
- EBIT: EUR -2.3 million (EUR -3.4 million*), -22.0% of turnover (-35.9%).
- Net income: EUR -3.1 million (EUR -3.5 million*), -30.2% of turnover (-36.7%).
- Earnings per share (diluted and undiluted): EUR -0.00 (EUR -0.01).
- Cash flow from operations: EUR -1.3 million (EUR -1.9 million).
- Number of employees at the end of the review period: 161 (175), decrease of 8.0%.

*) In the comparison period 2021 there was a 0,5 million EUR write-down of the company's goodwill.

Future prospects

In 2022, turnover and EBITDA are expected to improve in comparison with 2021.

CEO's review

Despite new turbulence in the market due to the geopolitical situation, rising inflation and increasing cost pressure, Digitalist Group succeeded in increasing the turnover by 8,5 percent from EUR 9.6 million to EUR 10.4 million compared to the first half of the last year. The share of turnover earned outside Finland increased to 84 percent in the review period.

The EBITDA also slightly improved during the review period compared to the first half of the last year. We are continuing our work to reach positive numbers, including primarily a stronger topline, but also keeping a constant focus on costs and improving our ways of working. In addition to cutting Group and overhead costs, we have implemented detailed savings initiatives across the Group companies which have reduced the cost base for the second half of the year.

We have during the year continued to invest in and build our LeanLab SaaS service, which is now growing to become a state-of-the-art customer collaboration platform for CX-innovation.

Our business area FutureLab connects innovative start-ups working with new sustainable materials with commercial clients in search for sustainable packaging. FutureLab has during the review period gained increased interest among its potential customers and we are continuing investments to grow the sustainable packaging business further.

Strengthening the topline remains our top priority. As we are entering the second half of the year, we work with new exciting projects to future-proof our clients' businesses using our unique competences in branding, design and technology. In addition, we are aiming to further expand our Open source technology offering both on the Finnish and Swedish markets.

Our market is very competitive not only when it comes to attracting new clients, but even more so when it comes to competing for the best talent. We believe that our culture and focus on people is fundamental for our ability to retain the best people. With the first half of the year behind us, I want to thank our fantastic and talented people in all our studios for focusing on what we do best: delivering value to our clients.

/ CEO, Magnus Leijonborg

SEGMENT REPORTING

Digitalist Group reports its business in a single segment.

TURNOVER

In the second quarter, the Group's turnover was EUR 5.3 million (EUR 4.8 million), which is 10.0% more than in the previous year. Increase in turnover is reached by sales to new customers as well as by new projects with existing customers.

The Group's turnover for the review period totalled EUR 10.4 million (EUR 9.6 million), which is 8.5% increase to the previous year. Active customer work is starting to show promising signs in turnover. The share of turnover earned outside Finland has increased to 84% (78%).

RESULT

In the second quarter, EBITDA was EUR -1.0 million (EUR -1.1 million), EBIT was EUR -1.0 million (EUR -2.2 million), and profit before taxes was EUR -1.8 million (EUR -2.8 million). EBITDA was decreased by 0.2 million EUR one-off costs (EUR 0.3 million). Net income for the second quarter amounted to EUR -1.8 million (EUR -2.8 million), earnings per share were EUR -0.00 (EUR -0.00). The EBIT and the net result of the second quarter in the comparison year were impacted by a write-down of the company's goodwill of EUR 0,5 million.

In the review period, EBITDA came to EUR -1.4 million (EUR -1.8 million), EBIT was EUR -2.3 million (EUR -3.4 million), and profit before taxes was EUR -3.2 million (EUR -3.4 million). The positive development of EBITDA in the review period was influenced by the increase in turnover and cost savings. The net financial income and expenses, EUR -0.9 million (EUR -0.0 million), were significantly improved during the comparison period in 2021 by the exchange gains booked on balance sheet items. Net income for the financial period amounted to EUR -3.1 million (EUR -3.5 million), earnings per share were EUR 0.00 (EUR -0.01) and cash flow from operating activities per share was EUR -0.00 (EUR 0.00). The EBIT and net result of the comparison review period were impacted by a write-down of the goodwill of EUR 0.5 million.

