



DIGITALIST GROUP'S FINANCIAL STATEMENT RELEASE, 1 JANUARY–31 DECEMBER 2022

DIGITALIST 2022

SUMMARY

October–December 2022 (comparable figures for 2021 in parentheses):

- Turnover: EUR 4.2 million (EUR 5.0 million), change -15,0%.
- EBITDA: EUR -0.8 million (EUR -0.5 million), -18.1% of turnover (-9.3%).
- EBIT: EUR -1.0 million (EUR -1.9 million*), -23.5% of turnover (-37.1%).
- Net income: EUR -1.5 million (EUR -1.9 million*), -34.5% of turnover (-37.8 %).
- Earnings per share (diluted and undiluted) EUR -0.00 (EUR -0.00).

*EBIT and net income for the comparison period include a goodwill impairment charge of EUR 0.9 million.

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

- Turnover: EUR 18.6 million (EUR 18.5 million), increase of 0.4%.
- EBITDA: EUR -2.8 million (EUR -1.8 million*), -15,0% of turnover (-9.6%).
- EBIT: EUR -4.4 million (EUR -5.3 million**), -23.9% of turnover (-28.8%).
- Net income: EUR -6.4 million (EUR -5.8 million**), -34.7% of turnover (-31.4%).
- Earnings per share (diluted and undiluted): EUR -0.01 (EUR -0.01).
- Cash flow from operations EUR -2.2 million (EUR -3.7 million).
- Number of employees at the end of the review period: 150 (165), decrease of 9.1%.

*) EBITDA, EBIT and Net income of the comparison period were impacted by a booked gain of 1.3 million EUR from the Ticknovate Share transaction.

**EBIT and net income for the comparison period include a goodwill impairment charge of EUR 1,4 million.

Future prospects

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

CEO's review

Digitalist Group combines brand strategy, customer experience, design and technology to help our customers to excel and stay relevant in an ever changing digital landscape. At the end of December, the Group had a total 150 (165 end of 2021) employees in our studios in Helsinki, Stockholm and Vancouver employing top experts working together and bringing the strength of diversity in culture and geography to our clients disposal. 2022 was meant to be the first normal year after the Covid pandemic, but instead Europe has been thrown into a new crisis, with war and threat of recession around the corner. As a result, tightening market conditions



have slowed down decision-making processes and investments by the clients. This has led to shorter visibility in terms of sales pipeline and revenue generation in some of our business areas, especially towards the end of the year.

The 2022 revenues were EUR 18,6 million (EUR 18,5 million in 2021). The EBITDA was still not satisfactory at EUR -2,8 million. Our cost structure going into 2023 is significantly lower than in 2022, and we are continuing on this path, cutting overhead costs and implementing savings initiatives without compromising on our capacity to deliver on our topline numbers. Further measures are taken on improving our ways of working and how we organize our business. Improving our profitability, cash flow from operations and financial position will remain the key objectives for 2023.

In December, we conducted the necessary change negotiations at our subsidiary Digitalist Finland Oy. The goal was to improve Digitalist Finland's profitability, adjust the cost structure and prepare for the changed market situation. The measures taken led to estimated annual savings of approx. 0,7 million euros. In addition, we have adjusted our cost structure at our subsidiaries Grow AB in Sweden and in Digitalist Canada, aiming for a healthier start of 2023.

In November 2022 a new subsidiary, FutureLab & Partners AB was spun off from Grow AB and is now a member of the Digitalist Group. Over the last three years, FutureLab has been incubated within Grow and is now ready to be launched as its own subsidiary. The purpose of FutureLab & Partners is to meet the demands of the increasing market for responsible, sustainable and circular solutions. FutureLab & Partners serves as an accelerator, with the goal of bringing new technologies to market faster, by lowering the risks and increasing the value for a circular economy.

Our Saas business LeanLab has continued to grow during 2022 and is now also aiming to enter the Swedish market. The focus of LeanLab business in 2023 will be the growth of recurring software revenue from its customer collaboration platform.

