



Board of Directors' Report and Financial Statements

2023

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Board of Directors' Report 2023

Digia in brief

Digia is a growing software and service company that combines technological possibilities and human capabilities to build intelligent business, society and a sustainable future. Our mission is to keep our customers at the forefront of digital evolution by harnessing our well-rounded expertise, comprehensive offering and operational models that suit the customer's needs. Digia is a intelligent business partner with a comprehensive IT service offering: we provide all the layers of digitalisation from business systems to integrations, digital services and 24/7 monitoring and service management.

2023 was the first year of our "Unlock your intelligence" strategy. Our updated strategy is based on delivery capabilities that are valued by customers and our organisation's ability to engage in continuous renewal. Our financial objectives for the strategy period 2023–2025 are annual growth of over 10 per cent in net sales, including both organic and inorganic growth, and operating profit (EBITA) of more than 12 per cent of net sales at the end of the strategy period. We are also aiming for our international business to account for more than 15 per cent of net sales by the end of the strategy period.

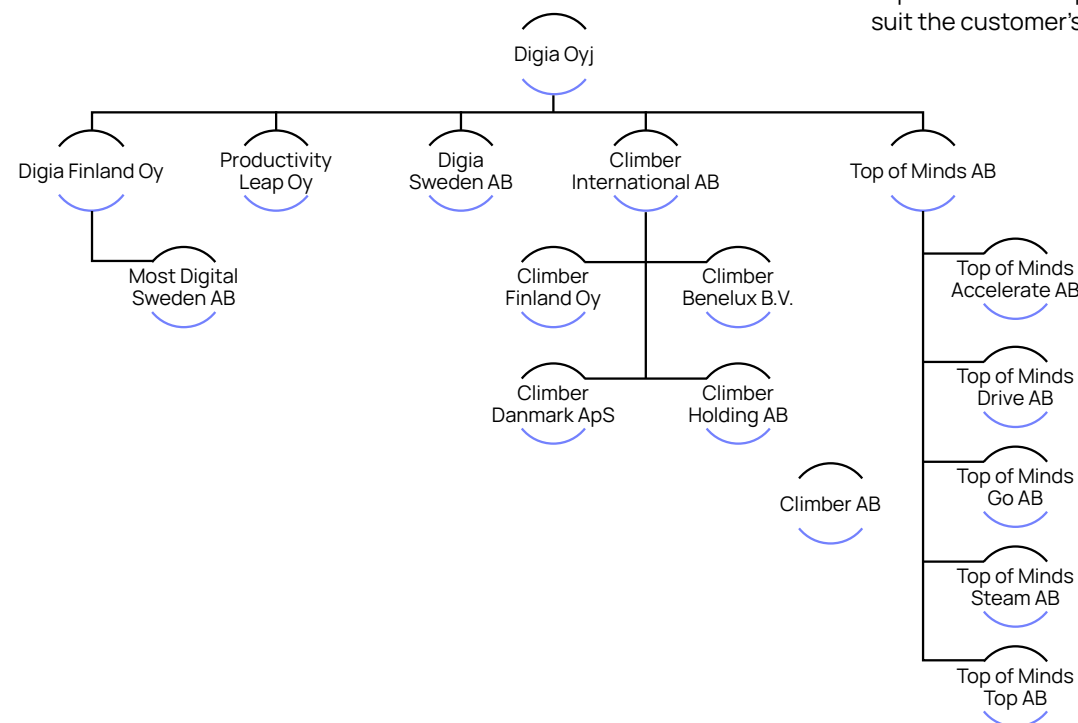
Even though inflation and higher interest costs created a challenging market in 2023, we maintained our profitable growth trend for the eight consecutive year. During the past year, growth was particularly strong in customer relationship management solutions, Digia's automation and artificial intelligence services, and ERP systems using Microsoft Business Central and Oracle Netsuite solutions. The net sales of the Digia Hub subcontracting network also saw good growth. In this uncertain environment, the large share of the company's net sales accounted for by continuous services was a strength, bringing stability to our business.

Group structure

Digia operates in ten locations in Finland – Helsinki, Joensuu, Jyväskylä, Kuopio, Lahti, Oulu, Rauma, Tampere, Turku and Vaasa. Abroad, we operate in Stockholm and Malmö in Sweden, and Hengelo in the Netherlands. Service for our Danish customers is provided from Sweden. Our headquarters are located in Helsinki. On 31 December 2023, the Digia Group included the parent company Digia Plc and the following subsidiaries:

- Digia Finland Ltd and its subsidiary Most Digital Sweden AB
- Productivity Leap Oy
- Digia Sweden AB
- Climber International AB and its subsidiaries Climber Finland Oy, Climber Benelux B.V., Climber Danmark ApS, Climber Holding AB and its subsidiary Climber AB
- Top of Minds AB and its subsidiaries Top of Minds Accelerate AB, Top of Minds Drive AB, Top of Minds Go AB, Top of Minds Steam AB and Top of Minds Top AB.

All subsidiaries are wholly owned by Digia.



In November 2022, to clarify its group structure, Digia started the merger process of its subsidiary Avalon Oy into Digia Finland Ltd, which was completed on 1 May 2023. In March 2023, Digia started the merger process of its subsidiary Solasys Oy into Digia Finland Ltd, which was completed on 1 October 2023.

Digia's strategy – "Unlock Your Intelligence" – and financial objectives for 2023–2025

We combine technological possibilities and human capabilities to build intelligent business, society and a sustainable future. We ensure that our customers are at the forefront of digital evolution, with an operational model and rhythm that are right for them. We harness Digia's well-rounded expertise and comprehensive offering as well as operational models that suit the customer's needs. We constantly renew our own operations and

expertise, and work with reliable partners. As a versatile company, Digia can offer its employees meaningful job tasks and things to learn. We are building a responsible society and a sustainable Digia.

We implement our strategy by tapping into our strengths and the specialist expertise of our service areas. As a unified company, we provide our customers with extensive solution packages and the expertise of our specialised service areas for their individual needs. We build long-term customer relationships and partnerships.

Our main strengths are:

- reliability and long-term customer relationships
- diverse and constantly evolving top expertise
- a versatile offering where solution connectivity enables expanding customer relationships
- a strong financial position
- a business model in which continuous services yield operational stability
- the ability to carry out successful acquisitions and grow the acquirees as part of Digia.

Digia's specialised service areas at the beginning of the strategy period:

Digital Solutions: Intelligent solutions for data utilisation and customer experience

Digital Solutions provides comprehensive digital services for developing intelligent business and enhancing the customer experience. Key areas include a variety of data utilisation solutions, customer relationship management, artificial intelligence, e-commerce, versatile online and mobile services, and the digital marketing, service design and business services provided by the Avalon unit.

Business Platforms: Versatile and comprehensive ERP solutions

Business Platforms provides versatile and comprehensive solutions for intelligent enterprise resource planning in which systems, processes and data flows are connected in a single, reliable, data-driven package. Our offering comprises Microsoft Dynamics 365 solutions, Oracle NetSuite and

our own Digia Envision ERP product (which has been awarded the Key Flag symbol).

Financial Platforms: Service and system packages for fund management companies, asset managers and stockbrokers

Financial Platforms provides versatile system packages for customers in the financial sector. Our business revolves around the Digia Financial Systems product family (DiFS), which is one of the most extensive financial systems for fund management companies, asset managers and brokers in the Nordic countries. DiFS also includes comprehensive account and loan functionalities for banks and lenders. We also provide the necessary back-office functions and processes as a flexible end-to-end service. The Digia Financial Products and Services unit, which is responsible for the DiFS product family and services, is covered by Digia's ISO 27001 certificate.

Managed Solutions: Service packages and outsourcing for maintenance, continuous development and security

Managed Solutions provides customers with the cornerstones of intelligent digital business. Our service packages help customers to utilise data for business and process development, and guarantee the reliability of critical services. Packages includes cloud services, Finland's leading integration and API solutions, robotics and artificial intelligence services, knowledge-based management services, information security, high-security software development and continuous services (that is, 24/7 Managed Services).

Strategy growth paths

1. **Specialised service areas:** Precision solutions delivered using a model suitable for customers. We are expanding our customer relationships into deeper partnerships, harnessing all of Digia's diverse offering and expertise.
2. **Large scale solutions:** Extensive and demanding solution packages in which we utilise all of Digia's extensive offering, from project deliveries to outsourcing.
3. **Acquisitions:** Enriching our offering and venturing into new markets and customer relationships.

4. **International operations:** Expanding our target market and customer relationships.

Strategy enablers

A modern and attractive work community: Skilled employees are the most important success factor for Digia. Sustainable growth is part of the personal and professional development of each and every Digia employee. We invest in our learning-focused, professional and relaxed culture. We want our employees to enjoy working at Digia. Hybrid work, smart ways of working and tools help us to succeed together.

Scalability and productivity: We invest in scalability and productivity in both our own operations and the solutions we provide for customers. In our own operations, productivity development is based on the continuous renewal of working methods, an intelligent technology platform that supports them, and harnessing Digia-level synergies. In customer solutions, we focus on increasing scalability in our service and product solutions. We scale our expertise through our Digia Hub network.

Responsibility: Responsibility is part of our day-to-day operations. Our corporate responsibility is based on the UN Global Compact principles and objectives. Our own operations are already carbon neutral. We see the green transition and solving of sustainability challenges as business opportunities. We are ambitiously seeking to do even better in all subareas of responsibility (environment, people and trusted partner), improving on our already good baseline situation.

Objectives for the 2023–2025 strategy period

Financial objectives:

Net sales growth:	over 10 per cent annually, including organic and inorganic growth.
Operating profit (EBITA):	over 12 per cent of net sales at the end of the strategy period.

Expanding our international business

Our aim is that international business will account for over 15 per cent of net sales at the end of the strategy period.

Sustainability objectives:

Environment:	carbon neutrality: CO ₂ emissions –60% ¹⁾
People:	healthy, diverse and skilled personnel: eNPS +35% ²⁾
Trusted partner:	a visionary, reliable and secure partner: NPS +25% ²⁾

¹⁾ CO₂ – the comparison year for emissions calculations is 2019, the target value is for the end of 2025

²⁾ eNPS (employee net promoter score) and NPS (customer net promoter score) – the comparison year is 2022, the target value is for the end of 2025

Strategy implementation in 2023

Digia's strategy seeks to generate sustainable growth both organically and through acquisitions. Although we achieved our net sales growth target during the fiscal year, we fell slightly short of our EBITA target due to the challenging market. During the review period, we took another step on our international growth journey with the acquisition of the Swedish IT consulting and service company Top of Minds. Top of Minds provides its customers with high-quality services for data and analytics consulting, integrations, e-commerce and project management. International operations accounted for 8.7 per cent of net sales at the end of the fiscal year.

Our responsible way of working is integral to our strategy. Our goal during the strategy period is to reduce our carbon footprint, and to be a good and attractive employer and a trusted partner to our customers. Our carbon footprint decreased by 37 per cent compared to the 2019 baseline. Both our customer and personnel satisfaction have also been at a good level over the past year. Compared to the previous year, Digia's Customer Net Promoter Score (NPS) improved by 23 per cent and its Employee Net Promoter Score (eNPS) by 25 per cent. We achieved a Silver rating from Ecovadis – an international assessment of sustainability – for the third time in a row.

Digia is also a responsible partner to its customers when it comes to data security. Towards the end of 2023, we expanded our international ISO 27001 data security certification in connection with the annual audit to cover new business functions in Managed Solutions and Financial Platforms as well as our offices in Turku and Oulu. For example, our artificial intelligence and automation services are now covered by the data security certificate.

Major events in 2023

- Net sales: EUR 192.1 (170.8) million, up 12.5 per cent
- Operating profit (EBITA): EUR 16.7 (15.7) million, change 6.3 per cent; EBITA margin: 8.7 (9.2) per cent of net sales
- Acquisition of Top of Minds AB
- Earnings per share: EUR 0.37 (0.36)
- Board of Directors' proposal for the distribution of profit to the Annual General Meeting: The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.17 per share be paid (EUR 0.17 per share in 2022).

Key indicators

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

EUR 1,000	2023	2022	2021
Extent of business			
Net sales	192,087	170,754	155,939
– net sales growth, %	12.5%	9.5%	12.1%
Gross capital expenditure ¹⁾	149	1,253	1,768
– % of net sales	0.1%	0.7%	1.1%
Number of personnel, 31 Dec	1,527	1,426	1,339
Average number of personnel	1,465	1,399	1,334
Profitability			
Operating profit plus purchase price allocation amortisation and costs (EBITA),	16,727	15,733	17,739
– % of net sales ²⁾	8.7%	9.2%	11.4%
Operating profit (EBIT),	13,835	12,727	14,680
– % of net sales	7.2%	7.5%	9.4%
Net profit,	9,872	9,571	11,772
– % of net sales	5.1%	5.6%	7.5%
Return on equity, %	13.5%	13.8%	18.3%
Return on investment, %	12.9%	12.9%	16.3%

EUR 1,000	2023	2022	2021
Financing and financial standing			
Interest-bearing net liabilities	24,771	17,608	10,663
Net gearing, %	32.8%	24.8%	15.7%
Equity ratio, %	46.7%	45.9%	48.0%
Cash flow from operations,	16,973	14,252	16,648
Dividends (paid),	4,515	4,478	4,002
Earnings per share (EPS), EUR, undiluted ³⁾	0.37	0.36	0.44
Earnings per share (EPS), EUR, diluted ³⁾	0.37	0.36	0.44
Equity/share, EUR ⁴⁾	2.81	2.65	2.54
Equity/share, EUR	2.81	2.65	2.54
Dividend per share (2023 proposal), EUR	0.17	0.17	0.17
Dividend payout ratio	45.9%	47.2%	38.5%
Effective dividend yield	3.1%	3.0%	2.5%
Price/earnings ratio (P/E) ³⁾	14.59	15.86	16.00
Lowest share price	4.74	5.62	6.30
Highest share price	6.66	7.80	9.46
Average share price	5.96	6.67	7.51
Market capitalisation, EUR 1,000	144,848	153,163	188,839
Trading volume, shares	1,830,983	3,683,503	5,558,726
Trading volume, %	6.8%	13.2%	20.8%

¹⁾ Gross capital expenditure includes gross investments in tangible and intangible assets.

²⁾ Foreign exchange gains and losses from operations are included in the corresponding items above EBIT. Purchase price allocation amortisation includes the amortisation on the transaction prices allocated to customer contracts and other intangible assets in business combinations.

³⁾ The dilution-adjusted key figures account for the effect of the share-based incentive scheme for management.

⁴⁾ Shareholders' equity divided by the undiluted number of shares on the closing date.

As alternative performance measures, the Group reports operating profit before purchase price allocation amortisation and costs (EBITA), operating profit (EBIT), return on equity, return on investment, net gearing and equity ratio, which are not defined in IFRS. The company presents the alternative performance measures to describe the financial situation and development of business operations, as it considers this information necessary for investors. Formulas for the key figures are presented in Note 8.1 and reconciliations in Note 8.2.

Profit guidance for 2024

Digia's profit guidance for 2024: Digia's net sales (EUR 192.1 million in 2023) and operating profit (EBITA) (EUR 16.8 million in 2023) will increase compared to 2023.

Markets, business environment and Digia's market position

Digia's main market is Finland, and we also provide solutions internationally. In addition to Finland, Digia operates in Sweden and the Netherlands.

Digia believes that the IT service market will grow during the strategy period, even though risks related to short-term demand have increased in the operating environment, particularly due to the weaker macroeconomic outlook and high inflation. This is to some extent being reflected in customer behaviour.

However, the long-term trend in demand for digital solutions is strong, and data utilisation that harnesses intelligent technology both efficiently and securely is an increasingly essential success factor for all organisations. Expanding existing systems and utilising the data they generate will play a central role alongside new digital solutions. This means that both integration and data expertise will become increasingly important. Interest in automation and harnessing artificial intelligence is also growing strongly. Although streamlining is often the focus during an economic downturn, our customers' goal is to boost the efficiency of their current operations and thereby enable investments in continuous digitalisation and, above all, artificial intelligence.

Digia's extensive offering – through both individual service areas and broader customer solutions – brings stability and balances out the effects of any market fluctuations in our business.

We see the following trends:

- User-centred and secure solutions are gaining further ground. A good user experience for applications is of paramount importance.
- The level of automation and intelligent functionalities is growing. Digital evolution is trending towards automated and AI-assisted or controlled processes and services. These are based on reliable data, its secure availability, and the organisation's ability to refine and utilise data and technology.
- Instead of isolated solutions, the renewal of entire businesses as a whole is being considered. Application and IT system entities are expanding and becoming more complex. Operational continuity, which is critical for organisations and business, emphasises the interoperability, reliability and security of system entities. When an overview and roadmap of the business have been drafted, system modernisation can be carried out in phases.
- Business operations are becoming networked both internally and externally. Secure and reliable integrations are at the heart of digital evolution. They enable the functionality of application packages and data availability.
- Sustainable development and the green transition are megatrends. The utilisation of digital technologies and data is key to solving sustainability challenges.

Digia combines technological possibilities and human capabilities to build intelligent business, society and a sustainable future. In line with our strategy, we develop and maintain high-quality business solutions for our customers, which we fine-tune with automation and intelligent technology. Our mission is to ensure that our customers are at the forefront of digital evolution, with an operational model and rhythm that are right for them.

Acquisitions and business combinations

On 2 October 2023, Digia acquired the entire share capital of the Swedish IT consulting and service company Top of Minds AB. Top of Minds provides its customers with high-quality services for data and analytics consulting, integrations, e-commerce and project management. The acquisition has strengthened Digia's position in the Swedish market. Thanks to the acquisition, Digia has nearly 300 data and analytics professionals on its

payroll. Top of Minds' figures have been consolidated with the Digia Group from the beginning of October 2023.

Calculations for the allocation of the purchase prices have been made, and the impact of the acquisitions on Digia's figures is reported in the tables section.

Financial review 2023

Net sales

Digia's consolidated net sales for the fiscal year were EUR 192.1 (170.8) million, up 12.5 per cent on the previous year. Particularly strong net sales growth was seen in customer relationship management solutions, Digia's automation and artificial intelligence services, and ERP systems using Microsoft Business Central and Oracle Netsuite solutions. The net sales of the Digia Hub subcontracting network also saw good growth. The large share of the company's net sales accounted for by continuous services once again brought stability to our business. Growth was also accelerated by acquisitions.

The service and maintenance business accounted for 56.0 (60.3) per cent and the project business for 44.0 (39.7) per cent of net sales. The net sales of both the project and the service and maintenance businesses include product business activities, which accounted for 12.1 (12.8) per cent of the Group's total net sales.

Profit and profitability

Digia's operating profit (EBITA) for the fiscal year was EUR 16.7 (15.7) million with an operating margin (EBITA %) of 8.7 (9.2) per cent. Operating profit (EBITA) was impacted by both increased costs arising from inflation and non-recurring costs related to our internationalisation strategy and compliance with sustainability reporting legislation.

Earnings before taxes were EUR 12.4 (12.0) million, with earnings after taxes totalling EUR 9.9 (9.6) million.

Earnings per share were EUR 0.37 (0.36). Net financial expenses amounted to EUR -1.4 (-0.7) million.

Financing, cash flow and expenditure

At the end of the fiscal year on 31 December 2023, Digia's balance sheet total stood at EUR 168.2 (160.1) million and its equity ratio at 46.7 (45.9) per cent. Balance sheet growth was largely due to the acquisition of Top

of Minds AB which was carried out during the fiscal year. Net gearing was 32.8 (24.8) per cent.

At the end of the fiscal year on 31 December 2023, Digia had EUR 37.2 (31.9) million in interest-bearing liabilities. Interest-bearing liabilities consisted of EUR 20.6 million in long-term and EUR 11.6 million in short-term loans from financial institutions, and EUR 5.0 million in lease liabilities.

Cash flow from operations totalled EUR 17.0 (14.3) million in the 2023 fiscal year. Cash flow from investments came to EUR -16.4 (-11.8) million. Acquisitions of subsidiaries are included in cash flow from investments. Cash flow from financing was EUR -2.5 (-6.1) million.

Total investments in tangible assets amounted to EUR 2.3 (3.1) million during the 2023 fiscal year. The return on investment (ROI) was 12.9 (12.9) per cent, and return on equity (ROE) was 13.5 (13.8) per cent.

Report on the extent of research and development

Digia constantly invests in enhancing its long-term competitiveness. Research and development expenses totalled EUR 4.8 million in the 2023 fiscal year (2022: 5.5), representing 2.5 per cent of net sales (2022: 3.2%). All research and development expenses have been recognised in the result. R&D mainly focused on the development of our updated Digia Envision ERP solution and the Digia OIVA Smart Automation platform. We also continued to develop ERP systems for the financial and logistics sectors.

More information about Digia's services and solutions can be found on the company's website: digia.com/en/services.

Human resources and management

At the end of the period, the total number of Group personnel was 1,527 (1,426), representing an increase of 101 employees or 7.1 per cent since the end of the 2022 fiscal period. The average number of employees was 1,465 (1,399), an increase of 66 employees, or 4.7 per cent, on the 2022 average.

Digia employees by location:

	31 Dec 2023	31 Dec 2022	Change, no. of employees
Helsinki	726	722	4
Tampere	289	275	14
Jyväskylä	178	171	7
Stockholm, Sweden	116	53	63
Turku	83	76	7
Joensuu	27	29	-2
Oulu	25	22	3
Rauma	21	22	-1
Lahti	21	18	3
Malmö, Sweden	14	13	1
Vaasa	11	10	1
Kuopio	8	8	0
Hengelo, The Netherlands	8	7	1
Total	1,527	1,426	101

Share capital and shares

On 31 December 2023, the number of Digia Plc shares totalled 26,823,723 and the company had a total of 8,064 shareholders. Foreign shareholders accounted for 0.5 per cent of all Digia Plc shareholders and they held 0.9 per cent of all shares and votes. Nominee shareholding accounted for 0.1 per cent of all Digia Plc shares and 3.1 per cent of all votes.

The weighted average number of shares during the accounting period, adjusted for share issues, was 26,514,556. The diluted weighted average number of shares during the period was 26,694,119. The number of outstanding shares at the end of the review period was 26,477,330.

Ten largest shareholders on 31 December 2023

Shareholder	Percentage of shares and votes
Ingman Development Oy Ab	29.5%
Etola Oy	12.8%
Ilmarinen Mutual Pension Insurance Company	9.9%
Varma Mutual Pension Insurance Company	4.7%
Savolainen Matti Ilmari	3.3%
Rausanne Oy	0.9%
Varelius Juha Pekka	0.8%
EAM Digia Holding Oy	0.8%
Kohonen Jorma Tapani	0.8%
Mandatum Life Insurance Company	0.7%

Shareholding by number of shares held on 31 December 2023

Number of shares	Percentage of shareholders	Percentage of shares and votes
1-100	35.2%	0.5%
101-500	36.3%	2.8%
501-1,000	13.1%	3.0%
1,001-5,000	12.5%	7.6%
5,001-10,000	1.3%	2.7%
10,001-50,000	1.1%	7.1%
50,001-100,000	0.2%	4.6%
100,001-500,000	0.2%	9.4%
500,001-	0.1%	62.3%
	100%	100%

Shareholding by sector on 31 December 2023

	Percentage of shareholders	Percentage of shares and votes
Companies	3.2%	47.4%
Households	95.8%	30.6%
Public-sector organisations	0.0%	14.6%
Financial and insurance institutions	0.3%	6.2%
Non-profit associations	0.2%	0.3%
Foreign holding	0.5%	0.9%
	100%	100%

Digia Plc held a total of 129,604 treasury shares at the end of 31 December 2023. The company held about 0.5 per cent of its capital stock.

At the end of the period, a total of 216,789 company shares, previously funded by Digia for use in the incentive system for key personnel and owned by EAM Digia Holding Oy, remained undistributed.

Up-to-date information about the company's major shareholders and the distribution of their shareholdings can be found on Digia's website: digia.com/en/investors/shareholders.

Share-based payments

Share-based bonuses

During the 2023 fiscal year, Digia had two long-term share-based incentive schemes for senior executives: performance-based incentives were paid on the basis of the 2020–2022 earnings period, and the 2023–2025 earnings period was launched for the new scheme.

On 4 May 2023, Digia Plc's Board of Directors decided to establish a new long-term share-based incentive scheme. The Board will confirm the target group of the long-term incentive scheme at a later date. In principle, the target group consists of the CEO and the company's senior executives. The scheme may also cover other individual key personnel. The scheme is designed to align the goals of the company's shareholders and management in order to increase the company's value, and to commit executive management to the company and its long-term objectives.

The new long-term incentive scheme will run for 2023–2025. It offers participants the chance to earn company shares if the targets set by the Board of Directors for the three-year bonus period are met.

These targets are based on the company's net sales, cumulative earnings per share (EPS) for 2023–2025, and sustainability objective. The earnings period for indicators is three years (2023–2025), and the targets for all indicators have been set for the final date of the earnings period. During the bonus period, the company's CEO and other scheme participants are entitled to a bonus equivalent to a maximum of 480,000 new Digia Plc shares. If the terms are met, the bonuses for all indicators based on the new scheme will be paid at the end of the reward period in spring 2026. All bonuses under this scheme will be paid as a combination of shares and cash. The cash component of the bonus will primarily be used to cover taxes and other comparable costs arising from the scheme.

As a rule, the bonus will not be paid if a member resigns or if a member's employment or post is terminated prior to the bonus payment date specified in the incentive scheme. Under certain conditions, the Board may, at its discretion, decide on possible bonuses in accordance with the pro-rata principle.

EUR 0.4 million in expenses were incurred by the new incentive scheme during the 2023 fiscal year, and EUR 0.1 million by the previous scheme. EUR 0.1 million in expenses were incurred by the previous incentive scheme during the previous fiscal year.

Digia has an agreement with Evli Awards Management Ltd for the coordination of the company's share-based incentive schemes, their associated share management, and the payment of incentives to individuals in accordance with the terms and conditions of the schemes.

Management ownership

According to the list of shareholders on 31 December 2023, Digia's Board of Directors and CEO owned shares in the company as follows (includes the holdings of related-parties and related-party organisations):

Board of Directors	No. of shares
Robert Ingman, Chair of the Board	7,934,000
Martti Ala-Härkönen, Vice Chair of the Board	20,000
Santtu Elsinen	0
Sari Leppänen	0
Henry Nieminen, as of 23 March 2023	1,543
Seppo Ruotsalainen, until 23 March 2023	6,000
Outi Taivainen	872
Timo Levoranta, President and CEO	154,238

At year-end, the CEO and members of the Board of Directors held a total of 8,073,884 of the company's shares, representing 30.10 per cent of all shares and votes.

