

Digital Workforce Services Plc

Annual Report and Financial Statements 2021

1.1. - 31.12.2021



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Report by Board of Directors 2021

Digital Workforce is one of the leading service providers specializing in Robotic Process Automation (RPA) and Intelligent Automation (IA) on an industrial scale in terms of revenue, service offering, client references and head count. Digital Workforce helps its customers automate knowledge work tasks and business processes with IA through its Digital Workers.

Financial review January 1-December 31, 2021

Key figures

	1-12/2021	1-12/2020	1-12/2019
EUR 1000			
Net sales	22 362	19 095	17 162
<i>Net sales growth</i>	17.1 %	11.3 %	46.3%
Professional Services net sales	10 703	10 085	11 040
Continuous Services net sales	11 659	9 010	6 122
<i>Share of recurring revenue</i>	52.1 %	47.2 %	35.7 %
Gross profit	7 926	6 216	5 375
<i>Gross margin %</i>	35.4 %	32.6 %	31.3 %
EBITDA	(956)	(406)	(900)
<i>EBITDA margin</i>	-4.3 %	-2.1 %	-5.2 %
EBITDA adj.	(585)	(406)	(900)
<i>EBITDA adj. margin</i>	-2.6 %	-2.1 %	-5.2 %
EBIT	(1 219)	(600)	(1 087)
<i>EBIT margin</i>	-5.5 %	-3.1 %	-6.3 %
Net income	(3 578)	(906)	(1 191)
EPS	(0.6)	(1.8)	(2.4)
Capital expenditure	(37)	(464)	(616)
Operating cash flow	(1 310)	(394)	(685)
Net debt	(18 283)	575	(70)
Equity ratio	69.0 %	-6.5 %	-2.8 %
Return on equity %*	-40.4 %	n/a	-145.4 %

* Return on equity for 2020 was not presented because both net income and average equity were negative

Development of net sales and profitability

Digital Workforce's revenue for January-December 2021 was EUR 22.4 (19.1) million. Revenue grew by EUR 3.3 million and 17.1%. Sales were accelerated by new customers and an increase in existing customer volumes.

Group gross profit was EUR 7.9 (6.2) million and relative gross margin 35.4% (32.6%), improved significantly compared with the previous year. Group adjusted EBITDA was EUR -0.6 (-0.4) million and EBIT EUR -1.2 (-0.6) million. The EBITDA-adjustments were EUR 0.4 million and to their nature non-recurring items that differ from business operations.

The loss for the financial year was EUR -3.6 (-0.9) million. Financing costs were EUR -2.3 (-0.5) million and the growth was related to costs for listing at Nasdaq First North Growth Market Finland. The listing costs included in the financing expenses stood at EUR -2.2 million. The earnings per share was EUR -0.6 (-1.8).

Group balance, financing and cash flow

The balance sheet total in 2021 was EUR 26.5 (9.4) million. The equity ratio was 69% (-6.5%) and the net debt EUR -18.3 (0.6) million. The improvement of the equity ratio stemmed from the issue of shares in connection with listing. Gross funding from the listing were ca EUR 22.5 million.

The Group operating cash flow was EUR -1.3 (-0.4) million and the Group cash flow from investments was EUR 0 (-0.5) million.

Organizational structure

The group parent company is Digital Workforce Services Plc, with subsidiaries in Sweden, Norway, Denmark, the United States, the UK, Germany and Poland. At the end of the fiscal year, Digital Workforce Group consisted of the parent company Digital Workforce Services Plc and its 100% owned subsidiaries Digital Workforce Svenska AB, Digital Workforce AS, Digital Workforce A/S, Digital Workforce Services Inc., Digital Workforce Services Ltd, DWF Digital Workforce Services GmbH and Digital Workforce Sp.z.o.o.

Personnel and locations

The average number of personnel during the financial year was 191 (200). Salaries and fees were EUR 11.2 million in the financial year 2021, EUR 10.4 million in the financial year 2020 and EUR 9.8 million in the financial year 2019. Offices are located in Denmark, Finland, Germany, Norway, Poland, Sweden, the UK and the United States.

Members of the Group Management team at the end of the financial year: Mr. Mika Vainio-Mattila, CEO, Ms. Sanna Enckelman, CFO, Mr. Karli Kalpala, Director, Business Service & Design, Mr. Heikki Länsisyrjä, COO, Ms. Eila Onniselkä, Head of HR, Mr. Tuomo Sievilä, Director, Continuous Services, Mr. Teemu Vieruaho, Director, Intelligent Automation Consulting, Mr. Jukka Virkkunen, CRO and Ms. Kristiina Åberg, Director, Marketing.

Board of Directors

Mr. Mika Vainio-Mattila resigned from the board of directors on August 25, 2021, Mr. Heikki Länsisyrjä was appointed to the board of directors on October 14, 2021 and Ms. Marika Auramo was appointed on November 4, 2021.

The members of the Board at the end of the fiscal year were Mr. Timo Ahopelto, Ms. Marika Auramo, Mr. Heikki Länsisyrjä, Mr. Juha Mikkola, Ms. Leena Niemistö and Mr. Jukka Virkkunen.

Annual General Meeting

The Annual General Meeting was held on June 28, 2021 in Helsinki. The Meeting confirmed the financial statements for the financial year 2020, and it was decided that the results of the fiscal year will be transferred to retained earnings, no dividend shall be paid and that the members of the Board and CEO were discharged from liability for 2020.

