

Digital Workforce Services Oyj

THE BOARD REPORT AND THE FINANCIAL STATEMENTS

1.1. - 31.12.2023



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The Consolidated Financial Statements have been prepared by
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BOARD REPORT 2023

Digital Workforce Services Plc is a leading business process automation services and technology solution provider globally. Digital Workforce Outsmart services and technology solution suites allow organizations to save costs, accelerate digitalization, increase revenue, improve customer experience, and gain a competitive advantage. Globally, over 250 large customers use Digital Workforce's services and technologies to transform their businesses with automation. Founded in 2015, Digital Workforce currently employs over 200 business automation specialists in the US, UK & Ireland, and Northern and Central Europe.

Financial review 1.1 – 31.12.2023

Key figures, group

1000 EUR	1-12/2023	1-12/2022	1-12/2021
Revenue	24 919	25 470	22 362
<i>Change in revenue %</i>	-2,16 %	13,9 %	17,1 %
Revenue from Professional Services	9 693	10 478	10 703
Revenue from Continuous Services	15 226	14 992	11 659
<i>Continuous Services share of revenue</i>	61,1 %	58,9 %	52,1 %
Sales margin	8 226	9 294	7 926
<i>% of revenue</i>	33,0 %	36,5 %	35,4 %
EBITDA	-649	-1 785	-956
<i>% of revenue</i>	-2,6 %	-7,0 %	-4,3 %
Adjusted EBITDA	155	-874	-585
<i>% of revenue</i>	0,6 %	-3,4 %	-2,6 %
EBIT	-844	-2 608	-1 219
<i>% of revenue</i>	-3,4 %	-10,2 %	-5,5 %
Net income	-697	-3 009	-3 578
Earnings per share (EPS)	-0,1	-0,3	-0,6
Capital expenditure	-809	-1 166	-37
Operating cash flow	-3 649	-2 043	-1 310
Net debt	-12 247	-15 624	-18 283
Equity ratio %**	70,8 %	64,1 %	69,0 %
Return on equity %	-4,6 %	-17,8 %	-40,4 %

* The EBITDA adjustment consists of restructuring costs in 2023. In 2022, the adjustment consisted of IT system projects, restructuring, M&A and write-off costs.

** In 2022, advances received were reported under accruals and deferred income. For 2023, they have been reclassified to correct category of accounts. The comparative equity ratio figures for 2022 have been adjusted accordingly and the equity ratio % has improved compared to previously reported.

Development of revenue and profitability

Digital Workforce's revenue for the financial year 2023 was EUR 24.9 (25.5) million. The company's revenue decreased by EUR -0.6 million, or -2.2%. In the second half of the year revenue was EUR 12.3 (13.5) million, down by -8.7% from the previous financial year. The decrease in revenue was due to changes in customer demand in different markets and delays in delivery schedules for individual process automation projects.

The Group's sales margin was EUR 8.2 (9.3) million and the relative sales margin 33.0% (36.5%) weakened compared to the previous year. The sales margin was decreased by the Group's non-recurring items. The Group's adjusted EBITDA was EUR 0.2 (-0.9) million and operating profit was EUR -0.8 (-2.6) million. EBITDA adjustments amounted to EUR 0.8 (0.9) million consisting of non-recurring items of a non-operative nature.

In the second half of the year, the Group's sales margin was EUR 3.9 (5.1) million and the relative sales margin was 31.7% (37.6%). The Group's adjusted EBITDA was EUR -0.2 (0.5) million and operating profit EUR -0.9 (-0.9) million. EBITDA adjustments amounted to EUR 0.6 (0.6) million consisting of non-recurring items of a non-operative nature.

The loss for the financial period was EUR -0.7 (-3.0) million. Financial expenses amounted to EUR -0.2 (-0.5) million. Earnings per share were EUR -0.1 (-0.3).

Group balance sheet, financing and cash flow

The balance sheet total at the end of the reporting period 2023 was EUR 23.4 (27.9) million. The equity ratio was 70.8% (64.1%) and net debt was EUR -12.2 (-15.6) million. In 2022, advances received were reported under accruals and deferred income. For 2023, they have been reclassified to correct category of accounts. The comparative equity ratio figures for 2022 have been adjusted accordingly and the equity ratio % has improved compared to previously reported.

The Group's operating cash flow was EUR -3.6 (-2.0) million and the Group's cash flow from investing activities was EUR -0.8 (-1.2) million. At the end of the reporting period the Group had EUR 0.8 million in loans from credit institutions. During the financial year 2023, the company paid off the EUR 1.2 million bank loan in full and repaid EUR 0.3 million of other long-term debts.

Organizational structure

The group's parent company is Digital Workforce Services Plc, with subsidiaries in Sweden, Norway, Denmark, the UK, Ireland, Germany, Poland and the United States.

At the end of the financial year, the Digital Workforce Group comprised, in addition to the parent company Digital Workforce Services Plc, 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, Digital Workforce Sp.z.o.o, Digital Workforce Ireland Limited and The Eclair Group (Ireland) Limited.

Personnel and locations

The Group employed an average of 186 (193) people during the financial year. Salaries and salaries amounted to EUR 12.0 million in the financial year 2023, EUR 12.4 million in the financial year 2022 and EUR 11.2 million in the financial year 2021. The offices are in Finland, Sweden, Norway, Denmark, the UK, Ireland, Germany, Poland and the United States.

At the end of the financial year, the Group Management Team consisted of Mr. Jussi Vasama, CEO, Ms. Heini Kautonen, CFO, Mr. Juha Järvi, Global Head of Healthcare, Mr. Karli Kalpala, Head of Strategic Transformation & Financial Services Industry, Mr. Tuomo Sievilä, Head of Customer Operations, Mr. Karri Lehtonen, Head of Sales, North America, Mr. Leon Stafford, Head of Sales, United Kingdom and Ireland, Mr. Stefan Meller, Head of Sales, Scandinavia, Ms. Kristiina Åberg, Head of Marketing, Ms. Eila Onniselkä, Head of People & Culture.

During the reporting period, Jussi Vasama joined the company as CEO. As of June 1, 2023, the new members of the management team were Karri Lehtonen, who was appointed Head of Sales, North America, Leon Stafford, who was appointed Head of Sales, United Kingdom and Ireland, and Markus Lindström, who was appointed Head of Sales, Scandinavia. Management team member Tuomo Sievilä was appointed to the new role of Head of Customer Operations, where he will be responsible for customer operations globally, including continuous services and professional services. Management Team member Karli Kalpala was given responsibility for Strategic Transformation and a strategic focus area, Financial Services Industry. The founding partners Heikki Länsisyrjä and Jukka Virkkunen stepped down from the company's operational activities and the management team to focus on Digital Workforce's board work and long-term value creation and strategy. Teemu Vieruaho, who led the Professional Services business, continued to work for the company, but left the management team. As of October 23, 2023, Stefan Meller was appointed Head of Sales, Scandinavia and member of the management team. He succeeds Markus Lindström, who resigned from his position as Scandinavian Sales Director and member of the management team to continue his career outside Digital Workforce.

