



Digitalist Group Plc

Inside information

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Inside information: Digitalist Group reorganizes its business operations and decreases its earlier guidance regarding turnover

Digitalist Group Plc ("Digitalist Group") sells the fully-owned subsidiary FutureLab & Partners AB, acquires a Swedish brand, strategy, and communications company Open Communications International AB, and decreases business operations in Canada to focus on its core businesses in the European markets.

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

Digitalist Group has signed today a share purchase agreement ("Share transaction") to divest its fully-owned subsidiary FutureLab & Partners AB ("FutureLab"). The Share transaction will be completed by selling all FutureLab shares in Digitalist Group's possession to Turret Oy Ab ("Turret"). Turret is Digitalist Group's largest shareholder. Sales price is EUR 1,2 million and its paid in cash.

FutureLab was spun off from Grow AB in November 2022. FutureLab's turnover January - June 2023 was EUR 0,5 million and EBITDA EUR 0,0 million. FutureLab's equity was EUR 0,1 million, balance sheet total EUR 0,3 million and the amount of personnel was 6 on 30.6.2023.

The purpose of FutureLab is to meet the demands of the increasing market for responsible, sustainable and circular solutions. FutureLab 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.

Digitalist Group will book in other operating income a capital gain of about EUR 1,0 million of the Share transaction. The Share transaction supports Digitalist Group group's equity, increases its financial flexibility and the focus on its core business.

Digitalist Group's largest current shareholder is Turret, who represents 49,33% of the outstanding shares and voting rights of Digitalist Group. Board members Esa Matikainen, Johan Almquist, Maria Olofsson and Andreas Rosenlew, who are independent of Turret, have participated in the evaluation of Share transaction. Independent board members have asked an external impartial assessor for a valuation of FutureLab. According to the valuation the sales price can be considered fair. According to company law legislation relating to related party transactions Digitalist Group's board members Paul Ehrnrooth and Peter Eriksson have not participated in the decision making of Share transaction.

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

Digitalist Group has signed the final agreement for a Transaction ("Transaction") in which Digitalist Group acquires a Swedish company, Open Communications

International AB ("OC") (www.open.se) to strengthen the expert services within brand, strategy and communications. Digitalist Group informed about the letter of intent on the Transaction on 10.5.2023.

In alignment with the letter of intent, Digitalist Group acquired 70 percent of the shares in OC for a consideration consisting of SEK 2.5 million paid in cash, and by issuing 11,007,709 new Digitalist Group shares to be directed to David Gray through his holding company. In addition, Digitalist Group acquired the remaining 30 percent of the shares in OC with shares of its fully-owned subsidiary Grow AB transferred as consideration to the sellers (David Gray and Gunilla Lundström through their holding companies) as part of the total consideration. The total consideration for the full acquisition is SEK 10,6 million.

The Transaction results in 10 % minority ownership of the Sellers and 90 % majority ownership of Digitalist Group remaining in Grow AB post transaction. The Transaction enables optimally combining Grow AB's and OC's resources and competences. A shareholders' agreement relating to Grow has been entered into between Digitalist Group and the Sellers, and it contains typical good leaver/bad leaver clauses for the Sellers as well as share redemption clauses regarding their minority shareholding at Grow AB.

OC is a Swedish, internationally active, agency within brand, strategy, and communications. The company's turnover in 2022 was around 14 MSEK and with an EBITDA of around 1.4 MSEK. The Company has 9 employees. Key figures of OC:

| | 2022 | 2021 |
|----------------------------|------|------|
| Turnover (MSEK) | 14 | 13 |
| EBITDA (MSEK) | 1.4 | 0.3 |
| EBITDA% | 10% | 3% |
| Balance sheet total (MSEK) | 6.9 | 4.7 |
| Equity (MSEK) | 2.8 | 1.6 |
| Liabilities (MSEK) | 4.1 | 3.1 |

Key figures are presented according to Swedish accounting standards.

With the Transaction, and together with the group subsidiary Grow AB, the group's brand development business will be further strengthened. In 2023, the Transaction is estimated to bring a direct increase in turnover of approximately EUR 0,6 million to the Group. OC financial figures are consolidated into the Group figures starting July 2023.

Directed share issue related to the OC acquisition

As part of the Transaction described above, it was necessary to issue new shares of the Company as payment for the purchase price. On April 26th, 2023, the

Company's Annual General Meeting has authorized the board of directors to resolve on issuing a maximum of 341,211,370 company shares in a Directed Share Issue.

The Board resolved to issue a maximum of 11,007,709 new shares of the Company and direct them to David Gray Communications AB in accordance with the terms of the Directed Share Issue. There is a compelling financial reason for the Company to the Directed Share Issue, as the share issue is carried out as part of a Transaction that strengthens the Company's expert services within brand, strategy and communication fields. The Share subscription price in the Directed Share Issue is approximately EUR 0,023 per Share.

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

The Shares issued in the Directed Share Issue correspond to altogether approximately 1,6 percent of all Company shares and votes after the Directed Share Issue. The Shares will 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 have been entered in the Trade Register and the shareholders' register of the Company.

Digitalist Group will apply for the admission of the Shares to public trading on the Nasdaq Helsinki stock exchange in the same class of shares as the company's old shares after the Shares have been entered in the Trade Register.

Digitalist Group focuses on its core business in the European markets

As part of the efforts to improve Digitalist Group's profitability, adjust the cost structure, and prepare for the changed market situation, our business operations in Canada have been downsized. Digitalist Group focuses increasingly on its core businesses in the European markets, especially in Sweden and Finland. Projects for North American clients shall be delivered through our offices in Helsinki and Stockholm. The revenue expectations from North America are low for the remaining of 2023.

Improving our profitability, cash flow from operations and financial position will remain the key objectives for 2023.

Change in revenue guidance

In spite of the positive revenue impact of OC Transaction, the revenue impact of selling FutureLab and downgrading expectations regarding our operations in Canada jointly result in changing our guidance regarding the turnover. The profitability guidance will remain as is.

The new guidance is:

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

The previous guidance of the company was:

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

DIGITALIST GROUP PLC

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