Demerger Q&A

What are the key arguments for the partial demerger?

The Qt and Domestic operations have different management, development and financing needs due to their different business logic and market areas. The objective of the demerger is to enable the development of the Qt and Domestic operations as two listed companies focusing on distinct sectors, and to simplify their corporate structures, management and financing.

The objective of the demerger is to enable investing in specific business, to facilitate the financial monitoring of business operations and their valuation, and to increase the potential to achieve higher share value for investors.

How and where is the demerger decision made?

Digia shareholders will make a decision on the partial demerger in the Annual General Meeting on 16 March 2016. In order for the demerger to be approved, no less than 2/3 of the votes cast and shares represented in the AGM must be in favour of the decision.

An invitation to the AGM was submitted to the shareholders on February 4, 2016.

Why is the separation of businesses realised as a partial demerger of Digia and what does it mean?

A partial demerger means a demerger where part of the assets and liabilities of the demerging company are transferred to one or more receiving companies. Unlike in a complete demerger, in a partial demerger the demerging company is not dissolved.

A partial demerger suits the situation at Digia better than a complete demerger. In a partial demerger, only one new company (Qt Group) is listed and Digia continues as a listed company while its ownership remains intact. In a complete demerger, the current Digia would have been segregated into two new companies, both of which would have needed to be separately listed.

When does the demerger take place?

The demerger will enter into force once the Annual General Meeting has approved the partial demerger and the demerger plan and the implementation of the demerger has been registered in the Trade Register. The planned registration date is 1 May 2016.

Qt's shares will be subject to public trading on the official list of the Nasdaq Helsinki Ltd. as soon as possible after the implementation of the demerger has been registered, by estimation on 2 May 2016.

What will happen to the current shareholdings?

As a Digia shareholder, you will continue to own your Digia shares. In addition to this, as compensation, Digia's shareholders will be issued one Qt share for each Digia share they own.

At the time of the demerger, the ownership structures of Digia and the new company, Qt, are identical.

Will all shareholders receive a demerger compensation?

Demerger compensation (Qt shares) will be distributed to all Digia shareholders, excluding the shares owned by Digia Plc, in accordance with the situation on the date the implementation of the demerger is registered (by estimation on 1 May 2016).

What do I need to do to receive Qt shares?

Qt shares will be issued exclusively to Digia shareholders in connection with the demerger; the stock-exchange listing will not involve a public offering of Qt shares.

If you are a Digia shareholder on the implementation date of the demerger (by estimation on 1 May 2016):

- In order to receive Qt shares, you as a shareholder do not need to do anything. The Qt shares issued as a demerger compensation will be automatically entered on your book-entry account.
- A Qt share will be automatically separated from the Digia share at the time the merger comes to effect, by estimation on 1 May 2016. At that time, each shareholder will receive one (1) Qt share per Digia share owned.

If you are not a Digia shareholder on the implementation date of the demerger (by estimation on 1 May 2016):

- You can buy Qt shares in normal stock exchange once the shares have been made public, estimated to take place from 2 May 2016 onwards.

How many Qt shares will I get?

You will receive one (1) Qt share per each Digia share owned on 1 May 2016.

When is the deadline for buying Digia shares in order to receive Qt shares?

Qt shares will be issued as a demerger compensation to Digia shareholders in accordance with the situation on the date the implementation of the demerger is registered (by estimation on 1 May 2016). To be entitled to the demerger compensation (Qt shares), and assuming that the implementation of the demerger is registered as planned on 1 May 2016, the Digia share needs to be purchased no later than Friday 29 April 2016, which is the last trading day before the implementation is registered.

In normal trading, the clearance time of share transactions is two (2) banking days from the trading day (T + 2). Consequently, any Digia share transactions made between Thursday 28 April 2016 and Friday 29 April 2016 have not been cleared by Sunday 1 May 2016. Hence, the Digia shares thus acquired do not show on the Digia list of owners.

- If you buy Digia shares during said interval, once the transactions have been cleared, you will receive both the Digia shares and the equivalent number of Qt shares. That is, technically the Digia share you purchased has been divided into two (2) shares (the Digia share and the corresponding Qt share) during the clearance time of the transaction.

- If you sell Digia shares during said interval, firstly, a number of Qt shares corresponding with the number of Digia shares will be subscribed on your book-entry account, by estimation on Friday 29 April 2016 (in the evening, once trading has ended). However, the right inherent to Digia shares to sign the equivalent amount of Qt shares will be transferred to the buyer, who will thereby receive the Qt shares in question once the transaction has been cleared.

