

SITOWISE GROUP PLC

Board of Directors' Report and Consolidated Financial Statements

Financial period

1 January – 31 December 2022



SITOWISE

Sitowise Group Plc
Business ID: 2767842-8
Linnoitustie 6 D, FI-02600 Espoo, Finland
Board of Directors' Report and Consolidated Financial Statements
Financial period January 1 – December 31, 2022

Sitowise is a Nordic expert in the built environment with strong focus on digitality. We provide design and consulting knowhow to enable more sustainable and smarter urban development as well as smooth transportation. Sitowise offers services related to real estate and buildings, infrastructure, and digital solutions both in Finland and in Sweden. Global megatrends drive huge changes that require a re-evaluation of the smartness in the built environment – therefore we have set our vision to be *Redefining Smartness in Cities*. The Group's net sales were EUR 204 million in 2022 and the company employs more than 2,200 experts. Sitowise Group Plc is listed on the main list of Nasdaq Helsinki under the trading symbol SITOWS.

www.sitowise.com

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BOARD OF DIRECTORS' REPORT

Net sales exceeded 200 million euro milestone – continuing on the path to be **the most responsible partner** in the industry

The Group's net sales growth continued in 2022 both organically and through acquisitions, in addition to which Sitowise's order book reached a record-high level. The profitability fell slightly short from the previous year's level and the full-year adjusted EBITA margin was 10 percent. During the year, the number of experts increased to more than 2,200 people. Sitowise's personnel satisfaction remained at a good level, and the personnel's willingness to recommend Sitowise as an employer increased for a fourth consecutive year. After the covid years, the Group put focus on enabling employee interaction and trainings as well as to client work.

Several changes took place in Sitowise's management during the year, as the new CEO Heikki Haasmaa took up his position in May, and in the autumn, the new Chief HR Officer Taija Lehtola and the new CFO Hanna Masala also joined the management team as new members. In addition, steps were taken to integrate the Swedish operations more closely together and the two largest Swedish group companies merged in November to become Sitowise Sverige AB.

The year 2022 was shadowed by a new kind of uncertainty that arose after the covid years. The starting point for this was Russia's attack on Ukraine in February. The direct effects of the war on Sitowise are limited, as the company has no offices or exports to Russia, Belarus or Ukraine. Due to the war, however, the year saw significant uncertainties in the availability of materials, among other things, and the strong energy price increases, soaring interest rates and inflationary pressures have also increased uncertainties in Sitowise's customer industries, especially in new construction.

Despite the uncertainty, all Sitowise's business areas grew organically during the year. Sitowise also took significant new steps, especially in the digital solutions and Swedish markets, via acquisitions. During 2022, Sitowise completed six acquisitions, which strengthened the group's expertise in SaaS business, infrastructure design, renovation and building services technology (HVAC). The companies bought during the year employed in total nearly 200 people.

In January 2022, Sitowise acquired the Swedish infrastructure planning agency Mavacon AB, which provides consulting services in civil engineering and water and wastewater projects, covering all phases of technical consulting in the field of construction, water and wastewater. Similarly, in January, the acquisition of VRT Finland Oy's survey service business in Finland was completed. The operations cover 3D construction inspections and the processing and utilisation of 3D data for condition studies of structures below and above the surface of the water.

In June, Sitowise acquired Rakennuttajakaari Oy, which provides construction, supervision, and planning services related to construction, to become a part of the Buildings business area. In Sweden, E60 Elkonsult AB was purchased, and it offers consulting services in electrical projects, such as electrical planning, electrical calculations and inspections of electrical installations and related activities. Also in June, Bitcomp Oy, an IT specialist focused on SaaS solutions for the forest and natural resources sector, was acquired. With the acquisition and the accompanying software products, Leafpoint and Foresta, Sitowise more than doubled its SaaS business, which is based on long, recurring revenue contracts.

In October, Sitowise acquired the Swedish company Convia, which provides construction consulting services focused on structures, buildings and infrastructure. In addition, the purchase of Convia strengthened the Sitowise Group's know-how and the extent of the service portfolio through, for example, expertise related to bridge construction.

During the year, Sitowise was working on a new strategy, which will guide the Group's activities during years 2023–2025. While the climate change and declining biodiversity pose a tremendous challenge to the societies, they also provide opportunities for business growth by utilizing the strong expertise. Sustainability, digitalisation and innovation were emphasized in Sitowise's operations last year, as well as in the future.

Key figures (IFRS)

| EUR million | 2022 | 2021 | 2020 | Change 2021–2022 |
|--|-------|-------|-------|------------------|
| Net sales | 204.4 | 179.3 | 160.1 | 14.0% |
| EBITA, adjusted | 20.4 | 21.1 | 20.6 | -3.4% |
| % of net sales | 10.0% | 11.8% | 12.9% | |
| EBITA | 16.1 | 18.5 | 19.5 | -13.1% |
| Operating profit | 13.2 | 16.4 | 18.3 | -19.7% |
| Cash flow from operating activities before financing items and taxes | 22.7 | 22.8 | 31.5 | -0.6% |
| Net debt | 56.6 | 30.9 | 56.6 | 83.2% |
| Net debt / EBITDA, adjusted | 2.6x | 1.4x | 2.6x | |
| Equity ratio, % | 41.6% | 46.0% | 30.2% | |
| Earnings per share (EPS), EUR ¹⁾ | 0.22 | 0.22 | 9.69 | |
| Average number of personnel | 2,151 | 1,969 | 1,823 | 9.2% |

¹⁾ Financial year 2020 is calculated with non-comparable number of shares and financial year 2021 is calculated using numbers of shares after IPO (3–12/2021) for best possible comparability.

Net sales by business area (IFRS)

| EUR million | 2022 | 2021 | 2020 | Change 2021–2022 |
|-------------------|--------------|--------------|--------------|------------------|
| Buildings | 79.4 | 72.1 | 70.8 | 10.2% |
| Infrastructure | 60.0 | 56.4 | 54.2 | 6.2% |
| Digital Solutions | 28.5 | 19.8 | 14.1 | 44.4% |
| Sweden | 36.5 | 31.0 | 21.1 | 17.6% |
| Total | 204.4 | 179.3 | 160.1 | 14.0% |

DEVELOPMENT IN BUSINESS OPERATIONS

The **Buildings** business area continued to grow in 2022. The growth was particularly focused on the first half of the year, and it was supported by both organic growth and by acquisition-related higher number of employees and the improvement of operational efficiency.

The business area's order book remained at a good level throughout the year. However, market uncertainty increased towards the end of the year and was particularly evident in the case of new construction. The growth of housing construction, which had been on the rise for a long time, started to slow down towards the end of the year, which was also reflected in the order book. Uncertainty was also reflected in the discontinuation or postponement of new construction projects and as cautiousness in starting new projects.

At the beginning of 2022, the organization of the business area was streamlined, which increased national cooperation between its units and increased the number of joint projects of several services. The business area's customer and project bases are spread between the public and private sectors. Sitowise's versatile know-how in both renovation and new construction and its service offering covering different sized projects bring stability to the order book.

The growth of renovation backlog, climate change and sustainable development will challenge all players in built environment even more strongly in the future. With the acquisition of Rakennuttajakaari Oy, which is a company specialized in renovation services, Sitowise formed an expert organization with more than 250 renovation specialists, which is largest in its field in Finland.

The companies bought the second half of 2021, Livair Oy and Insinööritoimisto Jorma Jääskeläinen Oy, were successfully integrated and merged into the Sitowise Group during 2022.

In recent years, the building construction industry has taken leaps in development, which has been reflected in the diversification of Sitowise's expert services and the degree of digitalization, as well as in its innovation operations. The development is supported by the diverse know-how of Sitowise's experts and extensive career development opportunities both horizontally and vertically.

The net sales of the Buildings business area increased by 10.2% to 79.4 (72.1) million euros in 2022. The business area accounted for 39% (40%) of Sitowise's consolidated net sales.

The growth of the **Infrastructure** business area also continued in 2022. Successes in tendering for significant projects and the receipt of work from the extensive network of framework

contracts contributed to the business area's order book remaining at a good level throughout the year.

The year was marked by a strong emphasis on the green transition, especially in the energy sector. This was reflected, for example, in a significant increase in wind power environmental reports. The state sector's infrastructure investments were in a downward trend and their focus shifted clearly towards railway projects. Sitowise has responded to this, among other things, by retraining experts in track planning.

After Russia's attack on Ukraine, Sitowise stopped all service deliveries to companies with Russian-owned entities, but after the transition phase, the customers were replaced by new ones.

