

**DIGITALIST GROUP'S FINANCIAL STATEMENT RELEASE, 1 JANUARY–31 DECEMBER 2021****DIGITALIST 2021****SUMMARY****October–December 2021 (comparable figures for 2020 in parentheses):**

- Turnover: EUR 5.0 million (EUR 5.0 million), decrease: 0.3%.
- EBITDA: EUR -0.5 million (EUR 0.2 million), -9.3% of turnover (-5.6%).
- EBIT\*: EUR -1.9 million (EUR -0.9 million), -37.1% of turnover (-17.5%).
- Net income\*: EUR -1.9 million (EUR -1.6 million), -37.8% of turnover (-32.0 %).
- Earnings per share (diluted and undiluted) EUR -0.00 (EUR -0.00).

\*EBIT and net income for the period include a goodwill impairment charge of EUR -0.9 million (EUR 0.0 million).

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

- Turnover: EUR 18.5 million (EUR 20.5 million), decrease: -9.8%.
- EBITDA: EUR -1.8 million (EUR -2.0 million), -9.6% of turnover (-9.9%).
- EBIT\*: EUR -5.3 million (EUR -9.1 million), -28.8% of turnover (-44.2%).
- Net income\*: EUR -5.8 million (EUR -11.9 million), -31.4% of turnover (-58.1%).
- Earnings per share (diluted and undiluted): EUR -0.01 (EUR -0.02).
- Cash flow from operations EUR -3.7 million (EUR -1.3 million).
- Number of employees at the end of the review period: 165 (182), decrease of 9.3%.

\*EBIT and net income for the period include a goodwill impairment charge of EUR -1,4 million (EUR -3.7 million).

**Future prospects**

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

**CEO's review**

Digitalist Group creates competitive advantage by combining brand strategy, customer experience, design and technology to future-proof our clients' businesses. We believe that the smooth integration of digitalisation, experiences and sustainability is the key to creating seamless solutions that will not only exceed expectations today, but to meet the needs of tomorrow. We have leading edge capabilities in brand, design and technology – enabling us to accelerate brands, businesses and society forward.



Year 2021 was the second year affected by the Covid pandemic. Consequently, our organization, as well as our clients, have adapted to new ways of working. Online meetings and digital tools have strengthened our capabilities in working efficiently with cross studio teams and supporting our clients.

At the end of December, the Group had a total of 165 (182 end of 2020) employees of more than 20 different nationalities. We believe that this diversity is one of our strengths when serving clients on a market that is becoming more and more global every day. Digitalist Group has studios in Helsinki, Stockholm and Vancouver and employs top experts in fields ranging from brand strategy to design and artificial intelligence.

The 2021 revenues EUR 18,5 million were lower than 2020 (EUR 20,5 million), but despite this we were able to remain at approximately the last year's EBITDA level. Adapting our cost structure is key to our success, and we are engaged in intense efforts in reducing our overhead costs while continuing to find new and more efficient ways of working to serve our clients better and to grow our business. We have also during the year implemented a new management structure, which has further helped us to reduce costs and provided us a more efficient way to run the operations. While we believe these efforts will pay off in the coming quarters, our top priority when entering year 2022 will be the success in growing our revenues.

During the year we have seen a proven market attraction for our LeanLab customer collaboration platform as a tool in our insight offering. We are aiming to increase its growth opportunities as a SaaS business.

We also completed the successful divestment from Ticknovate Limited during the third quarter. With this arrangement, we increased our financial flexibility and our focus on core business.

In December 2021, Digitalist Group Plc's subsidiary Digitalist Sweden AB signed a significant agreement with a Swedish public sector entity on the provision of design and development services. The agreement is part of long-term co-operation and has a value of about EUR 1.8 million. The services are planned to be provided in 2022. The agreement will underpin Digitalist Group's growth in Sweden and support its aim of operating as a strategic partner in digitalization.

Looking forward we feel well prepared for 2022. Our capabilities in brand, design and technology are the key elements needed to perform successful customer experience transformation projects. We still have a lot to improve, but I feel we are taking the right actions and are starting 2022 with an organization that is ready to take on the challenges and make a change.

/CEO Magnus Leijonborg

## SEGMENT REPORTING

Digitalist Group reports its business in a single segment.