The annual general meeting decided to appoint five (5) members. The appointed members are Mr. Timo Ahopelto, Mr. Juha Mikkola, Ms. Leena Niemistö, Mr. Jukka Virkkunen and Mr. Mika Vainio-Mattila.

The auditing firm KPMG Oy and Authorized Public Accountant Toni Aaltonen was appointed as the auditor of the company.

Shares

The number of shares at the end of the financial year totaled 11,020,023 (497,956).

The issuance of special rights has been decided on 5 May 2017. The maximum number of shares to be issued with the rights is 246 400. The decision has been updated on 14 October 2021 and 1 December 2021. The issuance of special rights has been decided on 22 October 2018. The maximum number of shares to be issued with the rights is 222 600. The decision has been updated on 14 October 2021 and 1 December 2021. The issuance of special rights has been decided on 15 September 2020. The maximum number of shares to be issued with the rights is 140 000. The decision has been updated on 14 October 2021 and 1 December 2021.

The Annual General Meeting has on October 14, 2021 authorized the Board of Directors to decide on the share issue and the issuance of special rights entitling to shares. A maximum of 1 500 000 shares may be issued under the authorization.

After the end of the financial year, shares were subscribed for with stock options from 2017, 2018 and 2020. A total of 66,915 Digital Workforce Services Plc's new shares have been subscribed on January 21, 2022. A total of 23,010 Company's new shares has been subscribed for with the company's stock options 2017, a total of 33,630 Company's new shares has been subscribed for with the company's stock options 2018 and a total of 10,275 Company's new shares has been subscribed for with the company's stock options 2020. For subscriptions made with the stock options 2017, 2018 and 2020 the entire subscription price of EUR 30,804.00 will be entered in the reserve for invested unrestricted equity.

After the trade registration the total amount of shares is 11,086,938.

The shares subscribed for under the stock options have been registered in the Trade Register on February 16, 2022, as of which date the new shares will establish shareholder rights. The shares are traded on the NASDAQ Helsinki together with the old shares as of February 17, 2022.

Trading on Nasdaq First North Growth Market Finland

Digital Workforce Services Plc's share was listed on the Nasdaq First North Growth Market Finland on December 3, 2021. During December 3, 2021 through December 31, 2021, altogether 2,165,184 Digital Workforce Services Plc's shares were traded, representing 19.7% of the total amount of the shares. Trade value was EUR 14 million.

The share officially closed at EUR 6.58 on December 31, 2021, on the last trading day of the fiscal year. The lowest share quotation was EUR 5.96 per share, the highest was EUR 6.58 per share. The share's trade weighted average price was EUR 6.26 per share.

Dividend

The parent company's distributable funds on December 31, 2021 were EUR 25 677 561.29. The Board of Directors are proposing to the Annual General Meeting that no dividend will be paid.

Short-term risks and uncertainties

As a result of the worldwide COVID-19 pandemic, the general business environment has changed, and changes may be expected to continue. The pandemic, and especially its impact on the global economy, may affect Digital Workforce Services Plc's business and business performance either directly or indirectly. In addition, the tightened global geopolitical situation may have a direct or indirect impact on the company's business.

Digital Workforce Services will continue to focus on maintaining the current, very good employer image. Uncertainties are primarily related to the recruitment, availability and engagement of skilled employees who are sharing the values of Digital Workforce. The tightening competition for software experts is expected to add challenges in recruitment.

The faster impact of inflation on the increase in personnel and other costs relative to the development of customer prices may weaken the business profitability.

Post-Report period events

According to its strategy, the company will focus on UK markets and has made a rapid start to 2022, adding five significant business contracts, helping public and private sector organizations to drive automation within their operations. In addition, in order to further strengthen the company's presence in the country, the UK sales manager was appointed to the position of country manager.

A member of the management team, CFO Sanna Enckelman, has resigned to focus on board duties and her family business. A new interim CFO, without management team responsibility, has been hired until a new CFO has been recruited.

GROUP PROFIT AND LOSS STATEMENT

EURO	Group 1.1-31.12.2021	Group 1.1-31.12.2020
REVENUE	22 361 771,80	19 095 080,84
Other operating income	36 785,59	118 402,76
Raw materials and services		
Raw materials and consumables		
Purchases during the financial year	-93 394,74	-2 987,47
External services	-6 224 538,21	-4 375 256,00
	<u>-6 317 932,95</u>	<u>-4 378 243,48</u>
Personnel expenses		
Wages and salaries	-11 176 426,40	-10 392 267,45
Social security expenses		
Pension expenses	-1 276 523,58	-1 026 061,67
Other social security expenses	-959 728,19	-700 991,22
	<u>-13 412 678,17</u>	<u>-12 119 320,34</u>
Depreciation, amortisation and write-offs		
Depreciation and amortisation according to plan	-263 127,52	-194 573,77
	<u>-263 127,52</u>	<u>-194 573,77</u>
Other operating expenses	-3 623 858,86	-3 121 470,43
OPERATING PROFIT (LOSS)	-1 219 040,11	-600 124,42
Financial income and expenses		
Financial income		
Interest and other financial income		
From others	25 940,11	268 433,64
Financial expenses		
Interest and other financial expenses		
To others	-2 334 379,46	-487 777,35
Financial income and expenses total	<u>-2 308 439,35</u>	<u>-219 343,71</u>
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	-3 527 479,46	-819 468,13
Income taxes		
Income taxes	-50 319,73	-86 067,22
PROFIT (LOSS) FOR THE FINANCIAL YEAR	-3 577 799,19	-905 535,35