RETURN ON EQUITY

The Group's shareholders' equity amounted to EUR -28.1 million (EUR -20.9 million). The Group's equity considering the capital loans was EUR -13.1 million (EUR -20.9 million). More information of capital loans in the section of the review entitled related-party transactions. Return on equity (ROE) was negative. Return on investment (ROI) was -31.3 (-64.2) per cent.

INVESTMENTS

There were no major investments during the review period (EUR 0.0 million).

BALANCE SHEET AND FINANCING

The balance sheet total was EUR 13,2 million (EUR 16.6 million). The equity ratio was -212.2% (-126.5%). At the end of the review period, the Group's liquid assets totalled EUR 0.4 million (EUR 0.5 million).

At the end of the review period, the Group's balance sheet recognised EUR 10.8 million (EUR 10.3 million) in loans from financial institutions, including the overdrafts in use.

On 30 June 2022, the Group's interest-bearing liabilities amounted to EUR 34.3 million (EUR 30.9 million). The loans from related parties amount to EUR 21.8 (EUR 20.1 million). EUR 15.0 million related party loans are capital loans, EUR 5.8 million (EUR 20.1 million) are convertible bonds and EUR 1.1 million (EUR 0.0) are short term loan. The loan agreements made with related-party companies during the review period are in the section of the review entitled related-party transactions.

CASH FLOW

The Group's cash flow from operating activities during the review period was EUR -1.3 million (EUR -1.9 million), improvement being EUR 0.6 million. The development of the company's liquid assets was influenced by the improved profitability and change in working capital.

In order to fasten the rate of turnover of trade receivables, the Group sells some of its trade receivables from Finnish customers. In the second quarter, EUR 1.5 million (EUR 0.8 million) of trade receivables were sold.

GOODWILL

On 30 June 2022, the consolidated balance sheet recognised EUR 4.9 million (EUR 6.9 million) in goodwill. The company conducted an IAS 36 impairment test on its goodwill to reflect the status on 30 June 2022, and stated that there is no need to an impairment charge.

PERSONNEL

The average number of employees during the period under review was 166 (177), and the Group had 161 (175) at the end of the period. At the end of the review period, 61 (64) of the Group's personnel were employed by the Finnish companies, and 100 (111) were employed in the Group's foreign companies. During the period under review, the number of personnel decreased by 4 persons.

SHARES AND SHARE CAPITAL

Share turnover and price

During the review period, the company's share price hit a high of EUR 0.04 (EUR 0.05) and a low of EUR 0.02 (EUR 0.03), and the closing price on 30 June 2022 was EUR 0.02 (EUR 0.05). The average price during the review period was EUR 0.03 (EUR 0.04). During the period under review, 32 568 458 (47 442 662) shares were traded, corresponding to 5.00 (7.29) per cent of the number of shares in circulation at the end of the review period. The Group's market capitalisation at the closing share price on 30 June 2022 was EUR 13 671 478 (EUR 30 337 660).

Share capital

At the beginning of the period under review, the company's registered share capital was EUR 585 394.16, and there were 651 022 746 shares. At the end of the period, the share capital was EUR 585 394.16, and there were 651 022 746 shares. The company has one class of shares. At the end of the reporting period, the company held a total of 7 664 943 treasury shares, 1,2% of all shares.

Option programmes 2019 and 2021

A total of 1,302,000 stock options belonging to the 2019A1 and 2019A2 series have been distributed among the options included in the company's stock option program 2019, based on which it is possible to subscribe for a maximum of 1,302,000 new shares of the Company according to the terms of the stock option program. The other option rights belonging to the option program 2019 have expired.

The option rights belonging to the company's option program 2021 are marked with the codes 2021A1, 2021A2, 2021B1, 2021B2 and 2021C1. A maximum of 60,000,000 stock options can be issued and they entitle to subscribe for a maximum of 60,000,000 new shares of the Company. A total of 38,450,000 options belonging to the 2021A1 and 2021A2 series have been distributed among the options included in the option program.

7,200,000 of the distributed options have expired, so based on the terms of the option program, it is possible to subscribe for a maximum of 31,250,000 new shares of the Company.

The theoretical value of the options allocated by the end of review period is approximately EUR 1.0 million, which is recognised as an expense in accordance with IFRS 2 for the years 2021-2025. The expense recognition for 2022 is EUR 0.3 million. The expense recognition does not have cash flow impact.

Terms and conditions of option programs can be found at the Company's web site <https://digitalist.global>.