Board of Directors

Mr. J.T. Bergqvist was elected Chairman of the Board on April 13, 2023. At the end of 2023, the Board of Directors of Digital Workforce Services Plc consisted of Mr. J.T. Bergqvist, 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 of Digital Workforce Services Plc was held on April 13, 2023 in Helsinki. The Meeting confirmed the financial statements for the financial year 2022, 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 2022.

The Annual General Meeting authorized the Board of Directors to decide on the acquisition of the Company's own shares in one or more tranches as follows:

The total number of own shares to be acquired may be a maximum of 1 118 278 shares. The proposed number of shares represents approximately 10 percent of all the shares of the Company on the date of the Notice of the Annual General Meeting. Based on the authorization, the Company's own shares may only be acquired with unrestricted equity. The Board of Directors will decide how the Company's own shares will be acquired. Financial instruments such as derivatives may be used in the acquirement. The Company's own shares may be acquired in other proportion than the shareholders' proportional shareholdings (directed acquisition). Own shares could be purchased at a price formed in public trading on the Nasdaq Helsinki Oy on the date of acquisition.

The authorization will be in force until the next Annual General Meeting but no later than until June 30, 2024.

The Annual General Meeting resolved to add to the Articles of Association the possibility to alternatively attend the General Meeting remotely during the meeting (hybrid meeting) or without a physical meeting place (remote meeting).

The annual general meeting decided to appoint seven (7) members. The appointed members are Mr. J.T. Bergqvist, Ms. Marika Auramo, Mr. Timo Ahopelto, Mr. Heikki Länsisyrjä, Mr. Juha Mikkola, Ms. Leena Niemistö and Mr. Jukka Virkkunen. In its meeting the Board of Director elected Mr. J.T. Bergqvist as Chairman of the Board of Directors.

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

Shares and shareholders

The total number of Digital Workforce Plc shares at the end of the financial year was 11,251,128 (11,182,788). The average number of shares during January-December 2023 was 11,216,958 (11,191,406) and during July-December 2023 11,235,048 (11,160,153).

At the end of the financial year, the company had 2,704 (2,791) shareholders.

A total of 13 200 Digital Workforce Services Plc's new shares has been subscribed for with the company's stock options 2017 and 2020 on 31 December 2023. A total of 4,875 company's new shares has been subscribed for with the company's stock options 2017 and a total of 8,325 company's new shares has been subscribed for with the company's stock options 2020.

For subscriptions made with the stock options 2017 and 2020 the entire subscription price of EUR 5,875.00 will be entered in the reserve for invested unrestricted equity.

After the trade registration the total amount of shares is 11,264,328.

The shares subscribed for under the stock options 2017 and 2020 have been registered in the Trade Register on 16 February 2024, as of which date the new shares will establish shareholder rights.

The shares will be traded on the NASDAQ Helsinki Ltd together with the old shares as of 19 February 2024.

Based on the authorization given by the Annual General Meeting on 13 April 2023, the Board of Directors of Digital Workforce Services Plc has decided to start the acquisition of the company's own shares. The maximum number of shares to be acquired is 110 000, which corresponds to approximately 1 per cent of the company's shares. However, the amount used for acquiring shares will be at most EUR 250 000.

The shares are acquired otherwise than in proportion to the shareholdings of the shareholders by public trading at the market price at the time of acquisition on the Nasdaq First North Growth Market Finland marketplace maintained by Nasdaq Helsinki Oy. The acquisition of the company's own shares starts on 13 December 2023 at the earliest and ends on 30 June 2024 at the latest. The acquisition of the company's own shares is paid for with the company's distributable unrestricted equity.

At the beginning of the financial year, Digital Workforce Services Plc held 0 of its own shares and based on the authorization granted to the Board of Directors, 13 829 own shares were acquired during the financial year.

Trading on Nasdaq First North Growth Market Finland

Between 1 January 2023 - 31 December 2023, a total of 1,103,986 shares or 9.8 per cent of the total number of shares were traded in Digital Workforce Services Plc. The value of the turnover was EUR 4.7 million.

The closing price of the share on the last trading day of the review period was EUR 3.02 per share. The lowest trading price during the review period was EUR 2.80 per share, the highest EUR 5.50 per share and the average price for the period EUR 4.18 per share.

Stock option programs

The company has offered its personnel share option programs as part of the incentive and commitment program. The purpose of the option programs is to commit option holders to the company's financial growth and the valuation of the company's share, and to create a long-term relationship between the company and option holders that benefits the company both financially and operationally.

The company has three option programs and on December 31, 2023 there were a total of 11,194 unsubscribed stock options. Each stock option entitles its holder to subscribe for fifteen new shares.

During the financial year, a total of 3,519 options (52,785 shares) were subscribed. The subscription periods for shares subscribed based on the stock options will expire on April 30, 2027.

There have been no changes in the terms and conditions of the plan during the financial year 2023. Under the stock option program 2018, 600 options were distributed to managers on 3 March 2023, entitling them to subscribe for a total of 9,000 shares in the company.

The number of shares subscribed with stock options and the subscription prices are specified in the table below.

Stock option scheme	Total	Unsubscribed	Subscription price, EUR/share	Subscription period
2017	119 175	44 430	0,0667	Until 30/04/2027
2018	140 130	86 385	0,6667	Until 30/04/2027
2020	86 085	37 095	0,6667	Until 30/04/2027

The table below shows the ownership and voting rights that can be obtained by virtue of the issued stock options and the effect of the options on the number of shares.

Maximum number of shares to be issued on the basis of stock options that are still unsubscribed and eligible for subscription	167 910
Number of shares 31.12.2023	11 251 128
Number of shares, if all shares available for subscription based on stock options	11 419 038
Voting rights and ownership from options, if all shares available for subscription based on stock options are subscribed	1,47 %

Performance-based Matching Share Plan

The company has a long-term performance-based matching share plan, which was introduced at the time of the IPO. The purpose of the incentive plan is to align the objectives of Digital Workforce's shareholders and key employees to increase the value of the company's shares over the long term, to engage key employees in the implementation of the company's strategy and to provide them with a competitive remuneration scheme based on the earning and accumulation of the company's shares.

The incentive plan is based on a participant's investment in the company's shares, which allow the participant to earn additional shares as a reward for continued share ownership and continued employment and for achieving performance-based goals set by the Board of Directors. The plan consists of vesting periods 2022-2024, 2023-2025 and 2024-2026. The Board of Directors of the company separately determines the vesting criteria, the targets to be set for each criterion, the target group of the incentive plan and the vesting opportunity for each vesting period. The potential reward for each performance period will be paid in the form of company shares after the end of the performance period. If the key person's employment ends before the award is paid, the award will not normally be paid.