GROUP BALANCE SHEET

EURO	Group 31/12/2021	Group 31/12/2020
A S S E T S		
NON-CURRENT ASSETS		
Intangible assets		
Development expenditure	718 916,21	931 687,60
Intangible rights	0,00	3 090,40
	<hr/> 718 916,21	<hr/> 934 778,00
Tangible assets		
Machinery and equipment	60 518,78	62 717,91
Other tangible assets	11 066,82	17 380,20
	<hr/> 71 585,60	<hr/> 80 098,11
NON-CURRENT ASSETS TOTAL	790 501,81	1 014 876,11
CURRENT ASSETS		
Long-term debtors		
Other debtors	11 706,97	11 958,98
	<hr/> 11 706,97	<hr/> 11 958,98
Short-term debtors		
Trade debtors	3 805 154,21	3 371 365,37
Loans receivable	0,00	1 756,00
Other debtors	56 306,49	46 164,72
Prepayments and accrued income	2 127 086,48	1 954 223,79
	<hr/> 5 988 547,18	<hr/> 5 373 509,88
Cash in hand and at banks	19 753 101,29	2 977 689,69
CURRENT ASSETS TOTAL	25 753 355,44	8 363 158,55
ASSETS TOTAL	26 543 857,25	9 378 034,66

GROUP BALANCE SHEET

EURO	Group 31/12/2021	Group 31/12/2020
EQUITY AND LIABILITIES		
EQUITY		
Share capital	80 000,00	25 000,00
Invested unrestricted equity reserve	27 964 555,69	5 446 970,00
Retained earnings (loss)	-6 180 928,03	-5 275 392,68
Translation difference	28 324,89	100 320,00
Profit (loss) for the financial year	-3 577 799,19	-905 535,35
EQUITY TOTAL	18 314 153,35	-608 638,03
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	1 314 371,00	1 450 065,33
Other creditors	0,00	341 211,65
	<hr/> 1 314 371,00	<hr/> 1 791 276,98
Current liabilities		
Loans from credit institutions	156 194,33	576 333,40
Advances received	46 888,87	0,00
Trade creditors	1 204 393,07	1 360 790,26
Other creditors	1 153 720,32	2 482 360,63
Accruals and deferred income	4 354 136,31	3 775 911,42
	<hr/> 6 915 332,90	<hr/> 8 195 395,70
LIABILITIES TOTAL	8 229 703,90	9 986 672,68
EQUITY AND LIABILITIES TOTAL	26 543 857,25	9 378 034,66

GROUP CASH FLOW STATEMENT

EURO	Group 1.1-31.12.2021	Group 1.1-31.12.2020
Cash flow from operations		
Profit (loss) before appropriations and taxes	-3 527 479,46	-819 468,13
Adjustments:		
Depreciation and amortisation according to plan	263 127,52	194 573,77
Financial income and expenses	2 312 849,66	84 569,71
Cash flow before change in net working capital	-951 502,28	-540 324,66
Change in net working capital:		
Increase (-)/ decrease (+) of short and long term receivables	-616 541,30	-624 897,82
Increase (+)/ decrease (-) of short term interest-free liabilities	299 268,78	1 100 939,87
Cash flow from operations before financial income and expenses and taxes	-1 268 774,80	-64 282,61
Paid interest and payments of other operational financial expenses	-157 799,62	-81 914,66
Received interest from operations	434,82	29,49
Paid immediate taxes	-98 990,21	-37 396,74
Cash flow before appropriations	-1 525 129,81	-183 564,51
Cash flow from operations (A)	-1 525 129,81	-183 564,51
Cash flow from investments:		
Investments in tangible and intangible assets	-38 753,22	-464 453,98
Loans granted	1 756,00	-40,80
Cash flow from investments (B)	-36 997,22	-464 494,78
Cash flow from financing:		
Paid share emission	22 572 585,69	2 208,00
Withdrawal of short term loans	742 956,25	1 185 435,78
Repayment of short term loans	-2 501 802,73	-316 048,72
Withdrawal of long term loans	20 500,00	767 082,65
Repayment of long term loans	-341 211,65	0,00
Paid interest expenses and other financial expenses (*)	-2 155 488,92	0,00
Cash flow from financing (C)	18 337 538,63	1 638 677,71
Change in cash (A + B + C) increase (+) / decrease (-)	16 775 411,60	990 618,42
Cash at the beginning of the period	2 977 689,69	1 987 071,26
Cash at the end of the period	19 753 101,29	2 977 689,69
	16 775 411,60	990 618,43

