



DIGITALIST GROUP'S HALF-YEAR REVIEW, 1 JANUARY–30 JUNE 2023

SUMMARY

April–June 2023 (comparable figures for 2022 in parentheses):

- Turnover: EUR 4.3 million (EUR 5.3 million), decrease: 17.9%.
- EBITDA: EUR -0.6 million (EUR -0.9 million), -13.7% of turnover (-17.0%).
- EBIT: EUR -0.8 million (EUR -1.3 million), -18.1% of turnover (-25.4%).
- Net income: EUR -1.2 million (EUR -2.1 million), -27.9% of turnover (-39.6%).
- Earnings per share (diluted and undiluted): EUR -0.00 (EUR -0.00).

January–June 2023 (comparable figures for 2022 in parentheses):

- Turnover: EUR 8.9 million (EUR 10.4 million), decrease: 14.3%.
- EBITDA: EUR -0.9 million (EUR -1.4 million), -10.3% of turnover (-13.4%).
- EBIT: EUR -1.3 million (EUR -2.3 million), -15.0% of turnover (-22.0%).
- Net income: EUR -2.0 million (EUR -3.1 million), -22.3% of turnover (-30.2%).
- Earnings per share (diluted and undiluted): EUR -0.00 (EUR -0.00).
- Cash flow from operations: EUR -0.6 million (EUR -1.3 million).
- Number of employees at the end of the review period: 136 (161), decrease of 15.5%.

Future prospects

In 2023, turnover is expected to decrease and EBITDA is expected to improve in comparison with 2022.

CEO's review

The first six months of the year were very much a continuation of the turbulent market of 2022. Compared to the same period in 2022, Digitalist Group's turnover decreased by 14.3%, but at the same time both EBIT and EBITDA improved in both relative and absolute numbers. This is a result of reduced fixed costs in the parent company as well as in the Group's operating companies. At the same time we are putting even more effort into increasing our abilities to attract new clients. In addition to the turbulent market situation the weak Swedish currency has also had an impact on the Group's figures since a major part of the business is generated in Sweden.

We are constantly looking for opportunities to acquire businesses that can add value to our offerings. During the first quarter we completed the acquisition of Walker & Handson Oy to strengthen the management of tech and design business in Digitalist Finland Oy, thus improving future growth opportunities in Finland. During the second quarter we also signed a letter of intent to acquire the shares in Open Communications International



AB. This acquisition was completed in July, and will strengthen our offerings within brand, strategy and communications.

Sales of our Open Source Technology offering is growing in both Sweden and Finland and we see a strong demand for these services in both the private and public sectors. The agreement signed with Digg, Agency for Digital Government in Sweden in April is an example of these opportunities.

Our LeanLab SaaS service experienced a steady growth of recurring software revenue and we are continuing to invest in mainly software and business development. As a part of our aim to strengthen the subsidiaries' management we targeted a directed share issue receiving 0,25 million growth funding resulting in 15% management minority shareholding in LeanLab and 85 % majority ownership remaining in Digitalist Group Plc. post transaction. This will support LeanLab's growth plans in Finland and Sweden.

We continue our work to strengthen the topline as well as streamlining our operations. Keeping strict cost control will continue to be a priority, but the focus going forward is to reach profitability by growing the topline.

/ 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 4.3 million (EUR 5.3 million), which is 17.9% less than in the previous year. The rise in interest rates and other increases in financial uncertainty made customers more cautious about starting new projects.

The Group's turnover for the review period totalled EUR 8.9 million (EUR 10.4 million), which is 14.3% decrease to the previous year. Projects for North American clients have decreased. In addition to financial uncertainty, the weakening of the Swedish krona has affected the development of turnover. The share of turnover earned outside Finland is 71% (84%).

RESULT

In the second quarter, EBITDA was EUR -0.6 million (EUR -0.9 million), EBIT was EUR -0.8 million (EUR -1.3 million), and profit before taxes was EUR -1.1 million (EUR -2.1 million). EUR 1.0 million savings in fixed costs improved the EBITDA. Major part of the savings is related to personnel costs. The exchange gains booked on balance sheet items improved financial items. Net income for the second quarter amounted to EUR -1.2 million (EUR -2.1 million), earnings per share were EUR -0.00 (EUR -0.00).