The Board of Directors has decided not to launch the performance period 2024–2026. The plan's ongoing performance periods 2022—2024 and 2023—2025 will continue unchanged.

Dividend

The distributable funds of the Group's parent company on December 31, 2023 were EUR 25,286,072.08. The Board of Directors proposes to the Annual General Meeting that the profit for the financial year of EUR 185 274.23 be transferred to the company's profit/loss account and that no dividend be paid.

Research and development

In 2023, Digital Workforce continued its research and development work on the Outsmart service offering. The aim is to create a unique set of services and technologies to automate customers' business processes. In 2023, the company received a grant from Business Finland totaling EUR 767 780.45, of which EUR 383 891.72 has been recognized in other operating income and EUR 383 888.73 has been recognized as a reduction of development costs. The capitalized balance of development expenditure at the end of the financial year is EUR 415 444.82.

Assessment of the company's future development

The market for end-to-end business process development and automation is growing strongly and remains one of the fastest growing areas for IT services. There is still a lot of customer value and benefit potential in the market that remains to be untapped. Digital Workforce's solutions cover a wide range of business process automations, including AI solutions, through its Outsmart service offering. The company's traditional robotics business remains an important part of this service offering.

We expect the company's revenue growth to continue and profitability to improve on an adjusted EBITDA basis in 2024. The company is targeting revenue of €50 million and an EBITDA margin of more than 10% by the end of 2026.

Short-term risks and uncertainties

General economic vagueness, especially in the Nordic countries, may continue throughout 2024, causing possible uncertainty in new customer acquisition and investment schedules for existing customers. The company is undergoing a change in both strategic business area and geographical focus as operations continue to internationalize strongly. Success in implementing both changes is central to the company's success.

The Financial Services Industry, which is one of the company's strategic business areas, is highly competitive internationally, and its customers are advanced in applying RPA. End-to-end business process automation opens new competitive advantages and opportunities for success for Digital Workforce.

The healthcare market in the Nordic countries and the United Kingdom is strongly based on public financing, and possible changes in funding and investment management may affect decision-making schedules.

Outside of the USA, the economic environment is somewhat vague and interest rates remain high. These facts affect, among other things, the ability of businesses to invest in new digital services. On the other hand, companies need to improve the efficiency of their business processes through business process automation and AI investments.

The uncertain geopolitical situation may have a direct or indirect impact on the company's business. Although the company has a large customer base, a possible loss of a single large customer could pose a risk to the development of revenue in the short term.

Post-report period events

The company announced on 8 January 2024 that Leon Stafford left his position as Head of Sales UK & Ireland on 12 January 2024 and continued his career outside Digital Workforce. In addition, the company announced on February 8, 2024, the appointment of Karli Kalpala as Head of Region UK & Ireland and Head of Strategy Transformation.

The company announced on February 8, 2024, that the Board of Directors decided not to commence the Performance Period 2024–2026 of the Plan. The Board of Directors of Digital Workforce Services Plc established a Performance-Based Matching Share Plan in 2021 for the key employees of the company. The key terms of the Performance-Based Matching Share Plan 2022–2026 were published by Initial Public Offering Prospectus on 18 November 2021. The company has announced the commencement of the Performance Period 2023–2025 on 1 February 2023. The ongoing Performance Periods of 2022–2024 and 2023–2025 will continue unamended.

GROUP PROFIT & LOSS STATEMENT

EURO	Group 1.1-31.12.2023	Group 1.1-31.12.2022
REVENUE	24 919 490,91	25 470 072,99
Production to own use	287 024,50	73 517,00
Other operating income	432 864,54	492 142,52
Raw materials and services		
Raw materials and consumables		
Purchases during the financial year	-32 034,73	-43 965,32
External services	-8 170 694,99	-7 634 597,67
	-8 202 729,72	-7 678 562,99
Personnel expenses		
Wages and salaries	-12 033 371,66	-12 394 047,84
Social security expenses		
Pension expenses	-1 188 073,95	-1 347 927,08
Other social security expenses	-833 384,61	-914 919,97
	-14 054 830,22	-14 656 894,89
Depreciation, amortisation and write-offs		
Depreciation and amortisation according to plan	-12 736,36	-222 124,95
Group goodwill amortisation	-182 479,72	-64 124,75
Reductions of capitalised long-term expenses	0,00	-536 672,42
	-195 216,08	-822 922,12
Other operating expenses	-4 031 063,65	-5 484 957,17
OPERATING PROFIT (LOSS)	-844 459,72	-2 607 604,66
Financial income and expenses		
Financial income		
Interest and other financial income		
From others	329 073,28	97 468,34
Financial expenses		
Reduction in value, other securities	60 084,56	-60 084,55
Interest and other financial expenses		
To others	-253 483,89	-419 666,85
Financial income and expenses total	135 673,95	-382 283,06
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	-708 785,77	-2 989 887,72
Income taxes		
Income taxes	12 270,47	-19 239,33
PROFIT (LOSS) FOR THE FINANCIAL YEAR	-696 515,30	-3 009 127,05

GROUP BALANCE SHEET

EURO	Group 31.12.2023	Group 31.12.2022
A S S E T S		
NON-CURRENT ASSETS		
Intangible assets		
Development expenditure	415 444,82	57 060,64
Group goodwill	1 494 132,88	1 474 869,20
Other intangible assets	209 008,27	0,00
	<hr/> 2 118 585,97	<hr/> 1 531 929,84
Tangible assets		
Machinery and equipment	23 617,90	36 708,32
Other tangible assets	0,00	4 742,85
	<hr/> 23 617,90	<hr/> 41 451,17
NON-CURRENT ASSETS TOTAL	2 142 203,87	1 573 381,01
CURRENT ASSETS		
Long-term debtors		
Other debtors	24 962,87	24 904,96
	<hr/> 24 962,87	<hr/> 24 904,96
Short-term debtors		
Trade debtors	4 498 262,87	4 428 068,09
Other debtors	25 010,05	48 113,46
Subscribed capital unpaid	0,00	15 822,00
Prepayments and accrued income	3 541 020,51	3 688 916,16
	<hr/> 8 064 293,43	<hr/> 8 180 919,71
Securities		
Other securities	7 721 943,48	8 621 895,21
	<hr/> 7 721 943,48	<hr/> 8 621 895,21
Cash in hand and at banks	5 481 157,04	9 516 876,43
CURRENT ASSETS TOTAL	21 292 356,82	26 344 596,31
ASSETS TOTAL	23 434 560,69	27 917 977,32

