

**DIGITALIST GROUP'S FINANCIAL STATEMENT RELEASE, 1 JANUARY–31 DECEMBER 2020****DIGITALIST 2020****SUMMARY****October–December 2020 (comparable figures for 2019 in parentheses):**

- Turnover: EUR 5.0 million (EUR 6.7 million), decrease: -25.0%.
- EBITDA: EUR 0.3 million (EUR -1.7 million), 5.6% of turnover (-24.9%).
- EBIT*: EUR -0.9 million (EUR -9.5 million), -17.5% of turnover (-140.9%).
- Net income*: EUR -1.6 million (EUR -9.5 million), -32,0% of turnover (-140.4 %).
- Earnings per share (diluted and undiluted) EUR -0.00 (EUR -0.02).

*Comparison year EBIT and net income include a goodwill impairment charge of EUR -7.0 million.

January–December 2020 (comparable figures for 2019 in parentheses):

- Turnover: EUR 20.5 million (EUR 27.4 million), decrease: -25.2%.
- EBITDA: EUR -2.0 million (EUR -3.7 million), -9.9% of turnover (-13.6%).
- EBIT*: EUR -9.1 million (EUR -14.1 million), -44.2% of turnover (-51.4%).
- Net income*: EUR -11.9 million (EUR -14.7 million), -58.1% of turnover (-53.5%).
- Earnings per share (diluted and undiluted): EUR -0.02 (EUR -0.02).
- Cash flow from operations EUR -0.7 million (EUR -4.8 million).
- Number of employees at the end of the review period: 182 (246), decrease of 26.0%.

*EBIT and net income for the period include a goodwill impairment charge of EUR -3.7 million (EUR 7.0 million).

Future prospects

In 2021, turnover and EBITDA are expected to improve in comparison with 2020.

CEO's review

Digitalist Group combines brand, design and technology expertise in a unique way. We aim to help our customers to provide their target groups with first-class customer experiences.

Our goal for 2020 was to improve profitability. The efficiency measures implemented during the year and our swift reaction to the Covid-19 pandemic improved profitability, leading to positive EBITDA in the final quarter of the year. I am proud of our highly motivated organisation, which has remained innovative and done high-quality work in difficult times.



At the end of December, the company had a total of 182 employees (a decrease of 26%) of more than 30 different nationalities. This is a good illustration of our company's diversity, a characteristic which provides our customers with added value. Digitalist Group has studios focusing on different areas of expertise in Helsinki, Stockholm, London and Vancouver, which employ top experts in fields ranging from strategic and brand planning to design and technology.

Digitalist's values are human orientation and equality, collaboration, continuous learning and customer success. These values have been successfully realised over the past year, amid new operating practices and virtual meetings. We have created new ways of working together from remote offices, innovating seamlessly on numerous interesting projects with our customers, all without forgetting our values.

The Covid-19 pandemic had a particular impact on customer accounts in the travel and tourism sector, causing business uncertainty. The efficiency improvement measures resulted in reduced capacity, which led to a decrease in turnover compared to 2019.

In March, we started co-operation negotiations covering the Group's entire personnel. As a result of the co-operation negotiations, Digitalist Group's personnel were laid off in a staggered manner with reduced number of working hours for some personnel, and many rapid adjustments that were made due to the changes in the market conditions while ensuring the delivery of customer projects.

The business outlook improved in the final quarter of the year. We are building new operating methods in many of our customer relationships, by creating added value in our customers' innovation processes and redesigning the digital customer experience during the pandemic.

In the second half of the year, we executed two corporate transactions that contributed to our focus on the core competences of different business units, enabling improvement of the company's profitability and scalability.

In the third quarter, we completed a transaction that transferred Digitalist UK Limited's business and personnel associated with the Ticknovate™ product to Ticknovate Limited. A sharper focus on the further development of Ticknovate, combined with the sectoral expertise provided by the investor, ABC Leisure investments Ltd, has enabled scaling and international growth. Ticknovate is a cloud-based SaaS ticket sales and reservation application.

In a transaction executed in December, Digitalist Group sold a minority stake (totalling 30 per cent) of Digitalist Sweden AB to its executive management. The aim of this transaction was to accelerate Digitalist Group's growth in Sweden and the other Nordic countries and strengthen the service in open-source environments and selected customer segments.

Digitalist Group's largest customer accounts include Finning, Honda, Volvo, Spotify, Posti, Electrolux, TetraPak, the City of Helsinki and Fennia.

