

COMPANY ANNOUNCEMENT, AUGUST 18, 2022

Digital Workforce Services Plc

Half Year Financial Report 2022 (unaudited)

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



SHARE OF CONTINUOUS SERVICES' REVENUE INCREASED TO 60 PERCENT

Acceleration of profitability goals

January-June 2022

- Group's revenue was EUR 12.0 (11.1) million and increased 8%.
- Revenue of Continuous Services was EUR 7.1 (5.6) million. Growth was 28% and the share of revenue grew to 60%.
- Revenue of Professional Services was EUR 4.8 (5.4) million. Decrease was 11% and the share of revenue was 40% (49%).
- Gross profit was EUR 4.2 (4.0) million.
- EBITDA was EUR -1.6 (-0.3) million and adjusted EBITDA EUR -1.3 (-0.3) million.
- The EBIT was EUR -1.7 (-0.4) million.
- At the end of the review period, cash and bank receivables and other liquid assets were at EUR 15.9 million.
- Earnings per share (EPS) was EUR -0.17.

- The company updated its strategy - new Digital Workforce Outsmart to accelerate business growth.
- The company announced its partnership with Flowable to develop Outsmart Platform.
- Business Finland awarded a grant of EUR 1.37 million for research and development to further develop Outsmart Platform for the period March 4, 2022 - February 28, 2023.
- Several deals with organizations in national health care (NHS) in the UK.
- New Roboshore managed service deals across various industries in the United States.

Key figures

EUR 1,000	1-6/2022	1-6/2021	Change %	2021
Revenue	11967	11083	8.0%	22362
Sales margin	4223	3996	5.7%	7926
% of net sales	35.3%	36.1%		35.4%
EBITDA	-1606	-272	490.0%	-956
% of net sales	-13.4%	-2.5%		-4.3%
Adjusted EBITDA*	-1342	-272	393.0%	-585
% of net sales	-11.2%	-2.5%		-2.6%
EBIT	-1722	-410	320.1%	-1219
% of net sales	-14.4%	-3.7%		-5.5%
Profit/loss for the review period	-1883	-564	233.7%	-3578
Gearing ratio, % **	-88.7%	n/a		-99.8%
Equity ratio, % **	61.9%	n/a		69.0%
Number of employees at the end of the period	196	190		181
Average number of employees	188	191		191
Earnings per share, EUR	-0.17	-1.13		-0.62

* The EBITDA adjustment for 1-6/2022 is formed by the IT system project and corporate restructuring costs. In 2021, the adjustment was formed by costs related to listing.

** Equity was negative on June 30, 2021, which is why it is not purposeful to present certain key figures.



CEO Mika Vainio-Mattila:

“Our company became listed in December 2021, and our first six months as a listed company ended in a changed financial and market situation and extraordinary geopolitical conditions. We are now faced with financial uncertainty and the possibility of recession.

The company’s revenue increased by 8%, which is not satisfactory. The growth has been hampered by the postponement of investment decisions due to the uncertain market prospects and financial situation, especially in the Nordic countries. Our sales margin in euros increased from the previous year, but our EBITDA decreased due to additional operational investments. These included strategic investments in growing international business and system updates to support growth. Moreover, the accelerating inflation increased our personnel expenses as well as other costs indirectly.

In these challenging conditions, we were able to continue the strong growth of our continuously invoiced services in

accordance with our strategy, and these services amounted to 60% of our revenue at the end of the review period. The continuously invoiced services include the intelligent automation cloud and maintenance services, which can be expanded according to customer needs. The growth is an indication of our customers’ need for automating business processes and their trust in our services that can be deployed quickly and easily. Some Professional Services projects ended in 2021, and our satisfied customers extended them with us in the form of continuously invoiced services. As regards software robotics projects, the Finnish markets are maturing and transitioning toward comprehensive automation deliveries, which has resulted in a decrease in Professional Services business.

In the United Kingdom, several trades were made with public health organizations (National Health Service, NHS). The health sector has turned out to be an essential area for expansion, and we have managed to secure a firm foothold. In the United States, we made numerous continuously invoiced platform and maintenance services

with medium-sized companies in many different sectors, including transport, insurance, outsourcing and consulting. After the review period, we closed a contract extension worth EUR 1.5 million with one of our customers, which is among the largest energy companies in the country. In the United Kingdom and the United States, we have succeeded in recruiting key personnel, and we are continuing growth investments in these markets.