A stronger focus on the public sector and NGO's during 2022 has led to a number of new framework agreements across Digitalist groups subsidiaries. In addition, Digitalist Group Plc's subsidiary Digitalist Sweden AB continues its long-term co-operation with a Swedish public sector entity on the provision of design and development services with a value of about EUR 1,8 million for 2023. The co-operation will underpin Digitalist Group's growth in the public sector, which will help us to generate business in sectors less affected by the weaker market conditions.

We enter 2023 with an organization that is focused and prepared to deliver even if the market outlook contains a lot of uncertainty. Working in smaller units has made us more agile and able to adapt to changes. We still have a lot of work to do, but I strongly believe that we have attractive offerings and strong teams to deliver those in a world that changes every day.

/CEO Magnus Leijonborg



SEGMENT REPORTING

Digitalist Group reports its business in a single segment.

TURNOVER

In the fourth quarter, the Group's turnover was EUR 4.2 million (EUR 5.0 million). General economic uncertainty was visible in the fourth quarter. The Group's turnover for the period totalled EUR 18.6 million (EUR 18.5 million), which is 0.4% better than in the previous year. The turnover for the whole year fell short of the targets, although the development in the first two quarters was particularly positive. The turnover earned outside Finland accounted for a major proportion of the total being 77% (77%) in the review period.

RESULT

In the fourth quarter, EBITDA came to EUR -0.8 million (EUR -0,5 million), EBIT was EUR -1.0 million (EUR -1.9 million) and profit before taxes was EUR -1.4 million (EUR -2,0 million). EBITDA was affected by the decrease in turnover. The operating profit (EBIT) and profit before taxes of the comparison period 2021 were affected by the goodwill impairment charge EUR 0.9 million. Net income for the final quarter amounted to EUR -1.5 million (EUR -1.9 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).

EBITDA for the financial period came to EUR -2.8 million (EUR -1.8 million), EBIT was EUR -4.4 million (EUR -5.3 million) and profit before taxes was EUR -6.4 million (EUR -5.8 million). Implementing savings initiatives operating expenses were reduced by 0.5 million. eur compared to the previous year. The EBITDA of the comparison period was affected by the EUR 1.3 million sales gain recorded from the divestment of Ticknovate Ltd.. Currency exchange gains in the comparison period affected significantly the financial items, which were net EUR -2.0 million (EUR -0.5 million). Net income for the financial period amounted to EUR -6.4 million (EUR -5.8 million), earnings per share totalled EUR -0.01 (EUR -0.01) and cash flow from operating activities per share was EUR -0.01 (EUR -0.01). Net income for the comparison period was impacted by a goodwill impairment charge of EUR 1.4 million.

RETURN ON EQUITY

The Group's shareholders' equity amounted to EUR -30.8 million (EUR -24.6 million) of which EUR 0.5 million (EUR 0.5 million) was non-controlling interest. Return on equity (ROE) was negative. Return on investment (ROI) was -75.6 (-54.4) per cent.

The negative change in the Group's equity was mainly due to the operating loss. The Group's equity was positively affected by the directed share issue to the main owner. More information on related party transactions.



INVESTMENTS

Investments during the financial period totalled EUR 0.0 million (EUR 0.0 million). No product development costs were capitalized during the period. At the end of the review period, product development costs capitalised on the balance sheet totalled EUR 0.0 million (EUR 0.0 million).

BALANCE SHEET AND FINANCING

The balance sheet total was EUR 12.2 million (EUR 14.1 million). The decrease in the balance sheet total was mainly due to depreciations, currency exchange rates and faster turnover of trade receivables. Shareholders' equity amounted to EUR -30.8 million (EUR -24.6 million). The solvency ratio was -252.0% (-174.1%). At the end of the period, the Group's liquid assets totalled EUR 0.9 million (EUR 1.0 million). The Group's parent company's equity was EUR 2.4 million (EUR 2.2 million) when including the EUR 15.0 million capital loan.