GROUP BALANCE SHEET

EURO	Group 31.12.2023	Group 31.12.2022
EQUITY AND LIABILITIES		
EQUITY		
Share capital	80 000,00	80 000,00
Invested unrestricted equity reserve	27 989 457,99	28 010 653,69
Retained earnings (loss)	-12 767 854,27	-9 758 727,22
Translation difference	141 195,47	116 344,69
Profit (loss) for the financial year	-696 515,30	-3 009 127,05
EQUITY TOTAL	14 746 283,89	15 439 144,11
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	754 225,50	2 271 371,00
	<u>754 225,50</u>	<u>2 271 371,00</u>
Current liabilities		
Loans from credit institutions	201 408,50	243 000,00
Advances received	2 616 680,79	3 825 877,12
Trade creditors	1 437 839,72	1 914 096,71
Other creditors	1 674 643,18	1 941 407,23
Accruals and deferred income	2 003 479,11	2 283 081,15
	<u>7 934 051,30</u>	<u>10 207 462,21</u>
LIABILITIES TOTAL	8 688 276,80	12 478 833,21
EQUITY AND LIABILITIES TOTAL	23 434 560,69	27 917 977,32

GROUP CASH FLOW STATEMENT

EURO	Group 1.1-31.12.2023	Group 1.1-31.12.2022
Cash flow from operations		
Profit (loss) before appropriations and taxes	-708 785,77	-2 989 887,72
Adjustments:		
Depreciation and amortisation according to plan	195 216,08	822 922,12
Other income and expenses without payment	60 084,56	-60 084,55
Financial income and expenses	-297 755,74	199 144,08
Other adjustments	123 120,00	-246 240,01
Cash flow before change in net working capital	<u>-628 120,87</u>	<u>-2 274 146,08</u>
Change in net working capital:		
Increase (-)/ decrease (+) of short and long term receivables	100 746,37	-1 929 776,10
Increase (+)/ decrease (-) of short term interest-free liabilities	<u>-2 290 964,31</u>	<u>2 837 724,44</u>
Cash flow from operations before financial income and expenses and taxes	-2 818 338,81	-1 366 197,74
Paid interest and payments of other operational financial expenses	-61 802,26	-142 145,33
Received interest from operations	53 557,36	5 539,01
Paid immediate taxes	<u>12 270,47</u>	<u>-19 239,33</u>
Cash flow before appropriations	-2 814 313,24	-1 522 043,39
Cash flow from operations (A)	<u>-2 814 313,24</u>	<u>-1 522 043,39</u>
Cash flow from investments:		
Investments in tangible and intangible assets	-484 293,72	-60 911,36
Purchased subsidiary shares	-324 863,48	-1 105 456,57
Cash flow from investments (B)	<u>-809 157,20</u>	<u>-1 166 367,93</u>
Cash flow from financing:		
Paid share emission	37 262,00	30 276,00
Acquisition of own shares	-31 462,68	0,00
Repayment of short term loans	-118 000,00	-156 194,33
Withdrawal of long term loans	0,00	1 200 000,00
Repayment of long term loans	-1 200 000,00	0,00
Cash flow from financing (C)	<u>-1 312 200,68</u>	<u>1 074 081,67</u>
Change in cash (A + B + C) increase (+) / decrease (-)	<u>-4 935 671,12</u>	<u>-1 614 329,65</u>
Cash at the beginning of the period	18 138 771,64	19 753 101,29
Cash at the end of the period	<u>13 203 100,52</u>	<u>18 138 771,64</u>
	-4 935 671,12	-1 614 329,65

PARENT PROFIT & LOSS STATEMENT

EURO	Parent 1.1-31.12.2023	Parent 1.1-31.12.2022
REVENUE	17 269 603,19	17 534 963,96
Production to own use	287 024,50	73 517,00
Other operating income	1 340 993,72	1 313 369,00
Raw materials and services		
Raw materials and consumables		
Purchases during the financial year	-32 034,73	-43 910,17
External services	-10 554 929,99	-9 787 838,66
	-10 586 964,72	-9 831 748,83
Personnel expenses		
Wages and salaries	-5 246 710,37	-5 257 250,16
Social security expenses		
Pension expenses	-882 675,43	-915 304,57
Other social security expenses	-219 845,25	-202 181,66
	-6 349 231,05	-6 374 736,39
Depreciation, amortisation and write-offs		
Depreciation and amortisation according to plan	-7 172,98	-201 829,14
Reductions of capitalised long-term expenses	0,00	-526 651,04
	-7 172,98	-728 480,18
Other operating expenses	-2 251 582,88	-2 840 635,31
OPERATING PROFIT (LOSS)	-297 330,22	-853 750,75
Financial income and expenses		
Financial income		
Interest and other financial income		
From group undertakings	200 136,26	117 936,81
From others	280 725,65	28,94
Financial expenses		
Reduction in value, other securities	60 084,56	-60 084,55
Interest and other financial expenses		
To group undertakings	-1 798,16	0,00
To others	-56 543,86	-109 267,58
Financial income and expenses total	482 604,45	-51 386,38
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	185 274,23	-905 137,13
Income taxes		
Income taxes	0,00	0,00
PROFIT (LOSS) FOR THE FINANCIAL YEAR	185 274,23	-905 137,13

PARENT BALANCE SHEET

EURO	Parent 31.12.2023	Parent 31.12.2022
A S S E T S		
NON-CURRENT ASSETS		
Intangible assets		
Development expenditure	415 444,82	57 060,64
Other intangible assets	209 008,27	0,00
	<u>624 453,09</u>	<u>57 060,64</u>
Tangible assets		
Machinery and equipment	21 518,94	28 691,92
	<u>21 518,94</u>	<u>28 691,92</u>
Investments		
Holdings in group undertakings	8 974 891,00	8 673 149,94
	<u>8 974 891,00</u>	<u>8 673 149,94</u>
NON-CURRENT ASSETS TOTAL	9 620 863,03	8 758 902,50
CURRENT ASSETS		
Short-term debtors		
Trade debtors	2 291 109,63	2 240 592,03
Amounts owed by group undertakings	6 437 830,66	8 225 435,68
Other debtors	1 940,00	13 532,00
Subscribed capital unpaid	0,00	15 822,00
Prepayments and accrued income	3 418 437,79	3 502 649,49
	<u>12 149 318,08</u>	<u>13 998 031,20</u>
Securities		
Other securities	7 721 943,48	8 621 895,21
	<u>7 721 943,48</u>	<u>8 621 895,21</u>
Cash in hand and at banks	1 475 610,57	2 894 872,78
CURRENT ASSETS TOTAL	21 346 872,13	25 514 799,19
ASSETS TOTAL	30 967 735,16	34 273 701,69