(*) Includes IPO expenses

PARENT PROFIT AND LOSS STATEMENT

EURO	Parent 1.1-31.12.2021	Parent 1.1-31.12.2020
REVENUE	15 684 605,42	13 471 618,85
Other operating income	872 178,58	798 906,75
Raw materials and services		
Raw materials and consumables		
Purchases during the financial year	-91 733,24	-2 824,32
External services	-8 192 811,46	-6 161 425,15
	-8 284 544,70	-6 164 249,47
Personnel expenses		
Wages and salaries	-4 983 597,57	-4 684 175,96
Social security expenses		
Pension expenses	-868 330,70	-740 538,20
Other social security expenses	-221 279,63	-189 801,84
	-6 073 207,90	-5 614 516,00
Depreciation, amortisation and write-offs		
Depreciation and amortisation according to plan	-228 613,78	-165 957,10
	-228 613,78	-165 957,10
Other operating expenses	-1 435 599,22	-1 569 289,34
OPERATING PROFIT (LOSS)	534 818,40	756 513,69
Financial income and expenses		
Financial income		
Interest and other financial income		
From group undertakings	59 851,35	117 846,47
From others	434,82	29,49
Financial expenses		
Interest and other financial expenses		
To others	-2 304 461,55	-84 599,20
Financial income and expenses total	-2 244 175,38	33 276,76
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	-1 709 356,98	789 790,45
Income taxes		
Income taxes	-3 526,35	-48 670,48
PROFIT (LOSS) FOR THE FINANCIAL YEAR	-1 712 883,33	741 119,97

PARENT BALANCE SHEET

EURO	Parent 31/12/2021	Parent 31/12/2020
A S S E T S		
NON-CURRENT ASSETS		
Intangible assets		
Development expenditure	718 916,21	931 687,60
Intangible rights	0,00	3 090,40
	<u>718 916,21</u>	<u>934 778,00</u>
Tangible assets		
Machinery and equipment	38 255,89	21 551,58
	<u>38 255,89</u>	<u>21 551,58</u>
Investments		
Holdings in group undertakings	7 529 538,26	5 648 355,21
	<u>7 529 538,26</u>	<u>5 648 355,21</u>
NON-CURRENT ASSETS TOTAL	8 286 710,36	6 604 684,79
CURRENT ASSETS		
Short-term debtors		
Trade debtors	1 528 348,90	1 544 567,33
Amounts owed by group undertakings	2 437 812,94	1 776 398,48
Loans receivable	0,00	1 756,00
Other debtors	1 940,00	1 940,00
Prepayments and accrued income	1 835 369,33	1 818 314,43
	<u>5 803 471,17</u>	<u>5 142 976,24</u>
Cash in hand and at banks	17 785 589,77	1 051 047,50
CURRENT ASSETS TOTAL	23 589 060,94	6 194 023,74
ASSETS TOTAL	31 875 771,30	12 798 708,53

PARENT BALANCE SHEET

EURO	Parent 31/12/2021	Parent 31/12/2020
EQUITY AND LIABILITIES		
EQUITY		
Share capital	80 000,00	25 000,00
Invested unrestricted equity reserve	27 964 555,69	5 446 970,00
Retained earnings (loss)	144 805,14	-596 314,83
Profit (loss) for the financial year	-1 712 883,33	741 119,97
EQUITY TOTAL	26 476 477,50	5 616 775,14
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	1 314 371,00	1 450 065,33
Other creditors	0,00	341 211,65
	<u>1 314 371,00</u>	<u>1 791 276,98</u>
Current liabilities		
Loans from credit institutions	156 194,33	576 333,40
Trade creditors	1 064 098,18	1 209 794,24
Amounts owed to group undertakings	203 733,25	272 817,15
Other creditors	394 704,21	1 340 811,34
Accruals and deferred income	2 266 192,83	1 990 900,28
	<u>4 084 922,80</u>	<u>5 390 656,41</u>
LIABILITIES TOTAL	5 399 293,80	7 181 933,39
EQUITY AND LIABILITIES TOTAL	31 875 771,30	12 798 708,53

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Digital Workforce is one of Europe's leading service companies specializing in industrial-grade software robotics and intelligent automation in terms of both turnover and number of employees. Digital Workforce helps its customers automate their processes with Intelligent Automation. Automating business processes brings many benefits to organizations: accelerating digitalization, increased productivity, an improved customer experience, speed, and flawless delivery. At the same time, automation can bring innovations to old processes.

Notes on the preparation of the Consolidated Financial Statements, incl parent company

The financial statements have been prepared in accordance with the accrual basis, the going concern principle and the precautionary principle independent of the result for the financial year. The company has prepared financial statements that go beyond the minimum provisions in accordance with the presentation in accordance with the Accounting Regulation, as applicable. The financial statements are presented in euros.

Going concern

The Consolidated Financial Statements have been prepared in accordance with the going concern principle.

Consolidation principles

Digital Workforce Services Oyj's Consolidated Financial Statements include the parent company Digital Workforce Services Oyj and all its subsidiaries. The Group's mutual shareholding has been eliminated using the acquisition cost method. Acquired subsidiaries are consolidated from the date on which control is transferred to the Group until the date that control ceases. All intra-group transactions, receivables, liabilities and unrealized gains, as well as internal profit distribution, have been eliminated in the preparation of the Consolidated Financial Statements. The Consolidated Financial Statements have been prepared for the first time in the financial period 1 January 2018 - 31 December 2018.

Conversion of foreign currency items

The income statement data of foreign group companies have been translated into euros in accordance with the average exchange rate for the financial year and the balance sheet data according to the exchange rate on the closing date of the financial year. The translation of the result for the financial year at different exchange rates in the income statement and balance sheet causes a translation difference, the change of which is recognized in equity. The translation difference also consists of the difference between the initial acquisition cost of the subsidiaries' investments and the exchange rate on the balance sheet date.

