

**DIGITALIST GROUP INTERIM REPORT 1 JANUARY – 30 JUNE 2019****Digitalist H1/2019 – Transformation continues****SUMMARY****April – June 2019 (figures for 2018 in brackets):**

- Turnover EUR 7.3 million (EUR 6.2 million), growth of 17.5%.
- Earnings before interest, taxes, depreciation, and amortisation (EBITDA)* EUR -0.6 million (EUR -1.1 million), -8.1% of turnover (-18.5%).
- Operating result* EUR -1.4 million (EUR -1.5 million), -19.8% of turnover (-24.6%).
- Net result EUR -2.3 million (EUR -1.2 million), -31.2% of turnover (-19.6 %).
- Earnings per share (diluted and undiluted) EUR -0.00 (EUR -0.00).

Review period January – June 2019 (figures for 2018 in brackets):

- Turnover EUR 14.9 million (EUR 11.5 million), growth of 29.8 %.
- Earnings before interest, taxes, depreciation, and amortisation (EBITDA)* EUR -1.0 million (EUR -3.2 million), -6.6% of turnover, (-28.0%).
- Operating result * EUR -2.7 million (EUR -3.9 million), -18.0% of turnover (-34.4%).
- Net result EUR -3.4 million (EUR -3.9 million), -22.6% of turnover (-34.4%).
- Earnings per share (diluted and undiluted) EUR -0.01 (EUR -0.01).
- Cash flow from operations EUR -0.7 million (EUR -3.9 million).
- Number of employees at the end of the review period 260 (280), a reduction of 7%.

*The effect of IFRS 16 on April–June earnings before interest, taxes, depreciation, and amortisation (EBITDA) is EUR 0.4 million, and on Operating result in the same period EUR -0.05 million; the effect on earnings before interest, taxes, depreciation, and amortisation (EBITDA) for the review period is EUR 0.7 million, and on Operating result EUR -0.1 million.

Future prospects

Growth of turnover is expected to continue, and operating result is expected to improve in 2019 compared to the previous year. (Unchanged).



CEO's review

In the first half of 2019 we have continued in the path of growth, improving profitability, enhancing operational efficiency and in unifying the Company culture and operating model. These will remain in focus also in the second half of the year.

We have continued to execute our strategy according to which we aim to be 'The CX Innovation Company' by combining branding, design and technology know-how in a unique way. We believe that our innovative services will provide Digitalist Group with a competitive edge in the market where ever more companies have recognized that positively distinctive customer experience is one of the key competitive means and that the company brand is built through the customer experience.

During the first half year we have succeeded in growing the turnover and in improving the comparable EBITDA and EBIT compared to the same period last year. This shows that we are in the right path although our business has still remained unprofitable. The growth of turnover in the review period was 29.8% compared to the reference period. The growth was fuelled by the acquisition of Grow Holding AB. Approximately 74% of review period's turnover was generated outside of Finland. Turnover growth in the second quarter was 17.5% compared to the reference period.

We initiated a rationalisation program in the second quarter and completed co-operation negotiations in Finland that concerned the Company's employees in group leadership, sales, support functions, project management and supervisor roles. During the same period we also renewed our organization and the Management Team by transferring into a regional model. Our geographical regions are: Finland/UK, Sweden and North America. In addition we started to build a common system platform for the whole group. We call this project as "One Digitalist Platform", which we believe will enable a more unified and effective operating model going forward.

After the review period the Company reported the selection of a new CEO. Petteri Poutiainen will officially take up his duty as the CEO of Digitalist Group in the beginning of September. He joined the Company from his role as the country leader of Salesforce Finland. I want to wish Petteri warmly welcome and from my part thank the whole personnel of the Company, the Board of Directors, our customers and partners about the support I've received during my period as the Interim CEO.

/CEO Hans Parvikoski

SEGMENT REPORTING

Digitalist Group reports its operations as a single segment.



TURNOVER

In the second quarter, the turnover of the Group was EUR 7.3 million (EUR 6.2 million), which is 17.5% more than in the previous year.