At the end of the period, the Group's balance sheet recognised EUR 11.0 million (EUR 10.7 million) in loans from financial institutions, including the overdrafts in use. IFRS 16 leasing debts were EUR 1.3 million (EUR 1,5 million). In addition, the company has loans from its main owners. On 31 December 2022, the Group's interest-bearing liabilities amounted to EUR 35.3 million (EUR 32.7 million), of which related-party loans amounted to EUR 23.1 million (EUR 20.5 million). The loan agreements made with related-party companies during the financial 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 -2.2 million (EUR -3.7 million), a change of EUR 1.5 million. Operating cash flow was mainly affected by the change in working capital.

In order to reduce the rate of turnover of trade receivables, the Group sells part of its trade receivables from Finnish customers. Trade receivables worth EUR 3.1 million (EUR 3.0 million) were sold during the financial period.

GOODWILL

On 31 December 2022, the Group's balance sheet included goodwill of EUR 4.7 million (EUR 5.2 million). The change compared to the previous year is due to the exchange rate change. The company tested goodwill in accordance with IAS 36 on June 30, 2022 and December 31, 2022 and no need for an impairment charge was detected. In comparison year the recognized impairment was EUR 1.4 million.

PERSONNEL

The average number of employees in the last quarter was 151 (167). The average number of employees during the financial period was 159 (172), and the Group had 150 (165) employees at the end of the period. At the end of the financial period, 60 (57) of the Group's personnel were employed by the Finnish companies, and 90 (108) were employed in the Group's foreign companies.



SHARES AND SHARE CAPITAL

Share turnover and price

During the financial 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 31 December 2022 was EUR 0.02 (EUR 0.03). The average price in the financial period was EUR 0.03 (EUR 0.04). During the financial period 72 922 485 (94 311 641) shares were traded, corresponding to 10.7 (14.5) percent of the number of shares in circulation at the end of the period. The Group's market capitalisation at the closing share price on 31 December 2022 was EUR 12,966,032 (EUR 20,832,728).

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 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 (7,664,943) treasury shares corresponding to 1.1% of the total shares.

Option plan 2019 and 2021

The Company's Board of Directors has found option rights within option plan 2019 to have expired insofar as they have not been distributed. Of the options within the Company's option plan 2019, altogether 3.580.000 series 2019A1 and 2019A2 option rights have been distributed, on the basis of which it is possible to subscribe for a maximum of 1.302.000 new Company shares under the terms and conditions of the option plan. Other parts of the option plan 2019 have expired.

On 25 January 2021, the Board of Directors of Digitalist Group Plc decided to issue option rights on the basis of an authorisation granted by the Annual General Meeting held on 14 April 2020. The option rights are marked as series 2021A1, 2021A2, 2021B1, 2021B2 and 2021C1. The maximum amount of option rights issued is 60,000,000, and they entitle their holders to subscribe for altogether a maximum of 60,000,000 of new Company shares. The Board of Directors may decide on any additional conditions related to the receipt of option rights and on the redistribution of option rights that later revert to the Company.

The theoretical market 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 2022 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 31 December 2022 was 5,457 (5,128). Private individuals owned 10.1 (9.7) per cent of the shares, and institutions held 79.5 (80.8) per cent. Foreign nationals or entities held 10.4 (9.5) per cent of the shares. Nominee-registered shares accounted for 3.4 (2.8) per cent of the total.

AUTHORIZATIONS OF THE BOARD OF DIRECTORS

At the end of the reporting period the Board of directors have two authorizations. On April 26th, 2022 the Annual General meeting authorized as follows:

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. The total number of new shares to be issued under the authorization may not exceed 325,511,370 shares. The board has used the authorization and decided on the directed share issue of 31,400,000 shares on October 28, 2022.

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. The board has not used the authorization by the date of publication of the financial statement release.

RELATED-PARTY TRANSACTIONS

Financing arrangements with related parties:

Capital loan 23.3.2022

On March 23th 2022 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.

Arrangement relating to Yangi AB 24.3.2022

Digitalist Group agreed to implement an arrangement ("Arrangement") regarding Swedish Yangi AB. In the Arrangement:

Based on an option previously granted to it, Digitalist Group's Swedish subsidiary Grow AB subscribed for a total of 11,111 shares in Swedish Yangi AB for a total subscription price of SEK 5,000,000. To increase financial flexibility, Grow AB then sold a total of 7,778 Yangi AB's shares to Turret Oy Ab for a total purchase price of SEK 6,300,000.