Revenue recognition principles

The Group's revenue consist mainly of consulting services related to software robotics and ongoing services. Consulting services are recognized as income when the services are provided. Revenue from continuing services is amortized over the contract period.

Valuation principles and methods

Trade, loan and other receivables as well as prepayments and accrued income recorded as receivables are valued at their nominal value or a lower probable value. Financial securities are valued at their acquisition cost or a lower probable transfer price.

Liabilities are valued at their nominal value or at a higher benchmark value.

The acquisition costs of non-current assets with a probable economic life of less than three years and minor acquisitions (less than EUR 850) have been recognized in full as an expense during the acquisition period.

The acquisition costs of intangible and tangible assets included in the company's fixed assets are depreciated according to a pre-established plan. Depreciation is adjusted for tax depreciation. Depending on the depreciation method, an amount corresponding to the maximum allowable depreciation or residual depreciation is recognized as an expense for the financial year.

Research and development expenditure

The Group records research costs, such as the acquisition and surveying of new information, as an expense on an accrual basis, ie at the time the costs are incurred. Product development costs that generate income for three or more years are capitalized in the balance sheet as development costs and are depreciated over 3-5 years. Capitalized development costs include those subcontracting costs that are directly attributable to bringing the asset to its working condition for its intended use. Development costs are depreciated on a straight-line basis over 3-5 years according to plan. The capitalized balance of development costs at the end of the financial year is EUR 718 916,21. Depreciation on development costs for the financial year 2021 totals EUR 212 771,39.

NOTES TO THE PROFIT AND LOSS STATEMENT

Revenue by geographical area	2021		2020	
	Group	Parent	Group	Parent
Finland	11 498 683,16	11 498 683,16	10 452 159,25	10 452 159,25
Sweden	4 733 489,98	1 337 114,15	3 317 408,60	812 646,00
Norway	1 151 650,62	392 536,25	1 067 000,23	263 870,00
Denmark	1 959 104,41	908 607,05	2 176 490,05	1 035 078,25
Poland	221 413,00	113 400,09	766 787,24	67 521,47
Other EU	1 089 097,72	839 497,37	936 924,18	769 763,95
Outside EU	1 708 332,92	594 767,35	378 311,29	70 579,93
Total	22 361 771,80	15 684 605,42	19 095 080,84	13 471 618,85

Other operating income	2021		2020	
	Group	Parent	Group	Parent
Management fees from group undertakings	0,00	853 514,93	0,00	693 799,00
Received subsidies	0,00	0,00	100 000,00	100 000,00
Other	36 785,59	18 663,65	18 402,76	5 107,75
Total	36 785,59	872 178,58	118 402,76	798 906,75

Received subsidies

The company has received a subsidy from Business Finland in 2020 for a total of EUR 100 000,00. The grant is recognized in other operating income.

Raw materials and services

Expenses are recognized on an accrual basis when the company has received the goods or services.

	2021		2020	
	Group	Parent	Group	Parent
Purchases during the financial year	-93 394,74	-91 733,24	-2 987,47	-2 824,32
External services	-6 224 538,21	-8 192 811,46	-4 375 256,00	-6 161 425,15
Total	-6 317 932,95	-8 284 544,70	-4 378 243,48	-6 164 249,47

Notes to the staff

Personnel expenses	2021		2020	
	Group	Parent	Group	Parent
Wages and salaries	-11 176 426,40	-4 983 597,57	-10 392 267,45	-4 684 175,96
Pension expenses	-1 276 523,58	-868 330,70	-1 026 061,67	-740 538,20
Other social security expenses	-959 728,19	-221 279,63	-700 991,22	-189 801,84
Total	-13 412 678,17	-6 073 207,90	-12 119 320,34	-5 614 516,00

Personnel

Average number of persons employed during the financial year	2021		2020	
	Group	Parent	Group	Parent
White-collar	191	69	200	76

Management salaries and fees

	2021		2020	
	Group	Parent	Group	Parent
CEO	-91 106,80	-91 106,80	-87 998,93	-87 998,93
Management team	-849 194,41	-849 194,41	-547 015,08	-547 015,08
Total	-940 301,21	-940 301,21	-635 014,01	-635 014,01

Remuneration of key personnel

The company has statutory pension plans and commitments related to management, which are managed by defined contribution pension insurance (TyEL). The members of the Board have been paid EUR 3 334,00 in fees during 2021 (EUR 0 during 2020).

Tilintarkastajan palkkiot

	2021		2020	
	Group	Parent	Group	Parent
Audit fees	-98 337,86	-61 900,00	-34 681,03	-20 878,75
Tax consulting	0,00	0,00	-4 243,59	-4 243,59
Other services	-152 914,48	-148 880,76	0,00	0,00
Total	-251 252,34	-210 780,76	-38 924,62	-25 122,34

NOTES TO THE FINANCIAL STATEMENTS

Financial year 1.1.2021-31.12.2021

Depreciation, amortisation and write-offs

	2021		2020	
	Group	Parent	Group	Parent
Depreciation and amortisation according to plan				
Development expenses	-212 771,39	-212 771,39	-154 652,85	-154 652,85
Intangible rights	-3 090,40	-3 090,40	-4 120,44	-4 120,44
Machinery and equipment	-40 942,39	-12 751,99	-33 694,33	-7 183,81
Other tangible assets	-6 323,34	0,00	-2 106,15	0,00
Total	-263 127,52	-228 613,78	-194 573,77	-165 957,10

