

## PRESENTATION

### Minttu Vilander

Hi Welcome to all of you for the presentation. My name is Minttu Vilander, and I'm here with our CEO, Pekka Eloholma, and CFO, Heidi Karlsson.

Today, if you want to ask questions, you can ask them via this chat box, and I will ask then the questions at the end of this presentation. If you want to ask your questions yourself, you need to use our telephone service. You can find the numbers in the release.

But without any further ado, please, Pekka, you can continue.

### Pekka Eloholma

Thank you. Welcome, all. As you can see here from the first headline, we had a strong Q4, and especially glad we are to report that we got back to the clear organic growth track. Here is the agenda for our presentation here with Heidi and Minttu:

First, some key takeaways, and then, the financial review - that will be done, then, by Heidi. Then, some business highlights developments there. Minttu will shortly present our proceedings with the sustainability new programme, which goes to 2025. Then, our proceeding on the M&A track - I will tell that, how we are going with our innovative path, the Smart City Lab, what has been done there. As you know, a new CEO is coming - some thoughts on that - and then, our dividend proposal and market outlook as well, the guidance. Then, we have time for your questions. Let's start.

So, strong performance Q4, as we expected. Throughout the whole year, we were saying that the market was really picking up, and that was really, really the case. Our top line increased by almost 20%, and the organic growth, which I already mentioned, that was clear 6% overall for the whole company. We are really delighted about that. Then, our profitability: that was improving, and also the adjusted EBITA - we reported €5.6 million, which was a really clear improvement compared to Q4 last year. The market is picking up, and we have been active there with our sales efforts, and we are really glad to report that our order book is once again on the all-time high level. The improvement compared to one year back is 41%.

M&A pipeline is strong. As you know, that is also a big agenda for us, to drive that further on. And from the start of Q4 till today, we have been closing four new acquisitions, and we will then come back to that later on this presentation. And then, really a big thing that was during Q4 that we really went above the 2,000-specialist level in our company. So, we are now over 2,000 really, really motivated, inspired and high-level specialists in the company.

And now we will start with the financial review, and I will give over to Heidi, please.



## Heidi Karlsson

Thank you, Pekka. We are very pleased with our financial performance in Q4. Our net sales, as well as profitability and cash flow, developed very positively in the last quarter of 2021. As Pekka stated, our net sales in Q4 grew by close to 20% and was more than €50 million. For the whole year, we almost reached a little bit short of €180 million, but the growth year-on-year was - and when we look at the whole year - was more than, was 12% compared to our 2020. And here, we can clearly see that, throughout the year, in the first half, our growth was around 7% - 8%, but it really took off, accelerated in the second half of 2021, when we reached 15% growth in Q3, and now, close to 20% in Q4.

When we look at our profitability, the adjusted EBITA, we had even higher growth. The 5.6 million is more than 40% higher than in Q4 2020.

For the whole year 2021, we reached an EBITA adjusted of more than 21 million, which is also above the 2020 number. The so-called relative profitability, or our EBITA margin, fell short of 2020, but here, we have to remember that 2020 was a very unusual, exceptional year due to the COVID outbreak and many of the sales activities not taking place, as well as we received some support from the government, which lowered our costs significantly in 2020.

Normally and historically, we can say that at the end of the year, we tend to generate very strong cash flow. And last year was not an exception to this. We had very strong cash flow at the end of the year, which then resulted in a lower net debt end of the year as well as on a leverage of 1.4, which is now at the same level as we had after the IPO in the spring after Q1. Our levels increased a little bit in Q2 and Q3, but now dropped down to the level of 1.4. And we have a very strong cash position at the end of the year, which we have been able to then utilise for the acquisitions that Pekka mentioned about at the year end.