## **TURNOVER**

In the fourth quarter, the Group's turnover was at the same level as previous EUR 5.0 million. The Group's turnover for the period totalled EUR 18.5 million (EUR 20.5 million), which is -9.8% less than in the previous year. The decrease in turnover was impacted by uncertainty among customers due to Covid-19 pandemic. The turnover earned outside Finland accounted for a major proportion of the total being 77% (74%) in the review period.

## **RESULT**

In the fourth quarter, EBITDA came to EUR -0.5 million (EUR 0.2 million), EBIT was EUR -1.9 million (EUR -0.9 million) and profit before taxes was EUR -2.0 million (EUR -1.6 million). In the corresponding period in 2020 EBITDA was affected by a one-time payment. Net income for the final quarter amounted to EUR -1.9 million (EUR -1.6 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 -1.8 million (EUR -2.0 million), EBIT was EUR -5.3 million (EUR -9.1 million) and profit before taxes was EUR -5.8 million (EUR -12.1 million). Streamlining operations, cost savings and divestment of Ticknovate Ltd. affected EBITDA. Currency exchange gains impacted remarkably to the financial items, which were net EUR -0.5 million (EUR -3.2 million). Net income for the financial period amounted to EUR -5.8 million (EUR -11.9 million), earnings per share totalled EUR -0.01 (EUR -0.02) and cash flow from operating activities per share was EUR -0.01 (EUR -0.00). Net income for the financial period and the comparison period were impacted by a goodwill impairment charge of EUR -1.4 million (EUR -3.7 million).

## **RETURN ON EQUITY**

The Group's shareholders' equity amounted to EUR -24.6 million (EUR -16.7 million) of which EUR 0.5 million (EUR 1.3 million) was non-controlling interest. Return on equity (ROE) was negative. Return on investment (ROI) was -68.1 (-75.9) per cent.

The negative change in the Group's equity was mainly due to the operating loss, which was affected by a goodwill impairment charge EUR -1.4 million (EUR -3.7 million).

## **INVESTMENTS**

Investments during the financial period totalled EUR 0.0 million (EUR 0.6 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 0.7 million). Capitalized product development costs in 2020 were related to the development of the Ticknovate product and were sold in connection with the divestment of Ticknovate Ltd.

## **BALANCE SHEET AND FINANCING**

The balance sheet total was EUR 14.1 million (EUR 19.6 million). The decrease in the balance sheet total was mainly due to a goodwill impairment charge, the divestment of Ticknovate Ltd., and decrease in sales receivables due to reduced turnover. Shareholders' equity amounted to EUR -24.6 million (EUR -16.7 million). The solvency ratio was -174.1% (-84.9%). At the end of the period, the Group's liquid assets totalled EUR 1.0 million (EUR 1.0 million). The Group's parent company's equity was EUR 2.2 million when including the EUR 9.8 million convertible bonds, which were converted to capital loan.

At the end of the period, the Group's balance sheet recognised EUR 10.7 million (EUR 8.9 million) in loans from financial institutions, including the overdrafts in use. In addition, the company has loans from its main owners. On 31 December 2021, the Group's interest-bearing liabilities amounted to EUR 32.7 million (EUR 28.1 million), of which related-party loans amounted to EUR 20.5 million (EUR 17.9 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 -3.7 million (EUR -1.3 million), a change of EUR -2.4 million. The operating cash flow was mainly impacted by the decreased turnover. The investing activities were impacted by divestment of Ticknovate Ltd. EUR 2.6 million.

In order to reduce the rate of turnover of trade receivables, the Group sells some of its trade receivables from Finnish customers. Trade receivables worth EUR 3.0 million (EUR 4.7 million) were sold during the financial period.

## **GOODWILL**

On 31 December 2021, the Group's balance sheet included goodwill of EUR 5.2 million (EUR 7.5 million). The company tested goodwill in accordance with IAS 36 on June 30, 2021 and recognized an impairment of EUR -0.5 million (EUR -3.7 million). In connection to the divestment of Ticknovate Ltd on August 31, 2021 EUR -0.8 million was allocated against the sales gain. The company also tested goodwill on December 31, 2021 and recognized an impairment of EUR -0.9 million (EUR 0.0).