Trading in shares during the fiscal year

Digia Plc's share is listed on Nasdaq Helsinki Ltd in the Technology sector. The company's short name is DIGIA.

Summary of trading on Nasdaq Helsinki, 1 Jan – 31 Dec 2023

January–December 2023	Trading volume, shares	Value total, EUR	High, EUR	Low, EUR	Trade-weighted average price, EUR	Latest, EUR
DIGIA	1,830,983	10,905,933	6.66	4.74	5.96	5.40
			31 Dec 2023		31 Dec 2022	
Market capitalisation, EUR			144,848,104		153,163,458	
Shareholders			8,067		8,315	

Flagging notifications

On 27 December 2023, Digia received notification of changes in the company's ownership in accordance with Chapter 9 Section 10 of the Finnish Securities Market Act. According to the notification, Ilmarinen Mutual Pension Insurance Company held a total of 26,823,723 Digia Plc shares and votes, corresponding to 9.91 per cent of all Digia shares and votes.

Corporate governance

Annual General Meeting 2023

Digia Plc's Annual General Meeting (AGM) was held on 23 March 2023. The AGM adopted the financial statements for 2022, released the Board members and the CEO from liability, determined Board emoluments and auditor fees, set the number of Board members at six, and elected the company's Board of Directors for a new term.

With regard to profit distribution for 2022, the AGM approved the Board's proposal to pay a dividend of EUR 0.17 per share to all shareholders listed in the shareholder register maintained by Euroclear Finland Ltd on the reconciliation date of 27 March 2023. The dividend payment date was 3 April 2023.

The AGM granted the following authorisations to the Board

Authorising the Board of Directors to decide on buying back own shares and/or accepting them as collateral

The Annual General Meeting authorised the Board to decide on the acquisition and/or pledging of treasury shares with the following terms and conditions:

- A maximum total of 2,000,000 shares may be bought back and/or pledged in one or more instalments. The proposed number is under 10 per cent of the company's total number of shares.
- Only unrestricted equity may be used to buy back treasury shares.
- The Board will decide on how these shares are to be acquired. Treasury shares may be bought back in disproportion to shareholders' holdings (directed acquisition). This authorisation also includes the acquisition of shares through public trading on Nasdaq OMX Helsinki in accordance with the rules and instructions of Nasdaq OMX Helsinki and Euroclear Finland Ltd, or through offers made to shareholders.
- Shares may be acquired in order to improve the company's capital structure, to fund or complete acquisitions or other business transactions, to offer share-based incentive schemes, to sell on, or to be annulled.
- The shares must be acquired at the market price in public trading. The minimum price of the shares to be acquired shall be the lowest quotation in public trading while the authorisation is in force and, correspondingly, the maximum price shall be the highest quotation in public trading while the authorisation is in force.
- The Board of Directors is otherwise authorised to decide on all terms relating to share buyback.

This authorisation will supersede the authorisation granted by the AGM of 21 March 2022 and is valid for 18 months, that is, until 23 September 2024.

Authorising the Board of Directors to decide on a share issue and granting of special rights

The AGM authorised the Board to decide on an ordinary or bonus issue of shares and the granting of special rights (as defined in Section 1, Chapter 10 of the Limited Liability Companies Act) in one or more instalments, with the following conditions:

- This issue may total a maximum of 2,500,000 shares. The proposed number is under 10 per cent of the company's total number of shares. The authorisation applies to both new shares and treasury shares held by the company.
- The authorisation may be used to fund or complete acquisitions or other business transactions, for offering share-based incentive schemes, to develop the company's capital structure, or for other purposes decided by the Board.
- It is proposed that this authorisation should include the right for the Board to decide on all terms related to the share issue or special rights, including the subscription price, payment of the subscription price in cash or (partly or wholly) in capital contributed in kind or its being written off against the subscriber's receivables, and its recognition in the company's balance sheet.

This authorisation will supersede the authorisation granted by the AGM of 21 March 2022 and is valid for 18 months, that is, until 23 September 2024.

More information about the AGM's decisions is available at digia.com/en/investors/governance/annual-general-meeting/aggm-2022.

Board of Directors and auditor

Digia Plc's Annual General Meeting (AGM) of 23 March 2023 re-elected Martti Ala-Härkönen, Santtu Elsinen, Robert Ingman, Sari Leppänen and Outi Taivainen as members of the Board. Henry Nieminen was elected to the Board as a new member. At its organisational meeting after the AGM, the Board of Directors elected Robert Ingman as Chair and Martti Ala-Härkönen as Vice Chair of the Board.

Ernst & Young Oy, Authorised Public Accountants, are Digia's auditors, with Authorised Public Accountant Terhi Mäkinen as the chief auditor.

Committees of the Board of Directors

During the 2023 fiscal year, Digia's Board of Directors had three (3) committees: the Audit Committee, the Compensation Committee, and the Nomination Committee.

- The Audit Committee consisted of Martti Ala-Härkönen (Chair), Santtu Elsinen and Henry Nieminen.
- The Compensation Committee consisted of Outi Taivainen (Chair), Robert Ingman and Sari Leppänen.
- The Nomination Committee consisted of Santtu Elsinen (Chair), Robert Ingman and Martti Ala-Härkönen.

CEO and the Management Team

Digia Plc's CEO is Timo Levoranta, who also serves as the Chair of the Management Team.

On 31 December 2023, Digia's Management Team consisted of:

- Timo Levoranta, President and CEO
- Pia Huhdanmäki, Senior Vice President, HR, Culture & Sustainability
- Juhana Juppo, CTO and Senior Vice President
- Mika Kervinen, General Counsel
- Jukka Kotro, Senior Vice President, Business Platforms
- Tuomo Niemi, Senior Vice President, Financial Platforms and M&As
- Sami Paihonen, Senior Vice President, Digital Solutions
- Pasi Ropponen, Senior Vice President, Sales and Marketing
- Kristiina Simola, Chief Financial Officer (CFO)
- Janne Tuominen, Senior Vice President, Managed Solutions

You can read more about Digia's Management Team on the company's website: digia.com/en/investors/governance/ceo-and-management.

Events after the balance sheet date

There have been no major events since the balance sheet date.

Risks and uncertainties

Digia's risk management process is supported by centralised risk management software. Risks are classified as strategic, financial, operational and sustainability risks. The Audit Committee of the Board of Directors is responsible for supervising the implementation of risk management and assessing its effectiveness. Monitoring focuses on risks of material significance to the company that are classified as high risk. Digia's Group Management Team is responsible for the appropriateness of risk management and overseeing operational activities. The owner of risk management is responsible for reporting on risks and their correct assessment.

The development of the risk status is reported to the Audit Committee twice a year and the Group Management Team monitors the risk status at its regular meetings. Reports cover the risk status, the impacts of significant risks and measures used to manage them, and the monitoring of objectives, including the specified indicators.

The company's strategic and financial risks relate to increasing competition and potential significant changes in the company's operating environment and service areas. General economic trends and changes in customers' operating environment and financial position may have an unfavourable impact on the company's business, financial position and result through slower decision-making and the postponement or cancellation of IT investments.

Implementing the growth strategy places demands on both the organisation and its management. The company's ability to recruit, maintain and develop the correct competence – and also to correctly time the offering to meet demand – will play a vital role. In line with its strategy, Digia is also seeking growth through acquisitions. However, Digia cannot be certain of locating suitable companies for acquisition or of successfully integrating them.

Operational and cyclical risks largely involve short-term demand in the operating environment and remain in effect due to the uncertainty in the business climate. If demand sees a sharp fall, price levels might also decline. Although the pricing models used in the service business balance out cyclical business, products provided via SaaS (Software as a Service) involve longer-term revenue streams compared to the one-off payment of product licenses. In an inflationary environment, it is not certain how quickly and to what extent the rise in costs will be passed on to market prices.

Major customer projects – and fixed-price projects in particular – involve both business opportunities and risks. As customer projects increase in size, the risks associated with profitability management also grow, and there is a greater need to manage extensive contract and delivery packages. Large customer projects typically involve delivery-related sanctions whose materialisation always poses a risk. Risks related to customer receivables are also growing.

Data security and protection risks comprise a significant risk area in the company's business operations. Organisations have more and more information that is critical to their operations. Threats to data security and protection, and their quality and quantity, have risen significantly in recent years. Data security and protection risks mainly concern technology and people. Significant risk factors include, for instance, risks in high-security projects and the subcontracting chain. Due to the nature of its operations, the company is also the target of hostile influence. The company identifies, manages and prevents both internal and external threats. The company implements a regular ISO 27001-certified risk management process based on best practices in handling data security and protection risks. Risks are identified and their impact and significance are analysed. The risk level is reduced with appropriate measures where possible. Operational response and the handling of potential threats have been planned, rehearsed and tested in practice. The company's employees are continuously trained, and data security and protection issues are actively communicated within the company and, if necessary, also to partners and customers. The company works in close cooperation with a variety of data security and protection authorities and networks. Physical security and personnel safety issues are managed using mechanisms similar to those employed in data security and data protection.

Sustainability risks consist of environmental, social and governance risks. Office work poses a rather low risk of environmental damage. The potential risks related to social responsibility that are monitored include experiences of overwork, occupational well-being, discrimination and unequal treatment. The monitoring of procurements, in turn, involves potential human rights risks such as the use of forced labour in the manufacture of equipment and the sourcing of raw materials. Administrative risks primarily concern the company's legality and ethical operations. You can read more about Digia's sustainability and risks in the "Non-financial reporting" section of the Report of the Board of Directors.

Board's dividend proposal

According to the balance sheet dated 31 December 2023, Digia Plc's distributable shareholders' equity was EUR 66,799,448.52, of which EUR 8,056,007.48 was profit for the fiscal year. At the Annual General Meeting (AGM), the Board of Directors will propose that a dividend of EUR 0.17 per share be paid according to the confirmed balance sheet for the fiscal year ending 31 December 2023. Shareholders listed in the shareholders' register maintained by Euroclear Finland Oy on the dividend reconciliation date, 22 March 2024, will be eligible for the payment of dividend. Dividends will be paid on 2 April 2024.

Non-financial reporting

Digia reports on responsibility to external stakeholders in connection with its annual reporting. The report complies with the requirements set for disclosure of non-financial information in accounting legislation. Digia's sustainability indicators, such as key environmental and personnel figures, are reported for the same period as our financial indicators: 1 January – 31 December 2023

In this report on non-financial information, the following topics are dealt with in compliance with the requirements of the Accounting Act:

Accounting Act requirement	Location in report
Description of business model	Business model
Environmental issues	Environment
HR matters and social responsibility	People
Human rights	People
Anti-corruption measures	Trusted Partner

Business model

Digia is a growing software and service provider with a comprehensive offering of IT services. We manage the entire lifecycle of our services from implementation to maintenance and further development. We provide our customers with a service package covering mobile and online services, data platforms and knowledge-based management, integrations and APIs, as well as business core systems including high-security solutions. We provide maintenance services for all our solutions to ensure that our customers can operate their business-critical systems and services around the clock. Our operations are founded on strong customer relations, product and service packages, a partnership network, responsibility, professionalism and a culture that supports the success of our professionals.

Digia's main market is Finland, and we also provide solutions internationally. In addition to Finland, Digia operates in Sweden and the Netherlands. Digia's group structure is described in more detail on page 3 of the Report of the Board of Directors.

Our material sustainability themes

Description of the materiality assessment process

Digia carried out a double materiality assessment in 2023. The assessment identified the most significant sustainability themes for Digia's business, taking the entire value chain into account. The assessment was based on the EU Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). It determined the themes on which Digia's business has significant positive and/or negative impacts and the themes that create the most significant business risks and/or opportunities for Digia.

The double materiality assessment was carried out in collaboration with an expert partner. Digia's Group Management Team actively participated throughout the assessment process. Other internal experts also took part in the assessment, for example, via interviews or workshops. The assessment was also discussed by the Audit Committee of the Board of Directors.

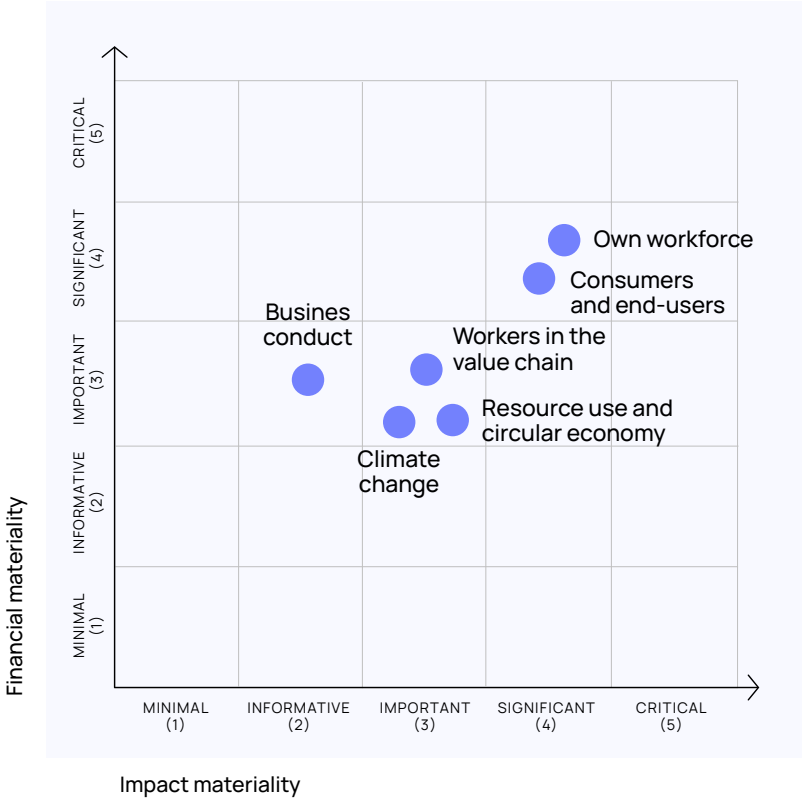
The process utilised existing data on Digia's sustainability themes, plans, and external sources of information about typical sustainability themes within the sector. Digia's earlier work on stakeholders' expectations for sustainable development was also used. This stakeholder-related background material included customer interviews, online customer surveys, a reputation survey and an employer image survey.

We review our materiality assessment at least once per strategy period and, if necessary, also at more frequent intervals if there are significant changes in our operating environment or business. Digia current strategy period covers the years 2023–2025.

Digia's material sustainability themes

Six out of the ten sustainability themes mentioned in the directive also emerged as material themes in Digia's double materiality assessment: climate change, resource use and circular economy, own workforce, workers in the value chain, consumers and end-users, and business conduct.

We have appointed people to take responsibility for and promote specific themes in accordance with the Corporation Sustainability Reporting Directive.



Digia's material sustainability themes are presented in the materiality matrix.

Material sustainability themes, and their impacts, risks and opportunities

	Negative impacts	Positive impacts	Business risks	Business opportunities
E1 Climate change	Emissions and resource use caused by the value chain: emissions and resource use caused by the value chain, the company's own operations and IT solutions.	Supporting GHG emission reductions: an opportunity to support emission reductions with the aid of digital solutions that facilitate energy and resource efficiency.	Equipment availability: Global supply chains for IT equipment may be disrupted as a consequence of climate threats.	Supporting the customer's sustainability pathway: increasing requirements highlight the need for sustainability-related data management and reporting, a reduction in emissions and energy consumption, and the adoption of resource-efficient and circular economy-based business models.
E5 Resource use and the circular economy	Overview of the entire value chain: Even though IT equipment and waste is recycled, there is limited visibility in the value chain towards the end of a device's lifecycle.	Supporting resource use and the circular economy: an opportunity to support resource wisdom with the aid of digital solutions.	Ability to meet the requirements of environmental responsibility: there are increasing requirements related to emissions and the circular economy in particular, both in terms of business operations and customer needs.	Supporting the customer's sustainability pathway: increasing requirements highlight the need for more efficient use of resources, which can be facilitated by digital solutions.
S1 Own workforce	Challenges in the workplace: gender distribution, equal treatment, inclusion of different personnel groups, mental health problems.	Providing employees with meaningful and challenging work: supporting wellbeing at work and continuous personal development.	Challenges in workforce availability and retention: skilled in-house personnel and subcontracting are key success factors.	An attractive employer: the ability to provide good working conditions and meaningful work that leads to personal development is an advantage in attracting in-house personnel and partners.
S2 Workers in the value chain	Negative impacts on value chain workers: potential challenges relating to working conditions with respect to both subcontractors and IT equipment purchases.	Providing meaningful and challenging work to a broad network of subcontractors.	Disadvantages in the use of external labour: potential shortcomings in nearshore, offshore or subcontractor networks can undermine trust and cause reputational damage.	Providing meaningful and challenging work to a broad network of subcontractors.
S4 Consumers and end-users	Negative impacts on the end-users of services: potential data protection breaches and users' varying starting points and levels in the use of digital services.	Accessibility of information and services to end-users: Promoting the digitalisation of society and developing secure, accessible and easy-to-use services for end-users.	Data protection and security breaches: are particularly harmful to reputation and high compensation claims are also possible; the use of artificial intelligence must also be examined in the future.	Secure, accessible and easy-to-use solutions: the ongoing digitalisation of society will create opportunities for partners who are able to provide services while taking the safety and starting points of users into account.
G1 Business conduct	Digia operates in areas in which the negative impacts of ethical activities are relatively minor on a global scale.	Systematic management practices and training that promote ethical conduct in accordance with the company's guidelines.	Violations of ethical business practices: although violations are unlikely, their consequences can be significant.	A reliable partner: becomes increasingly important with the rise in ethical business practices, growing legal requirements and an increasing need to ensure data protection and security.

Stakeholder expectations and dialogue

When identifying the material aspects of responsibility for each of our stakeholders, we have taken into account the most significant economic, social and environmental impacts of our operations and services, as well as other significant trends affecting the ICT sector. We build up an understanding of materialities and stakeholders' expectations through a combination of routine management and regular meetings, surveys and analyses. Our most important stakeholders are customers, personnel, investors, potential employees and educational institutions, technology partners, subcontractors, and organisations and communities.

Both investors and our customers have become increasingly active in areas relating to sustainable development. ESG themes already form an integral part of calls for tenders and require detailed information about a variety of sustainability themes, such as climate action, ethical business, responsible sourcing and human rights. We have also set shared sustainability targets for our customer relations. As part of our customers' supply chain, we must also actively communicate about our own sustainability themes and our success in these areas.

As we want to be a trusted, long-term partner to our customers, we engage in regular dialogue via a variety of channels in order to further develop our partnership. We actively listen to and survey our customers through regular supplier and customer relations questionnaires, in which we also ask for our customers' views and assessments of Digia's sustainability.

Our most important stakeholders









Stakeholder	Our approach	Key topics, action and interaction
Customers	We create value for our customers by utilising our technological expertise and harnessing our understanding of both our customers and their industries. We want to be a long-term development partner to our customers	<ul style="list-style-type: none">• Meeting customer needs with our broad-ranging expertise and the benefits generated by our extensive offering.• Collecting and utilising ESG data, for example, in connection with increased regulation.• Resource efficiency, green coding and the responsible use of data.• In addition to engaging in continuous dialogue with our customers, we also gather feedback with the aid of customer and supplier surveys and assessments.
Personnel	Our healthy, skilled and diverse personnel are our most important resource. We want to provide our employees with a community in which the value of their competence increases through on-the-job learning.	<ul style="list-style-type: none">• Support and early intervention with regard to health, wellbeing and safety – and in particular mental health.• A hybrid work model and flexible working hours.• Diversity and inclusion.• Learning and learning targets.• We collect feedback from personnel through a variety of channels, such as regular employee surveys.
Investors	Regular dialogue with shareholders and the investor community. Objectives include increasing shareholder value.	<ul style="list-style-type: none">• Investor events and meetings.• Collecting feedback, such as surveying our small investors.
Potential employees and educational institutions	Close cooperation, particularly with educational institutions in the ICT sector. We participate in events and activities, and also share our expertise in areas such as training.	<ul style="list-style-type: none">• Cooperation with educational institutions, training (including retraining and qualification upgrades), internships, excursions and theses.• Active communications about our workplace community on social media.• We regularly participate in surveys made among students and job seekers.
Technology partners	Active participation with an extensive, active and skilled partner network.	<ul style="list-style-type: none">• Technology trends, capability development• Networking and cooperation to enhance customer value.
Subcontractors	Subcontracting and networking are characteristic of today's ICT sector. Subcontractors and freelance developers enable project scalability.	<ul style="list-style-type: none">• Committing to Digia's Supplier Code of Conduct.• Responsible cooperation and the management of sustainability risks throughout the entire supply chain.• We ensure compliance with the Code of Conduct with the aid of an annual supplier survey and random supplier audits.
Organisations and communities	Active cooperation with selected partners.	Participation in activities such as: <ul style="list-style-type: none">• Key Flag Symbol/Association for Finnish Work• Confederation of Finnish Industries (EK)• the Inklusiiv community• itSMF Finland ry• Finland Chamber of Commerce/chambers of commerce• Code from Finland• the Mimmit koodaa (Women code) programme run by Ohjelmisto- ja e-business ry• Finnish Association of Purchasing and Logistics LOGY• Technology Industries of Finland• TIEKE Finnish Information Society Development Centre• Women in Tech• UN Global Compact Network

Focus areas, objectives and key indicators of Digia's corporate responsibility 2023–2025

Our sustainable business model and responsible way of working are integral to our strategy and instrumental to our business success. We updated our sustainability programme and its objectives for the new 2023–2025 strategy period.

Our focus areas in corporate responsibility are based on our strategic policies, the expectations of key stakeholders, the characteristics of the ICT sector and business environment, the impacts of the company's operations, and the objectives of the UN's Sustainable Development Goals and Global Compact.

The material focus areas in our corporate responsibility will remain the same during the current strategy period, and we see the green transition and the solving of sustainability challenges as business opportunities. Digital solutions have the potential to significantly contribute to solving sustainability challenges in other fields of business. In the strategy period, we are ambitiously seeking to do even better in all subareas of responsibility (E, S and G). As our company also grows through acquisitions, we are constantly developing and refining our targets and their monitoring in collaboration with our subsidiaries, so as to create a consistent monitoring model throughout the Group.

Topic	UN Sustainable Development Goals	Objective	Key indicator	Target level, 2025	2023
Planet (E)	  	We are reducing our carbon footprint	CO ₂ emissions from the entire value chain	60% reduction in CO ₂ emissions compared to 2019	–37% ¹⁾
People (S)	   	Healthy, diverse and skilled personnel	Employee Net Promoter Score (eNPS)	eNPS +35% compared to 2022	+25% ²⁾
		Increased diversity at a number of organisational levels	Proportion of women in executive roles	25%	16%
		Digia leaves a responsible mental footprint	Absences related to mental health	Fewer than 1.0 days of absence per person per year	1,3 ²⁾
		We provide opportunities for lifelong learning	Percentage of employees for whom a learning target has been set	A learning target has been set for 75% of personnel	54%
Trusted partner (G)	 	A visionary, reliable and secure partner	Net Promoter Score (NPS)	NPS +25% compared to 2022	+23% ³⁾
		Entire organisation has adopted ethical ways of working	Percentage of employees who have completed annual Code of Conduct training	90% of Digia employees had completed annual Code of Conduct training	84% ⁴⁾
		Digia's subcontractors are committed to Digia's Code of Conduct	Percentage of subcontractors who are committed to Digia's Supplier Code of Conduct	100% of subcontractors are committed to Digia's Supplier Code of Conduct	80%
		Safe partner	Percentage of employees who have completed annual security training	90% of Digia employees had completed security training	95% ²⁾

¹⁾ Digia's emissions reduction plan has been drafted on the basis of the situation and scope defined in 2019. Digia's total carbon footprint for 2023 covers the entire Group with the exception of Top of Minds AB.

²⁾ Digia Plc and Digia Finland Ltd

³⁾ Digia Plc's operations in Finland

⁴⁾ The entire Group excluding Top of Minds AB

Planet (E)

Information and communications technology (ICT) is an important part of society's critical infrastructure. All who operate in this sector – like Digia – also play a key role in reconciling society's activities with the carrying capacity of nature and the climate.

The largest environmental impacts of Digia's operations are related to energy consumption and equipment. Office work typically poses a very low risk of environmental damage.

Our key environmental principles are:

- 1. Our own operations are in balance with the climate and the carrying capacity of nature.
- 2. Environmental responsibility is part of the daily life and expertise of our work community.
- 3. We accelerate the ecological renewal of society.

The focus areas during the 2023–2025 strategy period:

- We will reduce our carbon emissions throughout our value chain (–60 per cent by 2025 compared to the 2019 baseline).
- We favour circular economy functions.
- We operate resource-wisely and develop resource wisdom, green IT and green coding activities.
- We produce customer solutions to solve sustainability challenges.

Digia's carbon footprint

Digia has been carbon-neutral in terms of its own operations (Scope 1 and 2) in Finland since the beginning of 2020. In 2023, we expanded our calculations to cover the entire Group. We are seeking to reduce emissions from our own operations by, for example, favouring renewable energy in our premises. We also compensate for any remaining emissions from our own operations in a reliable manner. Digia has been offsetting emissions from its own operations through Hiilipörssi since 2020.

Our goal is to reduce carbon emissions throughout our value chain (Scope 1–3) by 60 per cent by 2025 and by 75 per cent by 2030 compared to the 2019 baseline. We have drawn up a climate roadmap that contains an action plan to reduce emissions, and also defines our climate objectives until 2030. The plan also includes increasing Digia's carbon

handprint. We aim to be carbon neutral throughout our entire value chain by the end of 2030.

How Digia's carbon footprint is calculated

We have been calculating the carbon footprint of our companies in Finland since 2019. In accordance with the GHG Protocol, this calculation includes emissions from the company's own operations (Scope 1 and 2) as well as emissions from the value chain (Scope 3) based on calculation scope that is assessed annually. The company has chosen to employ the operational control criterion when making these calculations.

Since 2019, Digia has expanded with the aid of seven acquisitions in Finland and two abroad. In 2023, we extended our Group-level carbon footprint calculation to cover foreign subsidiaries as well. The calculation for 2023 covers all of the Digia Group's operations with the exception of the Swedish company Top of Minds AB, which was acquired towards the end of the year. Digia's emissions reduction plan has been drafted on the basis of the situation and scope defined in 2019.