So, let's take a look at our quarterly numbers. Last year, we have been able, each quarter, to report a record high order book. And the last quarter Q4 was not an exception to this. Our order book - 162 million - is 41% higher than we had at the end of 2020, and 6% higher than we had at the end of Q3. And this is a clear sign of higher market activity as well as a successful sales work from our employees. What is also very good is that, in all of our business areas, the order book has been growing last year, and we have a very solid and strong order book in all of them. The growth in Q4 in our order book was mainly related to the infrastructure business area, where we received a couple of very big projects: one new project and one project extension.

In terms of net sales, our last quarter is our record quarter. The 51 million is the highest quarter we have ever had in terms of net sales. And here it is also a good sign that we had growth in all of our business areas. And as Pekka said, this high growth percentage is consisting both of acquired sales as well as, then, organic growth, which is very important for us. In terms of profitability in Q4, we made 5.6 million, which is clearly above the fourth quarter in 2020.



In terms of the relative EBITA margin that we were showing, we were showing 1.0% in Q4. It's a little bit less than we had had, for example, in Q3. And although the utilisation rate was on the same level as we have had in Q3, but here we have to remember that when we look at the profitability, there are many factors impacting it, for example, our project and product mix, as well as, then, how much our people are taking holidays or sick leave, and then also, what was a little bit higher now in Q4 as we were going back to the normal. So, there were all a little bit more activities for our personnel, which we have not been able to have in the previous quarters, for example, also in the year of 2020. Nevertheless, we are still very pleased that we are able to maintain the strong high profitability as we are growing with a good base.

This slide should be familiar to many of you who have been following us up to here. We can clearly see that we have the four business areas: we have Buildings and Infrastructure as the big ones. But then, what has happened now, during the last year especially, is that there has been a significant growth in our business area of Digital Solutions as well as in Sweden. And this is exactly according to our strategy, that we do want to have a very well-balanced portfolio of business areas, and we are on a very good path also towards this goal.

As stated earlier, our group net sales growth - or the increase - year-on-year was close to 20%. And here, we then have a breakdown of it to our business areas. And we can see here that we have actually two-digit growth in three of our business areas, and also in Infra, close to 10% growth. And these are, of course, some numbers we are very happy about. And as also Pekka said, these are very much financially performing. All of these business areas are performing well. And we have in three of our business areas, we had strong organic growth, boosting these numbers that we are showing here.

So, next, I would like to hand over to Pekka, who will tell more then about the development in the different business areas.

## Pekka Eloholma

Let's start from the left. That's the Buildings business area. Really glad about the development. At last, we are able to report here, tell to you that we got back to the organic growth track there at our Building business area. A lot of effort was been put on that, and the market is favourable for us. Order book was also improving clearly, and we are really, really glad that we've got really many, many significant small and medium-scale projects. That is the day-by-day work we are doing there with high-quality deliveries to customers, and we are active there and really, really facing the customer day by day. And that is really, really, really nice outcome out of that.

Infrastructure. The second one. Really, once again, solid performance. Nice growth there. And most of that growth you just show and what Heidi was telling: 8% during Q4 on our Infrastructure side. Most of that was organic. So, that was really excellent performance there.

Digital Solutions. The third one. Really remarkable growth, as you saw. Market is favourable, and we have really reached the position to be one of the leading recognised



players when it comes to digital solutions to the built environment. And we are really competing against the big and small, or medium-sized, IT-known, recognised IT vendors in Finland, and now also in Sweden. And we have been successful there. And we've got nice proceedings there, with the home area somehow with the public segment and also big thing here was that there were really nice, new entries to the private sector. That means the forestry industry as well as the wind power area.

And Sweden. Really remarkable growth, as you saw already. During Q4, Jonas Larsson started as the new Head for our Swedish operations there. That is a remarkable thing, and there was really good growth in Sweden, and now we are continuing to deliver that profitable growth in Sweden by organic growth, organic means as well as with we will have a really high agenda for M&A there in Sweden.