The acquisition of VRT Finland Oy's 3D construction inspection business complemented Sitowise's know-how and services so that the company is able to provide infrastructure inspection and life cycle services both on land, at sea and in the air.

In addition to normal competence development, new services were innovated in Sitowise with the help of The Smart City Lab platform. The company also decided to invest in, among other things, the development of responsibility assessment with the ESG Due Diligence assessment tool and the Smart Site tool, which helps with digital construction site management.

The net sales of the Infrastructure business area increased by 6.2% to 60.0 (56.4) million euros in 2022. The business area accounted for 29% (31%) of Sitowise's consolidated net sales.

Market demand remained generally strong in digital services, and the order book of the **Digital Solutions** business area continued to strengthen during 2022. During the year, several large IT projects were won and new projects were started.

The Digital Solutions focuses on data and digital solutions for the built environment and the expert services that support them. Geospatial know-how and services form special competence area. Services are offered for customer-specific software development, SaaS and product solutions and other expert services.

SaaS-based revenue that is based on long, continuous billing contracts, increased significantly during 2022. The growth was especially impacted by the acquisition made in June, where Sitowise bought Bitcomp Oy, pioneer in SaaS solutions for the forest and natural resources sector. With the transaction, Sitowise's artificial intelligence expertise also grew significantly.

Business growth was somewhat slowed down by the intensifying competition for labor. Despite the challenging recruitment market, the digital services team also grew with successful recruitments.

The net sales of the Digital Solutions business area increased by 44.4% to 28.5 (19.8) million euros in 2022. The business area accounted for 14% (11%) of Sitowise's consolidated net sales.

The business operations in **Sweden** continued strong growth in 2022. Demand in the Swedish market overall remained more stable than in Finland and the order backlog remained at a high level. Business growth was supported during the year by significant new orders in the pharmaceutical industry and in modular prefabricated construction projects. Towards the end of the year, the effects of the general economic uncertainty were evident in the residential new development market in particular, but the infrastructure sector and certain client segments, such as pharmaceutical companies' demanding industrial projects and modular prefab construction, continued to exhibit healthy demand.

The business area in Sweden grew strongly also through acquisitions. In January, Sitowise bought the infrastructure and construction consultant Mavacon AB, in June the electrical design expert organization E60 Elkonsult AB, and in October Convia Ingenjörbyrå AB and Convia Infrastructure AB, which offer construction consulting services focusing on structures, buildings, and infrastructure.

The Sitowise brand was launched in Sweden and the integration of the companies acquired in 2021 and 2022 continued as planned. In November, the majority of Sitowise's operations in Sweden were brought under the Sitowise brand.

The net sales of the Swedish business area increased by 17.6% to 36.5 (31) million euros in 2022. The business area accounted for 18% (17%) of Sitowise's consolidated net sales.

GROUP ORDER BOOK

In 2022, the Group's order book grew by 12 percent from the previous year and rose to a record level of 181 million euros as a result of both active sales work and completed acquisitions.

The order book includes many long-term large projects that increase the stability of Sitowise's operations. On the other hand, towards the end of 2022, the weakened outlook for new construction and the resulting discontinuations and postponements of projects may slow down the realization of the order backlog in 2023. A significant postponement of project starts may have a detrimental effect on the group's profitability, if the resources reserved for the projects cannot be reallocated to other projects.

LONG-TERM FINANCIAL TARGETS

The Board of Directors of the Sitowise Group has set the following long-term financial targets:

- **Growth:** Annual growth in net sales of more than 10 percent, including acquisitions
- **Profitability:** Adjusted EBITA margin of at least 12 percent
- **Leverage:** Net debt / adjusted EBITDA should not exceed 2.5x, except temporarily in conjunction with acquisitions

According to its **dividend policy**, Sitowise's objective is to pay annually a dividend corresponding to 30–50 percent of net profit to its shareholders. When distributing a possible dividend, business acquisitions, the company's financial situation, cash flow and future growth opportunities are taken into account.

GROUP STRUCTURE

The Group's parent company Sitowise Group Plc (Sitowise Holding I Oy until 2 March 2021) was established on 15 August 2016. At the end of the financial period, the Sitowise Group consisted of the parent company Sitowise Group Plc and the following companies:

- Wholly owned by Sitowise Group Plc: Sitowise Oy, which is the company's operational subsidiary in Finland, and foreign subsidiaries: Sitowise Sverige AB (Byggnadstekniska Byrån AB until 3 November 2022), Mavacon Mark & VA Consult AB (acquired in January 2022), E60 Elkonsult Aktiebolag (acquired in June 2022), Infracontrol AB and its wholly owned subsidiaries Infracontrol Espana SL, Infracontrol Portugal Lda and Infracontrol Danmark ApS as well as Convia Ingenjörbyrå AB and its and Sitowise Group Plc's wholly owned subsidiary Convia Infrastructure AB (acquired in October 2022)
- Sitowise Oy's Finnish subsidiaries Sitowise Rakennuttajat Oy (100%, whose merger with Sitowise Oy is pending and due to be registered in April 2023), Routa Systems Oy (51%), Rakennuttajakaari Oy and its wholly owned subsidiaries Rakennuttajakaari Pohjanmaa Oy and Certimo Oy (acquired in June 2022, whose merger with Sitowise Oy is pending and due to be registered 28 February 2023), as well as Bitcomp Oy (acquired in June 2022) and foreign subsidiaries AS DWG (55%) and Sitowise Consulting Oü (100%).

Sitowise Oy has a branch office Sito Norge NUF in Norway. There was no activity at the branch office during the financial period (or in 2021).

Sitowise Holding Ab, which was wholly owned by Sitowise Group Plc, merged with Sitowise Group Plc on 31 January 2022. Of the Group's subsidiaries, Insinööritoimisto Livair Oy was merged into Sitowise Oy (on 31 August 2022), and Insinööritoimisto Jorma Jääskeläinen Oy (on 31 October 2022), and VVS-Kompetens AB was merged into Technology for Infrastructure projects Sweden AB (on 4 March 2022) and Technology for Infrastructure projects Sweden AB was merged into Sitowise Sverige AB (on 1 November 2022).

PARENT COMPANY'S BOARD OF DIRECTORS, MANAGEMENT, AND AUDITOR

The appointment and dismissal of the Board of Directors are decided at the Annual General Meeting. The composition of the Board of Directors in 2022 was:

| | |
|--------------------|---|
| Eero Heliövaara | Chair of the Board |
| Tomi Terho | Board member, and Vice Chair of the Board as of 20 April 2022 |
| Leif Gustafsson | Board member |
| Taina Kyllönen | Board member |
| Mirel Leino-Haltia | Board member |
| Elina Piispanen | Board member |
| Petri Rignell | Board member |

Sitowise's Board of Directors decides on the appointment and dismissal of the CEO. Pekka Eloholma acted as the company's CEO from 15 August 2019 to 30 April 2022. Heikki Haasmaa started as the CEO on 1 May 2022.

The notice period for the termination of the CEO's contract is six (6) months on both sides. The CEO is not entitled to a severance package in addition to the remaining regular pay if he resigns. If the company terminates the CEO's contract for any reason other than the CEO's gross misconduct, criminal activity or other similar reason, the CEO is entitled to not just his regular pay for the aforementioned notice period of six (6) months but also a severance package equivalent to up to six (6) months' pay, provided that he does not enter into the employment or service of a third party during that period.

The composition of the Group Management Team lead by the CEO on 31 December 2022 was: Jannis Mikkola (Executive Vice President and Business Director, Infrastructure), Timo Palonkoski (Executive Vice President and Business Director, Buildings), Teemu Virtanen (Business Director, Digital Solutions; Virtanen has left his position as Business Director for Digital Solutions and a member of the Group Management Team at the end of December 2022), Jonas Larsson (Head of Swedish Operations), Taja Lehtola (CHRO), Hanna Masala (CFO), Turo Tinkanen (Chief Information Officer) and Minttu Vilander (Chief Communications and Corporate Responsibility Officer).

Heidi Karlsson acted as the CFO until September 2022 and Anne-May Asplund acted as the CHRO until February 2022.

The auditor of the parent company and the Group is KPMG Oy Ab, with Authorized Public Accountant Turo Koila as the principal auditor.

PERSONNEL

The average number of personnel in the Group during the financial period was 2,151 (1,969). At the end of the financial period, the Group had 2,232 employees (2,034). The average age of Sitowise's employees was 39 (39) years. At the end of 2022, students accounted for 8% (10%) of the Group's personnel. Women accounted for 33% (35%) of the Group's employees. Of all employees, 85% (81%) responded to the personnel survey. The index measured in the survey, eNPS (Employee Net Promoter Score), was 30 (28). Personnel expenses amounted to 129.8 (115.7) million euros in 2022.