After the review period, we acquired the Irish company Eclair Group Limited, which will enable us to enter the continuous service market in Ireland. The corporate acquisition also expands our international customer base in the financial and health care sectors and strengthens our foothold in the economic areas of Ireland and the UK.

We were selected through a public competitive bidding process to provide a comprehensive software robotics solution for Keva (former municipal pension insurance organization). This strengthens our position in the Finnish banking and insurance sectors.

We reacted to the change in market situation and updated our strategy in the spring. Going forward, digitalization will be related to all work being conducted, and the automation benefits sought by companies have expanded from increasing the efficiency of individual routine tasks to comprehensively automating business processes to accelerate digitalization, increase revenue, improve the customer experience and boost competitiveness.

We are building a comprehensive Outsmart automation platform for business activities, which will enable increasing

our market share and expedite growth in new market areas. In the development efforts, we utilize the best technologies in the field. We have also made a partnership deal with the Swiss company Flowable. Business Finland provided us with a MEUR 1.37 grant for research and development, which we will use to create new capabilities for the Outsmart platform to enable businesses to automate business processes in a comprehensive manner. The Outsmart platform has demand on the markets, and we are currently negotiating with dozens of customers. We have also signed our first contracts. We will be supplying solutions utilizing the Outsmart platform starting from the third quarter of 2022.

In the changed market situation, our aim is to anticipate any possible market regression. We have also examined our operations and cost structure. We have started efficiency measures in the Nordic countries and are speeding up the achievement of the company's profitability goals. We expect moderate growth in the Nordic countries. We will be continuing our growth investments in the United Kingdom and the United States. We believe that the Outsmart platform will provide revenue in the United States, particularly in the medium-sized companies market, in which the customer potential is ten times that of the large companies' market.

In summary, our company's development outlook is good, and our listing provided us with cash assets to grow the business on an international scale. We also received a grant from Business Finland to develop the unique Outsmart solution. We have made significant deals in the United States and United Kingdom, among other markets. I believe that we can continue our growth as a leading company in the field."

Financial review

Group revenue

The revenue in January-June was EUR 12.0 (11.1) million. Revenue increased by 0.9 million euros, or 8%, from last year. The increase in revenue is a result of the success of the sale of recurring billing services. The turnover of Professional Services was 4.8 (5.4) million euros and decreased by 11%, which was due to the fact that in 2021 large Professional Services projects ended, which our satisfied customers continued with us as an ongoing service. In terms of software robotics projects, the Finnish market is maturing and transitioning to comprehensive automation deliveries, which has affected the decline in Professional Services business.

Development of net sales and profitability

EBITDA in January-June was -1.6 (-0.3) million euros, i.e. -13.4 (-2.5)% of revenue. Adjusted EBITDA was -1.3 (-0.3) million euros, i.e. -11.2 (-2.5) % of revenue. Operating profit was -1.7 (-0.4) million euros, i.e. -14.4 (-3.7) % of revenue.

The group's personnel costs in January-June were 7.3 (6.5) million euros, i.e. 60.8 (58.5)% of revenue. The relative increase in personnel costs was mainly due to salary increase pressure caused by accelerated inflation in the review period and new recruitments.

Other business expenses increased from the comparison period and totaled EUR 2.7 (1.8) million, which is approximately 22.7 (16.0)% of revenue. The increase in costs compared to the comparison period was mainly due to the company's investments in international growth and expert fees for business acquisitions.

The result for January-June was EUR -1.9 (0.6) million.

Group balance, financing and cash flow

The balance sheet total at the end of the review period was

EUR 26.6 (9.0) million.

The equity ratio at the end of the review period was 61.9 (n/a)% and the net debt ratio was -88.7 (n/a)%.

Cash flow from operations after paid interest and direct taxes in January-June was EUR -3.7 (-0.8) million. The cash flow of the comparison period was mainly affected by the negative operating profit and the change in working capital.

At the end of the review period, cash and bank receivables and other liquid assets were at 15.9 million. Interest-bearing debt was EUR 1.3 (3.1) million, which consisted of long-term loans from financial institutions.

Personnel and locations

At the end of the review period, the group employed 196 (190) people. The offices are located in the UK, Norway, Poland, Sweden, Germany, Finland, Denmark and the USA. With the acquisition after the review period on July 19 2022, the company also has an office in Ireland and the number of employees increased by 10 people.

The members of the Group Management team at the end of the period was Mr. Mika Vainio-Mattila, CEO; Mr. Teppo Sipilä, interim CFO; Mr. Karli Kalpala, Director, Business Service & Design; Mr. Heikki Länsisyrjä, COO; Ms. Eila Onniskä, 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.