And then, having said that, also a big year for our Swedish operations this time in 2022, which we have now started is that our target is to combine our activities under one umbrella, what comes to the brand, and what comes to the company. So, there will be, at the end of the year, there will be Sitowise Sweden as a united company to go further on now with our activities in Sweden.

And then, some other highlights. We actually launched our new sustainability programme. And Minttu, who is responsible for our sustainability development and work there, Minttu will present that for you. Minttu, please?

## Minttu Vilander

Thank you, Pekka.

We published our new sustainability programme in the end of last year. And it's a programme that goes until 2025. And we set four targets to ourselves - two internal, and two external and the targets are based on a couple of surveys that we did. We did surveys to our employees, to our clients, and we also had a survey for the big audience so that we would understand what is important in the sustainability sector that we should take into consideration when doing this programme.

And the first two targets that we have are internal, as I said. The first one is that we want to be carbon-neutral before 2025. And this is an important target to us, even though our carbon footprint is not that big. But it is important because we sell this service also to our customers, we tell them how to do it. So, it is important for us to do it ourselves, too. And how we are going to do it is that we will change our ways of working so that we will be more carbon-neutral during next years. And then, in the end of this time period, we will also compensate so that 2025, we will be carbon-neutral.

Then, the second one, second internal target that we have here is based on the fact that our success is based on the people that we have here in Sitowise. So, we want to be the most equal workplace, and we want our people to be wellbeing because we see that if we succeed in this, we will get the best talent and we will also make sure that our projects are done with the best quality. So, that is the reason why we see that this is really important to us. One other thing and target under that target is that we also



want to concentrate on diversity of our employees because we make the built environment better and people who live in the built environment are different, so we want to make sure that the people who plan the built environment are from different backgrounds, too.

Then, the two other targets are external. And the first one is that we aim for sustainable economic growth. And this, of course, means that our clients expect us to understand sustainability and how sustainability regulation affects on the business that we have, and how it affects on the built environment and the projects that we have there. So, we need to understand what kind of new services we need to have to make sure that we will have that growth. And the other thing is that the services that we already have, how to make them more sustainable.

We see that there is a big business potential, and that's why we also emphasised in this programme that we want to also have innovations and innovation activities targeted through sustainable services. And one other thing is, of course, important to us, and it's the regulation, for example, EU taxonomy, that for the first time this year, we will report also under that. And we want to make sure how that affects us, and also our clients.

And the last target that we have here is the thought [ph 00:21:24] leadership. We see that there is a place and a need also for thought leadership in sustainability in our business. So, we see that we want to be the one company who understands sustainability the best. And what we need to do to be able to do that is that we need to make sure that all our employees, not just those who work with the sustainable services, but all of them, understand what sustainability means in the built environment, how it changes the way we need to work, how it changes the way we need to help our clients.

So, here it is in a nutshell, the sustainability programme. Thank you.

## Pekka Eloholma

Thank you, Minttu. And then, to our M&A activities, as I said in the beginning of the presentation that we have been active there and this is a big part of our thinking, our DNA, and how we are going for that [ph 00:22:38], added to the organic growth. And since the start of Q4, we have now closed four acquisitions, as you can see here. Altogether, it's 44 new high-level, high-skilled, committed, inspired specialists we have got into the Sitowise family. That is the big thing. And then, these are altogether representing around €5 million revenue for us.

And just shortly, there are the two first ones: Livair and Jorma Jääskeläinen. They are consulting companies in the Building business area in Finland. The first one, Livair, the competence area is HPAC consulting - five employees there. Then, Jorma Jääskeläinen, the focus area is the structural engineering for the buildings. And an especially important thing here for us is that they have really a good foothold there on the Tampere area, and that is strengthening our offering and delivery capacity there.



And then, the third one: VRT. Now, we're talking about the infrastructure consulting business in Finland. And this company really has a special skill set. They are inspecting and modelling with the 3D data models the below-water structures and also the water structures, and then making the analyses on that. And there are 13 specialists also here, and the net sales was 1.3 million last year.