In the review period, EBITDA came to EUR -0.9 million (EUR -1.4 million), EBIT was EUR -1.3 million (EUR -2.3 million), and profit before taxes was EUR -1.9 million (EUR -3.2 million). The positive development of



EBITDA in the review period was influenced by EUR 1.6 million savings in fixed costs. The improvement in EBIT was influenced by the decrease of depreciations of balance sheet items capitalized at the acquisition by EUR 0.4 million. The net financial income and expenses were EUR -0.6 million (EUR -0.9 million). Financial items were improved by Business Finland's non-collection decision on a 0.3 million euro part of the product development loan. Net income for the financial period amounted to EUR -2.1 million (EUR -3.1 million), earnings per share were EUR 0.00 (EUR -0.00) and cash flow from operating activities per share was EUR -0.00 (EUR -0.00).

RETURN ON EQUITY

The Group's shareholders' equity amounted to EUR -32.1 million (EUR -28.1 million). The Group's equity considering the capital loans was EUR -15.3 million (EUR -13.1 million). More information of capital loans is in the section of the balance sheet and financing. Return on equity (ROE) was negative. Return on investment (ROI) was -19.4 (-31.3) per cent.

INVESTMENTS

During the review period, Digitalist Group acquired Walker&Handson Oy at a calculated purchase price of EUR 0.9 million. There were no other significant investments (EUR 0.0 million).

BALANCE SHEET AND FINANCING

The balance sheet total was EUR 10.8 million (EUR 13.2 million). The equity ratio was -298.7% (-212.2%). Changes in the group structure improved the equity with EUR 1.2 million.

At the end of the review period, the Group's liquid assets totalled EUR 1.0 million (EUR 0.4 million). At the beginning of 2023, the company agreed with the financing bank to increase the financing limit by 0.7 million euros. The minority shareholders of Digitalist Open Tech AB (ex Digitalist Sweden AB) paid EUR 1.4 million long-term debt to Digitalist Group Oyj during the review period.

At the end of the review period the Group's interest-bearing liabilities amounted to EUR 35.1 million (EUR 34.3 million). The Group's balance sheet recognised EUR 11.3 million (EUR 10.8 million) in loans from financial institutions, including the overdrafts in use. IFRS 16 leasing debts were EUR 1.2 million (EUR 1.6 million). The loans from related parties amount to EUR 22.6 million (EUR 21.8 million). EUR 16.8 million (EUR 15.0 million) related party loans were capital loans, EUR 5.8 million (EUR 5.8 million) were convertible bonds. EUR 5.8 million (EUR 0.0 million) of the convertible bonds were short term. Other short term loans to related parties were 0 EUR (EUR 1.1 million).

CASH FLOW

The Group's cash flow from operating activities during the review period was EUR -0.6 million (EUR -1.3 million), improvement being EUR 0.7 million. The development of the company's liquid assets was influenced by the improved profitability, repayment of loan receivables and increase in financing limit.



In order to fasten the rate of turnover of trade receivables, the Group sells some of its trade receivables from Finnish customers. In the review period EUR 1.7 million (EUR 1.5 million) of trade receivables were sold.

GOODWILL

On 30 June 2023, the consolidated balance sheet recognised EUR 5.0 million (EUR 4.9 million) in goodwill. The company conducted an IAS 36 impairment test on its goodwill to reflect the status on 30 June 2023, and stated that there is no need to an impairment charge.

PERSONNEL

The average number of employees during the period under review was 138 (166), and the Group had 136 (161) at the end of the period. At the end of the review period, 59 (61) of the Group's personnel were employed by the Finnish companies, and 77 (100) were employed in the Group's foreign companies. During the period under review, the number of personnel decreased by 14 persons.

SHARES AND SHARE CAPITAL

Share turnover and price

During the review period, the company's share price hit a high of EUR 0.03 (EUR 0.04) and a low of EUR 0.02 (EUR 0.02), and the closing price on 30 June 2023 was EUR 0.02 (EUR 0.02). The average price during the review period was EUR 0.02 (EUR 0.03). During the period under review, 30 821 647 (32 568 458) shares were traded, corresponding to 4.52 (5.00) 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 2023 was EUR 12 966 032 (EUR 13 671 478).

