Digitalist Group

Financial statements and annual report

1 January–31 December 2024

investor.digitalistgroup.com

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Annual report

1 January–31 December 2024

Summary of the financial period

Financial period January–December 2024 (comparable figures for 2023 in parentheses):

- Turnover: EUR 16.2 million (EUR 16.7 million), change: –3.1%.
- EBITDA: EUR –1.5 million (EUR –0.9 million*), –9.4% of turnover (–5.2%).
- Operating profit (EBIT) –2.0 million euros (–1.7 million euros*), –12.3% of net sales (–10.2%).
- Result for the review period: EUR –5.0 million (EUR –4.1 million*), –31.0% of net sales (–24.5%).
- Earnings per share: EUR –0.01 (EUR –0.01).
- Earnings per share (diluted): EUR –0.01 (EUR –0.01).
- Cash flow from operations: EUR –1.4 million (EUR –2.9 million).
- Number of employees at the end of the review period: 122 (126), decrease of 3.2%.

* *The comparison year's EBITDA, operating profit and net profit include a non-recurring item of EUR 1.0 million, which includes a EUR 0.6 million capital gain from the divestment of FutureLab, as well as an impact of EUR 0.3 million due to the write-down of Turret's trade payables and the additional purchase price from the Ticknovate divestment.*

Business

Digitalist Group combines brand strategy, the client experience, design and technology to help its clients succeed and remain meaningful in a constantly-evolving digital environment. Our expertise in digital transformation and our innovative services create a competitive advantage while ensuring the success of our customers' business now and in the future. In 2024, we expanded our service offering by launching secure and GDPR-compliant AI solutions.

Our brand and communication services strengthen our customers' brand, strategy and communication while enhancing marketing and customer experiences. Our Design services include digital design and service design, from design strategy and user research to visual to visual and interaction design, prototype design and usability research.

In technology services, we have robust expertise in developing creative software solutions with respect to hardware, embedded systems and software. We offer digital services for open-source environments, and we are a leading web design and integration expert in Sweden. Our main clients in Sweden are municipalities, government agencies and NGOs that have chosen an open source strategy.

Alongside Digitalist Group's service and consulting business, there are two promising SaaS businesses, LeanLab and Open Cloud. LeanLab plays a key role in developing usability and user experience, enabling the building of customer insight and co-creation. Open Cloud, in turn, provides AI solutions and open-source products as a service.

The group's headquarters and the office of its Finnish business units are located in Helsinki. In addition to Finland, the group has offices and significant business operations in Stockholm. Digitalist's branding, design and technology specialists work together to provide their diverse expertise to its clients.

2024

At the end of 2024, Digitalist Group faced market challenges and promising opportunities alike. The weakness of the Finnish economy slowed the initiation of new projects due to customer caution, while growth in Sweden remained steady. We are committed to overcoming the challenges of the Finnish market, but we have increasingly focused on seizing opportunities in the Swedish market and have expanded our range with new applied AI services.

Despite revenue growth in the final quarter, the group's revenue in 2024 declined slightly to EUR 16.2 million (from EUR 16.7 million in 2023), and EBITDA ended at EUR –1.5 million (compared to EUR –0.9 million in 2023, which included a one-off item of EUR 1.0 million). This result reflects both the prevailing market conditions and the positive, yet still insufficient, impact of the strategic measures implemented during the year.

Strong demand in the Swedish market has been a key factor in our performance and has partly compensated for weaker development in Finland. In 2024, the Swedish share of our total revenue increased to 70% from 61% in the previous year. Additionally, we enhanced our cost-saving measures, reduced personnel expenses, and streamlined our organisational structure to strengthen the foundation for future improvements.

This year, we expanded our range of services by launching Digitalist Open Cloud AB and Digitalist Private AI Hub, which provides secure and GDPR-compliant AI solutions. These new services respond to the growing demand for data privacy and advanced digital solutions, attracting customers who recognise the value of our approach.

In the future, we will continue to focus on improving efficiency, developing our range of services, and seizing new growth opportunities. While market conditions may remain difficult in the near future, our product innovations and continued investments in cost management provide a strong foundation for Digitalist Group's long-term success.

We would like to thank our employees, clients and stakeholders for their support and dedication in 2024.

General meeting of 25 April 2024 and Board of Directors' authorisations

The company held its Annual General Meeting on 25 April 2024. The minutes and decisions of the Annual General Meeting are available on the company's website at https://investor.digitalistgroup.com/investor/governance/annual-general-meeting.

The financial statements and consolidated financial statements for the financial year ending 31 December 2023 were approved as presented.

The Annual General Meeting decided that the loss of EUR 4,575,895.22 shown in the 2023 financial statements will be recorded in the company's profit/loss account and that no dividend will be distributed to shareholders for the 2023 financial year.

The general meeting elected Johan Almquist, Paul Ehrnrooth, Peter Eriksson, Esa Matikainen, and Andreas Rosenlew as ordinary members of the board, with Magnus Wetter joining as a new member. At its meeting held on 25 April 2024 after the Annual General Meeting, the Board of Directors elected Esa Matikainen as chair of the board and Andreas Rosenlew as vice chair. The board decided to continue the audit committee, appointing Esa Matikainen as chair and Peter Eriksson and Magnus Wetter as members.

On the date of publication of the financial statements, the Board of Directors assessed the independence of the members of the audit committee in accordance with the recommendations of the Corporate Governance Code 2020 as follows. Esa Matikainen and Magnus Wetter are independent of the company and of the significant shareholders. Peter Eriksson is independent of the company, but is dependent on a significant shareholder.

The general meeting elected KPMG Oy Ab as the company's auditor.

At the end of the financial period, the Board of Directors had two valid authorisations. The Annual General Meeting held on 25 April 2024 granted the following authorisations:

AUTHORISATION OF THE BOARD TO DECIDE ON SHARE ISSUES AND THE ISSUANCE OF OPTIONS AND OTHER SPECIAL RIGHTS ENTITLING TO SHARES

The Annual General Meeting authorised the Board of Directors to decide on a paid share issue, as well as the issue of options and other special rights entitling their holders to shares as referred to in chapter 10, section 1 of the Limited Liability Companies Act, or a combination of all or some of the foregoing on one or more occasions, subject to the following conditions:

Under the authorisation, the total number of own shares held by the company and new shares that may be issued cannot exceed 346,715,227 shares, corresponding to 50 per cent of all company shares at the time of the notice of the annual general meeting.

The Board of Directors was authorised to decide on all the terms and conditions of share issues and special rights entitling their holders to shares within the limits of the foregoing authorisation, such as the condition that the subscription price may be paid in cash or by offsetting the value against the subscriber's outstanding receivables from the company.

The board has the right to decide whether the subscription price is recorded as an increase in share capital or wholly or partly in the invested unrestricted equity fund.

Shares and special rights entitling their holders to shares may also be issued in a directed issue in deviation from the shareholders' pre-emptive rights if there is a weighty financial reason to do so in accordance with the Limited Liability Companies Act. In such a case, the authorisation may be exercised in order to finance corporate acquisitions or other investments in the company's business, to maintain and increase the group's solvency or to implement its incentive scheme.

The authorisation is valid until the 2025 Annual General Meeting or 30 June 2025, whichever is first.

AUTHORISATION OF THE BOARD OF DIRECTORS TO DECIDE ON THE ACQUISITION OF TREASURY SHARES

The Annual General Meeting authorised the Board of Directors to decide on the purchase or distress of a maximum of 69,343,000 treasury shares using the company's distributable assets. The maximum number of shares corresponded to approximately 10 per cent of all the shares in the company when the notice of the Annual General Meeting was published. The purchase may take place on one or more occasions. The purchase price of the shares may be no more than the highest price paid for the shares in public trading at the time of purchase.

When treasury shares are purchased, ordinary derivative contracts, share lending or other contracts may be made in capital markets as provided by the laws and regulations. The authorisation entitles the Board of Directors to decide on the purchase of shares in proportions other than the holdings of the existing shareholders (directed acquisition).

Shares may be purchased for use in executing corporate acquisitions or other arrangements as part of the company's business, to improve the company's financial structure, or otherwise for onward conveyance or cancellation.

The authorisation includes the right of the Board of Directors to decide on all other matters related to the purchase of shares. The authorisation is valid until the 2025 Annual General Meeting or 30 June 2025, whichever is first.

AMENDMENT OF THE TERMS OF THE CONVERTIBLE BONDS ISSUED BY THE COMPANY

The general meeting approved the board's proposals to amend the terms of the convertible bonds 2021/1, 2021/3, and 2022/1 subscribed by Turret Oy Ab.

The general meeting approved the board's proposals to amend the terms of the convertible bonds 2021/2 and 2021/4 subscribed by Holdix Oy Ab.

It was noted that the following measures have been carried out in the company after the financial year ending 31 December 2023:

- The convertible bonds 2021/3 and 2021/4 have been partially converted into capital loans in accordance with chapter 12 of the Finnish Limited Liability Companies Act, as announced on 22 March 2024; and
- the general meeting, in accordance with the board's proposals, has decided to amend the terms of the convertible bonds 2021/1, 2021/2, 2021/3, 2021/4, and 2022/1, including extending their maturity dates until 30 September 2026.

It was noted that the aforementioned measures have supported and continue to support the company's balance sheet and financial stability.

It was decided to approve the board's proposal not to immediately implement further measures to restore the company's financial position. However, the company will actively assess other opportunities and means to support its financial position.

Stock exchange releases on the arrangements are available on the company's website at https://investor.digitalistgroup.com/investor/releases.

Offices

Our offices are located in our primary markets of Finland and Sweden. These offices have technology and design experts and a local sales organisation.

Turnover

The group's revenue for the financial year was EUR 16.2 million (EUR 16.7 million), representing a 3.1% decrease from the previous year due to the weak market conditions in Finland. Full-year revenue fell short of targets, as the weak economic cycle and financial uncertainty made customers more cautious about initiating new projects.

Market conditions in Finland have been challenging. The share of revenue from outside Finland increased to 70% (61%), driven primarily by the strengthening of business operations in Sweden. The net impact of the divestment of FutureLab AB and the acquisition of Open Communications AB on revenue for the financial year was EUR 0.1 million compared to the reference period.

Earnings

EBITDA for the financial period was EUR –1.5 million (EUR –0.9 million), EBIT was EUR –2.0 million (EUR –1.7 million), and earnings before taxes were EUR –4.9 million (EUR –4.0 million). Operating expenses decreased by EUR 0.7 million compared to the previous year, with personnel expenses reducing by EUR 0.4 million and other expenses by EUR 0.3 million. Cost savings improved EBITDA, but the decline in sales weakened the overall impact.

The operating profit was impacted by a EUR 0.4 million decrease in balance sheet item depreciations. The EBITDA, operating profit and net profit for the comparison period include a sales gain of EUR 0.6 million from the divestment of FutureLab, as well as an impact of EUR 0.3 million resulting from the write-down of Turret's trade payables and the additional purchase price from the Ticknovate divestment.

Net financial items amounted to EUR –3.0 million (EUR –2.3 million), consisting mainly of external interest expenses related to financing loans and related party loans. External interest expenses amounted to EUR 2.2 million (EUR 2.1 million).

The financial items of the comparison period were positively impacted by Business Finland's decision to waive EUR 0.3 million of an R&D loan and by foreign exchange gains.

The financial year's result was EUR –5.0 million (EUR –4.1 million), and earnings per share were EUR –0.01 (EUR –0.01).

Investments

No significant investments were made in the 2024 financial year.

There were no research and development expenses during the financial period. At the end of the review period, research and development expenses capitalised on the balance sheet totalled EUR 0.0 million (EUR 0.0 million).

Balance sheet, financing and return on capital

The group's shareholder equity amounted to EUR –37.7 million (EUR –32.7 million). The group's equity, including capital loans, was EUR –13.8 million (EUR –15.8 million). Return on equity (ROE) was negative. Return on investment (ROI) was –161.9% (–27.8%).

The balance sheet total was EUR 10.1 million (EUR 11.4 million). The solvency ratio was –379.1% (–285.9%). At the end of the period, the group's liquid assets totalled EUR 0.9 million (EUR 0.9 million). At the end of the financial year, the group's interest-bearing liabilities totalled EUR 38.2 million (EUR 35.7 million). Bank loans, including utilised bank overdraft facilities, amounted to EUR 11.0 million (EUR 11.4 million). IFRS 16 lease liabilities amounted to EUR 0.6 million (EUR 1.0 million).

Related party loans totalled EUR 26.6 million (EUR 23.4 million). As of 31 December 2024, the total amount of convertible bonds was EUR 0.0 million (EUR 5.8 million), capital loans EUR 23.9 million (EUR 16.9 million), and other related party loans EUR 2.8 million (EUR 0.8 million), of which EUR 2.0 million were short-term. The changes are due to the conversion of convertible bonds into capital loans in accordance with chapter 12 of the Finnish Limited Liability Companies Act, as well as the loan drawn in instalments from Turret. Further details on the arrangements can be found in the appendix. related-party transactions. Further information about capital loans is provided in the notes concerning the parent company.

Cash flow

The group's cash flow from operating activities during the review period was EUR –1.4 million (EUR –2.9 million), a change of EUR 1.5 million. The company's cash flow development has been negatively affected by weakened profitability, and positively affected by changes in working capital. To reduce the rate of turnover of trade receivables, the group sells some of its trade receivables from Finnish clients. Additionally, part of the Swedish trade receivables is financed through factoring.

Goodwill

On 31 December 2024, the consolidated balance sheet recognised EUR 5.2 million (EUR 5.4 million) in goodwill. The company has tested goodwill in accordance with IAS 36 as of 31 December 2024. No need for an impairment charge was identified.

Personnel

The average number of employees during the financial period was 123 (139), and the group had 122 (126) employees at the end of the period. At the end of the financial period, 52 (52) of the group's personnel were employed in the companies in Finland and 70 (74) were employed in the companies abroad.

Shares and share capital

TRADING VOLUME AND PRICE

During the financial period, the company's share price hit a high of EUR 0.02 (EUR 0.03) and a low of EUR 0.01 (EUR 0.01), and the closing price on 31 December 2024 was EUR 0.01 (EUR 0.02). The average share price in the financial period was EUR 0.01 (EUR 0.02). A total of 78,321,067 (40,711,793) shares were traded during the financial period, which corresponds to 11.3% (6.0%) of the number of shares at the end of the financial period. The market value of the share capital at the closing price of the financial period on 31 December 2024 was EUR 9,985,399 (10,236,341). Further information is in the section of the notes entitled "Information on shares, shareholders and options".

SHARE CAPITAL

The company's registered share capital at the beginning of the financial period was EUR 585,394.16, and the number of shares was 693,430,455. At the end of the period, the share capital was EUR 585,394.16 and the number of shares was 693,430,455. The company has one series of shares, and at the end of the financial year the company held 7,664,943 of its own shares, amounting to 1.1% of all shares.

2021 OPTION PROGRAMME

The options belonging to the company's 2021 option scheme are labelled 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. A total of 38,450,000 options belonging to the 2021A1 and 2021A2 series have been distributed under the option programme. The subscription period for series 2021A1 ended on 31 December 2024. Of the options distributed, 28,650,000 have expired, and therefore, based on the terms of the option programme, it is possible to subscribe for a maximum of 9,800,000 new shares in the company.

The theoretical market value of the options allocated by the end of the financial period is approximately EUR 0.8 million, which will be recognised as expenditure in accordance with IFRS 2 from 2021 to 2025. A total of EUR 0.1 million of the expenditure item will be allocated to 2024. There will be no cash-flow effect from the expense.

Descriptions of the option programmes are available on the company's website. https://investor.digitalistgroup.com/investor.

SHAREHOLDERS

The number of shareholders on 31 December 2024 was 5,705 (5,578). Private individuals owned 11.8 (10.4) per cent and entities held 78.4 (79.5) per cent. Foreign nationals or entities held 9.8 (10.0) per cent of the shares. Nominee-registered shares accounted for 12.6 (6.3) per cent of the total.

Related-party transactions

FINANCING ARRANGEMENTS WITH RELATED PARTIES

Strengthening the equity of Digitalist Group and partially converting convertible bonds into capital loans

To strengthen the company's equity, Digitalist Group decided on 22 March 2024 to exercise the right offered by Turret Oy Ab and Holdix Oy Ab to convert a total of EUR 1,907,175.40 plus interest of EUR 334,513.29 from the principal and interest of the convertible bonds 2021/3 and 2021/4 subscribed by Turret and Holdix into a capital loan in accordance with chapter 12 of the Limited Liability Companies Act.

Amendment of the terms of the convertible bonds 2021/1, 2021/2, 2021/3, 2021/4, and 2022/1 issued by Digitalist Group Oyj

Convertible bonds 2021/1, 2021/3, and 2022/1 issued to Turret Oy Ab

The Annual General Meeting of Digitalist Group on 25 April 2024 decided to amend the terms of the convertible bonds 2021/1, 2021/3, and 2022/1 subscribed by Turret.

On 26 April 2024, Digitalist Group Oyj and Turret Oy Ab signed agreements to amend the terms of the convertible bonds 2021/1, 2021/3, and 2022/1 subscribed by Turret, as well as the terms of the option or other special rights attached to them, as referred to in chapter 10, section 1, paragraph 2 of the Finnish Limited Liability Companies Act.

The maturity date was extended until 30 September 2026.

Convertible bonds 2021/2 and 2021/4 issued to Holdix Oy Ab

The Annual General Meeting of Digitalist Group on 25 April 2024 decided to amend the terms of the convertible bonds 2021/2 and 2021/4 subscribed by Holdix.

On 26 April 2024, Digitalist Group and Holdix Oy Ab signed agreements to amend the terms of the convertible bonds 2021/2 and 2021/4 subscribed by Holdix, as well as the terms of the option or other special rights attached to them, as referred to in chapter 10, section 1, paragraph 2 of the Finnish Limited Liability Companies Act.

The maturity date was extended until 30 September 2026.

Stock exchange releases on the arrangements are available on the company's website at https://investor.digitalistgroup.com/investor/releases.

Digitalist Group Oyj restructured its financing

On 28 October 2024, Digitalist Group Oyj agreed on a EUR 1,000,000 loan with Turret Oy Ab to strengthen the company's working capital. The company is entitled to withdraw the loan in instalments by 31 December 2025. The loan was agreed on market terms, and it matures on 31 December 2026.