Digia is continuously developing and refining its carbon footprint calculations. During 2023, we were preparing to meet the 2024 requirements of the EU Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), and have proactively taken our reporting in the direction of the new regulations. You can read more about the scope of the calculation in the section "Reporting principles and scope".

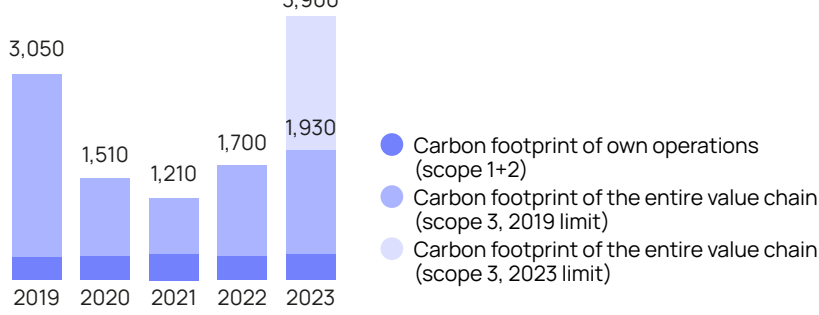
Digia's carbon footprint 2023

The carbon footprint of Digia's own operations (Scope 1 and 2) in 2023 was about 376 t CO₂eq. This figure includes emissions from the heating and cooling of the Digia Group's premises, emissions from the electricity consumption of premises and data centres, and emissions from the fuel consumption of leased cars.

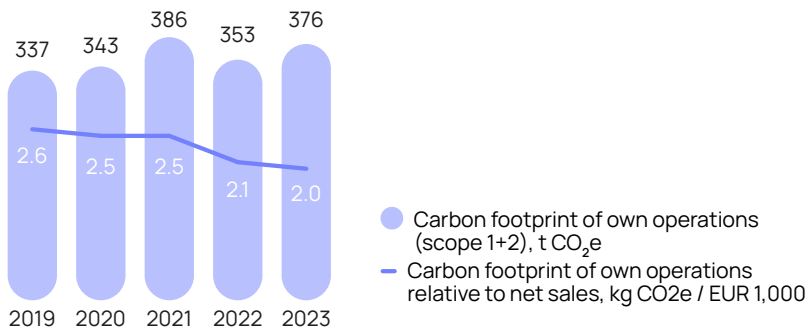
In 2023, Scope 1 and 2 emissions increased by approximately 26 t CO₂eq compared to 2022. This was mainly due to an increase in the number of premises in Finland and the fact that foreign offices were also included in the calculations for the first time.

The carbon footprint of the entire value chain was about 3,903 t CO₂eq. In addition to the aforementioned, the figures include emissions related to waste management, energy production and fuel manufacture, emissions from business trips and commuting, and emissions from equipment and

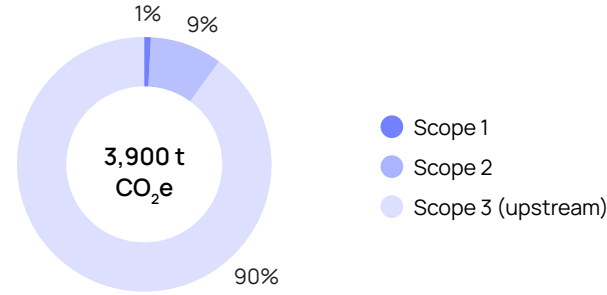
Digia's carbon footprint 2019–2023, own operations and value chain, t CO₂e



Indicators for carbon footprint of own operations 2019–2023



Digia's carbon footprint 2023, in accordance with the GHG Protocol



other purchases. Emissions related to energy and fuel production were included in the calculations for the first time. The purchase of equipment and services was also calculated much more accurately than in previous years. Compared to previous years, emissions – and particularly Scope 3 emissions – rose throughout the entire value chain, but this was mainly due to the increased scope and accuracy of the calculations. When the scope of the calculations was limited to the 2022 scope, per-employee emissions did not increase relative to the corresponding emissions in 2022.

Using the 2019 scope, our 2023 carbon footprint was 1,929 t CO₂eq, which was 37 per cent lower than in 2019 (3,050 t CO₂eq). Emissions from premises for the 2022 carbon footprint calculation were recalculated in the fall of 2023, increasing emissions for the whole year to 1,700 t CO₂eq (+50 t CO₂eq compared to previously reported).

Carbon footprint indicators show emissions trends relative to changes in our business. In 2023, emissions relative to personnel were about 2.6 t CO₂eq tons per employee and 10 kg CO₂eq per EUR 1,000 relative to net sales. When using the 2019 scope, our per-employee carbon footprint remained the same as it was in 2022. Our own emissions relative to net sales have decreased slightly on 2022, which indicates that progress has been made in the climate-smart use of resources.

Carbon footprint indicators	2019	2020	2021	2022	2023	Unit
Carbon footprint of own operations (Scope 1+2)	337	343*	386*	353*	376*	tonnes CO ₂ e
Carbon footprint of own operations (Scope 1+2, 2019 limit)	337	343*	386*	353*	372*	
Own emissions relative to net sales	2.6	2.5*	2.5*	2.1*	2.0*	kg CO ₂ e / EUR 1,000
Carbon footprint of the entire value chain	3,050	1,510	1,210	1,700	3,900	tonnes CO ₂ e
Emissions per employee (2019 limit)	2.4	1.1	1.0	1.3	1.3	tonnes CO ₂ e/employee
Emissions per employee (2023 limit)	–	–	–	–	2.6	tonnes CO ₂ e/employee
Emissions relative to net sales	23.2	10.9	7.8	9.7	10.0	kg CO ₂ e / EUR 1,000

* Digia has been compensating for the emissions of its own operations since 2020.

Energy consumption and mix (ESRS E1–5)

Energy consumption and mix	2023
Total fossil energy consumption (MWh)	554.8
Fossil energy sources as a percentage of total energy consumption (%)	29%
Total consumption of nuclear energy products (MWh)	242.2
Nuclear energy products as a percentage of total energy consumption (%)	13%
Consumption of fuel from renewable sources, including biomass (and organic industrial and municipal waste, biogas, renewable hydrogen, etc.) (MWh)	176.0
Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources (MWh)	8.1
Consumption of self-generated non-fuel renewable energy (MWh)	0.00
Total consumption of renewable energy (MWh)	507.9
Renewable energy sources as a percentage of total energy consumption (%)	27%
Total energy consumption (MWh)	1,889.4

Gross Scopes 1, 2, 3 and Total GHG emissions (ESRS E1–6)

	2023
Scope 1 GHG emissions	
Gross Scope 1 GHG emissions (tCO ₂ eq)	40.7
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0
Scope 2 GHG emissions	
Gross location-based Scope 2 GHG emissions (tCO ₂ eq)	289.6
Gross market-based Scope 2 GHG emissions (tCO ₂ eq)	335.2
Significant Scope 3 GHG emissions	
Total Gross indirect (Scope3) GHG emissions (tCO ₂ eq)	3,527.1
1 Purchased goods and services	1,571.6
Cloud computing and datacentre services	199.3
2 Capital goods	362.9
3. Fuel and energy-related activities (not included in Scope 1 or 2 emissions)	163.4
4 Upstream transportation and distribution	N/A
5 Waste generated in operations	7.5
6 Business travel	410.1
7 Employee commuting	1,011.7
Total GHG emissions	3,903.1
Total GHG emissions(location-based) (tCO ₂ eq)	289.6
Total GHG emissions(market-based) (tCO ₂ eq)	335.2

Energy intensity based on net revenue (ESRS E1–6)

GHG intensity relative to net revenue	2023
Total GHG emissions (location-based) per net revenue (tCO ₂ eq/Monetary unit)	1.5 kg CO ₂ e / 1,000 EUR
Total GHG emissions (market-based) per net revenue (tCO ₂ eq/Monetary unit)	1.7 kg CO ₂ e / 1,000 EUR

Green Code

According to Tieke's [Guide to ecologically sustainable public software procurement](#), the Information and Communication Technology (ICT) sector's emissions are one of the fastest growing individual sources of carbon dioxide emissions. The ICT sector accounts for about 4–10 per cent of global electricity consumption. However, digital solutions can also help to achieve emission reductions.

The green code is one way of curbing emissions. It refers to code that has been optimised for maximum efficiency, and also methods seeking to minimise the energy consumption of software. In 2023, Digia published an internal guide to increase awareness of green code methods within our organisation. The contents of this guide will be further developed with the aim of making green software practices part of our everyday life and cooperation with customers. This theme was actively discussed with our customers over the course of the year. We have also been actively involved in green code forums.

People (S)

Everything we do is based on people in our work community and network. Competence and its continuous development, coupled with an ethical operating culture, are essential if we want to take good care of our experts and provide our customers with the best possible service. We want the value of Digia personnel's expertise to increase during their term of employment.

Diversity and inclusion are part of our evolving day-to-day work, something that we encourage throughout our network. A good management and work culture bolsters the achievement of an excellent employee experience.

The focus areas during the 2023–2025 strategy period:

- We strengthen a safe, healthy and thriving operating environment
- We promote diversity and inclusion.
- We offer opportunities for lifelong learning in accordance with our cultural principles.
- We produce customer solutions that promote social responsibility.

During 2023, we were preparing to meet the 2024 requirements of the EU Sustainability Reporting Directive (CSRD) and the European Sustainability

Reporting Standards (ESRS), and have proactively taken our reporting in the direction of the new regulations. Notes on whether the figures apply to the entire Group or whether there are some country- or subsidiary-specific exceptions have been given in connection with the data.

Personnel

The Digia Group employed 1,527 people in Finland, Sweden and the Netherlands at the end of 2023. In addition to its in-house personnel, Digia utilises subcontracting in its customer work.

We monitor and measure our employee net promoter score (eNPS) on an annual basis. Our goal for 2025 is to improve our eNPS by 35 per cent compared to 2022. A 25 per cent improvement was achieved in 2023. This result covers personnel at Digia Plc and Digia Finland Ltd. Other subsidiaries have their own indicators to monitor employee satisfaction.

Characteristics of the undertaking's employees (ESRS S1-6)

The figures indicate the number of employees at the end of the reporting period.

Gender	Number of employees
Men	1,092
Women	435
Other	0
Not reported	0
Total number of employees	1,527

Country	Number of employees
Finland	1,389
Sweden	130
Netherlands	8

Women	Men	Other	Not reported	Total
Number of employees				
435	1,092	0	0	1,527
Number of employees with permanent employment contracts				
431	1,085	0	0	1,516
Number of employees with fixed-term employment contracts				
4	7	0	0	11
Number of employees with employment contracts for variable working hours				
9	14	0	0	23
Number of employees with full-time employment contracts				
377	1,015	0	0	1,392
Number of employees with part-time employment contracts				
58	77	0	0	135

Finland	Sweden	Total*
Number of employees		
1,389	130	1,519
Number of employees with permanent employment contracts		
1,381	130	1,511
Number of employees with fixed-term employment contracts		
8	0	8
Number of employees with employment contracts for variable working hours		
23	0	23
Number of employees with full-time employment contracts		
1,263	124	1,387
Number of employees with part-time employment contracts		
126	6	132

* Personnel in the Netherlands are excluded due to their small number.

A total of 174 employees left Digia during the reporting period, resulting in turnover of 9.5 per cent. The figures do not include Top of Minds AB.

Characteristics of non- employee workers in the undertaking's own workforce (ESRS S1-7)

Subcontracting is a natural part of established practices in the IT sector. This operational model enables rapid scaling and the ability to meet a variety of technology requirements in accordance with customer needs. Digia's subcontracting mainly focuses on the Digia Hub network, which consists of more than 5,000 freelance professionals and hundreds of subcontracting companies in Finland. Digia Hub also has nearshore subcontractors in the EU. In addition to our domestic subcontractors and nearshore operators, Fulcrum Digital is Digia's main partner for subcontracting international experts and has also committed to Digia's Code of Conduct. A total of 417 people were working as subcontractors in Digia's projects at the end of 2023.

Collective bargaining coverage and social dialogue (ESRS S1-8)

Digia has its own collective agreement in Finland, which entered into force in May 2023. This collective agreement covers employees of Digia Plc and Digia Finland Ltd, which equates to about 84 per cent of the Digia Group's total number of personnel. Digia Plc's subsidiary Productivity Leap Oy uses the Collective Agreement for the IT Service Sector as an unorganised employer. Digia Sweden AB, Climber International AB and its subsidiaries, and Top of Minds AB and its subsidiaries are not covered by a collective agreement. Most Digital Sweden AB does not have any employees.

Diversity and inclusion

Diversity is part of Digia's corporate responsibility: our goal is to make Digia an even more inclusive workplace – a place where everyone can be themselves. Psychological safety is one key aspect of inclusivity, and studies have shown it to be a common factor among successful workplace communities. Non-discrimination and equality are enshrined in our Code of Conduct.

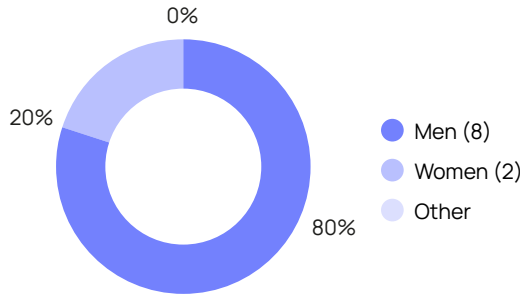
In 2023, we commissioned an equality and non-discrimination survey of our personnel and used the results to prepare a new equality and non-discrimination plan for 2023–2025. The plan's key themes are an inclusive culture and psychological safety, making the use of English commonplace, increasing the proportion of women working at Digia, and increasing inclusivity and career opportunities for women. The equality and non-discrimination survey was also sent to our subcontractors for the first time.

We monitor whether personnel feel they can be themselves in the workplace. Our goal is for Digia employees to feel accepted for who they are, and for as few employees as possible to give their experience a low score. 7 per cent (5.3%) of employees gave their experience a low score in 2023. In 2023, action related to this theme included training and tribal meetings on the theme of neurodiversity, the Konkarit (Veterans) programme for employees approaching retirement age, and LGBTQ++ afterwork meetings.

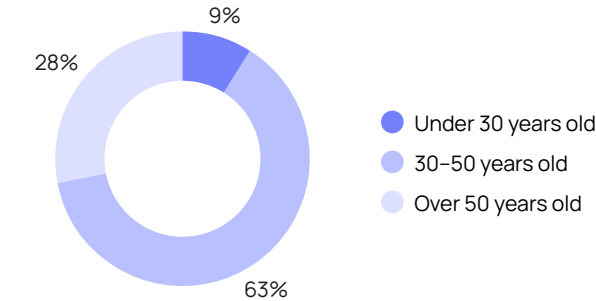
As part of Digia's equality and non-discrimination work in 2023, we joined the UN Global Compact's Target Gender Equality Accelerator training programme. This provides important information, and helps companies to find suitable targets and draw up an action plan to promote gender equality, diversity and equal pay.

Collective bargaining coverage			Social dialogue
Coverage	Employees – EEA (countries in which there are at least 50 employees and they account for more than 10 per cent of the total number of employees)	Employees – non-EEA (an estimate for regions in which there are at least 50 employees and the employees account for more than 10 per cent of the total number of employees)	Workplace representation (EEA only) (countries in which there are at least 50 employees and the employees account for more than 10 per cent of the total number of employees)
0–19%	Sweden		Sweden
20–39%			
40–59%			
60–79%			
80–100%	Finland		Finland

Gender distribution at top management level



Distribution of employees by age group



Diversity indicators (ESRS S1-9)

We want to encourage women to enter the IT sector. We monitor and measure the proportion of women in a variety of different roles on an annual level. At the moment, Digia has the highest number of women in project manager, service manager and consulting roles, and the least in senior executive and architectural roles. Our goal for 2025 is for women to account for 25 per cent of those in senior executive roles. The result for 2023 was 16 per cent. We are also aiming to increase the number of women in architectural roles (3 per cent in 2023). Women accounted for 29 per cent (31.2%) of those in supervisory roles in 2023.

The gender distribution of Digia's top management and the age distribution of employees is presented below. Digia's definition of "top management" is a member of the Group Management Team.

Wellbeing and competence

Wellbeing and a humane working day are two of the cornerstones of Digia's HR strategy and one of the main themes of our sustainability programme and sustainable business operations. We support wellbeing by developing everyday management skills, self-direction and personal competence – and thereby the ability to meet the expectations of changing work practices. We also ensure that work-related goals and expectations are clear, and invest in our feedback culture, flexible working arrangements, comprehensive occupational healthcare services, early intervention processes and open communication. Digia offers training, coaching and a variety of mental wellbeing services to help our personnel manage their work.

In recent years, national and global events have brought changes to both everyday life and work that are affecting us all. Mental wellbeing is also influenced by other internal and external factors. There are many ways of nurturing and supporting mental wellbeing in everyday life. Digia has now placed a special focus on strengthening mental wellbeing. Mental wellbeing is strongly influenced by targets and competence, which we monitor separately, but we also monitor and measure the number of absences arising from mental health issues on an annual level. Our target for 2025 is to have fewer than 1.0 days of absence per person per year for mental health reasons. The number of absences in 2023 was 1.3 days of absence per person. These figures cover Digia Plc and Digia Finland Ltd.

Adequate wages (ESRS S1-10)

Digia always pays at least the minimum wage specified in the collective agreement. At Digia, salaries are determined in accordance with standardised principles, and employees are treated equally and equitably. Gender, age, other personal characteristics or minority status cannot affect salary development. Digia seeks an average salary level that is in line with the general market salary level in the sector. The need for salary reviews is proactively assessed twice a year.

As part of the human rights survey we conducted in 2023, we also reviewed the remuneration practices of our subcontractors' nearshore and offshore operations to ensure that adequate wages were being paid.

Social protection (ESRS S1-11)

Digia wants to be family-friendly employer that understands diverse life situations. We support the varying life situations, working capacity and care responsibilities of our employees by offering flexible, location-independent working hours and providing occupational healthcare services (which may vary from country to country and company to company).

At Digia Plc and Digia Finland Ltd, employees have access to a care service for sick children and can take a variety of family-related leave. In addition to statutory occupational accident, life and pension insurance, Digia also offers a range of additional insurance, such as medical expense insurance and travel insurance for both working hours and leisure time. Climber Finland Oy and Productivity Leap Oy have boosted social protection with leisure-time accident insurance.

Training and skills development indicators (ESRS S1-13)

Expertise and its continuous development plays a key role in enabling us to serve our customers based on the latest information. We want the value of Digia personnel's expertise to increase during their term of employment. Competence development occurs through interaction with others, our feedback culture, and interesting new kinds of tasks and training.

As part of ensuring competence development of our personnel, we monitor and measure the percentage of personnel for whom a learning target has been set on an annual basis. In 2023, we renewed our performance and development discussion and feedback collection process, and also recorded learning objectives in our new ERP system for the first time. Our goal for 2025 is to set a learning target for 75 per cent of our personnel. Learning targets were recorded for 54 per cent of personnel in 2023.

Percentage of employees that participated in regular performance and career development reviews*

All personnel	Men	Women	Other
100%	100%	100%	–

Average number of training hours per person for employees, by employee category and by gender*

All personnel	Men	Women	Other
52 h	51.5 h	53.3 h	–

* Includes all of the Digia Group's Finnish companies, Digia Sweden AB and Climber Sweden AB.

Health and safety indicators (ESRS S1-14)

100 per cent of the Digia Group's own workforce is covered by occupational healthcare. Occupational healthcare coverage may vary between companies.

There were five work-related accidents in 2023. There were no fatalities as a result of work-related injuries and work-related ill health at Digia.

Work-life balance indicators (ESRS S1-15)

All of the Digia Group's employees are entitled to take family-related leave. 6.2 per cent of Digia personnel took family-related leave in 2023. 5.5 per cent of all women and 6.4 per cent of all men took family-related leave. The figures do not include Top of Minds AB.

Compensation indicators (pay gap and total compensation) (ESRS S1-16)

We analyse the realisation of pay equality from different perspectives (such as gender, the competence classification of positions, and task profiles). This figure is based on the aforementioned classification of profiles and does not take into account other factors that may affect salaries, such as personal competence levels.

Country	Gender pay gap	Total earnings ratio
Finland	97%	14%
Sweden*	102%	44%

* The figures do not include Top of Minds AB.

Incidents, complaints and severe human rights impacts and incidents (ESRS S1-17)

All Digia employees play their part in creating a functional and psychologically safe workplace. During 2023, we revised our guidelines on intervening in inappropriate behaviour and harassment, and organised training on how to intervene in such situations for supervisors and others in positions of trust. It is of primary importance to arrange a discussion between the parties involved, facilitated by HR if necessary. If other reporting methods do not feel safe, Digia employees can also report harassment and inappropriate behaviour through the Whistleblower channel.

Digia did not receive any reports of discrimination as specified in the Equality Act, nor any reports of serious cases of human rights violations.

Human rights

Respect for human rights is also an important part of Digia's ethical operating culture.

In 2022, we conducted a survey of human rights risks and impacts related to Digia's business. This analysis was carried out in accordance with the UN Guiding Principles on Business and Human Rights, and took

into account both actual and potential human rights risks and impacts. Digia's human rights impacts on its own personnel and human rights impacts arising from Digia's most significant procurements were both selected for special examination.

In 2023, we deepened this analysis by extending the mapping of human rights risks and impacts to Digia's entire value chain (own operations, supply chain, customers). We used this analysis to further develop our risk management and controls in this area.

We also drew up our own human rights commitment, which has been published on our website.

The actual or potential human rights risks identified in our value chain were:

- Right to health and safety.
- Right to freedom of discrimination.
- Right to decent work.
- Right to freedom from labour exploitation and forced labour.
- Right to freedom of association and collective bargaining.
- Right to privacy.

We will use the results of our work to further develop our operating methods, so as to mitigate human rights risks in our operations.

Trusted Partner (G)

We want to be a long-term development partner to our customers. Our most important themes – also from the standpoint of customer expectations – are to be a visionary, reliable and secure partner.

Business is becoming networked, complexity is increasing and security is ever-more important. Data responsibility, secure operations and their promotion also facilitate the sustainable development of societies. In addition, responsible data utilisation has a social responsibility dimension through the privacy protection of individuals.

The focus areas during the 2023–2025 strategy period:

- We promote digital security by promoting secure operations and responsible data utilisation.
- We develop the digital functionality of society.
- We promote ethics and responsibility.
- We are a visionary, reliable and secure partner.

Principles and management of sustainability

Digia's operations are governed by the Finnish Limited Liability Companies Act, regulations concerning publicly listed companies, the rules and regulations of Nasdaq Helsinki Oy, and Digia's Articles of Association. Our operations are also guided by the policies and operating principles approved by the Board of Directors or Group Management Team. Our responsibility is based on our Code of Conduct, which is approved by the Board of Directors, and the UN Sustainable Development Goals. We are committed to respecting human rights in accordance with the UN's Universal Declaration of Human Rights, the UN Global Compact, and the International Labour Organisation's (ILO) Fundamental Principles and Rights at Work.

However, in our changing business environment, responsibility is based above all else on the continual monitoring and improvement of our operations. We closely monitor Finnish and international corporate responsibility regulation and develop our corporate responsibility proactively. We have fallen within the scope of the Non-Financial Reporting Directive (NFRD) since 2017, and are now preparing for the development needs and requirements that will arise from the EU Corporate Sustainability Reporting Directive (CSRD) and other EU regulations. During the year, our corporate responsibility development activities focused on projects and measures aimed at meeting the requirements of the upcoming Sustainability Reporting Directive. The most important of these were the double materiality assessment and an ESG data management package, which included the acquisition of an ESG reporting solution.

As the highest administrative body, Digia's Board of Directors is also responsible for steering the company's operations with respect to sustainability themes. The Audit Committee annually reviews non-financial information, including our sustainability objectives and sustainability-related risks. The Audit Committee also reviews a report on

whistleblowing twice a year. When necessary, all critical or urgent topics can be reported to the Audit Committee on a case-by-case basis.

The Board of Directors' Audit Committee is also responsible for monitoring, assessing and preparing information to the Board about the company's measures in the development of reporting, internal control and auditing, and the effectiveness of risk management systems. The Audit Committee also provides guidance on measures related to the verification of sustainability reporting. Due to the increased need to address sustainability issues, the Audit Committee added one additional meeting to its annual meeting calendar.

The CEO is responsible for Digia's corporate responsibility, while the Senior Vice President, HR, Culture and Sustainability is in charge of responsibility reporting. The Group Management Team discusses the most important sustainability themes, which are prepared by a sustainability steering group consisting of members of the Group Management Team. The Group Management Team decides on sustainability indicators and monitors their realisation. The Group Management Team approves new policies and commitments, such as the human rights commitment published during the review period. The sustainability steering group also discusses measures related to various areas of corporate responsibility, which in 2023 included a double materiality assessment and developing sustainability reporting.

The sustainability working group heads up operational responsibility efforts, coordinated by focus area (themes). The Senior Vice President, HR, Culture and Sustainability, chairs the working group. Corporate responsibility activities are led and coordinated by the Head of Sustainability.

Our governance structure is described in more detail in our separate Corporate Governance Statement.

Management of Sustainability



Policies and commitments

Planet	People	Trusted Partner
Environmental policy Climate roadmap: responsible procurement Hybrid work model Circular economy practices: IT hardware purchases/leasing, furniture purchases/leasing Digia's Green code -guide	Human rights commitment Cultural principles Equality and non-discrimination plan Early intervention Salary and remuneration hand book	Business ethics and rules, Code of Conduct and Supplier Code of Conduct Anti-corruption and anti-bribery policy Disclosure policy Ethical principles for using artificial intelligence Digital safety: data security and privacy policies ISO 27001 information security management system ISO 9001 quality management system

An ethical operating culture, anti-bribery and anti-corruption

Our sustainable way of working is based on our shared cultural principles, Code of Conduct, and ethical, law-abiding operations. Compliance with the Code of Conduct and our responsible way of working are integral to our strategy and instrumental to our business success. In collaboration with our customers and network, this approach guides us in our everyday work and helps us achieve our goals. The only way we can lay a foundation for the growth and success of our company is by doing the right thing. Our Code of Conduct demonstrates our commitment to ethical and sustainable activity in all of our business operations.