Share capital

At the beginning of the period under review, the company's registered share capital was EUR 585 394.16, and there were 682 422 746 shares. At the end of the period, the share capital was EUR 585 394.16, and there were 682 422 746 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, 1,1% 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. 10.500.000 of the distributed options have expired, so based on the terms of the option program, it is possible to subscribe for a maximum of 27,950,000 new shares of the Company.

The theoretical value of the options allocated by the end of review period is approximately EUR 0.9 million, which is recognised as an expense in accordance with IFRS 2 for the years 2021-2025. The expense recognition for 2023 is EUR 0.2 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 2023 was 5 611 (5 298). Private individuals owned 10,6 (10,3) per cent of the shares, and institutions held 89.4 (89.7) per cent. Nominee-registered shares accounted for 3,0 (3.6) per cent of the total.

RELATED-PARTY TRANSACTIONS AND MANAGERS' TRANSACTIONS

There were no related-party transactions and the Company didn't receive any notifications in accordance with the transactions of Management (Article 19 MAR) during the review period.

OTHER EVENTS DURING THE SECOND QUARTER

[Digitalist Group signed an agreement on development services to Digg, Agency for Digital Government in Sweden](#)

Digitalist Group Plc announced on 19.4.2023, that it's Swedish subsidiary Digitalist Sweden AB has won a procurement process to become a new supplier for Digg, Agency for Digital Government in Sweden. The assignment concerns management and new development of dataportal.se, Sweden's national data portal. The agreement is valid for 4 years and has a budget frame up to SEK 60 million, (approximately EUR 5.3 million) for the period.

[Digitalist Group signed a letter of intent to acquire the share majority in Open Communications International AB 10.5.2023](#)

Digitalist Group Plc signed a letter of intent for a Transaction in which Digitalist Group would acquire a majority of the shares in the Swedish company, Open Communications International AB ("OC") (www.open.se) in order to strengthen the expert services within brand, strategy and communications. The seller would be David Gray Communications AB ("DGC"), who would stay on as one of the minority shareholders after the transaction.



In the intended Transaction, Digitalist Group would acquire 70 percent of the shares in OC for a total consideration of 5.5 MSEK of which approximately half paid in cash and, the other half by a issuing a maximum of 12 million new Digitalist Group shares to be directed to DGC, following a share purchase agreement to be agreed upon between the parties. Agreement of the Transaction was signed July 4th, 2023.

Digitalist Group Plc's subsidiary LeanLab Oy directed a new share issue resulting in management minority ownership in the subsidiary 19.6.2023

Digitalist Group Plc signed a transaction whereby its fully-owned subsidiary LeanLab Oy directed a new share issue to the subsidiary management. In the new share issue, LeanLab Oy issued new shares with a total subscription price of EUR 250,000 to a holding company owned by LeanLab Oy's managing director Ville Österlund. The new share issue resulted in 15 % management minority shareholding in LeanLab Oy and 85 % majority ownership remaining in Digitalist Group Plc post transaction. The funds received will be used to support LeanLab Oy's growth plans in Finland and Sweden.

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 2023

The company held its Annual General Meeting on 26 April 2023. 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 2023 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 continue with the 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 341.211.370 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 crediting the subscription price either to the company's share capital or, entirely or in part, to the 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 2024, but not later than June 30, 2024. The Board used the authorization and directed a share issue of 11.007.709 shares on July 4th 2023.

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 68.242.000 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 2024, but not later than June 30, 2024. The authorization has not been used by the date of publication of the half-year review.

Amendment of the Articles of Association

The Annual General meeting resolved to amend "Article 8 Notice of General Meeting" of the Articles of Association so that the meeting place is included in the title and the regulations concerning the meeting place and holding a remote meeting were added to the second paragraph.

CHANGES IN THE GROUP STRUCTURE

On 23 February 2023, Digitalist Group Oyj's subsidiary Digitalist Finland Oy acquired Walker&Handson Oy in a share exchange by directing new shares of Digitalist Finland Oy in a share issue directed at Walker&Handson Oy, an amount corresponding to approximately 10% of all shares of Digitalist Finland Oy after the share issue.