Strengthening the balance sheet position of Digitalist Group Oyj and converting convertible bonds 2021/1, 2021/2, 2021/3, and 2021/4 into capital loans

On 30 December 2024, to strengthen the company's balance sheet position, Digitalist Group Oyj decided to exercise the right offered by Turret Oy Ab and Holdix Oy Ab to convert a total of EUR 3,860,763.17 plus interest of EUR 861,271.93 from the principal and interest of the convertible bonds 2021/1, 2021/2, 2021/3, and 2021/4 subscribed by Turret and Holdix into a capital loan in accordance with chapter 12 of the Limited Liability Companies Act.

Changes in the group structure

On 1 April 2024, Digitalist Open Tech AB sold part of its IT and SaaS business to Digitalist Open Cloud AB through a business transfer. As a result of the arrangement, Digitalist Open Tech AB established a new subsidiary, in which the subsidiary's management holds a 15% minority stake.

On 31 May 2024, Digitalist Group Oyj internally sold its wholly owned subsidiary, Open Communications International AB, to Grow AB, a subsidiary 90% owned by Digitalist Group. The purchase price was EUR 0.9 million.

Additionally, Digitalist Group has dissolved inactive companies. Digitalist USA Ltd was officially dissolved in 2024. Grow Finland Oy and Ixonos Estonia were removed from the trade register in 2024.

Events since the financial period

The maturity date of a EUR 2.0 million loan included in the group's short-term financial institution loans has been extended by two years after the end of the financial year, until April 30, 2027. The agreement extending the loan's maturity date was signed on March 13, 2025.

Other events during the financial period

The company downgraded its guidance on future outlook on 17 October 2024. The new guidance was: In 2024, revenue and EBITDA are expected to decline compared to 2023.

Operationally, excluding the impact of other income (EUR 1.0 million), the current financial year was expected to be stronger than the previous year.

Stock exchange releases for the financial year are available on the company's website at https://investor.digitalistgroup.com/investor/releases.

Risk management and short-term uncertainties

The objectives of Digitalist Group Plc's risk management are to ensure the undisrupted continuity and development of the company's operations, support the achievement of the company's business objectives and increase the company's value. More detailed information about the risk management organisation, process and identified risks are availabel on the company's website. https://investor.digitalistgroup.com/investor/governance.

The company has been making a loss despite the efficiency measures it has taken. 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 endeavours to continuously assess and monitor the amount of financing the business requires in order to ensure that the company has the necessary liquid assets to finance its operations and repay its loans. Any disruptions in the financial arrangements would weaken Digitalist Group's financial position.

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.

Negotiations held in 2024 regarding the restructuring of maturing related-party convertible bonds were concluded, and the maturity date was extended until autumn 2026. The convertible bonds were converted into capital loans in accordance with chapter 12 of the Finnish Limited Liability Companies Act in two instalments in 2024, strengthening the company's balance sheet.

Any changes to key client accounts could have a substantial impact on Digitalist Group's operations, earning potential 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. Forecasting the start dates and scopes of new products is occasionally challenging, while the cost structure is largely fixed. The aforementioned aspects can lead to unpredictable fluctuations in turnover and, thereby, in profitability. Some of the group's business consists of fixed-price deliveries (40%). Fixed-price client deliveries carry risks related to timing and content. The company endeavours to manage these risks through contractual and project management measures.

Irrespective of the market situation, there is a shortage of certain experts in the group's business sector. Although the previously aggressive recruitment policies in the industry have significantly eased, the risk of personnel moving to competitors still remains. There are no guarantees that the company will be able to retain its current personnel and recruit new employees to sustain growth. If Digitalist Group loses a significant number of 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.

Cost inflation has eased significantly compared to a year ago but may still create pressure for wage increases, further highlighting the importance of cost monitoring. Changes in interest rates have no significant immediate impact on financing costs, as most of the company's debt is fixed-rate. If the interest rates on the company's loans from financial institutions rose by 1 per cent, the company's annual interest costs would rise by approximately EUR 0.1 million.

A significant portion of the group's revenue is invoiced in currencies other than the euro, primarily in Swedish kronor. The risk associated with changes in exchange rates can be managed in various ways, including net positioning and currency hedging contracts. In 2024 and 2023, the group had no hedging contracts.

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.

General economic uncertainty affected the group's business during the review period, but its future impact remains difficult to assess. Geopolitical uncertainty may affect the business activities of some of the group's clients, thereby indirectly affecting the group's business. The group has no business activities in Russia or Ukraine.

Corporate governance

Digitalist Group Plc is governed in accordance with the Finnish Limited Liability Companies Act (624/2006, including amendments), Securities Markets Act (746/2012, including amendments), the Market Abuse Regulation (EU) No 596/2014 (MAR), Nasdaq Helsinki Ltd's rules and regulations for listed companies, and Digitalist Group Plc's Articles of Association. In addition, the company complies with the Corporate Governance Code 2020 with respect to the recommendations that took effect on 1 January 2020. The Corporate Governance Statement, which listed companies are required to publish under the Corporate Governance Code, was appended to the review by the Board of Directors, published on 28 March 2025. The report is available on the company's website. Insider guidelines in accordance with the Market Abuse Regulation (EU) N:o. 596/2014 (MAR) were published as a separate appendix to the review by the Board of Directors in September 2018. The report is available on the company's website.

Parent company

The parent company, Digitalist Group Plc, had turnover of EUR 0.2 million (EUR 0.2 million) derived from management services charged to the group's subsidiaries. The operating profit was EUR –0.5 million (EUR –0.6 million). Earnings for the financial period were EUR –5.5 million (EUR –4.6 million). The result for the financial year has been affected by the write-down of subsidiary shares and group receivables totaling EUR 1.7 million (EUR 3.5 million) and capital loan interest for 2023, which was unrecognised interest in the financial year 2023. In the 2024 financial year, capital loan interest for the 2023 and 2024 financial years was recorded, totalling EUR 2.1 million (EUR 0.0 million).

The balance sheet total was EUR 23.2 million (EUR 23.2 million). Equity excluding capital loans was EUR –22.4 million (EUR –16.9 million). Equity was EUR 1.5 million (EUR 0.0 million) when accounting for the conversion of EUR 23.9 million of convertible bonds into a capital loan.

The equity ratio, including capital loans, was 6.3% (0.1%). At the end of the period, the parent company's liquid assets totalled EUR 0.00 million (EUR 0.00 million).

The average number of employees during the financial period was 0 (0), and the group had 0 (0) employees at the end of the period. Salaries and bonuses amounted to EUR 0.2 million (EUR 0.3 million), pension expenses were EUR 0.0 million (EUR 0.0 million), and other personnel add-on costs were EUR 0.0 million (EUR 0.0 million). Personnel expenses totalled EUR 0.2 million (EUR 0.3 million), which is approximately 22.6% of operating expenses (26.5%).

Cash flow from operating activities in the financial period amounted to EUR –1.9 million (EUR –2.8 million).

Future prospects

In 2025, revenue and EBITDA are expected to improve compared to 2024.

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 2024 financial period. The parent company's distributable funds as of 31 December 2024 were negative.

Digitalist Group Plc's Annual General Meeting will be held on 29 April 2025.

Key indicators

Key indicators for the group

	IFRS 1 January–31 December 2024	IFRS 1 January–31 December 2023	IFRS 1 January–31 December 2022	IFRS 1 January–31 December 2021	IFRS 1 January–31 December 2020
Turnover, EUR 1,000	16,165	16,681	18,563	18,482	20,487
Turnover (% change)	–3.1%	–10.1%	0.4%	–9.8%	–25.2%
EBITDA*, EUR 1,000	–1,513	–861	–2,786	–1,778	–2,021
% of turnover	–9.4%	–5.2%	–15.0%	–9.6%	–9.9%
Operating profit/loss, EUR 1,000	–1,982	–1,696	–4,429	–5,315	–9,059
% of turnover	–12.3%	–10.2%	–23.9%	–28.8%	–44.2%
Profit/loss before taxes, EUR 1,000	–4.930	–3,969	–6,445	–5,794	–12,057
% of turnover	–30.5%	–23.8%	–34.7%	–31.4%	–59%
Balance sheet total, EUR 1,000	10,099	11,444	12,213	14,120	19,645
Return on equity (%)	neg.	neg.	neg.	neg.	neg.
Return on capital employed (%*)	–161.9%	–27.8%	–75.6%	–54.4%	–75.9%
Interest-bearing debt, EUR 1,000	38,240	35,747	35,302	32,669	28,075
Financial and cash assets, EUR 1,000	944	893	899	984	1,008
Net gearing*	neg.	neg.	neg.	neg.	neg.
Equity ratio*	–379.1%	–285.9%	–252.0%	–174.1%	–84.9%
Investments, EUR 1,000**	15	22	39	48	28
% of turnover	0.1%	0.1%	0.2%	0.3%	0.1%
Average number of personnel	123	139	159	172	208
Number of personnel at the end of the financial period	122	126	150	165	182

* *Digitalist Group presents alternative key indicators to supplement its consolidated financial statements, which are prepared in accordance with IFRS standards. The purpose of these indicators is to measure growth and describe the financial performance of the company's operations. The group has applied the European Securities and Markets Authority (ESMA) guidelines on alternative performance measures, which took effect on 3 July 2016.*

** *Investments do not include leases in accordance with IFRS-16.*

Key indicators per share

	1 January–31 December 2024	1 January–31 December 2023	1 January–31 December 2022	1 January–31 December 2021	1 January–31 December 2020
Earnings per share (EUR), diluted (EUR) and *	−0.01	−0.01	−0.01	−0.01	−0.02
Earnings per share (EUR), undiluted (EUR)*	−0.01	−0.01	−0.01	−0.01	−0.02
Price-to-earnings ratio	neg.	neg.	neg.	neg.	neg.
Closing price (EUR)	0.01	0.02	0.02	0.03	0.04
Average number of shares adjusted for share issues*	685,765,512	679,583,100	654,721,924	651,022,746	651,022,746
Number of shares at the end of the financial period	693,430,455	693,430,455	682,422,746	651,022,746	651,022,746
Average number of shares adjusted for dilution effect*	2,459,964,808	1,477,408,217	1,035,979,023	1,015,830,193	1,108,794,366
Dividend/share (%)	0.00%	0.00%	0.00%	0.00%	0.00%
Dividend/share (EUR)	0.00	0.00	0.00	0.00	0.00
Effective dividend yield (%)	0.00%	0.00%	0.00%	0.00%	0.00%
Shareholders' equity/share (EUR)	−0.05	−0.05	−0.05	−0.04	−0.03

* *The number of shares and per-share key figures have been affected by directed share issues (2022)*

Reconciliation calculations for alternative performance measures

RETURN ON CAPITAL EMPLOYED

%	2024	2023	2022	2021	2020
Profit before taxes	−4,930	−3,969	−6,448	−5,794	−12,057
Financial expenses	−3,103	−3,026	−2,404	−2,000	−3,219
Balance sheet total	10,099	11,444	12,213	14,120	19,645
Non-interest-bearing liabilities	9,526	8,415	7,686	6,036	8,256
Return on equity %	**−161.9%**	**−27.8%**	**−75.6%**	**−54.4%**	**−75.9%**

EBITDA

	2024	2023	2022	2021	2020
Operating profit	−1,982	−1,696	−4,429	−5,315	−9,059
Depreciation and impairment	470	834	1,643	3,538	7,037
EBITDA	**−1,513**	**−861**	**−2,786**	**−1,778**	**−2,021**

EQUITY RATIO

%	2024	2023	2022	2021	2020
Shareholders' equity	−37,667	−32,717	−30,774	−24,585	−16,686
Balance sheet total	10,099	11,444	12,213	14,120	19,645
Advances received	164				
Balance sheet total – advances received	9,935	11,444	12,213	14,120	19,645
Equity ratio, %	**−379.1%**	**−285.9%**	**−252.0%**	**−174.1%**	**−84.9%**

Principles for calculating the key indicators

EBITDA = Earnings before interest, taxes, depreciation and impairment

$$\textbf{Return on equity} = \frac{\text{Profit/loss for the financial period}}{\text{Shareholders' equity}} \times 100$$

$$\textbf{Return on capital employed} = \frac{\text{Profit before taxes + Financial expenses}}{\text{Balance sheet total – Non-interest-bearing liabilities (average over the year)}} \times 100$$

$$\textbf{Equity ratio} = \frac{\text{Total shareholders' equity}}{\text{Balance sheet total – Advances received}} \times 100$$

$$\textbf{Net gearing} = \frac{\text{Interest-bearing liabilities – Liquid assets}}{\text{Total shareholders' equity}}$$

$$\textbf{Earnings per share} = \frac{\text{Profit/loss for the financial period attributable to the owners of the parent company}}{\text{Average number of shares, adjusted for share issues, during the year}}$$

$$\textbf{Diluted earnings per share} = \frac{\text{Profit/loss for the financial period attributable to the owners of the parent company}}{\text{Average number of shares over the year, adjusted for dilution and share issues}}$$

$$\textbf{Shareholders' equity per share} = \frac{\text{Parent company's shareholders' equity}}{\text{Number of shares on the balance sheet date}}$$

$$\textbf{Dividend yield} = \frac{\text{Dividend paid for the financial period}}{\text{Shareholders' equity}}$$

$$\textbf{Price-to-earnings ratio} = \frac{\text{Share price at the end of the financial period}}{\text{Diluted earnings per share}}$$

$$\textbf{Effective dividend yield} = \frac{\text{Dividend per share}}{\text{Share price at the end of the financial period}} \times 100$$

Dilution effect = Number of shares in the company + Number of allocated options – Number of treasury shares to be obtained at the option subscription price, priced at the volume-weighted average price for the period

Information on shares, shareholders and options

Shares

SHARE CAPITAL AND SHARES

Digitalist Group's share capital on 31 December 2024 was EUR 585,394.16.

The company's total number of shares on 31 December 2024 was 693,430,455 shares.

Stock exchange quotations

Digitalist Group Plc is listed on Nasdaq Helsinki.

The company has one class of shares: DIGIGR.

	2024	2023	
Subscription price of shares on flotation 1 October 1999	5.75	5.75	EUR
Highest quotation for shares during the financial period	0.02	0.03	EUR
Lowest quotation for shares during the financial period	0.01	0.01	EUR
Share price 31 Dec	0.01	0.02	EUR
Market capitalisation 31 Dec	9,985,399	10,236,341	EUR
Share trading volume 1 Jan–31 Dec	78,321,067	40,711,793	shares
Total trading volume in euros	867,913	882,973	EUR
Average price 1 Jan–31 Dec	0.01	0.02	EUR
Share trading volume (% of the total number of shares) 31 Dec	11.3%	6.0%	
Weighted number of shares adjusted for the share issue 31 Dec	685,765,512	679,583,100	shares
Number of shares adjusted for the dilution effect 31 Dec	2,459,964,808	1,477,408,217	shares
Number of shares 31 Dec	693,430,455	693,430,455	shares

Ownership of shares

	Number of shares	Proportion of shares (%)	Number of holders
Individuals	81,756,954	11.79%	5,611
Institutions	524,547,631	75.65%	86
Nominee-registered shares	87,125,870	12.56%	8
Total	**693,430,455**	**100.00%**	**5,578**

Institutional holdings			
Companies	353,101,026	50.92%	
Financial and insurance institutions	171,422,838	24.72%	
Public corporations	0	0.00%	
Non-profit organisations	502	0.00%	
Foreign countries	23,265	0.00%	
Total	**524,547,631**	**75.65%**	
of which nominee-registered shares	87,125,870	12.56%	

Largest shareholders

	Number of shares	Proportion of shares (%)
Turret Oy Ab	336,637,039	48.55%
Holdix Oy Ab	164,358,406	23.70%
Digitalist Group Plc	7,664,943	1.11%
Nordea Bank Abp	4,585,763	0.66%
Österlund Jori Ville Ferdinand	4,549,962	0.66%
Sjöblom Katri Pauliina	4,074,561	0.59%
Sjöblom Kari Tapio	4,024,961	0.58%
Karisma-Invest Oy	2,588,557	0.37%
Matikainen Riku Pekka	2,269,127	0.33%
4capes Oy	1,705,000	0.25%
Hämäläinen Kari Heikki Kristian	1,694,000	0.24%
Fennia Life Insurance Company Ltd	1,671,931	0.24%
Rapeli Marko Teo Mikael	1,367,895	0.20%
Suihkonen Raisa Maria	1,322,145	0.19%
Rakennuttajapalvelu Kari Kilkkilä Oy	1,316,564	0.19%
Sjöblom Jouko Juhani	1,106,416	0.16%
Haltsonen Kalevi Verner	1,026,661	0.15%
Lars Erik Laaksonen	1,000,000	0.14%
Manator Oy	1,000,000	0.14%
Others*	149,466,524	21.55%
Total	**693,430,455**	**100.00%**

* *Shareholdings of the CEO and members of the Board of Directors in the nominee register. For more information, see Note 27.*

Distribution of ownership

	Shares	Proportion of shares (%)	Shares	Proportion of shares (%)
1–100 shares	1,002	17.56%	44,895	0.01%
101–1,000 shares	1,772	31.06%	944,042	0.14%
1,001–10,000 shares	2,031	35.60%	8,486,241	1.22%
10,001–100,000 shares	765	13.41%	24,228,284	3.49%
100,001–1,000,000 shares	114	2.00%	30,911,396	4.46%
Over 1,000,000 shares	21	0.37%	628,815,597	90.68%
Total	**5,705**	**100.00%**	**693,430,455**	**100.00%**

Management shareholdings and options

	Holding 2024	Number of votes (%)	Holding 2023
Shares owned by the CEO and members of the Board of Directors	396,865,379	57.23%	397,427,364
Options held by the CEO and members of the Board of Directors	1,825,000	0.26%	4,301,000

Consolidated income statement

The audited section of the financial statements begins on this page.