The turnover of the Group in the review period was EUR 14.9 million (EUR 11.5 million), which was 29.8% more than in the previous year. Turnover growth was boosted by the acquisition of Grow Holding AB in 2018. Turnover generated outside Finland accounted for 74% (54%) of total turnover.

RESULT

In the second quarter, the earnings before interest, taxes, depreciation and amortisation (EBITDA) was EUR -0.6 million (EUR -1.1 million), operating result was EUR -1.4 million (EUR -1.5 million) and results before taxes was EUR -2.3 million (EUR -1.3 million). The net result for the second quarter was EUR -2.3 million (EUR -1.2 million), earnings per share were EUR -0.00 (EUR -0.00) and cash flow from operations per share was EUR -0.01 (EUR -0.01). The net result was negatively affected during the second quarter by net financing costs of EUR -0.9 million (EUR 0.2 million).

In the review period, the earnings before interest, taxes, depreciation and amortisation (EBITDA) EUR -1.0 million (EUR -3.2 million), operating result EUR -2.7 million (EUR -3.9 million) and result before taxes EUR -3.5 million (EUR -4.1 million). The net result for the review period was EUR -3.4 million (EUR -3.9 million), and result per share was EUR -0.01 (EUR -0.01), and cash flow from operations per share was EUR -0.01 (EUR -0.01). The net result was negatively affected by net financing costs of EUR -0.8 million (EUR -0.1 million) during the review period.

RETURN ON CAPITAL

The Group's equity was EUR 3.3 million (EUR 9.8 million). Return on equity (ROE) was negative (negative). Return on investment (ROI) was -23.8% (-36.0%).

INVESTMENTS

Investments during the review period were EUR 0.6 million (EUR 7.1 million). Investments were mainly related to product development. The R&D costs capitalised in the balance sheet in the review period totalled to EUR 1.1 million (EUR 0.1 million).



BALANCE SHEET AND FINANCING

The balance sheet total was EUR 34.2 million (EUR 32.2 million). The change was mainly due to the adoption of the IFRS 16 standard. Shareholders' equity was EUR 3.3 million (EUR 9.8 million). The equity ratio for the entire shareholder's equity was 9.7% (30.4%). The liquid assets of the Group at the end of the review period amounted to EUR 0.4 million (EUR 0.8 million).

At the end of the review period, the consolidated balance sheet included EUR 8.6 million (EUR 5.4 million) of loans from financial institutions, including bank account limits. In addition, the Company has loans from its principal owner. On 30 June 2019, there were EUR 22.1 million (EUR 14.5 million) of interest-bearing loans. Their increase is mainly due to the adoption of the IFRS 16 standard. Loans from related-party companies totalled EUR 10.1 million (EUR 8.6 million). Loan agreements concluded with related-party companies during the review period can be found in the section entitled 'Related-party transactions'.

CASH FLOW

The consolidated cash flow from operating activities during the review period was EUR -0.7 million (EUR -3.9 million), a change of 82.3%. The positive consolidated cash flow from operations was the result of an improved operating result and a reduction in trade receivables.

To shorten the rotation of trade receivables, the Group is selling some of its trade receivables. Sold sales receivables in the second quarter amounted to EUR 2.8 million (EUR 2.0 million), including the sale of trade receivables to Turret Oy, which was published separately.

GOODWILL

The Group's balance sheet on 30 June 2019 included EUR 17.9 million (EUR 17.9 million) of goodwill.

The following parameters have been used for testing goodwill:

- Length of review period: four years
- WACC discount rate: nine per cent
- one per cent growth estimate used for terminal value calculation.

No need for goodwill impairment was discovered during the goodwill impairment testing on 30 June. The present value of future cash flows exceeded the carrying value of assets by EUR 17.6 million.



The present value of the cash flow calculation, EUR 42.6 million, is lower than the sum of the financial liabilities of the company EUR 22.1 million and market price of the shares EUR 31.9 million as of 30 June 2019.