On 19 June 2023, Digitalist Group Oyj agreed on a directed share issue to the holding company owned by the CEO of LeanLab Oy. The share issue resulted the management a 15% minority ownership in LeanLab Oy.

EVENTS SINCE THE REVIEW PERIOD

Digitalist Group reorganized its business operations and decreased its earlier guidance regarding turnover 4.7.2023

Digitalist Group sold its fully-owned subsidiary FutureLab & Partners AB

Digitalist Group signed 4.7.2023 a share purchase agreement to divest its fully-owned subsidiary FutureLab & Partners AB. The Share transaction was completed by selling all FutureLab shares in Digitalist Group's possession to Turret Oy Ab. Turret is Digitalist Group's largest shareholder (49,33%). Sales price was EUR 1.2 million and it was paid in cash.

FutureLab was spun off from Grow AB in November 2022. FutureLab's turnover January - June 2023 was EUR 0,5 million and EBITDA EUR 0,0 million. FutureLab's equity was EUR 0,1 million, balance sheet total EUR 0,3 million and the amount of personnel was 6 on 30.6.2023. Digitalist Group estimated to book in other operating income a capital gain of EUR 1,0 million of the Share transaction.

Board members Esa Matikainen, Johan Almquist, Maria Olofsson and Andreas Rosenlew, who are independent of Turret, participated in the evaluation of Share transaction. Independent board members asked an external impartial assessor for a valuation of FutureLab. According to the valuation the sales price was considered fair. According to company law legislation relating to related party transactions Digitalist Group's board members Paul Ehrnrooth and Peter Eriksson did not participate in the decision making of Share transaction.

Digitalist Group signed the final agreement to acquire Open Communications International AB

Digitalist Group signed 4.7.2023 the final agreement for a Transaction in which Digitalist Group acquired Open Communications International AB ("OC") (www.open.se). Digitalist Group informed about the letter of intent on the Transaction on 10.5.2023.

Digitalist Group acquired 70 percent of the shares in OC for a consideration consisting of SEK 2.5 million paid in cash, and by issuing 11.007.709 new Digitalist Group shares to be directed to David Gray through his holding company. In addition, Digitalist Group acquired the remaining 30 percent of the shares in OC with shares of its fully-owned subsidiary Grow AB transferred as consideration to the sellers (David Gray and Gunilla Lundström through their holding companies) as part of the total consideration. The total consideration for the full acquisition is SEK 10,6 million. The Transaction results in 10 % minority ownership of the Sellers and 90 % majority ownership of Digitalist Group remaining in Grow AB post transaction.

As part of the Transaction described the Company issued new shares as payment for the purchase price. The Board resolved to issue a maximum of 11.007.709 new shares of the Company and directed them to David Gray Communications AB in accordance with the terms of the Directed Share Issue. The Share subscription price in the Directed Share Issue is approximately EUR 0,023 per Share.



David Gray Communications AB subscribed for the Shares offered for subscription in the Directed Share Issue in full, and the Board of Directors of Digitalist Group accepted David Gray Communication AB's share subscription. The subscription price of the Shares was EUR 254 119 in total.

The Shares issued in the Directed Share Issue correspond to altogether approximately 1.6 percent of all Company shares and votes after the Directed Share Issue.

Digitalist Group informed to focus on its core business in the European markets

As part of the efforts to improve Digitalist Group's profitability, adjust the cost structure, and prepare for the changed market situation, the Company announced having downsized business operations in Canada. Digitalist Group focuses increasingly on its core businesses in the European markets, especially in Sweden and Finland.

Change in turnover guidance 4.7.2023

Digitalist Group Plc decreased its earlier guidance regarding future prospects.

The new guidance is:

In 2023, turnover is expected to decrease and EBITDA is expected to improve in comparison with 2022.

The previous guidance of the company was:

In 2023, turnover and EBITDA are expected to improve in comparison with 2022.

Digitalist Group Plc's new shares registered in the trade register 24.7.2023

Digitalist Group Plc announced on July 4th, 2023 about a directed share issue of 11.007.709 shares to David Gray's holding company. The new shares subscribed were registered into the Finnish Trade Register on July 24th, 2023. After the registration of the new shares, the company has 693.430.455 shares in total.