PARENT BALANCE SHEET

EURO	Parent 31.12.2023	Parent 31.12.2022
EQUITY AND LIABILITIES		
EQUITY		
Share capital	80 000,00	80 000,00
Invested unrestricted equity reserve	27 989 457,99	28 010 653,69
Retained earnings (loss)	-2 473 215,32	-1 568 078,19
Profit (loss) for the financial year	185 274,23	-905 137,13
EQUITY TOTAL	25 781 516,90	25 617 438,37
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	754 225,50	2 271 371,00
	<u>754 225,50</u>	<u>2 271 371,00</u>
Current liabilities		
Loans from credit institutions	201 408,50	243 000,00
Advances received	798 179,87	1 925 920,13
Trade creditors	1 345 214,93	1 748 827,53
Amounts owed to group undertakings	217 015,87	222 906,99
Other creditors	656 245,15	677 871,34
Accruals and deferred income	1 213 928,44	1 566 366,33
	<u>4 431 992,76</u>	<u>6 384 892,32</u>
LIABILITIES TOTAL	5 186 218,26	8 656 263,32
EQUITY AND LIABILITIES TOTAL	30 967 735,16	34 273 701,69

PARENT CASH FLOW STATEMENT

EURO	Parent 1.1-31.12.2023	Parent 1.1-31.12.2022
Cash flow from operations		
Profit (loss) before appropriations and taxes	185 274,23	-905 137,13
Adjustments:		
Depreciation and amortisation according to plan	7 172,98	728 480,18
Other income and expenses without payment	60 084,56	-60 084,55
Financial income and expenses	-482 604,45	51 386,38
Cash flow before change in net working capital	-230 072,68	-185 355,12
Change in net working capital:		
Increase (-)/ decrease (+) of short and long term receivables	1 812 807,23	-6 261 432,90
Increase (+)/ decrease (-) of short term interest-free liabilities	-1 995 303,74	2 210 710,66
Cash flow from operations before financial income and expenses and taxes	-412 569,19	-4 236 077,36
Paid interest and payments of other operational financial expenses	-63 521,10	-106 814,39
Received interest from operations	281 657,74	28,94
Cash flow before appropriations	-194 432,55	-4 342 862,81
Cash flow from operations (A)	-194 432,55	-4 342 862,81
Cash flow from investments:		
Investments in tangible and intangible assets	-489 390,71	-57 060,64
Loans granted	-323 190,00	-2 239 974,95
Other investments	0,00	-702 905,05
Purchased subsidiary shares	0,00	-100,00
Cash flow from investments (B)	-812 580,71	-3 000 040,64
Cash flow from financing:		
Paid share emission	37 262,00	30 276,00
Acquisition of own shares	-31 462,68	0,00
Repayment of short term loans	-118 000,00	-156 194,33
Withdrawal of long term loans	0,00	1 200 000,00
Repayment of long term loans	-1 200 000,00	0,00
Cash flow from financing (C)	-1 312 200,68	1 074 081,67
Change in cash (A + B + C) increase (+) / decrease (-)	-2 319 213,94	-6 268 821,78
Cash at the beginning of the period	11 516 767,99	17 785 589,77
Cash at the end of the period	9 197 554,05	11 516 767,99
	-2 319 213,94	-6 268 821,78

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Digital Workforce is the world's leading service company specializing in industrial-level software robotics and intelligent automation, measured by turnover, service offering, customer references and number of employees. Digital Workforce helps its customers to automate business processes and information work tasks by providing them with business process planning expertise and the implementation of process automation.

Notes on the preparation of the Consolidated Financial Statements, including the 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.

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 1 200) have been recognized in full as an expense during the acquisition period. Group goodwill is recorded in intangible assets and is amortized over 10 years. Subsidiary shares are valued at their acquisition cost or lower probable value.

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

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 415 444,82. The depreciation of the development expenses for the financial year 2023 is a total of EUR 0,00, the depreciations will begin in 2024. The deductions during the financial year are a total of EUR 383 888,73.

NOTES TO THE PROFIT AND LOSS STATEMENT

Revenue by geographical area	2023		2022	
	Group	Parent	Group	Parent
Finland	10 657 660,02	10 657 660,02	12 062 139,07	12 062 139,07
Sweden	4 257 795,50	1 837 213,08	4 921 603,91	1 626 838,13
Norway	1 059 349,34	420 209,54	1 209 199,13	522 026,00
Denmark	1 795 749,90	1 302 316,01	1 796 809,66	1 138 981,00
Poland	101 024,49	94 648,96	113 754,88	103 839,56
Other EU	2 192 636,93	1 481 021,26	1 699 239,17	965 920,55
Outside EU	4 855 274,73	1 476 534,32	3 667 327,17	1 115 219,65
Total	24 919 490,91	17 269 603,19	25 470 072,99	17 534 963,96

Other operating income	2023		2022	
	Group	Parent	Group	Parent
Management fees from group undertakings	0,00	957 102,00	0,00	829 235,00
Received subsidies	383 891,72	383 891,72	484 134,00	484 134,00
Other	48 972,82	0,00	8 008,52	0,00
Total	432 864,54	1 340 993,72	492 142,52	1 313 369,00

Exceptional items in the profit and loss statement

The company has booked a grant from Business Finland in 2023 totaling EUR 767 780,45, of which EUR 383 891,72 has been booked as other business income and EUR 383 888,73 has been booked as a reduction of development expenses. In 2022, a total of EUR 589 807,00 of the grant was recorded, of which EUR 484 134,00 was recorded as other business income and EUR 105 673,00 was recorded as a reduction of development expenses.

In addition, in 2023, Business Finland has decided not to collect EUR 240 737,00 of a granted loan capital. The item is recorded in other financial income.

Other exceptional items are restructuring costs, which total EUR 804 677,83 (in 2022, restructuring, corporate reorganization and write-down costs totaled EUR 911 149,20).

Raw materials and services

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

	2023		2022	
	Group	Parent	Group	Parent
Purchases during the financial year	-32 034,73	-32 034,73	-43 965,32	-43 910,17
External services	-8 170 694,99	-10 554 929,99	-7 634 597,67	-9 787 838,66
Total	-8 202 729,72	-10 586 964,72	-7 678 562,99	-9 831 748,83

Notes to the staff

Personnel expenses	2023		2022	
	Group	Parent	Group	Parent
Wages and salaries	-12 033 371,66	-5 246 710,37	-12 394 047,84	-5 257 250,16
Pension expenses	-1 188 073,95	-882 675,43	-1 347 927,08	-915 304,57
Other social security expenses	-833 384,61	-219 845,25	-914 919,97	-202 181,66
Total	-14 054 830,22	-6 349 231,05	-14 656 894,89	-6 374 736,39

Personnel	2023		2022	
	Group	Parent	Group	Parent
Average number of persons employed during the financial year				
White-collar	186	68	193	67

NOTES TO THE FINANCIAL STATEMENTS
Financial Review 1.1.2023-31.12.2023

Management salaries and fees

	2023		2022	
	Group	Parent	Group	Parent
CEO	-234 452,87	-234 452,87	-334 487,17	-334 487,17
Management team	-1 301 566,45	-1 127 263,12	-925 570,40	-925 570,40
Total	-1 536 019,32	-1 361 715,99	-1 260 057,57	-1 260 057,57

Remuneration of key personnel

The company has management-related statutory pension arrangements and commitments, which have been managed with a contribution-based pension insurance. The company's management has an option program and a long-term share-based incentive system. In 2022, the CEO's salary includes a severance pay.