Consolidated income statement (IFRS)

EUR 1,000	Note	1 January–31 December 2024	1 January–31 December 2023
Turnover	**2, 4**	**16,165**	**16,681**
Other operating income	5	50	1,007
Materials and services	6	–3,103	–3,202
Expenses from employee benefits	7, 8	–11,874	–12,269
Depreciation and impairment	9	–470	–834
Other operating expenses	10	–2,750	–3,078
Total expenses		**–18,197**	**–19,383**
Operating profit		**–1,982**	**–1,696**
Financial income		155	752
Financial expenses		–3,103	–3,026
Total financial income and expenses	**11**	**–2,948**	**–2,274**
Profit before taxes		**–4,930**	**–3,969**
Income taxes	12	–87	–115
Profit/loss for the financial period		**–5,017**	**–4,085**
Distribution			
Owners of the parent company		–4,707	–4,042
Non-controlling interests		–310	–43
Earnings per share (EUR) (diluted)		–0.01	–0.01
Earnings per share (EUR) (undiluted)	13	–0.01	–0.01

Consolidated statement of comprehensive income

Consolidated statement of comprehensive income (IFRS)

EUR 1,000	Note	1 January–31 December 2024	1 January–31 December 2023
Profit/loss for the financial period		**−5,017**	**−4,085**
Other items of comprehensive income			
Items that may be reclassified through profit or loss at a later date			
Translation difference		−68	229
Total other items of comprehensive income for the period		**−68**	**229**
Total comprehensive income for the financial period		**−5,085**	**−3,855**
Comprehensive income distribution for the financial period:			
Owners of the parent company		−4,759	−3,807
Non-controlling interests		−327	−48

Consolidated balance sheet

Consolidated balance sheet (IFRS)

ASSETS

EUR 1,000	Note	1 January–31 December 2024	1 January–31 December 2023
Non-current assets			
Goodwill	9, 14	5,245	5,444
Other intangible assets	9, 14	314	422
Tangible assets	9, 15, 16	569	917
Other investments	17	6	6
Long-term loan receivables	17, 24	79	24
Deferred tax asset	12	9	-
Total non-current assets		**6,222**	**6,814**
Current assets			
Trade receivables and other receivables	4, 18	2,933	3,736
Cash and cash equivalents	17	944	893
Total current assets		**3,877**	**4,630**
Total assets		**10,099**	**11,444**

SHAREHOLDERS' EQUITY AND LIABILITIES

EUR 1,000	Note	1 January–31 December 2024	1 January–31 December 2023
Shareholders' equity			
Parent company's shareholders' equity			
Share capital	19	585	585
Share premium account	19	219	219
Invested unrestricted equity fund	19	73,917	73,917
Translation difference		−1,244	−1,192
Retained earnings		−106,125	−102,151
Profit/loss for the financial period		−4,707	−4,042
Total shareholders' equity attributable to the parent company's owners		−37,355	−32,664
Total shareholders' equity attributable to non-controlling interests	20	−311	−53
Total shareholders' equity		**−37,667**	**−32,717**
Non-current liabilities			
Financial liabilities	22, 24	25,361	3,667
Deferred tax liabilities	12	77	82
Total non-current liabilities		**25,438**	**3,749**
Current liabilities			
Accounts payable	22, 23	1,124	864
Other financial liabilities	22, 24	12,879	32,080
Other liabilities and accrued expenses	22, 23	8,325	7,468
Total current liabilities		**22,328**	**40,412**
Total shareholders' equity and liabilities		**10,099**	**11,444**

Consolidated cash flow statement

EUR 1,000	Note	1 January–31 December 2024	1 January–31 December 2023
Cash flow from operations			
Profit/loss for the financial period		–5,017	–4,085
Adjustments to cash flow from operations			
Other income and expenses with no payment transactions		–236	–77
Depreciation and impairment	9	470	834
Income taxes	12	87	115
Unrealised foreign exchange gains and losses		–85	–256
Other adjustments		5	–562
Financial income and expenses		3,058	2,274
Cash flow financing before changes in working capital, interest and taxes		**–1,719**	**–1,755**
Change in working capital		1,290	–262
Change in trade receivables and other receivables		673	453
Change in accounts payable and other liabilities		617	–715
Interest received		47	1
Interest paid		–884	–711
Taxes paid		–133	–149
Net cash flow from operations		**–1,398**	**–2,877**
Cash flow from investments			
Acquisitions by subsidiaries	3	-	–10
Sales of subsidiaries net of cash acquired	3	-	1,114
Investments in tangible and intangible assets	14, 15	–15	–22
Repayments of loan receivables	17	-	1,290
Interest income from investments		-	91
Taxes paid		-	–14
Net cash flow from investments		**–15**	**2,448**
Cash flow before financial items		**–1,414**	**–429**
Cash flow from financing activities			
Transactions with non-controlling interests		20	136
Drawdown of long-term loans	21, 22	2,025	750
Drawdown of short-term loans	22	-	737
Repayment of short-term loans	22	–129	–502
Repayment of lease liabilities	16	–429	–698
Net cash flow from financing		**1,486**	**424**
Change in cash and cash equivalents		**72**	**–5**
Cash and cash equivalents at the beginning of the financial period	17	893	899
Effect of exchange rate changes		–22	0
Cash and cash equivalents at the end of the financial period	17	944	893

Calculation of changes in consolidated shareholders' equity

Shareholders' equity attributable to the parent company's owners in 2023

EUR 1,000	Note	Share capital	Share premium fund	Invested unre-stricted equity fund	Trans-lation differ-ences	Retained earnings	Total	Share attributable to non-con-trolling interests	Total share-holders' equity
Shareholders' equity, 01 January 2023		**585**	**219**	**73,663**	**−1,198**	**−104,545**	**−31,276**	**503**	**−30,773**
Transfers between equity items					−229	229			
Comprehensive income									
Profit/loss for the financial period						−4,042	−4,042	−43	−4,085
Other items of comprehensive income					235		235	−5	229
Total comprehensive income for the financial period					**235**	**−4,042**	**−3,807**	**−48**	**−3,855**
Transactions with owners									
Share issue				254			254		254
Share-based remuneration	7					176	176		176
Transactions with non-controlling interests	3, 27					1,989	1,989	−508	1,481
Shareholders' equity, 31 December 2023		**585**	**219**	**73,917**	**−1,192**	**−106,193**	**−32,664**	**−53**	**−32,717**

Shareholders' equity attributable to the parent company's owners in 2024

EUR 1,000	Note	Share capital	Share premium fund	Invested unre-stricted equity fund	Trans-lation differ-ences	Retained earnings	Total	Share attributable to non-con-trolling interests	Total share-holders' equity
Shareholders' equity, 01 January 2024		**585**	**219**	**73,917**	**−1,192**	**−106,193**	**−32,664**	**−53**	**−32,717**
Comprehensive income									
Profit/loss for the financial period						−4,707	−4,707	−310	−5,017
Other items of comprehensive income					−51		−51	−17	−68
Total comprehensive income for the financial period					**−51**	**−4,707**	**−4,759**	**−327**	**−5,085**
Transactions with owners									
Share-based remuneration	7					54	54		54
Equity loan						−14	−14		−14
Sale of a subsidiary	27					14	14		14
Transactions with non-controlling interests	27					14	14	69	83
Shareholders' equity, 31 December 2024		**585**	**219**	**73,917**	**−1,244**	**−110,832**	**−37,355**	**−311**	**−37,667**

Notes to the consolidated financial statements

1. Basis of preparation

BASIC INFORMATION ABOUT THE GROUP

Digitalist Group Plc ("the Company" or "the Parent Company") is a Finnish public limited liability company established under Finnish law and domiciled in Helsinki. The shares of the parent company, Digitalist Group Plc, have been listed on NASDAQ Helsinki since 1999.

The consolidated financial statements have been prepared for the 12-month period from 1 January to 31 December 2024, and a copy of the consolidated financial statements is available on the following website: https://investor.digitalistgroup.com/investor or from the head office of the group's parent company at Siltasaarenkatu 18–20, Helsinki. Digitalist Group Plc has also published its financial statements as an XHTML file in Finnish in compliance with the reporting requirements of the European Single Electronic Format (ESEF). The main calculations in the consolidated financial statements are marked in XBRL language in accordance with taxonomy, and the notes to the consolidated financial statements are marked in XBRL with block markings.

Digitalist Group Plc and its subsidiaries together form the Digitalist Group ("the group"), a creative technology group. The group seeks, designs, formulates and implements functional user experiences and sustainable software solutions based on internet, cloud or mobile technologies. The group's clients are among the leading companies in their sectors around the world. The group designs comprehensive digital solutions for its clients to enhance their competitiveness and productivity and provide them with added value and customer loyalty.

The Board of Directors has approved the financial statements for publication on 28 March 2025. In accordance with the Finnish Companies Act, shareholders have the opportunity to accept or reject the financial statement at an Annual General Meeting to be held after the statement has been published. The Annual General Meeting may also decide to amend the financial statements.

ACCOUNTING POLICIES

Digitalist Group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) following the IAS and IFRS standards in effect on 31 December 2024, as well as the SIC and IFRIC interpretations. "International standards" refers to the standards and related interpretations approved for application in the EU in compliance with the procedure stipulated in Regulation (EC) 1606/2002, as referred to in the Finnish Accounting Act and subsequent regulations. The notes to the consolidated financial statements also conform to the Finnish accounting and company legislation that supplements the IFRS standards.

Note 1 describes the general accounting policies for the consolidated financial statements. The accounting policies for each financial statement item and descriptions of decisions based on management's judgment and the use of estimates and assumptions are presented in connection with the relevant note item.

The consolidated financial statements are presented in thousands of euros, and the parent company's financial statements are presented to the nearest cent, unless otherwise stated. The figures are based on original acquisition costs unless otherwise stated in the accounting policies.

ACCOUNTING PRINCIPLES REQUIRING MANAGEMENT DISCRETION AND MAIN UNCERTAINTY FACTORS RELATING TO ESTIMATES

The preparation of the financial statements requires the senior management to make estimates and assumptions that affect the amounts of the company's assets, liabilities, income and expenses recognised in the financial statements, as well as the amounts presented in the notes under contingent assets and liabilities. Although these estimates are based on the management's best understanding of current events and actions, the actual outcomes may differ from the estimates.

The senior management of the group exercises discretion when making decisions about the choice of accounting principles for the financial statements and how they are applied. This particularly affects cases where the IFRS norms in force contain alternative recognition, measurement or presentation procedures. The most significant estimates and judgments related to the financial statements are related to the assessment of going concern and impairment testing.

The estimates made when the financial statements were prepared are based on the senior management's best insight on the balance sheet date. The estimates are affected by prior experience, as well as assumptions about the future that are deemed the most likely on the balance sheet date and are related to factors such as expected developments in the group's financial operating environment with regard to sales and cost levels. The group regularly monitors the realisation of estimates and assumptions, as well as changes in the underlying factors, by working with the business units and using various internal and external data sources. Any changes in the estimates and assumptions are entered into the accounts in the financial period in which the estimate or assumption is corrected and in all subsequent financial periods.

The going concern principle

The group made a loss despite the efficiency improvement measures. 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 endeavours to continuously assess and monitor the amount of financing the business requires in order to ensure that the company has the necessary liquid assets to finance its operations and repay its loans. Any disruptions in the financial arrangements would weaken Digitalist Group's financial position.

The financial statement release was prepared in accordance with the principle of the business as a going concern. The assumption of business continuity is based on the management's assessment and the following:

- Cost saving programmes improved the group's profitability in 2023 and 2024. Personnel expenses and other operating expenses decreased by EUR 0.7 million during the 2024 financial year compared to the corresponding period of the previous year, and the cost structure is now lighter.
- In addition, the effects of new cost-saving measures launched in 2024 will be almost fully visible in 2025.
- The group has identified new areas of growth and is strengthening its market position in Sweden, which is believed to have a positive impact on sales development.
- Negotiations on the arrangements for related party convertible bonds maturing in 2024 were completed in 2024, and the maturity date was extended until autumn 2026.

The maturity date of a EUR 2.0 million loan (included in the group's short-term financial institution loans) has been extended by two years after the end of the financial year, until April 30, 2027.

When the financial statements were published, the board of directors expected its working capital to be sufficient to cover its requirements over the next 12 months based on support provided by the main owner as needed. After the end of the financial year, Digitalist Group has received confirmation from the main shareholders to ensure the company's solvency for at least 12 months ahead.

UNCERTAINTIES RELATED TO ESTIMATES

Impairment testing

The group tests goodwill for impairment at least annually or when there are indications of possible impairment. The recoverable amounts of cash-flow-generating units are determined using calculations based on their value in use. Preparing these calculations requires the use of estimates. Note 14 provides further information on impairment testing.

NEW AND AMENDED STANDARDS APPLIED IN THE MOST RECENT FINANCIAL PERIOD

Digitalist Group has applied the IASB's new standards, amendments and interpretations (IAS 1, IAS 16 and IAS 7), which apply for the first time in reporting periods beginning on 1 January 2024. The new and amended standards and interpretations did not have a significant impact on the group's earnings, financial position or financial statements. The new IFRS 18* standard Presentation of Financial Statements and Disclosures (effective from 1 January 2027, but earlier application permitted) replaces IAS 1, Presentation of Financial Statements. The most significant changes relate to the structure of the income statement and the subtotals presented in it. The financial statements also provide notes on certain performance measures determined by management that are currently not presented in the financial statements. The standard also specifies in more detail the criteria for combining and disaggregating information, and applies to both the main accounts and the notes to the financial statements. The group is currently assessing the impacts of the new standard.

Other new or amended accounting standards that are not yet effective are not expected to have a significant impact on the consolidated financial statements or other disclosures.

* *The European Commission has not yet approved it for application in the EU on 31 December 2024.*

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the parent company, Digitalist Group Plc, and all of the subsidiaries in which the parent company holds more than 50% of the voting rights conveyed by the shares or over which the parent company otherwise exercises control. The group has a controlling interest if, by taking part in a company, it is exposed to fluctuating returns or is entitled to such fluctuating returns and it is able to influence these returns by exercising its control over the company.

Mutual shareholdings within the group have been eliminated using the acquisition method. Acquired subsidiaries are consolidated from the moment that the group gains control over them, and divested subsidiaries are consolidated until this control ends.

All intra-group business transactions, receivables, liabilities, unrealised profits and internal profit distribution are eliminated when preparing the consolidated financial statements.

The distribution of the profit or loss for the period to the owners of the parent company and non-controlling interests is presented in the income statement. The distribution of comprehensive income to the shareholders of the parent company and non-controlling interests is presented in connection with the statement of comprehensive income. The shareholders' equity attributable to non-controlling interests is presented in the consolidated balance sheet as a separate item under shareholders' equity in the balance sheet.

ITEMS DENOMINATED IN FOREIGN CURRENCIES

The profit and financial position of Group units are determined using the currency of the main operating region of the unit in question ("functional currency"). The consolidated financial statements are presented in euros, which is the functional and presentation currency of the group's parent company.

Transactions denominated in foreign currencies are recognised at the exchange rates at the date of transaction. Monetary items denominated in foreign currencies are converted into the operating currency using the exchange rates on the balance sheet date. Non-monetary items that are denominated in foreign currencies and are measured at fair value are converted into the operating currency using the exchange rates on the valuation date. Otherwise, non-monetary items are measured at the exchange rate on the transaction date.

Gains and losses arising from transactions in foreign currencies and from the conversion of monetary items are recognised under financial items in the income statement. Exchange rate gains and losses from business operations are included in the corresponding items above operating profit.

The income and expense items in the income statements of foreign subsidiaries are converted into euros using the average exchange rate in the month concerned, and the balance sheets are converted using the exchange rates on the balance sheet dates. The conversion of income and comprehensive income for the financial period at different exchange rates in the income statement, the statement of comprehensive income, and the balance sheet gives rise to a translation difference recognised in shareholders' equity in the balance sheet. Changes to the translation difference are recognised in other items of comprehensive income.

2. Segment information

Digitalist Group reports its business in a single segment. The supreme operational decision-making organ is the Board of Directors, to which the business is reported in one operational and reporting segment.

GEOGRAPHICAL INFORMATION

At the balance sheet date, the group's operations are mainly concentrated in Finland and Sweden.

The table below shows the combined turnover and long-term assets and liabilities of the companies in the main market areas. Sales revenues from external customers are defined according to the IFRS provisions. Revenues are presented according to the seller's location.

2024 EUR 1,000	Income	Non-current assets	Non-current liabilities
Europe	16,165	6,222	25,438
of which Finland	4,791	5,080	25,112
of which Sweden	11,373	1,141	285
Group total	**16,165**	**6,222**	**25,438**

2023 EUR 1,000	Income	Non-current assets	Non-current liabilities
Europe	16,641	6,813	3,749
of which Finland	6,449	6,421	3,511
of which Sweden	10,191	248	73
North America	40	1	0
Group total	**16,681**	**6,814**	**3,749**

3. Businesses operations acquired and sold

CHANGES IN THE GROUP STRUCTURE

2024 financial period
Businesses operations acquired and sold

The acquisitions and divestments of businesses made in the financial year 2024 have been intra-group; see note 27.

2023 financial period
Businesses operations acquired

In the 2023 financial period, Digitalist Group made two acquisitions, one in Finland and one in Sweden.

Walker & Handson Oy, Finland share deal (100%) 23 February 2023
Open Communications AB, Sweden cash and share deal (100%) 4 July 2023

The acquisitions were executed as share transactions and as a combination of cash and share transactions. No additional transaction price liabilities remain outstanding for the acquisitions. The assets and liabilities of the acquired companies mainly consist of working capital items and separately identified assets related to client relationships. Separately identified customer relationships have a useful life of 3 years. The company is not aware of any need to change the allocation of transaction prices.

2023 EUR 1,000	Walker & Handson Oy	Open Communications AB
Acquisition cost	900	898
Assets	54	382
Customer relationships	290	172
Liabilities	52	196
Net assets	**292**	**358**
Goodwill	608	540

On 23 February 2023, Digitalist Finland Plc (currently Digitalist Experience Oy) acquired all shares in Walker & Handson Oy ("W&H") in a share exchange by directing new Digitalist Finland Plc shares to W&H in a directed share issue, corresponding to approximately 10% of all shares in Digitalist Finland Plc after the arrangement. Most of the calculated transaction price of EUR 0.9 million is goodwill, which is recognised in the consolidated balance sheet. W&H is an emerging Finnish CX design company. The arrangement will strengthen Digitalist Finland Ltd's management and business performance under Jussi Hermunen's leadership. It also brings the growing number of potential W&H clients to Digitalist Finland Ltd. The arrangement is expected to significantly improve Digitalist Finland Ltd's growth potential in Finland. W&H merged with Digitalist Finland Ltd on 31 December 2023.

On 4 July 2023, Digitalist Group acquired the share capital of Open Communications International AB ("OC"), which is based in Sweden. Digitalist Group acquired 70% of OC's share capital by paying SEK 2.5 million in cash, and the remaining 30% of OC's share capital with a share issue of up to 11,007,709 new shares in Digitalist Group directed to David Gray's holding company. In addition, Digitalist Group acquired the remaining 30% of OC's share capital by transferring shares in its wholly-owned subsidiary Grow AB to the sellers. The total transaction price was SEK 10.6 million. Following the transaction, the sellers gained a 10% minority shareholding in Grow AB. Open Communications AB is a branding, strategy and communications expert company that is based in Sweden and operates internationally. The arrangement will strengthen the group's expert services in branding, strategy and communications.

Financial year 2023
Businesses sold

In 2023, the entire share capital of FutureLab & Partners AB (Sweden) was sold to Turret Oy, a related party of the company.