Financial income and expenses

	2021		2020	
	Group	Parent	Group	Parent
Interest income from loans to group undertakings	0,00	59 851,35	0,00	117 846,47
Interest and other financial income	434,82	434,82	29,49	29,49
Foreign exchange gains	25 505,29	0,00	268 404,15	0,00
Financial income total	25 940,11	60 286,17	268 433,64	117 875,96
Interest expenses	-29 845,31	-26 915,79	-40 141,40	-40 141,40
Other financial expenses	-2 283 439,17	-2 277 545,76	-44 457,80	-44 457,80
Foreign exchange losses	-21 094,98	0,00	-403 178,15	0,00
Financial expenses total	-2 334 379,46	-2 304 461,55	-487 777,35	-84 599,20
Financial income and expenses total	-2 308 439,35	-2 244 175,38	-219 343,71	33 276,76

Other financial expenses include EUR 2 155 488,92 of expenses relating to the IPO.

Income taxes

	2021		2020	
	Group	Parent	Group	Parent
Income taxes on ordinary activities	-50 319,73	-3 526,35	-86 067,22	-48 670,48
Total	-50 319,73	-3 526,35	-86 067,22	-48 670,48

NOTES TO THE FINANCIAL STATEMENTS

Financial year 1.1.2021-31.12.2021

NOTES TO THE BALANCE SHEET ASSETS

Intangible / tangible assets	2021		2020	
	Group	Parent	Group	Parent
Development expenses 1.1.	1 373 195,71	1 373 195,71	938 667,37	938 667,37
Additions	0,00	0,00	434 528,34	434 528,34
Acquisition cost 31.12.	1 373 195,71	1 373 195,71	1 373 195,71	1 373 195,71
Accumulated depreciations 1.1.	-441 508,11	-441 508,11	-286 855,26	-286 855,26
Depreciation of the financial year	-212 771,39	-212 771,39	-154 652,85	-154 652,85
Development expenses - book value 31.12.	718 916,21	718 916,21	931 687,60	931 687,60
Intangible rights 1.1.	12 361,40	12 361,40	12 361,40	12 361,40
Acquisition cost 31.12.	12 361,40	12 361,40	12 361,40	12 361,40
Accumulated depreciations 1.1.	-9 271,00	-9 271,00	-5 150,56	-5 150,56
Depreciation of the financial year	-3 090,40	-3 090,40	-4 120,44	-4 120,44
Intangible rights - book value 31.12.	0,00	0,00	3 090,40	3 090,40
Machinery and equipment 1.1.	176 164,36	55 981,30	163 650,63	55 981,30
Translation difference	-4 014,01	0,00	3 637,51	0,00
Additions	39 345,72	29 456,30	8 876,22	0,00
Acquisition cost 31.12.	211 496,07	85 437,60	176 164,36	55 981,30
Accumulated depreciations 1.1.	-113 446,45	-34 429,72	-77 677,68	-27 245,91
Translation difference	3 411,56	0,00	-2 074,44	0,00
Depreciation of the financial year	-40 942,39	-12 751,99	-33 694,33	-7 183,81
Machinery and equipment - book value 31.12.	60 518,78	38 255,89	62 717,91	21 551,58
Other tangible assets 1.1.	19 486,35	0,00	0,00	0,00
Muuntoero	11,79	0,00	0,00	0,00
Additions	0,00	0,00	19 486,35	0,00
Acquisition cost 31.12.	19 498,14	0,00	19 486,35	0,00
Accumulated depreciations 1.1.	-2 106,15	0,00	0,00	0,00
Muuntoero	-1,83	0,00	0,00	0,00
Depreciation of the financial year	-6 323,34	0,00	-2 106,15	0,00
Other tangible assets 31.12.	11 066,82	0,00	17 380,20	0,00
Investments	2021		2020	
	Group	Parent	Group	Parent
Holdings in group undertakings				
Book value 1.1.	0,00	5 648 355,21	0,00	3 222 594,73
Additions	0,00	1 881 183,05	0,00	2 425 760,48
Book value 31.12.	0,00	7 529 538,26	0,00	5 648 355,21

Group companies

The Group's parent company is Digital Workforce Services Oyj, domiciled in Helsinki.

Group subsidiaries:	Country	Ownership 31.12.2021	Ownership 31.12.2020
Digital Workforce Svenska AB	Sweden	100 %	100 %
Digital Workforce SP.Z.O.O.	Poland	100 %	100 %
Digital Workforce AS	Norway	100 %	100 %
Digital Workforce A/S	Denmark	100 %	100 %
Digital Workforce Services Ltd	UK	100 %	100 %
Digital Workforce Services, Inc.	USA	100 %	100 %
DWF Digital Workforce Services GmbH	Germany	100 %	100 %

NOTES TO THE FINANCIAL STATEMENTS

Financial year 1.1.2021-31.12.2021

Short-term debtors

	2021		2020	
	Group	Parent	Group	Parent
Trade debtors	3 805 154,21	1 528 348,90	3 371 365,37	1 544 567,33
Amounts owed by group undertakings	0,00	2 437 812,94	0,00	1 776 398,48
Loans receivable	0,00	0,00	1 756,00	1 756,00
Other debtors	56 306,49	1 940,00	46 164,72	1 940,00
Prepayments and accrued income	2 127 086,48	1 835 369,33	1 954 223,79	1 818 314,43
Total	5 988 547,18	5 803 471,17	5 373 509,88	5 142 976,24

The parent company's short term debtors also include unpaid interest receivables accrued on loans.