PERSONNEL

The average number of personnel in the second quarter was 268 (245), and at the end of the period, there were 260 (280) employees. At the end of the review period, 102 (137) persons were employed by the Group's Finnish companies and 158 (143) persons by its foreign companies. During the review period, the number of personnel decreased by 10.

SHARES AND SHARE CAPITAL

Share turnover and price

During the review period, the highest price for the company share was EUR 0.08 (2018: EUR 0.10), the lowest price was EUR 0.05 (2018: EUR 0.06), and the closing price on 28 June 2019 was EUR 0.05 (2018: EUR 0.07). The average price for the review period was EUR 0.05 (2018: EUR 0.07). A total of 6,259,768 shares were traded during the review period (7,415,831), which corresponds to 0.96% (1.34%) of the number of shares listed at the end of the review period. The market value of shares using the closing price on 28 June 2019 was EUR 31,900,115 (EUR 38,767,704).

Share capital

The Company's registered share capital at the beginning of the review period was EUR 585,394.16, and the number of shares was 651,022,746. At the end of the review period, the share capital was EUR 585,394.16, and the number of shares 651,022,746.

Option plan 2016

Digitalist Group Plc has a valid stock option programme for 2016, which gives a right to subscribe to a total of 24,749,592 new Company shares. Descriptions of the option plan are available on the Company's website at <https://digitalist.global>.

Shareholders

The number of shareholders on 28 June 2019 was 4,028 (3,963). Private persons owned 8.5% (9.98%), and institutions 91.20% (90.00%). The share of foreign ownership was 0.3% (0.02%). Nominee-registered ownership was 4.8% (5.61%) of all shares.



The ownership interest of Tremoko Oy Ab, a related-party company, was 72.13%. Options allow an increase in ownership of up to 72.20%.

Related-party transactions

On 21 March 2019, Digitalist Group Plc agreed with Nordea Bank Plc on raising the credit limit by EUR 0.5 million to EUR 5.5 million. The credit limit is secured by a directly enforceable guarantee granted by Turret Oy Ab and Holdix Oy Ab to Nordea Bank Abp, amongst other things, as collateral for the liabilities of Digitalist Group and its subsidiaries. Digitalist Group, together with Digitalist Finland Ltd, has given countersecurity to Turret Oy Ab and Holdix Oy Ab in which, inter alia, the Company has undertaken to pay guarantee commission.

On 27 May 2019, Turret Oy Ab agreed to buy certain receivables from Digitalist Group Plc's subsidiaries Digitalist Sweden AB, Grow AB and Grow Nine AB in an aggregate amount of approximately of EUR 1.3 million. The agreement was made on market terms.

On 24 June 2019, Digitalist Group Plc agreed with Tremoko Oy Ab on the conversion of interest of about EUR 258,000 on a bond subscribed to by Tremoko Oy Ab, maturing on 30 June 2019, into a separate loan. The loan was granted on market terms, and it falls due on 31 December 2019.

OTHER EVENTS DURING THE SECOND QUARTER

Annual General Meeting on 2 April 2019

The Company held the Annual General Meeting on 2 April 2019. The minutes and decisions of the meeting are available on the Company's website at <https://investor.digitalistgroup.com/investor/governance/annual-general-meeting>.

The Annual General Meeting elected Paul Ehrnrooth, Andreas Rosenlew, Esa Matikainen, Pekka Pylkäs, Peter Eriksson, Jaana Rosendahl, Anders Liljeblad and Ville Tolvanen as regular Board members.

At a meeting held after the General Meeting, the Board elected Andreas Rosenlew as its Chairman and Esa Matikainen as Vice Chairman.

The meeting also decided on the members of the Board's auditing and remuneration committees.

Pekka Pylkäs was elected as Chairman of the Auditing Committee, and Anders Liljeblad and Esa Matikainen as members. Anders Liljeblad and Esa Matikainen are independent of the Company and its significant shareholders. Esa Matikainen was elected as Chairman of the Remuneration Committee, and Jaana Rosendahl and Peter Eriksson as members. Esa Matikainen and Jaana Rosendahl are independent of the Company and its significant shareholders.