Board members have been paid EUR 111 680,00 in fees in the 2023 fiscal year (EUR 100 426,00 in the 2022 fiscal year).

Auditor's fees

	2023		2022	
	Group	Parent	Group	Parent
Audit fees	-72 963,43	-43 056,00	-65 443,89	-37 151,50
Assignments referred to in the Audit Act 1 §:n 1 point 2	-1 800,00	-1 800,00	0,00	0,00
Tax consulting	-11 467,80	-11 467,80	0,00	0,00
Other services	-1 783,75	0,00	-3 082,23	-1 350,00
Total	-88 014,98	-56 323,80	-68 526,12	-38 501,50

Depreciation, amortisation and write-offs

	2023		2022	
	Group	Parent	Group	Parent
Depreciation and amortisation according to plan				
Development expenses	0,00	0,00	-192 265,17	-192 265,17
Machinery and equipment	-9 507,78	-7 172,98	-23 538,58	-9 563,97
Other tangible assets	-3 228,58	0,00	-6 321,20	0,00
Group goodwill amortisation	-182 479,72	0,00	-64 124,75	0,00
Reductions of capitalised long-term expenses	0,00	0,00	-536 672,42	-526 651,04
Total	-195 216,08	-7 172,98	-822 922,12	-728 480,18

Reductions of capitalised long-term expenses include write-downs of development costs.

Financial income and expenses

	2023		2022	
	Group	Parent	Group	Parent
Interest income from loans to group undertakings	0,00	200 136,26	0,00	117 936,81
Interest and other financial income	294 294,36	280 725,65	5 539,01	28,94
Foreign exchange gains	34 778,92	0,00	91 929,33	0,00
Financial income total	329 073,28	480 861,91	97 468,34	117 965,75
Reduction in value, other securities	60 084,56	60 084,56	-60 084,55	-60 084,55
Reduction in value, other securities	60 084,56	60 084,56	-60 084,55	-60 084,55
Interest expenses to group undertakings	0,00	-1 798,16	0,00	0,00
Interest expenses	-26 076,76	-25 997,61	-72 013,17	-38 098,52
Other financial expenses	-30 546,42	-30 546,25	-72 585,37	-71 169,06
Foreign exchange losses	-196 860,71	0,00	-275 068,31	0,00
Financial expenses total	-253 483,89	-58 342,02	-419 666,85	-109 267,58
Financial income and expenses total	135 673,95	482 604,45	-382 283,06	-51 386,38

Income taxes

	2023		2022	
	Group	Parent	Group	Parent
Income taxes on ordinary activities	12 270,47	0,00	-19 239,33	0,00
Total	12 270,47	0,00	-19 239,33	0,00

NOTES TO THE BALANCE SHEET ASSETS

Intangible / tangible assets	2023		2022	
	Group	Parent	Group	Parent
Development expenses 1.1.	472 709,01	472 709,01	1 373 195,71	1 373 195,71
Additions	742 272,91	742 272,91	162 733,64	162 733,64
Deductions	-383 888,73	-383 888,73	-1 063 220,34	-1 063 220,34
Acquisition cost 31.12.	831 093,19	831 093,19	472 709,01	472 709,01
Accumulated depreciations 1.1.	-415 648,37	-415 648,37	-654 279,50	-654 279,50
Accumulated depreciations related to the deductions	0,00	0,00	430 896,30	430 896,30
Depreciation of the financial year	0,00	0,00	-192 265,17	-192 265,17
Development expenses - book value 31.12.	415 444,82	415 444,82	57 060,64	57 060,64
Other intangible assets 1.1.	0,00	0,00	0,00	0,00
Additions	209 008,27	209 008,27	0,00	0,00
Acquisition cost 31.12.	209 008,27	209 008,27	0,00	0,00
Other intangible assets - book value 31.12.	209 008,27	209 008,27	0,00	0,00
Group goodwill 1.1.	1 538 993,95	0,00	0,00	0,00
Additions	201 743,40	0,00	1 538 993,95	0,00
Acquisition cost 31.12.	1 740 737,35	0,00	1 538 993,95	0,00
Accumulated depreciations 1.1.	-64 124,75	0,00	0,00	0,00
Depreciation of the financial year	-182 479,72	0,00	-64 124,75	0,00
Group goodwill - book value 31.12.	1 494 132,88	0,00	1 474 869,20	0,00
Machinery and equipment 1.1.	143 223,75	85 437,60	211 496,07	85 437,60
Translation difference	3 082,61	0,00	-5 121,02	0,00
Additions	2 924,02	0,00	10 687,47	0,00
Deductions	-8 906,56	0,00	-73 838,77	0,00
Acquisition cost 31.12.	140 323,82	85 437,60	143 223,75	85 437,60
Accumulated depreciations 1.1.	-106 515,43	-56 745,68	-150 977,29	-47 181,71
Translation difference	-3 043,05	0,00	4 183,05	0,00
Accumulated depreciations related to the deductions	2 360,34	0,00	63 817,39	0,00
Depreciation of the financial year	-9 507,78	-7 172,98	-23 538,58	-9 563,97
Machinery and equipment - book value 31.12.	23 617,90	21 518,94	36 708,32	28 691,92
Other tangible assets 1.1.	19 497,87	0,00	19 498,14	0,00
Translation difference	-18,00	0,00	-0,27	0,00
Deductions	-13 958,41	0,00	0,00	0,00
Acquisition cost 31.12.	5 521,46	0,00	19 497,87	0,00
Accumulated depreciations 1.1.	-14 755,02	0,00	-8 431,32	0,00
Translation difference	12,85	0,00	-2,50	0,00
Deductions	12 449,29	0,00	0,00	0,00
Depreciation of the financial year	-3 228,58	0,00	-6 321,20	0,00
Other tangible assets - book value 31.12.	0,00	0,00	4 742,85	0,00
Investments				
	2023		2022	
	Group	Parent	Group	Parent
Holdings in group undertakings 1.1.	0,00	8 673 149,94	0,00	7 529 538,26
Additions	0,00	301 741,06	0,00	1 143 611,68
Holdings in group undertakings - book value 31.12.	0,00	8 974 891,00	0,00	8 673 149,94