## **PERSONNEL**

The average number of employees in the last quarter was 167 (183). The average number of employees during the financial period was 172 (208), and the Group had 165 (182) employees at the end of the period. At the end of the financial period, 57 (69) of the Group's personnel were employed by the Finnish companies, and 108 (113) 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 0.05 (EUR 0.05) and a low of EUR 0.03 (EUR 0.03), and the closing price on 31 December 2021 was EUR 0.03 (EUR 0.04). The average price in the financial period was EUR 0.04 (EUR 0.03). During the financial period, 94 311 641 (61 748 234) shares were traded, corresponding to 14.5 (9.5) 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 2021 was EUR 20,832,728 (EUR 23,436,819).

### **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 (7,664,943) treasury shares corresponding to 1.2% 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 3.580.000 new Company shares under the terms and conditions of the option plan.

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 1,0 million, which is recognised as an expense in accordance with IFRS 2 for the years 2021-2025. The expense recognition for 2021 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 2021 was 5,128 (4,309). Private individuals owned 9.66 (8.79) per cent of the shares, and institutions held 80.82 (90.76) per cent. Foreign nationals or entities held 9.51 (0.45) per cent of the shares. Nominee-registered shares accounted for 2.82 (3.36) per cent of the total.



## RELATED-PARTY TRANSACTIONS

### Financing arrangements with related parties:

#### Convertible bonds 30th March 2021

On 30 March 2021, Digitalist Group Plc's Company's Board of Directors resolved under the authorisation granted by the Company's Annual General Meeting of 14 April 2020 to, in deviation from the pre-emptive right of the Company's shareholders, directed convertible bonds to Turret Oy Ab ("Convertible Bond 2021/1") and Holdix Oy Ab ("Convertible Bond 2021/2") and the attached special rights as referred to in Chapter 10 Section 1(2) of the Limited Liability Companies Act for subscription by Turret Oy Ab and Holdix Oy Ab in accordance with the terms of the agreement concerning the loans. Under the Terms, Convertible Bond 2021/1 and Convertible Bond 2021/2 totalling to 1.0 MEUR can be converted into a maximum total of 33.333.332 new Digitalist Group shares. The Terms concerning them 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 on March 30th, 2021 and a stock exchange release of Managers' transactions on April 1st, 2021

#### Convertible bonds 20th April 2021

On 20 April 2021, Digitalist Group Plc's Annual General Meeting resolved to, in deviation from the pre-emptive right of the Company's shareholders, direct convertible bonds to Turret Oy Ab ("Convertible Bond 2021/3") and Holdix Oy Ab ("Convertible Bond 2021/4") and the attached special rights as referred to in Chapter 10 Section 1(2) of the Limited Liability Companies Act for subscription by Turret Oy Ab and Holdix Oy Ab in accordance with the terms of the agreement concerning the loans. Turret Oy Ab has subscribed and paid for the Convertible Bond 2021/3 and the attached Special Rights in full in accordance with the Terms. Holdix Oy Ab has subscribed and paid for the Convertible Bond 2021/4 and the attached Special Rights in full in accordance with the Terms.

The Convertible Bonds mature on June 30, 2024 and set off previous receivables of Turret and Holdix from the Company as identified in the Terms. Under the Terms, Convertible Bond 2021/3 and Convertible Bond 2021/4 totalling to 19.1 MEUR can be converted into a maximum total of 635.725.754 new Digitalist Group shares. 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 and a stock exchange release of Managers' transactions on April 20th, 2021.

#### Increase in Group's cash pool overdraft 23 June 2021

Digitalist Group Oyj agreed with Nordea Bank Oyj to increase Digitalist Group's cash pool overdraft with Nordea Bank by two million euros. The cash pool overdraft is secured by a directly enforceable guarantee granted by Turret Oy Ab and Holdix Oy Ab to Nordea Bank Abp.



#### Capital loan 30 December 2021

The Board decided to exercise the right granted to Digitalist Group Plc by main owners and convert the Convertible Bonds no 1-15 into Converted Bonds and to convert the capital thereof, altogether EUR 9.757.987,80, 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.

### OTHER EVENTS DURING THE FOURTH QUARTER

Additional agreement on the delivery of design and development services to a Swedish public sector operator  
29 December 2021

Digitalist Group Plc's (Digitalist Group or Company) subsidiary Digitalist Sweden AB concluded an additional 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 2022. The agreement supports Digitalist Group's growth in Sweden and its target to act as a strategic partner in digitalisation.