FutureLab & Partners AB, Sweden	cash transaction (100%)	4 July 2023

2023 EUR 1,000	FutureLab & Partners AB
Sale price	1,200
Assets	321
Liabilities	176
Allocated goodwill	425
Capital gain	630

4. Turnover

ACCOUNTING PRINCIPLE

The group's business focuses on consulting services related to digital solutions. In addition, part of the revenue is also generated from maintenance services and SaaS services. The group applies a five-step model in accordance with IFRS 15 in recognising sales revenue, which identifies contractual and performance obligations, determines the transaction price and allocates it to the performance obligation. Digitalist's performance obligations mainly include consulting services, licenses for its own products and maintenance of its own products. In addition, Digitalist brokers third-party cloud capacity and licences.

Consulting services

Consulting services include services that combine brand strategy, user experience, service design and technology, with a preference for open-source solutions. Consulting services provided to customers generally form a single project entity, which is treated as a performance obligation. Consulting services are recognised as revenue over time, with the service being produced and invoiced typically at the end of the month or the beginning of the following month. Some consulting assignments are fixed-price projects.

SaaS services

SaaS services include services related to customer research, analytics and data processing, both in-house products and third-party products. SaaS services constitute a performance obligation that is recognised over time for the contract period. SaaS services are usually invoiced in advance, and the invoicing cycle may vary.

Maintenance services

In service and maintenance agreements, Digitalist carries out system support and maintenance, and this includes its own products and third-party products. Maintenance services constitute a performance obligation recognised over time for the contract period. Maintenance services are usually invoiced in advance, and the invoicing cycle may vary. The invoice often includes a fixed portion and a variable portion on top of it, which depends on the use of the service.

Revenue is recognised on a time-based basis as the performance obligation is satisfied, and only to the extent of the consideration to which the group expects to be entitled in exchange for the promised services being transferred to the client. This excludes amounts collected on behalf of third parties, such as indirect taxes. The company recognises a sale as income when it transfers control over the service to the client. The transaction price is the amount of consideration to which the group expects to be entitled in exchange for the services provided to the client. Any discounts are taken into account when determining the consideration amount when recording the sale. The group has variable consideration with some individual client, but this is not a significant part.

Part of the group's business consists of fixed-price consulting services. The completion rate is defined for each project as the proportion of hours worked by the time of review out of the estimated total number of hours, which requires management judgment in determining the completion rate. If it is likely that the total cost of a project will exceed the total income, the expected loss is recognised immediately as an expense. The revenue recognition date and invoicing date may differ. The company recognises a contractual asset (accrual) when revenue is recognised before invoicing, and a contractual liability when the cient makes advance payments. Fixed-price client deliveries carry risks related to timing and content. The company endeavours to manage these risks through contractual and project management measures.

If the service package includes maintenance services, the income from these services is recognised evenly over the contract period. SaaS contracts are also recognised as revenue over the contract period.

For all performance obligations, the typical payment period is 30 days from the invoice date. The company's client agreements contain no significant financing components. A large part of the group's turnover is invoiced in currencies other than EUR euros, mainly in Swedish krona, and as a result turnover is subject to exchange rate risk. The group has not hedged against the foreign exchange risk on its turnover.

The company's sales to one key client during the financial period were EUR 2.7 million (EUR 1.9 million), which is 17% (11%) of total sales.

Breakdown of sales revenue by revenue stream

EUR 1,000	2024	2023
Consulting*	14,483	15,167
Separate maintenance services	539	590
SaaS	1,142	924
	16,165	**16,681**

* *Also includes a small amount of maintenance services that are part of a larger project.*

Assets and liabilities based on client contracts

EUR 1,000	2024	2023
Accounts receivable	1,874	2,744
Assets based on contracts	390	288
Contractual liabilities	707	842

Turnover by contract type

EUR 1,000	2024	2023
Time-based projects	8,033	9,063
Short-term fixed-price projects	6,387	5,302
Others	1,744	2,317
	16,165	**16,681**

The group's asset items based on customer agreements consist of the group's receivables that had not yet been invoiced to clients on the reporting date. The asset items based on agreements are transferred to trade receivables when there is an unconditional right to the receivable. Notes 18 and 25b present more information on trade receivables. In addition, the geographical distribution of turnover is presented in Note 2.

5. Other operating income

Other operating income includes gains from the sale of assets and other income unrelated to the sale of work performances, such as government grants received.

EUR 1,000	2024	2023
Administration fee charges	-	11
Businesses sold*	-	630
Debts forgiven	-	255
Other items	50	111
Total	**50**	**1,007**

* *Note 3 provides further information.*

6. Materials and services

EUR 1,000	2024	2023
Licence purchases	−513	−448
Subcontracting services	−2,590	−2,754
Total	**−3,103**	**−3,202**

Materials and services consist of subcontracting costs incurred from the use of service labour and licence purchases.

7. Expenses from employee benefits

PENSION SCHEMES

At present, the group only uses defined-contribution pension schemes. The contributions paid under these schemes are recognised as expenses in the balance sheet for the financial period in which they are incurred.

The group has no legal or constructive obligation to make additional payments if the recipient of the payments is unable to pay the pension benefits in question.

SHARE-BASED PAYMENTS

The group has incentive schemes where payments are made in the form of equity instruments. The benefits awarded under the schemes are recognised at fair value on the date on which they were granted and entered as costs in the income statement evenly throughout the period during which they were earned. The effect of the schemes on profit and loss is presented in the income statement under expenses incurred from employee benefits.

The cost determined on the date on which the options were granted is based on the group's estimate of the number of options for which rights are presumed to arise at the end of the incentive-earning period. The group updates the presumption of the final number of options on every balance sheet date. Changes in the estimates are recognised in the income statement. The fair value of the option schemes is determined on the basis of the Black-Scholes option pricing model.

When option rights are exercised, the assets obtained from share subscriptions are adjusted for transaction costs and recognised in the invested unrestricted equity fund in accordance with the terms of the scheme. Note 19 provides further information on share-based payments.

EUR 1,000	2024	2023
Salaries and bonuses of the CEO and the Board of Directors	−333	−340
Stock options (CEO)	−10	−35
Salaries and bonuses (excl. CEO and Board of Directors)	−8,759	−8,887
Options	−44	−141
Total	**−9,146**	**−9,403**
Pension expenses – defined contribution schemes	−1,133	−1,198
Other personnel expenses	−1,595	−1,668
Personnel expenses in the income statement	**−11,874**	**−12,269**

Related-party transactions: note 27.

8. Personnel

Average number of employees	2024	2023
Experts	106	122
Administrative and sales personnel	17	17
Total	**123**	**139**
of whom working abroad	70	84

Personnel at the end of the financial period	2024	2023
Experts	105	110
Administrative and sales personnel	17	16
Total	**122**	**126**
of whom working abroad	70	74

9. Depreciation and impairment

EUR 1,000	2024	2023
Depreciation		
Depreciation of intangible assets acquired in business combinations	−92	−146
Depreciation of intangible rights and assets	−11	−11
Depreciation of right-of-use assets	−345	−640
Depreciation of tangible fixed assets	−22	−38
Total depreciation and impairment	**−470**	**−834**

10. Other operating expenses

EUR 1,000	2024	2023
Personnel-related expenses	−212	−238
Office charges	−328	−336
IT hardware and maintenance costs	−628	−636
Travel expenses	−125	−166
Marketing and sales promotion	−240	−172
Auditing, accounting, consulting and legal services	−724	−893
Credit losses	3	−113
Other operating expenses	−495	−524
Total	**−2,750**	**−3,078**

AUDITOR'S FEES

EUR 1,000	2024	2023
KPMG companies		
Auditing fees	−122	−138
Other statutory assignments	−9	−9
Total	**−131**	**−147**

11. Financial income and expenses

EUR 1,000	2024	2023
Exchange rate gains	149	260
Interest income from loans and receivables	7	16
Other financial income*	-	476
Total financial income	**155**	**752**
Interest expenses from liabilities recognised at amortised cost	−2,249	−2,094
Exchange rate losses	−263	−445
Interest on lease liabilities	−5	−12
Other financial expenses	−587	−476
Total financial expenses	**−3,103**	**−3,026**
Total financial income and expenses	**−2,948**	**−2,274**

* *The financial items for 2023 include a financial income of EUR 0.3 million based on the decision to forgo the collection of a Business Finland product development loan.*

12. Income taxes

The accrual-based taxes corresponding to the earnings of the group companies in the financial period are recognised under taxes in the consolidated income statement based on the taxable income calculated according to the local tax regulations applying to each company, along with adjustments to taxes in prior financial periods and changes in deferred taxes. Income taxes are recognised through profit or loss unless they are related to other comprehensive income or to items recognised directly in shareholders' equity. In such cases, the income tax is also recognised in these items.

Deferred taxes are recognised for temporary differences between the book values and taxable values of assets and liabilities on the balance sheet date, unused tax losses and unused tax rebates. However, a deferred tax liability is not recognised when it concerns an asset or liability that is initially recognised in the accounting records, and it is not a business combination, and the recognition of such an asset or liability item does not affect the accounting result or taxable income at the time of the transaction, and does not create taxable and tax-deductible temporary differences of equal amounts at the time of the transaction. No deferred tax is booked for non-deductible goodwill, and no deferred tax is booked for the undistributed profits of subsidiaries if the difference is not likely to be unwound in the foreseeable future.

Deferred tax is calculated using the tax rates prevailing on the balance sheet date.

Deferred tax assets are recognised in the amount for which it is likely that taxable income will be generated in the future against which the temporary difference can be utilised.

INCOME TAXES IN THE INCOME STATEMENT

EUR 1,000	2024	2023
Taxes for the financial period	−98	−108
Deferred taxes	11	−7
Total	**−87**	**−115**

RECONCILIATION OF THE GROUP'S TAX RATE WITH THE FINNISH TAX RATE

EUR 1,000	2024	2023
Profit before taxes	**−4,930**	**−3,969**
Tax calculated at the Finnish corporate tax rate (20%)	986	794
Non-deductible items*	−322	−2,271
Tax-exempt items**	809	774
Different tax rates of foreign subsidiaries	−492	130
Unrecognised deferred tax asset for losses	−1,067	462
Others	-	−3
Group taxes	**−87**	**−115**

* *Non-deductible items consist mainly of impairment of intra-group receivables.*

** *Tax-exempt items mainly include write-downs of intra-group liabilities, which are not taxable income.*

DEFERRED TAX ASSETS AND LIABILITIES

Breakdown of deferred tax liabilities 2024*

EUR 1,000	01 January 2024	Recognised in the income statement	Translation differences	Businesses sold	31 December 2024
Recognition of intangible assets at fair value	82	−11	6	-	77
Leases in accordance with IFRS 16					
Total	**82**	**−11**	**6**	**-**	**77**

Breakdown of deferred tax liabilities 2023

EUR 1,000	01 January 2023	Recognised in the income statement	Translation differences	Businesses sold	31 December 2023
Recognition of intangible assets at fair value	17	30	1	34	82
Total	**17**	**30**	**1**	**34**	**82**

** The total deferred tax liability for assets recognised under IFRS 16 leases as of 31 December 2024 was EUR 106 thousand (EUR 174 thousand)*

Confirmed tax losses	EUR million
expires 2025	7.44
expires 2026	4.54
expires 2027	1.59
expires 2028	2.52
expires 2029	3.09
expires 2030	5.76
expires 2031	3.42
expires 2032	3.98
expires 2033	1.84
later	8.76
	42.93

The group's balance sheet does not contain any deferred tax assets recognised for taxable losses.

Breakdown of deferred tax assets 2024*

EUR 1,000	01 January 2024	Recognised in the income statement	Translation differences	Acquired transactions	31 December 2024
Other items	-	-	9	-	9
Total	**-**	**-**	**9**	**-**	**9**

Breakdown of deferred tax assets 2023

EUR 1,000	01 January 2023	Recognised in the income statement	Translation differences	Acquired transactions	31 December 2023
Other items	37	−37	-	-	-
Total	**37**	**−37**	**-**	**-**	**-**

** The deferred tax asset of lease liabilities recognised from leases under IFRS 16 amounted to EUR 111 thousand on 31 December 2023 (EUR 174 thousand).*

13. Earnings per share:

Undiluted earnings per share are calculated by dividing the profit or loss for the financial period attributable to the shareholders of the parent company by the weighted average number of shares in the company in circulation during the financial period, excluding the shares acquired and held by the company. The diluted earnings per share are calculated by adjusting the weighted average of the number of outstanding shares during the financial period with the number estimated to be subscribed on the basis of share-based incentive schemes.

	2024	2023
Profit for the financial year attributable to owners of the parent company, EUR 1,000	–4,707	–4,042
Average number of shares during the financial period adjusted for share issues	685,765,512	679,583,100
Earnings per share (EUR)	–0.01	–0.01
Number of shares diluted by share issues average during the period	2,459,964,808	1,477,408,217
Diluted earnings per share (EUR)	–0.01	–0.01
Impact of adjustments for share issues and dilution	1,774,199,296	797,825,117

14. Intangible assets and goodwill

The intangible assets acquired through business combinations are capitalised in the balance sheet at fair value at the time of acquisition. The intangible assets recognised in conjunction with the consolidation of the group's businesses relate to clients, agreements and technologies where the useful life is known.

Other intangible assets are entered in the balance sheet at acquisition cost if the acquisition cost of the asset can be reliably determined and if it is probable that the expected future benefit from the asset will benefit the group.

Intangible assets with a limited useful life are recognised in the income statement as expenses through profit or loss based on straight-line depreciation during their known or estimated useful life.

The group has no other intangible assets with indefinite useful lives.

Depreciation times used by the group

Intangible rights	3–4 years of straight-line depreciation
Intangible assets	3–4 years of straight-line depreciation
Intangible assets acquired through business combinations	3–10 years of straight-line depreciation

Impairment of tangible and intangible assets

On each balance sheet date, the group estimates whether there are indications of impairment in the value of a particular asset. If such an indication is found, the recoverable amount of cash for the asset in question is estimated. In addition, the recoverable amount of goodwill is assessed annually, regardless of whether there is any indication of impairment. The value tests are conducted for each cash-flow-generating unit.

The recoverable amount is the asset's fair value less the costs of selling it or its value in use, whichever is greater. The value in use is the estimated future net cash flow from the asset or cash-generating unit, which is discounted to its present value. The discount rate is a rate before tax that describes the market's perception of the time value of money and the specific risks associated with the asset.

An impairment loss is recognised if the balance sheet value exceeds the recoverable amount. Impairment losses are recognised in the income statement. The useful lives of depreciated assets are reassessed in conjunction with the recognition of an impairment loss. An impairment loss that is recognised for an asset other than goodwill is reversed if there has been a change in the estimates used to determine the amount recoverable from the asset. However, the impairment loss may not be reversed to an amount that is more than the asset's book value without any impairment loss. Impairment losses recognised for goodwill are never reversed.

Research and development expenses

Research expenditure is recognised as an expense in the balance sheet. Development expenditure related to designing new and more advanced products is activated in the balance sheet as an intangible asset when the product can be technically realised and commercially exploited, and the product is expected to generate a future financial benefit that covers the expenditure. Intangible assets are measured at acquisition cost less depreciation and impairment. Development expenditure that has previously been recognised as an expense cannot be capitalised at a later date.

The income statement does not include the research and development expenses recognised as costs in 2024 or 2023.

Intangible assets 2024

EUR 1,000	Goodwill	Intangible rights	Intangible assets	Total
Acquisition cost 1 January 2024	18,026	8,421	14,179	40,626
Increases	-	0	-	0
Changes in exchange rates	−199	−2	−142	−343
Acquisition cost 31 Dec 2024	**17,827**	**8,419**	**14,038**	**40,283**
Accumulated depreciation and impairment losses as of 1 January 2024	−12,582	−8,413	−13,764	−34,759
Depreciation for the financial period	-	−7	−96	−103
Accumulated depreciation on decreases and transfers	-	-	17	17
Changes in exchange rates	-	2	119	121
Accumulated depreciation and impairment losses as of 31 December 2024	**−12,582**	**−8,418**	**−13,724**	**−34,723**
Book value 1 January 2024	**5,444**	**8**	**415**	**5,867**
Book value 31 December 2024	**5,245**	**1**	**313**	**5,559**

Intangible assets 2023

EUR 1,000	Goodwill	Intangible rights	Intangible assets	Total
Acquisition cost 1 Jan 2023	17,260	8,421	13,697	39,378
Increases	1,148	0	462	1,611
Decreases	−426	-	-	−426
Changes in exchange rates	44	0	20	63
Acquisition cost 31 Dec 2023	**18,026**	**8,421**	**14,179**	**40,626**
Accumulated depreciation and impairment 1 Jan 2023	−12,582	−8,406	−13,601	−34,589
Depreciation for the financial period	-	−7	−150	−157
Accumulated depreciation on decreases and transfers	-	-	-	-
Changes in exchange rates	-	0	−13	−13
Accumulated depreciation and impairment 31 Dec 2023	**−12,582**	**−8,413**	**−13,764**	**−34,759**
Book value 1 Jan 2023	**4,678**	**14**	**96**	**4,788**
Book value 31 Dec 2023	**5,444**	**8**	**415**	**5,867**

Intangible assets include intangible assets acquired in business acquisitions. At the end of the financial period, the undepreciated residual value of intangible assets was EUR 309 thousand (EUR 405 thousand).

GOODWILL IMPAIRMENT TESTING

Goodwill is recognised as the amount by which the sum of:

– the consideration paid
+ the share of any non-controlling interests in the acquired company, and
+ the fair value on the acquisition date of the previously held interest in the acquired company

exceeds the fair value of identifiable net assets acquired. Goodwill reflects the expected future synergy benefits from acquisitions, among other things. Goodwill is measured at acquisition cost less accumulated impairment. Goodwill is not depreciated.

The group tests goodwill for impairment at least annually or when there are indications of possible impairment.

The goodwill is allocated to one cash-flow-generating unit. Impairment testing is carried out at group level because the group is considered to be a single cash-flow-generating unit.

At the end of the financial period, the balance sheet contained goodwill amounting to EUR 5.2 million (EUR 5.4 million). The company tested its goodwill in accordance with IAS 36 and its accounting policies twice during the financial period. The company recognised no impairment of goodwill in the most recent financial period. The value in use of the assets under test exceeded the carrying amount of the assets under test by EUR 9.0 million (buffer).

The amount of money that can be collected from cash-flow-generating units is based on the value in use of the asset concerned. Goodwill is tested for impairment by comparing the value in use to the book value. The first-year cash flow forecasts are based on budgets approved by the senior management. The present values for the four-year forecasting period thereafter are determined using the assumptions based on the discretion of the senior management. Cash flow forecasts are based on the group's current business structure and the management's best estimates of future sales, cost development, market conditions and applicable tax rates. Future business growth is based on management estimates.