Shareholders

The number of shareholders on 30 June 2022 was 5 298 (4 813). Private individuals owned 10,3 (9,3) per cent of the shares, and institutions held 89,7 (90,7) per cent. Nominee-registered shares accounted for 3,6 (2,7) per cent of the total.

RELATED-PARTY TRANSACTIONS AND MANAGERS' TRANSACTIONS

Financing arrangements with related parties:

Capital loan Holdix Oy Ab 23.3.2022

In March the Board decided to exercise the right granted to Digitalist Group Plc by Holdix Oy Ab and convert three-quarters of the Convertible Bonds into Converted Bonds and to convert the capital thereof, altogether EUR 4,545,827.70, and the unpaid interest on the capital of the Converted Bonds set out in the Terms of the convertible bond into a capital loan meeting the requirements of chapter 12, sections 1 and 2 of the Limited Liability Companies Act, with the terms otherwise remaining the same, where applicable. Holdix Oy Ab is the second largest shareholder of Digitalist Group.

Loan Agreement with Turret Oy Ab 24.3.2022

Digitalist Group Plc has made an agreement with Turret Oy Ab on a loan amounting to EUR 500,000. The loan was granted on market terms, and it will fall due on 30 April 2023. Turret Oy Ab is the largest shareholder of Digitalist Group.

Digitalist Group agreed on an arrangement regarding Yangi AB, registered in Sweden. Digitalist Group's Swedish subsidiary, Grow AB, subscribed for a total of 11,111 shares in Yangi AB at a total subscription price of SEK 5,000,000. To increase financial flexibility, Grow AB sold the total of 7,778 Yangi AB shares to Turret Oy Ab for the total purchase price of SEK 6,300,000. The Company has issued a stock exchange release relating to the arrangement on March 24th, 2022.

Loan Agreement with Turret Oy Ab 27.6.2022

Digitalist Group Plc agreed with Turret Oy Ab on a short-term loan amounting to EUR 1,200,000. The loan was granted on market terms, and it will fall due on 31 October 2022.

Turret Oy Ab is the largest shareholder of Digitalist Group.

The Company has issued a stock exchange release relating to the arrangement on June 27th, 2022.

OTHER EVENTS DURING THE SECOND QUARTER

Changes in the Management of Digitalist Group 31.5.2022

Digitalist Group Plc and its Chief Financial Officer agreed that the CFO will leave the Company as of May 31, 2022. For the time being, the Company's CEO is also responsible for performing the duties of the CFO.

Digitalist Group's registration document approved 28.6.2022

The Finnish Financial Supervisory Authority has approved Digitalist Group Plc's registration document ("Registration Document") pursuant to the Finnish Securities Market Act. The Registration Document contains information on the Company and its business and financial position. The Registration Document is valid for 12 months after its approval.

For its entire period of validity, the Prospectus will be available in Finnish as an electronic version on the Company's website at the address <https://investor.digitalistgroup.com/fi/investor/shares/share-issues>. Upon request, a free hard copy of the Registration Document can be obtained by ordering it by email from the address communications@digitalistgroup.com or by mail to the address Digitalist Group Plc, Pohjoisesplanadi 35 A, 00100 Helsinki. The Prospectus is only available in the Finnish language.

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

Annual General Meeting 26 April 2022

The company held its Annual General Meeting on 26 April 2022. The minutes of the Annual General Meeting and the decisions made are on the company's website at <https://digitalist.global/investors/hallinnointi/yhtiökokous>

The Annual General Meeting elected Johan Almquist, Paul Ehrnrooth, Peter Eriksson, Esa Matikainen, Maria Olofsson and Andreas Rosenlew as ordinary members of the Board of Directors. At the Board meeting held on 26 April 2021 after the Annual General Meeting, the Board of Directors elected Esa Matikainen as the Chair of the Board and Andreas Rosenlew as the Deputy Chair of the Board. The Board resolved to establish an Audit Committee. Esa Matikainen was elected as a chairman and Peter Eriksson and Maria Olofsson as members of the Audit Committee.

The Board of Directors evaluated on the date of half-year review the independence of the Committee members in compliance with the recommendations of the Finnish Corporate Governance Code 2020 as follows. Esa Matikainen and Maria Olofsson are independent of the company and independent of a significant shareholder. Peter Eriksson is independent of the company and dependent on a significant shareholder.