#### Managers' transactions

During the fourth quarter the Company has received three notifications in accordance with the transactions of Management (Article 19 MAR). The stock exchange releases on the acceptance of stock options was published on October 29, 2021.

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

There have been no significant events since the end of the reporting 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 - 2021 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.

Covid-19 pandemic continued in 2021. The restrictive measures taken to prevent the spread of the disease affected the businesses of the company's customers, thereby reducing the number of projects with some customers and the number of orders. This is reflecting the development of turnover.

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 early 2021, the company rearranged its short-term loans with the main owners and a financial institution. The rearranged loans are now company's long term debt and thus short term obligations are lighter.

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.

Significant part of the Group's turnover is invoiced in currencies other than the euro. The risk associated with changes in exchange rates is managed in various ways, including net positioning and currency hedging contracts. No hedging contracts were used in 2021 or 2020.





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 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 2021 financial period. On 31 December 2021, the parent company had distributable assets of EUR -8.792.474,80.

Digitalist Group Plc's Annual General Meeting will be held in Helsinki on Tuesday 26 April 2022.

## **NEXT REVIEW**

The Business review, for January–March 2022, will be published on Friday 29 April 2022.

DIGITALIST GROUP PLC

Board of Directors

Further information:

Digitalist Group Plc

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## DIGITALIST GROUP

## SUMMARY OF THE FINANCIAL STATEMENTS AND NOTES, 1 JANUARY–31 DECEMBER 2021

## CONSOLIDATED INCOME STATEMENT, EUR THOUSAND

	1 Oct - 31 Dec 21	1 Oct - 31 Dec 20	Change (%)	1 Jan - 31 Dec 21	1 Jan - 31 Dec 20	Change (%)
Turnover	4,996	4,979	0 %	18,482	20,487	-10 %
Other operating income	112	1,270		1,843	1,823	
Operating expenses	-6,962	-7,122	2 %	-25,641	-31,368	-18 %
EBIT	-1,855	-873	-112 %	-5,315	-9,059	-41 %
Financial income and expenses	-114	-706	84 %	-479	-2 998	-84 %
Profit before taxes	-1,969	-1,579	-25 %	-5,794	-12,057	-52 %
Income taxes	81	-13	724 %	-5	163	-103 %
PROFIT/LOSS FOR FINANCIAL PERIOD	-1,888	-1,592	-19 %	-5,799	-11,894	-51 %
Distribution:			0 %			
Parent company shareholders	-1,948	-1,623	-20 %	-5,797	-11,820	-51 %
Non-controlling interests	60	31	-90 %	-2	-73	-98 %
Earnings per share:						
Undiluted (EUR)	-0.00	-0,02	85 %	-0.01	-0,02	-55 %
Diluted (EUR)	-0.00	-0,02	0 %	-0.01	-0,02	-50 %

## COMPREHENSIVE INCOME STATEMENT, EUR THOUSAND

	1 Oct - 31 Dec 21	1 Oct - 31 Dec 20	Change (%)	1 Jan - 31 Dec 21	1 Jan - 31 Dec 20	Change (%)
Profit/loss for the financial period	-1,888	-1,591	19 %	-5,799	-11,820	-51 %
Other items of comprehensive income	-742		100 %	-742		100 %
Translation difference	-490	410	-220 %	-1,559	1,481	-205 %
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-3,120	-1,181	164 %	-8,100	-10,339	-22 %
Parent company shareholders	-3,163	-1,212	161 %	-8,085	-10,281	-21 %
Non-controlling interests	43	31	39 %	-15	-58	-74 %