ASSESSMENT OF RISKS AND UNCERTAINTIES

The significant risks and uncertainties related to the Sitowise Group's business include operational and damage risks, and strategic and financial risks, to which the Group's financial performance is exposed. The Group's risk assessment is based on an annual survey that was conducted during the financial year 2022, and its results have been discussed in the Group's Board of Directors, management team as well as business areas. The Sitowise Group's risk management process and responsibilities are described on the Group's website (www.sitowise.com).

In terms of operational risks, the most pronounced personnel risks of the Sitowise Group relate to the retention of current experts, well-being of employees, and availability of new experts. Sitowise's business is based on competent personnel, and skilled professionals are crucial for growth, profitability and the implementation of the company's strategy. A potential decline in Sitowise's employer image due to internal or external factors is a risk from the perspective of employee engagement and retention. Due to the business model's high dependency on personnel, maintaining a steady and profitable order book is of great importance to the business. A sufficient order book is aimed to be maintained through an extensive customer base, diverse workload, and continuous monitoring of the order book. A rise in the wage level can have a negative impact on Sitowise's profitability and financial performance if it cannot revise the prices of its services accordingly.

The Sitowise Group's other operational risks relate also to the project work and include, among others, miscalculated tenders, claims for compensation due to engineering mistakes or delays, and exceptionally strict warranty and liability terms, which could, if invoked, damage Sitowise's profitability. Risks related to tenders and projects are managed by means of regular quality management and risk management reviews and by complying with procedures pursuant to the ISO-certified operating model. The Group has developed a proprietary service platform called Voima to facilitate the adoption of more efficient and consistent operating methods than earlier. The Voima project management tool contains project guidelines and templates, best practices, bidding and project workspaces, and a risk assessment tool. Project risks are managed already in the offering phase by means of project guidance according to which an authorization from the management of the relevant business area is required before tendering for any contracts that are subject to non-standard terms and conditions. The guidance also covers the implementation phase of projects. The risk assessment addresses themes such as contract terms and liability, schedule, resources, scope of the assignment, safety, and sustainability. The Voima platform contains real-time data that can be used to mitigate risks. Project risks are managed through carefully thought-out pricing and a thorough review of the tendered project and its problematic elements. Sitowise also continuously invests in the development and expertise of its personnel.

Damage risks include IT system and cyber security risks. Sitowise's business is dependent on a well-working IT

infrastructure and uninterrupted access to IT-based tools and systems. However, IT systems are susceptible to faults and failures. Malfunctions, interruptions, faults, cybersecurity breaches or power cuts that affect IT systems can delay the delivery of services, cause unexpected costs, and damage Sitowise's reputation.

The Sitowise Group's strategic risks include among other things that the planned growth based on corporate acquisitions will not materialize. That could happen if suitable acquisition targets are not available, transactions cannot be made at an economically justified valuation level or acquisitions involve liabilities that cannot be factored into the purchase price, or the targets set for the acquisitions are not reached in the integration of the acquired companies. Successful integration of the acquisitions is a key element of the Sitowise Group's growth strategy, and Sitowise is therefore exposed to risks related to the integration process, which can lead to additional costs, failure to implement synergies, and loss of growth opportunities. Uncertainty in the financial markets or rising interest rates leading to higher financing costs and reduced availability (adequacy, timeliness, and favorable terms) is both a strategic and a financial risk for the Sitowise Group. That is a risk because Sitowise finances its business and investments with cash flow and debt financing, and needs external financing to implement its growth strategy. Uncertainties created by the general economy development and changes in market conditions are risks to the Sitowise Group's business. The Sitowise Group carefully assesses possible financial risks, and the Group's liquidity (trade receivables and cash flows) is monitored continuously. External financing can expose Sitowise to risks related to indebtedness and weaken its financial position. Financial risks are discussed in more detail in Note 5 to the financial statements.

The war in Ukraine only has limited direct effects on Sitowise. The global economic consequences of the war, such as inflation and higher interest rates, may slow down market growth in the construction sector, which could jeopardize Sitowise's growth and profitability aspirations. The company does not have offices in Russia, Belarus, or Ukraine, nor does it export to these countries. However, sanctions imposed on account of Russia's aggression and the changed operating environment outside of the scope of the sanctions – as well as counter-sanctions – may create uncertainties.

Uncertainty created by changes in the global economy and market conditions poses a risk to Sitowise's business. Higher inflation, rising interest rates, the price of energy, and the increased cost of construction materials create uncertainty in the markets and may cause a decline in economic activity by leading to, for example, a decrease or postponement of investments and clients' projects.

Many of the risks associated with the Sitowise Group and its business are characteristic of the business and typical in the industry. The risks are described very comprehensively in the listing prospectus of 12 March 2021 (available on our website at

www.sitowise.com), and they still form a set of current risks that complements the above description.

Climate risks

The built environment causes approximately one-third of all greenhouse gas emissions, which is why reducing its emissions plays an important role in mitigating climate change. The direct and indirect effects of climate change are directly linked to Sitowise's service offering and business as well as their demand. On the one hand, this is also an opportunity for Sitowise to develop its business in accordance with the needs of its customers.

The risk is that Sitowise fails to identify and anticipate customers' needs well enough or that its expertise is not enough to effectively meet those needs. Another risk is that the Group fails to train its experts to identify the effects of climate risks on customers' needs or is not able to recruit enough experts who have experience of climate change adaptation.

It is also possible that climate change affects the projects in which Sitowise is involved, in addition to which Sitowise is susceptible to the economic impacts of climate change. Climate change has potential implications for Sitowise's offices as well as the entire Nordic building stock, which is affected by changes in weather conditions such as heavier rainfall, which can lead to structural dampness and affect the air quality. However, Sitowise does not own its offices, which reduces the economic impact.

Sitowise has publicly announced its sustainability targets, one of which is to be carbon neutral by 2025. Not being able to reach this publicly announced target is a risk to Sitowise's reputation.

REPORT ON THE SCOPE OF RESEARCH AND DEVELOPMENT ACTIVITIES

As a result of the climate crisis, the acceleration of digitalisation and global societal uncertainty and insecurity, Sitowise's industry is undergoing a major transformation, and responding to it requires systemic change. Amid the turmoil, Sitowise wants to be a pathfinder and trusted partner who creates common security and strengthens confidence in a better tomorrow.

Sustainable development, mitigating and adapting to climate change, as well as nature rehabilitation, regeneration and safeguarding the well-being of society, require new ways of working and stronger investment in sustainable business. Sitowise is committed to developing solutions required by the change in The Smart City Lab, which is the company's own innovation platform and research and development community open to all Sitowise employees.

The goal of The Smart City Lab is to produce new sustainable business ideas, track the changes and trends in the market, and support Sitowise's innovation culture. Sitowise invests significantly in new innovations: the aim is to direct at least

80% of the RDI budget to innovation activities in sustainable development services. The Lab was launched in 2021 with an innovation competition, and in 2022 the operations were expanded under the coaching of the new Head of Innovation. Sitowise continued to develop its own innovation model and strengthened its operating methods, which enable bold experimentation, quick learning and, if necessary, refining ideas in a new direction.

Since big and complex challenges require clever thinking, Sitowise also wants to enrich its culture of innovation. The employees are encouraged to come up with novel ideas and without limitation. In the future, new sustainable business ideas will be continuously identified in all our business areas, both in projects and in cooperation with clients and partners.

REPORT OF NON-FINANCIAL INFORMATION

Business model

Sitowise is a Nordic expert in the built environment with a strong focus on digitality. Sitowise offers sustainable design and consultancy services for projects of all sizes to enable more responsible and smarter urban development as well as smooth transportation. Sitowise offers its services in the following areas in Finland and Sweden: Buildings, Infrastructure, and Digital Solutions.

The **Buildings** business area offers building design, specialist services, and consulting services for e.g. residential and commercial properties, as well as for the needs of the healthcare sector and industry. The business area has distinctive design expertise in e.g. high-rise construction, building services technology (HVAC), acoustics design, and fire safety planning. Sitowise acts as a partner in both new construction and renovation projects.

The services of the **Infrastructure** business area cover a wide range of urban development needs in diverse areas: infrastructure, transport and mobility, urban development, environment and water, as well as infrastructure project management. Urbanization supports the investment needs of municipalities and cities in particular, and the business area's most significant client segment is the public sector, which accounts for approximately 75 percent of net sales.