During the period Digital Workforce Services's CFO resigned and Ms. Heini Kautonen, M.Sc. (Econ) was appointed CFO of Digital Workforce Services and a member of the Management Team as of September 26, 2022 onward.

Annual General Meeting

The Annual General Meeting of Digital Workforce Services Plc was held on April 12, 2022 in Helsinki. The Meeting confirmed the financial statements for the financial year

2021, 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 2021.

The annual general meeting decided to appoint seven (7) members. The appointed members are J.T. Bergqvist, Ms. Marika Aarnio, Mr. Timo Ahopelto, Mr. Heikki Länsisyrjä, Mr. Juha Mikkola, Ms. Leena Niemistö and Mr. Jukka Virkkunen.

In its meeting the Board of Director elected J.T. Bergqvist as Chairman of the Board of Directors.

KPMG Oy Ab, authorized public accountants, was the Company's Auditor and Toni Aaltonen, APA, served as the auditor with principal responsibility.

Shares

At the end of the review period, the company's total number of shares was 11,137,518 (December 31, 2021: 11,020,023)

With Digital Workforce Services Plc's option rights 2017, 2018 and 2020 is during 1.1.-31.3.2022 - a total of 50,580 new company shares were subscribed. A total of 31,080 new shares of the company have been subscribed with the 2017 stock options, a total of 15,225 new company shares have been subscribed with the 2018 stock options, and a total of 4,275 new company shares have been subscribed with the 2020 stock options. The subscription price of EUR 15,072.00 for subscriptions made with option rights is recorded in its entirety in the invested unrestricted equity fund.

After the entry in the trade register, the total number of Digital Workforce Plc's shares is 11,137,518 shares. The shares subscribed based on the option rights were registered in the trade register on May 10, 2022. New shares give their owners the rights of a shareholder from the date of registration.

The new shares will be traded on the First North Growth Market Finland marketplace maintained by NASDAQ Helsinki Oy, together with the old shares, starting on May 11, 2022.

Option program IV 2022

Based on the authorization given by the Annual General Meeting on October 14, 2021, the Board of Directors of Digital Workforce Services Plc has decided on a new stock option program, Stock Option Program IV 2022. The stock options are part of the agreed remuneration of the Chairman of the Board. A maximum of 70,652 stock options will be issued, entitling the holder to subscribe for a maximum of 70,652 new shares in the company. The stock options are issued free of charge.

The subscription price per share for the shares to be subscribed for with the stock options is EUR 4.60. The Subscription Price of the shares is recorded in full in the Company's invested unrestricted equity fund. The subscription period for the shares to be subscribed for with the stock options is July 1, 2022 - December 31, 2030.

Trading on Nasdaq First North Growth Market Finland

A total of 364,853 shares, or 3.3 percent of the number of shares, were traded in Digital Workforce Services Plc between January 1, 2022 and June 30, 2022. The value of the exchange was 1.9 million euros. The share's closing price on the last trading day of the review period was EUR 4.46 per share. The lowest trading price of the review period was EUR 3.51 per share, the highest was EUR 6.46 per share, and the average price of the period was EUR 4.77 per share.

Short-term risks and uncertainties

We closely monitor the global geopolitical situation, the general economic outlook and the development of inflation, which we consider to be the most significant uncertainty factors for the company in the near term. The war in Ukraine does not have a direct impact on our business, but indirectly the war may cause business challenges for our customers through the weakening of the general economic development, which may affect the growth of our business. The effects of accelerating inflation on the cost level and personnel costs may slow down the growth of our business. During the first half of the year, we succeeded in recruiting key positions, but there are still risks associated with the availability of skilled personnel. Growing the business in line with the strategy in the United Kingdom and the United States and succeeding in acquisitions play an important role in terms of the company's development.

Post-Report period events

On July 7, 2022, Digital Workforce Services received an order for expert services worth 1.5 million euros by the end of 2022 from a large energy company in the United States. Digital Workforce Services provides the company with expert services for analyzing business processes and developing automation processes.

On July 17 2022, Digital Workforce Services signed

an agreement according to which it will acquire Eclair Group (Ireland) Limited. The acquisition opens up the market for Digital Workforce's continuous services in Ireland and expands the company's international customer base in the financial and healthcare sectors, as well as strengthens its foothold in the financial regions of Ireland and Great Britain. The purchase price is 1.23 million euros. The deal also includes a maximum additional deal amount of 0.98 million euros, which is based on Eclair's performance in 2022-2023. The acquisition will not have a significant impact on Digital Workforce Service's 2022 result.