During the 2025–2029 forecast period, an average growth of 15 per cent is expected, supported by market growth in the group's industries and the increasingly widespread impact of digitalisation in business. In addition, the rapid development of artificial intelligence and its integration into the provision of services are accelerating growth by providing more efficient and innovative solutions to clients. The efficiency measures and strategic recruitments that have been implemented create a firm foundation for future development. The EBITDA margin is forecast to increase to 7% in 2026 and 12% by the end of the forecast period, averaging 9% over the entire 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 used is 11.4% (11.4%). When calculating cash flows after the forecast period, a growth factor of 2.35% (2.35%) was used. The average EBITDA percentage of the forecast period has been used to calculate the terminal period value. 58% of the value of a business consists of the residual value.

A significantly negative change in any individual assumption used in the calculations could necessitate an impairment charge on goodwill. According to the sensitivity analysis, an average growth in revenue of less than 14% over the forecast period would result in the value in use falling below the amount being tested, provided that the fixed cost structure did not change. If EBITDA% were to remain below 6% during the forecast period, the value in use would fall below the amount being tested. If 28% had been used as the WACC interest rate instead of 11.4%, the value in use would be below the amount being tested.

Goodwill has been allocated to the following cash-flow-generating units

EUR 1,000	Digitalist Group
Goodwill 1 January 2024	5,444
Translation differences	−199
Goodwill 31 December 2024	**5,245**
Goodwill 1 Jan 2023	4,678
Translation differences	44
Other changes	723
Goodwill 31 Dec 2023	**5,444**

Principal assumptions used for goodwill testing	2024	2023
Length of the forecasting period	5	5
Average annual increase in turnover	15%	11%
Growth factor for cash flows after the forecasting period	2.35%	2.35%
Discount rate	11.4%	11.4%
EBITDA (%)	9%	7%

15. Property, plant and equipment

PROPERTY, PLANT AND EQUIPMENT

Machinery and equipment constitute the majority of the tangible assets. These items are valued in the balance sheet at acquisition cost less accumulated depreciation and any impairment. Gains or losses arising from the sale or disposal of tangible assets are recognised in the income statement.

The artworks included in property, plant and equipment are presented as non-depreciable tangible assets.

DEPRECIATION TIMES USED BY THE GROUP

Machinery and equipment	3–5 years of straight-line depreciation
Other tangible assets	3–5 years of straight-line depreciation

Property, plant and equipment in 2024

EUR 1,000	Machinery and equipment	Tangible assets not subject to depreciation	Other investments	Total
Acquisition cost 1 January 2024	11,826	25	6	11,858
Increases	16	-	0	16
Changes in exchange rates	−10	-	-	−10
Acquisition cost 31 Dec 2024	**11,832**	**25**	**6**	**11,864**
Accumulated depreciation and impairment losses as of 01 January 2024	−11,790	−13	-	−11,803
Depreciation and impairment losses for the period	−22	-	-	−22
Changes in exchange rates	9	0	-	9
Accumulated depreciation and impairment losses as of 31 December 2024	**−11,803**	**−14**	**-**	**−11,817**
Book value 1 January 2024	**37**	**12**	**6**	**56**
Book value 31 December 2024	**29**	**11**	**6**	**47**

Property, plant and equipment in 2023

EUR 1,000	Machinery and equipment	Tangible assets not subject to depreciation	Other investments	Total
Acquisition cost 1 Jan 2023	11,806	25	102	11,933
Increases	24	-	0	24
Depreciation and transfers	−2	-	−96	−98
Changes in exchange rates	−1	-	-	−1
Acquisition cost 31 Dec 2023	**11,826**	**25**	**6**	**11,858**
Accumulated depreciation and impairment 1 Jan 2023	−11,767	0	-	−11,767
Depreciation and impairment losses for the period	−25	−13	-	−38
Changes in exchange rates	1	0	-	1
Accumulated depreciation and impairment 31 Dec 2023	**−11,790**	**−13**	**-**	**−11,803**
Book value 1 Jan 2023	**40**	**25**	**102**	**167**
Book value 31 Dec 2023	**37**	**12**	**6**	**56**

16. Lease agreements

LEASE AGREEMENTS

The group has five business premises lease agreements with terms of between 1 and 3 years. On the first day of validity of the lease agreement, the lessee recognises a right-of-use asset and a lease liability for the agreement. The lessee recognises interest expenses on the liability and depreciation on the asset item throughout the term of the lease.

The right-of-use asset is initially valued at acquisition cost. This corresponds to the original amount of the lease liability, which is adjusted by prepaid lease payments, lease incentives, direct costs in the initial phase, and the estimated costs that the lessee incurs in restoring the underlying asset to the condition required by the terms of the lease agreement.

The lease liability is originally recognised at the present value of the unpaid lease payments when the lease begins, discounted at the internal interest rate of the lease or, if this cannot be determined, at the lessee's incremental borrowing rate. Lease liabilities are measured at amortised cost using the effective interest rate method. The lease payments included in the lease liability are fixed or variable payments that are tied to an index or interest rate. Options for extended periods are included in the term of the lease if it is reasonably certain that they will be used. In addition, the lessee reassesses the amount of the lease liability in the event of certain changes (such as changes in the lease period or changes in the lease payments due to index adjustments). The group uses the exemptions allowed by the IFRS 16 standard, according to which lease agreements with a term of less than 12 months or assets with a value of no more than approximately 5,000 euros are not recognised in the balance sheet. These agreements are recognised in the income statement as fixed expenses throughout the term of the lease.

An agreement is considered to be a lease or to include a lease if it confers the right to control the use of an identified asset for a fixed period in return for payment. Leases are recognised as right-of-use assets and lease liabilities. Right-of-use asset items are recognised in the balance sheet at the amount corresponding to the lease liability, advances paid, and direct cost of the lease. Right-of-use asset items are later measured at acquisition cost less accumulated depreciation and impairment. They are adjusted for certain items resulting from the revaluation of the lease liability. Depreciation related to the assets of leases and interest expenses relating to leases are recognised in the income statement.

Some of the group's subsidiaries act as lessors by subleasing office space to third parties. These subleasing agreements are classified as operating leases as they do not transfer some relevant parts of the risks and benefits typical to the ownership of the underlying asset to the lessee. The lease income from these activities is recognised on a straight-line basis over the lease period. The amount of subletting income is not significant for the group.

ITEMS PRESENTED IN THE INCOME STATEMENT AND CASH FLOW STATEMENT FOR TANGIBLE ASSETS ACQUIRED UNDER LEASES

EUR 1,000		2024	2023
Income statement			
Income from subleasing right-of-use assets (included under "Other operating income")		22	86
Lease expenses on short-term lease agreements (included under "Other operating expenses")		−180	−108
Depreciation of right-of-use assets (included under "Depreciation and impairment")	Offices	−345	−640
	Total depreciation	−345	−640
Interest expense on lease liabilities (included under "Financial expenses")		−5	−12
Cash flow statement			
Total outgoing cash flow from leases		−429	−698
Total incoming cash flow from leases		22	86
Lease liabilities			
Note 21 provides a breakdown of the lease liabilities into short-term and long-term leases		556	973

TANGIBLE ASSETS ACQUIRED UNDER LEASES 2024

EUR 1,000	Offices	Total
Acquisition cost 1 January 2024	3,599	3,599
Increases	481	481
Depreciation and transfers	−2,484	−2,484
Changes in exchange rates	−44	−44
Acquisition cost 31 Dec 2024	**1,552**	**1,552**
Accumulated depreciation and impairment losses as of 1 January 2024	−2,732	−2,732
Depreciation for the financial period	−345	−345
Accumulated depreciation on decreases and transfers	2,022	2,022
Changes in exchange rates	31	31
Accumulated depreciation and impairment losses as of 31 December 2024	**−1,024**	**−1,024**
Book value 1 January 2024	**867**	**867**
Book value 31 December 2024	**529**	**529**

TANGIBLE ASSETS ACQUIRED UNDER LEASES 2023

EUR 1,000	Offices	Total
Acquisition cost 1 Jan 2023	3,612	3,612
Increases	417	417
Depreciation and transfers	−454	−454
Changes in exchange rates	25	25
Acquisition cost 31 Dec 2023	**3,599**	**3,599**
Accumulated depreciation and impairment 1 Jan 2023	−2,476	−2,476
Depreciation for the financial period	−640	−640
Accumulated depreciation on decreases and transfers	415	415
Changes in exchange rates	−31	−31
Accumulated depreciation and impairment 31 Dec 2023	**−2,732**	**−2,732**
Book value 1 Jan 2023	**1,135**	**1,135**
Book value 31 Dec 2023	**867**	**867**

17. Financial assets

The group's financial assets are classified based on the group's business model for managing financial assets and their contractual cash flow characteristics into the following groups: financial assets at fair value through profit or loss and those at amortized cost. Financial assets are originally recognised in the accounts at fair value. Transaction costs are included in the original book value of financial assets if the item is not valued at fair value through profit or loss. Unlisted equities are measured at acquisition cost in the absence of a reliable fair value. All purchases and sales of financial assets are booked on the day of the transaction.

Financial assets are derecognised when the group has lost the contractual right to receive the cash flows or when it has substantially transferred the risks and rewards of ownership of the asset outside the group.

FINANCIAL ASSETS AND LIABILITIES RECOGNISED AT FAIR VALUE THROUGH PROFIT OR LOSS

The group classifies interest rate swap contracts and other investments at fair value through profit or loss, and they are included in the balance sheet under current assets or liabilities. Fair value adjustments are recognised in the income statement as financial income or expenses. The fair values of the contracts have been calculated by discounting the future cash flows. The discount rate is based on the company's weighted average cost of capital, which reflects the market's estimate of the time value of money and the risk inherent in the company's business. The contracts are presented in the balance sheet under financial assets or liabilities and are acquired for hedging purposes. The company does not apply hedge accounting.

FINANCIAL ASSETS VALUED AT AMORTISED COST

Financial assets where the intention of the business model is to retain the asset until maturity in order to collect the contractual cash flows are recognised at amortised cost in the financial assets category. The cash flows from these items consist solely of capital and the interest on the outstanding capital. After initial recognition, these items are valued at amortised cost using the effective interest method. They are included in the balance sheet under current and non-current assets. Trade and other receivables belong in this category.

Trade receivables are recognised at the original value. The group recognises expected credit losses as a decrease in the asset item recognised at amortised cost under financial assets. Expected credit losses are estimated using the simplified approach provided under IFRS 9, where credit losses are recognised in an amount corresponding to the expected credit losses throughout the entire period of validity. The group applies the simplified approach to trade receivables recognised at amortised cost and asset items based on customer agreements in accordance with IFRS 15. Expected credit losses are recognised using a provision matrix. Expected credit losses from trade receivables and asset items based on customer agreements are estimated on the basis of historical data concerning credit losses and an estimate of the outlook for the future. Expected credit losses are recognised in the income statement item “Other operating expenses”.

Impairment charges are recognised if there is objective evidence of the impairment of individual items. Evidence of the impairment of receivables includes material financial difficulties affecting the debtor, the likelihood of bankruptcy, defaulting on payments or substantial delays to payments. Impairment losses are recognised as costs in the income statement item “Other expenses”.

CASH AND CASH EQUIVALENTS VALUED AT AMORTISED COST

Cash and cash equivalents consist of cash and bank deposits that can be withdrawn on demand.

FINANCIAL ASSETS

EUR 1,000	2024	2023
Financial assets valued at amortised cost		
Other investments	6	6
Trade and other receivables	2,933	3,736
Cash and cash equivalents	944	893
Financial assets recognised at fair value through profit or loss		
Loan receivables	79	24
Total	**3,962**	**4,660**

18. Trade and other receivables

Current receivables	**2024**	**2023**
Accounts receivable	1,873	2,632
Other receivables	1061	1,104
Total	**2,933**	**3,736**
Other receivables	**2024**	**2023**
Tax receivables	321	228
Rent guarantees	103	153
Other receivables	16	4
Total	**439**	**385**
Prepayments and accrued income	**2024**	**2023**
Deferred charges	148	248
Receivables arising from client contracts	390	288
Other accrued income	83	183
Total	**621**	**719**

Note 25 presents the criteria for assessing the fair values of receivables.

In order to reduce the rate of turnover of trade receivables, the group sells some of its trade receivables from Finnish clients. In connection with the sale, the credit loss risk related to the trade receivables is transferred to the counterparty, and the trade receivables are derecognised from the company’s balance sheet at the time of sale. Trade receivables worth EUR 2.3 million (EUR 3.2 million) were sold during the financial period. Additionally, part of the Swedish trade receivables is financed through factoring.

19. Shareholders' equity

TREASURY SHARES

The parent company has one class of shares. Each share entitles its holder to one vote at the General Meeting. The shares have no voting restrictions. The company's shares have no nominal value. All the shares confer an equal right to dividends and other distributions of the company's assets. Digitalist Group Plc holds a total of 7,664,943 of its own shares. The amount paid for the treasury shares has been recognised as a deduction in unrestricted shareholders' equity.

THE FOLLOWING SECTION DESCRIBES THE SHAREHOLDERS' EQUITY FUNDS

Share capital

This consists of the common stock of the parent company, Digitalist Group Plc. The transaction costs directly related to issuing new shares are recognised in shareholders' equity as a deduction from the payments received and as adjustments with tax effects.

Share premium account

In the cases where decisions were made concerning options while the old Limited Liability Companies Act (29 September 1978/734) was in effect, the cash payments received for share subscriptions based on options were recognised in the share capital and the share premium fund in accordance with the terms and conditions of the scheme, less transaction costs.

Invested unrestricted equity fund

The invested unrestricted equity fund includes other equity-type investments and the subscription price of shares to the extent that it is not recognised in shareholders' equity under a specific decision. The payments received for share subscriptions executed on the basis of option schemes decided upon since the new Limited Liability Companies Act (21 July 2006/624) entered into force (on 1 September 2006) are recognised in full in the invested unrestricted equity fund.

Translation differences

The translation difference fund includes the accumulated translation differences that result from the conversion of foreign units' financial statements into euros.

Retained earnings

Retained earnings are the accumulated assets from previous financial periods that are not transferred to shareholders' equity reserves or distributed to the owners.

CHANGES IN THE NUMBER OF SHARES AND CONSOLIDATED SHAREHOLDERS' EQUITY

	Number of shares	Share capital (EUR thousand)	Share premium fund (EUR thousand)	Invested unrestricted equity fund (EUR thousand)	Total (EUR thousand)
01 January 2024	693,430,455	585	219	73,917	74,721
Changes					
31 December 2024	**693,430,455**	**585**	**219**	**73,917**	**74,721**

	Number of shares	Share capital (EUR thousand)	Share premium fund (EUR thousand)	Invested unrestricted equity fund (EUR thousand)	Total (EUR thousand)
01 January 2023	682,422,746	585	219	73,663	74,467
Changes	11,007,709			254	254
31 December 2023	**693,430,455**	**585**	**219**	**73,917**	**74,721**

SHARE-BASED PAYMENTS

2021 option programme

On 25 January 2021, Digitalist Group Plc's Board of Directors decided on the granting of options based on the authorisation conferred by the Annual General Meeting of 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.

Options can be issued to the company's wholly-owned subsidiaries if they are not issued to members of the group's personnel. Subsidiaries cannot subscribe for shares on the basis of options.

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 Board of Directors may decide on special additional terms and conditions for receiving options and on the reassignment of options that are subsequently returned to the company.

Each option entitles its holder to subscribe for one new share in Digitalist Group. On 25 January 2021, the total number of shares that can be subscribed on the basis of the options represented approximately 9.21 per cent of all the shares and votes in the company, leading to a dilution effect of approximately 8.44 per cent.

The subscription period for the 2021A1 and 2021B1 options begins on 1 January 2024 and ends on 31 December 2024. The subscription period for the 2021A2, 2021B2 and 2021C1 options begins on 1 January 2026 and ends on 31 December 2026.

The subscription price of shares subscribed under the 2021A1 and 2021A2 options will be the weighted average price of Digitalist Group Plc shares traded on Nasdaq Helsinki Ltd's Helsinki Stock Exchange between 1 October 2020 and 31 December 2020.

The subscription price of shares subscribed under the 2021B1 and 2021B2 options will be the weighted average price of Digitalist Group Plc shares traded on Nasdaq Helsinki Ltd's Helsinki Stock Exchange between 1 October 2021 and 31 December 2021.

The subscription price of shares subscribed under the 2021C1 options will be the weighted average price of Digitalist Group Plc shares traded on Nasdaq Helsinki Ltd's Helsinki Stock Exchange between 1 October 2022 and 31 December 2022.

The subscription price of shares subscribed under the options will be reduced by factors such as dividends paid, and it may otherwise be adjusted in accordance with the terms. However, the subscription price of each share will be at least EUR 0.01 in any case.

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

The theoretical fair value of the incentive scheme on the grant date was EUR 0.9 million, and this sum will be recognised as an expense according to IFRS 2 from 2021 to 2025. A total of EUR 0.1 million of the expenditure item will be allocated to 2024. There will be no cash-flow effect from the expense.

The theoretical fair value of the share options on the date of issue was calculated using the Black & Scholes method.

KEY ASSUMPTIONS USED TO DETERMINE THE FAIR VALUE OF OPTIONS

Stock Option Program	2021A1	2021A2
Grant date	13 April 2021	13 April 2021
Number on the date of issue	19,225,000	19,225,000
Subscription price	0.03	0.03
Validity	31 December 2024	31 December 2026
Share price on the date of issue	0.05	0.05
Number of persons on the date of issue	25	25
Changes in 2024		
Granted options	0	0
Lapsed options	19,225,000	375,000
Number of options on 31 December 2024	0	9,800,000
Options available for execution at the end of the period	0	0
Volatility	49%	49%
Dividend yield	0%	0%
Share price 31 Dec 2023	0.02	0.02
Share price on 31 December 2024	0.01	0.01

20. Share attributable to non-controlling interests

Realised transactions with non-controlling interests that do not result in a loss of control are considered transactions with owners. The difference between the consideration paid for shares purchased from non-controlling interests and the book value of the acquired proportion of net assets of the subsidiary is recognised in shareholders' equity. Correspondingly, the capital gain or loss on the disposal of holdings to non-controlling interests is recognised directly in shareholders' equity.