The **Digital Solutions** business area focuses on digital solutions for the built environment, mobility, and the forest sector, as well as consulting services that support these fields. These services cover client-driven information system development, ready-made product solutions, analytics, information management and visualization, and expert and consulting services. Until the end of 2022, this business area also included digital solutions for traffic and infrastructure in Sweden (Infracontrol). Infracontrol is included in the Sweden business area as of the beginning of 2023.

Sitowise's operations in **Sweden** form the Group's fourth business area. In Sweden, Sitowise provides design and consulting services in the following areas: structural engineering, building services engineering and consulting for buildings and real estate, infrastructure, and geotechnical design.

Principles and key aspects of sustainability

Sitowise's vision is to be the most responsible partner in developing a prosperous living environment. The company is committed to increasing the sustainability of both its own operations and its projects and client relationships on a long-term basis and to reporting on and measuring its progress in respect of sustainability. The Group also continuously develops its sustainability business to meet the changing needs of its customers.

Sitowise's responsibility programme focuses on clearly setting sustainability targets and defining the sustainability indicators that guide Sitowise. Responsibility is examined from all perspectives of the ESG division: environmental responsibility, social responsibility and good governance. The programme is based on a materiality analysis that has set four objectives

- We are carbon neutral in 2025
- We are the most equitable workplace with best employee well-being in the industry
- We aim for sustainable economic growth
- We actively contribute to make our industry more sustainable

The UN's Sustainable Development Goals are a strong part of Sitowise's responsibility work. In 2022, Sitowise committed to the UN Global Compact initiative. Many of Sitowise's clients and other operators in the built environment are committed to promoting the UN's goals, and the sustainability tool created by Sitowise is based on this framework. Sitowise developed sustainability tool in early 2021. Tool helps to identify and monitor the responsibility of company's client projects. During the year, 86% of the company's new projects set SDG-based targets and indicators in Sitowise's sustainability tool. The sustainability tool is not yet in use in Sweden.

Sustainability management

Sitowise's sustainability efforts are guided by its sustainability program, ethical principles, and industry guidelines, as well as the general principles of corporate social responsibility and the law. Metrics for sustainability have been set, and progress in respect of sustainability is actively monitored and reviewed at regular intervals in the meetings of the company's Board of Directors and Group Management Team. The company's integrated management system and all aspects of its business also comply with the requirements of the ISO 9001 and ISO 14001 standards.

In 2022, Sitowise was also granted the ISO 27001 information security certificate for its information security management system. The certificate is the most recognized international standard and rare in the built environment design and consulting

industry. Sitowise is the largest operator in the field in Finland, to which the certificate has been granted.

The key points of the Group's sustainability policy are approved by Sitowise's Board of Directors. The CEO has overall responsibility for sustainability. The Corporate Responsibility Officer directs and promotes sustainability initiatives, and monitors and reports on the indicators, goals, and achievements. She provides updates on sustainability efforts to the CEO and, if necessary, prepares accounts of different areas of sustainability and progress in those areas.

Business Directors and line managers are responsible for the implementation of practical measures. Group services (finance, IT, HR, communications, quality, safety and security, and procurement) support the business areas in reaching the sustainability goals.

Disclosures within the meaning of Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088

The taxonomy reporting of Sitowise business is implemented according to the reporting requirements of EU Taxonomy regulation. List of Sitowise businesses is updated to match the circumstances in 2022 considering the acquisitions and changes in Sitowise's business areas. As previously, activities which have technical screening criteria in the Complementary Climate Delegated Act, called taxonomy eligible activities, were assessed.

For 2022, the reporting requirements for information to be reported have expanded. The most significant change is reporting the taxonomy aligned activities which have not been required previously. Taxonomy aligned activities are defined as activities which fulfill technical screening criteria of the Complementary Climate Delegated Act and "Do No Significant Harm" (DNSH) -criteria. Sitowise's taxonomy aligned activities are assessed by comparing taxonomy eligible activities individually to the technical screening criteria and to the DNSH-criteria. Expanded reporting obligations can also be seen in the annual report as more pronounced reporting tables as required by the reporting act.

Information on Sitowise's taxonomy-eligible share of business operations for the financial year 2022 will be published in the annual and corporate sustainability report, which will be available at the same time with the financial statements and the Board of Director's report, no later than during the week commencing 27.3.2023.

Personnel perspectives

Sitowise's personnel are guided by five commonly agreed values: we trust each other, we understand our clients, we are brave, we work as one team, and we are open.

The well-being of Sitowise's experts is the foundation of meaningful and sustainable work. It is also a precondition for

them to do their work well. It is important for the company that its employees are healthy, motivated, and proud of the positive impact that Sitowise's services have on the environment, communities, and people. This is facilitated, for example, by supporting coping at work, offering flexibility in different life situations, and providing a variety of training options for both professional development and better management of work-related stress.

Sitowise's employee engagement rating is high, and its experts feel that their work reflects what matters to them on a personal level. Employees' readiness to recommend Sitowise as a good place to work was at a good level in 2022, with an eNPS score of 30 (scale -100 – +100).

The Group employed 2,151 people on average during the year and 2,232 people at the year-end. The number of personnel grew by 198 in 2022. The annual increase in the number of personnel (+10%) was driven by both organic growth and the six acquisitions completed during the year. The biggest of these was Bitcomp in Finland, which employed 76 persons at the time of the acquisition. Sitowise hired 478 new employees on a permanent basis and 82 on fixed-term contracts. Turnover of permanent employees increased in 2022 and amounted to 15.5% (14%). A total of 319 permanent employment contracts ended during the year.

At the end of 2022 students accounted for approximately 8% of Group's personnel. Sitowise's goal is that about 10% of its personnel to be students. Women accounted for 33% (35%) of all employees at the end of 2022. Number of women in executive and managerial positions had grown from previous year number (23%) to 26%. The average age of Sitowise's employees was 39 years, and the 30–39-year-old age group was the biggest (37%) among all personnel. Sickness absences amounted to 3.3% at the end of the year (cumulative percentage from January to December), which is higher than previous year (2.3%). The sickness absence rate has increased especially due to short absences due to seasonal illnesses and absences caused by the coronavirus. The number of long absences has decreased clearly compared to the previous year.

The well-being and work ability of Sitowise employees have been managed in a goal-oriented manner, especially strengthening proactive work for well-being and health. A well-functioning work community and coaching supervisor work support the well-being of the personnel and strengthen coping at work. Sitowise's supervisors are trained to take into account and meet team members as individuals, taking into account different life situations, differences and also the different needs of individuals for leadership. As tools, supervisors utilize, for example, the early support model, development discussions and annual team development workshops on strengths and areas for development arising from personnel survey.

In expert work, the challenges of mental well-being and coping are identified as a factor challenging work ability. In addition to occupational health psychologist services, Auntie, a completely

anonymous, low-threshold psychological discussion support service was introduced to Sitowise employees in Finland on an experimental basis. Through this service, any Sitowise employee can also seek discussion support for problems that challenge well-being outside of work.

After the pandemic, Sitowise employees have enjoyed the opportunity to meet each other. Sitowise supports sports and excursion events organised by the personnel in their free time. Many have participated during 2022 in various running, cycling, orienteering, yoga, hiking, etc events. In addition, everyone in Finland has access to the ePassi sports and culture benefit. Exercise during the working day is supported with the help of break exercise programs installed on the work computer.

Ethical principles

Sitowise updated its Code of Conduct during 2022. All Sitowise employees both in Finland and in Sweden completed a course and test based on the updated guidelines. It is mandatory for all Sitowise personnel to complete the course and the related test. The new guidelines and course were published for the staff in October 2022.

Sitowise's Code of Conduct concerns all employees and applies to all units and functions of Sitowise Group Plc and its subsidiaries. The Group also expects its partners to have sustainable practices in place.

Sitowise is an important player in its industry and therefore has an important role to play as a social influencer and industry developer. Acting in a responsible manner is one of the cornerstones of Sitowise's strategy and an essential part of its decision-making.

Compliance with the statutes that are binding on Sitowise is the starting point of all operations. Sitowise's employees are required to familiarize themselves with the laws, commitments and internal guidelines that apply to their duties and to Sitowise, and to act accordingly.

Sitowise respects and supports human rights and equality, and does not tolerate any form of violence, abuse, bullying, or harassment. Sitowise does not tolerate discrimination based on gender, nationality or ethnicity, age, religion, sexual orientation, mental or physical impairment, political or other views, social status, family relationships, or other personal attributes.

Sitowise contributes to a sustainable and smart living environment together with its customers and partners. The most significant vehicle for promoting environmental friendliness is the introduction of climate and resource-wise solutions in connection with projects. Sitowise is always looking to develop new services that promote sustainability and strives to minimize the adverse environmental impact of its services.