In December 2020, 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 1.2 million. The services are planned to be provided in 2021. The agreement will underpin Digitalist Group's growth in Sweden and support its aim of operating as a strategic partner in digitalisation.

In addition, Digitalist Group Plc and Ticknovate Limited, which belongs to Digitalist Group, concluded a Ticknovate SaaS service agreement with ForSea AB, a Swedish company. The agreement is valid until 31 August 2027 and the Company estimates the value of the agreement to be approximately EUR 1.9 million.

Year 2020 was my first full year as Digitalist Group's CEO. I am pleased that we improved our profitability toward positive EBITDA in the final quarter of the year.

I have been thrilled about the efforts and positive attitude of Digitalist Group's employees despite the difficult times we went through in 2020. Digitalist Group has the unique ability to serve customer companies in their renewal and improving the customer and employee experience.

I believe that comprehensively improving the customer experience is an important priority for our customers during the Covid-19 pandemic and beyond. In particular, almost every company has on their agenda a digital customer experience that is coordinated with the company's brand and exceeds customers' expectations. Digitalist Group is in a unique position to design and deliver such solutions.

//CEO Petteri Poutiainen

SEGMENT REPORTING

Digitalist Group reports its business in a single segment.

TURNOVER

In the fourth quarter, the Group's turnover was EUR 5.0 million (EUR 6.7 million), which is 25.0% less than in the previous year. Turnover was significantly affected by the decline in customer projects due to Covid-19 and the reduction in capacity due to efficiency improvement measures in 2019 and 2020.

The Group's turnover for the period totalled EUR 20.5 million (EUR 27.4 million), which is 25.2% less than in the previous year. The decrease in turnover was partly impacted of decreased customer projects due to Covid-19. The efficiency measures implemented during the review period and the comparison period reduced the Group's capacity substantially. Turnover earned outside Finland accounted for a significant proportion of the total in the review period at 74% (74%).



RESULT

In the fourth quarter, EBITDA came to EUR 0.3 million (EUR -1.7 million). Positive impacts of EBITDA were partly due to the efficiency measures implemented that helped to develop profitability. Improvement includes also a one-time payment recognized in other operating income. Net income for the final quarter amounted to EUR -1,6 million (EUR -9.5 million), earnings per share were EUR -0.00 (EUR -0.02), and cash flow from operating activities per share was EUR -0.00 (EUR -0.01). The comparable net income was impacted by a goodwill impairment charge (EUR -7.0 million).

EBITDA for the financial period came to EUR -2.0 million (EUR -3.7 million). Positive impacts of EBITDA were partly due to swift reaction of Covid-19 in the spring and the efficiency measures implemented subsequent helped to develop profitability. Improvement includes also a one-time payment recognized in other operating income. Net income for the financial period amounted to EUR -11.9 million (EUR -14.7 million), earnings per share totalled EUR -0.02 (EUR -0.02) and cash flow from operating activities per share was EUR -0.00 (EUR -0.01). Net income for the financial period and the comparison period were impacted by a goodwill impairment charge of EUR 3.7 million (EUR -7.0 million).

RETURN ON EQUITY

The Group's shareholders' equity amounted to EUR -16.7 million (EUR -8.3 million) of which EUR 1.3 million (EUR 0.0 million) was non-controlling interest. Return on equity (ROE) was negative. Return on investment (ROI) was -75,9 (-69,4) per cent.

INVESTMENTS

Investments during the financial period totalled EUR 0.6 million (EUR 1.8 million). Period investments are related to system development. No product development costs were capitalised during the period. At the end of the review period, product development costs capitalised on the balance sheet totalled EUR 0.7 million (EUR 1.4 million). The product development costs are related to the development of the Ticknovate product. During the period 2020 a product development grant of EUR 0.3 million was received.

BALANCE SHEET AND FINANCING

The decrease in the balance sheet total was mainly due to a goodwill impairment charge EUR -3.7 million (EUR -7.0 million), deductions in right-of-use assets and decrease in related liabilities. The balance sheet total was EUR 19.6 million (EUR 26.3 million). Shareholders' equity amounted to EUR -16.7 million (EUR -8.3 million). The solvency ratio was -84.9% (-31.7%). At the end of the period, the Group's liquid assets totalled EUR 1.0 million (EUR 0.8 million).



The negative change in the company's shareholders' equity was partly due to the operating loss, which was affected by a goodwill impairment charge EUR 3.7 million (EUR 7.0 million).

At the end of the period, the Group's balance sheet recognised EUR 8.9 million (EUR 8.7 million) in loans from financial institutions, including the overdrafts in use.