In connection with the arrangement mentioned below Digitalist Group Plc agreed 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.

Short-term loan from 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 was agreed to fall due on 31 October 2022.

Turret Oy Ab is the largest shareholder of Digitalist Group.

Directed convertible capital bond and directed share issue to Turret Oy Ab 28.10.2022

Convertible capital bond 2022/1

Convertible Bond 2022/1 directed at Turret Oy Ab (Turret) amounted to EUR 1,931,500 and was divided between a total of five bonds ("Bond"). Under the Terms, Convertible Bond 2022/1 can be converted into a maximum total of 128,766,665 new Digitalist Group shares. Turret subscribed for the Convertible Bond 2022/1 and the attached Special Rights in full in accordance with the Terms, and the Company's Board of Directors accepted Turret's subscription.

The funds from the Convertible Bond 2022/1 are used to improve the liquidity of the Company and to maintain and increase its solvency, which means that there is a weighty financial reason for the deviation from the pre-emptive right of the shareholders as set out in the Limited Liability Companies Act. A market-priced arrangement fee was paid for the Convertible Bond 2022/01.

Under the terms of Convertible Bond 2022/1, Turret paid the subscription price of the loan (The Subscription Price), EUR 1,931,500 in total by setting of the principal of the short-term debt of 27 June 2022, altogether EUR 1,200,000 ("Debt"), and the interests and other expenses that were accrued on the Debt by the Subscription Date in the amount of EUR 22,290.41 ("Costs of the Debt"), altogether EUR 1,222,290.41 and amount of EUR 709,209.59 in cash to the Company's bank account.

Directed Share Issue

In the Directed Share Issue the Company issued up to 31,400,000 Company's new shares ("Shares") in derogation from the pre-emptive subscription right of the shareholders to be subscribed by Turret. The Share subscription price in the Directed Share Issue was EUR 0.022 per Share.

The funds from the Share Issue are used to improve the Company's liquidity and maintain and increase its solvency, so the Company had weighty financial reasons for the Directed Share Issue and for deviating from the pre-emptive right of the shareholders within the meaning of Chapter 9 Section 4(1) of the Finnish Limited Liability Companies Act.

Turret subscribed for the Shares offered for subscription in the Directed Share Issue in full, and the Board of Directors of Digitalist Group accepted Turret's share subscription. The subscription price of the Shares was EUR 690,800 in total.

The Shares issued in the Directed Share Issue correspond to altogether approximately 4.6 percent of all Company shares and votes after the Directed Share Issue. The Shares entitle their holder to full dividends possibly distributed by Digitalist Group and to other distribution of assets as well as carry other shareholder rights in the Company starting from when the Shares entered in the Trade Register and the shareholders' register of the Company on November 21, 2022.

Turret Oy Ab is the largest shareholder of Digitalist Group.

The Terms concerning the convertible bonds are available on the company's website at: <https://investor.digitalistgroup.com/fi/investor/releases>. The Company has issued a stock exchange release relating to the details of the convertible bonds 28.10.2022 and a stock exchange release of Managers' transactions on October 30th, 2022.

OTHER EVENTS DURING THE FOURTH QUARTER

Digitalist Group Plc decreases its earlier guidance regarding future prospects 26.10.2022

Digitalist Group Plc decreased its earlier guidance regarding future prospects. The new guidance was:

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

The previous guidance of the company was:

In 2022, turnover is expected to improve and EBITDA is expected to be at the same level in comparison with 2021.

Digitalist Group continues implementing savings initiatives 29.11.2022

Digitalist Group informed to continue implementing further savings in 2022 by initiating change negotiations in Digitalist Group Plc's subsidiary Digitalist Finland Ltd ("Digitalist Finland").

By initiating the change negotiations Digitalist Finland aimed to improve profitability, adjust the cost structure and prepare for financial and production impacts of the changed market situation, such as a temporary or a permanent decrease in the conditions for providing employment. The change negotiations were estimated to lead to temporary lay-offs (full or part time) and to a potential reduction in the number of employees. The possible reduction of employees was estimated to affect at most nine (9) employees in Finland.