Amounts owed by group undertakings

Trade debtors	0,00	1 550 264,82	0,00	1 053 290,62
Other debtors	0,00	887 548,12	0,00	723 107,86
Total	0,00	2 437 812,94	0,00	1 776 398,48

Details of prepayments and accrued income

	2021		2020	
	Group	Parent	Group	Parent
Accrued personnel expenses	2 704,57	2 704,57	4 631,51	4 631,51
Prepaid license fees and other expenses	2 120 969,83	1 829 252,68	1 919 592,28	1 783 682,92
Accrued Business Finland subsidy	0,00	0,00	30 000,00	30 000,00
Other prepayments and accrued income	3 412,08	3 412,08	0,00	0,00
Total	2 127 086,48	1 835 369,33	1 954 223,79	1 818 314,43

NOTES TO THE FINANCIAL STATEMENTS

Financial year 1.1.2021-31.12.2021

NOTES TO THE BALANCE SHEET EQUITY AND LIABILITIES

Equity

	2021		2020	
	Group	Parent	Group	Parent
Share capital 1.1.	25 000,00	25 000,00	25 000,00	25 000,00
Additions	55 000,00	55 000,00	0,00	0,00
Share capital 31.12.	80 000,00	80 000,00	25 000,00	25 000,00
Invested unrestricted equity reserve 1.1.	5 446 970,00	5 446 970,00	5 444 762,00	5 444 762,00
Additions	22 517 585,69	22 517 585,69	2 208,00	2 208,00
Invested unrestricted equity reserve 31.12.	27 964 555,69	27 964 555,69	5 446 970,00	5 446 970,00
Translation difference 1.1.	100 320,00	0,00	17 970,34	0,00
Change in translation difference	-71 995,11	0,00	82 349,66	0,00
Translation difference 31.12.	28 324,89	0,00	100 320,00	0,00
Retained earnings (loss) 31.12	-6 180 928,03	144 805,14	-5 275 392,68	-596 314,83
Profit (loss) for the financial year	-3 577 799,19	-1 712 883,33	-905 535,35	741 119,97
Total	18 314 153,36	26 476 477,50	-608 638,03	5 616 775,14

Calculation of distributable funds

	31/12/2021	31/12/2020
Share capital	80 000,00	25 000,00
Restricted funds total	80 000,00	25 000,00
	31/12/2021	31/12/2020
Invested unrestricted equity reserve	27 964 555,69	5 446 970,00
Retained earnings (loss)	144 805,14	-596 314,83
Profit (loss) for the financial year	-1 712 883,33	741 119,97
Unrestricted equity at the end of the period	26 396 477,50	5 591 775,14
- Capitalized development expenses	-718 916,21	-931 687,60
Distributable funds total	25 677 561,29	4 660 087,54

The proposal of the Board concerning the profit and other distributable equity

The Board proposes that the loss of EUR 1 712 883,33 for the financial year will be transferred to retained earnings account and no dividends will be paid.

NOTES TO THE FINANCIAL STATEMENTS

Financial year 1.1.2021-31.12.2021

The number of the company's shares by share class and the main provisions of the Articles of Association that apply to each share class

The number of shares at the end of the financial year was 11,020,023 (497,956). The company had share series A, B and C, which were merged in connection with the listing. All the company's shares carry one vote at the Annual General Meeting. The company's shares are subject to a redemption clause, in which the company has the primary right of redemption and the shareholders the secondary right.

Structural and financial arrangements

Options and other special rights

The issuance of special rights has been decided on 5 May 2017. The maximum number of shares to be issued with the rights is 246 400. The decision has been updated on 14 October 2021 and 1 December 2021.

The issuance of special rights has been decided on 22 October 2018. The maximum number of shares to be issued with the rights is 222 600. The decision has been updated on 14 October 2021 and 1 December 2021.

The issuance of special rights has been decided on 15 September 2020. The maximum number of shares to be issued with the rights is 140 000. The decision has been updated on 14 October 2021 and 1 December 2021.

After the end of the financial year, the shares were subscribed for with stock options 2017, 2018 and 2020. On January 21, 2022, a total of 66,915 new shares in the company were subscribed for with Digital Services Plc's stock options 2017, 2018 and 2020. A total of 23,010 new company shares have been subscribed for with the stock options 2017, a total of 33,630 new shares have been subscribed for with the stock options 2018, and a total of 10,275 new shares have been subscribed for with the stock options 2020. The subscription price of EUR 30,804.00 for subscriptions made with stock options is recorded in full in the invested unrestricted equity fund.

After the entry in the Trade Register, the total number of shares is 11086,938.

The shares subscribed for on the basis of the stock options have been registered in the Trade Register on February 16, 2022. The new shares entitle their holders to shareholder rights from the date of registration. The shares will be traded on NASDAQ Helsinki Oy together with the old shares as of February 17, 2022.

Authorization

The Annual General Meeting has on October 14, 2021 authorized the Board of Directors to decide on the share issue and the issuance of special rights entitling to shares. A maximum of 1 500 000 shares may be issued under the authorization.