Sitowise takes care of both its own assets and assets that have been entrusted to it, and only uses these resources for the

purposes of its business. The company makes all its purchases responsibly and in accordance with established procurement practices and operates fairly and transparently with its contractual partners.

Sitowise does not tolerate corruption or bribery, and never pays, offers, solicits, requests, or accepts bribes or any other undue advantage. When offering or accepting hospitality or gifts, the company applies the precautionary principle. Only reasonable and customary gifts are acceptable. The company never offers or accepts money or anything of monetary value as a gift.

Every employee and partner of Sitowise has an obligation to immediately report any concerns and known or suspected inappropriate conduct. Employees are instructed to voice their concerns and to tell their suspicions primarily to their supervisor. If this is not possible, the Corporate Sustainability Officer can also be contacted.

Sitowise also has a confidential contact and whistleblowing channel that can be used to report concerns anonymously. A total of 9 (1) concerns were submitted via the whistleblowing channel by Sitowise's own personnel and 0 (1) by an outside party in 2022. All the concerns were reviewed, and the CHRO and/or the Corporate Sustainability Officer responded to them.

Key risks related to non-financial information and risk management

Sitowise's business and strategy are based on competent personnel, and skilled professionals are crucial for growth, profitability and the implementation of the company's strategy. As stated on page 9 of the report under 'Assessment of risks and uncertainties', the most pronounced personnel risks of the Sitowise Group relate to the retention of current experts, well-being of employees and the availability of new experts. Managing these risks is based on the premise that it is important for the company that its employees are healthy, motivated, and proud of the impact that Sitowise's services have on the environment, communities, and people.

Each Sitowise employee contributes to the setting of their personal targets and the assessment of their performance and development needs, and discusses expectations with his/her manager at regular intervals and at least once a year. The aforementioned risks are also managed by, for example, supporting coping at work, offering flexibility in different life situations, and providing a variety of training options for both professional development and better management of work-related stress. However, the best ways to increase competence are learning on the job, teamwork, and sharing experiences in the course of projects.

Well-being at work stems, above all, from good work management and having access to training that builds competence, as well as a good team spirit, interaction, and a culture of solving problems together. Good leadership creates a framework for efficient teamwork and success. Sitowise promotes

its personnel's well-being systematically in cooperation with, for example, its occupational health care provider and pension provider.

Due to the nature of Sitowise's business, there are no significant environmental risks associated with the Group's own operations. One risk related to the upholding of human rights and the fight against corruption and bribery could be a failure to observe Sitowise's Code of Conduct, if this resulted in significant damage to the Group's finances or reputation or if the violations were systemic, in which case the operations of the entire Group could be affected. This risk is managed by clearly stating the company's position on human rights and discrimination in the Code of Conduct, which applies to all employees of Sitowise, and by instructing both the company's personnel and partners to report concerns or potential inappropriate conduct. The risk of corruption and bribery, and the resulting damage, is also controlled by always having more than one person check every payment and purchase.

SUBORDINATED LOANS

Sitowise Group Plc had no subordinated loans on 31 December 2022.

SHARES, SHAREHOLDERS, AND STOCK OPTIONS

The company has one class of shares. Each share entitles its holder to one vote and an equal dividend.

Trading in the company's shares began on the prelist of Nasdaq Helsinki Ltd on 25 March 2021 and on the official list on 29 March 2021. The trading code for Sitowise's shares is SITOWS. Based on its market capitalization, Sitowise belongs to Mid Cap companies and the Construction and Materials industry sector.

Shares outstanding and share capital

In December 2021, the Company resolved to issue in a directed issue 250,000 new shares to itself without consideration. The shares were registered in the Trade Register on 3 January 2022 and admitted for trading on the official list of Nasdaq Helsinki Ltd on 4 January 2022. After the registration of the shares, the number of shares issued was in total 35,665,927 shares. At the end of the financial year on 31 December 2022, Sitowise Group Plc's share capital amounted to 80,000 euros, and the total number of shares outstanding was 35,665,927, of which 119,399, i.e. approximately 0.33% of all Sitowise shares, were treasury shares. At the end of the financial year Sitowise Oy had a total of 60,280 Sitowise Group Plc share pledges which were received as collateral for earlier acquisitions. The amount corresponds to approximately 0.17 percent of all shares (60,280 shares corresponding to 0.17 percent of all shares at the end of the fiscal year 2021). Pledged shares do not entitle to voting rights in the

company. The share pledges are to be released in accordance with the agreements during the financial year 2023.

On 31 January 2022, the Board of Directors of Sitowise Group Plc decided, by virtue of the authorisation granted by the unanimous resolution of the shareholders on 3 March 2021, to issue in a directed issue 95,532 shares in connection with an acquisition. The number of shares corresponded approximately 0.27 percent of shares in Sitowise and the subscription price was EUR 7.9235 per share. Based on the authorization granted by the Annual General Meeting of 20 April 2022, the Board of Directors has resolved on directed share issues in connection with acquisitions on 31 May 2022, 20 June 2022 and 18 October 2022, where 161,206 shares (the number corresponded approximately 0.45 percent of shares in Sitowise, the subscription price was approximately EUR 5.74 per share), 44,843 shares (the number corresponded approximately 0.13 percent of shares in Sitowise, the subscription price was approximately EUR 5.85 per share), 171,771 shares (the number corresponded approximately 0.48 percent of shares in Sitowise, the subscription price was approximately EUR 5.68 per share) and 188,926 shares (the number corresponded approximately 0.53 percent of shares in Sitowise, the subscription price was approximately 4.88 per share) were issued, in total 566,746 shares. The total number of shares issued in directed share issues during the financial period 2022 was therefore 662,278 shares. For the key terms and conditions of share offerings, see www.sitowise.com/investors/stock-exchange-releases.

On 17 March 2022, the Board of Directors of Sitowise Group Plc decided to start repurchasing Sitowise's own shares in a share buyback program on the basis of the authorisation granted by the unanimous resolution of shareholders made on 3 March 2021. The program was continued on the basis of the authorisation granted by the Annual General Meeting on 20 April 2022. The shares were repurchased to be used as contribution in possible corporate acquisitions and as a part of Sitowise's incentive programs. The maximum number of shares to be repurchased was 500,000 and the maximum monetary amount to be used for the repurchases was 4.35 million euros. The payment for the repurchases reduced Sitowise's unrestricted equity. The shares were repurchased in public trading on Nasdaq Helsinki Ltd at the market price prevailing at the time of purchase. Sitowise appointed Danske Bank A/S, Finland Branch ("Danske") to arrange the share buyback program. Danske will make the trading decisions independently of Sitowise and within the stated limits. This also applies to the timing of repurchases. Sitowise completed the share buyback program on 31 August 2022. The repurchases of shares began on 18 March 2022 and ended on 31 August 2022. During that period, Sitowise repurchased 500,000 of its own shares for the total value of EUR 2,720,089.50 and at an average price per share of EUR 5.44. The number corresponded approximately 14 percent of shares in Sitowise.

Key figures per share

| | | 2022 | 2021 |
|---------------------------------------|----------------|-------------------|-------|
| Earnings per share (EPS) | EUR | 0.22 | 0.22 |
| Equity per share (BPS) | EUR | 3.27 | 3.25 |
| Dividend per share | EUR | 0.1 ¹⁾ | 0.1 |
| Dividend/earnings ratio | % | 45.45 | 45.45 |
| Effective dividend yield | % | 1.95 | 1.24 |
| Price/earnings ratio (P/E) | | 23.4x | 36.6x |
| Share price development | | | |
| Average share price | EUR | 5.24 | 8.46 |
| Lowest share price | EUR | 3.89 | 7.33 |
| Highest share price | EUR | 8.22 | 10.05 |
| Share price on December 31 | EUR | 5.14 | 8.05 |
| Market value of shares on December 31 | EUR million | 183.3 | 285.1 |
| Trading volume | million shares | 6.1 | 19.0 |
| Trading value | EUR million | 32.0 | 157.1 |

¹⁾ Board of Directors' proposal to the Annual General Meeting.

For the weighted average adjusted number of shares during the financial period and the adjusted number of shares at the end of the financial period, see Note 4.3 to the financial statements.

Shareholders

At the end of the financial period on December 31, 2022, the number of registered shareholders was 6,060 (6,169). Nominee-registered shareholders accounted for 37.4% (33.2%) of the company's shares. The 10 largest shareholders entered in the book-entry register maintained by Euroclear Finland Oy held a total of 30.3% (32.1%). A list of these major shareholders is available on the company's website at www.sitowise.com.