## CONSOLIDATED BALANCE SHEET, EUR THOUSAND

ASSETS	31 December 2021	31 December 2020
<u>NON-CURRENT ASSETS</u>		
<b>Intangible assets</b>	<b>857</b>	<b>2,741</b>
<b>Goodwill</b>	<b>5,166</b>	<b>7,485</b>
<b>Tangible assets</b>	<b>1,631</b>	<b>1,116</b>
Buildings and structures, rights-of-use	1,529	958
Machinery and equipment	66	101
Other tangible assets	36	57
<b>Other non-current financial assets</b>	<b>1,172</b>	<b>1,127</b>
<b>NON-CURRENT ASSETS</b>	<b>8,825</b>	<b>12,469</b>
<u>CURRENT ASSETS</u>		
Trade and other receivables	4,157	5,945
Income tax asset	192	223
Cash and cash equivalents	523	1,008
<b>CURRENT ASSETS</b>	<b>5,295</b>	<b>7,176</b>
<b>ASSETS</b>	<b>14,120</b>	<b>19,645</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<u>SHAREHOLDERS' EQUITY</u>		
<u>Parent company shareholders</u>		
Share capital	585	585
Share premium account	219	219
Invested non-restricted equity fund	72,972	72,972
Retained earnings	-93,069	-79,904
Profit/loss for the financial period	-5,797	-11,820
Non-controlling interests	506	1,262
Parent company shareholders	-25,090	-17,949
<b>SHAREHOLDERS' EQUITY</b>	<b>-24,584</b>	<b>-16,686</b>
NON-CURRENT LIABILITIES	26,520	12,513
CURRENT LIABILITIES	12,186	23,818
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>14,120</b>	<b>19,645</b>

**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 2020	585	219	73,186	-129	-82,182	-8,321		-8,321
Other changes				-290	290			
Profit/loss for the financial period					-11,820	-11,820	-73	-11,893
Purchase of own shares			-214			-214		-214
Other items of comprehensive income								
Translation difference				1,481		1,481	15	1,496
Share-based remuneration					25	25		25
Transactions with non-controlling interests					901	901	1,320	2,221
Shareholders' equity 31 Dec 2020	585	219	72,972	1,062	-92,786	-17,948	1,262	-16,686

	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							-742	-742
Profit/loss for the financial period					-5,797	-5,797	-2	-5,799
Purchase of own shares						0		0
Other items of comprehensive income								
Translation difference				-1,546		-1,546	-14	-1,559
Share-based remuneration					201	201		201
Transactions with non-controlling interests								
Shareholders' equity 31 Dec 2021	585	219	72,972	-484	-98,382	-25,089	504,383	-24,585

**CONSOLIDATED CASH FLOW STATEMENT, EUR THOUSAND**

Cash flow from operations	1 Jan–31 Dec 2021	1 Jan–31 Dec 2020	1 Jul–31 Dec 2021	1 Jul–31 Dec 2020
<b>Earnings before taxes in the period</b>	<b>-5,794</b>	<b>-12,057</b>	<b>-2,357</b>	<b>-4,118</b>
Adjustments to cash flow from operations:				
Other income and expenses with no payment transactions				
Depreciation, impairment	3,538	7,037	1,937	1,809
Financial income and expenses	479	2,998	475	1,783
Other adjustments	-1,079	-167	-1,284	-366
<b>Cash flow financing before changes in working capital</b>	<b>-2,857</b>	<b>-2,189</b>	<b>-1,229</b>	<b>-892</b>
Change in working capital	-811	661	-568	-349
Interest received	14	10	8	3
Interest paid	-64	-9	-40	0
Taxes paid	-11	220	12	226
<b>Net cash flow from operations</b>	<b>-3,730</b>	<b>-1,307</b>	<b>-1,817</b>	<b>-1,012</b>
Investments in other investments				
Investments in tangible and intangible assets	-48	-249	-30	-50
Investment grants received		333		15
Proceeds from disposal of businesses	2,565		2,565	
Income from disposal of tangible and intangible assets	6		6	
<b>Net cash flow from investments</b>	<b>2,523</b>	<b>85</b>	<b>2,541</b>	<b>-35</b>
<b>Net cash flow before financial items</b>	<b>-1,207</b>	<b>-1,222</b>	<b>724</b>	<b>-1,047</b>
Purchase of own shares		-215		-215
Transactions with non-controlling interests		1,096		1,096
Drawdown of long-term loans	1,000	1,000	0	0
Drawdown of short-term loans	1,803	1,286	716	493
Repayment of short-term loans	0	-53	0	-53
Repayment of long-term loans	-379		-346	
Interest and other charges	-416	-409	-220	-175
Repayment of lease liabilities	-826	-1,265	-414	-618
<b>Net cash flow from financing</b>	<b>1,182</b>	<b>1,441</b>	<b>-263</b>	<b>528</b>
Change in cash and cash equivalents	-24	219	461	-519
Liquid assets, beginning of period	1,008	787	523	1,525
Liquid assets, end of period	984	1,007	984	1,007

**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 2021 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 2.4 million. 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 company has agreed to increase the cash pool overdraft by EUR 2 million. The divestment in the second half of the year contributed to improving the company's liquidity.