NOTES TO THE FINANCIAL STATEMENTS
Financial Review 1.1.2023-31.12.2023

Group companies

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

Group subsidiaries:	Country	Parent ownership		Group ownership	
		31.12.2023	31.12.2022	31.12.2023	31.12.2022
Digital Workforce Svenska AB	Sweden	100 %	100 %	100 %	100 %
Digital Workforce SP.Z.O.O.	Poland	100 %	100 %	100 %	100 %
Digital Workforce AS	Norway	100 %	100 %	100 %	100 %
Digital Workforce A/S	Denmark	100 %	100 %	100 %	100 %
Digital Workforce Services Ltd	UK	100 %	100 %	100 %	100 %
Digital Workforce Services, Inc.	USA	100 %	100 %	100 %	100 %
DWF Digital Workforce Services GmbH	Germany	100 %	100 %	100 %	100 %
Digital Workforce Ireland Limited	Ireland	100 %	100 %	100 %	100 %
The Eclair Group (Ireland) Limited	Ireland	0 %	0 %	100 %	100 %

Short-term debtors

	2023		2022	
	Group	Parent	Group	Parent
Trade debtors	4 498 262,87	2 291 109,63	4 428 068,09	2 240 592,03
Amounts owed by group undertakings	0,00	6 437 830,66	0,00	8 225 435,68
Other debtors	25 010,05	1 940,00	48 113,46	13 532,00
Subscribed capital unpaid	0,00	0,00	15 822,00	15 822,00
Prepayments and accrued income	3 541 020,51	3 418 437,79	3 688 916,16	3 502 649,49
Total	8 064 293,43	12 149 318,08	8 180 919,71	13 998 031,20

Amounts owed by group undertakings

	2023		2022	
	Group	Parent	Group	Parent
Trade debtors	0,00	2 950 642,69	0,00	5 061 437,71
Other debtors	0,00	3 487 187,97	0,00	3 163 997,97
Total	0,00	6 437 830,66	0,00	8 225 435,68

Other receivables include a EUR 1,7M receivable from Digital Workforce Ireland Limited, which is related to the acquisition of The Eclair Group (Ireland) Limited. Short-term receivables also include unpaid interest receivables accrued on loans.

Materials items included in the prepayments

	2023		2022	
	Group	Parent	Group	Parent
Accrued personnel expenses	13 703,09	13 703,09	2 339,35	2 339,35
Prepaid license fees and other expenses	3 386 530,27	3 268 897,25	3 131 179,62	2 980 773,14
Accrued Business Finland subsidy	135 837,45	135 837,45	519 537,00	519 537,00
Other prepayments and accrued income	4 949,70	0,00	35 860,19	0,00
Total	3 541 020,51	3 418 437,79	3 688 916,16	3 502 649,49

Material items included in the cash assets

	2023		2022	
	Group	Parent	Group	Parent
Muut arvopaperit	7 721 943,48	7 721 943,48	8 621 895,21	8 621 895,21
Rahat ja pankkisaamiset	5 481 157,04	1 475 610,57	9 516 876,43	2 894 872,78
Total	13 203 100,52	9 197 554,05	18 138 771,64	11 516 767,99

During the financial year, the company has invested funds in a short-term investment fund, which aims to obtain a risk-free return. The funds can be liquidated if necessary.

NOTES TO THE BALANCE SHEET EQUITY AND LIABILITIES

Equity	2023		2022	
	Group	Parent	Group	Parent
Restricted funds				
Share capital 1.1.	80 000,00	80 000,00	80 000,00	80 000,00
Share capital 31.12.	80 000,00	80 000,00	80 000,00	80 000,00
Restricted funds total	80 000,00	80 000,00	80 000,00	80 000,00
Unrestricted funds				
Invested unrestricted equity reserve 1.1.	28 010 653,69	28 010 653,69	27 964 555,69	27 964 555,69
Additions	0,00	0,00	46 098,00	46 098,00
Deductions	-21 195,70	-21 195,70	0,00	0,00
Invested unrestricted equity reserve 31.12.	27 989 457,99	27 989 457,99	28 010 653,69	28 010 653,69
Translation difference 1.1.	116 344,69	0,00	28 324,89	0,00
Change in translation difference	24 850,78	0,00	88 019,80	0,00
Translation difference 31.12.	141 195,47	0,00	116 344,69	0,00
Retained earnings (loss) 31.12	-12 767 854,27	-2 473 215,32	-9 758 727,22	-1 568 078,19
Profit (loss) for the financial year	-696 515,30	185 274,23	-3 009 127,05	-905 137,13
Unrestricted funds total	14 666 283,89	25 701 516,90	15 359 144,11	25 537 438,37
Equity total	14 746 283,89	25 781 516,90	15 439 144,11	25 617 438,37
Calculation of distributable funds				
	31.12.2023	31.12.2022		
Invested unrestricted equity reserve	27 989 457,99	28 010 653,69		
Retained earnings (loss)	-2 473 215,32	-1 568 078,19		
Profit (loss) for the financial year	185 274,23	-905 137,13		
- Capitalized development expenses	-415 444,82	-57 060,64		
Distributable funds total	25 286 072,08	25 480 377,73		

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

The Board proposes that the loss of EUR 185 274,23 for the financial year will be transferred to retained earnings account and no dividends will be paid.

NOTES TO THE FINANCIAL STATEMENTS
Financial Review 1.1.2023-31.12.2023

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 11 251 128 (11 182 788). The company has one share class. 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.

The issuance of special rights has been decided on 26 April 2022. The maximum number of shares to be issued with the rights is 70 652.

After the end of the financial year, shares were subscribed for with stock options 2017 and 2020. A total of 13 200 Digital Workforce Services Plc's new shares has been subscribed for with the company's stock options 2017 and 2020 on 31 December 2023. A total of 4,875 company's new shares has been subscribed for with the company's stock options 2017 and a total of 8,325 company's new shares has been subscribed for with the company's stock options 2020. For subscriptions made with the stock options 2017 and 2020 the entire subscription price of EUR 5,875.00 will be entered in the reserve for invested unrestricted equity.

After the trade registration the total amount of shares is 11,264,328.

The shares subscribed for under the stock options 2017 and 2020 have been registered in the Trade Register on 16 February 2024, as of which date the new shares will establish shareholder rights.

Authorization

The Annual General Meeting has on 14 October 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.

Yhtiökokous valtuutti hallituksen päättämään Yhtiön omien osakkeiden hankkimisesta yhdessä tai useammassa erässä seuraavasti:

Hankittavien omien osakkeiden lukumäärä voi olla yhteensä enintään 1 118 278 osaketta. Ehdotettu osakemäärä vastaa noin 10 prosenttia Yhtiön kaikista osakkeista yhtiökokouksen kutsun päivämääränä. Omia osakkeita voidaan valtuutuksen nojalla hankkia vain vapaalla omalla pääomalla. Hallitus päättää, miten omia osakkeita hankitaan. Hankinnassa voidaan käyttää muun ohessa johdannaisia. Omia osakkeita voidaan hankkia muuten kuin osakkeenomistajien omistamien osakkeiden suhteessa (suunnattu hankkiminen). Omia osakkeita voitaisiin hankkia hankintapäivänä Nasdaq Helsinki Oy:n järjestämässä julkisessa kaupankäynnissä muodostuvaan hintaan.