In the financial year 2024, the group includes eight companies with non-controlling interests: Digitalist Experience Oy (10%), LeanLab Oy (15%), Digitalist Open Tech AB (30%), Digitalist Open Tech Oy (39%), Digitalist Open Cloud AB (40.5%), Digitalist Open Tech Latvia, SIA (39%), Grow AB (10%) ja Open Communications International AB (10%).

SHARE ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

EUR 1,000	2024	2023
1 January	–53	503
Changes *	69	–508
Translation difference	–17	–5
Share of profit/loss for the period	–310	–43
31 December	**–311**	**–53**

* *See note 27 for information on changes.*

21. Non-current liabilities

EUR 1,000	Other loans	Convertible bond loans	Deferred tax liabilities	Lease liabilities	Total
Long-term liabilities 1 January 2024	3,409	0	82	259	3,749
Change in the financial period	21,693	0	–5	2	21,689
Long-term liabilities 31 December 2024	**25,102**	**0**	**77**	**260**	**25,438**

EUR 1,000	Other loans	Convertible bond loans	Deferred tax liabilities	Lease liabilities	Total
Non-current liabilities 1 Jan 2023	19,124	5,768	17	703	25,612
Change in the financial period	–15,715	–5,768	65	–444	–21,863
Non-current liabilities 31 Dec 2023	**3,409**	**0**	**82**	**259**	**3,749**

Note 24 presents the criteria for assessing the fair values of liabilities. Note 27 provides related party information.

22. Financial liabilities

FINANCIAL LIABILITIES

The group's financial liabilities are classified as follows: financial liabilities measured at fair value through profit or loss and financial liabilities measured at amortised cost. The financial liabilities recognised at fair value through profit or loss are derivatives. Financial liabilities are originally booked at fair value based on the consideration received. Transaction costs are included in the original book value of a financial liability measured at amortised cost.

Financial liabilities recognised at amortised cost

Following initial recognition, all financial liabilities except derivative liabilities are subsequently valued at amortised cost using the effective interest rate method. Financial liabilities are included in current and non-current liabilities. Borrowing costs are recognised as interest expenses in the financial period in which they are incurred.

Financial liabilities recognised at fair value through profit or loss

The group categorises interest rate swap contracts as measured at fair value through profit or loss, and they are included in the balance sheet under current assets or liabilities. Fair value adjustments are recognised in the income statement as financial income or expenses. The fair values of the contracts have been calculated by discounting the future cash flows. The discount rate is based on the company's weighted average cost of capital, which reflects the market's estimate of the time value of money and the risk inherent in the company's business. The contracts are presented in the balance sheet under financial assets or liabilities and are acquired for hedging purposes. The company does not apply hedge accounting.

FINANCIAL LIABILITIES

EUR 1,000	2024	2023
Financial liabilities valued at amortised cost		
Accounts payable and other liabilities	9,449	8,333
Financial liabilities	38,240	35,747
Total	**47,689**	**44,079**

NON-CURRENT FINANCIAL LIABILITIES

EUR 1,000	2024	2023
Loans from financial institutions	459	2,659
Capital loans from related parties	23,868	-
Other non-current loans from related parties	775	750
Lease liabilities	259	258
Non-current financial liabilities	**25,361**	**3,667**

CURRENT FINANCIAL LIABILITIES

EUR 1,000	2024	2023
Convertible bond loan	-	5,768
Loans from financial institutions*	10,582	8,732
Capital loans from related parties	-	16,865
Other non-current loans from related parties	2,000	-
Lease liabilities	297	715
Current financial liabilities	**12,879**	**32,080**

The financial liabilities recognised at fair value through profit or loss are derivatives. This item is included in other liabilities in the balance sheet.

* *The maturity date of a EUR 2.0 million loan (included in the group's short-term financial institution loans) has been extended by two years after the end of the financial year, until April 30, 2027.*

Note 24 presents the criteria for assessing the fair values of financial liabilities. Note 27 provides related party information.

Notes 25 and 27 provide further information on related-party loans.

Repayment programme according to the loan agreements for interest-bearing loans on 31 December 2024 (does not include overdraft facilities of EUR 8,258 thousand, which are included in current loans from financial institutions).

Total loans as of 31 December 2024	29,426
Repayments 2025	4,324
Repayments 2026	24,906
Repayments 2027	196
Repayments 2028	-

The average interest on interest-bearing loans in the financial period was 6.1% (5.1%). Note 26 presents the obligations and collateral associated with the loans.

Changes in interest-bearing liabilities during the period, EUR 1,000	**2024**
Interest-bearing liabilities 1 January 2024	35,747
Monetary changes	
Loans from financial institutions	−129
Related-party loans	2,025
IFRS 16 lease liabilities	−429
Non-monetary changes	
Classification change	−223
Loans from financial institutions	2
Valuation of the convertible bond loan	39
IFRS 16 lease liabilities	13
Offsetting of convertible bonds and interest as capital loans	
Capitalisation of interest accrued on convertible bond loans	1,195
Offsetting of convertible bond loans as a capital loan	−6,963
Increase in the capital loan	6,963
Interest-bearing liabilities 31 December 2024	**38,240**

Changes in interest-bearing liabilities during the period, EUR 1,000	**2023**
Interest-bearing liabilities 1 Jan 2023	35,302
Monetary changes	
Loans from financial institutions	428
Related-party loans	250
IFRS 16 lease liabilities	−698
Non-monetary changes	
Valuation of the convertible bond loan	78
IFRS 16 lease liabilities	386
Interest-bearing liabilities 31 Dec 2023	**35,747**

23. Accounts payable and other current liabilities

CURRENT LIABILITIES

EUR 1,000	2024	2023
Accounts payable	1,124	864
Loans from financial institutions	10,582	8,732
Capital loans from related parties	-	16,865
Other loans	2,000	-
Lease liabilities	297	715
Convertible bonds	-	5,768
Other liabilities	1,839	1,604
Accruals and deferred income	6,486	5,864
Total	**22,328**	**40,412**

OTHER LIABILITIES

EUR 1,000	2024	2023
Withholding tax liabilities	216	234
Tax liabilities	51	-
Social security contribution liabilities	377	393
VAT liabilities	478	447
Others	716	531
Other liabilities, total	**1,839**	**1,604**

ACCRUALS AND DEFERRED INCOME

EUR 1,000	2024	2023
Accrued employee expenses	936	963
Interest accruals	4,908	4,204
Other accrued expenses and deferred income	642	697
Total accrued expenses and deferred income	**6,486**	**5,864**

24. Accounting classification and fair values of financial assets and liabilities

CRITERIA FOR DETERMINING FAIR VALUE

The application of some of the group’s accounting policies and the preparation of the information presented in the financial statements require the determination of fair values for both financial assets and financial liabilities. The fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability in an ordinary transaction between market parties on the measurement date. Fair values are classified at different levels of the fair value hierarchy, describing the significance of the inputs used in valuation methods as follows:

- Level 1: Fair value is calculated based on the listed (unadjusted) prices of fully equal assets or liabilities on active markets to which the company has access on the valuation date.
- Level 2: Fair value is calculated based on input data other than the quoted prices used on level 1. The data must be observable for the asset or liability, either directly (prices) or indirectly (derived from prices).
- Level 3: Fair value is calculated based on input data that is not observable for the asset or liability (unobservable input data).

Trade and other receivables

The original value is equivalent to the fair value of trade and other receivables because the payment times are short, so discounting has no material impact. Note 25 presents the age distribution of trade receivables.

Other liabilities

Other liabilities (accounts payable and other non-interest-bearing liabilities) are recognised in the balance sheet at their original values, which correspond to their fair value as discounting has no material impact, taking into consideration the maturities of the liabilities.

DERIVATIVES CONTRACTS NOMINAL VALUES EUR 1,000

Interest rate swap contracts	2024	2023
Due within 1 year	2,000	-
Due within 1–5 years	-	2,000
Total	2,000	2,000
Fair value	**3**	**18**

All interest rate swap contracts are categorised at level 2.

The fair value of financial instruments that are not traded on active markets is determined using valuation methods. These valuation methods use as much observable market data as possible, whenever it is available, and rely as little as possible on company-specific estimates. If all of the significant input data required to determine the fair value of an instrument is observable, the instrument is at level 2.

CLASSIFICATION IN THE ACCOUNTS AND FAIR VALUE

The following table presents the balance sheet values and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. The table does not show the fair values of financial assets and liabilities that are not measured at fair value if the book value is reasonably close to fair value.

The figures presented in the table do not include the IFRS 16 lease liability.

EUR 1,000	Note	Balance sheet value	Fair value Level 1	Fair value Level 2	Fair value Level 3	Total
31 December 2024						
Financial assets valued at fair value						
Loan receivables	17	79	-	-	79	**79**
Total		**79**	**-**	**-**	**79**	**79**
Financial liabilities measured at fair value						
Derivative instruments		3	-	3	-	**3**
Total		**3**	**-**	**3**	**-**	**3**
Financial assets and liabilities not measured at fair value						
Other investments		6	-	-	6	**6**
Long-term loans from financial institutions		459	-	-	459	**459**
Long-term capital loans from related parties		23,868	-	-	23,868	**23,868**
Other long-term loans from related parties		775	-	-	775	**775**
Short-term loans from financial institutions		10,582	-	-	10,582	**10,582**
Other short-term loans from related parties		2,000	-	-	2,000	**2,000**
Total		**37,690**	**-**	**-**	**37,690**	**37,690**
31 December 2023						
Financial assets valued at fair value						
Loan receivables	17	24	-	-	24	**24**
Total		**24**	**-**	**-**	**24**	**24**
Financial liabilities measured at fair value						
Derivative instruments		18	-	18	-	**18**
Total		**18**	**-**	**18**	**-**	**18**
Financial liabilities not measured at fair value						
Long-term loans from financial institutions		2,659	-	-	2,659	**2,659**
Other long-term loans from related parties		750	-	-	750	**750**
Short-term capital loans from related parties		16,865	-	-	16,865	**16,865**
Short-term convertible bond loans		5,768	-	-	5,768	**5,768**
Short-term loans from financial institutions		8,732	-	-	8,732	**8,732**
Total		**34,774**	-	-	**34,774**	**34,774**

25. Financial risk management

The group is exposed to several financing risks in its normal course of business. The purpose of financial risk management is to minimise the adverse effects of changes in financial markets on the company's earnings. Digitalist Group's main financial risks are capital adequacy and interest rate risks.

Digitalist Group's long-term financing has been arranged with two main financiers. The company may later decide to arrange a share issue. If the economy were to enter an exceptionally long-term recession, it would likely increase Digitalist Group's financial expenses in relation to the group's operating income because, during a general recession, Digitalist Group's earning capacity and cash flow from operations can be expected to decrease. The aforementioned matters may also weaken the availability of external financing for Digitalist Group and the group's financial position.

The parent company's senior management is responsible for implementing risk management. It is tasked with identifying, assessing and hedging against financial risks in collaboration with the business units.

INTEREST RATE RISK

The group's income and cash flow from operations are largely independent of fluctuations in market rates. The group is exposed to cash flow interest rate risk through a loan portfolio consisting of short-term and long-term variable-rate loans. With regard to interest rate risk, the group's risk management aims to minimise the adverse effects on the group companies' earnings due to changes in interest rates. The company implements interest rate risk management using various interest rate instruments for hedging. The group has an interest rate swap contract applying to a loan of EUR 2.0 million from a financial institution. The interest rate swap contract converts the variable interest rate on this loan to a fixed rate of 0.92 per cent plus a margin.

Loans from financial institutions

On 31 December 2024, the group had a total of EUR 8.4 million (2023: EUR 8.7 million) of unhedged, variable-rate loans from financial institutions, consisting of the overdraft facilities available on the balance sheet date in 2024 and variable-rate loans from financial institutions. The average interest rate on loans from financial institutions in 2024 was 6.3 per cent (2023: 5.4 per cent). If the interest rate were to rise by one percentage point, the annual interest expenses on the group's variable-rate loans from financial institutions would increase by approximately EUR 112 thousand. The realisation of interest rate risks would limit the group's access to external financing and weaken its financial position.

Related-party loans

On 31 December 2024, the group had a total of EUR 26.6 million (2023: EUR 23.4 million) in other unhedged loan principal, which consisted mostly of fixed-rate related-party loans. The average interest rate on related-party loans in 2024 was 6.2 per cent (2023: 6.4 per cent). If the interest rate were to rise by one percentage point, the annual interest expenses on these loans would increase by approximately EUR 266 thousand. Note 27 presents the related-party loans in more detail.

INTEREST RATE RISK ON LOANS FROM FINANCIAL INSTITUTIONS IF THE INTEREST RATE WERE TO RISE BY ONE PERCENTAGE POINT OVER THE NEXT YEAR

EUR 1,000	Number	Average interest rate (%)	Sensitivity to interest
Loans from financial institutions			
31 December 2024	11,041	6.3	–112
31 December 2023	11,391	5.4	–112
Other loans			
31 December 2024	26,643	6.2	266
31 December 2023	23,383	6.4	–234

The calculation takes into account the interest rate hedging of the loans.

The group does not apply hedge accounting in accordance with IFRS 9. The changes in the fair values of derivatives acquired for hedging purposes are recognised through profit or loss in the financial income and expenses group. Changes in the fair value of derivative instruments recognised in profit or loss amounted to EUR 3 thousand in income from 1 January to 31 December 2024 (2023: EUR 0 thousand). Due to the effect of hedging on profit and loss, financial income and expenses may vary from one financial period to another. The sensitivity analysis did not take into account the impact of taxes.

The group's borrowings on 31 December 2024 are 28 per cent (2023: 31 per cent) of the company's loans from financial institutions had variable interest rates. This figure includes the overdraft facilities in use.

LIQUIDITY RISK

The group made a loss despite the efficiency improvement measures. 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 endeavours to continuously assess and monitor the amount of financing the business requires in order to ensure that the company has the necessary liquid assets to finance its operations and repay its loans. Any disruptions in the financial arrangements would weaken Digitalist Group's financial position. Although efficiency enhancement measures have been taken, the company is still loss-making. On 28 October 2024, Digitalist Group made an agreement with Turret Oy Ab on a loan of EUR 1.0 million. The company is entitled to withdraw the loan in instalments by 31 December 2025. After the end of the financial year, Digitalist Group has received confirmation from the main shareholders to ensure the company's solvency for at least 12 months ahead. During 2024, a loan of EUR 2.0 million was drawn from Turret Oy Ab. On October 28, 2024, EUR 0.8 million was withdrawn from the EUR 1.0 million loan agreed upon.

To reduce the rate of turnover of trade receivables, the group sells some of its trade receivables from Finnish clients. Additionally, part of the Swedish trade receivables is financed through factoring.

The table below illustrates the undiscounted maturity breakdown of the outstanding financial liabilities based on contracts on the balance sheet date.

31 December 2024 EUR 1,000	Balance sheet value	Cash flow*	Under 1 year	1–5 years	Over 5 years
Loans from financial institutions	2,783	2,828	2,363	466	-
Overdrafts	8,258	8,258	8,258	-	-
Convertible bonds	-	-	-	-	-
Capital loans from related parties	23,868	29,233	-	29,233	-
Other related-party liabilities	2,775	3,191	2,284	908	-
Lease liabilities IFRS 16	556	562	298	264	-
Accounts payable	1,124	1,124	1,124	-	-
Total	**39,364**	**45,198**	**14,327**	**30,871**	**-**

31 December 2023 EUR 1,000	Balance sheet value	Cash flow*	Under 1 year	1–5 years	Over 5 years
Loans from financial institutions	2,866	3,067	341	2,726	-
Overdrafts	8,525	8,525	8,525	-	-
Convertible bonds	5,768	6,850	6,850	-	-
Capital loans from related parties	16,865	19,265	19,265	-	-
Other related-party liabilities	750	876	-	876	-
Lease liabilities IFRS 16	973	961	701	260	-
Accounts payable	865	865	865	-	-
Total	**36,612**	**40,409**	**36,546**	**3,862**	**-**

* *Cash flow includes loan repayments and interest expenses.*

The credit limits are valid for an indefinite period.

The maturity date of a EUR 2.0 million loan (included in the group's short-term financial institution loans) has been extended by two years after the end of the financial year, until April 30, 2027.

CREDIT RISK

Credit risk is a risk that the other party does not fulfil their duties in accordance with the financial instrument or customer agreement, which leads to a financial loss. Credit risk management is a key part of the group's risk management. The largest customers are telecommunications, information technology, banking and insurance companies operating in Finland and abroad, as well as companies operating in public administration. The euro and Swedish krona are the invoicing currencies for most of the customers in these groups. The receivables are not estimated to include any significant concentrations of credit risk. The largest Nordic banks are the counterparties to external financial transactions.

Trade receivables – expected credit losses

The group assesses the trade receivables' situation quarterly. The group uses the simplified methodology for credit loss provisions to assess the expected credit losses (ECL) of its trade receivables. Trade receivables are recognised in the balance sheet at the original invoice value less any impairment. An impairment provision is recognised immediately through profit or loss and is based on the expected credit losses on trade receivables. The ECL model is based on information about realised credit losses and an estimate of potential future credit losses.

Age distribution of trade receivables	2024	Impairments	Net 2024
Not overdue	1,523	-	1,523
1–30 days overdue	346	-	346
31–60 days overdue	-	-	-
61–90 days overdue	-	-	-
91–180 days overdue	5	−1	4
Overdue by more than 180 days	0	0	0
Total	**1,874**	**−1**	**1,873**
Age distribution of trade receivables	**2023**	**Impairments**	**Net 2023**
Not overdue	1,918	-	1,918
1–30 days overdue	537	-	537
31–60 days overdue	24	−1	23
61–90 days overdue	77	−5	71
91–180 days overdue	97	−15	82
Overdue by more than 180 days	92	−92	0
Total	**2,744**	**−112**	**2,632**

CURRENCY RISK

The parent company's operating currency is the euro. Part of the group's turnover is invoiced in currencies other than the euro. The risk associated with changes in exchange rates can be managed in various ways, including net positioning and currency hedging contracts. In 2024 and 2023, the group had no hedging contracts. The assets and liabilities denominated in foreign currencies and converted into euros at the exchange rates on the last day of the reporting period are as follows:

	2024			2023			
EUR 1,000	**CAD**	**GBP**	**SEK**	**CAD**	**GBP**	**SEK**	**USD**
Current assets							
Other financial assets	7	13	570	24	35	738	0
Trade and other receivables	-	-	1,618	4	104	2,392	−4
Current liabilities							
Non-interest-bearing liabilities	71	3	1,315	74	44	2,292	56
Open position	**−63**	**10**	**873**	**−46**	**96**	**838**	**−60**

The following table presents a sensitivity analysis of translation risk for the Canadian dollar, the British pound, the Swedish krona and the US dollar. The sensitivity analysis measures the effect of five-per-cent changes in exchange rates on the assets and liabilities denominated in foreign currencies on the final day of the reporting period. The sensitivity analysis does not include net investments in foreign units.