The new shares produced the shareholder rights as of the registration date to Euroclear Finland Ltd book-entry system on July 25th, 2023. The new shares were admitted to trading together with the old shares on the official list of Nasdaq Helsinki Ltd on July 25th, 2023.

The stock exchange releases since the review period are on the company's website at

<https://digitalist.global/investors/releases>

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 loss despite the efficiency measures taken. The negative result has a direct impact on the adequacy of the company's working capital and financing. Risk is managed by maintaining



readiness for various financing solutions. The company aims to constantly evaluate and monitor the amount of funding required by the business, so that the company has enough liquid assets to finance operations and repay the loans that are due. Any disruptions in financial arrangements would weaken Digitalist Group's financial position.

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. In 2022 the company rearranged its short-term loans with the main owners and a financial institution. Negotiations on the arrangements for related party convertible bonds maturing in 2024 will begin in the fall of 2023.

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 mainly consists of individual customer contracts, which are often relatively short-term. Forecasting the start times and scope of new projects is challenging from time to time, while the cost structure is largely fixed in nature. The above-mentioned factors can cause unforeseeable fluctuations in turnover and, through that, in profitability. Part of the group's business consists of fixed-price deliveries. There is a time and content risk associated with fixed-price customer deliveries. This risk is managed with contract and project management tools.

Irrespective of the market situation, there is a shortage of certain experts in the Group's sector. Furthermore, the aggressive recruitment policies that are prevalent in 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 a significant part of 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.

Cost inflation causes salary increase pressure, which makes the importance of cost monitoring even more important. The rise in interest rates does not have a large immediate impact on financing costs, because the majority of the Company's debts are fixed interest. A 1 percent increase in the interest rate of the company's financial institution loans would increase interest costs by approximately EUR 0.1 million annually. 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 were used in 2023 or 2022.



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.

The Group has no business in Russia or Ukraine. The political and military situation in Russia and Ukraine may affect the business operations of some of the Group's customers and thus indirectly also the Group's business operations. The increase in general economic uncertainty in the review period has affected the Group's business, but the future short-term impact is difficult to estimate.

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 2023, will be published on Friday 27 October 2023.

DIGITALIST GROUP PLC

Board of Directors

Further information:

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<https://digitalist.global>

DIGITALIST GROUP

SUMMARY OF THE HALF-YEAR REPORT AND NOTES, 1 JANUARY – 30 JUNE 2023

CONSOLIDATED INCOME STATEMENT, EUR THOUSAND

	1 Apr - 30 Jun 23	*)1 Apr - 30 Jun 22	Change (%)	1 Jan - 30 Jun 23	1 Jan - 30 Jun 22	Change (%)
Turnover	4,314	5,257	-18 %	8,907	10,390	-14 %
Other operating income	31	76	-59 %	63	204	-69 %
Operating expenses	-5,124	-6,670	23 %	-10,307	-12,883	-20 %
EBIT	-779	-1,336	42 %	-1,337	-2,289	-42 %
Financial income and expenses	-348	-782	55 %	-569	-888	-36 %
Profit before taxes	-1,127	-2,118	47 %	-1,906	-3,177	-40 %
Income taxes	-57	37	256 %	-84	37	-327 %
PROFIT/LOSS FOR FINANCIAL PERIOD	-1,184	-2,081	43 %	-1,990	-3,140	-37 %
Distribution:						
Parent company shareholders	-1,204	-2,042	41 %	-2,056	-3,149	-35 %
Non-controlling interests	20	-39	151 %	66	9	625 %
Earnings per share:						
Undiluted (EUR)	-0.00	-0.00	0 %	-0.00	-0.00	0 %
Diluted (EUR)	-0.00	-0.00	0 %	-0.00	-0.00	0 %

*) Cost division between Q1/22 ja Q2/22 has been changed to clarify the comparison. Figures for H1/22 have not been changed.