Authorization of the Board of Directors to decide on share issues and on granting special rights entitling to shares

The Annual General Meeting authorized the Board to decide on a paid share issue and the issuance of stock options and other special rights entitling to shares referred to in Chapter 10, Section 1 of the Companies Act or a combination of all or some of the above in one or more tranches under the following conditions:

The total number of new shares to be issued under the authorization may not exceed 325,511,370 shares.

The Board of Directors was given the right to decide, within the limits of the above authorization, on all terms and conditions of the share issue and special rights entitling to shares, such as payment of the subscription price not only in cash but also by offsetting the receivable from the company.

The Board of Directors was entitled to decide on the subscription of the subscription price either as an increase in share capital or in the fully or partially invested unrestricted equity fund.

The share issue and the issuance of special rights entitling to shares may also take place in a directed manner deviating from the shareholder's pre-emptive right, if there is a compelling financial reason for this in accordance with the Companies Act. The authorization can then be used to finance acquisitions or other investments related to the company's business, as well as to maintain and increase the Group's solvency and to implement an incentive scheme.

The authorization is valid until the Annual General Meeting to be held in 2023, but not later than June 30, 2023. The authorization has not been used by the date of publication of the half-year review.

Authorisation of the Board of Directors to decide on the acquisition of own shares

The Annual General Meeting authorized the Board to decide on the repurchase or pledge of a maximum of 65,102,000 of the company's own shares with the company's distributable funds. Acquisition can take place in one or more batches. The acquisition price of the shares is the highest price to be paid for the share in public trading at the time of acquisition. In carrying out the repurchase of own shares, ordinary derivative, share lending or other agreements may be entered into on the capital market within the framework of law and regulations. The authorization entitles the Board of Directors to decide on the repurchase other than in proportion to the shares held by the shareholders (directed repurchase).

The shares may be acquired for use in the implementation of acquisitions or other arrangements related to the company's business, to improve the company's financial structure or otherwise for further transfer or cancellation.

The authorization includes the right of the Board of Directors to decide on all other matters related to the acquisition of shares. The authorization is valid until the Annual General Meeting to be held in 2023, but not later than June 30, 2023. The authorization has not been used by the date of publication of the half-year review.

EVENTS SINCE THE REVIEW PERIOD

There are no remarkable events after the review period.

RISK MANAGEMENT AND SHORT-TERM UNCERTAINTIES

The objectives of Digitalist Group Plc's risk management are to ensure the uninterrupted continuity and development of the company's operations, support the achievement of the company's business objectives and increase the company's value. For more details about the organisation of risk management, processes and identified risks, see the company's website at <https://digitalist.global>.

The company has been making a loss despite the efficiency measures it has taken. However, the efficiency measures taken in 2019 - 2022 have created a more sustainable cost structure. The company's loss-making performance directly affects its working capital and the sufficiency of its financing. This risk is managed by maintaining the capacity to use different financing solutions. The company aims to continuously assess and monitor the amount of necessary business financing to ensure that it has sufficient liquid assets to finance its operations and repay maturing loans. Any disruptions in the financial arrangements would weaken Digitalist Group's financial position.

The ongoing Covid-19 pandemic in 2022 and the restrictive measures taken to prevent its spread will continue to affect the business of the company's customers. Although the majority of restrictive measures have already been waived in the Company's main market areas in Finland, Sweden and Canada, a possible new acceleration of the coronavirus pandemic and possible other pandemics with restrictive measures by the authorities may significantly expose the Company to risks arising from the recession and indebtedness of the world, Finland, general business life or public finances. The company tries to prepare for the aforementioned risk as much as possible, but predicting future developments is still uncertain.

Economic fluctuations may reduce the demand for the Company's customers' services and products and thus their product development budgets. In addition, economic fluctuations may affect the length of time it takes to make purchase decisions regarding the services and products offered by the Company. In addition, a possible acceleration of inflation would cause pressure to raise staff salaries, which could weaken profitability, unless the increase in cost level can be transferred to the prices charged to the customers.

The company is currently dependent on external financing, most of which has been obtained from related-party companies and financial institutions. Digitalist Group's ability to finance its operations and reduce the amount of its debt depends on several factors, such as the cash flow from operations and the availability of debt and equity financing, and there is no certainty that such financing will be available in the future. Similarly, there can be no certainty that Digitalist Group will be able to obtain additional debt or refinance its current debt on acceptable terms, if at all. During the review period 2022, the company agreed on new short-term loans with the main owner and rearranged its older short-term loans with the main owner and a financial institution. The rearranged loans are now company's long term debt.