In addition, the company had loans from its main owners. On 31 December 2020, the Group's interest-bearing liabilities amounted to EUR 28.1 million (EUR 26.8 million), of which related-party loans amounted to EUR 17.9 million (EUR 14.8 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 -0.7 million (EUR -4.8 million), a change of EUR 4.2 million. The cash flow was impacted negatively by the loss for the period and positively Covid-19 payment schedules and transactions with non-controlling interests.

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 4.7 million (EUR 6.2 million) were sold during the financial period.

GOODWILL

On 31 December 2020, the consolidated balance sheet recognised EUR 7.5 million (EUR 10.9 million) in goodwill following a goodwill impairment of EUR 3.7 million based on goodwill impairment test on 30 June 2020. The company conducted an IAS 36 impairment test on its goodwill to reflect the status on 31 December 2020, and the test did not indicate need for impairment.

PERSONNEL

The average number of employees in the last quarter was 183 (256). The average number of employees during the financial period was 208 (261), and the Group had 182 (246) employees at the end of the period. At the end of the financial period, 69 (91) of the Group's personnel were employed by the Finnish companies, and 113 (155) were employed in the Group's foreign companies. During the financial period, the number of personnel decreased by 64, mainly due to the co-operation negotiations conducted within the Group.

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 0.08) and a low of EUR 0.03 (EUR 0.04), and the closing price on 31 December 2020 was EUR 0.04 (EUR 0.05). The average

price in the financial period was EUR 0.03 (EUR 0.05). During the financial period, 245,033 (483,610,063) shares were traded, corresponding to 0.04 (74.3) 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 2020 was EUR 23,436,819 (EUR 29,296,024).

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 treasury shares.

Option plan 2019

During the period Digitalist Group Plc had a option programme 2019 and the maximum number of new shares in the company to be subscribed is 3,580,000. Descriptions of the option programme are on the company's website at <https://digitalist.global>.

Shareholders

The number of shareholders on 31 December 2020 was 4,309 (4,073). Private individuals owned 8.79 (8.75) per cent of the shares, and institutions held 90.76 (91.25) per cent. Foreign nationals or entities held 0.45 (0.01) per cent of the shares. Nominee-registered shares accounted for 3.36 (4.52) per cent of the total.

RELATED-PARTY TRANSACTIONS

Financing arrangements with related parties:

On 24 January 2020, Digitalist Group Plc agreed on a short-term loan of EUR 1,000,000 with Holdix Oy Ab. The loan was agreed on market terms, and the maturity was set at 13 March 2020.

Convertible bonds 12 March 2020

On 12 March 2020, Digitalist Group Plc agreed on a financing arrangement of approximately EUR 9.2 million with Turret Oy Ab and Holdix Oy Ab whereby the company's short-term liabilities to Turret and Holdix were converted into long-term convertible bonds amounting to approximately EUR 8.2 million.

In addition to the debt conversion, Turret paid EUR 1.0 million in cash to the company as the price of subscription of the convertible bonds in accordance with the terms and conditions.



As part of the arrangement, Turret's receivables of approximately EUR 1.375 million from the company's subsidiaries Digitalist Sweden AB and Grow AB became the liabilities of Digitalist Group.

The arrangement also includes an agreement between the company, Turret and Holdix on the alteration of the terms of Digitalist Group's Convertible Loan of 31 May 2018 such that the interest payable on the bond principal as of 12 March 2020 was postponed for payment in a single instalment at the maturity of each bond on 31 December 2021.

The company announced the details of its convertible bonds on 12 March 2020.

OTHER EVENTS DURING THE FOURTH QUARTER

On 17 December 2020, Digitalist Group Plc sold 30 per cent of the share capital of Digitalist Sweden AB to holding companies owned by three members of Digitalist Sweden AB's management, 10 per cent to each buyer. The transaction price of the shares totalled approximately EUR 1,587,000, of which the buyers paid approximately EUR 314,000 in cash (EUR 99,000–EUR 116,000 per buyer). The buyers are in debt to the company for the remainder of the transaction price. Each buyer must pay their debt (EUR 413,000–EUR 430,000) in a lump sum by 16 December 2030. Interest will accrue on the debt at market rates, and each buyer pledges their purchased shares in Digitalist Sweden AB to Digitalist Group as a guarantee of payment of the debt and interest. Legal title to the Digitalist Sweden AB shares sold under the arrangement was transferred to the buyers on 31 December 2020. When the arrangement was made, Digitalist Group acquired its own shares with an approximate value of EUR 214,600 from two holding companies owned by members of Digitalist Sweden AB's management.