The Stock Exchange releases of the review period are available on the company website at <https://digitalist.global/investors/releases>

Cooperation negotiations

Digitalist Group Plc's subsidiary Digitalist Finland Oy carried out cooperation negotiations involving the Group's management, sales and support functions, project management and supervisors. The cooperation negotiations began on 11 April 2019 and ended on 3 May 2019.

As a result of the negotiations, seven employees of Digitalist Finland Oy were given notice. The Company estimates that it will achieve annual savings of EUR 1.7 million at Group level from the reorganisation and measures to improve the organisation's efficiency.

New management team

The members of the new management team of Digitalist Group as of 15 May 2019 are the following:

- Hans Parvikoski, Interim CEO/CFO
- Peter Eriksson, Interim COO
- Johan Almquist, Managing Partner, Sweden
- Magnus Leijonborg, Managing Partner, North America
- Esa Nettamo, Managing Partner, Finland & UK

EVENTS FOLLOWING THE REVIEW PERIOD

Petteri Poutiainen has been appointed as the new Chief Executive Officer of Digitalist Group Plc. He started in the Company's service on 5 August 2019. He starts officially as CEO on 2 September 2019. Before his appointment as CEO, Petteri Poutiainen has worked for Salesforce as country manager for Finland from 2016. He has more than 20 years' experience of leading internationally successful organisations. Mr. Poutiainen will be part of Digitalist Group's top management incentive scheme.

Hans Parvikoski, Company's Interim CEO and CFO, will continue to serve Digitalist Group as a CFO and remains a member of the Management Team. Peter Eriksson, Company's Board Member and Interim COO, will discontinue his duties as a COO as of 31 August 2019 and will continue as a Member of the Board.

On 16 August 2019, Digitalist Group Plc agreed a short-term loan of EUR 1,500,000 with Turret Oy Ab. The terms of the loan are market-based, and it will due on 30 November 2019. Turret Oy Ab is the biggest shareholder of Digitalist Group.



RISK MANAGEMENT AND NEAR FUTURE UNCERTAINTY FACTORS

Digitalist Group Plc's management objective is to ensure the undisturbed continuation and development of the Company's operations, to support the achievement of the business goals set by the Company and promote the growth of the Company's value. More information about the organisation and processes of risk management and the identified risks can be found on the Company's website at <https://digitalist.global>.

Despite the measures implemented to improve efficiency, the Company has recorded operating losses, which have an immediate effect on the company's working capital. The risk is managed by maintaining readiness for different financing solutions.

Changes in key accounts may have a negative effect on the operations, performance and financial position of Digitalist Group. If one of the largest clients were to move their purchases from Digitalist Group to its competitors or dramatically change their business model, the prospects of finding new client volume in the short term would be limited.

The Group's business consists mainly of individual client contracts that are often fairly short in duration. It is sometimes difficult to predict the commencement dates and scope of new projects, while costs are largely fixed. The above factors may cause unexpected variation in turnover and, as a result, in profitability.

Fixed-price project deliveries form part of the business of the Group and they involve risks related to time and content. Contract and project leadership tools are used in order to mitigate this risk.

A proportion of the Group's turnover is invoiced in currencies other than euros. The risks related to currency exchange rates are managed by different means, including net positions and hedging agreements. The review periods in 2018 and 2017 did not include hedging agreements

The Group has a subsidiary in the England. The impact of Brexit on the subsidiary's business has been assessed and has been estimated to be minor.

The Group has a substantial amount of goodwill in its balance sheet, which is subject to an impairment risk in case the expected cashflow of the Group declines due to internal or external factors. Goodwill is tested each quarter and also at other times if need arises.