And then, the last one: Mavacon. Now, we are talking about business operations in Sweden, a company with 13 specialists specialising on the Infra side there. And there in the Infra side, really, the core competences are the design and consulting services for road, land, and water. And then, this is what we have closed. And then, what comes to our M&A pipeline, that is really in good shape, I can tell you, and we are working with the new target companies in every stage of our pipeline, really, really actively, as we have done so far.

Then, in our last release, the Q3 release, we launched the Smart City Lab, and that is the innovation [? 00:25:32] inside Sitowise. And here, the target is, as I said last time, that we are now starting to build a R&D platform for Smart City scheme. We are driving that. The first step is the internal activities, but then, further on, the target is really to make this platform as a leading Smart City development platform, services development solutions development platform on the Smart City area. That means that then we are inviting external partners, external customers to that platform.

But the first step was that we started this with the internal competition, and we got over 100 really, really good business initiatives development, ideas to develop new services to our portfolio. And we have now selected 16 out of them, and we are now continuing our development work with these 16 ideas, and we will then report to you later on, and we will be really glad to report to you later on, then, the outcomes when we are getting here further.

The focus areas for this Smart City Lab and the whole innovative R&D initiative are, as you can see, the smart buildings, then the sustainability as a service, as a solutions. That area, that is real potential. There are new ideas coming into the scheme every day, every week, and we are active there. We see that really as a big potential for our further growth.

And then, the third one is the smart and sustainable mobility, where we have been active. And that is now the focus area also here. But we will come, then, later on, on this when we will have the results.

New CEO, Heikki Haasmaa. We actually published this news early January this year, about two months ago, and Heikki has now started to study our operation, our company, our people. And he will, then, as you will see here and you know, that he will, then, start latest two months from now, and that means the beginning of May. And until that day, I will be here, and I will be running the company. And that will be really a smooth transition then to give over to Heikke. And I'm really, really glad that we were able to recruit Heikke. He's a personality. And from the track with what he has done and the experience and the way he's approaching the customers and, especially, the



people, specialists, that is really the Sitowise way. And that is a good continuity for the company.

And then, to our dividends proposals here. I will give over to Heidi.

## Heidi Karlsson

Our Board decided yesterday to propose a dividend of €0.10 per share. And this is approximately 30% of our net result when it has been adjusted for the IPO costs that have been booked to our P&L. The Board's proposal is in line with the dividend policy that was approved last spring, and it is also taking into account our growth strategy - there, of course, the acquisitions, they play a vital role. This dividend proposal is still, of course, a proposal, and it is conditional for the AGM approval; our AGM will convene on the 20th of April. And if there comes the green light, the dividend will be distributed at the end of April. And as we have a little bit more than 35 million shares, it will mean that we will be distributing 3.5 million in dividends at the end of April.

## Pekka Eloholma

Then, the last part of our presentation is the market outlook. And after this, we are then coming to our guidance. The market outlook is favourable for us, as we have said many times. In each of our business areas, the market is now growing clearly. And that is really, really a good thing. It started during last year, and that has now been the case, and that is what we feel and see, the activity there, with our customers, the existing customers and with the focus on new ones. So, there's a lot of activity, and really I would like to underline that in each business area, that is the case.

And we all know this sad thing what now is happening there in Ukraine. The Russian military activity caused that. And that's really a sad, sad thing. And we all know that can have some impact on the financial environment in the European level, at least. But how that will, then, impact to our area, we don't know. But basically, really we see that the market is now favourable, and we can continue with that. And when the market is in good shape, and our operation is also in good shape, we are back on the organic growth track, order book is good, utilisation is right, the quality delivery is in good shape, as well as the sales activity in each business area.

We are now giving our first guidance in our history. And as you can see, the guidance is that we estimate that both the net sales and the adjusted EBITA will increase, when we are talking about euros, that they will increase, 2022, when we compare to 2021.

So, that is the guidance, and that ends up our presentation here. And now, Operator, we are ready for the questions.