To help mobilise our Code of Conduct among personnel, we have introduced mandatory training that must be renewed on an annual basis. This training runs through our Code of Conduct and other guidelines, and provides instructions on how Digia employees should act if, for example, they suspect misconduct in the company's business. The training is available in Finnish and English via Digia's e-learning platform. We monitor and measure how many of our employees have completed Code of Conduct training each year. The goal is for 90 per cent of personnel to complete annual training. 84 per cent of our personnel (68%) had completed this training in 2023. Employees with long absences have been excluded from the figures. Top of Minds is also not included in the figures.

In 2023, we published a Code of Conduct for our suppliers and subcontractors, to which all subcontractors must commit. Compliance with the Code of Conduct is ensured with the aid of an annual supplier survey and random audits of selected suppliers and subcontractors. 80 per cent (73%) of our subcontractors had committed to the Code of Conduct in 2023. 2023 was also the first year that we sent our subcontractors an equality and non-discrimination survey and a data protection and security survey.

In addition to our Code of Conduct, Digia has a supplementary anti-bribery and anti-corruption policy that is based on the UN Convention against Corruption. The purpose of this policy is to emphasise that Digia deems bribery and corruption to be serious matters and it aims to define rules and guidelines that promote ethical and legal conduct. The anti-bribery and anti-corruption policy is included in our Code of Conduct training.

Digia's operations do not pose a high risk in terms of anti-bribery and anti-corruption activities. This is because Digia operates largely in Finland. Furthermore, the operations of Group companies mainly extend

to countries classified as having a low risk of corruption according to Transparency International.

The importance of anti-bribery and corruption activities is heightened by our extensive participation in public procurement and the large proportion of public administration organisations in our customer base. We pay particular attention to fighting corruption in public procurement. Digia does not participate in any political activities through donations or sponsorship.

Digia has foreign partners in countries where the risk of bribery and corruption is high. We take this risk into account in our supplier assessments, and otherwise select our partners very carefully. We also require our partners to commit to compliance with anti-bribery and corruption legislation.

All Digia Group companies are committed to complying with the same, or a similar, code of conduct, and also to corresponding anti-bribery and corruption policies. Personnel working for Group companies have been instructed to use low-threshold advisory and reporting channels. These can be used to inquire about a conflict of interest in the tendering process, either their own or another person's.

We have introduced a reporting channel in accordance with the EU Whistleblower Directive (EU2021/1937), through which a Digia employee or external person can report any suspected misconduct or violations of our Code of Conduct, either anonymously or under their own name. Digia is committed to ensuring that no retaliatory measures will be taken against whistleblowers. The channel can be found here: <https://whistleblower.digia.com>.

Digia will handle the reports in its own separately appointed processing team. This processing team will consist of the Chair of the Board of Directors' Audit Committee, the General Counsel and a lawyer. If necessary, the process will move forward to the next review stage in accordance with the report's classification, led by the appointed Group Management Team member. The General Counsel regularly informs the Audit Committee of any reports that have been received via the whistleblowing channel and how they have been handled.

A total of 16 reports were received through the whistleblowing channel in 2023, two of which required further action after investigation. These follow-up measures involved revising internal guidelines. Digia had no confirmed cases of bribery or corruption in 2023.

Reports of misconduct	2023
All reports received via the whistleblowing channel	16
Reports concerning employment contracts	12
Reports of financial misconduct	3
Reports of privacy infringements	1

Customer experience

The strategic objective of developing the customer experience is to ensure that our customers are at the forefront of digital evolution, with an operational model and rhythm that are right for them. We are a visionary, reliable and secure partner.

Active dialogue with our customers enables us to forge trust in everyday interactions. By broadly assessing our customer experience, we seek ways in which we can develop together with our customers. Our goal is to integrate the customer experience into our sustainability priorities, objectives and indicators. We see strong links between the various areas of our customer experience and sustainability.

The Net Promoter Score (NPS) is our main measure of customer satisfaction and the customer experience. We are seeking a 25 per cent improvement by 2025, and a result of +23 per cent was achieved in 2023. This figure covers all of the Digia Group's Finnish companies.

Data protection and information security

Data protection and security comprise an extremely important aspect of our operations. We maintain a high level of data protection and security by training our personnel, administrative and technical controls, audits, and continually developing processes.

Digia was issued with an international ISO 27001 data security management certificate in late 2022, and its scope was expanded in 2023. ISO 27001 is an international information security standard that provides organisations with a security management framework for implementing, administering and continuously improving information security management. The certificate is granted to organisations whose operations have been audited according to the standard.

The certificate covers some of the operations in Digia's Managed Services and Financial Platforms business areas, as well as our offices in Helsinki, Tampere, Jyväskylä, Turku, Oulu and Rauma. This certificate

sets strict requirements for our operations and guides us to maintain our information security expertise at a peak level going forward.

Every Digia employee familiarises themselves with our data security practices and guidelines as part of their induction. In addition, every Digia employee and subcontractor working on our premises completes a training package each year. In 2023, we updated our safety training to reflect our renewed ISO 27001-certified security management system. Our goal is for at least 90 per cent of Digia employees to have completed security training by 2025. This target applies to Digia Plc and Digia Finland Ltd. 95 per cent of personnel had completed this training in 2023. In 2023, we carried out a maturity assessment of Digia's units and defined a plan and focus areas for enhancing data protection.

The Finnish Defence Forces have granted Digia national facility security clearance, which must be renewed at regular intervals. Facility security clearance is a recognition of Digia as a proven, reliable IT partner that has the ability to fulfil national deliveries with strict security requirements. In addition to the Defence Forces, Digia also works closely with many other socially significant official bodies and security of supply actors.

Tax footprint

We comply with local legislation on the payment, collection, recognition and reporting of taxes. Filing accurate tax returns on time and handling our other statutory obligations both play a key role in this.

The tax returns for each of Digia's companies are made by a responsible accountant. Withholding tax and social security contributions are handled by each company's outsourced payroll administration. Information is submitted to the Tax Administration by each company's accountant, but the Group's financial administration will provide support as necessary. The payment of tax-like fees is handled by each company using the same process as other payments. The company did not engage in closer cooperation with the tax authorities of any country in 2023.

Around 30.6 per cent of Digia's shareholder base consists of Finnish households. In addition, our largest shareholders include Finnish pension companies. Digia Plc's Annual General Meeting of 23 March 2023 decided to pay a dividend of EUR 0.17 per share. The dividends were paid on 3 April 2023 and totalled EUR 4,515,000.

Taxes and tax-like payments

EUR 1,000	2023	2022
Corporate tax	2,242	5,290
Indirect taxes	34,439	31,968
Withholding tax on salaries	27,154	24,509
Social security contributions	3,167	2,514
Total	67,002	64,279

Supply chain management

We developed various aspects of our supply chain management in 2023, such as supplier selection, classification and risk management. We also carried out a supply chain mapping of human rights risks and impacts, which is described in more detail in the section “Human rights”. Our focus was on subcontracting, as it is the most significant procurement category with respect to sustainability. We will continue to develop our supply chain management in 2024.

Sustainability risks

Digia's sustainability risks consist of environmental, social and governance risks. Digia has defined its sustainability risks as potential negative impacts on people and the environment both within its own organisation and in its value chain. Sustainability risks are part of the Group's risk management and follow the same internal control processes as other risk management. Digia's Group-level risk management and the company's most significant risks are described in more detail in the Report of the Board of Directors under “Risks and uncertainties” and in the Corporate Governance Statement, which also includes sustainability risk management.

Environmental risks

The largest environmental impacts of Digia's operations are related to energy consumption and equipment. Office work typically poses a very low risk of environmental damage. Environmental impacts are assessed every six months. The significant environmental risks identified in conjunction with these assessments fall within the scope of the company's risk management and are handled in accordance with the appropriate procedure.

Social responsibility risks

The main social responsibility risks affecting Digia are related to personnel and the supply chain. Data protection risks are inherent in the sector, and are therefore one of Digia's risk themes. We carried out a survey of human rights risks and impacts related to Digia's business in 2022, and deepened this analysis during 2023. A more detailed description of these risks can be found in the section “Human rights”.

Governance risks

Digia's operations do not pose a high risk in terms of anti-bribery and anti-corruption activities. This is because Digia operates largely in Finland. Furthermore, the operations of Group companies mainly extend to countries classified as having a low risk of corruption according to Transparency International. However, Digia has foreign partners in countries where the risk of bribery and corruption is high. We take this risk into account and select our partners very carefully.

Reporting principles and scope

The report complies with the requirements set for disclosure of non-financial information in accounting legislation. We utilised the EU Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) when defining the content of the report and carrying out the materiality assessment.

Digia's financial reporting complies with IFRS accounting standards. The financial responsibility information and key indicators have been taken from the Consolidated Financial Statements.

Environmental and emissions reporting

Our environmental responsibility figures cover those operations that have the greatest environmental impacts. Greenhouse gas emissions have been calculated in accordance with the Greenhouse Gas (GHG) Protocol standards and guidelines developed by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI). The company has chosen to employ the operational control criterion when making these calculations.

Carbon dioxide equivalent factors have been used as emission factors whenever they have been available.

The calculations cover all of Digia's operations with the exception of Top of Minds AB, which was acquired in late 2023.

Calculation scope as per the GHG protocol

Scope 1: direct emissions

Category	Digia's calculation	Comments and reasoning
Heat, electricity, steam, water	Not included	No direct emissions from energy consumption or refrigerant leaks.
Cars owned or managed by the company	Included	Fuel consumption of leased cars is included (gasoline).

Scope 2: indirect emissions

Category	Digia's calculation	Comments and reasoning
Electricity	Included	For all of the Digia Group's locations, excluding the locations of new subsidiaries acquired in H2/2023.
Heating	Included	For all of the Digia Group's locations, excluding the locations of new subsidiaries acquired in H2/2023.
Cooling	Included	District cooling (in Tampere).
Purchased steam	Not included	Steam is not used.
Water	Not included	Low water consumption (office work) and poor data availability.
Electric cars owned or managed by the company	Not included	Some leased vehicles are electric, but no data on their energy consumption was available for use in the calculations.

Scope 3: Other emissions in the value chain

Downstream emissions

Category	Digia's calculation	Comments and reasoning
Purchased products and services (€)	Included	Emissions from general procurements by Digia Group companies have been included.
Capital goods	Included	Emissions from the Digia Group's equipment purchases.
Other fuel and energy purchases	Included	Emissions from the transportation and distribution of purchased energy and consumed fuel.
Transportation and distribution	Not included	Goods transportation has been calculated on a cost basis as part of purchased products and services. No distribution activity.
Waste	Included	Waste from all of the Digia Group's locations (excl. companies acquired in H2/2023).
Business travel	Included	Flights, rail travel and work-related use of road vehicles.
Commuting	Included	Employee commuting at all of the Digia Group's locations (excl. companies acquired in H2/2023).

Alavirran päästöt

Category	Digia's calculation	Comments and reasoning
All categories	Not included	Downstream emissions are not included in the calculation.

Reporting based on EU taxonomy

The European Green Deal is a European growth strategy aimed at improving the health and wellbeing of all citizens, making Europe climate-neutral by 2050, and protecting, conserving and enhancing the EU's natural capital and biodiversity. The Taxonomy Regulation (EU 2020/852) seeks to define standardised, science-based assessment criteria for environmentally sustainable economic activities. Advances in digitalisation, technology and energy efficiency will play a major role in achieving this goal. The information and communication sector is constantly growing – and so, too, is its share of greenhouse gas emissions. At the same time, information and communications technology has the potential to contribute to the mitigation of climate change and reduce greenhouse gas emissions in other sectors, such as by providing solutions to facilitate decision-making and thereby enable the reduction of greenhouse gas emissions or other positive actions to mitigate climate change and its impacts.

Taxonomy eligibility in 2023

Digia's field of business is to build IT solutions and engage in related projects, maintenance and consulting. Digia has identified taxonomy-eligible activities based on technical descriptions and criteria for economic activities. Digia's climate change adaptation activities fall under taxonomy Activity 8.2 ("Data-driven solutions for GHG emissions reductions") and Activity 8.1 ("Data processing, hosting and related activities").

Digia reports revenue and expenses under climate change adaptation activities 8.1 ("Data processing, hosting and related activities") and 8.2 ("Data-driven solutions for GHG emissions reductions").

Digia reassessed the principles of its taxonomy calculation based on the more detailed taxonomy guidelines, on the basis of which Digia will not report revenue or expenses as of 2023 to climate change adaptation activities 8.2 ("Computer programming, consultancy and related activities") and 8.1 ("Data processing, hosting and related activities"). Digia does not report revenues or costs to those categories based on the European Commission Notice C/2023/305.

Digia's assessment did not identify any taxonomy-classified activities related to the circular economy or sustainable use of water resources.

Taxonomy-alignment in 2023

Digia has assessed its taxonomy-eligible activities on the basis of technical criteria. The analysis was carried out using a multidimensional approach, by combining data from the supply chain with data provided by others. Analysis was carried out by ensuring that the supplier met the technical criteria and there was no significant harm done to other climate targets (DNSH).

The fulfillment of the criteria for significant promotion of Activity 8.1 ("Data processing, hosting and related activities") was evaluated based on material generated by supplier management. As part of the "Climate Neutral Data Centre Pact" commitment, which meets the criteria for significant promotion, "The operation has implemented all relevant procedures which have been designated as "the expected practices" in the European Data Center Energy Efficiency Code". In addition, data centers ensured that the potential for heat-effect (GWP) of refrigerants used in cooling systems is no greater than 675.

The fulfillment of the criteria for significant promotion of Activity 8.2 ("Data-driven solutions for GHG emissions reductions") was assessed on a project-by-project basis. The criteria for significant promotion were met if the end result of the project was a solution for the customer that allowed the greenhouse gas emissions to be reduced significantly at address and there was no alternative solution or technology on the market.

The DNSH criteria shared for both activities were evaluated for adaptation to climate change by conducting a climate risk and vulnerability assessment with a life cycle assumption of over 10 years. The risk and vulnerability assessment included an assessment of the economic impact of physical climate risks and an adaptation plan for significant risks. Risk assessments were based on the latest version of IPCC AR 2022. Scenarios were used for optimistic assessment, SSP1-2.6 and SSP5-8.5 for pessimistic assessment. No significant risks were identified for either activity. DNSH criteria for the transition to a circular economy were analysed by ensuring that data centre equipment and their lifecycle management processes meet the requirements of Directives 2009/125/EC, 2011/65/EU and 2012/19/EU.

In Activity 8.1 ("Data processing, hosting and related activities") "Sustainable Use and Conservation of Water Resources and Marine Resources" the DNSH criterion was verified by stating that the year and location of the data center construction followed an environmental permit procedure in which the effects on water resources have been assessed.

Digia meets the minimum safeguards for its entire operation. The implementation of the minimum safeguards was assessed based on the documentation and their practical application. The assessment ensured compliance of the ethical guidelines with the OECD, UN and ILO guidelines. The verification covered the code of conduct for suppliers, code of conduct for own workforce, quality, environmental and information security systems, risk management guidelines, cultural principles, salary and reward handbook, and equality and compliance guidelines.

Due to the nature of its business operations, Digia estimates that the size of its taxonomy-aligned operations may vary significantly from year to year due to reasons such as variations in the demand for climate change-related customer-specific solutions and changes in the supply chain.

Turnover KPI

The denominator of the turnover KPI (the key performance indicator for net sales) covers Digia's total turnover, which is recognised in line with IFRS 15 (Note 3.2 to the Financial Statements). The numerator of the turnover KPI is the turnover from products or services related to taxonomy-eligible or taxonomy-aligned economic activities, including intangible assets, presented by taxonomy class. The table lists the turnover of activities identified as falling in taxonomy Activities 8.1 and 8.2 based on analyses. Turnover from Activity 8.1 ("Data processing, hosting and related activities") amounts to EUR 37,098 thousand, representing 19.31% of total turnover. Turnover from Activity 8.2 ("Data-driven solutions for GHG emissions reductions") amounts to EUR 292 thousand, representing 0.15% of total turnover. These combined comprise the taxonomy-aligned turnover, which totals EUR 37,390 thousand, or 19.46% of total turnover.

OpEx KPI

The denominator of the OpEx KPI (key performance indicator for operational expenses) includes direct non-capitalised expenses related to R&D, renovation activities in buildings, short-term leases, maintenance and repairs and other direct costs related to the daily maintenance of tangible assets (Note 3.7 to the Financial Statements).

The numerator of the OpEx KPI is the proportion of net sales that are taxonomy-eligible or taxonomy-aligned in relation to the OpEx KPI denominator. These refer to OpEx in taxonomy category a) and Digia has not identified any OpEx falling in categories b) and c). The table lists the OpEx of activities identified as falling in taxonomy Activities 8.1 and 8.2 based on analyses. OpEx in Activity 8.1 (“Data processing, hosting and related activities”) amounts to EUR 26,623 thousand, representing 19.31% of total OpEx. OpEx in Activity 8.2 (“Data-driven solutions for GHG emissions reductions”) amounts to EUR 207 thousand, representing 0.15% of total OpEx. These combined comprise the taxonomy-aligned OpEx, which is EUR 26,830 thousand, or 19.46% of total OpEx. Total expenses were EUR 137,871 thousand.

CapEx KPI

The denominator of the CapEx KPI (key performance indicator for gross capital expenditure) covers increases in tangible and intangible assets during the fiscal year before depreciation, amortisation and revaluation (Notes 7.1 and 7.2 to the Financial Statements). The denominator also covers increases in right-of-use asset items in leases under IFRS 16 (Note 7.4 to the Financial Statements).

Taxonomy-aligned CapEx KPI on reporting year, MEUR	29
Share of intangible assets	0
Share of tangible non-use items	29
Share of leased assets	0

The numerator of the CapEx KPI is the proportion of CapEx included in the denominator that is connected to taxonomy-eligible or taxonomy-aligned economic activities. The numerator also includes the proportions of any capital expenditure on centralised systems for the business functions in relation to the direct expenses incurred by taxonomy-eligible or taxonomy-aligned economic activities. In accordance with the taxonomy, these

constitute category a) capital expenditure, and Digia has not recognised capital expenditure in other categories.

The taxonomy classification with respect to the numerator of the CapEx KPI is shown in the adjacent table. The table lists the CapEx of activities identified as falling in taxonomy climate change mitigation Activities 8.1 and 8.2 based on analyses. CapEx in Activity 8.1 (“Data processing, hosting and related activities”) amounts to EUR 28.8 thousand, representing 19.31% of total CapEx. CapEx in Activity 8.2 (“Data-driven solutions for GHG emissions reductions”) amounts to EUR 0.2 thousand, or 0.15% of total CapEx. These combined comprise the taxonomy-aligned CapEx, which totals EUR 29 thousand, or 19.46% of total CapEx. Total expenses were EUR 149 thousand.

Turnover KPI

Financial year 2023	Year 2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm') (h)									
Economic Activities (1)	Code (a) (2)	Turnover (3)	Proportion of Turnover, Year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		MEUR	%	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T

A. TAXONOMY-ELIGIBLE ACTIVITIES

A.1. Environmentally sustainable activities (Taxonomy-aligned)

Adaptation 8.1 Data processing, hosting and related activities	CCM 8.1	37,098	19.31%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	N/EL	Y	N/EL	Y	14.10%		T
Adaptation 8.2 Data-driven solutions for GHG emissions reductions	CCM 8.2	292	0.15%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	Y	N/EL	N/EL	Y	N/EL	Y	0.10%	M	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		37,390	19.46%	19.46%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	14.20%		
Of which Enabling		292	0.15%	0.15%	0%	0%	0%	0%	0%	N/EL	Y	N/EL	N/EL	Y	N/EL	Y	0.10%	M	
Of which Transitional			19.31%	19.31%						N/EL	Y	Y	N/EL	Y	N/EL	Y	14.10%		T

A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)

				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	0	0.00%	0%	0%	0%	0%	0%	0%	0%								0%*		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		19.46%	19.46%	0%	0%	0%	0%	0%	0%								14.2%*		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

Turnover of Taxonomy-non-eligible activities	154,697	80.54%
TOTAL		100%

* Adjusted figure to correspond to the 2023 revised calculation model

Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective

N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective

N/EL – not eligible, Taxonomy non-eligible activity for the relevant environmental objective

	Proportion of turnover/Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	19.46%	19.46%
CCA	0.00%	0.00%
WTR	0.00%	0.00%
CE	0.00%	0.00%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

OpEx KPI

Financial year 2023	Year 2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm') (h)							Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
Economic Activities (1)	Code (a) (2)	OpEx (3)	Proportion of OpEx, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)					
		MEUR	%	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Adaptation 8.1 Data processing, hosting and related activities	CCM 8.1	26,623	19.31%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	N/EL	Y	N/EL	Y	13.1%		T	
Adaptation 8.2 Data-driven solutions for GHG emissions reductions	CCM 8.2	207	0.15%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	Y	N/EL	N/EL	Y	N/EL	Y	0.1%	M		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		26,830	19.46%	19%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	13.3%			
Of which Enabling		207	0.15%	0%	0%	0%	0%	0%	0%	N/EL	Y	N/EL	N/EL	Y	N/EL	Y	0.1%	M		
Of which Transitional			19.31%	19%						N/EL	Y	Y	N/EL	Y	N/EL	Y	13.1%		T	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																				
			EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)											
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%	0%	0%	0%	0%	0%	0%											
A. OpEx of Taxonomy eligible activities (A.1+A.2)			19%	0%	0%	0%	0%	0%	0%											
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities		111,041	80.54%																	
TOTAL			100%																	
																	Proportion of turnover/Total turnover			
																	Taxonomy-aligned per objective		Taxonomy-eligible per objective	

* Adjusted figure to correspond to the 2023 revised calculation model

Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective

N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective

N/EL – not eligible, Taxonomy non-eligible activity for the relevant environmental objective

CapEx KPI

Financial year 2023	Year 2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm') (h)									
Economic Activities (1)	Code (a) (2)	CapEx (3)	Proportion of CapEx, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		MEUR	%	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T

A. TAXONOMY-ELIGIBLE ACTIVITIES

A.1. Environmentally sustainable activities (Taxonomy-aligned)

Adaptation 8.1 Data processing, hosting and related activities	CCM 8.1	28.8	19.31%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	N/EL	Y	N/EL	Y	13.1%		T
Adaptation 8.2 Data-driven solutions for GHG emissions reductions	CCM 8.2	0.2	0.15%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	Y	N/EL	N/EL	Y	N/EL	Y	0.1%	M	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		29	19.46%	19%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	13.3%		
Of which Enabling		0.2	0.15%	0%	0%	0%	0%	0%	0%	N/EL	Y	N/EL	N/EL	Y	N/EL	Y	0.1%	M	
Of which Transitional			19.31%	19%						N/EL	Y	Y	N/EL	Y	N/EL	Y	13.1%		T

A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)

				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%	0%	0%	0%	0%	0%	0%								0%*		
A. CapEx of Taxonomy eligible activities (A.1+A.2)			19.46%	0%	0%	0%	0%	0%	0%								13%*		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

CapEx of Taxonomy-non-eligible activities	120	80.54%
TOTAL		100%

* Adjusted figure to correspond to the 2023 revised calculation model

Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective

N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective

N/EL – not eligible, Taxonomy non-eligible activity for the relevant environmental objective

	Proportion of turnover/Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	19.46%	19.46%
CCA	0.00%	0.00%
WTR	0.00%	0.00%
CE	0.00%	0.00%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

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1 Main statements in the consolidated financial statements (IFRS)

1.1 Consolidated Income Statement

EUR 1,000	Note	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Net sales	3.2	192,087	170,754
Other operating income	3.4	145	248
Materials and services		-33,270	-28,512
Depreciation, amortisation and impairment	3.6	-7,256	-7,094
Personnel expenses	4.1, 4.2, 4.4, 7.6	-115,603	-105,827
Other operating expenses	3.7	-22,267	-16,843
		-178,251	-158,028
Operating profit		13,835	12,727
Financial income	6.5	53	233
Financial expenses	6.5	-1,459	-910
		-1,405	-677
Profit before taxes		12,430	12,050
Income taxes	3.8	-2,558	-2,479
Net profit		9,872	9,571
Earnings per share, EUR, undiluted	3.10	0.37	0.36
Earnings per share, EUR (diluted)		0.37	0.36
Distribution of income for the period:			
Parent company shareholders		9,868	9,533
Non-controlling interests		4	39

1.2 Consolidated statement of comprehensive income

	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Net profit	9,872	9,571
Other comprehensive income items:		
Items that may later be reclassified as profit or loss:		
Exchange differences on translation of foreign operations	728	-1,721
Total comprehensive income	10,600	7,850
Distribution of total comprehensive income:		
Parent company shareholders	10,596	7,812
Non-controlling interests	4	39

1.3 Consolidated balance sheet

EUR 1,000	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets			
Goodwill	7.1	93,295	85,829
Intangible assets	7.3	13,338	14,389
Tangible assets	7.2	481	570
Right-of-use assets	7.4	4,634	5,957
Financial assets recognised at fair value through profit or loss	6.2	482	483
Non-current receivables	6.2	593	372
Deferred tax assets	3.9	290	332
		113,113	107,932
Current assets			
Accounts receivable and other receivables	5.2, 6.2	42,639	37,846
Cash and cash equivalents	6.2	12,404	14,338
		55,044	52,184
Total assets		168,157	160,116

EUR 1,000	Note	31 Dec 2023	31 Dec 2022
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to parent-company shareholders			
Share capital		2,088	2,088
Other reserves		5,204	5,204
Unrestricted shareholders' equity reserve		42,081	42,081
Translation difference		-1,533	-2,261
Retained earnings		17,713	14,391
Net profit		9,868	9,533
		75,420	71,034
Equity attributable to non-controlling interests		0	53
Total shareholders' equity	6.7	75,420	71,087
Non-current liabilities			
Deferred tax liabilities	3.9	2,534	2,553
Non-current advances received		15	107
Financial liabilities	6.3	20,572	17,270
Lease liabilities		1,913	3,032
Other non-current liabilities	3.5	3,480	5,232
		28,515	28,194
Current liabilities			
Accounts payable and other liabilities	5.2	27,989	27,764
Accruals and deferred income		21,543	21,427
Lease liabilities	6.4	3,117	3,450
Other financial liabilities	6.3	11,572	8,194
		64,222	60,834
Total liabilities		92,736	89,028
Total shareholders' equity and liabilities		168,157	160,116

1.4 Consolidated cash flow statement

EUR 1,000	Note	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Cash flow from operations:			
Net profit		9,868	9,571
Adjustments to net profit	7.5	11,744	9,194
Change in working capital	5.1	-3,379	-1,547
Change in other receivables and liabilities		1,467	2,567
Interest paid		-1,070	-308
Interest income		263	16
Taxes paid		-1,920	-5,242
Cash flow from operations		16,973	14,252
Cash flow from investments:			
Purchases of tangible and intangible assets		-56	-1,177
Acquisition of subsidiaries, net of cash and cash equivalents at the time of acquisition	3.5	-7,251	-10,646
Additional purchase prices of subsidiaries		-9,059	-
Cash flow from investments		-16,366	-11,823

EUR 1,000	Note	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Cash flow from financing:			
Repayment of lease liabilities	6.3	-3,478	- 3,810
Repayment of current loans	6.3	-8,319	-5,000
Withdrawals of non-current loans	6.3	15,000	9,000
Acquisition of treasury shares		-1,237	-1,963
Sale of treasury shares		-	163
Dividends paid		-4,515	-4,478
Cash flow from financing		-2,549	-6,087
Change in cash and cash equivalents		-1,942	-3,659
Cash and cash equivalents at beginning of period		14,338	18,148
Change in cash and cash equivalents		-1,942	-3,659
Effects of changes in foreign exchange rates		9	-151
Cash and cash equivalents at end of period	6.2	12,404	14,338

1.5 Changes in shareholders' equity

EUR 1,000	Notes	Share capital	Unrestricted shareholders' equity reserve	Other reserves	Translation difference	Retained earnings	Non-controlling interests	Total shareholders' equity
Shareholders' equity, 1 Jan 2022		2,088	42,081	5,204	-541	19,226	14	68,072
Comprehensive income								
Net profit (+) / loss (-)	1.1					9,533	39	9,571
Other comprehensive income items	1.2	-	-	-	-1,721	-	-	-1,721
Total comprehensive income		-	-	-	-1,721	9,533	39	7,850
Transactions with shareholders								
Share-based transactions settled in equity	4.4	-	-	-	-	63	-	63
Dividends		-	-	-	-	-4,478	-	-4,478
Acquisition of treasury shares		-	-	-	-	-420	-	-420
Transactions with shareholders, total						-4,835		-4,835
Shareholders' equity, 31 Dec 2022		2,088	42,081	5,204	-2,261	23,923	53	71,087
EUR 1,000	Notes	Share capital	Unrestricted shareholders' equity reserve	Other reserves	Translation difference	Retained earnings	Non-controlling interests	Total shareholders' equity
Shareholders' equity, 1 Jan 2023		2,088	42,081	5,204	-2,261	23,923	53	71,087
Comprehensive income								
Net profit (+) / loss (-)	1.1					9,868	4	9,872
Other comprehensive income items	1.2	-	-	-	728	-		728
Total comprehensive income		-	-	-	728	9,868	4	10,600
Transactions with shareholders								
Share-based transactions settled in equity	4.4	-	-	-	-	-217	-	-217
Acquisition of minority shares		-	-	-	-	-242	-56	-298
Dividends		-	-	-	-	-4,515		-4,515
Acquisition of treasury shares		-	-	-	-	-1,237	-	-1,237
Transactions with shareholders, total						-6,210	-56	-6,267
Shareholders' equity, 31 Dec 2023		2,088	42,081	5,204	-1,533	27,581	0	75,420

2. General information

2.1 Basic information on the Group

Digia is a software and service company that combines technological possibilities and human capabilities to build intelligent business, society and a sustainable future. Our mission is to keep our customers at the forefront of digital evolution. There are more than 1,500 of us working globally with our customers.