ON LONG-TERM GOALS AND STRATEGY

In the long run, Digitalist Group seeks a minimum of 10 per cent operating profit level. To achieve its long-term objectives, Digitalist Group aims to grow profitably internationally by designing new thinking, services and technology solutions for sectors undergoing digitalisation. These include the technology and energy sectors,



transport and logistics, as well as both private and public consumer services. Digitalist Group's strategy focuses on deepening its service and solution business, and the seamless combination of user and usability research, branding, design and technology

NEXT REPORT

Business review 1–9/2019 will be published on Wednesday 6 November 2019.

DIGITALIST GROUP PLC

Board of Directors

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DIGITALIST GROUP

SUMMARY OF INTERIM REPORT AND NOTES 1 January-30 June 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, TEUR

	01.04.2019 - 30.06.2019	01.04.2018 - 30.06.2018	Change %	01.01.2019 - 30.06.2019	01.01.2018 - 30.06.2018	Change %	01.01.2018 - 31.12.2018
TURNOVER	7 272	6 188	17,5	14 894	11 472	29,8	24 737
Operating expenses	-8 715	-7 707	-13,1	-17 569	-15 414	-14,0	-31 168
OPERATING RESULT	-1 443	-1 519	4,8	-2 675	-3 941	32,9	-6 432
Financial income and expenses	-892	249	-458,2	-828	-115	-620,3	-631
EARNINGS BEFORE TAXES	-2 335	-1 270	-83,8	-3 504	-4 056	13,6	-7 063
Income taxes	68	55	23,3	136	110	24,0	235
RESULT FOR THE PERIOD	-2 267	-1 216	-86,5	-3 367	-3 946	14,7	-6 828
Attributable to:							
Equity holders of the parent company	-2 267	-1 216	-86,5	-3 367	-3 946	14,7	-6 828
Non-controlling interests	0,00	0,00		0,00	0,00		0,00
Earnings per share							
Earnings per share, basic	0,00	0,00		-0,01	-0,01		-0,01
Earnings per share, diluted	0,00	0,00		-0,01	-0,01		-0,01

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, TEUR

	01.04.2019 - 30.06.2019	01.04.2018 - 30.06.2018	Change %	01.01.2019 - 30.06.2019	01.01.2018 - 30.06.2018	Change %	01.01.2018 - 31.12.2018
RESULT FOR THE PERIOD	-2 267	-1 216	-86,5	-3 367	-3 946	14,7	-6 828
Translation differences from foreign units	259	-371	169,8	-359	-509	29,5	-344
COMPREHENSIVE INCOME TOTAL	-2 008	-1 586	-26,6	-3 726	-4 455	16,4	-7 172

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, TEUR

	30.06.2019	30.06.2018	31.12.2018
TOTAL ASSETS			
<u>NON-CURRENT ASSETS</u>			
Other intangible assets	3 991	5 264	5 209
Goodwill	17 878	17 941	18 059
Property, plant and equipment	4 879	585	626
Available-for-sale investments	2	9	2
NON-CURRENT ASSETS TOTAL	26 750	23 799	23 896
<u>CURRENT ASSETS</u>			
Trade and other receivables	7 043	7 598	8 012
Cash and cash equivalents	381	772	314
CURRENT ASSETS TOTAL	7 424	8 370	8 326
TOTAL ASSETS	34 174	32 169	32 222
	30.06.2019	30.06.2018	31.12.2018
EQUITY AND LIABILITIES			
<u>SHAREHOLDERS' EQUITY</u>			
Share capital	585	585	585
Share premium reserve	219	219	219
Invested unrestricted equity fund	73 186	71 880	73 186
Retained earnings	-67 321	-58 971	-60 134
Result for financial period	-3 367	-3 946	-6 828
Total equity attributable to equity holders of the parent company	3 302	9 767	7 028
TOTAL EQUITY	3 302	9 767	7 027
<u>LIABILITIES</u>			
Non-current liabilities	14 241	12 641	12 646
Current liabilities	16 630	9 762	12 549
LIABILITIES TOTAL	30 872	22 403	25 195
TOTAL EQUITY AND LIABILITIES	34 174	32 169	32 222

