

Digia Plc
Stock exchange release
25 October 2017 at 8:00 am

Digia Plc's Business Review January–September 2017

Net sales rose by 10 per cent in the third quarter.

June-September 2017

- Net sales EUR 20,9 (18,9) million, increase 10.3%
- Operating result EUR -0.7 (1.1) million, -3.3% (6.0%) of net sales. The booking of one-off loss provision for the quarter and investments in the development of digital services burdened the result.
- Earnings per share EUR -0.03 (0.04)

January-September 2017

- Net sales EUR 68,3 (62,8) million, increase 8,7%
- Operating result EUR 0,7 (3,8) million, 1,1% (6,1%) of net sales
- Earnings per share EUR 0,01 (0,15)
- Rights issue generated gross proceeds of about EUR 12,5 Million
- Digia's net sales growth is expected to accelerate in 2017 (2016: net sales up 6.8%). The company expects its operating result to decline compared to 2016 (2016: EUR 5.4 million).

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

DIGIA PRESIDENT AND CEO TIMO LEVORANTA COMMENTS ON THE THIRD QUARTER OF 2017

“Digia’s third-quarter net sales saw year-on-year growth of 10.3 per cent. Demand for our projects and services has remained at a good level. Net sales growth was particularly supported by good demand for both e-commerce and ERP solutions, and progress with the income register project. In addition, the Omni Partners Oy acquisition in the second quarter increased net sales in digital services, in particular, compared to the previous year. Through the acquisition, Digia strengthened its expertise in the digital marketing and e-business development areas, as well as custom-designed solutions based on open source technologies.

The project business accounted for EUR 50.6 (41.8) per cent and the service and maintenance business for 49.4 (58.2) per cent of net sales. Share of the project business increased due to our digital services projects and progress with the income register project. Digia’s long-term goal is to increase the service business’s share of net sales through service contracts that follow project phases. The net sales of the product business generated 27.0 (28.7) per cent of the company’s net sales.

Due to delivery challenges in certain projects, we lowered our profitability outlook for 2017. We booked a one-off loss provision for the third quarter, due to which we posted a loss for that quarter. Our investments in the development of digital services also burdened the result. Digia’s operating result for the third quarter was EUR -0.7 million and its operating margin stood at -3.3 per cent. The required quality improvement measures and changes in practices have been launched as corrective measures. We believe that the third-quarter loss was a one off and that we will achieve a clearly positive operating result for the fourth quarter.

The digitalisation megatrend is still gaining momentum. In this market, Digia is a comprehensive provider from business design to service implementation. Digia’s competitive advantages are consultative dialogue with our customers and strong technological expertise. Our strength is our deep understanding of the benefits that digitalisation yields for our customers’ business operations. Combined with our wide-ranging understanding of how different services and solutions are integrated into back-end systems and external data sources, this enables the

development of our customers' multichannel business operations. Digia is a pioneer in modern integration solutions, such as API management.

Digia is a growth-focused, trustworthy and agile Finnish professional in the Finnish IT sector. In 2017, we have invested in creating the foundations of profitable growth. Our goal is to strengthen the company's position, particularly in the growing markets for digital services, process digitalisation and the service business. We are also actively seeking suitable acquisitions in order to accelerate our growth."

KEY FIGURES

EUR 1,000	7-9/ 2017	7-9/ 2016	Muutos %	1-9/ 2017	1-9/ 2016	Muutos %	2016
Net sales	20,899	18,939	10.3%	68,255	62,768	8.7%	86,463
Operating result	-691	1,132		749	3,819	-80.4%	5,419
- as a % of net sales	-3.3%	6.0%		1.1%	6.1%		6.3%
Result for the period	-805	818		156	3,034	-94.8%	4,064
- as a % of net sales	-3.9%	4.3%		0.2%	4.8%		4.7%
Return on equity, %				0.5%	10.3%		11.0%
Return on investment, %				1.9%	11.1%		11.0%
Interest-bearing liabilities				17,040	14,709	15.8%	13,686
Cash and cash equivalents				11,948	1,027	1,063.0%	1,994
Net gearing, %				11.7%	43.2%		35.6%
Equity ratio, %				53.2%	50.1%		49.8%
Employees, end of period				978	839	16.6%	872
Employees, average	970	822	18.0%	942	790	19.3%	810
Total shareholders' equity				43,439	31,691	37.1%	32,814
Balance sheet total				82,389	64,400	27.9%	66,390
Earnings per share	-0.03	0.04		0.01	0.15	-95.4%	0.20

OUTLOOK FOR 2017

Digia's net sales growth is expected to accelerate in 2017 (2016: net sales up 6.8%). The company expects its operating result to decline compared to 2016 (2016: EUR 5.4 million).

BRIEFING INVITATION

Digia will hold a briefing for analysts on Wednesday 25 October 2017 at 11 am, in the Tapiola cabinet at Hotel Scandic Simonkenttä, Simonkatu 9, 00100 Helsinki, Finland. Welcome.

The material and presentation for the event will be available from 11 am on 25 October 2017 in the Investors section of the company's website: www.digia.com/en/investors/reports-and-presentations.

FURTHER INFORMATION

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Key media

www.digia.com

Digia is a profitably growing IT service company that helps its customers harness digital opportunities. As a visionary partner, Digia develops and innovates solutions that support business operations together with its customers. We adapt our expertise to their specific industries to help them develop digital services, manage operations and utilise information. We employ nearly 1,000 experts in Finland and Sweden. We are expanding our international presence together with our customers. Digia's net sales in 2016 totalled EUR 86.5 million. The company is listed on Nasdaq Helsinki (DIGIA). www.digia.com