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, which the main owners provide if needed.

**Goodwill impairment testing and recognised impairment**

Digitalist Group tested its goodwill for impairment on 31 December 2021. The goodwill is allocated to one cash-generating unit.

A goodwill impairment test conducted on 31 December 2021 identified a need to write down goodwill of EUR -0.9 million. The company tests its goodwill based on the utility value of the assets. In the testing conducted on 31 December 2021 in conjunction with the financial statements, the cash flow forecasting period was from 2022 to 2025.

During the 2022–2025 forecasting period, average growth of 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 5 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 (13 per cent). The growth factor used to calculate the cash flows after the forecast period is 1 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

	Q4/2021	Q3/2021	Q2/2021	Q1/2021	Q4/2020
	1.10.- 31.12.21	1.7.- 30.9.21	1.4.-30.6.21	1.1.- 31.3.21	1.10.- 31.12.20
Turnover	4,996	3,913	4,781	4,793	4,979
Other operating income and expenses	-6,851	-3,940	-6,966	-6,041	-5,852
EBIT	-1,855	-27	-2,185	-1,248	-873
Financial income and expenses	-114	-360	-651	647	-706
Profit before taxes	-1,969	-387	-2,836	-601	-1,579
Income taxes	81	4	60	-150	-13
PROFIT/LOSS FOR COMPARISON PERIOD	-1,888	-383	-2,776	-751	-1,592

#### 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 2020	10,934	4,903	377	2,673	2	18,889
Increases		222	27	347	1	596
Decreases		-805	-104	-904		-1,813
Impairment	-3,700					-3,700
Changes in exchange rates	251	-7	-6	-3		236
Depreciation for the review period		-1,572	-138	-1,155		-2,865
Carrying value 31 Dec 2020	7,485	2,741	155	958	3	11,342

	Goodwill	Intangible assets	Tangible fixed assets	Right-of-use assets	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	-1,489
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	2	7,653

## KEY INDICATORS

	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
Earnings per share (EUR) diluted	-0.01	-0.02
Earnings per share (EUR)	-0.01	-0.02
Shareholders' equity per share (EUR)	-0.04	-0.03
Cash flow from operations per share (EUR) diluted	-0.01	-0.00
Cash flow from operations per share (EUR)	-0.01	-0.00
Return on capital employed (%)	-68.1	-75.9
Return on equity (%)	neg	neg
Operating profit/turnover (%)	-28.8	-44.2
Gearing as a proportion of shareholders' equity (%)	-128.9	-162.2
Equity ratio as a proportion of shareholders' equity (%)	-174.1	-84.9
EBITDA (EUR thousand)	-1,778	-2,021

## MATURITY OF FINANCIAL LIABILITIES AND INTEREST ON LOANS

31 December 2020	Balance sheet value	Cash flow	Under 1 year	1-5 years	Over 5 years
Loans from financial institutions	3,364	3,483	759	2,724	0
Credit limits	5,513	0	0	0	0
Convertible bonds	17,881	19,475	9,437	10,038	0
Other related-party loans	0	0	0	0	0
Lease liabilities IFRS 16	965	950	805	146	0
Accounts payable	1,525	1,525	1,525	0	0



<b>31 December 2021</b>	<b>Balance sheet value</b>	<b>Cash flow</b>	<b>Under 1 year</b>	<b>1-5 years</b>	<b>Over 5 years</b>
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	11,064	0	11,064	0
Capital loans	10,169	11,643	0	11,643	0
Lease liabilities IFRS 16	1,535	1,556	575	981	0
Accounts payable	1,353	1,353	1,353	0	0

## OTHER INFORMATION

	<b>1 Jan - 31 Dec 2021</b>	<b>1 Jan - 31 Dec 2020</b>
NUMBER OF EMPLOYEES, average	172	208
Personnel at the end of the period	165	182
LIABILITIES, EUR THOUSAND		
Pledges made for own obligations		
Corporate mortgages	13,300	13,300
Total interest-bearing liabilities		
Long-term loans from financial institutions	2,232	2,632
Other long-term liabilities	21,445	9,410
Short-term interest-bearing liabilities	8,992	16,033
<b>Total</b>	<b>32,669</b>	<b>28,075</b>

**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