The change negotiations were targeting to 0,7 mill. euros yearly savings.

Change negotiations in Digitalist Group Plc's subsidiary Digitalist Finland are completed 20.12.2022

Digitalist Group informed that change negotiations at Digitalist Group Oyj's subsidiary Digitalist Finland Oy ("Digitalist Finland") have been completed. The goal of the change negotiations was to improve Digitalist Finland's profitability, adjust the cost structure and prepare for the financial and production effects caused by the changed market situation. The agreed measures lead to lay-offs or reductions of at most nine (9) employees. Digitalist Finland estimated that it will achieve the annual savings of approx. 0,7 million euros, which was the target of the change negotiations.

Managers' transactions

During the fourth quarter the Company received one notification in accordance with the transactions of Management (Article 19 MAR). The stock exchange releases on the acceptance of stock options was published on October 30, 2022.

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



EVENTS SINCE THE END OF REVIEW PERIOD

Continuation agreement on the delivery of design and development services to a Swedish public sector operator 2.1.2023

Digitalist Group Plc's (Digitalist Group or Company) Swedish subsidiary Digitalist Sweden AB has concluded a continuation agreement with a Swedish public sector operator on the delivery of design and development services. The agreement is part of long-term cooperation and its value is approximately EUR 1.8 million. The delivery of the services is planned to take place during 2023. The agreement supports Digitalist Group's growth in Sweden and its target to act as a strategic partner in digitalisation.

Digitalist Group's subsidiary Digitalist Finland Oy has signed a term sheet for acquiring Walker & Handson Oy 28.1.2023

Digitalist Group Plc ("Digitalist Group") and its fully-owned subsidiary Digitalist Finland Oy signed a term sheet ("LOI") to an agreement ("Transaction") in which Digitalist Finland Oy would acquire Walker & Handson Oy ("W&H") to strengthen the management and tech & design business in Digitalist Finland Oy.

Digitalist Group strengthens its Finnish subsidiary through an acquisition 23.2.2023

Digitalist Group Plc ("Digitalist Group") and its fully-owned subsidiary Digitalist Finland Oy signed a final agreement on a transaction ("Transaction") in which Digitalist Finland Oy acquires Walker & Handson Oy ("W&H") to strengthen the management and tech & design business in Digitalist Finland Oy. Digitalist Group informed about the letter of intent on the matter on 28.1.2023.

In the Transaction Digitalist Finland Oy acquired all shares in W&H through share exchange by issuing new Digitalist Finland Oy's shares in a direct share issue to W&H representing approximately 10 % of all shares in Digitalist Finland Oy after completion of the Transaction. With the Transaction the owner of W&H Jussi Hermunen was nominated as the Managing Director of Digitalist Finland Oy as of 1.2.2023.

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. The rearranged loans are now the company's long term debt and thus short term obligations are lighter.

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 2022 or 2021.

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 at the end of 2022 affected the Group's business, but the future impact for 2023 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 digitalizing 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.

PROPOSAL BY THE BOARD OF DIRECTORS TO THE ANNUAL GENERAL MEETING

The Board of Directors of Digitalist Group Plc proposes to the Annual General Meeting that the distributable funds be retained in shareholders' equity and that no dividend be distributed to shareholders for the 2022 financial period. On 31 December 2022, the parent company had distributable assets of EUR -13.353.738.

Digitalist Group Plc's Annual General Meeting will be held in Helsinki on Wednesday 26 April 2023. Digitalist Group's Financial Statements 2022 will be published and posted on the company's website on Friday, 31 March 2023. Digitalist Group Plc's Financial Statements will be published in Finnish and English and they are available on group's website <https://digitalist.global> immediately after publication.

NEXT REVIEW

The Business review for January–March 2023 will be published on Friday 28 April 2023.