	2024			2023			
EUR 1,000	**CAD**	**GBP**	**SEK**	**CAD**	**GBP**	**SEK**	**USD**
Impact on earnings before taxes	−3	0	44	−2	5	42	−3

CAPITAL MANAGEMENT

The group's capital management aims to achieve an optimal capital structure to support the business by ensuring normal operating conditions and increasing shareholder value with the aim of generating the best possible return. An optimal capital structure also guarantees lower capital costs.

The capital structure is affected by factors such as dividends and share issues. The group may change and adjust the dividends paid to shareholders or the equity returned to them or the number of new shares issued, or it may decide to sell off assets in order to reduce liabilities.

The group's net gearing ratios on 31 December 2024 and 31 December 2023 were as follows:

EUR 1,000	2024	2023
Interest-bearing liabilities	38,240	35,747
Cash and cash equivalents	944	893
Interest-bearing net liabilities	37,296	34,853
Total shareholders' equity	−37,667	−32,717
Net gearing as a proportion of shareholders' equity (%)	neg	neg

26. Provisions, contingent liabilities and conditional debts

Digitalist Group Plc did not recognise any provisions in 2024 or 2023.

COLLATERAL AND OTHER OBLIGATIONS

EUR 1,000	2024	2023
Loans from financial institutions	10,582	8,732
Other loans	2,775	750
Total corporate mortgages	23,500	23,500
Leasing liabilities		
Leasing liabilities, 12 months	19	28
Leasing liabilities, more than 12 months	7	17
Total leasing liabilities	**26**	**45**
Rental liabilities		
Rental liabilities, 12 months	120	110
Leasing liabilities, more than 12 months	18	127
Total rental liabilities	**138**	**237**
Other liabilities		
Total other liabilities	**21**	**22**
Securities and guarantees pledged on behalf of Group companies		
General warranty	17,950	17,950

The group uses a group account system, where the group account owner is Digitalist Group Oyj and the user right holder is Digitalist Experience Oy. Current and potential intercompany receivables have been pledged as collateral for the intercompany credit facility of EUR 8,350 thousand.

27. Related-party transactions

Digitalist Group Plc's related parties include the members of the Board of Directors, the CEO, the members of the group's management team and the group's subsidiaries as well as Turret Oy and Holdix Oy, who are considered to hold significant influence in the company. The company's related parties also include all the close relatives of the aforementioned parties and the organisations under their sole or joint control.

- Johan Almqvist: direct shareholding (1.9%) and the company A house at Östermalm AB, which he controls.
- Andreas Rosenlew: direct shareholding (6.3%) and the companies under his control A house at Östermalm AB and Rosebloom Enterprises AB.
- Turret Oy: direct shareholding (48.55%) and companies controlled by it Expian (formerly Ticknovate) Ltd (UK) and Savox Communications.
- Holdix Oy: direct shareholding (23.70%).

All business transactions that are entered into with related parties and are not eliminated in the consolidated financial statements are recognised as related party transactions.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

The figures presented below correspond to the expenditure recognised as costs in the financial periods in question. Any fringe benefits are included in the remuneration sums. The pension benefits of key management personnel consist of pensions and voluntary pension plans granted within the scope of the statutory pension arrangements in Finland and Sweden.

The terms of options awarded to key management personnel are the same as for other participants. Note 7 provides further information on the costs of employee benefits.

	CEO*		Board of Directors**	
EUR 1,000	**2024**	**2023**	**2024**	**2023**
Salaries and other short-term benefits	−123	−123	−210	−217
Pension benefits (defined contribution plan)***	−30	−30	-	-
Total salaries and bonuses paid to the related parties	**−153**	**−153**	**−210**	**−217**

The salaries and bonuses paid to the related parties are presented on an accrual basis.

On 31 December 2024, the CEO had a total of 1,825,000 stock options (2023: 4,301,000).

* *Digitalist Group Plc's management team includes Magnus Leijonborg (CEO).*

** *The Board of Directors consists of Esa Matikainen as Chairman from 2021, Andreas Rosenlew as Vice Chairman (board member since 2018), Paul Ehrnrooth (board member since 2010), Peter Eriksson (board member since 2017), Magnus Wetter (board member from 25 April 2024), Johan Almquist (board member from 2021) and Maria Olofsson (board member until 25 April 2024) see also Note 8 of the parent company.*

*** *Magnus Leijonborg's pension arrangements are the normal arrangements under Swedish pension legislation.*

OTHER REALISED RELATED-PARTY TRANSACTIONS AND OUTSTANDING BALANCES

EUR 1,000	31 December 2023	31 December 2024	31 December 2023
Business transactions			
Leasing income	Expian Ltd	26	69
Rental expenses	A house at Östermalm AB	−186	−485
Other operating expenses	Maria Olofsson and Andreas Rosenlew	−195	−266
Financial expenses	Turret Oy and Holdix Oy	−1,897	−1,748
Divestiture sale price*	Turret Oy	-	1,200
Accounts payable waived	Savox Communications Oy	-	255
Outstanding balances			
Convertible bond loan	Turret Oy and Holdix Oy	-	5,768
Capital loan	Turret Oy and Holdix Oy	23,868	16,865
Related-party loan**	Turret Oy	2,775	750

* *Further information is provided in the chapter "Divestiture to a related-party company".*

** *Further information is provided in the chapter "Related-party loans"*

SHARE OWNERSHIPS

Number of shares held by the members of the Board of Directors, the CEO and the Management Team	31 December 2024	31 December 2023
CEO	3,460,819	3,460,819
Board of Directors*	393,404,560	393,966,545
Total	**396,865,379**	**397,427,364**

At the end of the financial period, the company held 7,664,943 of its own shares.

* *The related party's holding in Turret Oy Ab is 336,637,039 shares, representing a holding of 48.55%. Andreas Rosenlew (Rosebloom Enterprises AB), a related party, holds 43,865,680 shares (6.3%). Johan Almqvist (Elmtwig Holding AB), a related party, owns 12,901,841 shares (1.9%).*

RELATED-PARTY LOANS

On 31 October 2023, Digitalist Group agreed with Turret Oy Ab on a loan of EUR 2,000,000.

To strengthen the company's equity, Digitalist Group decided on 22 March 2024 to exercise the right offered by Turret Oy Ab and Holdix Oy Ab to convert a total of EUR 1,907,175.40 and interest of EUR 334,513.29 from the principal and interest of the convertible bonds 2021/3 and 2021/4 subscribed by Turret and Holdix into a capital loan in accordance with chapter 12 of the Limited Liability Companies Act.

Convertible bonds 2021/1, 2021/3, and 2022/1 issued to Turret Oy Ab

The Annual General Meeting of Digitalist Group on 25 April 2024 decided to amend the terms of the convertible bonds 2021/1, 2021/3, and 2022/1 subscribed by Turret. On 26 April 2024, Digitalist Group Oyj and Turret Oy Ab signed agreements to amend the terms of the convertible bonds 2021/1, 2021/3, and 2022/1 subscribed by Turret, as well as the terms of the option or other special rights attached to them, as referred to in chapter 10, section 1, paragraph 2 of the Finnish Limited Liability Companies Act. The maturity date of the loans was postponed until 30 September 2026.

Convertible bonds 2021/2 and 2021/4 issued to Holdix Oy Ab

The Annual General Meeting of Digitalist Group on 25 April 2024 decided to amend the terms of the convertible bonds 2021/2 and 2021/4 subscribed by Holdix. On 26 April 2024, Digitalist Group and Holdix Oy Ab signed agreements to amend the terms of the convertible bonds 2021/2 and 2021/4 subscribed by Holdix, as well as the terms of the option or other special rights attached to them, as referred to in chapter 10, section 1, paragraph 2 of the Finnish Limited Liability Companies Act. The maturity date of the loans was postponed until 30 September 2026.

On 28 October 2024, Digitalist Group Oyj agreed on a EUR 1,000,000 loan with Turret Oy Ab to strengthen the company's working capital. The company is entitled to withdraw the loan in instalments by 31 December 2025. The loan was agreed on market terms, and it matures on 31 December 2026.

Convertible bonds issued to Turret Oy Ab and Holdix Oy Ab 2021/1, 2021/2, 2021/3 and 2021/4

On 30 December 2024, to strengthen the company's balance sheet position, Digitalist Group Oyj decided to exercise the right offered by Turret Oy Ab and Holdix Oy Ab to convert a total of EUR 3,860,763.17 plus interest of EUR 861,271.93 from the principal and interest of the convertible bonds 2021/1, 2021/2, 2021/3, and 2021/4 subscribed by Turret and Holdix into a capital loan in accordance with chapter 12 of the Limited Liability Companies Act.

During 2024, a loan of EUR 2.0 million was drawn from Turret Oy Ab. On October 28, 2024, EUR 0.8 million was withdrawn from the EUR 1.0 million loan agreed upon.

GROUP COMPANIES

Name	Group's holding	Domicile
Digitalist Group Plc	Parent company	Finland, Helsinki
Digitalist Experience Oy	90%	Finland, Helsinki
Digitalist Canada Ltd.	100%	Canada, Vancouver
Ixonos Germany GmbH	100%	Germany, Berlin
Ixonos Slovakia s.r.o.	100%	Slovakia, Kosice
Digitalist UK Ltd.	100%	United Kingdom, London
Digitalist Open Tech AB	70%	Sweden, Stockholm
Grow AB	90%	Sweden, Stockholm
LeanLab Oy	85%	Finland, Helsinki
Digitalist Open Tech Oy	61%	Finland, Helsinki
Digitalist Open Tech Latvia, SIA	61%	Latvia, Riga
Digitalist Open Communications International AB	90%	Sweden, Stockholm
Digitalist Open Cloud AB	60%	Sweden, Stockholm

CHANGES IN THE GROUP STRUCTURE

On 1 April 2024, Digitalist Open Tech AB sold part of its IT and SaaS business to Digitalist Open Cloud AB through a business transfer. As a result of the arrangement, Digitalist Open Tech AB established a new subsidiary, in which the subsidiary's management holds a 15% minority stake.

On 31 May 2024, Digitalist Group Oyj internally sold its wholly owned subsidiary, Open Communications International AB, to Grow AB, a subsidiary 90% owned by Digitalist Group. The purchase price was EUR 0.9 million.

Digitalist Group acquired a 5% minority stake in Digitalist Open Tech Oy on 22 October 2024. The purchase price was EUR 13 thousand.

Digitalist USA Ltd was dissolved in 2024. Grow Finland Oy and Ixonos Estonia were removed from the trade register in 2024.

DIVESTITURE TO A RELATED-PARTY COMPANY

Digitalist Group sold its wholly-owned subsidiary FutureLab & Partners AB on 4 July 2023. The equity transaction was executed by selling FutureLab's entire share capital to Turret Oy Ab. Turret is Digitalist Group's largest shareholder. The transaction price was EUR 1.2 million, and it was paid in cash.

28. Events since the financial period

The maturity date of a EUR 2.0 million loan included in the group's short-term financial institution loans has been extended by two years after the end of the financial year, until April 30, 2027. The agreement extending the loan's maturity date was signed on March 13, 2025.

Parent company's income statement

Parent company's income statement (FAS)

EUR	1 January–31 December 2024	1 January–31 December 2023
Turnover	217,022.00	216,740.00
Other operating income	405,380.56	255,167.74
Personnel expenses		
Salaries and bonuses	−209,875.00	−272,243.63
Social security expenses		
Pension expenses	-	−7,297.52
Other indirect personnel costs	−191.20	−813.14
Total social security expenses	−191.20	−8,110.66
Total personnel expenses	−210,066.20	−280,354.29
Depreciation and impairment		
Planned depreciation	−944.04	−944.04
Total depreciation and impairment	−944.04	−944.04
Other operating expenses	−929,315.18	−777,469.87
Total expenses	−1,140,325.42	−1,058,768.20
Operating profit	**−517,922.86**	**−586,860.46**
Financial income and expenses		
Interest and financial income		
Income from shares in Group companies	-	246,663.44
Interest income	386,259.34	412,603.65
Other financial income	13,493.63	549,442.63
Total interest and financial income	399,752.97	1,208,709.72
Interest and other financial expenses		
Interest expenses	−3,344,115.52	−1,121,054.75
Other financial expenses	−388,697.36	−561,074.54
Impairment of fixed asset investments	−1 669,267.17	−3,515,615.19
Total interest and financial expenses	−5,402,080.05	−5,197,744.48
Total financial income and expenses	−5,002,327.08	−3,989,034.76
Profit/loss for the financial period	**−5,520,249.94**	**−4,575,895.22**

Parent company's balance sheet

Parent company balance sheet (FAS)

ASSETS

EUR	1 January–31 December 2024	1 January–31 December 2023
Fixed assets		
Tangible assets		
Machinery and equipment	1,809.59	2,753.63
Other tangible assets	11,477.26	11,477.26
Total tangible assets	13,286.85	14,230.89
Investments		
Shares in Group companies	13,903,813.29	16,131,565.91
Other shares	1,953.19	1,953.19
Total investments	13,905,766.48	16,133,519.10
Non-current receivables		
Receivables from Group companies	8,033,406.87	6,218,106.57
Loan receivables	106,429.58	-
Total non-current receivables	8,139,836.45	6,218,106.57
Total fixed assets	**22,058,889.78**	**22,365,856.56**
Current assets		
Current receivables		
Accounts receivable	-	1,389.10
Receivables from Group companies	1,069,438.35	753,266.98
Other receivables	40,587.37	34,168.47
Prepayments and accrued income	70,345.15	25,440.19
Total current receivables	1,180,370.87	814,264.74
Cash and cash equivalents		
Cash in hand and at bank	46.05	141.54
Total current assets	**1,180,416.92**	**814,406.28**
Total assets	**23,239,306.70**	**23,180,262.84**

LIABILITIES AND SHAREHOLDERS' EQUITY

EUR	1 January–31 December 2024	1 January–31 December 2023
Shareholders' equity		
Share capital	585,394.16	585,394.16
Share premium account	218,725.00	218,725.00
Invested unrestricted equity fund	75,376,423.11	75,376,423.11
Retained earnings	−93,052,078.18	−88,476,182.96
Profit/loss for the financial period	−5,520,249.94	−4,575,895.22
Total shareholders' equity	**−22,391,785.85**	**−16,871,535.91**
Liabilities		
Non-current liabilities		
Capital loans	23,867,815.46	16,904,504.81
Liabilities to Group companies	381,177.87	-
Other long-term liabilities	775,000.00	750,000.00
Convertible bond loan	-	0.00
Total non-current liabilities	25,023,993.33	17,654,504.81
Current liabilities		
Convertible bond loan	-	5,767,938.51
Loans from financial institutions	8,258,193.32	8,302,388.96
Other loans	2,000,000.00	-
Accounts payable	414,043.31	245,171.25
Liabilities to Group companies	4,924,891.35	4,864,117.81
Other current liabilities	21,545.00	18,868.75
Accruals and deferred income	4,988,426.24	3,198,808.66
Total current liabilities	20,607,099.22	22,397,293.94
Total liabilities	**45,631,092.55**	**40,051,798.75**
Liabilities and shareholders' equity, total	**23,239,306.70**	**23,180,262.84**

Parent company's cash flow statement

EUR	Note	1 January–31 December 2024	1 January–31 December 2023
Cash flow from operations			
Profit/loss for the financial period		−5,520,249.94	−4,575,895.22
Adjustments to cash flow from operations			
Planned depreciation		944.04	944.04
Unrealised foreign exchange gains and losses		-	-
Other income and expenses with no payments	8	1,543,000.00	2,831,068.19
Financial income and expenses		3,459,327.08	902,966.57
Cash flow before change in working capital		−516,978.82	−840,916.42
Change in working capital		−726,022.24	−1,230,736.77
Interest received from operations		91.14	8.48
Interest paid and other financial expenses from operations		−689,002.82	−702,416.98
Net cash flow from operations		**−1,931,912.74**	**−2,774,061.69**
Cash flow from investments			
Investments in subsidiary shares		−232,028.66	−211,649.17
Intra-Group loans issued		−390,000.00	−981,711.00
Interest income from investments		-	201,537.52
Dividends from investments		-	246,663.44
Capital gains from other investments		35,778.66	1,200,000.00
Repayment of loan receivables		-	1,385,378.97
Total cash flow from investments		**−586,250.00**	**1,840,219.76**
Cash flow before financial items		**−2,518,162.74**	**−933,841.93**
Cash flow from financing activities			
Drawdown of long-term loans		2,300,000.00	750,000.00
Drawdown of short-term loans		441,041.54	1,779,894.79
Repayment of short-term loans		−222,974.30	−1 597,668.21
Interest and other charges for financial expenses		-	-
Net cash flow from financing		**2,518,067.24**	**932,226.58**
Change in cash and cash equivalents		**−95.50**	**−1,615.35**
Cash and cash equivalents at the beginning of the financial period		141.54	1,756.91
Cash and cash equivalents at the end of the financial period		46.05	141.54

Accounting principles

The parent company's financial statements have been prepared in accordance with Finnish accounting standards (FAS).

TANGIBLE AND INTANGIBLE ASSETS

Tangible and intangible assets are recognised in the balance sheet at acquisition cost less planned depreciation. Depreciation is calculated as of the month when the asset was taken into use.

The depreciation periods are as follows:

Machinery and equipment	25% reducing balance depreciation or 3–5 years of straight-line depreciation
Intangible rights	3–5 years of straight-line depreciation
Other long-term expenditure	3–5 years of straight-line depreciation

INVESTMENTS

Investments in fixed assets are valued at acquisition cost or likely revenue generated in the future, whichever is lower.

The values of shares in subsidiaries on 31 December 2024 are based on long-term forecasts and calculations prepared at the group level.

Turnover

From the financial year 2024 onwards, the group's internal administrative expenses have been presented in revenue. Comparative figures have been adjusted accordingly.

Pensions

The pension plans of the parent company are managed by external pension companies.

Pension expenditure is recognised as an expense in the year during which it is incurred.

Items denominated in foreign currencies

Receivables and liabilities denominated in foreign currencies have been translated into euros at the exchange rate on the balance sheet date.

The going concern principle

The company has been making a loss. 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 endeavours to continuously assess and monitor the amount of financing the business requires in order to ensure that the company has the necessary liquid assets to finance its operations and repay its loans. Possible disruptions in financing arrangements would weaken the company's financial position.