Financial calendar

The company will publish its business review for the third quarter on November 3, 2022.

Accounting policies

The financial statement was prepared in accordance with good accounting practices and Finnish legislation. The information has been presented to the extent necessitated by the Nasdaq First North Growth Market rules Section 4.4 (e). The figures in the financial statements have not been audited.

Consolidated income statement (FAS)

Consolidated income statement (FAS)

EUR 1,000	1-6/2022	1-6/2021	2021
Revenue	11967	11083	22362
Other operating income	1	6	37
Materials and services			
Purchases during the financial period	-31	-54	-93
External services	-3538	-3053	-6225
Staff expenses			
Salaries and bonuses	-6163	-5403	-11176
Social security expenses			
Pension costs	-667	-619	-1277
Other social security expenses	-444	-460	-960
Depreciations, amortizations and impairment			
Planned depreciations	-115	-138	-263
Goodwill amortizations			
Other operating expenses	-2731	-1772	-3624
EBIT	-1722	-410	-1219
Financial income and costs			
Interest yields and other financial earnings	38	10	26
Amortizations from current asset financial securities	-108	0	0
Interest costs and other financial costs	-96	-79	-2334
Profit after financial items	-1888	-479	-3527
Income taxes	5	-86	-50
Profit/loss for the financial period	-1883	-564	-3578
Sales margin and adjusted EBITDA			
EUR 1,000	1-6/2022	1-6/2021	2021
Sales margin			
Revenue	11967	11083	22362
Materials and services	-3569	-3107	-6318
Direct staff expenses	-4175	-3980	-8118
Sales margin	4223	3996	7926
Adjusted EBITDA			
EBIT	-1722	-410	-1219
Depreciations, amortizations and impairment	-115	-138	-263
EBITDA	-1606	-272	-956
One-time extraordinary business items	-264	0	-371
Adjusted EBITDA	-1342	-272	-585

Balance sheet (FAS)

EUR 1,000	30.6.2022	30.6.2021	31.12.2021
ASSETS			
Non-current assets			
Intangible assets			
Development costs	622	825	719
Intangible rights	0	1	0
Tangible assets			
Machinery and equipment	49	76	61
Other tangible assets	8	14	11
Non-current assets total	679	916	791
Current assets			
Long-term debtors			
Other debtors	11	12	12
Short-term debtors			
Trade debtors	6680	4025	3805
Other debtors	51	13	56
Prepayments and accrued income	3266	2473	2127
Debtors total	10009	6523	6000
Short-term investments			
Other short-term investments	11583	0	0
Cash and cash at bank	4331	1547	19753
Current assets total	25923	8070	25753
TOTAL ASSETS	26602	8986	26544
EUR 1,000	June 30, 2022	June 30, 2021	December 31, 2021
EQUITY AND LIABILITIES			
Equity			
Share capital	80	25	80
Invested unrestricted equity fund	27980	5447	27965
Profit/loss for the previous financial periods	-9759	-	-6181
Translation difference	38	66	28
Profit/loss for the financial period	-1883	-	-3578
Equity total	16456	-	1,208
Liabilities			
Non-current liabilities			
Loans from financial institutions	1314	1471	1314
Other liabilities	0	637	0
Non-current liabilities total	1314	2108	1314

Current liabilities			
Loans from financial institutions	0	229	156
Advances received	42	-	47
Trade payables	1220	1344	1204
Other liabilities	1518	1605	1154
Accruals and deferred income	6052	4909	4354
Current liabilities total	8832	8086	6915
Liabilities total	10147	10194	8230
EQUITY AND LIABILITIES TOTAL	26602	8986	26544

Group cash flow statement (FAS)

EUR 1,000	1-6/2022	1-6/2021	2021
Operating cash flow:			
EBIT	-1722	-410	-1219
Depreciations	115	138	263
Other items	-113	15	4
Operating cash flow before change in working capital	-1719	-257	-952
Change in working capital:			
Change in trade and other receivables	-4008	-1139	-617
Change in trade payables and other non-interest-bearing liabilities	2092	707	299
Change in working capital	-1916	-433	-317
Interests and payments for other financial costs of business operations	-65	-94	-158
Interest received from business	3	0	0
Direct taxes paid	5	-2	-99
Operating cash flow (A)	-3693	-785	-1525
Investment cash flow:			
Investments in tangible and intangible assets	-4	-39	-39
Loans granted / Loans receivable repaid	0	2	2
Investment cash flow (B)	-4	-37	-37
Funding cash flow:			
Paid equity increase	15	0	22573
Change in current liabilities	-156	-629	-1759
Change in non-current liabilities	0	21	-321
Paid interests and financial cost payments *	0	0	-2155
Funding cash flow (C)	-141	-608	18338
Change in liquid assets	-3839	-1431	16775
(A+B+C) increase (+) / decrease (-)			