DIGITALIST GROUP PLC

Board of Directors

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DIGITALIST GROUP

SUMMARY OF THE FINANCIAL STATEMENTS AND NOTES, 1 JANUARY–31 DECEMBER 2022

CONSOLIDATED INCOME STATEMENT, EUR THOUSAND

	1 Oct - 31 Dec 22	1 Oct - 31 Dec 21	Change (%)	1 Jan - 31 Dec 22	1 Jan - 31 Dec 21	Change (%)
Turnover	4,245	4,996	-15 %	18,563	18,482	0 %
Other operating income	41	112	-63 %	279	1,843	-85 %
Operating expenses	-5,285	-6,962	24 %	-23,271	-25,641	-9 %
EBIT	-998	-1,855	46 %	-4,429	-5,315	-17%
Financial income and expenses	-433	-114	-279 %	-2,019	-479	322 %
Profit before taxes	-1,431	-1,969	27 %	-6,448	-5,794	11 %
Income taxes	-36	81	144 %	8	-5	-221 %
PROFIT/LOSS FOR FINANCIAL PERIOD	-1,467	-1,888	22 %	-6,442	-5,799	11 %
Distribution:						
Parent company shareholders	-1,518	-1,948	22 %	-6,533	-5,797	13 %
Non-controlling interests	51	60		90	-2	
Earnings per share:						
Undiluted (EUR)	-0,00	-0,00	100 %	-0,01	-0,01	-100 %
Diluted (EUR)	-0,00	-0,00	100 %	-0,01	-0,01	-100 %

COMPREHENSIVE INCOME STATEMENT, EUR THOUSAND

	1 Oct - 31 Dec 22	1 Oct - 31 Dec 21	Change (%)	1 Jan - 31 Dec 22	1 Jan - 31 Dec 21	Change (%)
Profit/loss for the financial period	-1,467	-1,888	-22 %	-6,442	-5,799	11 %
Other items of comprehensive income						
Translation difference	-2,373	-490	384 %	-711	-1,559	-54 %
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-3,840	-2,378	61 %	-7,154	-7,358	-3%
Parent company shareholders	-4,007	-2,421	66 %	-7,247	-7,343	-1 %
Non-controlling interests	167	43	288 %	93	-15	-720 %


CONSOLIDATED BALANCE SHEET, EUR THOUSAND

ASSETS	31 December 2022	31 December 2021
NON-CURRENT ASSETS	110	857
Intangible assets	4,678	5,166
Goodwill	1,201	1,629
Tangible assets	1,136	1,529
Buildings and structures, rights-of-use	36	66
Machinery and equipment	29	36
Other tangible assets	102	2
Investments	1,245	1,172
Other non-current financial assets	7,335	8,825
NON-CURRENT ASSETS		
CURRENT ASSETS		
Trade and other receivables	3,797	4,157
Income tax asset	183	154
Cash and cash equivalents	899	984
CURRENT ASSETS	4,878	5,295
ASSETS	12,213	14,120
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Parent company shareholders		
Share capital	585	585
Share premium account	219	219
Invested non-restricted equity fund	73,662	72,971
Retained earnings	-99,210	-93,069
Profit/loss for the financial period	-6,442	-5,797
Non-controlling interests	503	506
Parent company shareholders	-31,277	-25,091
SHAREHOLDERS' EQUITY	-30,774	-24,585
NON-CURRENT LIABILITIES	25,612	23,846
CURRENT LIABILITIES	17,376	14,860



SHAREHOLDERS' EQUITY AND LIABILITIES	12,213	14,120
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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: Non-controlling interests
 H: Total shareholders' equity

	A	B	C	D	E	F	G	H
Shareholders' equity 1 Jan 2021	585	219	72,972	1,061	-92,786	-17,948	1,262	-16,686
Other changes					332	332	-332	0
Profit/loss for the financial period					-5,797	-5,797	-2	-5,799
Translation difference				-1,546		-1,546	-14	-1,559
Other items of comprehensive income						-7,343		
Purchase of own shares								
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

	A	B	C	D	E	F	G	H
Shareholders' equity 1 Jan 2022	585	219	72,972	-484	-98,384	-25,091	506	-24,585
Other changes								
Profit/loss for the financial period					-6,533	-6,533	90	-6,442
Translation difference				-714		-714	3	-711
Other items of comprehensive income						-7,247		
Share issue			691			691		691
Purchase of own shares								
Share-based remuneration					240	240		240
Convertible loan					130	130		130