The table below lists the 10 largest shareholders on December 31, 2022 based on information from the Monitor service provided by the Swedish company Modular Finance AB:¹⁾

| Shareholder | Number of shares | % of shares |
|--|-------------------|--------------|
| 1 Intera Partners Oy | 5,121,573 | 14.4% |
| 2 Lannebo Funds | 2,264,924 | 6.4% |
| 3 Paradigm Capital AG | 1,784,944 | 5.0% |
| 4 Handelsbanken Funds | 1,702,079 | 4.8% |
| 5 Didner & Gerge Funds | 1,463,414 | 4.1% |
| 6 Evli Fund Management | 1,261,000 | 3.5% |
| 7 Ilmarinen Mutual Pension Insurance Company | 1,071,500 | 3.0% |
| 8 SEB Funds | 895,206 | 2.5% |
| 9 Avanza Pension | 854,769 | 2.4% |
| 10 Erik Löb | 850,000 | 2.4% |
| 10 largest in total | 17,269,409 | 48.4% |
| Outstanding shares | 35,665,927 | |

¹⁾ Data may be incomplete for both the number of shares and shareholders. It is not possible for the company to verify the accuracy or timeliness of the information. The company is not responsible for the information provided by the service provider, which is provided only as additional information. The company's shareholder register is available from Euroclear, and the company also publishes the flagging notifications it receives as stock exchange releases.

Shareholders by sector on December 31, 2022

| Sector | 2022 | | 2021 | |
|---|-------------------|---------------|-------------------|---------------|
| | Number of shares | % of shares | Number of shares | % of shares |
| Public sector, total | 2,351,235 | 10.5% | 2,101,500 | 8.9% |
| Financial and insurance institutions, total | 8,275,950 | 37.1% | 9,338,433 | 39.5% |
| Households | 10,475,958 | 46.9% | 10,557,816 | 44.7% |
| Businesses, total | 1,120,164 | 5.0% | 1,083,370 | 4.6% |
| Nonprofit organizations, total | 33,978 | 0.2% | 193,131 | 0.8% |
| Foreign, total | 58,298 | 0.3% | 369,195 | 1.6% |
| Total | 22,315,583 | 100.0% | 23,643,445 | 100.0% |
| Nominee-registered | 13,350,344 | 37.4% | 11,772,482 | 33.2% |
| All shares, total | 35,665,927 | | 35,415,927 | |

Shareholding of the management of Sitowise Group Plc on December 31, 2022**Board of Directors**

| Name | Position | 2022 | | 2021 | |
|-------------------------------|---|------------------|-------------|------------------|-------------|
| | | Number of shares | % of shares | Number of shares | % of shares |
| Eero Heliövaara ¹⁾ | Chair of the Board | 92,520 | 0.3% | 92,520 | 0.3% |
| Leif Gustafsson | Board member | 20,000 | 0.1% | 20,000 | 0.1% |
| Taina Kyllönen | Board member | 9,320 | 0.0% | 9,320 | 0.0% |
| Mirel Leino-Haltia | Board member | 5,500 | 0.0% | 5,500 | 0.0% |
| Elina Piispanen ²⁾ | Board member | 70,000 | 0.2% | 70,000 | 0.2% |
| Petri Rignell ³⁾ | Board member | 80,340 | 0.2% | 80,340 | 0.2% |
| Tomi Terho | Board member, Vice Chair as of 20 April 2022 | 0 | 0,0% | 0 | 0,0% |
| Total | | 277,680 | 0.8% | 277,680 | 0.8% |

¹⁾ Including both shares held by Heliövaara personally and shares held by Heliocabala Oy, which he controls.

²⁾ Including both shares held by Piispanen personally and shares held by Fit Advice Oy, which she controls.

³⁾ Including both shares held by Rignell personally and shares held by PriRock Oy, which he controls.

Group Management Team

| Name | Position | 2022 | | 2021 | |
|-----------------|--|------------------|-------------|--------------------------------|-------------|
| | | Number of shares | % of shares | Number of shares | % of shares |
| Heikki Haasmaa | CEO | 60,000 | 0.2% | | |
| Hanna Masala | CFO | 9,000 | 0.0% | | |
| Jonas Larsson | Head of Swedish Operations | 10,000 | 0.0% | 5,000 | 0.0% |
| Jannis Mikkola | Business Director | 356,740 | 1.0% | 356,740 | 1.0% |
| Timo Palonkoski | Business Director | 154,000 | 0.4% | 154,000 | 0.4% |
| Teemu Virtanen | Business Director | 170,000 | 0.5% | 170,000 | 0.5% |
| Turo Tinkanen | Chief Information Officer | 52,000 | 0.1% | 52,000 | 0.1% |
| Minttu Vilander | Chief Communications and Corporate Responsibility Officer | 19,200 | 0.1% | 19,200 | 0.1% |
| Taija Lehtola | CHRO | 18,000 | 0.1% | | |
| Total | | 848,940 | 2.4% | 1,064,161 ¹⁾ | 3.0% |

¹⁾ Situation of the group management team as at 31 December 2021: includes the shares of CEO Pekka Eloholma (226,735), CFO Heidi Karlsson (69,860 shares) and the shares of CHRO Anne-May Asplund (10,626 shares).

The company's management was granted stock options in the spring of 2021 and during financial period 2022. The table in section 6.3.4 of the notes to the financial statements lists

the options held by the CEO and the members of the Group's Management Team. The Board members hold no options.

Decisions of General Meetings in 2022

Sitowise Group Plc's Annual General Meeting of shareholders was held on 20 April 2022 at the Company's headquarters in Espoo, Finland. The Company's shareholders and their representatives could participate in the meeting and exercise shareholder rights only through advance voting as well as by making counterproposals and presenting questions in advance. At the meeting, there were 26 shareholders present representing 15,741,645 shares and votes. The minutes of the meeting are available on the Company's website.

The Annual General Meeting adopted the financial statements for the accounting period from 1 January until 31 December 2021 and discharged the persons who have acted as members of the Board of Directors and as CEO during the financial year from liability. The Annual General Meeting resolved of distribution of dividend as proposed by the Board of Directors, and approved the remuneration policy for governing bodies. The Annual General Meeting resolved that the composition and remuneration of the Board of Directors remain the same, and the auditor was re-elected. The authorization to the Board of Directors to repurchase Company's own shares, and to issue shares and special rights entitling to shares was renewed.

Distribution of dividend

The Annual General Meeting resolved, in accordance with the proposal of the Board of Directors, that a dividend of EUR 0.10 per share will be distributed. The dividend was paid to shareholders who on the dividend record date 22 April 2022 were registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd. The dividend was paid on 29 April 2022.

Composition of the Board of Directors

The Annual General Meeting decided that the number of members of the Board of Directors shall be seven (7). For a term of office expiring at the end of the 2023 Annual General Meeting, the Annual General Meeting re-elected Leif Gustafsson, Eero Heliövaara, Taina Kyllönen, Mirel Leino-Haltia, Elina Piispanen, Petri Rignell ja Tomi Terho as the members of the Board of Directors.

Remuneration of the Board of Directors

The Annual General Meeting decided, in accordance with the proposal of the Board of Directors, that the members of the Board of Directors will be paid the following remuneration which is corresponding to the fees which have been paid during the terminating term:

- the fee for the chairman of the Board of Directors EUR 4,750 per month;
- the fee for other board members EUR 2,250 per month;
- the meeting fee for the chairman of the Board of Directors and chairs of the board committees EUR 1,000 per meeting;
- the meeting fee for other members of the Board of Directors and the other board committee members EUR 400 per

meeting, with the exception that the nomination committee members are each paid a meeting fee of EUR 1,000 per meeting.

The travel expenses of the board members are compensated in accordance with the Company's travel rule.

Election and remuneration of the auditor

KPMG Oy Ab, Authorized Public Accountants, was re-elected as the auditor of the Company for a term of office expiring at the end of the 2023 Annual General Meeting. KPMG Oy Ab has informed that Turo Koila, authorized public accountant, will act as the auditor with principal responsibility. It was decided that the remuneration to the auditor shall be paid against a reasonable invoice.

Repurchase of the Company's own shares

The Annual General Meeting authorized the Board of Directors to decide on the repurchase of the Company's own shares as follows:

The number of own shares to be repurchased based on the authorization shall not exceed 3,500,000 shares in total, which corresponds to approximately 9.8 percent of all of the shares in the Company. However, the Company together with its subsidiaries cannot at any moment own more than 10 percent of all the shares in the Company. Own shares can be repurchased only using the unrestricted equity of the Company at a price formed in public trading on the date of the repurchase or otherwise at a price determined by the markets. The Board of Directors decides on all other matters related to the repurchase of own shares and, inter alia, derivatives can be used to the repurchase. Own shares can be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase).