On 23 December 2020, Digitalist Group Plc and Ticknovate Limited, which belongs to Digitalist Group, concluded a Ticknovate SaaS service agreement with ForSea AB. The agreement will be in force until 31 August 2027. The company estimates the value of the agreement at approximately EUR 1.9 million.

On 23 December 2020, Digitalist Group Plc's Swedish subsidiary Digitalist Sweden AB signed an additional 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 1.2 million. The services are planned to be provided in 2021. The agreement will underpin Digitalist Group's growth in Sweden and support its aim of operating as a strategic partner in digitalisation.

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



EVENTS SINCE THE END OF REVIEW PERIOD

On 25 January 2021, the Board of Directors of Digitalist Group Plc decided to issue options rights on the basis of an authorisation granted by the Annual General Meeting held on 14 April 2020.

The options will be issued free of charge, as decided by the Board of Directors, to key personnel employed by or recruited to companies within Digitalist Group Plc to secure their commitment and motivation.

The options will be subscribed with the identifiers 2021A1, 2021A2, 2021B1, 2021B2 and 2021C1. A maximum total of 60,000,000 options can be issued, and they entitle their holders to subscribe for a maximum of 60,000,000 new shares in the company.

The company's Board of Directors stated that the undistributed options from the 2019 option scheme have lapsed. A total of 3,580,000 options were issued under the 2019A1 and 2019A2 series of the company's 2019 option scheme, and these options will enable up to 3,580,000 new shares in the company to be subscribed, subject to the terms of the option scheme.

The full terms of the option scheme are available on the company's website at <https://investor.digitalistgroup.com/fi/investor/shares/option-schemes>.

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 and 2020 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.

When Covid-19 developed into a pandemic in early 2020, 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 reflected in 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 2020, the company rearranged its short-term loans with both the main owner and a financial institution.

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 the 2019 and 2020 reporting periods. The Group has a subsidiary in England. The impact of Brexit on the subsidiary's business has been assessed and is estimated to be limited.

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 digitalising sectors. These sectors include the technology industry, energy industry, transport and logistics, as well as consumer services in the public and private sectors. Digitalist Group's strategy focuses on enhancing its service and solution business and seamlessly integrating user and operational research, branding, design and technology.



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 2020 financial period. On 31 December 2020, the parent company had distributable assets of EUR 14,870,871.

Digitalist Group Plc's Annual General Meeting will be held in Helsinki on Tuesday 20 April 2021.

NEXT REVIEW

The Business review, for January–March 2021, will be published on Friday 30 April 2021.

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 2020

CONSOLIDATED INCOME STATEMENT, EUR THOUSAND

	1 Oct–31 Dec 20	1 Oct–31 Dec 19	Change (%)	1 Jan–31 Dec 20	1 Jan–31 Dec 19	Change (%)
Turnover	4,979	6,747	-26 %	20,487	27,401	-25 %
Other operating income	1,270	35	3 529%	1,823	140	1 202%
Operating expenses	-7,122	-16,286	56 %	-31,368	-41,628	25 %
EBIT	-873	-9,503	91 %	-9,059	-14,087	36 %
Financial income and expenses	-706	-98	-620 %	-2,998	-911	-229 %
Profit before taxes	-1,579	-9,601	84 %	-12,057	-14,998	20 %
Income taxes	-13	132	-110 %	163	336	-51 %
PROFIT/LOSS FOR THE FINANCIAL PERIOD	-1,592	-9,470	83 %	-11,894	-14,662	19 %
Distribution: Parent company shareholders	-1,623	-9,470	83 %	-11,820	-14,662	19 %
Non-controlling interests	31	0	100%	-73	0	100%
Earnings per share:						
Undiluted (EUR)	-0,02	-0,02	0 %	-0,02	-0,02	0
Diluted (EUR)	-0,02	-0,02	0 %	-0,02	-0,02	0

COMPREHENSIVE INCOME STATEMENT, EUR THOUSAND

	1 Oct–31 Dec 20	1 Oct–31 Dec 19	Change (%)	1 Jan–31 Dec 20	1 Jan–31 Dec 19	Change (%)
Profit/loss for the financial period	- 1,591	-9,470	83 %	-11,820	-14,662	19 %
Other items of comprehensive income						
Translation difference	410	73	462 %	1,481	-541	374 %
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-1,181	-9,397	87 %	-10,339	-15,203	32 %
Parent company shareholders	-1,212	-9,397	87 %	-10,281	-15,203	32 %
Non-controlling interests	31			-58		