Digia has a good customer base, extensive product and service offering, 24/7 service maintenance and support, and a credible business size. Digia is a trusted partner to its customers in their digitalisation transformation. We forge long-term customer relationships and develop them to grow with our customers.

Digia operates in ten locations in Finland – Helsinki, Joensuu, Jyväskylä, Kuopio, Lahti, Oulu, Rauma, Tampere, Turku and Vaasa – as well as in Stockholm and Malmö in Sweden, and Hengelo in the Netherlands. The company is listed on Nasdaq Helsinki (DIGIA). The Group's parent company Digia Plc is a Finnish public limited liability company established under the laws of Finland. Its Business ID is 0831312-4 and it is domiciled in Helsinki. Its registered address is Atomitie 4 A, 2 Helsinki.

2.2 Approval by the Board of Directors

The Board of Directors approved the financial statements for publication on 8 February 2024. According to the Finnish Companies Act, shareholders have the right to approve or reject the financial statements at the General Meeting held after publication. Digia Plc's Annual General Meeting will be held on 20 March 2024.

2.3 Accounting policies

The consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS), observing the IAS and IFRS standards, as well as SIC and IFRIC interpretations valid on 31 December 2023.

The consolidated financial statements are based on original acquisition costs. In the fair value hierarchy, the highest level is assigned to quoted (unadjusted) prices for identical assets or liabilities in active markets (Level 1 inputs), and the lowest to unobservable inputs (Level 3 inputs).

The consolidated financial statements include the parent company, Digia Plc, and all of its subsidiaries. Digia wholly owns all of its subsidiaries. Acquired subsidiaries are consolidated using the acquisition method, according to which the assets and liabilities of the acquired entity are measured at fair value at the time of acquisition, and the remaining difference between the acquisition price and the acquired shareholders' equity constitutes goodwill. Subsidiaries acquired during the fiscal period are included in the consolidated financial statements as from when control was gained, while divested subsidiaries are included until the date of divestment. No subsidiaries were divested in the 2023 and 2022 fiscal periods.

The consolidated financial statements are primarily presented in thousands of euros and the figures have been rounded to the nearest thousand euro, which means that the sum of individual figures may differ from the totals given.

Items referring to the earnings and financial position of the Group's units are recognised in the currency that is the main currency of the unit's primary operating environment ('functional currency'). The consolidated financial statements are given in euros, which is the operating and presentation currency of the parent company. The Group has the

following foreign subsidiaries: 11 in Sweden, one in Denmark and one in the Netherlands.

Receivables and liabilities denominated in foreign currencies have been converted into euro at the exchange rate in effect on the balance sheet date. Gains and losses arising from foreign currency transactions are recognised through profit or loss. Foreign exchange gains and losses from operations are included in the corresponding items above EBIT. The income statements of the foreign group companies have been converted into euro at the weighted average exchange rate for the period, and the balance sheets have been converted at the exchange rate quoted on the balance sheet date. Translation differences arising from the application of the acquisition method are treated as items adjusting the consolidated comprehensive income statement.

In the 2023 fiscal year, the company had non-controlling interests through Climber Benelux B.V. until 30 August 2023, and the result is therefore distributed between parent company shareholders and non-controlling interests.

Digia presents the other accounting principles applied in the financial statements in the notes to the financial statement items in question. The table below lists the Group's accounting policies, information about which note they are presented in and a reference to the relevant IFRS standard.

Accounting policy	Note	IFRS standard
Segment reporting	3.1	Reportable segments
Recognition of net sales	3.2	Net sales
Provisions	3.3	Provisions
Government grants	3.4	Other operating income
Business combinations and divestments	3.5	Acquired business operations
Research and development costs	3.7	Other operating expenses
Current tax	3.8	Current tax
Deferred tax assets and liabilities	3.9	Deferred tax
Earnings per share	3.10	Earnings per share
Pension liabilities	4.2	Pension liabilities
Accounts receivable and other receivables	6.2	Accounts receivable and other receivables
Costs arising from the acquisition of customer contracts	6.2	Other receivables
Financial assets	6.2	Financial assets recognised at fair value through profit or loss
Interest-bearing liabilities	6.3	Financial liabilities
Lease liabilities	6.4	Lease liabilities
Share-based incentives	4.4, 6.7	Personnel expenses, Equity
Goodwill	7.1	Goodwill
Intangible assets	7.3	Intangible assets
Property, plant and equipment	7.2	Property, plant and equipment
Right-of-use assets	7.4	Lease obligations and commitments
Impairment	7.5	Impairment of assets
Related party transactions	7.6	Related party information

The Digia Group complies with the agenda decision issued by the Interpretations Committee (IFRIC) on the accounting treatment of configuration or customisation costs in a cloud computing arrangement (IAS 38 Intangible Assets).

Accounting estimates and judgements applied in the preparation of the financial statements

The preparation of financial statements in accordance with IFRS requires the Group's management to make accounting estimates and apply judgements and assumptions that have an effect on the application of

the accounting principles and the carrying amounts of assets, liabilities, income and expenses. These estimates and assumptions are based on previous experience and other justifiable assumptions that are believed to be reasonable under the circumstances and that serve as a foundation for evaluating the items included in the financial statements.

Digia's management has assessed the climate's potential impacts on accounting estimates and judgements. Management has estimated that climate-related factors will not have a material impact on the items presented in the financial statements at this time. Management monitors

changes in legislation and will update its estimates and judgements as necessary.

These estimates and judgements are reviewed regularly, but the actual results may differ from the estimates and solutions. The assumptions underlying management's estimates and judgements are presented in the following notes:

Note
Revenue recognition: Degree of completion of a project recognised as revenue over time
Revenue recognition: Principal or agent
Fair values of net assets acquired in business combinations and additional purchase prices
Main assumptions used in impairment testing of goodwill
Cloud service configuration and customisation costs
Leases

2.4 New and amended standards

Applicable new and amended standards as of 1 Jan 2023

Digia adopted the following new standards and amendments as of the fiscal year beginning 1 January 2023.

Amendments to IAS 1 Presentation of Financial Statements

The amendments to IAS 1 aim to harmonise its application and clarify the classification of debt as current or non-current. The amendments clarify how to apply the concept of materiality to accounting policy disclosures, so as to help companies present useful accounting policies.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments clarify how companies should distinguish between changes in accounting policies and accounting estimates, and focus on the definition of "accounting estimate" and its clarification.

Amendments to IAS 12 Income Taxes

The amendments narrow the application of the recognition exemption and clarify that it no longer applies to individual transactions such as leases and decommissioning obligations that, on initial recognition, give rise to equal taxable and deductible temporary differences.

New and amended standards to be applied in future financial periods

Digia will adopt the following amendments to standards as of the fiscal year beginning 1 January 2024, as long as they have been approved by the planned adoption date. The amendments are not expected to have a material impact on the information contained in the consolidated financial statements.

Amendments to IAS 1 Presentation of Financial Statements

The amendments clarify that covenants that must be fulfilled after the reporting date do not affect the classification of debt as current or non-current on the reporting date. The amendments require the disclosure of such covenants in the Notes to the Financial Statements.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures

The amendments eliminate an inconsistency between current guidance on consolidation and the equity method, and require that gains be recognised in full when the transferred assets constitute a business as defined in IFRS 3 Business Combinations.

3 Financial development

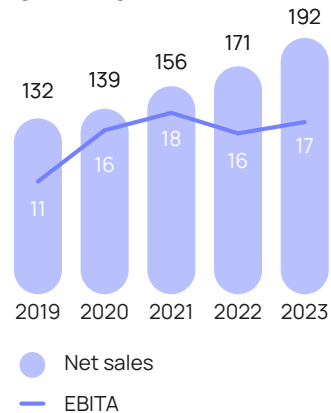
3.1 Reportable segments

Digia reports on its business operations as one segment. In 2023, Digia comprised four service areas: Digital Solutions, Business Platforms, Financial Platforms and Managed Solutions. These service areas have similar financial characteristics and are also similar in terms of the nature of product and service production processes, type of customer, geographical characteristics, and methods used in product or service distribution or service provision. For this reason, these service areas have been combined into a single reporting segment.

The table below presents the combined net sales and balance sheet value of the companies in the main market areas.

EUR 1,000	Finland	Sweden	Other countries	Total
Net sales	175,354	14,399	2,333	192,087
Balance sheet	144,503	22,250	1,403	168,157

Net sales and operating profit (EBITA), EUR million



3.2 Net sales

Digia's net sales in the review period amounted to EUR 192.1 (170.8) million, of which Finland accounted for EUR 175.4 (157.5) million and other countries for EUR 16.7 (13.2) million.

The net sales of external customers are divided according to the customer's domicile as follows:

EUR 1,000	2023	2022
Finland	174,980	157,299
Sweden	14,350	11,152
Netherlands	2,064	1,831
Other countries	692	472
Total	192,087	170,754

The net sales of the service and maintenance business totalled EUR 107.5 (102.9) million, or 56.0 (60.3) per cent of total net sales. The net sales of the project business totalled EUR 84.6 (67.9) million and accounted for 44.0 (39.7) per cent of total net sales. The net sales of the product business generated 12.1 (12.9) per cent of the company's net sales. The product business includes licence maintenance, and it is included in both project and service and maintenance operations. Net sales of work performed by people accounted for 42.2 (49.5) per cent of the company's net sales.

Of net sales, EUR 7.0 (5.8) million were recognised in one instalment and EUR 185.1 (165.0) million over time.

At the end of the reporting period, Digia reports the total transaction price of uncompleted performance obligations insofar as the agreement is for several years and not charged on an hourly basis. On 31 December 2023, Digia had an order book of EUR 2.1 (2.4) million for multiyear projects with a fixed or target price. The order book for service and maintenance agreements has not been reported, as it cannot be unambiguously determined. In service and maintenance agreements, Digia is responsible for support services, maintenance, small-scale developments and/or

development of specified systems. These agreements are recognised as income on a monthly basis throughout their lifetime in the form of a fixed monthly payment and an additional variable portion. The variable portion depends on the customer's use of the service, and this typically forms the majority of the monthly charge.

On 31 December 2023, the balance sheet included EUR 0.8 (0.5) million in advance payments for projects in which income is recognised over time. In 2023, EUR 0.5 million has been recognised as income from advance payments received in 2022.

In 2023, no single customer accounted for more than 10 per cent of consolidated net sales.

Accounting principle – recognition in net sales

Digia's performance obligations are work performed by people, licences of own products, maintenance of own products, third-party products, maintenance of third-party products as well as services. The typical payment terms for all performance obligations are 14–60 days from the invoice date. Digia does not have any significant financing components in customer contracts. The warranty period for customer-specific materials in performance obligations is mainly six months from the approval of the delivery. Both parties typically have the right to cancel the agreement if a party commits a material breach of the agreement and has not remedied said breach within 30 days. When an agreement is cancelled, the parties are to return any deliverables received.

Work performed by people

Work performed by people in specification and delivery projects is recognised as revenue over time in accordance with progress. Long-term projects with a fixed price are recognised over time on the basis of their percentage of completion once the outcome of the project can be reliably estimated. The percentage of completion is determined as the proportion of costs arising from work performed for the project up to the date of review in the total estimated project costs. If estimates of the project change, the recognised sales and profit/margin are amended

in the period during which the change becomes known and can be estimated for the first time.

Digia fulfils its performance obligation with respect to work performed by people in accordance with progress. The warranty period in expert service agreements is mainly 30 days from service delivery.

Projects that include a specification phase after which the customer has the option of withdrawing from the project are recognised as revenue over time. The delivery project will not be recognised as revenue until the specification project has been approved.

Own products

The licences of own products comprise a performance obligation that is to be recognised as revenue at a point in time. Revenue is recognised in one instalment when the product has been delivered, that is, when the licences have been installed in the customer's testing environment. Digia has fulfilled its performance obligation once installation has been completed.

SaaS (software as a service) agreements for the company's own products are recognised as revenue over time during the contract period.

Maintenance fees for Digia product licences are recognised as revenue over time during the contract period.

Digia provides a six-month warranty for its own products, effective as from the date when the delivery of the completed software has been approved.

Third-party products

With respect to third-party licences, the actual responsibility for the features, further development and maintenance of the product is specified in the agreement. If Digia is responsible, revenue from third-party products is recognised on a gross basis in one instalment once the product licence has been installed in the customer's test environment. If a third party holds actual responsibility for the aforementioned matters, revenue is recognised on a net basis, that is, the margin or commission is recognised in net sales upon installation.

Revenue accrued from maintenance of third-party products and from SaaS agreements is recognised over time either on a gross basis (Digia has actual responsibility for maintenance) or on a net basis (a third party is responsible for maintenance).

The warranty for third-party software is determined according to the terms of the third-party software.

Services

Revenue from service agreements is recognised over time during the agreement period. If a service agreement includes a ticket- or hour-based performance obligation, revenue is recognised over time in accordance with progress.

Significant estimate or judgement:

Revenue recognition: degree of completion of a project recognised as revenue over time

A project recognised as revenue over time is recognised as income and expenses on the basis of degree of completion once the outcome of the project can be reliably estimated. Recognition is based on estimates of expected income and expenses of the project and reliable measurement and estimation of project progress. If estimates of the project's outcome change, the recognised sales and profit/margin are amended in the period during which the change becomes known and can be estimated for the first time. An onerous contract is immediately recognised as an expense. Additional information is provided in Note 3.3 Provisions. .

Recognition: principal or agent

Digia can act as either a principal or agent for third-party products. Whether the company is deemed to be acting as a principal or agent for third-party products is based on Digia management's analysis of the legal form and factual content of the agreements made between the company and its suppliers. With respect to factual content, the decisive factor is Digia's role and responsibility towards the end customer. If Digia is responsible, revenue is recognised from these products in one instalment on a gross basis once the installation environment has been completed. Maintenance revenue will also be recognised on a gross basis, but over time. If a third party holds actual responsibility, Digia only recognises the margin or commission in net sales.

3.3 Provisions

Unprofitable agreements

EUR 1,000	2023	2022
1.1	-	1,234
Increase in provisions	-	127
Provisions used	-	-1,362
31 Dec	-	0

Unprofitable agreements

The Group had no unprofitable projects on the balance sheet date of 31 December 2023.

Accounting principle – provisions

A provision is recognised when the Group has a legal or factual obligation based on previous events, the realisation of a payment obligation is probable and the amount of the obligation can be reliably estimated.

A loss provision is created for fixed-price projects if it becomes apparent that the obligatory expenditure on the fulfilment of project obligations will exceed the benefits to be gained from the agreement. The loss is recognised in the period when it becomes known and can be estimated for the first time. Loss provisions are reversed in accordance with the extent and timing of incurred expenses.

3.4 Other operating income

EUR 1,000	2023	2022
Other income	145	248
Total	145	248

Other income primarily consists of rental income.

Accounting principle – government grants

Government grants received as compensation for costs are recognised in the income statement at the same time as the expenses related to the target of the grant are recognised as expenses. Grants of this kind are presented under other operating income.

3.5 Acquired business operations

Business operations acquired during the 2023 fiscal year

One acquisition was carried out in the 2023 fiscal year.

Digia acquired the entire share capital of Top of Minds AB on 2 October 2023. The Top of Minds Group comprises: Top of Minds Top AB, Top of Minds Accelerate AB, Top of Minds Drive AB, Top of Minds Go AB, Top of Minds Steam AB. Top of Minds is a profitably growing Swedish IT consulting and service company that was established in 2011. It provides high-quality services for data and analytics consulting, integrations, e-commerce and project management. At the time of the transaction, Top of Minds AB had 63 employees at its Stockholm office.

Total fair values of the acquired business on the acquisition date:

Property, plant, and equipment, and intangible assets	89
Accounts receivable and other receivables	2,407
Cash and cash equivalents	3,303
Total assets	5,799

Accounts payable and other liabilities	2,331
Total liabilities	2,331

Deferred tax	517
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Value of customer contracts	2,510
Assets and liabilities	3,468
Goodwill	7,132

Acquisition cost	12,592
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Cash flow effect of the acquired businesses:

Total purchase price	-12,592
Cash and cash equivalents	3,303
Additional purchase price	2,336
Acquisition-related costs and taxes	-126
Net cash flow of acquisition	-7,079

The purchase price was paid at the time of acquisition in cash, with the exception of estimated additional contingent amounts subsequently payable in cash. The purchase price of the acquisition in the 2023 fiscal year was EUR 12.6 million. Assets and liabilities totalled EUR 3.5 million in the acquisition cost calculations. Acquisitions had an impact of EUR 3.2 million on the Digia Group's net sales in the 2023 fiscal year and EUR 0.6 million on the result for the period.

Accounts receivable consist of the ordinary receivables of the acquired companies, whose fair values are estimated to correspond to their book values. According to the company's estimate, the accounts receivable will be paid in full. Digia's goodwill grew by EUR 7.1 million as a result of the acquisition. Goodwill consisted of the value of acquired market share,

business expertise and expected synergies. Additional information on goodwill is presented in Note 71. Goodwill is not tax-deductible.

The business acquired in 2023 was not of substantial relevance to the Group as a whole. If the businesses acquired during the fiscal year had been included in Digia's consolidated accounts for the entire year, the consolidated net sales in 2023 would have amounted to about EUR 202.8 million and the operating result to EUR 15.3 million.

Business operations acquired during the 2022 fiscal year

Digia acquired the entire share capital of MOST Digital Oy on 2 May 2022. The MOST Digital Group includes MOST Digital Oy and MOST Digital Sweden AB. MOST Digital provides continuous Robotics as a Service solutions for business process automation built on top of an open-source platform developed in house as well as its own cloud solution that harnesses the Microsoft Azure cloud service platform. At the time of the transaction, MOST Digital employed 34 software robotics and artificial intelligence professionals at its locations in Helsinki, Lempäälä, Rovaniemi and Stockholm.

Digia acquired the entire share capital of Productivity Leap Oy on 1 July 2022. With the acquisition, Digia strengthened its expertise in knowledge management, which is in increasingly high demand, and its ability to serve its customers in an ever more comprehensive way, particularly in the social welfare and healthcare sector. The company offers IT consulting services with a focus on knowledge management, low-code, integration and robotics services, as well as tailored application development. On the date of the transaction, Productivity Leap employed 56 people at its offices in Joensuu, Helsinki, Tampere, Turku and Kuopio.

Digia acquired the entire share capital of Avalon Oy on 1 October 2022. The acquisition further strengthens Digia's market position as a leading comprehensive digitalisation partner and improves its ability to serve both companies' customers in a wider way than ever. Avalon offers its customers comprehensive digital marketing and customer experience development services based on the utilisation of data and analytics. At the time of the transaction, Avalon had 24 employees at its offices in Helsinki and Oulu.

Total fair values of the acquired businesses on the acquisition date:

Property, plant, and equipment, and intangible assets	534
Accounts receivable and other receivables	1,591
Cash and cash equivalents	2,702
Total assets	4,827
Accounts payable and other liabilities	3,223
Total liabilities	3,223
Deferred tax	1,113
Value of technology	2,663
Value of trademark	126
Value of customer contracts	2,776
Net assets	1,604
Goodwill	15,030
Acquisition cost	21,104

Cash flow effect of the acquired businesses:

Total purchase price	-21,104
Paid with shares	1,380
Cash and cash equivalents	2,702
Additional purchase price	6,376
Acquisition-related costs and taxes	-344
Net cash flow of acquisition	-10,991

The purchase prices were paid at the time of acquisition in cash and Digia Plc shares, with the exception of estimated additional contingent amounts subsequently payable in cash. The total purchase price of acquisitions in the 2022 fiscal year was EUR 21.1 million. The total value of the net assets of the acquirees was estimated at EUR 1.6 million in the acquisition cost calculations. Acquisitions had an impact of EUR 5.7 million on the Digia Group's net sales in the 2022 fiscal year and EUR 0.5 million on the result for the period.

Accounts receivable consist of the ordinary receivables of the acquired companies, whose fair values are estimated to correspond to their book values. According to the company's estimate, the accounts receivable will be paid in full. Digia's goodwill grew by EUR 15.0 million as a result of the acquisitions. Goodwill consisted of the value of acquired market share, business expertise and expected synergies. Additional information on goodwill is presented in Note 7.1. Goodwill is not tax-deductible.

The business operations acquired in 2022 were not of substantial relevance to the Group as a whole. If the businesses acquired during the fiscal year had been included in Digia's consolidated accounts for the entire year, the consolidated net sales in 2022 would have amounted to about EUR 176.5 million and the operating result to EUR 13.1 million.

Sensitivity analysis of contingent additional purchase prices of acquired companies

Contingent purchase price liability	Valuation method	Value under consideration	Weighted average	Fair value sensitivity
Acquisition 1	Discounted cash flows	EBIT	3,755.7	A 3% fall in the value under consideration would decrease the fair value by EUR 217.4 thousand A 5% rise in the value under consideration would not affect the fair value
		Discount rate	17.7%	A 3 percentage point fall in the value under consideration would increase the fair value by EUR 117.4 thousand A 3 percentage point rise in the value under consideration would decrease the fair value by EUR 109.5 thousand
		EBIT	2113.6	A 15% fall in the value under consideration would not affect the fair value A 10% rise in the value under consideration would not affect the fair value
Acquisition 2	Discounted cash flows	Net sales	10,243.5	A 5% fall in the value under consideration would decrease the fair value by EUR 90.5 thousand A 5% rise in the value under consideration would increase the fair value by EUR 309.3 thousand
		Discount rate	2.5%	A 2 percentage point fall in the value under consideration would increase the fair value by EUR 88.6 thousand A 3 percentage point rise in the value under consideration would not significantly affect the fair value
		EBIT	4,522.9	A 5% fall in the value under consideration would decrease the fair value by EUR 107.7 thousand A 10% rise in the value under consideration would increase the fair value by EUR 289.8 thousand
Acquisition 3	Discounted cash flows	Discount rate	5.0%	A 3 percentage point fall in the value under consideration would increase the fair value by EUR 152.0 thousand A 3 percentage point rise in the value under consideration would not significantly affect the fair value

Change in contingent liabilities of acquired companies

The company has paid EUR 9.1 million in contingent liabilities for its acquisitions in 2021–2023, and these are shown in cash flow from operations.

EUR 1,000	2023	2022
Contingent liabilities 1 Jan	13,804	7,324
New acquisitions	2,336	5,232
Payments	-9,059	-
Increase in value	1,231	1,247
Decrease in value	-748	-
Contingent liabilities 31 Dec	7,564	13,804

Acquisition of an additional holding in Climber Benelux B.V.

On 12 July 2023, the Group acquired the remaining 20% of shares in Climber Benelux B.V., which then became a fully owned subsidiary. Non-controlling interests were paid EUR 298 thousand.

EUR 1,000	
Acquisition of an additional holding in Climber Benelux B.V.	
Purchase price paid in cash	298
Value of non-controlling interests	-56
Difference recognised in retained earnings	242

Accounting principle – business combinations

All business combinations are accounted for using the acquisition method. The purchase price consists of a share paid at the time of acquisition and any additional purchase price payable later. Such additional purchase prices are paid in cash.