Cash at the beginning of the period	19753	2978	2978
Cash at the end of the period	15914	1547	19753

* Formed by costs related to the listing in 2021

Changes in Group equity

EUR 1,000	06/2022	06/2021	2021
Restricted equity			
Share capital at the beginning of the financial period	80	25	25
Additions	0	0	55
Share capital at the end of the financial period	80	25	80
Restricted equity total	80	25	80
Unrestricted equity			
Invested unrestricted equity fund at the beginning of the financial period	27 965	5447	5447
Additions	15	0	22518
Invested unrestricted equity fund at the end of the financial period	27 980	5447	27965
Profit/loss of previous financial periods at the beginning of the financial period	-9 759	-6181	-6181
Profit/loss of previous financial periods at the end of the financial period	-9 759	-6181	-6181
Translation difference at the beginning of the financial period	28	100	100
Change in translation difference	9	-35	-72
Translation difference at the end of the financial period	38	66	28
Profit/loss for the financial period	-1 883	-564	-3578
Unrestricted equity total	16 376	-1233	18234
Equity total	16 456	-1208	18314

Group liabilities

EUR 1,000	30.6.2022	30.6.2021	31.12.2021
Rental liabilities of commercial premises			
Maturing during the next year	262	392	318
Maturing later	141	31	0
Total	403	423	318
Leasing liabilities			
Maturing during the next year	75	65	66

Maturing later	82	40	58
Total	158	105	123
Other contingencies provided			
Loans from financial institutions	0	267	38
Enterprise mortgages provided as collateral	1200	1200	1200
Total	1200	1467	1200

Formulas

Professional Services net sales	Professional Services net sales (including Other revenue)
Continuous Services net sales	Continuous Services net sales
Share of recurring revenue	Continuous Services sales as percentage of Group sales
Gross profit	Net sales - materials and services, and direct personnel costs
Gross margin %	Gross profit as percentage of net sales
EBITDA	Operating profit before depreciation and amortization
EBITDA margin	EBITDA as percentage of net sales
EBITDA adj.	Operating profit - non-recurring items that differ from business operations
EBITDA adj. margin	EBITDA adj as percentage of net sales
EBIT	Profit before income taxes, finance income and finance costs (operating profit)
EBIT margin	EBIT as percentage of sales
Net income	=
EPS	Net income divided by shares outstanding
Capital expenditure	Investments in tangible and intangible assets
Operating cash flow	EBITDA - cash flow from investments - change in NWC
Net debt	Interest-bearing liabilities (loans from financial institutions) - cash and cash equivalents
Equity ratio	Shareholder's Equity divided by Total Assets
Average number of personnel	Sum of end-of-month employees divided by number of months during the period

Helsinki, August 18, 2022

Board of Directors

Digital Workforce Services Plc

More information:

Mika Vainio-Mattila, CEO, tel. +358 40 752 0617
mika.vainio-mattila@digitalworkforce.com

Certified financial supervisor: Danske Bank, tel. +358 40 841 3052

Webcast news conference for investors and media

Digital Workforce Services will hold a news conference on the Half Year financial results as a live webcast on Thursday, August 18, 2022, at 10.00 a.m. Finnish time (EEST). During the webcast all questions should be presented in English. CEO Mika Vainio-Mattila will be presenting at the event. A recording of the webcast will be available at the same address during the same day.

Registration to the webcast is requested beforehand at <https://digitalworkforce.videosync.fi/2022-half-year-report>

About Digital Workforce Services

Digital Workforce Services Plc is the leading business automation platform and service provider globally. Digital Workforce Outsmart platform allows organizations to accelerate digitalization, increase revenue, improve customer experience and gain competitive advantage. Globally, over 200 large customers use Digital Workforce's platform and services to transform their businesses with automation. Founded in 2015, Digital Workforce currently employs over 200 business automation specialists in the US, the UK, Poland, Germany, Finland, Sweden, Norway, and Denmark. Digital Workforce is publicly listed in Nasdaq First North Growth Market Finland.

<https://digitalworkforce.com>