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, TEUR

A: Share capital

B: Share premium account

C: Share issue

D: Invested unrestricted equity reserve

E: Translation difference

F: Retained earnings

G: Total equity attributable to equity holders of the parent company

H: Equity total

	A	B	C	D	E	F	G	H
Shareholders' equity 1 Jan 2018	585	219	0	64,457	757	-60,545	5,473	5,473
Other changes								
Result for financial period						-3,946	-3,946	-3,946
Other comprehensive income items								
Translation difference					-507		-507	-507
Transactions with shareholders: Rights issue				2,000			2,000	2,000
Share issue			1,324	5,424			6,748	6,748
Shareholders' equity 30 June 2018	585	219	1,324	71,880	250	-64,491	9,767	9,767
Shareholders' equity 1 Jan 2019	585	219	0	73,186	412	-67,375	7,027	7,027
Result for the financial period						-3,367	-3,367	-3,367
Other total comprehensive income items								
Translation difference					-359		-359	-359
Shareholders' equity on 30 June 2019	585	219	0	73,186	54	-70,742	3,302	3,302

CONSOLIDATED STATEMENT OF CASH FLOWS, TEUR

	01.01.2019- 30.06.2019	01.01.2018- 30.06.2018	01.01.2018- 31.12.2018
RESULT FOR PERIOD	-3 367	-3 946	-6 828
Depreciation and write-downs	1 696	734	1 588
Sales revenue and losses from tangible assets	0	3	3
Unrealised exchange rate gains and losses	-65	-149	-133
Financial income and expenses	868	263	751
Income taxes	-136	-110	-235
Other adjustments	0	381	190
Change in current non-interest-bearing receivables	1 406	-446	-2 628
Change in current non-interest-bearing liabilities	-862	-202	1 285
Interest paid on operations	-157	-79	-16
Interest received from operations	-2	0	7
Other financial items from operations	-116	-207	-315
Taxes paid from operations	47	-123	-27
Cash flow from operations	-688	-3 880	-6 359
Investments in tangible and intangible assets	-706	-330	-848
Income from the assignment of tangible and intangible	-6	-3	-1
Acquisitions of subsidiaries	0	197	198
Increase/decrease in short-term investments	1	0	0
Taxes paid from investments	7	0	0
Cash flow from investments	-704	-137	-650
Share issue	0	0	381
Withdrawals of current loans	1 188	2 726	4 400
Repayments of current loans	3	-127	-2 550
Increase/decrease in current loans	1 046	-237	0
Withdrawals of non-current loans	0	1 133	3 827
Repayments of lease liabilities	-761	-44	-84
Cash flow from financial operations	1 476	3 452	5 974
Change in cash flows	84	-566	-1 035
Cash and cash equivalents at the beginning of the period	314	1 366	1 366
Change in cash and cash equivalents	84	-566	-1 035
Effect of exchange rate changes	-11	-28	-16
Cash and cash equivalents at the end of the period	381	772	314

The figures for 2019 and 2018 are not comparable due to the adoption of the IFRS 16 standard.

Accounting principles

This interim report has been prepared in accordance with IAS 34 (Interim Financial Reporting standard). The interim report follows the same accounting principles and methods as the annual financial statements, notwithstanding the changes in the accounting principles mentioned below.

Preparing the interim report in accordance with the IFRS standards requires the use of such assessments and presumptions from the management that affect the amounts of assets and liabilities at the time of preparation as well as the earnings and expenses during the review period. Consideration is also required in the application of the accounting principles for financial statements. Since the assessments and presumptions are based on the outlook at the time the interim report is concluded, they contain risks and uncertainty factors. Actual results may differ from the assessments and presumptions made.

The figures in the income statement and balance sheet are consolidated. The consolidated balance sheet combines all the companies of the Group. The original release is in Finnish. The English release is a translation of the original.

The figures in the release are rounded, which is why the sum of individual figures may deviate from the total sum presented. The interim report is unaudited.