A significant proportion of the Group's turnover is generated by its 20 largest customers. Changes in key customer accounts could adversely affect Digitalist Group's operations, earning capacity and financial position.

If one of Digitalist Group's largest customers decided to switch to a competing company or drastically altered its operating model, the chances of finding customer volumes to replace the shortfall in the near term would be limited.

The Group's business consists mainly of individual customer agreements, which are often relatively short-term. In addition, some of the project contracts have fixed or target prices. The length of delivery contracts makes it difficult to reliably estimate the longer-term development of the Group's business operations, earnings and financial position. With regard to fixed-price projects, it is essential to be able to estimate the workload and/or contractual risks of the project correctly in order to ensure an adequate level of profitability. The aforementioned aspects related to customer contracts can lead to unpredictable fluctuations in turnover and, thereby, in profitability.

Irrespective of the market situation, there is a shortage of certain experts in the Digitalist Group's sector. Furthermore, the aggressive recruitment policies that are prevalent in Digitalist Group's sector may increase the risk of personnel moving to competitors. There is no guarantee that the company will be able to retain its current personnel and recruit new employees to maintain growth. If Digitalist Group loses its current personnel, it would be more difficult to complete existing projects and acquire new ones. This could have an adverse impact on Digitalist Group's business, earnings and financial position.

A significant part of the Group's turnover is invoiced in currencies other than the euro. The risk associated with changes in exchange rates can be managed in various ways, including net positioning and currency hedging contracts. No hedging contracts have been used in 2022 or 2021.

The Group has no business activities in Russia or Ukraine. The political and military situation in Russia and Ukraine may affect the business activities of some of the Group's customers, thereby indirectly affecting the Group's business. If the situation becomes more strained or expands, it could affect business in Finland and the EU in general, but these impacts are currently difficult to estimate.

The Group's balance sheet contains goodwill that is subject to impairment risk in the event that the Group's future yield expectations decrease due to internal or external factors. The goodwill is tested for impairment every six months and whenever the need arises.

LONG-TERM GOALS AND STRATEGY

Digitalist Group aims to achieve a profit margin of at least 10 per cent over the long term. In order to achieve its long-term goals, Digitalist Group strives for profitable, international growth by shaping new forms of thinking, services and technological solutions for digitalising sectors. These sectors include the technology industry, energy industry, transport and logistics, as well as consumer services in the public and private sectors. Digitalist Group's strategy focuses on enhancing its service and solution business and seamlessly integrating user and operational research, branding, design and technology.

NEXT REVIEW

The next interim report, for January–September 2021, will be published on Thursday 28 October 2022.



DIGITALIST GROUP PLC

Board of Directors

Further information:

Digitalist Group Plc

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<https://digitalist.global>

DIGITALIST GROUP**SUMMARY OF THE HALF-YEAR REPORT AND NOTES, 1 JANUARY – 30 JUNE 2022****CONSOLIDATED INCOME STATEMENT, EUR THOUSAND**

	1 Apr - 30 Jun 22	1 Apr - 30 Jun 21	Change (%)	1 Jan - 30 Jun 22	1 Jan - 30 Jun 21	Change (%)
Turnover	5,257	4,781	10 %	10,390	9,574	9 %
Other operating income	76	150		204	295	
Operating expenses	-6,357	-7,116	11 %	-12,883	-13,302	-3 %
EBIT	-1,024	-2,185	53 %	-2,289	-3,433	-33 %
Financial income and expenses	-774	-651	-19 %	-888	-4	22088 %
Profit before taxes	-1,797	-2,836	37 %	-3,177	-3,437	-8 %
Income taxes	37	60	39 %	38	-90	-141 %
PROFIT/LOSS FOR FINANCIAL PERIOD	-1,761	-2,776	37 %	-3,140	-3,527	-11 %
Distribution:						
Parent company shareholders	-1,723	-2,721	37 %	-3,149	-3,373	-7 %
Non-controlling interests	38	-55		9	-154	
Earnings per share:						
Undiluted (EUR)	-0.00	-0.00	0 %	-0.00	-0.01	-100 %
Diluted (EUR)	-0.00	-0.00	0 %	-0.00	-0.01	-100 %