## Q&A

Minttu Vilander

We have a couple of questions here at the chat. From Olli Koponen from Inderes, there is a question here: 'Order book has been growing nicely for a few quarters. How much of this do you think will materialise this year?'

Heidi Karlsson

I think we have been asked this question in the past as well. Our order book consists of a mixture of projects. We have projects that can go on for up to three years, and then we have projects that are realised within three weeks or three days. Therefore, it is a mixture. But as stated, it is on a very, very high level currently, the majority, but we're not giving this kind of number out currently; we are not disclosing that number.

Minttu Vilander

And also, another question about the order book: 'How does order book growth divide to organic and non-organic growth?'

Heidi Karlsson

The majority is organic growth.

Minttu Vilander

And then, one more question from Olli: 'Can you comment the inflation and its effect on you during Q4?'

Heidi Karlsson

If you think about the inflation as such, when it comes to the salaries, there hasn't been salary increases in Q4. We do our annual salary increases normally, or we revise our salaries in the beginning of the first quarter, normally. And of course, we are working in order to get our customer prices adjusted, based on the contracts that we are entitled to. So, that normally takes place, then, throughout the whole year, and in that sense, have an impact normally more at the end of the year.

Minttu Vilander

Thank you, Heidi. Then, we have questions from Robin [? 00:36:20]. Here is a question about M&A: 'You mentioned that the M&A guideline is strong. Would it be realistic for you to acquire as many companies as in 2021?'





Pekka Eloholma

If I remember right, we acquired - was it, eight companies?

Heidi Karlsson

Yes, one at the year end. So, it is a little bit--

Pekka Eloholma

OK. eight, plus, maybe, one. But that is what we did last year. And certainly, our target is to be active there, and in every topic which is in our strategy, we'll try to be even more efficient. So, basically, short answer is that, yes.

Minttu Vilander

Then, there is another question about inflation: 'Will it be more challenging to reach the margin target this year because of the inflation?'

Heidi Karlsson

Like I said, if you think about our company and our cost structure, the inflation, as we can see it, of course impacting partially our personnel costs as well as, then, there are some index adjustments also in the premise costs, and so forth. But here, I'm thinking of-- The question was that--?

Minttu Vilander

How will it be more challenging to reach the margin target?

Heidi Karlsson

On the other hand, if you think about it historically, we are always facing this fact that our customer prices are not increasing, or have actually been stable, but our cost base has been increasing. And what it means for us, that we, all the time, have to look for more efficient ways of work independently if we have had the inflationary basis or not. So, I think it's very much in our strategy is to work in a very, very efficient way and find operational excellence, which would then still support our strong profitability.

Minttu Vilander

Then, there is a question: 'How should we think about the earnings seasonality in 2022?'

Pekka Eloholma

We are now entering normal seasonality, we believe, after the COVID - that was two special years behind us now. And basically, when we are on the normal speed here, then the H2 is better what comes to our performance than H1. So, that is the normal



seasonality. And that is what is our expectation today, if the market will develop on that speed we are now expecting.

Minttu Vilander

And then, the last question: 'How should we think about the organic growth in 2022, given that the order book is strong?'

Pekka Eloholma

We believe that this will be a strong and a growth year for us. And with the capacity we have today, or the efficiency we have today in place, and then, especially, a nice order book, as was there already part of the question, that is there in place, so we believe that this will be also in the organic growth possibilities are quite good. Outlook is bright also, in that sense.

Minttu Vilander

Thank you.

Pekka Eloholma

OK. Thanks for really good questions. And thanks, you took the time and were listening to us. Our annual report and the sustainability report, we will publish that end of March, end of this month. And then, the AGM, that will be held on the 20th of April. And then, the next quarterly report, that will be the Q1 report, will be released then on the 18th of May.

So, thank you for you, all. We will end up here. Bye-bye.

Minttu Vilander

Thank you.