COMPREHENSIVE INCOME STATEMENT, EUR THOUSAND

	1 Apr - 30 Jun 23	1 Apr - 30 Jun 22	Change (%)	1 Jan - 30 Jun 23	1 Jan - 30 Jun 22	Change (%)
Profit/loss for the financial period	-1,184	-2,081	-43 %	-1,990	-3,140	-37 %
Translation difference	-530	-135	289 %	-528	-368	44 %
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-1,714	-2,217	-23 %	-2,518	-3,508	-28 %
Parent company shareholders	-1,721	-2,157	-20 %	-2,564	-3,492	-27 %
Non-controlling interests	7	-60	-112 %	45	-15	-401 %

CONSOLIDATED BALANCE SHEET, EUR THOUSAND

ASSETS	30 June 2023	30 June 2022	31 December 2022
<u>NON-CURRENT ASSETS</u>			
Intangible assets	306	336	110
Goodwill	4 955	4,888	4,678
Tangible assets	1 141	1,706	1,201
Buildings and structures, rights-of-use	1,077	1,631	1,136
Machinery and equipment	32	44	36
Other tangible assets	32	31	29
Investments	100	105	102
Other non-current financial assets	23	1,196	1,245
NON-CURRENT ASSETS	6,526	8,231	7,335
<u>CURRENT ASSETS</u>			
Trade and other receivables	2,971	4,617	3,797
Income tax asset	226	11	183
Cash and cash equivalents	1 041	368	899
CURRENT ASSETS	4,237	4,996	4,878
ASSETS	10,763	13,227	12,213
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	73,662	72,972	73,662
Retained earnings	-104,527	-99,076	-99,210
Profit/loss for the financial period	-2,056	-3,149	-6,533
Non-controlling interests	-28	380	503
Parent company shareholders	-32,118	-28,448	-31,276
SHAREHOLDERS' EQUITY	-32,146	-28,069	-30,774
NON-CURRENT LIABILITIES	20,086	24,502	25,612
CURRENT LIABILITIES	22,823	16,794	17,376
SHAREHOLDERS' EQUITY AND LIABILITIES	10,763	13,227	12,213

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 2022	585	219	72,972	-484	-98,382	-25,091	506	-24,586
Profit/loss for the financial period					-6,533	-6,533	90	-6,442
Translation difference				-714		-714	3	-711
Paid in capital			691			691		691
Share-based remuneration					240	240		240
Convertible loan					130	130		130
Transactions with non-controlling interests							-96	-96
Shareholders' equity 31 December 2022	585	219	73,663	-1,198	-104,545	-31,277	503	-30,774

	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
Transactions with non-controlling interests							-111	-111
Shareholders' equity 30 June 2022	585	219	72,972	-827	-101,397	-28,448	380	-28,069

	A	B	C	D	E	F	G	H
Shareholders' equity 1 Jan 2023	585	219	74	-1,198	-104,545	-31,277	503	-30,774
Other changes				-229	229	0		0
Profit/loss for the financial period					-2,056	-2,056	66	-1,990
Translation difference				-508		-508	-21	-528
Share-based remuneration					98	98		98
Transactions with non-controlling interests								
Structural changes					1,625	1,625	-475	1,150



Dividends							-102	-102
Shareholders' equity 30 June 2023	585	219	73,663	-1,935	-104,649	-32,119	-28	-32,146

CONSOLIDATED CASH FLOW STATEMENT, EUR THOUSAND

	1 Jan - 30 Jun 2023	1 Jan - 30 Jun 2022	1 Jan - 31 Dec 2022
Cash flow from operations			
Earnings before taxes in the period	-1,906	-3,177	-6,448
Adjustments to cash flow from operations:			
Other income and expenses with no payment transactions	98	134	239
Depreciation, impairment	417	891	1,643
Unrealised foreign exchange gains and losses	41	-60	-243
Financial income and expenses	569	888	2,019
Other adjustments	308	0	-47
Cash flow financing before changes in working capital	-474	-1,324	-2,837
Change in working capital	52	353	891
Interest received	-2	0	62
Interest paid	-46	-54	-16
Taxes paid	-103	-240	-304
Net cash flow from operations	-574	-1,264	-2,203
Cash flow from investments			
Proceeds from acquisition of businesses	45	0	0
Investments in other shares	0	-466	-470
Investments in tangible and intangible assets	-12	-23	-39
Capital gains from other investments	0	587	593
Repayment of loan receivables	1,290	0	0
Interest received from investments	91	0	0
Taxes paid	-14	0	0
Cash flow from investments	1,399	98	84
Net cash flow before financial items	825	-1,167	-2,119
Cash flow from financing activities			
Share issue	0	0	691
Transactions with non-controlling interests	148	-111	-70

