

Digital Workforce Services Plc: Business Review January 1 - September 30, 2024: The company achieved profitable growth of 10% in the third quarter, strategically important Continuous Services revenue grew by 16%

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Company Announcement November 1, 2024 at 8am EET

Business Review January 1 - September 30, 2024 (unaudited)

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

THE COMPANY ACHIEVED PROFITABLE GROWTH OF 10% IN THE THIRD QUARTER, STRATEGICALLY IMPORTANT CONTINUOUS SERVICES REVENUE GREW BY 16%

The company continued on a strong trajectory in line with its strategy, supported in particular by the growth of Continuous Services. A strong portfolio of projects in the Healthcare sector, both in long-term and new client relationships, underpinned the success.

July-September 2024:

- Revenue was EUR 6.6 (6.0) million and increased by 10.0 %.
- EBITDA was EUR 0.2 (-0.1) million and adjusted EBITDA EUR 0.2 (0.1) million.
- Operating profit was EUR 0.1 (-0.1) million.
- Revenue from Continuous Services was EUR 4.4 (3.8) million and increased by 16.4 %. The percentage of revenue was 66.8 % (63.1 %).
- Revenue from Professional Services was EUR 2.2 (2.2) million and decreased by -0.9 %. The percentage of revenue was 33.2 % (36.9 %).
- Earnings per share (EPS) amounted to EUR 0.02 (0.00).

January-September 2024:

- Revenue was EUR 20.2 (18.5) million and increased by 9.0 %.
- EBITDA was EUR 0.7 (0.1) million and adjusted EBITDA EUR 0.7 (0.4) million.
- Operating profit was EUR 0.4 (-0.1) million.
- Revenue from Continuous Services was EUR 12.7 (11.4) million and increased by 11.6 %. The percentage of revenue was 62.8 % (61.3 %).
- Revenue from Professional Services was EUR 7.5 (7.2) million and increased by 4.8 %. The percentage of revenue was 37.2 % (38.7 %).
- Earnings per share (EPS) amounted to EUR 0.05 (0.01).
- At the end of the reporting period, cash and bank receivables and other liquid assets were at EUR 11.6 (12.7) million.
- The number of employees at the end of the reporting period was 183 (185) and the average number of employees was 178 (188).

Other events during the period

- On January 8, 2024, the company announced that Leon Stafford will leave his role as Head of Sales UK & Ireland on January 12, 2024 to pursue a career outside Digital Workforce.
- On January 15, 2024, the company signed a 3-year contract with a well-known global engineering company. The contract is estimated to be worth a minimum of EUR 0.8-1.2 million over the contract period.
- On February 8, 2024 the company appointed Karli Kalpala as Head of Region UK & Ireland and Head of Strategy Transformation.
- On February 9, 2024 Digital Workforce was selected to implement two major data migration projects for the Central Uusimaa Wellbeing Services County (Keusote). The projects have a combined value of EUR 0.6 million and an estimated duration of 12 months.
- The company completed the acquisition of the company's own shares on March 20, 2024. Digital Workforce acquired 75 358 own shares with a total value of EUR 249 980.15 and an average price of EUR 3.3172.
- On April 3, 2024, the company announced the appointment of Juha Nieminen (Master of Science – MS, Industrial Engineering and Management) as Head of Sales Finland & Group Sales Operations and a member of the Management Team starting 8 April 2024.
- On April 23, 2024, the company announced receiving a significant order from an existing client for professional services in the United States worth approximately EUR 2.7 million for the next 12 months.
- On May 7, 2024, the company announced that based on the authorization given by the Annual General Meeting on 11 April 2024, 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 200 000.
- On May 13, 2024, the company announced that Juha Järvi (MSc (Econ)) will leave his position as Global Head of Healthcare and his seat as a member of the Management Team as of 2 August 2024 to pursue his career outside Digital Workforce Services.
- On June 28, 2024, the company received a contract worth EUR 1.4 million from the Pirkanmaa Wellbeing Services County for the transfer of active social care customer data.
- The company shared on July 2, 2024 about a strategic partnership with [Sema4.ai](#) to Deliver AI Agents on its Outsmart Platform.
- The company completed the acquisition of the company's own shares on August 27, 2024. Digital Workforce acquired 48 083 own shares with a total value of EUR 199 856.30 and an average price of EUR 4.156486. After the acquisitions, Digital Workforce holds a total of 123 441 own shares, corresponding to approximately 1,10% of the total number of shares.