COMPREHENSIVE INCOME STATEMENT, EUR THOUSAND

	1 Apr - 30 Jun 22	1 Apr - 30 Jun 21	Change (%)	1 Jan - 30 Jun 22	1 Jan - 30 Jun 21	Change (%)
Profit/loss for the financial period	-1,761	-2,776	-37 %	-3,140	-3,527	-11 %
Translation difference	-135	277	-149 %	-368	-804	-54 %
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-1,896	-2,499	-24 %	-3,508	-4,331	-19 %
Parent company shareholders	-1,839	-2,446	-25 %	-3,492	-4,208	-17 %
Non-controlling interests	-58	-53	9%	-15	-123	-88%

CONSOLIDATED BALANCE SHEET, EUR THOUSAND

ASSETS	30 June 2022	30 June 2021	31 December 2021
<u>NON-CURRENT ASSETS</u>			
Intangible assets	336	2,120	857
Goodwill	4,888	6,937	5,166
Tangible assets	1,706	676	1,631
Buildings and structures, rights-of-use	1,631	555	2
Machinery and equipment	44	80	66
Other tangible assets	31	41	36
Investments	105	0	0
Other non-current financial assets	1,196	1,410	1,172
NON-CURRENT ASSETS	8,231	11,143	8,825
<u>CURRENT ASSETS</u>			
Trade and other receivables	4,617	4,698	4,157
Income tax asset	11	192	154
Cash and cash equivalents	368	523	984
CURRENT ASSETS	4,996	5,413	5,295
ASSETS	14,119	16,556	14,120
SHAREHOLDERS' EQUITY AND LIABILITIES			
<u>SHAREHOLDERS' EQUITY</u>			
<u>Parent company shareholders</u>			
Share capital	585	585	585
Share premium account	219	219	219
Invested non-restricted equity fund	72,972	72,972	72,971
Retained earnings	-99,076	-92,492	-93,069
Profit/loss for the financial period	-3,149	-3,373	-5,797
Non-controlling interests	380	1,139	506
Parent company shareholders	-28,448	-22,088	-25,091
SHAREHOLDERS' EQUITY	-28,069	-20,950	-24,585
NON-CURRENT LIABILITIES	24,502	23,328	23,846
CURRENT LIABILITIES	16,794	14,178	14,860
SHAREHOLDERS' EQUITY AND LIABILITIES	13,227	16,556	14,120

CALCULATION OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY, EUR THOUSAND

- A: Share capital
 B: Share premium account
 C: Invested unrestricted equity fund
 D: Translation difference
 E: Retained earnings
 F: Total shareholders' equity attributable to the parent company's
 G: Total shareholders' equity

	A	B	C	D	E	F	G	H
Shareholders' equity 1 Jan 2021	585	219	72,972	1,062	-92,786	-17,948	1,262	-16,686
Other changes					332	332	-332	
Profit/loss for the financial period					-5,797	-5,797	-2	-5,799
Translation difference				-1,546		-1,546	-14	-1,559
Share-based remuneration					201	201		201
Transactions with non-controlling interests					-333	-333	-409	-742
Shareholders' equity 31 Dec 2021	585	219	72,972	-484	-98,384	-25,091	506	-24,585

Shareholders' equity 1 Jan 2021	585	219	72,972	1,062	-92,786	-17,948	1,262	-16,686
Profit/loss for the financial period					-3,373	-3,373	-154	-3,527
Translation difference				-835		-835	31	-804
Share-based remuneration					67	67		67
Shareholders' equity 30 June 2021	585	219	72,972	227	-96,092	-22,089	1,139	-20,950

	A	B	C	D	E	F	G	H
Shareholders' equity 1 Jan 2022	585	219	72,972	-484	-98,382	-25,091	506	-24,585
Profit/loss for the financial period					-3,149	-3,149	9	-3,140
Translation difference				-344		-344	-24	-368
Share-based remuneration					134	134		134
Dividends paid							-111	-111
Shareholders' equity 30 June 2022	585	219	72,972	-827	-101,397	-28,448	380	-28,069