CONSOLIDATED BALANCE SHEET, EUR THOUSAND

ASSETS	31 December 2020	31 December 2019
<u>NON-CURRENT ASSETS</u>		
Intangible assets	2,741	4,903
Goodwill	7,485	10,934
Tangible assets	1,116	3,050
Buildings and structures, rights-of-use	958	2,673
Machinery and equipment	101	290
Other tangible assets	57	87
Other non-current financial assets	1,127	2
NON-CURRENT ASSETS	12,469	18,889
<u>CURRENT ASSETS</u>		
Trade and other receivables	5,945	6,032
Income tax asset	223	572
Cash and cash equivalents	1,008	787
CURRENT ASSETS	7,176	7,391
ASSETS	19,645	26,280
SHAREHOLDERS' EQUITY AND LIABILITIES		
<u>SHAREHOLDERS' EQUITY</u>		
Parent company shareholders		
Share capital	585	585
Share premium account	219	219
Invested non-restricted equity fund	72,972	73,185
Retained earnings	-79,904	-67,648
Profit/loss for the financial period	-11,820	-14,662
Non-controlling interests	1,262	
Parent company shareholders	-17,949	-8,321
SHAREHOLDERS' EQUITY	-16,686	-8,321
NON-CURRENT LIABILITIES	12,513	13,523
CURRENT LIABILITIES	23,818	21,078
SHAREHOLDERS' EQUITY AND LIABILITIES	19,645	26,280

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 2019	585	219	73,186	412	-67,375	7,027		7,027
Other changes								
Profit/loss for the financial period					-14,662	-14,662		-14,662
Other items of comprehensive income								
Translation difference				-541		-541		-541
Share-based remuneration					-145	-145		-145
Shareholders' equity 31 Dec 2019	585	219	73,186	-129	-82,182	-8,321		-8,321

Shareholders' equity 1 Jan 2020	585	219	73,186	-129	-82,182	-8,321		-8,321
Other changes								0
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								0
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
Shareholder's equity 31 Dec 2020	585	219	72,972	1,352	-93,076	-9,627	1,262	-16,686


CONSOLIDATED CASH FLOW STATEMENT, EUR THOUSAND

	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019	1 Jul–31 Dec 2020	1 Jul–31 Dec 2019
Cash flow from operations				
Earnings before taxes in the period	-12,057	-14,998	-4 118	-11,494
Adjustments to cash flow from operations:				
Other income and expenses with no payment transactions		0		16
Depreciation, impairment	7,037	10,371	1,809	8,675
Financial income and expenses	2,998	911	1,783	379
Other adjustments	-167	-489	-366	44
Cash flow financing before changes in working capital	-2,189	-4,205	-892	-2,380
Change in working capital	1,315	-594	305	-1,138
Interest received	10	0	3	0
Interest paid	-9	-3	0	-64
Taxes paid	220	-17	226	0
Net cash flow from operations	-653	-4,819	-358	-3,582
Investments in other investments				
Investments in tangible and intangible assets	-249	-1,045	-50	-872
Investment grants received	333		15	
Income from disposal of tangible and intangible assets				
Taxes paid on investments				
Net cash flow from investments	85	-1,045	-35	-872
Net cash flow before financial items	-568	-5,864	-393	-4,454
Cash flow from financing activities				
Purchase of own shares	-215		-215	
Transactions with non-controlling interests	1,096		1 096	
Drawdown of long-term loans	1,000	392	0	392
Drawdown of short-term loans	1,286	7,502	493	5,265
Repayment of short-term loans	-53	-33	-53	-33
Interest and other charges	-1,060	0	-829	0
Repayment of lease liabilities	-1,266	-1,525	-618	764



Net cash flow from financing	788	6,336	-126	4,860
Change in cash and cash equivalents	220	473	-519	406
Liquid assets, beginning of period	787	314	1,525	381
Liquid assets, end of period	1,007	787	1,007	787

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.

The preparation of a financial statement release in accordance with IFRS requires the management to use certain estimates and assumptions that affect the amounts recognised in assets and liabilities when the balance sheet was prepared, as well as the amounts of income and expenses in the period. In addition, discretion must be used in applying the accounting policies. As the estimates and assumptions are based on outlooks on the balance sheet date, they contain risks and uncertainties. The realised values may deviate from the original assessments and assumptions.