Transactions with non-controlling interests							-96	.96
Shareholders' equity 31 Dec 2022	585	219	73,663	1,198	-104,545	-31,277	503	-30,774

CONSOLIDATED CASH FLOW STATEMENT, EUR THOUSAND

	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021	1 Jul–31 Dec 2022	1 Jul–31 Dec 2021
Cash flow from operations				
Earnings before taxes in the period	-6,448	-5,794	-3,272	-2,357
Adjustments to cash flow from operations:				
Depreciation, impairment	1,643	3,538	753	1,937
Financial income and expenses	2,019	479	1,117	475
Other adjustments	-51	-1,079	-126	-1,284
Cash flow financing before changes in working capital	-2,837	-2,857	-1,528	-1,229
Change in working capital	891	-811	538	-568
Interest received	62	14	62	8
Interest paid	-16	-64	38	-40
Taxes paid	-304	-11	-64	12
Net cash flow from operations	-2,203	-3,730	-954	-1,817
Investments in other investments	-470		-4	
Investments in tangible and intangible assets	-39	-48	-16	-30
Proceeds from disposal of investments	593		6	
Proceeds from disposal of businesses		2,565		2,565
Income from disposal of tangible and intangible assets		6		6
Net cash flow from investments	83	2,523	-14	2,541
Net cash flow before financial items	-2,120	-1,207	-968	724
Share issue	691		691	
Purchase of own shares				
Transactions with non-controlling interests	-70		41	
Drawdown of long-term loans	1,909	1,000	1,909	0
Drawdown of short-term loans	874	1,803		716
Repayment of short-term loans		0	-401	0
Repayment of long-term loans	-60	-379	-60	-346



Interest and other charges	-348	-416	140	-220
Repayment of lease liabilities	-902	-826	-498	-414
Net cash flow from financing	2,094	1,182	1,543	-263
Change in cash and cash equivalents	-85	-24	531	461
Liquid assets, beginning of period	984	1,008	368	523
Liquid assets, end of period	899	984	899	984

Accounting principles

The Group has implemented new and revised IFRS standards and IFRIC interpretations during the period. The new and revised standards did not have an impact on the reported figures. This financial statement release has been prepared in accordance with IAS 34 – Interim Financial Reporting. The financial statement release complies with the same accounting principles and calculation methods as the annual financial statements, except for the items below.

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.

All Group companies have been consolidated. 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. The 2022 financial statement release is unaudited.

Going concern

The annual statement is prepared in accordance with the principle of the business as a going concern. The assumption of continuity is based on the management's estimates and the following factors, among others:

The Group's financial situation during the financial year has remained tight. The Group has completed significant cost-saving programmes, which are expected to result in improvements to the Group's profitability in the future. Operating expenses decreased during the year by EUR 0.5 million (EUR 2.4 million) and the cost structure for 2023 is lighter. The Group has focused on its key customers in line with its strategy, and this is expected to have a positive impact on sales trends.

The Group's liquidity has been improved by restructuring the financing by extending the payment period for loans from related parties and by transforming them into convertible bonds and capital loan. Repayment of loans from financial institutions have been extended. The Yangi AB arrangement in the early year contributed to improving the company's liquidity. In the early 2023 the company has agreed to increase the cash pool overdraft by EUR 0.7



million. In February 2023 Business Finland made a non-collection decision on Digitalist Finland Oy's application for a 0.3 million euro part of the product development loan.

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 necessary.

Goodwill impairment testing and recognised impairment

Digitalist Group tested its goodwill for impairment on 31 December 2022. The goodwill is allocated to one cash-generating unit.

A goodwill impairment test conducted on 31 December 2022 identified no need to write down goodwill. The company tests its goodwill based on the utility value of the assets. In the testing conducted on 31 December 2022 in conjunction with the financial statements, the cash flow forecasting period was from 2023 to 2026.