Application of new and revised IFRS standards

IFRS 16 Leases

On 1 January 2019, Digitalist Group adopted the IFRS 16 standard on leases. The most notable effect of this adoption is that Digitalist now recognises new assets and liabilities, which mostly involve premises that used to be included as other lease agreements, on its balance sheet. The nature of the costs related to these leases has also changed, as IFRS 16 replaces lease expenses with depreciation of a right-of-use asset item and an interest expense resulting from a lease liability, which is reported as a financial cost. Digitalist Group applies the cumulative effect transition method, where comparison data is not adjusted. The impact of the change on the balance sheet on 1 January 2019 is about EUR 3.6 million.

Going concern

In this interim report, operations are treated as a going concern, taking into account the financing arrangements carried out by the Company during 2019 and the business outlook for 2019. The forecasts address probable and foreseeable changes in future prospects both in terms of expected expenditure and financing solutions.



At the time of the half-year review's publication, the Company estimated its working capital to be sufficient for the needs of the next 12 months.

Goodwill impairment testing

Digitalist Group performed goodwill impairment testing on 30 June 2019. Goodwill is attributed to one cash-generating unit.

Based on the goodwill impairment testing conducted, the value in use of the assets tested exceeded the tested amount by EUR 17.6 million, and hence, there was no need for impairment. The balance sheet at the end of the review period included EUR 17.9 million in goodwill. The present value of the cash flows calculation, EUR 42.6 million, is lower than the sum of financial liabilities of the company EUR 22.2 million and the market price of the shares EUR 31.9 million on 30 June 2019.

The Company tests its goodwill on the basis of its assets' value in use. In the test performed on 30 June 2019 the cash flow forecast period consisted of the forecast between Q3 2019 – Q2 2023.

An average growth of 13 per cent is expected during the forecast period Q3 2019 – Q2 2023 as digitalisation affects more and more business sectors. The operating profit percentage is expected to rise to an average of 5 per cent.

The assets tested in the method are compared to the cash flow that they generate in the chosen period, considering the discount rate and the growth factor of cash flows subsequent to the forecast period. A rate per annum of 9 per cent has been used as the discount rate, and 1 per cent per annum as the growth factor when calculating cash flows subsequent to the forecast period. In calculating the terminal value, the weighted average operating result percentage level for the period was used.

In goodwill testing, the most important sensitivity factors are the cash flow forecasts themselves and the assumptions that they contain and the growth rate in the terminal value and the discount rate used. If -8.0 per cent instead of 1 per cent had been used as the growth rate of the terminal value, the value in use had equalled the tested amount. If 14.6 per cent had been used instead of 9 per cent as the discount rate, the value in use had equalled the tested amount. If the operating profit percentage were an average of 1.1 per cent instead of 5 per cent, the value in use would equal the tested amount.

CONSOLIDATED INCOME STATEMENT BY QUARTER, TEUR

	Q2/2019	Q1/2019	Q4/2018	Q3/2018	Q2/2018	Q1/2018
	01.04- 30.06.19	01.01- 31.03.19	01.10- 31.12.18	01.07- 30.09.18	01.04- 30.06.18	01.01- 31.03.18
Turnover	7 272	7 621	7 461	5 803	6 188	5 285
Operating expenses	-8 715	-6 388	-8 741	-7 014	-7 708	-7 706
OPERATING RESULT	-1 443	-1 233	-1 280	-1 211	-1 520	-2 422
Financial income and expenses	-892	-64	-313	-203	249	-364
Result before taxes	-2 335	-1 169	-1 593	-1 414	-1 270	-2 786
Income taxes	68	69	61	64	55	55
RESULT FOR REFERENCE PERIOD	-2 267	-1 100	-1 532	-1 350	-1 215	-2 731

The figures for 2019 and 2018 are not comparable due to the adoption of the IFRS 16 standard.