Identifiable assets acquired and liabilities assumed in business combinations are measured at their fair value at the time of acquisition. The amount of the purchase price that exceeds the fair value of acquired net assets is recognised as goodwill. Changes in the value of the additional purchase price (liability item) are recognised through profit or loss. The exception to this is a situation in which additional information has been received about the financial position at the time of acquisition and this has an effect on the acquisition price. In this case, the change in the acquisition price is recognised by adjusting the acquisition cost calculation. Acquisition-related costs are recognised as expenses when incurred and are presented under other operating expenses in the consolidated income statement.

Non-controlling interests in the acquired subsidiary are measured as a relative share of the fair value.

In a phased acquisition, the earlier holding is measured at fair value and the resulting gain or loss is recognised through profit or loss.

Significant estimate

Fair values of net assets acquired in business combinations and additional purchase prices

The purchase price, additional purchase price, if any, and assets and liabilities acquired in business combinations are measured at fair value.

The fair value of acquired assets and liabilities is determined based on the fair values of similar asset items, estimated expected cash flows from acquired assets or estimated payments required to fulfil the obligation. The fair value of the additional purchase price is determined based on a forecast of the parameters in accordance with the terms of the additional purchase price over the period defined in the terms and discounted to its present value.

In the view of management, the used estimates and assumptions are sufficiently reliable for determining fair value.

3.6 Depreciation, amortisation and impairment

EUR 1,000	2023	2022
Depreciation and amortisation by asset category		
Intangible assets		
Development costs	178	119
Software and licences	557	435
Amortisation of acquisition costs	2,890	2,659
Other intangible assets	9	5
Property, plant and equipment		
Buildings	7	7
Improvements to premises	57	142
Machinery and equipment	208	243
Right-of-use assets	3,350	3,483
Total	7,256	7,094
Total depreciation and amortisation	7,256	7,094

The Group did not recognise impairment losses in the fiscal years 2023 and 2022.

3.7 Other operating expenses

EUR 1,000	2023	2022
Cost of premises	1,268	1,395
IT costs	8,018	7,481
Voluntary personnel expenses	5,035	3,870
Travel	1,072	798
External services	4,051	2,082
Other expenses	2,823	1,218
Total	22,266	16,843

In addition to information technology, IT costs include the cost of communication solutions. Voluntary personnel expenses primarily include expenses tied to Digia's personnel benefits. Both expected and realised credit losses are recognised in other operating expenses.

Auditors' fees

EUR 1,000	2023	2022
KPMG Oy Ab		
Audit	–	5
Other services	–	6
Ernst & Young Oy		
Audit	220	92
Other statutory duties	4	4
Tax counselling	33	10
Other services	93	–
Other		
Audit	3	46
Other services	8	2
Total	401	165

In 2023, the audit firm invoiced EUR 219.8 (92.0) thousand for auditing and EUR 130.9 (14.0) thousand for other services. Audit fees are included in other operating expenses.

Research and development costs

EUR 1,000	2023	2022
Research and development costs	4,806	5,508
Total	4,806	5,508

The R&D spend includes the development of the company's own products carried out largely by in-house personnel and recognised in personnel expenses. When external services are used for this purpose, the expenses are recognised in other operating expenses.

3.8 Income taxes

EUR 1,000	2023	2022
Current tax	2,968	2,603
Taxes from previous periods	–1	8
Deferred tax	–408	–132
Total	2,558	2,479

Reconciliation between the tax expenses in the income statement and taxes calculated at the tax rate valid in the Group's home country (20 per cent):

EUR 1,000	2023	2022
Profit before taxes	12,430	12,050
Taxes calculated at the domestic corporation tax rate	2,486	2,410
Deviating tax rates of foreign subsidiaries	12	26
Income not subject to tax	–18	–20
Non-deductible expenses	144	125
Other items	–64	–70
Taxes from previous periods	–1	8
Total	2,558	2,479
Taxes in the income statement	2,558	2,479

Accounting principle – current tax

Income taxes recognised in the income statement include taxes based on taxable income for the financial period, adjustments to taxes for previous periods, as well as changes in deferred taxes. Tax based on taxable income for the period is calculated using the corporate income tax rate applicable in each country (Finland, Denmark, Sweden and the Netherlands).

3.9 Deferred tax assets and liabilities

Changes in deferred taxes during 2023:

EUR 1,000	1 Jan 2023	Recognised in income statement	Acquired business operations	Translation differences	31 Dec 2023
Deferred tax assets:					
Share-based payments	161	-89	-	-	72
Other items	171	47	-	-	218
Total	332	-42	-	-	290

EUR 1,000	1 Jan 2023	Recognised in income statement	Acquired business operations	Translation difference	31 Dec 2023
Deferred tax liabilities:					
Allocation of acquisitions	2,168	-579	517	-54	2,053
Other items	385	128	-	-32	481
Total	2,553	-451	517	-86	2,534

Changes in deferred taxes during 2022:

EUR 1,000	1 Jan 2022	Recognised in income statement	Acquired business operations	31 Dec 2022
Deferred tax assets:				
Provisions	247	-247	-	-
Share-based payments	149	13		161
Other items	244	-70	-4	171
Total	640	-304	-4	332

EUR 1,000	1 Jan 2022	Recognised in income statement	Acquired business operations	31 Dec 2022
Deferred tax liabilities:				
Allocation of acquisitions	1,638	-583	1,113	2,168
Other items	239	147	-	385
Total	1,877	-436	1,113	2,553

The Group has EUR 2,184 thousand in unused tax losses for which no deferred tax asset has been recognised. They have no expiration date.

Accounting principle – deferred taxes

Deferred tax receivables and liabilities are recognised for temporary differences between the taxable values and book values of asset and liability items. Temporary differences arise from obligatory provisions, lease agreements, the share-based incentive scheme, and revaluation at fair value in connection with acquisitions. Deferred taxes are determined on the basis of the tax rate enacted by the balance sheet date. Deferred tax receivables are recognised up to the probable amount of taxable income in the future, against which the temporary difference can be utilised.

3.10 Earnings per share

	2023	2022
Profit for the period attributable to parent company shareholders (EUR 1,000)	9,868	9,533
Weighted average number of shares during the period		
Undiluted	26,514,556	26,439,167
Share-based incentive scheme shares	438,000	473,795
Diluted	26,694,119	26,447,794
Earnings per share, EUR, undiluted	0.37	0.36
Earnings per share, EUR, diluted	0.37	0.36

Accounting principle – earnings per share

Basic earnings per share are calculated by dividing the earnings before tax for the accounting period attributable to the parent company's shareholders by the weighted average of shares outstanding during the accounting period. Own shares held by the company are not included in the calculation of the weighted average of shares outstanding. When calculating diluted earnings per share, the impact of the share-based incentive scheme is taken into consideration.

4 Human resources

Group personnel on average during the period	2023	2022
Business units	1,399	1,346
Administration and management	66	53
Total	1,465	1,399

4.1 Personnel expenses

EUR 1,000	2023	2022
Salaries and remunerations	94,629	87,087
Pension costs, defined-contribution plans	15,658	14,396
Share-based payments	460	63
Other personnel expenses	4,856	4,281
Total	115,603	105,827

The total remuneration Digia offers to employees consists of salaries, fringe benefits and short-term incentives (see 4.5). Share-based payments include the annual costs of the management incentive scheme. Information on share-based payments is provided in Note 4.5 Share-based payments. Additional information on the remuneration of key employees is also provided in Note 7.6 Related party transactions.

4.2 Pension liabilities

Digia's pension schemes are arranged through external pension insurance companies in Finland, Sweden and the Netherlands

Accounting principle – pension liabilities

The Group's pension schemes are defined contribution plans, and payments are recognised in the income statement during the period to which the payment applies.

4.3 Personnel remuneration

Employee remuneration is based on fixed monthly or hourly pay. Part of the employees are covered by target bonus schemes. The key indicators of the target bonus scheme for sales are the value of agreements or the value of agreements and net sales. The key indicators of the short-term target bonus scheme are consolidated net sales and operating profit. Employees have access to extensive occupational healthcare services. In addition, all employees have medical expenses insurance from an insurance company as well as telephone and fitness benefits.

4.4 Share-based payments

During the 2023 fiscal year, Digia had two long-term share-based incentive schemes for senior executives: performance-based incentives were paid on the basis of the 2020–2022 earnings period, and the 2023–2025 earnings period was launched for the new scheme.

Digia has incentive schemes where payments are made either in equity instruments or in cash. The benefits granted through these arrangements are measured at fair value on the date of their being granted and recognised as expenses in the income statement evenly during the vesting period. The impact of these arrangements on the financial results is shown in the income statement under the cost of employee benefits and the impact on the balance sheet as a change in shareholders' equity.

On 4 May 2023, Digia Plc's Board of Directors decided to establish a new long-term share-based incentive scheme that covers the calendar years 2023–2025. The scheme offered participants the chance to earn company shares according to the targets set by the Board of Directors for the three-year bonus period. In principle, the target group confirmed by the Board of Directors consisted of the CEO, the company's senior executives and other key personnel. The scheme was designed to align the goals of the company's shareholders and management in order to increase the company's value, and to commit executive management and key personnel to the company and its long-term objectives.

These targets are based on the company's net sales, cumulative earnings per share (EPS) for 2023–2025, and sustainability objective. The earnings period for indicators is three years (2023–2025), and the targets for all indicators have been set for the final date of the earnings period. During the bonus period, the company's CEO and other scheme participants are entitled to a bonus equivalent to a maximum of 480,000 new Digia Plc shares. If the terms are met, the bonuses for all indicators based on the new scheme will be paid at the end of the reward period in spring 2026. All bonuses under this scheme will be paid as a combination of shares and cash. The cash component of the bonus will primarily be used to cover taxes and other comparable costs arising from the scheme.

As a rule, the bonus will not be paid if a member resigns or if a member's employment or post is terminated prior to the bonus payment date specified in the incentive scheme. Under certain conditions, the Board has the option to decide on possible bonuses in accordance with the pro-rata principle.

Basic information on the share-based incentive scheme is presented below.

	President and CEO's share-based incentive scheme 2023–2025	Key personnel's share-based incentive scheme 2023–2025
Granting date	4 May 2023	4 May 2023
Implementation	Shares and cash	Shares and cash
Target group	President & CEO	Key personnel
Maximum number of shares *	140,000	340,000
Outstanding allocations during the fiscal year		
Start date of the earning period for targets covered by the terms and conditions	1 Jan 2023	1 Jan 2023
End date of the earning period	31 Dec 2025	31 Dec 2025
Vesting date of shares	estimated 31 March 2026	estimated 31 March 2026
Vesting condition	Net sales, EPS and sustainability index Employment requirement	Net sales, EPS and sustainability index Employment requirement
Maximum validity, years	2.9	2.9
Remaining validity, years	2.3	2.3
Implementation	Cash and share (net payment)	Cash and share (net payment)
Number of persons (31 Dec 2023)	1	20

* The amounts include the cash portion (in shares) granted according to the terms of the incentive scheme.

Transactions carried out in the 2023 fiscal year are presented in the table below. Because the cash portion of the bonus payment is also recorded as a share-based expense, the sums presented above are gross, that is, the bonuses include the shares and the equivalent cash sum.

Events in 2023 fiscal year	President and CEO's share-based incentive scheme 2023–2025	Key personnel's share-based incentive scheme 2023–2025
Gross amounts, 1 Jan 2023		
Outstanding at beginning of period	0	0
Changes during the period		
Granted during the year	140,000	298,000
Forfeited during the year	-	-
Exercised during the year	-	-
Gross amounts, 31 Dec 2023		
Outstanding at end of period	140,000	298,000

Events in 2023 fiscal year	President and CEO's share-based incentive scheme 2020–2022	Key personnel's share-based incentive scheme 2020–2022
Gross amounts, 1 Jan 2023		
Outstanding at beginning of period	187,500	286,295
Changes during the period		
Granted during the year	-	-
Forfeited during the year	89,844	137,183
Exercised during the year	97,656	149,112
Gross amounts, 31 Dec 2023		
Outstanding at end of period	0	0

Effect of the share-based incentive schemes on earnings and financial position	2023	2022
Expenses for the reporting period, share-based incentive scheme	358,660	62,750
Liabilities under the share-based incentive scheme, 31 Dec 2023	3,064	-
Future payments to the tax authorities arising from the share-based incentive scheme, as estimated at the end of the reporting period	846,216	704,524

Accounting principle – share-based incentive scheme

Digia has incentive schemes where payments are made either in equity instruments or in cash. The benefits granted through these arrangements are measured at fair value on the date of their being granted and recognised as expenses in the income statement evenly during the vesting period. The impact of these arrangements on the financial results is shown in the income statement under the cost of employee benefits and the impact on the balance sheet as a change in shareholders' equity.

The accrual of expenses from the incentive scheme is recognised annually, assessing the total cost impact of the scheme at the level estimated by management. If estimates of the total cost impact of the scheme change, the cost is amended in the period during which the change becomes known for the first time.

Immediate costs relating to the acquisition of Digia Plc's own shares are recognised as deductions in shareholders' equity.

The parent company complies with Statement 2020/1998 of the Accounting Board (KILA) in the FAS treatment of share-based incentive schemes, as the terms and conditions of such schemes are irrevocably fulfilled only at the end of the incentive period.

Allocation of incentives under the terms and conditions of the share-based incentive scheme does not require an employee covered by the scheme to make a cash payment as consideration, and thus has no effect on the parent company's income statement and balance sheet. Once the incentive period has ended and the terms and conditions of the scheme have been fulfilled, ownership of said shares is transferred to the employee in question and does not result in an event that would be recognised in the bookkeeping of the parent company.

Expense effect of share-based incentive schemes on 2023 consolidated

Effect on earnings and financial position, EUR 1,000	President and CEO's share-based incentive scheme 2023–2025	Key personnel's share-based incentive scheme 2023–2025	Total
Share-based payment expense for the fiscal year	116	243	359
Share-based payments, shareholders' equity, 31 Dec 2023	116	243	359

Effect on earnings and financial position, EUR 1,000	President and CEO's share-based incentive scheme 2020–2022	Key personnel's share-based incentive scheme 2020–2022	Total
Share-based payment expense for the fiscal year	40	61	101
Share-based payments, shareholders' equity, 31 Dec 2023	40	61	101

Value parameters for incentives granted during the 2023 fiscal year

Share price when granted, EUR	5.51
Total expected dividends during exercise period, discounted, EUR	0.36
Per-share fair value	5.20

Comparison data for 2022

Effect on earnings and financial position, EUR 1,000	President and CEO's share-based incentive scheme 2020–2022	Key personnel's share-based incentive scheme 2020–2022	Total
Share-based payment expense for the fiscal year	24	39	63
Share-based payments, shareholders' equity, 31 Dec 2022	24	39	63

Value parameters for the 2020–2022 scheme

Share price when granted, EUR	7.45
Total expected dividends during exercise period, discounted, EUR	0.36
Assumed volatility, %	34%
Risk-free interest, %	–0.47%
Effect of the arm's length criterion on fair value, %	9%
Fair value per share, EUR	6.85
Valuation method	Monte Carlo

5 Working capital

Digia ensures optimal working capital through the turnover of accounts receivable and payable. Additional information on accounts receivable is provided in Note 6.2.

5.1 Change in working capital

EUR 1,000	2023	2022
Change in accounts receivable	-4,957	-1,700
Change in accounts payable	1,579	-1,302
Total	-3,379	-3,003

5.2 Accounts payable and other liabilities

EUR 1,000	2023	2022
Accounts payable	7,892	6,313
Advance payments received	6,499	5,108
Other liabilities	13,598	16,343
Total	27,989	27,764

Accounts payable are non-interest-bearing and are paid mainly within 14–90 days.

Other liabilities include VAT liabilities, other short-term liabilities, and liabilities due to personnel expenses.

Accounting principle – accounts payable and other liabilities

The carrying amounts of accounts payable and other liabilities are considered to correspond to their fair values due to the short-term nature of these items.

6 Capital structure

6.1 Capital management and net

The Group's capital management aims at supporting company business by means of optimal management of the capital structure, ensuring normal operating conditions and increasing shareholder value with a view to achieving the best possible profit. At the end of the year, the Group's interest-bearing net liabilities were EUR 24.8 million (31 Dec. 2022: EUR 17.6 million). When calculating net gearing, the interest-bearing net liabilities are divided by shareholders' equity as indicated in the consolidated balance sheet. Gearing includes interest-bearing net liabilities less cash and cash equivalents. Interest-bearing liabilities comprise loans from financial institutions and lease liabilities in accordance with IFRS 16. Net gearing at the year-end 2023 was 33% (2022: 25%).

The share of liabilities of total shareholders' equity was as follows on 31 December 2023 and 31 December 2022:

EUR 1,000	2023	2022
Interest-bearing liabilities	37,175	31,946
Cash and cash equivalents	12,404	14,338
Interest-bearing net liabilities	24,771	17,608
Total shareholders' equity	75,420	71,087
Net gearing, %	33%	25%

Net gearing = Net liabilities/Total shareholders' equity

Additional information on shareholders' equity is presented in Note 6.7 and on interest-bearing liabilities in Note 6.3.

6.2 Receivables and financial assets

Current and non-current receivables

EUR 1,000	31 Dec 2023	31 Dec 2022
Non-current receivables		
Receivables arising from customer agreements	82	228
Capitalised contract expenses	322	-
Other non-current receivables	479	476
Total non-current receivables	883	704
Current receivables		
Accounts receivable	33,276	28,319
Receivables arising from customer agreements	1,793	2,076
Capitalised contract expenses	226	-
Prepayments and accrued income	6,910	7,110
Other receivables	437	341
Total current receivables	42,639	37,846

Amortised cost:

Accounts receivable and other receivables

EUR 1,000	2023	2022
Accounts receivable and other receivables		
Accounts receivable	33,276	28,319
Receivables arising from customer agreements*	1,793	2,076
Prepayments and accrued income	7,379	7,013
Security deposit for rental dues *		
Other receivables	1,075	1,142
Accounts receivable and other receivables	43,522	38,549
EUR 1,000	2023	2022
Not yet due	29,519	26,618
Due 1-30 days ago	3,555	1,432
Due 31-90 days ago	16	235
Due more than 90 days ago	186	34
Total	33,276	28,319

* items are included in financial assets

Accounts receivable are mainly attributable to invoicing of Finnish companies and organisations. At the end of the 2023 fiscal year, credit losses totalled EUR 53 (1) thousand.

The book value of accounts receivable, receivables from customer agreements and security deposits for rental dues is a reasonable estimate of their fair value. Their balance sheet values best correspond with the sum of money that represents the maximum amount of credit risks. Receivables from customer agreements comprise completed work that has not been invoiced. Typically, these are fixed or target price projects in which it has been agreed that invoices will be sent after sub-deliveries are accepted. After invoicing, receivables from customer agreements are transferred to accounts receivable. Essential items included in prepayments and accrued income are associated with the accrual of statutory insurance premiums and other accrued expenses.

At fair value through profit or loss:

Other shares and holdings	31 Dec 2022	Change	31 Dec 2023
Other shares total	483	-1	482
Total	483	-1	482

Accounting principle – financial assets

Financial assets are classified at amortised cost and as financial assets recognised at fair value through profit or loss. Classification is based on the business model objective and contractual cash flows of investments or by applying the fair value option at the time of initial acquisition. All purchases and sales of financial assets are recognised on the transaction date.

Amortised cost:

Financial assets measured at amortised cost comprise accounts receivable and receivables from customer agreements. Due to their nature, the carrying amount of short-term accounts receivable and other prepayments and accrued income is their fair value minus the amount of credit losses.

At fair value through profit or loss:

Both realised and unrealised gains and losses due to fair value changes are recognised in the period in which they arise. Unlisted shares and participations owned by Digia are recognised at fair value through profit or loss.

Cash and other cash equivalents

EUR 1,000	2023	2022	Fair value hierarchy level
Bank accounts	12,404	14,338	-

Other shares include holiday cabins usable by personnel and golf shares.

Accounting principle – cash and cash equivalents

Cash and cash equivalents consist of withdrawable bank deposits. Items classified as cash and cash equivalents have a maturity of no more than three months after the acquisition date.
Cash and cash equivalents are recognised at fair value.

Costs arising from the acquisition of customer contracts

Costs arising from the acquisition of customer contracts, including sales commissions for long-term service contracts, are recognised in the balance sheet when the required conditions are met. Commissions and sales are recognised on an accrual basis for the contract period when the services are handed over. The table below shows a breakdown of the changes in capitalised sales commissions during the fiscal year.

EUR 1,000	31 Dec 2023
Capitalised sales commissions, opening balance	-
Capitalised during the fiscal year	1,163
Recognised as an expense during the year	-614
Capitalised sales commissions in the balance sheet at year-end	549

Accounts receivable and receivables from customers on long-term projects

Accounts receivable and receivables from customers for long-term projects are measured at amortised cost less credit losses. The credit loss provision is based on management's estimate of expected credit losses in each accounts receivable category and contractual receivables.

Provision matrix for accounts receivable

Accounts receivable, EUR 1,000	Balance sheet values	Expected	Credit loss provision
Not yet due	29,519	credit loss	30
Due 1–30 days ago	3,555	0.2%	7
Due 31–90 days ago	16	1.5%	0
Due more than 90 days ago	186	2.5%	5
Total	33,276		42
Receivables related to customer contracts	1,793	0.1%	1

In addition to anticipated credit loss provisions, a customer-specific credit loss provision of EUR 21 thousand has been recognised.

Impairment of financial assets

The Group's credit loss provision is estimated based on expected credit losses on accounts receivable and receivables from customers in long-term projects over their entire period of validity (Note 6.2). Digia applies a simplified provision matrix to recognise the credit risk of accounts receivable. Thus the estimate of the credit loss provision is based on expected credit losses over the entire period of validity. The model based on expected credit losses is predictive and the expected loss share is based on previous loss amounts. The expected credit losses for the entire period are calculated by multiplying the gross carrying amount of unpaid accounts receivable and receivables from customers on long-term projects by the expected loss share in each age category. Changes in expected credit losses are recognised in other operating expenses through profit or loss.

6.3 Financial liabilities

The Group's financial liabilities include accounts with a credit facility, bank loans from financial institutions, lease liabilities, conditional additional purchase prices, and accounts payable. Digia did not use derivative instruments in the 2023 and 2022 fiscal years. Loans from financial institutions are subject to covenant terms that are described in more detail below.

Interest-bearing liabilities

The Group's bank loans on 31 December 2023 amounted to EUR 32.1 (25.5) million. Bank loans have floating interest rates tied to three- or six-month Euribor plus a margin. The average interest rate of the loans in 2023 was 4.5 per cent (2.0 per in 2022). Total lease liabilities as at 31 Dec. 2023 amounted to EUR 5.0 (6.5) million. During the fiscal year, Digia agreed on one new long-term bank financing of EUR 10.0 million. The loan has a floating interest rate tied to six-month Euribor plus a margin.

The loan covenant related to the Group's solvency and liquidity comprised the following key figure: operating profit before depreciation and amortisation (EBITDA) in relation to net debt. The company fulfilled the set loan covenants in 2023 and 2022. The maximum and minimum values specified in the loan covenants, and the realised figures on 31 December 2023 and 31 December 2022 were:

31 Dec 2023		
	Covenant value	Realised value
Net debt / EBITDA, max.	3.5	1.2

31 Dec 2022		
	Covenant value	Realised value
Net debt / EBITDA, max.	3.5	1.0

Credit facility

The company also has EUR 4.5 million in floating rate credit facilities at its disposal. More information on these facilities is provided in Note 6.6 on liquidity risk.

Balance sheet values and fair values of financial liabilities

EUR 1,000	2023 Fair values	2022 Fair values	2023 Balance sheet values	2022 Balance sheet values	Fair value hierarchy level
Non-current financing liabilities valued at accrued acquisition cost					
Bank loans	20,572	17,270	20,572	17,270	
Liabilities measured at fair value through profit or loss:					
Additional purchase prices	7,562	13,804	7,564	13,804	3
Current financing liabilities valued at accrued acquisition cost					
Bank loans	11,572	8,194	11,572	8,194	

The fair values of Level 3 instruments are based on input data on the asset or liability which are not based on observable market data. Accounts payable have not been included in the table above because the carrying amount of accounts payable is close to their fair value.

Interest-bearing liabilities fall due as follows:

Year, EUR 1,000	2023	2022
2024	14,690	12,188
2025	12,589	4,607
2026	9,889	3,500
2027	8	–
Total	37,175	20,295

The tables below describe agreement-based maturity analysis results for 2023 and the 2022 comparison period. The figures are undiscounted with the exception of lease liabilities and additional purchase prices. The lease liabilities include interest payments and the repayment of loan capital.

EUR 1,000

31 Dec 2023	Balance sheet values	Cash flow	Less than 1 year	1–2 years	2–5 years
Bank loans	32,145	35,080	13,148	12,037	9,894
Lease liabilities	5,031	5,031	3,117	1,517	396
Additional purchase prices	7,564	7,564	4,086	3,478	–
Accounts payable	7,892	7,892	7,892	–	–
Total	52,631	55,566	28,243	17,032	10,291

EUR 1,000

31 Dec 2023	Balance sheet values	Cash flow	Less than 1 year	1–2 years	2–5 years
Bank loans	25,464	26,582	8,769	10,085	7,727
Lease liabilities	6,472	6,472	3,447	2,490	535
Additional purchase prices	13,804	13,804	8,571	4,780	452
Accounts payable	6,313	6,313	6,313	–	–
Total	52,052	53,170	27,100	17,356	8,714

Accounts payable are recognised in the balance sheet at their original cost, which is equivalent to their fair value, because the effect of discounting is not material, considering the maturities of the liabilities.

Changes in financial liabilities with an effect on cash flow and no effect on cash flow in 2023

EUR 1,000	Changes with an effect on cash flow	Changes with no effect on cash flow		
	1 Jan	Changes in leases	Other changes	31 Dec
Non-current interest-bearing financial liabilities including a current component				
Loans from financial institutions	25,464	6,681	–	32,145
Lease liabilities	6,472	–3,578	–	5,031
Total	31,936	3,103	–	37,175
Current interest-bearing liabilities	133	271	–	404

Changes in financial liabilities with an effect on cash flow and no effect on cash flow in 2022

EUR 1,000	Changes with an effect on cash flow	Changes with no effect on cash flow		
	1 Jan	Changes in leases	Other changes	31 Dec
Non-current interest-bearing financial liabilities including a current component				
Loans from financial institutions	21,000	4,000	–	25,464
Lease liabilities	7,785	–3,810	–	6,472
Total	28,785	190	–	31,936
Current interest-bearing liabilities	95	38	–	133

Accounting principle – financial liabilities

The Group's financial liabilities are classified in two categories: measured at amortised cost and fair value through profit or loss. Financial liabilities are initially recognised in the accounts at fair value on the basis of the consideration received. Financial liabilities are included in non-current and current liabilities and may be interest-bearing or non-interest-bearing. Loans falling due in less than 12 months are presented under current financial liabilities.