Valtuutus on voimassa seuraavaan varsinaiseen yhtiökokoukseen saakka, kuitenkin enintään 30.6.2024 saakka.

Tilikauden alkaessa Digital Workforce Services Oyj omisti omia osakkeita 0 kappaletta ja hallitukselle annetun valtuutuksen perusteella tilikaudella hankittiin omia osakkeita 13 829 kappaletta.

Performance-based Matching Share Plan

The company has a long-term performance-based matching share plan, which was introduced at the time of the IPO. The purpose of the incentive plan is to align the objectives of Digital Workforce's shareholders and key employees to increase the value of the company's shares over the long term, to engage key employees in the implementation of the company's strategy and to provide them with a competitive remuneration scheme based on the earning and accumulation of the company's shares.

The incentive plan is based on a participant's investment in the company's shares, which allow the participant to earn additional shares as a reward for continued share ownership and continued employment and for achieving performance-based goals set by the Board of Directors. The plan consists of vesting periods 2022-2024, 2023-2025 and 2024-2026. The Board of Directors of the company separately determines the vesting criteria, the targets to be set for each criterion, the target group of the incentive plan and the vesting opportunity for each vesting period. The potential reward for each performance period will be paid in the form of company shares after the end of the performance period. If the key person's employment ends before the award is paid, the award will not normally be paid.

The Board of Directors has decided not to launch the performance period 2024–2026. The plan's ongoing performance periods 2022–2024 and 2023–2025 will continue unchanged.

NOTES TO THE FINANCIAL STATEMENTS
Financial Review 1.1.2023-31.12.2023

	2023		2022	
	Group	Parent	Group	Parent
Non-current liabilities				
Loans from credit institutions	754 225,50	754 225,50	2 271 371,00	2 271 371,00
Total	754 225,50	754 225,50	2 271 371,00	2 271 371,00
Due in over 5 years	0,00	0,00	150 000,00	150 000,00
Current liabilities				
Loans from credit institutions	201 408,50	201 408,50	243 000,00	243 000,00
Advances received	2 616 680,79	798 179,87	3 825 877,12	1 925 920,13
Trade creditors	1 437 839,72	1 345 214,93	1 914 096,71	1 748 827,53
Amounts owed to group undertakings	0,00	217 015,87	0,00	222 906,99
Other creditors	1 674 643,18	656 245,15	1 941 407,23	677 871,34
Accruals and deferred income	2 003 479,11	1 213 928,44	2 283 081,15	1 566 366,33
Total	7 934 051,30	4 431 992,76	10 207 462,21	6 384 892,32
Amounts owed to group undertakings				
Trade creditors	0,00	201 766,19	0,00	210 177,99
Other creditors	0,00	15 249,68	0,00	12 729,00
Total	0,00	217 015,87	0,00	222 906,99
Materials items included in the accruals				
Accrual of personnel expenses	1 384 570,98	947 580,86	1 770 058,58	1 305 876,76
Interest	6 790,92	6 790,92	11 970,02	11 970,02
Other accruals	612 117,21	259 556,66	501 052,55	248 519,55
Total	2 003 479,11	1 213 928,44	2 283 081,15	1 566 366,33

In 2022, advances received were reported under accruals and deferred income. For 2023, they have been reclassified to correct category of accounts, and the figures for 2022 have been adjusted.

NOTES TO THE FINANCIAL STATEMENTS
Financial Review 1.1.2023-31.12.2023

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 12,9M in 2023 and EUR 12,6M in 2022. Deferred tax assets are presented in the table below.

	2023		2022	
	Group	Parent	Group	Parent
Deferred taxes	2 654 615,40	473 203,75	2 604 538,14	501 404,12
Total	2 654 615,40	473 203,75	2 604 538,14	501 404,12

The losses for 2023 have not yet been approved by the tax authorities in any of the group companies. The 2023 net losses account for EUR 84 537 of the total deferred tax assets.

The losses for 2022 have been corrected according to the final tax calculations.

Collateral, contingent liabilities and other liabilities

Off-balance sheet financial liabilities

Lease liabilities for premises

	2023		2022	
	Group	Parent	Group	Parent
Payable in the next financial year	213 351,30	79 353,60	473 846,13	157 519,68
Payable later	91 390,00	0,00	403 380,64	78 159,84
Total	304 741,30	79 353,60	877 226,77	235 679,52

The lease liabilities for premises per 31.12.2022 have been updated.

Other leasing liabilities

	2023		2022	
	Group	Parent	Group	Parent
Payable in the next financial year	81 520,74	78 091,92	69 953,44	61 297,98
Payable later	84 437,80	84 437,80	57 333,30	54 448,14
Total	165 958,54	162 529,72	127 286,74	115 746,12

Other liabilities

	2023		2022	
	Group	Parent	Group	Parent
Loans from credit institutions 31.12.	0,00	0,00	1 200 000,00	1 200 000,00
Business mortgages pledged as collateral	1 400 000,00	1 400 000,00	1 400 000,00	1 400 000,00
Total	1 400 000,00	1 400 000,00	1 400 000,00	1 400 000,00

After repayment of the financial institution loan, business mortgages are no longer collateral for any loans.

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 2022 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

The company announced on 8 January 2024 that Leon Stafford left his position as Head of Sales UK & Ireland on 12 January 2024 and continued his career outside Digital Workforce. In addition, the company announced on February 8, 2024, the appointment of Karli Kalpala as Head of Region UK & Ireland and Head of Strategy Transformation.

The company announced on February 8, 2024, that the Board of Directors decided not to commence the Performance Period 2024–2026 of the Plan. The Board of Directors of Digital Workforce Services Plc established a Performance-Based Matching Share Plan in 2021 for the key employees of the company. The key terms of the Performance-Based Matching Share Plan 2022–2026 were published by Initial Public Offering Prospectus on 18 November 2021. The company has announced the commencement of the Performance Period 2023–2025 on 1 February 2023. The ongoing Performance Periods of 2022–2024 and 2023–2025

Signatures of the Board report and the Financial Statements

Place: _____

Date: ____ : ____ : _____

Vasama Jussi Samuli
CEO

Bergqvist Jukka Tapani
Chairman of the Board

Ahopelto Timo Mika Juhani
Board member

Auramo Marika Tuulikki
Board member

Länsisyrjä Heikki Juha Tapio
Board member

Mikkola Juha Väinö Tapani
Board member

Niemistö Leena Katriina
Board member

Virkkunen Jukka Tapani
Board member

Auditor's note

Our auditor's report has been issued today.

Place: _____

Date: ____ : ____ : _____

KPMG Oy Ab

Aaltonen Toni Kalervo, KHT