CONSOLIDATED CASH FLOW STATEMENT, EUR THOUSAND

	1 Jan - 30 Jun 2022	1 Jan - 30 Jun 2021	1 Jan - 31 Dec 2021
Cash flow from operations			
Earnings before taxes in the period	-3,177	-3,437	-5,794
Adjustments to cash flow from operations:			
Other income and expenses with no payment transactions	134	-711	-1,146
Depreciation, impairment	891	1,601	3,538
Unrealised foreign exchange gains and losses	-60	912	67
Financial income and expenses	888	4	479
Other adjustments	0	916	0
Cash flow financing before changes in working capital	-1,324	-1,628	-2,856
Change in working capital	353	-243	-811
Interest received	0	6	14
Interest paid	-54	-24	-64
Taxes paid	-240	-24	-12
Net cash flow from operations	-1,264	-1,913	-3,730
Cash flow from investments			
Sales of subsidiaries net of cash acquired	0	0	2,565
Investments in tangible and intangible assets	-23	-18	-48
Investments in other shares	-466	0	0
Sales of property, plant and equipment	0	0	6
Proceeds from sale of other shares	587	0	0
Cash flow from investments	-98	-18	2,523
Net cash flow before financial items	-1,167	-1,931	-1,206
Cash flow from financing activities			
Transactions with non-controlling interests	-111	0	0
Drawdown of long-term loans	0	1,000	1,000
Repayment of long-term loans	0	-33	-380
Drawdown of short-term loans	1,275	1,087	1,803
Repayment of short-term loans			
Interest and other charges	-208	-196	-416
Repayment of lease liabilities	-405	-412	-826
Net cash flow from financing	551	1,446	1,183

Change in cash and cash equivalents	-616	-485	-24
Liquid assets, beginning of period	984	1,008	1,008
Liquid assets, end of period	368	523	984

Accounting principles

This interim report release has been prepared in accordance with IAS 34 – Interim Financial Reporting. Exchange rate differences from receivables and liabilities between group companies have been treated as a net investment as a translation difference in equity.

In other respects the interim report release complies with the same accounting principles and calculation methods as the annual financial statements. New and revised standards have been implemented from the beginning of year 2022. They have no material impact on the Half-Year review.

The preparation of a financial statement release in accordance with IFRS requires the management to use certain estimates and assumptions that affect the amounts recognised in assets and liabilities when the balance sheet was prepared, as well as the amounts of income and expenses in the period. In addition, discretion must be used in applying the accounting policies. As the estimates and assumptions are based on outlooks on the balance sheet date, they contain risks and uncertainties. The realised values may deviate from the original assessments and assumptions.

The original release is in Finnish. The English release is a translation of the original.

The figures in the release have been rounded, so the sums of individual figures may deviate from the presented totals. This interim report is unaudited.

Going concern

The Half-Year review was prepared in accordance with the principle of the business as a going concern. The assumption of continuity is based management assumptions on several factors, including the following:

- In addition to earlier cost-saving programs the Group started in early 2022 a new cost-saving program, which is expected to result in improvements to the Group's profitability from the second half of 2022 onwards. The operating expenses have decreased by EUR 0.4 million in comparison with the review period.
- The Group has invested in its key customers in line with its strategy, and this is expected to have a positive impact on sales trends.
- The company has restructured its financing in the review period by transforming convertible bonds to capital loan. Repayment for loans from financial institutions has also been extended.
- The company has negotiated new loans of EUR 1,7 million with the related parties.

When the financial statements were published, the company expected its working capital to be sufficient to cover its requirements over the next 12 months based on the financing support provided by the main owner if needed.

Goodwill impairment testing and recognised impairment

Digitalist Group tested its goodwill for impairment on 30 June 2022. The goodwill is allocated to one cash-generating unit.

The value in use of the tested property exceeded the tested amount by EUR 1.6 million. The present value of the cash flows given by the calculation, EUR 6.6 million, is lower than the sum of the company's financial liabilities of EUR 32.7 million and the market price of the shares of EUR 13.7 million on June 30, 2022. The amount of goodwill in the balance sheet at the end of the review period is EUR 4.9 million.

The company tests its goodwill based on the utility value of the assets. In the testing conducted on 30 June 2022 in conjunction with the financial statements, the cash flow forecasting period was from 2022 to 2026.

During the 2022–2026 forecasting period, average growth in revenue of 20 per cent is expected to be achieved as digitalisation spreads to an increasing share of business life. The EBITDA margin is expected to rise to about 10 per cent by the end of the forecasting period.