6.4 Lease liabilities

A more detailed description of leases is provided in Note 7.4.

Lease liabilities (EUR 1,000)	31 Dec 2023	31 Dec 2022
Long-term	1,913	3,025
Short-term	3,117	3,447
Lease liabilities, total	5,031	6,472
Maturity distribution		
Within one year	3,117	3,447
Within more than one but less than five years	1,913	3,025
Interest expenses	104	123
Exemptions on recognition and measurement		
Costs of agreements on		
low-value asset items	1,090	1,168
Future cash flows from:		
Commitments to future agreements	330	34
Short-term lease commitments	128	-

Contingent liabilities

EUR 1,000	2023	2022
Bank guarantees for lease agreements	598	594

6.5 Financial income and expenses

Financial income

EUR 1,000	2023	2022
Interest income from accounts receivable	1	4
Exchange rate gains	-100	215
Other financial income	152	14
Total	53	233

Financial expenses

EUR 1,000	2023	2022
Interest expenses for financing loans valued at amortised cost	1,182	341
Interest expenses for leases	104	123
Interest expenses for accounts payable	10	16
Loan administration fees	44	39
Exchange rate losses	57	336
Other financial expenses	61	55
Total	1,458	910

6.6 Financial risks

Financial risk management consists, for instance, of the planning and monitoring of solvency of liquid assets, the management of investments, receivables and liabilities denominated in a foreign currency, and the management of interest rate risks on non-current interest-bearing liabilities.

Digia Plc's internal and external financing and the management of financing risks is concentrated in the finance and financial management unit of the Group's parent company. The unit is responsible for the Group's liquidity, sufficiency of financing, and the management of interest rate and currency risk. The Group is exposed to several financial risks in the normal course of business. The Group's risk management seeks to minimise the adverse effects of changes in financial markets on the Group's earnings. The primary types of financial risks are interest rate risk, credit risk, and liquidity risk. The general principles of risk management are approved by the parent company's Board of Directors, and the Group's finance and financial management unit together with the business segments is responsible for their practical implementation.

Interest rate risks

The Group's interest rate risk is primarily associated with long-term bank loans whose interest rates are linked to Euribor rates. Changes in market interest rates have a direct effect on the Group's future interest payments. During the 2023 fiscal year, the interest rate on long-term bank loans varied between 2.9% and 5.6% (in 2022, between 0.6% and 3.1%). The impact of a +/-1% change in the loan's interest rate is EUR 0.3 million per annum. Interest rate developments are monitored and reported on regularly in the Group. Possible interest rate hedges will be made with the appropriate instruments. At the end of the 2023 and 2022 fiscal years, the Group did not have any hedging instruments in force.

Credit loss risk

The Group's customers are mostly well-known Finnish and foreign companies with well-established credit, and thus the Group is deemed to have no significant credit loss risks. The Group continuously assesses the increase in credit risk after initial recognition on the basis of changes in the default risk.

The Group's policy defines creditworthiness requirements for customers and investment transactions with the aim of minimising credit losses. Services and products are only sold to companies with a good credit rating. The counterparties in investment transactions are companies with a good credit rating. Credit loss risks associated with commercial operations are primarily the responsibility of operational units. The parent company's finance and financial management unit provides customer financing services in a centralised manner and ensures that the Group's guidelines are observed with regard to terms of payment and collateral required.

The credit loss provision totalled EUR 43 thousand on 31 Dec. 2023 (31 Dec. 2022: EUR 36 thousand). The maturity analysis of accounts receivable and receivables from customer agreements for 2023 and 2022 is presented in Note 6.2. The Group has no identified risk concentrations.

Foreign exchange risks

The Group's currency risks are related to the receivables, liabilities and investments of the Swedish and Danish subsidiaries as well as the Finnish companies' accounts receivable, accounts payable and additional purchase prices denominated in foreign currency. On 31 December 2023, accounts receivable denominated in foreign currency amounted to EUR 4,667 thousand, accounts payable denominated in foreign currency to EUR 1,279 thousand and additional purchase prices in foreign currency to EUR 2,556 thousand (on 31 December 2022, accounts receivable amounted to EUR 2,139 thousand, accounts payable to EUR 627 thousand and additional purchase prices to EUR 0 thousand).

Liquidity risk

The Group aims to continuously estimate and monitor the amount of financing required for business operations in order to maintain sufficient liquid funds for financing operations and repaying loans falling due. The Group maintains its immediate liquidity with the help of cash management solutions such as Group accounts and credit facilities at banks. The amount of unwithdrawn standby credit on 31 December 2023 was EUR 4.5 million (31 December 2022: EUR 4.5 million). Cash and cash equivalents on 31 December 2023 amounted to a total of EUR 12.4 million (31 December 2022: EUR 14.4 million). The contractual maturity analysis of financial liabilities is presented in Note 6.3.

6.7 Shareholders' equity

	Number of shares	Share capital (EUR 1,000)
1 Jan 2023	26,823,723	2,088
31 Dec 2023	26,823,723	2,088

	Number of shares	Share capital (EUR 1,000)
1 Jan 2022	26,823,723	2,088
31 Dec 2022	26,823,723	2,088

The accounting countervalue of the shares is EUR 0.10 per share and the maximum number of shares is 48 million (48 million in 2022). All shares grant equal rights to their holders. The Group's maximum share capital is EUR 4.8 million (EUR 4.8 million in 2022). All outstanding shares are paid in full. On 31 December 2023, the company held 129,604 of its own shares (31 December 2022: 129,604 shares. or 0.5 per cent of all shares (31 December 2022: 0.5%). At the end of the fiscal year, EAM Digia Holding Oy held 216,789 shares (31 Dec 2022: 138,222).

	2023	2022
Treasury shares, 1 Jan.	129,604	97,369
Increases	–	260,003
Decreases	–	227,768
Treasury shares, 31 Dec.	129,604	129,604

Reserves

Other funds have consisted of M&A-related structural changes in previous years. Translation differences comprise translation differences arising from the translation of financial statements of non-Finnish units. The unrestricted shareholders' equity reserve comprises investments similar to shareholders' equity and the subscription price of shares when a specific decision is made not to enter it in shareholders' equity.

Dividends

A dividend of EUR 0.17 per share is proposed for the 2023 fiscal year. A dividend of EUR 0.17 per share was paid for the 2022 fiscal year, to a total of EUR 4,514,502.49. Dividends were paid on 3 April 2023.

Accounting principle – dividends

Dividends proposed by the Board of Directors will not be deducted from distributable shareholders' equity before the Board's decision has been received.

Calculation of the parent company Digia Plc's distributable funds, 31 Dec

EUR 1,000	2023	2022
Unrestricted shareholders' equity reserve	42,540	42,540
Retained earnings	16,203	14,385
Net profit	8,056	7,560
Total	66,799	64,485

7. Other items

7.1 Goodwill

Goodwill and impairment testing

Digia's goodwill has been generated by several acquisitions. Goodwill amounted to EUR 93.3 million at the end of the 2023 fiscal year (31 December 2022: EUR 85.8 million). The goodwill of the businesses acquired in 2023 accounted for EUR 7.1 million and the goodwill of those acquired in 2022 for EUR 15.0 million.

	Goodwill 2023	Goodwill 2022
Acquisition cost, 1 Jan		123,309
Increases	7,132	15,030
Exchange rate change	334	-1,116
Acquisition cost, 31 Dec	144,689	137,223
Accumulated amortisation, 1 Jan	-51,394	-51,394
Accumulated depreciation and amortisation, 31 Dec	-51,394	-51,394
Book value, 1 Jan	85,829	71,915
Book value, 31 Dec	93,295	85,829

Accounting principle – goodwill

Goodwill is recognised from the acquisition as the difference between points 1 and 2 below:

- Sum of the following items:
 - The fair value of the consideration paid at the time of acquisition.
 - The amount of any non-controlling interest in the object of acquisition.
 - The fair value of any previously held non-controlling interest in the object of acquisition, in the case of a phased business combination.
- The net sum of the acquisition date assets acquired and liabilities assumed.

No amortisation is booked on goodwill but it is tested annually for impairment. For this purpose, goodwill is allocated to cash generating units. Goodwill is recognised at the original cost from which the impairment is deducted.

Impairment testing of assets

Goodwill impairment testing is performed at Group level, with the Group as the cash-generating unit. The tables below show the distribution of goodwill and balance sheet values of other asset items subject to testing at the end of the reporting period:

EUR 1,000	Specified intangible assets	Goodwill	Other items	Balance sheet value of assets subject to testing, total
31.12.2023	10,212	93,295	-1,397	102,110
31.12.2022	10,519	85,829	-4,954	91,394

In the five-year forecast period, annual growth in net sales is expected to be 5.0 (2022: 5.8) per cent and 1.5 (2022: 2.0) per cent thereafter, with average operating profit of 9.3 (2022: 9.6) per cent and a pre-tax discount rate of 11.6 (2022: 12.5) per cent. Cash flows after the forecast period have been extrapolated using the net sales growth rate of 1.5 per

cent (2022: 2.0) and the operating profit margin of 8.0 per cent (2022: 8.0). The discount rate used is the average cost of capital (WACC). Impairment testing indicated a buffer of about EUR 137 million.

Sensitivity analysis

Management tests the impacts of changes in the significant estimates used in forecasts with sensitivity analyses.

The most important factors in goodwill sensitivity analyses are not only the cash flow forecasts and their assumptions, but also the growth percentage of the terminal value and the discount rate used and the effect on the goodwill percentage. If -23.7 per cent had been used as the growth percentage of the terminal value, instead of 1.5 per cent, the value in use would have corresponded to the value subject to testing. If 25.8 per cent had been used as the discount rate, instead of 11.6 per cent, the value in use would have corresponded to the value subject to testing. If the operating margin were 4.0 per cent, instead of the average of 9.3 per cent, the value in use would correspond to the value subject to testing.

In addition, a sensitivity analysis of net sales growth and operating profit has been carried out. According to the sensitivity analysis, goodwill requires either net sales to remain at the current level with operating profit of 5.2 per cent, or a 2.0 per cent growth in net sales with operating profit of 3.7 per cent.

Significant estimate – main assumptions used in impairment testing of goodwill

Management applies significant estimates and judgements in assessing the development of the Group's net sales and costs, the applicable tax rates, and the impact of changes in market conditions on the Group's earnings trend. The main assumptions used to calculate the recoverable amount were the operating profit in the forecast period, long-term growth over the terminal period and the discount rate used. Cash flow forecasts are based on the Group's actual result and management's best estimates of future financial performance. Cash flow forecasts include the budgeted figure for the next fiscal year and

projected figures for the next five years. Growth rates are based on management's estimates of growth in future years.

Operating profit data from external research institutes has also been utilised. Growth of 1.5 per cent during the terminal period reflects management's long-term expectations for Digia's business growth, taking current interest rates and the overall market situation into consideration. WACC before taxes has been used as the discount factor in these calculations. WACC considers both the expected return on equity and return on debt, calculated using the beta figures, capital structure and tax rates of comparable companies. Growth rates are based on management's estimates of growth in future years.

Accounting principle – impairments

On the balance sheet date, it is estimated whether there is evidence that the value of a tangible or intangible asset may have been impaired. If there is evidence of impairment, the amount recoverable from the asset is estimated. In addition, the recoverable amount is estimated annually on goodwill regardless of whether there is an indication of impairment or not. The need for impairment is reviewed at the level of cash generating units, which refers to the lowest level of unit that is mainly independent of other units and whose cash flows can be separated from other cash flows. If the carrying amount exceeds the recoverable amount, an impairment loss is recognised in the income statement. An impairment loss recognised for goodwill will not be reversed under any circumstances.

7.2 Property, plant and equipment

2023

EUR 1,000	Right-of-use assets	Buildings and structures	Machinery and equipment	Other tangible assets	Total 2023
Acquisition cost, 1 Jan	20,388	162	23,816	750	45,116
Translation difference	3	–	–	–	3
Increases	2,195	–	148	1	2,344
Transferred through business combinations	262	–	69	–	331
Decreases	–420	–	–34	–	–454
Acquisition cost, 31 Dec	22,428	162	23,999	750	47,340
Accumulated depreciation and amortisation, 1 Jan	–14,430	–145	–23,348	–666	–38,589
Depreciation for the period	–3,350	–7	–208	–58	–3,623
Translation difference	–14	–	–	–	–15
Accumulated depreciation and amortisation, 31 Dec	–17,794	–152	–23,557	–724	–42,226
Book value, 1 Jan	5,957	18	468	84	6,526
Book value, 31 Dec	4,634	11	442	27	5,114

2022

EUR 1,000	Right-of-use assets	Buildings and structures	Machinery and equipment	Other tangible assets	Total 2022
Acquisition cost, 1 Jan	17,935	162	23,555	735	42,388
Translation difference	–81	–	–1	–	–82
Increases	2,851	–	224	14	3,090
Transferred through business combinations	–	–	38	–	38
Decreases	–318	–	–1	–	–319
Acquisition cost, 31 Dec	20,388	162	23,816	750	45,116
Accumulated depreciation and amortisation, 1 Jan	–10,966	–138	–23,106	–524	–34,734
Depreciation for the period	–3,483	–7	–243	–142	–3,875
Translation difference	19	–	1	–	19
Accumulated depreciation and amortisation, 31 Dec	–14,430	–145	–23,348	–666	–38,589
Book value, 1 Jan	6,969	25	449	212	7,655
Book value, 31 Dec	5,957	18	468	84	6,527

Accounting principle – property, plant and equipment

Property, plant and equipment (PPE) are carried at cost less accumulated depreciation and impairment. Assets are depreciated over their estimated useful lives. Depreciation is not booked for land areas. Estimated useful lives are as follows:

Machinery and equipment	3–8 years
Leasehold improvement expenditure	3–5 years
Buildings and structures	25 years

The residual value and useful life of assets is reviewed on each balance sheet date and, if necessary, adjusted to reflect any changes in expected economic value.

Capital gains and losses on elimination and the transfer of property, plant and equipment are included either in other operating income or expenses.

7.3 Intangible assets

2023

EUR 1,000	Goodwill	Development expenses	Other intangible assets	Intangible assets in progress	Allocated assets related to acquisitions	Total 2023
Acquisition cost, 1 Jan	137,223	3,016	31,456	–	20,555	192,250
Increases	7,132	–	–	–	2,510	9,643
Translation difference	334	–	–	–	136	469
Transferred through business combinations	–	–	–	–	–	–
Decreases	–	–	–	–	–	–
Transfers between items	–	–	–	–	–	–
Acquisition cost, 31 Dec	144,689	3,016	31,456	–	23,201	202,362
Accumulated depreciation and amortisation, 1 Jan	–51,394	–2,606	–27,996	–	–10,035	–92,031
Depreciation for the period	–	–178	–565	–	–2,890	–3,633
Translation difference	–	–	–	–	–63	–63
Accumulated depreciation and amortisation, 31 Dec	–51,394	–2,784	–28,561	–	–12,989	–95,728
Book value, 1 Jan	85,829	409	3,460	–	10,520	100,218
Book value, 31 Dec	93,295	231	2,895	–	10,212	106,633

2022

EUR 1,000	Goodwill	Development expenses	Other intangible assets	Intangible assets in progress	Allocated assets related to acquisitions	Total 2022
Acquisition cost, 1 Jan	123,309	2,487	27,587	2,837	15,404	171,623
Increases	15,030	–	1,014	–	5,565	21,609
Translation difference	–1,116	–	–	–	–413	–1,529
Transferred through business combinations	–	529	18	–	–	547
Decreases	–	–	–	–	–	–
Transfers between items	–	–	2,837	–2,837	–	–
Acquisition cost, 31 Dec	137,223	3,016	31,456	–	20,555	192,250
Accumulated depreciation and amortisation, 1 Jan	–51,394	–2,487	–27,555	–	–7,396	–88,833
Depreciation for the period	–	–119	–440	–	–2,659	–3,219
Translation difference	–	–	–	–	20	20
Accumulated depreciation and amortisation, 31 Dec	–51,394	–2,606	–27,996	–	–10,035	–92,031
Book value, 1 Jan	71,915	–	32	2,837	8,007	82,790
Book value, 31 Dec	85,829	409	3,460	–	10,520	100,218

Accounting principle – intangible assets

Allocated assets related to acquisitions comprise customer agreements, product brands and technologies with a limited useful life. They are entered in the balance sheet under intangible assets and recognised as expenses in the income statement by straight-line depreciation over their useful life, which is typically 2–9 years.

Other intangible assets comprise capitalised IT software licenses. The depreciation period of licences is three years.

Prepayments and in-progress intangible assets include capitalisations of Digia's own business platform and management system (Digia Business Engine) during the fiscal year, including services provided by external experts and in-house work.

Research costs are recognised as expenses. Development costs are capitalised if they fulfil the capitalisation criteria for development costs.

The accounting for cloud computing arrangements depends on whether the cloud-based software classifies as a software intangible asset or a service contract. Those arrangements where the Company does not have control over the underlying software are accounted for as service contracts providing the Company with the right to access the cloud provider's application software over the contract period. Such arrangements may require consideration by management. The ongoing fees to obtain access to the application software, together with related configuration or customisation costs incurred, are recognised under other operating expenses when the services are received.

7.4 Right-of-use assets

Leases in the balance sheet:

EUR 1,000	1 Jan 2023	Depreciation	Increases	Decreases	31 Dec 2023
Business premises	5,443	-2,991	1,925	-397	3,980
Cars	415	-294	532	-32	621
IT equipment	99	-65	-	-2	32
Right-of-use assets, total	5,957	-3,350	2,457	-431	4,634

EUR 1,000	1 Jan 2022	Depreciation	Increases	Decreases	31 Dec 2022
Business premises	6,366	-3,135	2,546	-335	5,443
Cars	398	-197	264	-50	415
IT equipment	205	-132	41	-14	99
Right-of-use assets, total	6,969	-3,464	2,851	-399	5,957

Accounting principle – lease agreements

IFRS 16 sets out the requirements for the recognition, measurement, and disclosure of leases that have been complied with. Under the standard, the lessee shall recognise lease contracts in the balance sheet as a lease liability and related right-of-use asset. At the commencement date of the contract, the lessee recognises a liability for its obligation to make lease payments and an asset for its right to use the leased asset. Interest expenses must be recognised for the liability in the balance sheet and depreciation for the asset.

Digia leases its business premises, company cars, equipment and multifunction devices, and thus the adoption of the standard has had an impact on the accounting treatment of these items. The bulk of the lease liability and right-of-use asset in the balance sheet comprises lease contracts for offices. Digia has applied exemptions permitted under IFRS 16 for short-term lease contracts. Such lease contracts with a term of less than 12 months have not been recognised in the balance sheet. In addition, Digia does not recognise an asset and liability in the balance sheet for leases of low value assets. Calculations of the

right-of-use asset and corresponding lease liability are based on the company's estimate of the duration of current lease contracts and potential use of options to extend them.

Lease liabilities are described in Note 6.4.

7.5 Notes to the cash flow statement

Adjustments to net profit

EUR 1,000	2023	2022
Depreciation, amortisation and impairment	7,256	7,094
Transactions that do not involve a payment transaction	525	-1,055
Financial income and expenses	1,405	677
Taxes	2,558	2,479
Total	11,744	9,194

7.6 Related party transactions

Two parties are considered related if one party can exercise control or significant power in decision-making associated with the other party's finances and business operations. The related parties of the Group's parent company, Digia Plc, include the following entities:

- subsidiaries
- members of the Board of Directors and the Group's Management Team, including the CEO (key management)
- the family members of said persons, and
- companies under the control of related parties.

The amounts presented in the tables below correspond to the costs recognised as expenses in the fiscal years in question. Wages and salaries include any share-based incentive scheme benefits and fringe benefits.

Remuneration paid to key management during the fiscal period, including fringe benefits, was as follows:

EUR 1,000	2023	2022
Salaries and other short-term employee benefits	2,082	1,962
Performance bonuses	521	262
Share-based bonuses	833	-
Cash component of the share-based incentive scheme	460	-
Total	3,896	2,224

The CEO and the Group's other management are provided with pension coverage under the Finnish Employees' Pension Act (TyEL).

The notice period for termination of the CEO's service contract is six (6) months for each party. The CEO's service contract is subject to an anti-competition clause that prohibits the CEO from engaging in competing activities during the service contract and for six (6) months after termination of the service contract. If the CEO's service contract is terminated by the company, the CEO is entitled to compensation corresponding to six (6) months' salary in addition to the salary paid during the six-month (6-month) notice period. Compensation will be paid at the end of the employment relationship. This compensation will also be paid if

the CEO's service contract or job description changes substantially as a result of significant corporate restructuring. The CEO is not entitled to six months' compensation if the service contract ends as a result of a serious breach of contract on the part of the CEO.

The members of the Board of Directors and the CEO have received the following salaries and fees:

EUR 1,000		2023	2022
Ala-Härkönen Martti	Member of the Board	64	50
Elsinen Santtu	Member of the Board	50	45
Hokkanen Päivi	Member of the Board	-	10
Ingman Robert	Chair of the Board of Directors	87	86
Leppänen Sari	Member of the Board	47	36
Nieminen Henry	Member of the Board	40	-
Ruotsalainen Seppo	Member of the Board	14	63
Taivainen Outi	Member of the Board	51	48
Levoranta Timo	CEO	981	369
Total		1,334	707

The Group's incentive schemes are described in Note 4.4 Share-based payments and in the separate report on corporate governance.

Related party transactions involving purchases of goods and services totalled EUR 212 thousand (2022: EUR 442 thousand) and consisted mainly of marketing services. Related party transactions involving sales totalled EUR 3,040 thousand (2022: EUR 2,023 thousand) and consisted mainly of expert services. Sales of services to related parties are based on the Group's current prices. The Group has no related-party loans or voluntary pension arrangements.

Group companies	Domicile	Domestic segment	Share of ownership	Share of votes
Digia Plc	Helsinki	Finland	Parent company	
Digia Finland Ltd	Helsinki	Finland	100%	100%
Most Digital AB	Stockholm	Sweden	100%	100%
Productivity Leap Oy	Joensuu	Finland	100%	100%
Digia Sweden Ab	Stockholm	Sweden	100%	100%
Climber International AB	Stockholm	Sweden	100%	100%
Climber Finland Oy	Helsinki	Finland	100%	100%
Climber Benelux B.V.	Hengelo	Netherlands	100%	100%
Climber Danmark ApS	Copenhagen	Denmark	100%	100%
Climber Holding AB	Stockholm	Sweden	100%	100%
Climber AB	Stockholm	Sweden	100%	100%
Top of Minds AB	Stockholm	Sweden	100%	100%
Top of Minds Drive AB	Stockholm	Sweden	100%	100%
Top of Minds Top AB	Stockholm	Sweden	100%	100%
Top of Minds Steam AB	Stockholm	Sweden	100%	100%
Top of Minds Accelerate AB	Stockholm	Sweden	100%	100%
Top of Minds Go AB	Stockholm	Sweden	100%	100%

Structured entity associated with consolidated financial statements

The acquisition of the shares of the share compensation arrangement is made by EAM Digia Holding Oy. The legal holding of the Holding Company is owned by Evli Alexander Incentives Oy, but on the basis of the agreement Digia Plc exercises control over the arrangement. The Holding Company has been linked to the consolidated financial statements because the Group has control over it.

7.7 Events after the balance sheet date

There have been no major events since the balance sheet date.

8 Formulas for the indicators and reconciliations

8.1 Formulas for the indicators

IFRS performance measures:

Earnings per share (EPS), EUR:

$$\frac{\text{Profit for the period attributable to parent company shareholders}}{\text{Weighted average number of shares during the period}}$$

Earnings per share (EPS), EUR, diluted:

$$\frac{\text{Profit for the period attributable to parent company shareholders}}{\text{Diluted weighted average number of shares during the period}}$$

non-IFRS performance measures:

Net sales growth, %:

$$\frac{\text{Net sales for the period} \times 100}{\text{Net sales for the comparison period}}$$

Operating profit (EBIT):

$$\text{Profit for the period} + \text{income taxes} + \text{financial income and expenses}$$

Operating profit (EBITA):

$$\text{Operating profit} + \text{purchase price allocation amortisation and costs}$$

Operating profit (EBITA) margin, %:

$$\frac{(\text{Operating profit} + \text{purchase price allocation amortisation and costs}) \times 100}{\text{Net sales}}$$

Return on investment (ROI), %:

$$\frac{(\text{Profit or loss before taxes} + \text{interest and other financing costs}) \times 100}{\text{Balance sheet total} - \text{non-interest bearing financial liabilities (average)}}$$

Return on equity (ROE), %:

$$\frac{(\text{Profit or loss before taxes} - \text{taxes}) \times 100}{\text{Shareholders' equity (average)}}$$

Equity ratio, %:

$$\frac{(\text{Shareholders' equity} + \text{minority interest}) \times 100}{\text{Balance sheet total} - \text{advances received}}$$

Dividend/share, EUR:

$$\frac{\text{Total dividend}}{\text{Number of shares at the end of the period, adjusted for share issues}}$$

Dividend payout ratio, %:

$$\frac{\text{Dividend per share}}{\text{Earnings per share}}$$

Net gearing, %:

$$\frac{(\text{Interest-bearing liabilities} - \text{cash and cash equivalents}) \times 100}{\text{Shareholders' equity}}$$

Effective dividend yield, %:

$$\frac{\text{Dividend per share} \times 100}{\text{Last trading price for the period, adjusted for share issues}}$$

Price/earnings (P/E):

$$\frac{\text{Last trading price for the period, adjusted for share issues}}{\text{Earnings per share}}$$

8.2 Reconciliation of alternative performance measures

As alternative performance measures, the Group reports operating profit plus purchase price allocation amortisation (EBITA) and costs, operating profit (EBIT), return on equity, return on investment, net gearing and equity ratio, which are not defined in IFRS. The company presents the alternative performance measures to describe the financial situation and development of business operations, as it considers this information necessary for investors.