When will I receive my new Qt shares?

The right to Qt shares comes into effect on 1 May 2016 through Digia shares owned. However, technically the Qt shares will be subscribed on the shareholders' book-entry accounts by estimation already on Friday 29 April 16 (in the evening, once trading has ended). In practice, however, the new Qt shares handed out as a demerger compensation come into effect during the implementation of the demerger and are subscribed on the shareholders' book-entry accounts after this. In accordance with the above, the shares will become subject to trading without delay, by estimation on 2 May 2016 (assuming that the implementation of the demerger is registered on 1 May 2016 as planned).

How is the value of a Digia share divided in the partial demerger?

The Digia share remains listed on the Helsinki Stock Exchange and its value is determined in accordance with normal trading. The Company will not speculate with the Qt market value, which is based on normal trading once the Qt shares have been listed after the implementation of the partial demerger.

Friday 29 April 2016 is the last trading day when Qt is included in the Digia share and its price. Assuming that the demerger is registered on the Trade Register on 1 May 2016, from Monday 2 May 2016 onwards Qt shares are traded as their own share class. From 2 May 2016 onwards, the combined value of one Digia share and one Qt share is comparable to the Digia share price from the preceding period.

Can Qt shares be traded directly after the demerger?

Qt shares will be listed on the first working day following the registration of the demerger, by estimation on Monday 2 May 2016. Qt shares can be traded immediately once they have been listed. The demerger has no effect on trading Digia shares.

Are there any costs resulting from the demerger?

There are no resultant direct costs to Digia shareholders. The demerger compensation, i.e., Qt shares, will be entered on Digia shareholders' book-entry accounts without any cost to the shareholders.

Trading Qt and Digia shares is normal stock exchange. Each account manager, asset manager and broker will charge stock exchange commission fees and share-keeping fees in accordance with their tariff.

Does the partial demerger cause any tax implications for Digia or its shareholders?

The advance information Digia has received from the Large Taxpayers' Office (KOVE) confirms the Company's view, according to which the planned partial demerger will not result in any additional tax implications for the Company. On the basis of an EU directive, neither shall the partial demerger have any tax implications for shareholders residing in other EU member states. Shareholders residing outside the EU are advised to check any potential resulting tax implications from their tax advisor.

How is the Digia and Qt share acquisition cost specified in the Digia partial demerger in the taxation of Finnish shareholders?

The acquisition cost of Digia Plc and Qt shares in the taxation of shareholders living in Finland will not be specified until five trading days after the first demerger. A preliminary ruling on the division of the acquisition cost shall be obtained from the Finnish tax authorities. A notice will be published on the basis of the ruling.

Shareholders residing outside Finland are advised to check the division of the acquisition cost from their tax advisor.

Will the partial demerger affect the costs of individual companies?

Naturally, the final cost effect is not yet known. Establishing own administration and operating as an independent listed company will generate costs for the Qt Group Plc. The demerger process will generate non-recurring additional costs, the majority of which are shouldered by Digia Plc. The proportion of Digia's administrative costs will increase when Qt breaks away from the Company.

Is the implementation of the demerger certain?

In order for the demerger to be approved, no less than 2/3 of the votes cast and shares represented in the AGM must be in favour of the decision.

Creditor protection in accordance with the Limited Liability Companies Act of Finland applies to the partial demerger. In other words, Digia creditors whose claim originates from before the demerger plan was registered (29 December 2015) have the right to object to the partial demerger. The deadline of the objection is 18 April 2016. Digia has negotiated with its integral banks agreeing on financing for both groups.

Will the partial demerger result in added risks?

As a result of the partial demerger, both companies have a statutory residual liability for any debts or liabilities of the other company preceding the partial demerger. The realisation of the residual liability presumes the insolvency of the company bearing the primary liability. However, the total number of liabilities will not change as a result of the partial demerger.

The answers are based on the assumption that the implementation of the Digia demerger be registered as planned on 1 May 2016 and that Qt shares become subject to trading on the Helsinki Stock Exchange on 2 May 2016. Nonetheless, the registration of the implementation of the demerger is contingent on the decision reached by the AGM on 16 March 2016, among other things. Should the registration of the implementation or the listing of Qt shares suffer delays, Digia will give notice thereof in a separate stock exchange notice.