The financial statements were prepared on the principle of the company as a going concern. The assumption of business continuity is based on the management's assessment and the following:

- Negotiations on the arrangements for related party convertible bonds maturing in 2024 were completed in 2024, and the maturity date was extended until autumn 2026.
- The convertible bonds were converted into capital loans in accordance with chapter 12 of the Companies Act in 2024.

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 support provided by the main owner as needed. After the end of the financial year, Digitalist Group has received confirmation from the main shareholders to ensure the company's solvency for at least 12 months ahead.

Notes on the parent company

1. Turnover

EUR	2024	2023
Group administration services	217,022.00	216,740.00
Total	**217,022.00**	**216,740.00**

2. Other operating income

EUR	2024	2023
Other items	-	167.74
Debts forgiven	405,380.56	255,000.00
Total	**405,380.56**	**255,167.74**

3. Notes concerning the personnel and members of corporate bodies

EUR	2024	2023
Average number of employees of the parent company in the financial period	-	0
Employees of the parent company at the end of the financial period	-	-

4. Personnel expenses

EUR	2024	2023
Salaries and bonuses	-	−50,489.15
Salaries and bonuses of senior managers and the Board of Directors	−209,875.00	−221,754.48
Pension expenses	-	−7,297.52
Other personnel expenses	−191.20	−813.14
Total	**−210,066.20**	**−280,354.29**

5. Other operating expenses

EUR	2024	2023
Administrative services	−785,939.82	−644,956.28
IT expenses	−20,360.02	−7,273.91
Administrative expenses	−104,485.49	−104,574.09
Others	−18,529.85	−20,665.59
Total	**−929,315.18**	**−777,469.87**

6. Auditor's fees

EUR	2024	2023
KPMG Oy Ab		
Auditing fees*	−79,017.72	−76,000.00
Other statutory assignments	−4,099.00	−3,805.00
Total auditors' fees	**−83,116.72**	**−79,805.00**

* *Includes fees related to ESEF audit.*

7. Depreciation and impairment

EUR	2024	2023
Planned depreciation		
Depreciation of tangible assets	−944.04	−944.04
Total	**−944.04**	**−944.04**

8. Financial income and expenses

EUR	2024	2023
Income from shares in Group companies	-	246,663.44
Interest and financial income		
From Group companies	396,358.15	467,329.04
From others	3,394.82	494,717.24
Total	**399,752.97**	**1,208,709.72**
Interest and other financial expenses		
To Group companies	−260,778.25	−380,206.35
To others	−3,472,034.63	−1,301,922.94
Impairment of fixed asset investments*	−1 669,267.17	−3,515,615.19
Total	**−5,402,080.05**	**−5,197,744.48**

* *Based on long-term forecasts and calculations, an impairment of EUR 1.54 million (EUR 1.69 million) has been recorded in the acquisition cost of Digitalist Experience Oy's shares for the financial year 2024. Receivables from Digitalist Canada Ltd were written down by EUR 0.01 million during the financial year, and receivables from Digitalist UK Ltd by EUR 0.88 million.*

9. Notes on members of corporate bodies

EUR	2024	2023
Salaries and bonuses	123,000	123,000
Magnus Leijonborg*		
Board of Directors		
Esa Matikainen (Chair since 20 April 2021)	66,500	69,000
Andreas Rosenlew (Deputy Chair since 20 April 2021)	32,750	33,000
Paul Ehrnrooth	22,750	23,000
Peter Eriksson	29,500	33,625
Maria Olofsson (until 25 April 2024)	11,167	34,000
Johan Almquist (since 20 April 2021)	22,375	24,000
Magnus Wetter (from 25 April 2024)	24,833	
Total salaries and bonuses paid to members of corporate bodies	**209,875**	**216,625**

* *The CEO's salary was paid from Grow AB, which belongs to the same Group, in the two most recent periods. Salaries charged on are presented under "Other operating expenses" (see note 27 to the consolidated financial statements for more details).*

Salaries and bonuses are presented on an accrual basis.

The CEO has a voluntary supplementary pension scheme (see section 27 of the notes on the group for more details).

Notes to the parent company's balance sheet

ASSETS

10. Tangible assets

EUR	2024	2023
Machinery and devices		
Acquisition cost at the beginning of the financial period	865,565.55	865,565.55
Acquisition cost at the end of the financial period	**865,565.55**	**865,565.55**
Accumulated depreciation	-862,811.92	-861,867.88
Depreciation during the financial period	-944.04	-944.04
Accumulated depreciation at the end of the period	-863,755.96	-862,811.92
Book value at the end of the period	**1,809.59**	**2,753.63**
Other tangible assets		
Acquisition cost at the beginning of the financial period	11,477.26	11,477.26
Acquisition cost at the end of the financial period	**11,477.26**	**11,477.26**
Book value at the end of the period	**11,477.26**	**11,477.26**
Investments		
Holdings in Group companies		
Acquisition cost at the beginning of the financial period	16,131,565.91	19,369,303.84
Increases during the period	344,988.73	997,601.30
Decrease during the period*	-1,029,741.35	-1,149,271.04
Impairments**	-1,543,000.00	-3,086,068.19
Book value at the end of the period	**13,903,813.29**	**16,131,565.91**
Other shares and participations		
Acquisition cost at the beginning of the financial period	1,953.19	1,953.19
Acquisition cost at the end of the financial period	**1,953.19**	**1,953.19**
Book value at the end of the period	**1,953.19**	**1,953.19**

** Digitalist Group internally sold its wholly-owned subsidiary Open Communications International AB on 31 May 2024 to Grow AB, a 90% owned subsidiary of Digitalist Group. The purchase price was EUR 0.9 million.*

*** Recognised impairment charges against acquisition costs of shares of subsidiaries.*

Ownership of other companies

Company	Country	City	Parent company's ownership
Digitalist Experience Oy	Finland	Helsinki	90%
Digitalist Open Tech AB	Sweden	Stockholm	70%
Ixonos Germany GmbH	Germany	Berlin	100%
Ixonos Slovakia s.r.o.	Slovakia	Kosice	100%
Digitalist Canada Ltd	Canada	Vancouver	100%
Digitalist UK Ltd	United Kingdom	London	100%
Grow AB	Sweden	Stockholm	90%
LeanLab Oy	Finland	Helsinki	85%
Digitalist Open Tech Oy	Finland	Helsinki	5%

11. Non-current receivables

Receivables from Group companies	2024	2023
Loan receivables	8,033,406.87	6,218,106.57
Receivables from other companies		
Other loan receivables	106,429.58	-
Total	**8,139,836.45**	**6,218,106.57**

12. Current receivables

Receivables from Group companies	2024	2023
Accounts receivable	148,119.90	74,124.90
Loan receivables	25,000.00	165,779.29
Prepayments and accrued income	896,318.45	513,362.79
Total	**1,069,438.35**	**753,266.98**
Receivables from other companies		
Accounts receivable	-	1,389.10
Other receivables	40,587.37	34,168.47
Prepayments and accrued income	70,345.15	25,440.19
Total	**110,932.52**	**60,997.76**
Total current receivables	**1,180,370.87**	**814,264.74**

Prepayments, accrued income and other receivables	2024	2023
Deferred charges	67,041.47	25,248.99
Others	3,303.68	191.20
Total	**70,345.15**	**25,440.19**

LIABILITIES AND SHAREHOLDERS' EQUITY

13. Non-current liabilities

EUR	2024	2023
Liabilities to others		
Capital loans	23,867,815.46	16,904,504.81
Loans from related parties	775,000.00	750,000.00
Total	**24,642,815.46**	**17,654,504.81**

Liabilities to Group companies	2024	2023
Liabilities to Group companies	381,178.00	-
Total	**381,178.00**	**-**
Non-current liabilities	**25,023,993.33**	**17,654,504.81**

14. Current liabilities

EUR	2024	2023
Liabilities to Group companies		
Accounts payable	125,881.50	177,408.48
Loans and liabilities on Group account	1,566,612.54	1,331,294.95
Other liabilities	2,874,577.65	3,126,722.03
Accruals and deferred income	357,819.66	228,692.35
Total	**4,924,891.35**	**4,864,117.81**
Liabilities to others		
Convertible bonds	-	5,767,938.51
Loans from related parties	2,000,000.00	-
Financial liabilities	8,258,193.32	8,302,388.96
Accounts payable	414,043.31	245,171.25
Other current liabilities	21,545.00	18,868.75
Accruals and deferred income	4,988,426.24	3,198,808.66
Total	**15,682,207.87**	**17,533,176.13**
Total current liabilities	**20,607,099.22**	**22,397,293.94**

ACCRUALS AND DEFERRED INCOME

	2024	2023
Interest accruals	4,885,941.35	3,189,480.08
Salaries and social security expenses	-	-
Trading deficits	102,484.89	9,328.58
Total	**4,988,426.24**	**3,198,808.66**

15. Guarantees and contingent liabilities

LIABILITIES SECURED BY GUARANTEES

	2024	2023
Loans from financial institutions	8,258,193.32	8,302,388.96
Corporate mortgages	9,800,000.00	9,800,000.00
Other loans	2,775,000.00	750,000.00
Corporate mortgages	3,500,000.00	3,500,000.00
Total liabilities	**11,033,193.32**	**9,052,388.96**
Total corporate mortgages	**13,300,000.00**	**13,300,000.00**

SECURITIES AND GUARANTEES PLEDGED ON BEHALF OF GROUP COMPANIES

	2024	2023
Other guarantees	9,800,000.00	9,800,000.00

OTHER LIABILITIES

	2024	2023
Interest on capital loans not recognised as an expense	-	992,647.79

16. Calculation of changes in the parent company's shareholders' equity

EUR	Share capital	Share premium fund	Invested unrestricted equity fund	Retained earnings	Total
Shareholders' equity, 01 January 2024	585,394.16	218,725.00	75,376,423.11	−93,052,078.18	−16,871,535.91
Profit/loss for the financial period				−5,520,249.94	−5,520,249.94
Shareholders' equity, 31 December 2024	**585,394.16**	**218,725.00**	**75,376,423.11**	**−98,572,328.12**	**−22,391,785.85**
Shareholders' equity, 01 January 2023	585,394.16	218,725.00	75,122,444.10	−88,476,182.96	−12,549,619.70
Share issue	0.00	0.00	253,979.01	0.00	253,979.01
Profit/loss for the financial period				−4,575,895.22	−4,575,895.22
Shareholders' equity, 31 December 2023	**585,394.16**	**218,725.00**	**75,376,423.11**	**−93,052,078.18**	**−16,871,535.91**

DISTRIBUTABLE UNRESTRICTED SHAREHOLDERS' EQUITY

	31 December 2024	31 December 2023
Calculation of distributable shareholders' equity		
Invested unrestricted equity fund	75,376,423.11	75,376,423.11
Retained earnings	−93,052,078.18	−88,476,182.96
Profit/loss for the financial period	−5,520,249.94	−4,575,895.22
Distributable unrestricted shareholders' equity	**−23,195,905.01**	**−17,675,655.07**

REPORT ON THE ITEMS RELATED TO EQUITY IN ACCORDANCE WITH SECTION 20:23, SUBSECTION 2 OF THE FINNISH LIMITED LIABILITY COMPANIES ACT.

	31 December 2024	31 December 2023
Shareholders' equity 31 Dec	−22,391,785.85	−16,871,535.91
Capital loan	23,867,815.46	16,904,504.81
Equity pursuant to section 20:23 of the Finnish Companies Act	**1,476,029.61**	**32,968.90**

NOTES ON THE EQUITY LOAN

The company has EUR 23,867,815.46 in equity loans from related parties. The loans mature on 30 September 2026. The interest rate for the convertible bond 2022/1 is 2% 6-month Euribor, and the interest rate for the other convertible bonds (2021/1, 2021/2, 2021/3 and 2021/4) is 6%.

In the event that the company goes into administration or bankruptcy, the principal and interest on the loan will be repaid with a lower priority than other debts. The principal may otherwise be returned and interest paid only to the extent that the company's unrestricted equity and all outstanding capital loans at the time of payment exceed the loss confirmed on the company's balance sheet for the last complete financial period or the loss included on the balance sheet of more recent financial statements. No collateral is pledged for the payment of principal or interest. If interest cannot be paid, it will be transferred for payment on the basis of the first financial statements that indicate it can be paid. The loan and the related promissory notes whose principal has not been repaid in accordance with the terms of the loan can be exchanged for new shares in the company. The conversion rate of the share (meaning the per-share subscription price as defined in the Limited Liability Companies Act) will be the volume-weighted average price of the company's share traded on Nasdaq Oy's Helsinki Stock Exchange over the six (6) months preceding the submission of the conversion notice, as defined in section 13 of the terms of the Convertible Bond (2021/1, 2021/2, 2021/3, 2021/4, and 2022/1). However, the bonds may be converted into a maximum total of 2,200,325,420 new shares in Digitalist Group. The share exchange rate is adjusted in accordance with the loan terms.

Signatures to the financial statements and report of the Board of Directors

STATEMENTS FROM THE BOARD OF DIRECTORS AND THE CEO

We confirm that:

- The consolidated financial statements, prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, and the parent company's financial statements, prepared in accordance with the applicable financial reporting regulations in Finland, provide a true and fair view of the assets, liabilities, financial position, and profit or loss of both the company and the group as a whole.
- The report of the Board of Directors includes a truthful account of the development and results of the business operations of the company and the group as a whole, as well as a description of the most significant risks, uncertainties, and other relevant aspects of the company's financial position.

Helsinki, 28 March 2025

Magnus Leijonborg
CEO

Esa Matikainen
Chair of the Board of Directors

Andreas Rosenlew
Vice Chair of the Board of Directors

Paul Ehrnrooth
Member of the Board of Directors

Peter Eriksson
Member of the Board of Directors

Magnus Wetter
Member of the Board of Directors

Johan Almquist
Member of the Board of Directors

Auditor's note
An auditor's report has today been issued on the audit performed.
Helsinki, 28 March 2025
KPMG Oy
Audit firm

Miika Karkulahti
KHT Authorised Public Accountant

Digitalist Group

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This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

Auditor's Report

To the Annual General Meeting of Digitalist Group Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Digitalist Group Plc (business identity code 0997039-6) for the year ended 31 December, 2024. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. We have not provided any non-audit services to the parent company or group companies.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Group's liquidity and financing arrangements carried out (refer to Basis of preparation for the consolidated financial statements and notes 22, 23, 25 and 27 to the consolidated financial statements)	
— Despite the efficiency improvement measures taken, the Group has generated losses in recent years and cash flow from operating activities has been negative. The Group has carried out arrangements to strengthen its financial position, create a more sustainable cost structure, and secure liquidity. — At as 31 December 2024, the Group´s current liabilities totalled EUR 22.3 million. In accordance with note 25, the financial liabilities and accrued interests falling due within the next 12 months totaled EUR 14.3 million, including the overdraft facilities of EUR 8.3 million which continue until further notice. — During the financial year, negotiations on the arrangements for related party convertible bonds maturing in 2024 were completed and the maturity dates were extended until autumn 2026. In addition, the Group has agreed on a loan of EUR 1.0 million with the main owner on October 28, 2024, of which EUR 0.8 million was withdrawn at the balance sheet date.	Our audit procedures included, among others: — To assess the sufficiency of the liquidity, we analyzed the business plans and cash flow forecasts prepared by the company. — We inspected the financing arrangements carried out during the financial year 2024, their documentation and accounting treatment. Furthermore, we assessed the impacts of the financing arrangements agreed with the main owners. — As part of our year-end audit procedures, we assessed the classification of financial liabilities and considered the adequacy of the disclosures provided on the financial status in the consolidated financial statements.

- After the end of the financial year, the Group has received confirmation from the main shareholder to ensure the company's solvency for at least the next 12 months. Additionally, after the end of the financial year, it was agreed to extend the maturity date of a short-term bank loan of EUR 2.0 million by two years.
- The financial statements have been prepared on a going concern basis. When the financial statements were published, the Board of Directors expected that it´s working capital to be sufficient to cover its requirements over the next 12 months based on the support provided by the main owner as needed.

Valuation of goodwill (refer to the consolidated balance sheet, accounting policies for the consolidated financial statements and note 14 to the consolidated financial statements)

- Goodwill amounted to EUR 5.2 million and other intangible assets mainly consisting of purchase price allocations totaled approximately EUR 0.3 million at December 31, 2024. The goodwill balance represented approximately 52 percent of the consolidated total assets. Consequently, goodwill constitutes the most significant individual item in the consolidated balance sheet.
- Goodwill is not amortized but is tested at least annually for impairment. During the financial year 2024 the Group prepared goodwill impairment tests on a biannual basis.
- The future cash flow projections underlying impairment testing require management judgement in regard to sales growth rate, profitability, terminal growth rate and discount rate among others. The valuation of goodwill is highly dependent on the Group´s future financial performance.

Our audit procedures included, among others:

- We evaluated the company's estimation process and analyzed the assumptions used in the impairment tests for the previous year by comparing to actual performance in respect of sales and profitability.
- Our audit procedures on the impairment testing included, among others, the following: We evaluated the cash flow projections for future financial years prepared by management and the key assumptions used in the impairment tests, such as sales growth rate, profitability and terminal growth rate.
- Furthermore, we involved KPMG valuation specialists when analysing the reasonableness of the assumptions underlying the goodwill impairment tests, and the technical accuracy of the impairment model.

— The determination of the intangible assets acquired in a business combination and their useful livetime requires management judgement and assumptions.

— As part of our year-end audit, we considered the adequacy and appropriateness of the disclosures provided on goodwill and impairment tests in the consolidated financial statements.

Valuation of subsidiary shares and intercompany receivables in the parent company´s balance sheet (refer to parent company balance sheet, accounting policies for the financial statements and notes 10, 11 and 12)

— The carrying amount of the subsidiary shares in the parent company Digitalist Group Plc´s balance sheet amounted to EUR 13.9 million after the impairment of EUR 1.5 million recorded at 31 December 2024. The parent company´s intercompany receivables amounted to EUR 9.1 million and intra-group liabilities EUR 5.3 million at 31 December 2024.

— Management has prepared long-term forecasts and calculations to support the valuation of subsidiary shares. Valuation of the subsidiary shares and intercompany receivables are highly dependent on the Group´s profitability in the future and the business model.

Our audit procedures included, among others:

— We evaluated the basis for the impairment recorded in the financial statements and analysed the valuation principles of subsidiary shares and intercompany receivables.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on April 2, 2014, and our appointment represents a total period of uninterrupted engagement of 11 years.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors. We have obtained the report of the Board of Directors prior to the date of this auditor's report. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in compliance with the applicable provisions.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in compliance with the applicable provisions.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 28 March 2025

KPMG OY AB

MIIKA KARKULAHTI
Authorised Public Accountant, KHT