Operating profit (EBITA)	31 Dec 2023	31 Dec 2022
Operating profit	13,835	12,727
Purchase price allocation amortisation and costs	2,891	3,006
Operating profit (EBITA)	16,727	15,733

Return on equity, %	31 Dec 2023	31 Dec 2022
Profit before taxes	12,430	12,050
Taxes	-2,558	-2,479
Profit after taxes	9,872	9,571
Shareholders' equity (average for the year)	73,254	69,580
Return on equity, %	13.5%	13.8%

Return on investment, %	31 Dec 2023	31 Dec 2022
Profit before taxes	12,430	12,050
Financial expenses	-1,458	-910
Profit before taxes + financial expenses	13,888	12,960
Balance sheet total (average for the period)	164,136	151,578
Non-interest-bearing liabilities (average for the year)	56,322	51,003
Balance sheet total - non-interest bearing liabilities	107,814	100,575
Return on investment, %	12.9%	12.9%

Net gearing, %	31 Dec 2023	31 Dec 2022
Interest-bearing liabilities	37,175	31,946
Cash and cash equivalents	12,404	14,338
Shareholders' equity	75,420	71,087
Net gearing, %	32.8%	24.8%

Equity ratio, %	31 Dec 2023	31 Dec 2022
Shareholders' equity	75,420	71,087
Balance sheet total	168,157	160,116
Advance payments received	6,499	5,108
Balance sheet total - advances received	161,658	155,008
Equity ratio, %	46.7%	45.9%

9 Parent company's financial statements (FAS)

9.1 Parent company's income statement

EUR	Note	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Net sales	1	18,955,102.83	16,275,998.26
Other operating income	2	56,068.00	77,290.00
Materials and services		-1,318,907.57	-1,287,601.08
Personnel expenses	3	-5,542,196.79	-4,548,223.84
Depreciation, amortisation and impairment	4	-762,873.68	-772,115.42
Other operating expenses	5	-9,951,325.39	-9,206,650.53
		-17,519,235.43	-15,737,300.87
Operating profit		1,435,867.40	538,697.39
Financial income and expenses	6	-3,730,086.14	-1,127,017.02
Profit before appropriations and taxes		-2,294,218.74	-588,319.63
Accumulated appropriations			
Group contribution		12,600,000.00	10,400,000.00
Depreciation differences		-219,764.90	-359,233.80
Profit before taxes		10,086,016.36	9,452,446.57
Income taxes	7	-2,030,008.88	-1,882,836.48
Net profit		8,056,007.48	7,569,610.09

9.2 Parent company balance sheet

EUR	Note	31 Dec 2023	31 Dec 2022
ASSETS			
FIXED ASSETS			
Intangible assets	8	3,330.16	57,489.85
Intangible rights		2,889,350.82	3,446,808.82
Other long-term expenses		0.00	0.00
		2,892,680.98	3,504,298.67
Tangible assets	9		
Land and water areas		16,818.79	16,818.79
Buildings and structures		11,538.55	18,132.01
Machinery and equipment		232,851.01	374,043.37
Other fixed assets		-	1,210.95
		261,208.35	410,205.12
Investments	10		
Shares in Group companies		194,130,695.55	180,427,733.37
Other shares and holdings		480,004.54	480,004.54
		194,610,700.09	180,907,737.91
Total fixed assets		197,764,589.42	184,822,241.70
CURRENT ASSETS			
Non-current receivables			
Prepayments and accrued income		78,641.87	217,516.93
Current receivables	11		
Receivables from Group companies		11,206,864.92	11,792,152.78
Other receivables		305,654.91	339,705.91
Prepayments and accrued income		2,139,693.08	1,942,473.29
		13,664,916.71	14,074,331.98
Cash and cash equivalents		2,759,576.31	4,457,051.25
Total current assets		16,424,493.02	18,748,900.16
Total assets		214,267,724.31	203,571,141.86

EUR	Note	31 Dec 2023	31 Dec 2022
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Equity attributable to parent-company shareholders	12		
Share capital		2,087,564.50	2,087,564.50
Unrestricted shareholders' equity reserve		42,540,499.12	42,540,499.12
Retained earnings		16,202,941.42	14,385,253.40
Net profit		8,056,007.48	7,569,610.09
Total shareholders' equity		68,887,013.02	66,582,927.11
ACCUMULATED APPROPRIATIONS			
Depreciation difference		578,998.70	359,233.80
LIABILITIES			
Non-current liabilities			
Loans from financial institutions	13	20,500,000.00	17,000,000.00
Other non-current liabilities		4,371,720.25	5,730,000.00
		24,871,720.25	22,730,000.00
Current liabilities			
Accounts payable		316,907.16	232,282.15
Current interest-bearing liabilities	14	11,500,000.00	8,000,000.00
Liabilities to Group companies		102,375,690.23	95,623,033.20
Other liabilities		4,443,692.45	8,838,123.93
Accruals and deferred income		1,293,703.49	1,202,541.67
Taxes based on the net result for the year		-	3,000.00
		119,929,992.34	113,898,980.95
Total liabilities		144,801,712.59	136,628,980.95
Total shareholders' equity and liabilities		214,267,724.31	203,571,141.86

9.3 Parent company's cash flow statement

EUR	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Cash flow from operations:		
Net profit	8,056,007.48	7,569,610.09
Adjustments to net profit	-5,867,511.40	-6,295,077.28
Change in working capital	8,155,720.58	12,082,371.99
Interest paid	-4,203,860.31	-295,317.60
Interest income	174,641.65	1,237.03
Taxes paid	-1,905,837.05	-3,197,137.93
Cash flow from operations	4,409,160.95	9,865,686.30
Cash flow from investments:		
Purchases of tangible and intangible assets	7,985.78	-2,418,788.01
Acquisition of subsidiary, net of cash acquired	-19,342,700.10	-13,700,023.96
Cash flow from investments	-19,334,714.32	-16,118,811.97
Cash flow from financing:		
Acquisition of treasury shares	-1,237,419.08	-1,962,752.48
Sale of treasury shares	-	162,597.84
Repayment of current loans	-8,000,000.00	-5,000,000.00
Withdrawals of current loans	-	1,000,000.00
Withdrawals of non-current loans	15,000,000.00	8,000,000.00
Group financing items *	180,000.00	2,725,483.63
Group contribution	11,800,000.00	2,500,000.00
Dividends paid	12 -4,514,502.49	-4,477,685.76
Cash flow from financing	13,228,078.43	2,947,643.23
Change in cash and cash equivalents	-1,697,474.94	-3,305,482.44
Cash and cash equivalents at beginning of period	4,457,051.25	7,762,533.69
Change in cash and cash equivalents	-1,697,474.94	-3,305,482.44
Cash and cash equivalents at end of period	2,759,576.31	4,457,051.25

* Group financing items comprise changes in loans between the parent company and its subsidiaries.

9.4 Basic information on the parent company and accounting policies

Basic information on the company

Digia Plc is the parent company of the Digia Group. It is domiciled in Helsinki and its registered office is at Atomitie 2, 00370 Helsinki. Digia Plc's active subsidiaries are Digia Finland Ltd and its subsidiaries, Productivity Leap Oy, Digia Sweden AB, Climber International AB and its subsidiaries, and Top of Minds AB and its subsidiaries.

Accounting policies

The parent company's financial statements have been prepared in accordance with Finnish Accounting Standards (FAS). The financial statements are based on original acquisition costs. Book values based on original costs have been reduced to correspond to fair value as necessary.

Since 1 June 2005, the parent company has operated as the Group's administrative company and charged the Group companies for services rendered.

Pension schemes

The Group's pension schemes are arranged through a pension insurance company. Pension premiums and expenses allocated to the financial period are based on confirmations received from the insurance company. Pension expenses are recognised as expenses for the year in which they arise.

Leasing payments

Leasing payments are recognised as annual expenses.

Share-based payments

Digia has a share-based incentive scheme where payments are made either in equity instruments or in cash. The company complies with Statement 1998, 15 January 2020 of the Accounting Board (KILA) in the treatment of benefits granted in such schemes. According to the statement, the terms and conditions of a share-based incentive scheme are irrevocably fulfilled only at the end of the incentive period. Therefore, the service commitment required of an employee under the share-based

incentive scheme is indivisible by nature – the performance is to be considered to have been rendered on the one hand and received on the other by the company at the end of the incentive period, at which point the employee shall have an irrevocable right to the shares specified in the scheme.

Fixed assets, depreciation and amortisation

Fixed assets are recognised in the balance sheet at immediate cost less planned depreciation and amortisation.

The economic lives underlying planned depreciation and amortisation are as follows:

Intangible assets

Intangible rights	3–5 years
Other long-term expenses	3–5 years

Tangible assets

Buildings and structures	25 years
Machinery and equipment	3–8 years

Purchases of fixed assets with an economic life of less than three years are recognised as annual expenses.

9.5 Board's dividend proposal

According to the balance sheet dated 31 December 2023, Digia Plc's distributable shareholders' equity was EUR 66,799,448.52, of which EUR 8,056,007.48 was profit for the fiscal year. At the Annual General Meeting, the Board of Directors will propose that a dividend of EUR 0.17 per share be paid according to the confirmed balance sheet for the fiscal year ending 31 December 2023. Shareholders listed in the shareholders' register maintained by Euroclear Finland Oy on the dividend reconciliation date, 22 March 2024, will be eligible for the payment of dividend. Dividends will be paid on 2 April 2024.

9.6 Notes to the parent company's financial statements

1. Net sales

Net sales by segment

EUR	2023	2022
Projects	–	760.00
Group administration services	18,955,102.83	16,275,238.26
Total	18,955,102.83	16,275,988.26

2. Other operating income

EUR	2023	2022
Rental income	45,823.00	41,010.00
Other operating income	10,245.00	36,280.00
Total	56,068.00	77,290.00

3. Information on personnel and governing bodies

EUR	2023	2022
Board emoluments and remuneration and CEO's compensation	1,334,099.40	707,131.80
Other salaries and remunerations	3,499,856.55	3,151,886.46
Pension insurance contributions	606,013.38	603,562.19
Other personnel expenses	102,227.46	85,643.39
Total	5,542,196.79	4,548,223.84

Number of personnel, 31 Dec	2023	2022
Management and administration	47	46
Total	47	46

4. Depreciation, amortisation and impairment

EUR	2023	2022
Planned depreciation and amortisation		
Property, plant, and equipment, and intangible assets	762,873.68	772,115.42
Total	762,873.68	772,115.42

5. Auditors' fees

EUR	2023	2022
Audit, EY	191,510.00	91,630.50
Tax counselling	32,763.00	–
Other statutory duties	4,100.00	–
Other services	92,038.25	10,640.00
Total	320,411.25	102,270.50

6. Financial income and expenses

Financial income

EUR	2023	2022
Interest and financial income from Group companies	12,087.43	2,297.34
Interest and financial income from others	82,805.36	152,952.38
Total	94,892.79	155,249.72

Financial expenses

EUR	2023	2022
Interest expenses to Group companies	2,549,566.96	854,178.48
Interest expenses to other companies	1,181,453.75	351,250.98
Loan administration fees	43,288.68	38,175.00
Other financial expenses	50,668.66	38,662.86
Exchange rate losses	0.88	–
Total	3,824,978.93	1,282,266.74

7. Income taxes

EUR	2023	2022
Income taxes on operations	–2,010,319.56	–1,882,836.48
Income taxes for previous periods	–19,689.32	–
Total	–2,030,008.88	–1,882,836.48

Deferred tax assets arising from accrual differences and from temporary differences between book values and taxation values are unrecorded in the statement of financial position, in accordance with the principle of prudence. Deferred tax assets totalled EUR 146 thousand at the end of the fiscal year.

8. Intangible assets

EUR	Intangible rights	Other long-term expenses	Total 2023	Total 2022
Acquisition cost, 1 Jan	9,237,115.98	1,530,432.31	10,767,548.29	9,748,009.23
Increases	–	–	–	1,019,538.06
Decreases	–	–	–	–
Transfers between items	–	–	–	–
Acquisition cost, 31 Dec	9,237,115.98	1,530,432.31	10,767,548.29	10,767,548.29
Accumulated depreciation and amortisation, 1 Jan	–5,790,307.16	–1,472,942.46	–7,263,249.62	–6,694,093.77
Depreciation	–557,458.00	–54,159.69	–611,617.69	–569,155.85
Accumulated depreciation and amortisation, 31 Dec	–6,347,765.16	–1,527,102.15	–7,874,867.31	–7,263,249.62
Book value, 1 Jan	3,446,808.82	57,489.85	3,504,298.67	3,053,915.46
Book value, 31 Dec	2,889,350.82	3,330.16	2,892,680.98	3,504,298.67

9. Property, plant and equipment

EUR	Land and water areas	Buildings and structures	Machinery and equipment	Total 2023	Total 2022
Acquisition cost, 1 Jan	16,818.79	162,905.90	3,726,741.71	3,906,466.40	3,703,335.26
Increases	–	–	2,259.22	2,259.22	203,131.14
Acquisition cost, 31 Dec	16,818.79	162,905.90	3,729,000.93	3,908,725.62	3,906,466.4
Accumulated depreciation and amortisation, 1 Jan	–	–144,773.89	–3,351,487.39	–3,496,261.28	–3,293,301.71
Depreciation	–	–6,593.46	–144,662.53	–151,255.99	–202,959.57
Accumulated depreciation and amortisation, 31 Dec	–	–151,367.35	–3,496,149.92	–3,647,517.27	3,496,261.28
Book value, 1 Jan	16,818.79	18,132.01	375,254.32	410,205.12	410,033.55
Book value, 31 Dec	16,818.79	11,538.55	232,851.01	261,208.35	410,205.12

10. Investments

EUR	Investments in subsidiary shares	Other shares and holdings	Total 2023	Total 2022
Acquisition cost, 1 Jan	180,456,689.37	606,292.32	181,062,981.69	159,010,301.51
Increases	14,598,704.35	–	14,598,704.35	22,052,680.18
Decreases	–895,742.17	–	–895,742.17	–
Acquisition cost, 31 Dec	194,159,651.55	606,292.32	194,765,943.87	181,062,981.69
Accumulated amortisation, 1 Jan	–28,956.00	–126,287.78	–155,243.78	–155,243.78
Impairment	–	–	–	–
Accumulated amortisation, 31 Dec	–28,956.00	–126,287.78	–155,243.78	–155,243.78
Book value, 1 Jan	180,427,733.37	480,004.54	180,907,737.91	158,855,057.73
Book value, 31 Dec	194,130,695.55	480,004.54	194,610,700.09	180,907,737.91

Itemisation of subsidiaries and other shares and holdings

Group companies	Domicile	Domestic segment	Share of ownership	Share of votes
Climber International AB	Stockholm	Sweden	100%	100%
Digia Finland Ltd	Helsinki	Finland	100%	100%
Digia Sweden Ab	Stockholm	Sweden	100%	100%
Productivity Leap Oy	Joensuu	Finland	100%	100%
Top of Minds AB	Stockholm	Sweden	100%	100%

11. Current receivables

EUR	2023	2022
Receivables from Group companies		
Accounts receivable	267,071.08	1,542,855.44
Loan receivables	167,000.00	347,000.00
Prepayments and accrued income	10,772,793.84	9,902,297.34
Accounts receivable	12,703.80	-
Other receivables	305,654.91	339,705.91
Prepayments and accrued income	2,139,693.08	1,942,473.29
Total	13,664,916.71	14,074,331.98

12. Shareholders' equity

EUR	2023	2022
Share capital, 1 Jan	2,087,564.50	2,087,564.50
Share capital, 31 Dec	2,087,564.50	2,087,564.50
Total restricted shareholders' equity	2,087,564.50	2,087,564.50
Unrestricted shareholders' equity reserve, 1 Jan	42,540,499.12	42,540,499.12
Unrestricted shareholders' equity reserve, 31 Dec	42,540,499.12	42,540,499.12
Accrued earnings, 1 Jan	21,954,863.49	19,283,048.00
Changes during the fiscal year		
Dividends	-4,514,502.49	-4,477,685.76
Acquisition of treasury shares	-1,237,419.08	-1,962,752.48
Share-based payments	-	1,542,643.64
Accrued earnings, 31 Dec	16,202,941.92	14,385,253.40
Net profit	8,056,007.48	7,569,610.09
Total unrestricted shareholders' equity	66,799,448.52	64,495,362.61
Total shareholders' equity	68,887,013.02	66,582,927.11

Calculation of distributable shareholders' equity, 31 Dec

EUR	2023	2022
Unrestricted shareholders' equity reserve	42,540,499.12	42,540,499.12
Retained earnings	16,202,941.92	14,385,253.40
Net profit	8,056,007.48	7,569,610.09
Total	66,799,448.52	64,495,362.61

13. Non-current liabilities

EUR	2023	2022
Loans from financial institutions	20,500,000.00	17,000,000.00
Other non-current liabilities	4,371,720.25	5,730,000.00
Total	24,871,720.25	22,730,000.00

14. Current liabilities

EUR	2023	2022
Interest-bearing		
Current interest-bearing liabilities	11,500,000.00	8,000,000.00
Liabilities to Group companies		
Borrowings	75,478,332.79	75,474,255.21
Total interest-bearing current liabilities	86,978,332.79	83,474,255.21
Liabilities to Group companies		
Accounts payable	125,364.26	1,540,722.59
Accruals and deferred income	26,768,669.16	18,608,055.40
To others		
Accounts payable	316,907.16	232,282.15
Other liabilities	4,447,016.47	8,838,123.93
Accruals and deferred income	1,293,703.49	1,205,541.67
Total interest-free current liabilities	32,951,659.55	30,424,725.74
Total current liabilities	119,929,992.34	113,898,980.95

Material items included in accrued expenses arise from the accrual of holiday pay, as well as accrued provisions for salaries and fees.

15. Contingent liabilities

Lease liabilities

EUR	2023	2022
Due during the current financial period	57,388.70	68,680.17
Due later	45,176.03	45,824.61
Total	102,564.73	114,504.78

Other lease liabilities

EUR	2023	2022
Due during the current financial period	2,271,117.36	2,753,091.14
Due later	1,429,928.36	2,423,861.79
Total	3,701,045.72	5,176,952.93

Other liabilities

EUR	2023	2022
Collateral pledged for own commitments		
Other	453,863.80	582,617.82
Total	453,863.80	582,617.82

16. Share-based incentive scheme

The purpose and key terms of the share-based incentive scheme are presented in section 4.4 of the consolidated financial statements.

During the 2023 fiscal year, Digia had two long-term share-based incentive schemes for senior executives: performance-based incentives were paid on the basis of the 2020–2022 earnings period, and the 2023–2025 earnings period was launched for the new scheme. The maximum number of shares promised as share rewards in the new scheme is 480,000. They represent 1.8 per cent of share capital and the total number of shares. The number of people participating in the scheme on 31 December 2023 was 21, including the CEO. The estimate of the amount of bonuses to be paid on 31 Dec 2026 is EUR 1,586 thousand.

Signatures to the Board's Report and Financial Statements

Helsinki, 8 February 2024

Robert Ingman
Chair of the Board of Directors

Martti Ala-Härkönen

Santtu Elsinen

Sari Leppänen

Henry Nieminen

Outi Taivainen

Timo Levoranta
President & CEO

Auditor's Note

A report of the audit has been submitted today.

Helsinki, 8 February 2024

Ernst & Young Oy

Terhi Mäkinen
Authorised Public Accountant

Auditor's report (Translation of the Finnish original)

To the Annual General Meeting of Digia Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Digia Plc (business identity code 0831312-4) for the year ended 31 December, 2023. The financial statements comprise the consolidated income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and notes, including material accounting policy information, as well as the parent company's income statement, balance sheet, cash flow statement 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. The non-audit services that we have provided have been disclosed in note 3.7 to the consolidated financial statements and note 5 to the parent company financial statements.

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

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.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

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.

Key Audit Matter

How our audit addressed the Key Audit Matter

Revenue Recognition

We refer to note 3.2 of the consolidated financial statements.

The group has multiple sources of revenue, including work performed by people, licenses and maintenance of own products, products of third parties and their maintenance as well as services.

Revenue on work performed by people is recognized over time in accordance with progress. Fixed price projects are recognized over time based on their percentage of completion. Licenses of own products are recognized when the product has been delivered and maintenance is recognized over time during the contract period. Revenue on third-party licenses is recognized on delivery. If Digia bears the responsibility of the product, revenue is recognized on gross basis and if third party bears the responsibility, the margin or commission is recognized as revenue. Revenue from services is recognized over time during the agreement period.

There is a risk in revenue recognition due to various terms and conditions included in the sales contracts and management judgment required in applying percentage of completion method. Because of the risk associated with the correct timing of revenue recognition, revenue recognition was determined to be a key audit matter and a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10(2).

Our audit procedures to address the risk of material misstatement in respect of revenue recognition included, among others, following procedures:

- We evaluated revenue recognition principles applied by the group from the perspective of applicable accounting standards.
- We evaluated the applied revenue recognition methods in relation to the terms and conditions of sales contracts.
- We tested correctness of the timing of revenue recognition.
- Concerning fixed price projects, we compared estimates of project revenues to sales agreements.
- We evaluated estimates of remaining amount of work in order to recognize potential loss-making projects.
- We evaluated appropriateness and sufficiency of the notes relating to group's revenues.

Key Audit Matter

How our audit addressed the Key Audit Matter

Valuation of Goodwill

We refer to note 7.1 of the consolidated financial statements.

At the balance sheet date of 31.12.2023 the value of goodwill amounted to 93 million euros, representing 55% of total assets and 124% of shareholders' equity (2022: goodwill 86 million euros representing 54% of total assets and 121% of shareholders' equity).

Valuation of goodwill was a key audit matter because

- the annual impairment testing process is complex, it includes estimates and it requires significant management judgment,
- impairment testing is based on management's assumptions relating to market and economic conditions, and
- goodwill is significant to the financial statements.

The Board of Directors has determined that the group in its entirety is a cash generating unit subject to impairment test. The recoverable amount is determined based on value in use calculation. The outcome of the calculation may vary significantly when the underlying assumptions change. Value in use is dependent on several assumptions such as revenue growth, operating profit and discount rate applied. Changes in these assumptions may lead in impairment of goodwill.

Our audit procedures included, among others, following procedures:

- We evaluated with the assistance of our valuation specialists the appropriateness of underlying assumptions and methods applied by the management with regards to following assumptions: forecasted revenue growth, operating profit percentage and weighted average cost of capital on discounted cash flows.
- We evaluated with the assistance of our valuation specialists the appropriateness of sensitivity analysis and whether any reasonably possible change in an underlying assumption could cause the book value to exceed the value in use.
- We compared future estimates to the budget approved by the Board of Directors, we compared the available historical information to actual outcome, and we tested the mathematical accuracy of the impairment calculation.
- We compared note 7.1 of impairment testing to the disclosure requirements of the applicable accounting standard and evaluated appropriateness and sufficiency of information included the note.

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 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 on 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 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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 21.3.2022 and our appointment represents a total period of uninterrupted engagement of 2 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 and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date.

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 report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

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 accordance with the applicable laws and regulations.

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 8.2.2024

Ernst & Young Oy
Authorized Public Accountant Firm

Terhi Mäkinen
Authorized Public Accountant

Independent Auditor's Report on Digia Oyj's ESEF-Consolidated Financial Statements (Translation of the Finnish original)

To the Board of Directors of Digia Oyj

We have performed a reasonable assurance engagement on the iXBRL tagging of the consolidated financial statements included in the digital files 743700QVAG6OXK5OP587-2023-12-31-fi.zip of Digia Oyj (business identity code: 0831312-4) for the financial year 1.1.-31.12.2023 to ensure that the financial statements are marked/tagged with iXBRL in accordance with the requirements of Article 4 of EU Commission Delegated Regulation (EU) 2018/815 (ESEF RTS).

Responsibilities of the Board of Directors and Managing Director

The Board of Directors and Managing Director are responsible for the preparation of the Report of Board of Directors and financial statements (ESEF financial statements) that comply with the ESEF RTS. This responsibility includes:

- Preparation of ESEF-financial statements in accordance with Article 3 of ESEF RTS
- Tagging the primary financial statements, notes to the financial statements and the entity identifier information in the consolidated financial statements included within the ESEF-financial statements by using the iXBRL mark ups in accordance with Article 4 of ESEF RTS
- Ensuring consistency between ESEF financial statements and audited financial statements.

The Board of Directors and Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of ESEF financial statements in accordance the requirements of ESEF RTS.

Auditor's Independence and Quality Management

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

The firm applies International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibilities

In accordance with the Engagement Letter we will express an opinion on whether the electronic tagging of the consolidated financial statements complies in all material respects with the Article 4 of ESEF RTS. We have conducted a reasonable assurance engagement in accordance with International Standard on Assurance Engagements ISAE 3000.

The engagement includes procedures to obtain evidence on:

- whether the tagging of the primary financial statements in the consolidated financial statements complies in all material respects with Article 4 of the ESEF RTS
- whether the tagging of the notes to the financial statements and the entity identifier information in the consolidated financial statements complies in all material respects with Article 4 of the ESEF RTS
- whether the ESEF-financial statements are consistent with the audited financial statements.

The nature, timing and extent of the procedures selected depend on the auditor's judgement including the assessment of risk of material departures from requirements sets out in the ESEF RTS, whether due to fraud or error.

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

Opinion

In our opinion the tagging of the primary financial statements, notes to the financial statements and the entity identifier information in the consolidated financial statements included in the ESEF financial statements 743700QVAG6OXK5OP587-2023-12-31-fi.zip of Digia Oyj for the year ended 1.1.-31.12.2023 complies in all material respects with the requirements of ESEF RTS.

Our audit opinion on the consolidated financial statements of Digia Oyj for the year ended 1.1.-31.12.2023 is included in our Independent Auditor's Report dated 8.2.2024. In this report, we do not express an audit opinion any other assurance on the consolidated financial statements.

Helsinki 29.2.2024
Ernst & Young Oy
Authorized Public Accountant Firm

Terhi Mäkinen
Authorized Public Accountant

The Digia logo is centered on a blue background with a large, light blue curved shape on the right. The word "digia" is in a white, lowercase, sans-serif font. Below it, the tagline "Unlock your intelligence." is written in a smaller, white, lowercase, sans-serif font, with "Unlock your" on the left and "intelligence." on the right, separated by the word "digia".

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