The authorization is effective until the beginning of the next Annual General Meeting, however, no longer than until 30 June 2023.

Issuance of shares and of special rights entitling to shares

The Annual General Meeting authorized the Board of Directors to decide on the issuance of shares as well as the issuance of special rights entitling to shares referred to in chapter 10 section 1 of the Finnish Companies Act as follows:

The number of shares to be issued based on the authorization shall not exceed 3,500,000 shares, which corresponds to approximately 9.8 per cent of all of the shares in the Company. The authorization covers both the issuance of new shares as well as the transfer of treasury shares held by the Company. The Board of Directors decides on all other conditions of the issuance of shares and of special rights entitling to shares. The issuance of shares and of special rights entitling to shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). This authorization cancels all previous authorizations given

by the General Meeting to decide on the issuance of shares as well as on the issuance of special rights entitling to shares. The authorization is effective until the beginning of the next Annual General Meeting, however, no longer than until 30 June 2023. The authorization may be used, among other things, to finance and carry out acquisitions or other corporate transactions, to engagement, in incentive systems, in order to develop the Company's capital structure, to broaden the Company's ownership base, and for other purposes as determined by the Company's Board of Directors.

Constitutive meeting of the Board of Directors

In the constitutive meeting of the Board of Directors of Sitowise Group Plc held after the Annual General Meeting, the Board of Directors elected Eero Heliövaara as its Chair and Tomi Terho as its Vice Chair.

In addition, the Board of Directors appointed members to its committees.

- Eero Heliövaara was appointed as the Chair of the Nomination Committee and Petri Rignell and Tomi Terho as the members of the Nomination Committee.
- Mirel Leino-Haltia was elected as the Chair and Taina Kyllönen and Tomi Terho as the members of the Audit Committee.
- Eero Heliövaara was appointed as the Chair and Leif Gustafsson and Elina Piispanen as the members of the Personnel Committee.
- Tomi Terho was elected the Chair and Eero Heliövaara, Leif Gustafsson, and Petri Rignell were elected as the members of the Acquisitions Committee.

The Board of Directors has assessed that, with the exception of Tomi Terho, the members of the Board are independent of the company and its significant shareholders. Terho is Intera Partners Oy's partner.

Based on the authorizations granted by the Annual General Meeting, the Board of Directors has decided during the financial period 1 January – 31 December 2022 on directed share issues and a share buyback program (see section Shares outstanding and share capital).

Board of Directors' authorizations

The company has the following authorizations granted by the Annual General Meeting on 20 April 2022:

The Board of Directors is authorized to decide on the issuance of shares as well as the issuance of special rights entitling to shares referred to in chapter 10 section 1 of the Finnish Companies Act as follows:

The number of shares to be issued based on the authorization shall not exceed 3,500,000 shares, which corresponds to approximately 9.8 per cent of all of the shares in the Company. The authorization covers both the issuance of new shares as

well as the transfer of treasury shares held by the Company. The Board of Directors decides on all other conditions of the issuance of shares and of special rights entitling to shares. The issuance of shares and of special rights entitling to shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorization may be used, among other things, to finance and carry out acquisitions or other corporate transactions, to engagement, in incentive systems, in order to develop the Company's capital structure, to broaden the Company's ownership base, and for other purposes as determined by the Company's Board of Directors.

The Board of Directors is authorized to decide on the repurchase of the Company's own shares as follows: The number of own shares to be repurchased based on the authorization shall not exceed 3,500,000 shares in total, which corresponds to approximately 9.8 percent of all of the shares in the Company. However, the Company together with its subsidiaries cannot at any moment own more than 10 percent of all the shares in the Company. Own shares can be repurchased only using the unrestricted equity of the Company at a price formed in public trading on the date of the repurchase or otherwise at a price determined by the markets. The Board of Directors decides on all other matters related to the repurchase of own shares and, inter alia, derivatives can be used to the repurchase. Own shares can be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase).

The authorizations are effective until the beginning of the next Annual General Meeting, however, no longer than until 30 June 2023.

Based on the authorizations granted by the Annual General Meeting, the Board of Directors has decided during the financial period 1 January – 31 December 2022 on directed share issues and a share buyback program (see section Shares outstanding and share capital). At the end of the financial period 31 December 2022 in total 2,933,254 shares were left from the Board of Directors' share issue authorization. At the end of the financial period 31 December 2022 in total 3,000,000 shares were left from the Board of Directors' share repurchase authorization.

Option programs

The company's Board of Directors decided on the establishment of a new long-term incentive scheme in March 2021. The target group of the option program includes the CEO and the members of Sitowise's Group Management Team as well as approximately 300 other key employees of Sitowise subject to invitation. The goal of the scheme is to encourage Sitowise's key employees toward long-term shareholding in the company by requiring an investment in shares in order to receive options. In addition, the options are used to encourage the key employees in the target group toward long-term efforts in order to increase shareholder value and to retain the key employees.

Under the option program, a maximum of 1,463,400 options will be issued, each of which will give the right to subscribe for

one new or treasury share. The options will be issued under the authorization granted to the Board of Directors by the unanimous resolution of the shareholders on 3 March 2021. The option program includes 636,750 class A options and 826,650 class B options. Class A options have a three-year vesting period, and class B options have a four-year vesting period. The subscription of shares with class A options will take place between 1 April 2024 and 31 March 2025, and with class B options between 1 April 2024 and 31 March 2026.

The class A and B options may be divided into matching and performance options. In order to receive matching options, the recipient of the options must hold, acquire or have subscribed for in the personnel offering as many shares as they have been allocated matching options. The shares must be held until the subscription period for the shares to be subscribed with the options begins. As at the date of the financial statements on 31 December 2022, the number of allocated matching options is 747,561 in total.

In addition, members of the Group Management Team who are covered by the option program must acquire shares with 50% of their net profit from the options, until the total value of their shareholding in the company corresponds to the value of their annual salary. This number of shares must be held for as long as the person is a member of the Group Management Team.

The Board of Directors has resolved to amend share subscription price for shares to be subscribed based on stock options on 15 December 2022. For stock options 2021A the new share subscription price is EUR 6.00. The share subscription price for the stock options 2021B is maintained unchanged and is EUR 8.10 which equals the share subscription price in the company's initial public offering (EUR 8.20) decreased with the paid dividend (EUR 0.10). The per-share dividends and capital repayments to be paid annually will be deducted from the share subscription price. Before the amendment, the share subscription price for all stock options was the share subscription price in the company's initial public offering (EUR 8.20) decreased with annually paid dividends and capital repayments. In addition to the change in the subscription price, the Company announced on 16 December 2022 that the vesting criteria for the Match 2021A and Match 2021B options will be removed. The share subscription period for performance stock options, however, will not commence, if the vesting criteria established by the Board of Directors for the commencement of the share subscription period have not been achieved. The vesting criteria concerning the Performance 2021A and Performance 2021B options has not been changed since the establishment of the stock option plan.

The options will be forfeited and transferred back to the company for no consideration if the option holder resigns or their employment relationship or service contract is terminated before the commencement of the subscription period of the shares to be subscribed with the options. The Board of Directors can, under certain conditions, permit the option holder to keep some of their options, however.

RELATED PARTY LOANS

Sitowise Group Plc has given subordinated loans to its related party company Fimpec Group Oy. The loans amounted to EUR 917,000 at the end of the financial period. The interest rate on the subordinated loans is 8% p.a. The loans are subject to the provisions of chapter 12 of the Finnish Limited Liability Companies Act.

BOARD OF DIRECTORS' PROPOSAL CONCERNING THE USE OF THE PARENT COMPANY'S PROFIT

On 31 December 2022, the distributable funds of Sitowise Group Plc amounted to 107.4 million euros, of which profit of the parent company for the 2022 financial period was EUR 6,508.22. The Board of Directors proposes that a dividend of EUR 0.10 per share be paid based on the balance sheet to be adopted for the 2022 financial period and that the dividend will be paid in a single instalment.

CORPORATE GOVERNANCE STATEMENT AND REMUNERATION REPORT

Sitowise's Corporate Governance Statement and remuneration report are published together with the Annual and Sustainability Report.

OUTLOOK FOR 2023

The stable growth in the demand for design and consulting services to create sustainable societies is supported by megatrends such as urbanization, renovation backlog, sustainability, and digitalization.