CHANGES IN FIXED ASSETS TEUR 1000

	Goodwill	Intangible assets	Tangible fixed assets	Other investments	Buildings and structures, right of use	Prepayments and unfinished acquisitions	Total
Carrying amount on 1 Jan 2018	12 755	5 024	401	7	0	0	18 187
Additions	5 295	1 091	274	6	0	0	6 666
Deductions	0	0	0	-4	0	0	-4
Exchange rate changes	-109	-206	-1	0	0	0	-316
Depreciation during review period	0	-645	-89	0	0	0	-734
Carrying amount on 30 June 2018	17 941	5 264	585	9	0	0	23 799
Carrying amount on 1 Jan 2019	18 059	5 209	553	2	0	73	23 896
IFRS 16 adoption					3 817		3 817
Increase	0	154	79	0	288	492	1 013
Decrease	0	0	0	0	0	0	0
Transfers between items	0	-531	0	0	0	531	0
Exchange rate changes	-181	-103	1	0	0	3	-280
Depreciation during review period	0	-738	-131	0	-827	0	-1 696
Carrying amount on 30 June 2019	17 878	3 991	502	2	3 278	1 098	26 750

KEY FIGURES

ASSETS	1.1.-30.6.2019	1.1.-30.6.2018	1.1.-31.12.2018
Earnings per share, EUR diluted	-0.01	-0.01	-0.01
Earnings per share, EUR	-0.01	-0.01	-0.01
Equity per share, EUR	0.01	0.02	0.01
Cash flow from operations/share, EUR diluted	-0.00	-0.01	-0.01
Cash flow from operations/share, EUR	-0.00	-0.01	-0.01
Return on investment, %	-23.8	-36.0	-31.7
Return on equity, %	Neg	Neg	Neg
EBIT/turnover, %	-22.6	-34.4	-26.0
Gearing of total equity, % *	657.8	140.3	227.2
Equity-to-assets ratio, %	9.7	30.4	21.8
EBITDA, 1,000 EUR	-979	-3,207	-4,845

*) the figure has been affected by the adoption of the IFRS 16 standard.

OTHER INFORMATION

	1.1.-30.6.2019	1.1.-30.6.2018	1.1.-31.12.2018
EMPLOYEES, on average	268	245	258
Employees at the end of the period	260	280	270
COMMITMENTS, TEUR			
Guarantees for own commitments			
Company mortgages	23,500	23,500	23,500
Leasing and other rental commitments			
Matures in 1 year	101	1,546	1,492
Matures in 1–5 years	69	2,688	2,296
Matures in 5 years	0	0	0
Total	170	4,234	3,788
Nominal value of interest rate swap agreement			
Matures in 1 year	0	127	0
Matures in 1–5 years	2,000	2,000	2,000
Matures in 5 years	0	0	0
Total	2,000	2,127	2,000
Fair value	-24	-20	-15

Total of interest-bearing liabilities			
Non-current loans from financial institutions	2,871	2,861	3,025
Other non-current liabilities	10,558	8,664	8,639
Current interest-bearing liabilities	8,672	2,949	4,620
Total	22,101	14,475	16,284

CALCULATION PRINCIPLES FOR KEY FIGURES

EBITDA = Earnings before interest, taxes, depreciation and amortisation

Diluted earnings per share = Profit for the period, attributable to equity holders of the parent/ Number of shares, adjusted for issues and for option dilution, average

Earnings per share = Earnings for financial period / Average share issue-adjusted number of shares outstanding during the period

Equity per share = Equity attributable to equity holders of the parent/ Number of shares on the closing date

Cash flow from operations per share, EUR, diluted = Net cash flow from operations / Average share issue-adjusted number of shares outstanding during the period, adjusted for dilution

Return on investment (ROI) = (earnings before tax + interest expenses + other financing expenses) / (Total assets - interest-free debt (average)) x 100

Return on equity (ROE) = net earnings / Total equity (average) x 100 Gearing = interest-bearing debt - liquid assets / total equity x 100

Gearing = interest-bearing debt - liquid assets / total equity x 100