The figures on the income statement and balance sheet are consolidated figures. 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 figures for the 2020 and 2019 financial statement release are unaudited.

Going concern

This financial statement release was 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 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.

The Group has invested in its key customers in line with its strategy, and this is expected to have a positive impact on sales trends. The Group's liquidity has improved in comparison with the earlier forecast due to successful negotiations concerning payment terms in various units and the Covid-19 grant received by the Group. In the second half of the year, we executed two corporate transactions and those improved the Group's liquidity.

The company restructured its financing during the review period by extending the payment period for loans from related parties and by transforming them into convertible bonds and repayments of loans from financial institutions.



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 plans with the main owner.

Goodwill impairment testing and recognised impairment

Digitalist Group tested its goodwill for impairment on 31 December 2020. The goodwill is allocated to one cash-generating unit.

A goodwill impairment test conducted on 31 December 2020 found no impairment of goodwill. The value in use of tested assets exceeded the tested amount by EUR 8.5 million. The calculation put the present value of cash flows at EUR 21.2 million, which is less than the sum of the company's financial liabilities, which amount to EUR 28.1 million, and the market price of its shares, which is EUR 23.4 million, on 31 December 2020.

The company tests its goodwill based on the utility value of the assets. In the testing conducted on 31 December 2020 in conjunction with the financial statements, the cash flow forecasting period was from 2021 to 2024.

During the 2021–2024 forecasting period, average growth of 20 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 6 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 13 per cent (14 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

	Q4/2020 1 Oct–31 Dec 20	Q3/2020 1 Jul–30 Sep 20	Q2/2020 1 Apr–30 Jun 20	Q1/2020 1 Jan–31 Mar 20	Q4/2019 1 Oct–31 Dec 19
Turnover	4,979	4,264	4,735	6,509	6,747
Other operating income and expenses	-5,852	-5,726	-9,976	-7,992	-16,250
EBIT	-873	-1,462	-5,241	-1,483	-9,503
Financial income and expenses	-706	-1,077	-490	-725	-99
Profit before taxes	-1,579	-2,540	-5,730	-2,208	-9,602
Income taxes	-13	53	59	64	132
INCOME IN THE COMPARISON PERIOD	-1,592	-2,487	-5,671	-2,144	-9,470

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 2019	18,059	5,282	553	3,817	2	27,713
Increases		1,220	125	502	0	1,847
Decreases	-11				0	-11
Impairment	-7,000					-7,000
Changes in exchange rates	-114	-132	-44		0	-290
Depreciation for the review period		-1 467	-257	-1,646	0	-3,370
Carrying value 31 Dec 2019	10,934	4,903	377	2,673	2	18,889
	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

KEY INDICATORS

ASSETS	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Earnings per share (EUR) diluted	-0.02	-0.02
Earnings per share (EUR)	-0.02	-0.02
Shareholders' equity per share (EUR)	-0.03	-0.01
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 (%)	-75.9	-69.9
Return on equity (%)	neg	neg.
Operating profit/turnover (%)	-44.2	-51.4
Gearing as a proportion of shareholders' equity (%)	-162.2	-313.4
Equity ratio as a proportion of shareholders' equity (%)	-84.9	-31.7
EBITDA (EUR thousand)	-2,021	-3,716

MATURITY OF FINANCIAL LIABILITIES AND INTEREST ON LOANS

31 December 2019	Balance sheet value	Cash flow	Under 1 year	1–5 years	Over 5 years
Loans from financial institutions	3,418	3,905	807	3,098	0
Overdrafts	5,295	5,295	5,295		
Convertible bonds	8,672	9,712	520	9,192	0
Other related-party loans	6,087	7,029	7,029	0	0
Lease liabilities, IFRS 16	2,949	3,125	1,661	1,098	366
Accounts payable	2,176	2,176	2,176		

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
Overdrafts	5,513				
Convertible bonds	17,881	19,475	9,437	10,038	0
Other related-party loans					
Lease liabilities, IFRS 16	965	950	805	146	0
Accounts payable	1,525	1,525	1,525		

OTHER INFORMATION

	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
NUMBER OF EMPLOYEES, average	208	262
Personnel at the end of the period	182	246
LIABILITIES, EUR THOUSAND		
Pledges made for own obligations		
Corporate mortgages	13,300	13,300
Total interest-bearing liabilities		
Long-term loans from financial institutions	2,632	2,871
Other long-term liabilities	9,410	9,980
Short-term interest-bearing liabilities	16,033	14,015
Total	28,075	26,866



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