



digia

Digia Plc

BUSINESS REVIEW

January–March 2022



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Net sales grew by 8 per cent in the first quarter and the EBITA margin was 12 per cent

January–March 2022

- Net sales: EUR 42.5 (39.4) million, up 7.9 per cent
- Operating profit (EBITA): EUR 5.1 (5.3) million, down 2.3 per cent; EBITA margin: 12.1 (13.4) per cent of net sales
- Operating profit (EBIT): EUR 4.5 (4.5) million, up 2.0 per cent; EBIT margin: 10.7 (11.3) per cent of net sales
- Earnings per share: EUR 0.14 (0.13)
- Return on investment: 19.6 (19.5) per cent
- Equity ratio: 46.8 (42.4) per cent
- Profit guidance remains unchanged: Digia's net sales will grow year-on-year and its EBITA margin will be over 10 per cent of net sales.

Unless otherwise stated, the comparison figures provided in parentheses refer to the corresponding period of the previous year.

Group key figures

EUR 1,000	1-3/2022	1-3/2021	Change, %	1-12/2021
Net sales	42,460	39,357	7.9%	155,939
Operating profit (EBITA)	5,133	5,256	-2.3%	17,739
- as a % of net sales	12.1%	13.4%		11.4%
Operating profit (EBIT)	4,547	4,456	2.0%	14,680
- as a % of net sales	10.7%	11.3%		9.4%
Result for the period	3,658	3,550	3.0%	11,772
- as a % of net sales	8.6%	9.0%		7.5%
Return on equity, %	21.9%	23.5%		18.3%

EUR 1,000	1-3/2022	1-3/2021	Change, %	1-12/2021
Return on investment, %	19.6%	19.5%		16.3%
Interest-bearing net liabilities	10,078	15,826	-36.3%	10,663
Net gearing, %	15.4%	26.2%		15.7%
Equity ratio, %	46.8%	42.4%		48.0%
Number of personnel at period-end	1,363	1,323	3.0%	1,339
Average number of personnel	1,349	1,322	2.0%	1,334
Shareholders' equity	65,336	60,301	8.3%	68,072
Balance sheet total	141,835	144,134	-1.6%	143,040
Earnings per share, EUR	0.14	0.13	4.1%	0.44
Earnings per share (diluted), EUR	0.14	0.13	6.2%	0.44

CEO's Review:

"I am pleased with Digia's profitability and growth in the first quarter of the last year of our current strategy period. Our net sales grew by 7.9 per cent to EUR 42.5 (39.4) million. During the review period, we continued to invest in building our long-term competitiveness and renewing our operations. The first phase of our Digia Business Engine project has now been deployed and the implementation of our new way of working has begun. In spite of our investments in the project, our operating profit (EBITA) was almost on a par with the previous year at EUR 5.1 (5.3) million, while our EBITA margin was 12.1 (13.4) per cent of net sales.

All our service areas grew in the first quarter. Digia's integration and API solutions, CRM solutions, and data utilisation services saw especially strong growth. Our service and maintenance business generated about 67 per cent of net sales, and the project business about 33 per cent. Our long-term strategic priorities include increasing efficiency, scalability, the level of automation, and data utilisation both internally and in our services.

During the review period, we allocated investments especially to our Digia Business Engine project. Digia Business Engine is Digia's own smart business platform that renews our ways of working and supports future growth and productivity. Our key objective is to harness data even more strongly to facilitate day-to-day business and create new and growing added value with data. This project kept Digia employees busy during the whole review period. More than 60 in-house experts worked on preparations for its deployment in March. About 600 Digia employees participated in training during the first phase of the deployment. Activities related to changes in operating methods and deployment will continue as planned during the first half of the year. During the review period, we capitalised EUR 0.8 million in costs from the project, which had an impact of approximately EUR -0.9 million on earnings. We have capitalised a total of EUR 3.7 million from this project to date. The current project is proceeding in line with plans and its direct cost impact will decrease gradually towards the end of the year. After that, we will switch over to ordinary further development.

During the review period, we launched the renewal of Digia Enterprise, Digia's own ERP solution. Digia Enterprise represents more than 25 years of experience in business needs – it is the heart of the new Digia Envision. The system has been developed together with customers in Finland, ensuring security of supply. The modernised Digia Envision combines Finnish design, green values, and a vision of future users' needs.

Our number of personnel grew by 24 during the review period and amounted to 1 363 (1 323) at period-end. Digia employees were able to return to the office during the review period, as permitted by the coronavirus situation. As hybrid work has become well established, Digia's model of working has been overhauled to suit the times – location-independent work is now part of flexible day-to-day life at Digia.

According to our assessment, Digia's business is not exposed to direct Russia-related risks. Digia does not engage in business in either Russia or Ukraine and our locations and personnel are in Finland, Sweden and the Netherlands. It is currently difficult to assess how the war in Ukraine and the exceptional geopolitical situation will impact on general economic development and business operations during the rest of the year. We are following the situation closely and constantly assess risks with respect to customer relationships, partners and cyberthreats.

During the first quarter, no significant changes occurred in the market situation or demand compared with the corresponding period of last year. Demand has still been driven by our customers' need to renew their business operations. More attention has been paid to the continuity of operations, and there has been a greater emphasis on

cybersecurity issues, for instance. We completed again our annual ISO 9001 surveillance audit, without any deviations. The need for data utilisation in the development of new business is emphasised.

We have started the last year of our strategy period in confident spirits. 2022 is a year of implementation in our three-year Next Level strategy. In our operations, we are seeking efficiency and stronger scalability. At Digia, we believe that the growth trend in digitalisation and data utilisation will remain strong in the long term as well. We envision a world in which business value is created in ecosystems, making intelligent use of data.

The first months of the year have been strongly characterised by the deployment of Digia Business Engine, our significant key project. I would like to warmly thank all Digia employees for their committed long-term work, and especially the professionals who contributed to the deployment of Digia Business Engine.”

Events after the review period

Digia expands its scalable services with Robotics as a Service capabilities by acquiring MOST Digital

On 11 April 2022, the company announced that Digia Plc and MOST Digital Oy signed an agreement through which Digia will acquire MOST Digital’s entire share capital. The acquisition was completed on 2 May 2022. The MOST Digital Group includes MOST Digital Oy and MOST Digital Sweden AB. With this acquisition, Digia will grow its scalable services and bolster its expertise and growth in the integration and API business with automation platform services. MOST Digital had net sales of around EUR 2.8 million in the fiscal year ending in December 2021. MOST Digital’s figures will be consolidated with the Digia Group as from the beginning of May 2022. The acquisition will have no personnel impact.

Briefing invitation

A briefing for analysts will be held at 4:00 pm on Wednesday, 4 May 2022 as a Teams meeting. Attendance instructions have been emailed to participants.

The material and presentation for the event will be available from 4:00 pm on 4 May 2022 on the company’s website: digia.com/en/investors/reports-and-presentations.

For further information, please contact:

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[digia.com](https://www.digia.com)

Digia is a software and service company that helps its customers renew themselves in the networked world. There are more than 1,300 of us working at Digia. Our roots are in Finland and we operate both in our home country and internationally. We are building a world in which digitalisation makes a difference – together with our customers and partners. Digia's net sales totalled EUR 156 million in 2021. The company is listed on Nasdaq Helsinki (DIGIA). [digia.com](https://www.digia.com)