During the 2023–2026 forecasting period, average growth of 11 (18) per cent is expected to be achieved as digitalisation spreads to an increasing share of business life. The operating margin is expected to rise to approximately 7.5 (5.0) 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 was 11 per cent (11 per cent). The growth factor used to calculate the cash flows after the forecast period is 2.35 per cent (1 per cent). The weighted average operating profit margin for the forecast period was used to calculate the value of the terminal period.

CONSOLIDATED INCOME STATEMENT BY QUARTER, EUR THOUSAND

	Q4/2022	Q3/2022	Q2/2022	Q1/2022	Q4/2021
	1.10.- 31.12.22	1.7.- 30.9.22	1.4.-30.6.22	1.1.- 31.3.22	1.10.- 31.12.21
Turnover	4,245	3,927	5,257	5,133	4,996
Other operating income and expenses	-5,243	-5,069	-6,281	-6,398	-6,851
EBIT	-998	-1,142	-1,024	-1,265	-1,855
Financial income and expenses	-433	-698	-774	-114	-114
Profit before taxes	-1,431	-1,840	-1,797	-1,380	-1,969
Income taxes	-36	4	37	1	81
PROFIT/LOSS FOR COMPARISON PERIOD	-1,467	-1,836	-1,761	-1,379	-1,888

CHANGES IN INTANGIBLE AND TANGIBLE ASSETS, EUR THOUSAND

	Goodwill	Intangible assets	Tangible fixed assets	Right-of-use asset	Other investments	total

Carrying value 1 Jan 2021	7,485	2,741	155	958	3	11,342
Increases			48	1,396		1,444
Decreases	-804	-676	-7			-1,488
Impairment	-1,382					-1,382
Changes in exchange rates	-134	25	1	1		-107
Depreciation for the review period		-1,233	-97	-826		- 2,156
Carrying value 31 Dec 2021	5,166	857	99	1,529	3	7,653

	Goodwill	Intangible assets	Tangible fixed assets	Right-of-use assets	Other investments	Total
Carrying value 1 Jan 2022	5,166	857	99	1,529	2	7,653
Increases		22	17	555	100	694
Decreases						
Impairment				-155		-155
Changes in exchange rates	-488	-32	-4	-89		-613
Depreciation for the review period		-737	-47	-704		-1,488
Carrying value 31 Dec 2022	4,678	110	66	1,135	102	6,090

KEY INDICATORS

	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Earnings per share (EUR) diluted	-0.01	-0.01
Earnings per share (EUR)	-0.01	-0.01
Shareholders' equity per share (EUR)	-0.05	-0.04
Cash flow from operations per share (EUR) diluted	0.00	-0.01
Cash flow from operations per share (EUR)	0.00	-0.01
Return on capital employed (%)	-75.6	-54.4
Return on equity (%)	neg	neg
Operating profit/turnover (%)	-23.9	-28.8
Gearing as a proportion of shareholders' equity (%)	-111.8	-128.9
Equity ratio as a proportion of shareholders' equity (%)	-252.0	-174.1
EBITDA (EUR thousand)	-2,786	-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	12,142	0
Capital loans	10,169	11,643	0	11,643	0
Lease liabilities IFRS 16	1,535	1,556	575	981	0
Accounts payable	1,348	1,348	1,348	0	0

31 December 2022	Balance sheet value	Cash flow	Under 1 year	1-5 years	Over 5 years
Loans from financial institutions	3,501	3,643	1,226	2,417	0
Credit limits	7,462	7,462	7,462	0	0
Convertible bonds	7,582	8,905	0	8,906	0
Capital loans	14,973	17,147	0	17,147	0
Other related-party loans	500	533	533	0	0
Lease liabilities IFRS 16	1,283	1,354	609	745	0
Accounts payable	1,373	1,373	1,373	0	0

OTHER INFORMATION

	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
NUMBER OF EMPLOYEES, average	159	172
Personnel at the end of the period	150	165
LIABILITIES, EUR THOUSAND		
Pledges made for own obligations		
Corporate mortgages	13,300	13,300
Total interest-bearing liabilities		
Long-term loans from financial institutions	2,337	2,232
Other long-term liabilities	23,257	21,445
Short-term interest-bearing liabilities	9,707	8,992
Total	35,302	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 income / Total shareholders' equity (average) x 100

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