The method involves comparing the tested assets with their cash flow over the selected period, taking into account the discount rate and the growth factor of the cash flows after the forecast period. The discount rate is 11 per cent per cent. The growth factor used to calculate the cash flows after the forecast period is 2,35 per cent. The weighted average operating profit margin for the forecast period was used to calculate the value of the terminal period. A significant negative change in individual assumptions used in the calculations can necessitate a goodwill impairment charge.

KEY INDICATORS

	1 Jan - 30 Jun 2022	1 Jan - 30 Jun 2021	1 Jan - 31 Dec 2021
Earnings per share (EUR) diluted	-0.00	-0.01	-0.01
Earnings per share (EUR)	-0.00	-0.01	-0.01
Shareholders' equity per share (EUR)	-0.04	-0.03	-0.04
Cash flow from operations per share (EUR) diluted	-0.00	0.00	-0.01
Cash flow from operations per share (EUR)	-0.00	0.00	-0.01
Return on capital employed (%)	-31.3	-64.2	-54.4
Return on equity (%)	Neg	neg	neg
Operating profit/turnover (%)	-22.0	-19.1	-28.8
Gearing as a proportion of shareholders' equity (%)	-120.9	-145.1	-128.9
Equity ratio as a proportion of shareholders' equity (%)	-212.2	-126.5	-174.1
EBITDA (EUR thousand)	-1,399	-1,832	-1,778

MATURITY OF FINANCIAL LIABILITIES AND INTEREST ON LOANS

31 December 2021	Balance sheet value	Cash flow	Under 1 year	1-5 years	Over 5 years
Loans from financial institutions	3,461	3,575	1,339	2,236	0
Credit limits	7,191	7,191	7,191	0	0
Convertible bonds	10,314	12,142	0,000	12,142	0
Related-party capital loans	10,169	11,643	0	11,643	0
Other related-party loans	0	0	0	0	0
Lease liabilities IFRS 16	1,535	1,556	575	981	0
Accounts payable	1,348	1,348	1,348	0	0

30 June 2022	Balance sheet value	Cash flow	Under 1 year	1-5 years	Over 5 years
Loans from financial institutions	3,579	3,864	1,044	2,820	0
Credit limits	7,244	7,244	0	0	0
Convertible bonds	5,768	6,431	0	6,431	0
Related-party capital loans	14,973	17,123	0	17,123	0
Other related-party loans	1,100	1,137	1,137	0	0
Lease liabilities IFRS 16	1,637	1,695	645	1,050	0
Accounts payable	1,459	1,459	1,459	0	0

The Company has agreed with the main financier of financial institution loans that the installment of EUR 2 million loan is due on 30.4.2025. The installments of convertible bonds will start in 2024. Credit limits are valid until further notice.

OTHER INFORMATION

	1 Jan - 30 Jun 2022	1 Jan - 30 Jun 2021	1 Jan - 31 Dec 2021
NUMBER OF EMPLOYEES, average	166	177	172
Personnel at the end of the period	161	175	165
LIABILITIES, EUR THOUSAND			
Pledges made for own obligations			
Corporate mortgages	13,300	13,300	13,300
Total interest-bearing liabilities			
Long-term loans from financial institutions	2,690	2,837	2,232
Other long-term liabilities	21,749	20,127	21,445
Short-term interest-bearing liabilities	9,862	7,950	8,992
Total	34,301	30,914	32,669

CALCULATION OF KEY FINANCIAL FIGURES

EBITDA = earnings before interest, tax, depreciation and amortisation

Diluted earnings per share = Profit for the financial period / Average number of shares, adjusted for share issues and for the effect of dilution

Earnings per share = Profit for the financial period / Average number of shares adjusted for share issues

Shareholders' equity per share = Shareholders' equity / Number of undiluted shares on the balance sheet date

Cash flow from operations per share (EUR) diluted = Net cash flow from operations / Average number of shares, adjusted for share issues and for the effect of dilution

Return on investment (ROI) =
(Profit before taxes + Interest expenses + Other financial expenses) /
(Balance sheet total - non-interest-bearing liabilities (average)) x 100

Return on equity (ROE) = Net profit / Total shareholders' equity (average) x 100

Gearing = interest-bearing liabilities - liquid assets / total shareholders' equity x 100