Outlook for 2024 (unchanged)

Digital Workforce's full-year 2024 revenue is expected to be higher than in 2023 and adjusted EBITDA is projected to be positive and improve compared to 2023.

Key Figures

1 000 euros	7-9/2024	7-9/2023	Change %	1-9/2024	1-9/2023	Change %	1-12/2023
Net sales	6 550	5 955	10.0%	20 213	18 545	9.0%	24 919
Professional Services net sales	2 177	2 197	-0.9%	7 520	7 173	4.8%	9 693
Continuous Services net sales	4 373	3 758	16.4%	12 693	11 372	11.6%	15 226
Continuous Services' share of net sales	66.8 %	63.1 %		62.8 %	61.3 %		61.1 %
Gross profit	2 151	2 002	7.4%	7 207	6 314	14.1%	8 226
% of net sales	32.8 %	33.6 %		35.7 %	34.0 %		33.0 %
EBITDA	176	-74	-339.3%	668	66	907.5%	-649

% of net sales	2.7 %	-1.2 %		3.3 %	0.4 %		-2.6 %
EBITDA adj. *	213	91	133.7%	706	399	76.7%	155
% of net sales	3.3 %	1.5 %		3.5 %	2.2 %		0.6 %
EBIT	108	-120	-190.4%	414	-83	-596.6%	-844
% of net sales	1.7 %	-2.0 %		2.0 %	-0.4 %		-3.4 %
Net income	205	-43	-576.2%	528	145	263.6%	-697
EPS. eur	0.02	0.00		0.05	0.01		-0.06
Personnel at the end of the period	183	185		183	185		177
Average number of personnel	180	184		178	187		186

* The EBITDA adjustment consists of restructuring costs in 2023 and 2024.

CEO Jussi Vasama:

"We continued on our growth path also in the third quarter. Our revenue grew by 10% and I am particularly pleased with the growth of 16% in our Continuous Services. Profitability also improved significantly compared to the comparison period, which was a very good performance for the company in a weak and uncertain market environment. We successfully launched several new projects during the summer holiday period and grew our healthcare business and our team of industry experts as planned.

Our position as an industry leader, our continuous service business model and our Outsmart hyperautomation platform enable the agile deployment of AI agents as part of our customers' automation solutions. We accelerated our development investment in Enterprise AI Agents based on generative AI. We believe that in the future, autonomous AI agents will be an integral part of Business Process Automation (BPA). Our unique model helps our customers to build, test and deploy AI agents quickly and efficiently. Rapid and determined deployment of AI agents as part of business process automation brings our customers significant competitive advantages in the short term.

In Social Services and Healthcare sector, we won important new customers in the third quarter and were successful in contract extensions, especially in Finland and the UK. We are currently conducting a study to identify the productivity potential of hyperautomation in Wellbeing Services Counties. Preliminary results show that with hyperautomation we can substantially improve productivity and operational capacity in Wellbeing Services Counties, responding rapidly to adjustment pressures and deficits. Our full report will be completed in the course of this year.

The company has successfully implemented its profitable growth strategy through 2024 in a weak market environment. I see us well positioned to continue on a strong trajectory to the end of the year."

Post-Report period events

No significant events after the reporting period.

This is not an interim report pursuant to the IAS 34 standard. The company adheres to the semiannual reporting arrangement laid down in the Securities Markets Act and publishes business reviews for the first three and nine months of each year, which present the key information on the company's financial development. The financial information provided in this business review has not been audited. Unless otherwise stated, the figures in parentheses refer to the corresponding period of the previous year.

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About Digital Workforce Services Oyj

About Digital Workforce Services Plc

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. Digital Workforce is publicly listed in Nasdaq First North Growth Market Finland.

<https://digitalworkforce.com>