Drawdown of long-term loans	0	0	1,909
Repayment of long-term loans	-293	0	-60
Drawdown of short-term loans	677	1,275	874
Repayment of short-term loans	-500	0	0
Interest and other charges	-331	-208	-348
Repayment of lease liabilities	-343	-405	-902
Net cash flow from financing	-642	551	2,094
Change in cash and cash equivalents	183	-601	-26
Liquid assets, beginning of period	899	984	984
Impact of changes in exchange rates	-41	-15	-59
Liquid assets, end of period	1,041	368	899

Accounting principles

This interim report release has been prepared in accordance with IAS 34 – Interim Financial Reporting. 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 2023. 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:

- The cost-saving programs started in 2022 have improved the Group's profitability from the year start 2023 onwards. The fixed expenses have decreased by EUR 1.6 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.
- During the review period the Group has agreed with the financing bank to increase the cash pool overdraft by EUR 0.7 million.



- The Company divested fully-owned subsidiary FutureLab & Partners AB with EUR 1.2 million. The transaction supports the equity by a capital gain of about EUR 1.0 million.
- Negotiations on the arrangements for related party convertible bonds (EUR 5.8 million) maturing in 2024 will begin in the fall of 2023.

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 2023. The goodwill is allocated to one cash-generating unit.

The value in use of the tested property exceeded the tested amount by EUR 7.3 million. The present value of the cash flows given by the calculation, EUR 12.8 million, is lower than the sum of the company's financial liabilities of EUR 33.9 million and the market price of the shares of EUR 13.0 million on June 30, 2023. The amount of goodwill in the balance sheet at the end of the review period is EUR 5.0 million.

The company tests its goodwill based on the utility value of the assets. In the testing conducted on 30 June 2023 in conjunction with the financial statements, the cash flow forecasting period was from 2023 to 2027.

During the 2023–2027 forecasting period, average growth in revenue of 10 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 Q1/2025.

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 2023	1 Jan - 30 Jun 2022	1 Jan - 31 Dec 2022
Earnings per share (EUR) diluted	-0.00	-0.00	-0.01
Earnings per share (EUR)	-0,00	-0.00	-0.01
Shareholders' equity per share (EUR)	-0.05	-0.04	-0.05
Cash flow from operations per share (EUR) diluted	-0.00	-0.00	0.00
Cash flow from operations per share (EUR)	-0.00	-0.00	0.00
Return on capital employed (%)	-19.4	-31.3	-75.6
Return on equity (%)	neg	neg	neg.
Operating profit/turnover (%)	-15.0	-22.0	-23.9
Gearing as a proportion of shareholders' equity (%)	-106.1	-120.9	-111.8
Equity ratio as a proportion of shareholders' equity (%)	-298.7	-212.2	-252.0
EBITDA (EUR thousand)	-920	-1,399	-2,786

MATURITY OF FINANCIAL LIABILITIES AND INTEREST ON LOANS

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

30 June 2023	Balance sheet value	Cash flow	Under 1 year	1-5 years	Over 5 years
Loans from financial institutions	2,871	2,995	294	2,702	0
Credit limits	8,477	8,477	8,477	0	0
Convertible bonds	5,768	6,850	6,850	0	0
Related-party capital loans	16,826	19,202	0	19,202	0
Other related-party loans	0	0	0	0	0
Lease liabilities IFRS 16	1,204	1,239	657	582	0
Accounts payable	1,034	1,034	1,034	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 2023	1 Jan - 30 Jun 2022	1 Jan - 31 Dec 2022
NUMBER OF EMPLOYEES, average	138	166	159
Personnel at the end of the period	136	161	150
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	2,637	2,690	2,337
Other long-term liabilities	17,392	21,749	23,257
Short-term interest-bearing liabilities	15,117	9,862	9,707
Total	35,146	34,301	35,302

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