Non-current liabilities

	2021		2020	
	Group	Parent	Group	Parent
Loans from credit institutions	1 314 371,00	1 314 371,00	1 450 065,33	1 450 065,33
Other liabilities	0,00	0,00	341 211,65	341 211,65
Total	1 314 371,00	1 314 371,00	1 791 276,98	1 791 276,98
Loans due in over five years	411 592,75	411 592,75	662 936,00	662 936,00

Current liabilities

	2021		2020	
	Group	Parent	Group	Parent
Loans from credit institutions	156 194,33	156 194,33	576 333,40	576 333,40
Advances received	46 888,87	0,00	0,00	0,00
Trade creditors	1 204 393,07	1 064 098,18	1 360 790,26	1 209 794,24
Amounts owed to group undertakings	0,00	203 733,25	0,00	272 817,15
Other creditors	1 153 720,32	394 704,21	2 482 360,63	1 340 811,34
Accruals and deferred income	4 354 136,31	2 266 192,83	3 775 911,42	1 990 900,28
Total	6 915 332,90	4 084 922,80	8 195 395,70	5 390 656,41

Amounts owed to group undertakings

	2021	2020
Trade creditors	0,00	191 104,25
Other creditors	0,00	12 629,00
Total	0,00	203 733,25

Details of accruals and deferred income

	2021		2020	
	Group	Parent	Group	Parent
Accrual of personnel expenses	1 668 361,77	1 102 231,49	1 550 215,95	1 070 293,52
Interest	9 516,81	9 516,81	9 520,87	9 520,87
Other accruals	2 676 257,72	1 154 444,53	2 216 174,61	911 085,89
Total	4 354 136,31	2 266 192,83	3 775 911,42	1 990 900,28

NOTES TO THE FINANCIAL STATEMENTS

Financial year 1.1.2021-31.12.2021

OTHER NOTES

Deferred taxes

In accordance with the precautionary principle, the Group has not recognized deferred tax assets for confirmed losses. The Group has confirmed losses of EUR 10,3M in 2021 and EUR 6,7M in 2020. Deferred tax assets are presented in the table below.

	2021		2020	
	Group	Parent	Group	Parent
Deferred taxes	2 166 476,60	335 481,87	1 424 777,02	0,00
Total	2 166 476,60	335 481,87	1 424 777,02	0,00

The losses for 2021 have not yet been approved by the tax authorities in the following subsidiaries: Digital Workforce Services Oyj, Digital Workforce Svenska AB, Digital Workforce Services Ltd, Digital Workforce Services, Inc. and DWF Digital Workforce Services GmbH. The above companies account for EUR 629 508 of the confirmed losses in 2021.

Collateral, contingent liabilities and other liabilities

Off-balance sheet financial liabilities

Lease liabilities for premises

	2021		2020	
	Group	Parent	Group	Parent
Payable in the next financial year	318 246,16	76 433,58	426 645,48	75 189,06
Payable later	0,00	0,00	138 958,67	0,00
Total	318 246,16	76 433,58	565 604,15	75 189,06

Other leasing liabilities

	2021		2020	
	Group	Parent	Group	Parent
Payable in the next financial year	65 641,19	48 329,64	84 942,86	75 122,91
Payable later	57 826,62	47 223,62	27 228,79	23 792,41
Total	123 467,81	95 553,26	112 171,65	98 915,32

Other liabilities

	2021		2020	
	Group	Parent	Group	Parent
Loans from credit institutions 31.12.	38 194,33	38 194,33	496 527,73	496 527,73
Business mortgages pledged as collateral	1 200 000,00	1 200 000,00	1 200 000,00	1 200 000,00
Total	1 200 000,00	1 200 000,00	1 200 000,00	1 200 000,00

The company has given a corporate mortgage worth EUR 1 200 000,00 as collateral for the loan from credit institutions.

Related party transactions

The parties are considered to be related if the other party is able to exercise control or significant influence or joint control over the other party in making decisions about its finances and business. The Company's related parties include the Company's subsidiaries. In addition, related parties include the members of the Company's Board of Directors, the CEO and members of the Management Team, close family members of these persons and entities that are controlled or jointly controlled by a related party. The company has no significant related party transactions between the financial years 2020 and 2021. Information on the remuneration and benefits paid to the members of the Board of Directors and the Management Team is presented in the note Remuneration of key personnel.

Events after the financial year

According to its strategy, the company will focus on UK markets and has made a rapid start to 2022, adding five significant business contracts, helping public and private sector organizations to drive automation within their operations. In addition, in order to further strengthen the company's presence in the country, the UK sales manager was appointed to the position of country manager.

A member of the management team, CFO Sanna Enckelman, resigned in January to focus on Board duties and her family business. A new interim CFO, without management team responsibility, has been hired until a new CFO has been recruited.

Signatures of the Financial Statements

Place: Helsinki

Date: 23 : 2 : 2022

Vainio-Mattila Mika Juhani
CEO

Ahopelto Timo Mika Juhani
Chairman of the Board

Auramo Marika Tuulikki
Member of the Board

Länsisyrjä Heikki Juha Tapio
Member of the Board

Mikkola Juha Väinö Tapani
Member of the Board

Niemistö Leena Katriina
Member of the Board

Virkkunen Jukka Tapani
Member of the Board

Auditor's note

Our auditor's report has been issued today.

Place: Helsinki

Date: 4 : 3 : 2022

KPMG Oy Ab

Aaltonen Toni Kalervo, KHT