The uncertainty in the market brought by the war in Ukraine, increasing interest rates and inflationary pressures may continue to affect the short-term decision-making of Sitowise's clients. That said, the effects on the technical consulting business are not quite as significant as in the broader construction industry, which is one of Sitowise's key customer segments. Following the healthy organic growth and acquisitions made in 2022, Sitowise entered year 2023 with a record high order book.

Demand for digital solutions remains strong and infrastructure business' outlook is also relatively more stable than construction markets, where uncertainty has continued to increase especially in Finland with an increasing uncertainty relating to starting of new construction projects. Overall, the market outlook has remained somewhat more stable in Sweden.

Sitowise Group estimates that its net sales in euros will increase compared to 2022, and that its adjusted EBITA margin (%) will be broadly at the same level as the adjusted EBITA margin of 2022.

MAIN EVENTS AFTER THE FINANCIAL PERIOD

Change in Sitowise's largest shareholders

On 30 January 2023, Sitowise Group Plc received a notification in accordance with the chapter 9, section 5 of the Finnish Securities Markets Act from Handelsbanken Fonder AB, according to which Handelsbanken Fonder AB's direct holding of shares and votes in the company increased to 5.05 percent on 27 January 2023. According to the notification, Handelsbanken Fonder AB now holds a total of 1,802,079 shares corresponding to 5.05 percent of the company's shares and votes.

Exercise of option periods provided for in the financing agreement

Sitowise agreed with its lenders in February 2023 on the exercise of the option periods provided for in the current financing agreement. The extension will be for the same amount and at the same terms as the original arrangement. With the option periods taken into account, the maturity of the financing agreement is now in March 2026.

GROUP'S KEY FIGURES (unaudited)

| EUR thousand | 1-12/2022 | 1-12/2021 |
|--|-----------|-----------|
| Net sales | 204,414 | 179,334 |
| Growth in net sales, % | 14% | 12% |
| Adjusted organic growth in net sales, % | 5% | 0% |
| EBITA, adjusted | 20,380 | 21,146 |
| % of net sales | 10.0% | 11.8% |
| EBITA | 16,075 | 18,523 |
| Operating profit (EBIT) | 13,162 | 16,376 |
| % of net sales | 6.4% | 9.1% |
| Result for the period | 7,914 | 7,903 |
| Balance sheet total | 280,724 | 249,754 |
| Cash and cash equivalents | 15,390 | 19,353 |
| Net debt | 56,602 | 30,859 |
| Cash flow from operating activities before financial items and taxes | 22,674 | 22,818 |
| Earnings per share (EUR) | 0.22 | 0.22 |
| Diluted earnings per share (EUR) | 0.22 | 0.22 |
| Return on equity (ROE), % | 6.8% | 8.7% |
| Return on capital employed (ROCE), % | 6.5% | 8.9% |
| Equity ratio, % | 41.6% | 46.0% |
| Net debt / EBITDA, adjusted | 2.6x | 1.4x |
| Gearing, % | 48.4% | 26.9% |
| Number of personnel, average | 2,151 | 1,969 |
| Full-time equivalent (FTE), average | 1,880 | 1,697 |
| Utilization rate | 76.1% | 76.6% |

Items affecting comparability

| EUR thousand | 2022 | 2021 |
|--|--------------|--------------|
| Restructuring costs | 722 | 181 |
| M&A and integration costs | 2,801 | 1,683 |
| IPO related costs | 0 | 196 |
| Other costs | 782 | 555 |
| Items affecting comparability, EBITDA | 4,305 | 2,615 |
| Intangible assets, amortization | 0 | 8 |
| Items affecting comparability, EBITA | 4,305 | 2,623 |

Formulas of financial and alternative key figures

| | | |
|--------------------------------------|---|---|
| Adjusted organic growth in net sales | = | Growth in net sales excluding acquisitions and divestments adjusted by the number of working days and exchange rate impact |
| EBITA | = | Operating profit + amortization of intangible assets |
| EBITA, adjusted | = | EBITA + items affecting comparability |
| EBITDA, adjusted | = | EBITDA + items affecting comparability, in addition lease liabilities are treated as operating leases, so lease expenses on the whole affect EBITDA |
| Items affecting comparability | = | Items affecting comparability are primarily costs associated with M&A and integration, restructuring as well as IPO readiness |
| Net debt | = | Loans from financial institutions - cash and cash equivalents (Net debt does not include lease liabilities) |
| Return on equity (ROE), % | = | $\frac{\text{Profit for the period, prev. 12 months}}{\text{Total shareholders' equity, average}}$ |
| Return on capital employed (ROCE), % | = | $\frac{(\text{Profit before taxes + financial expenses}), \text{prev. 12 months}}{(\text{Balance sheet total} - \text{non-interest-bearing debt}), \text{average}}$ |
| Equity ratio, % | = | $\frac{\text{Total shareholders' equity}}{\text{Balance sheet total}}$ |
| Net debt / EBITDA, adjusted | = | $\frac{\text{Net debt}}{\text{EBITDA, adjusted}}$ |
| Gearing, % | = | $\frac{\text{Net debt}}{\text{Total shareholders' equity}}$ |
| Non-diluted earnings per share | = | $\frac{(\text{Result for the period} - \text{non-controlling interest} - \text{dividend for the financial period to be distributed taking tax impact into consideration})}{\text{Average weighted number of shares}}$ |
| Diluted earnings per share | = | $\frac{(\text{Result for the period} - \text{non-controlling interest} - \text{dividend for the financial period to be distributed taking tax impact into consideration})}{\text{Average diluted weighted number of shares}}$ |
| Earnings per share | = | $\frac{(\text{Result for the period for continuing operations} - \text{non-controlling interest} - \text{dividend for the financial period to be distributed taking tax impact into consideration})}{\text{Average weighted number of shares}}$ |
| Diluted earnings per share | = | $\frac{(\text{Result for the period for continuing operations} - \text{non-controlling interest} - \text{dividend for the financial period to be distributed taking tax impact into consideration})}{\text{Average diluted weighted number of shares}}$ |
| Full-time equivalent (FTE), average | = | Group personnel, full-time equivalent average during the period |
| Utilization rate | = | Number of project hours worked relative to the number of hours worked |

CONSOLIDATED FINANCIAL STATEMENTS IFRS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| EUR thousand | Note | Jan 1 – Dec 31, 2022 | Jan 1 – Dec 31, 2021 |
|---|------------|----------------------|----------------------|
| Net sales | 2.1 | 204,414 | 179,334 |
| Other operating income | 2.3 | 288 | 976 |
| Materials and services | 2.4 | -20,495 | -14,589 |
| Personnel expenses | 2.5 | -129,774 | -115,696 |
| Other operating expenses | 2.6 | -30,677 | -24,064 |
| Depreciation, amortization, and impairment | 2.7 | -10,594 | -9,586 |
| Operating result | | 13,162 | 16,376 |
| Financial income | 4.1 | 390 | 184 |
| Financial expenses | 4.1 | -3,272 | -6,270 |
| Profit before taxes | | 10,280 | 10,290 |
| Income taxes | 6.2 | -2,366 | -2,388 |
| Profit for the period | | 7,914 | 7,903 |
| Attributable to: | | | |
| Owners of the parent | | 7,847 | 7,827 |
| Non-controlling interest | | 67 | 76 |
| Profit for the period | | 7,914 | 7,903 |
| Items that will not be reclassified to profit or loss | | | |
| Recognition of change in the fair value of other investments through comprehensive income | | 0 | 55 |
| Items that may be reclassified to profit or loss | | | |
| Change in translation difference | | -3,837 | -204 |
| Cash flow hedging, net of tax | | 63 | 0 |
| Total for items in other comprehensive income | | -3,774 | -149 |
| Total comprehensive income | | 4,140 | 7,754 |
| Comprehensive income attributable to: | | | |
| Owners of the parent | | 4,073 | 7,678 |
| Non-controlling interest | | 67 | 76 |
| Earnings per share: | | | |
| Earnings per share (EUR) | 2.8 | 0.22 | 0.22 |
| Diluted earnings per share (EUR) | | 0.22 | 0.22 |

The notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| EUR thousand | Note | Dec 31, 2022 | Dec 31, 2021 |
|--|------|----------------|----------------|
| Assets | | | |
| Goodwill | 3.2 | 157,620 | 135,193 |
| Other intangible assets | 3.2 | 10,224 | 7,940 |
| Tangible assets | 3.3 | 31,776 | 31,025 |
| Other shares, similar rights of ownership, and receivables | 4.2 | 1,931 | 1,865 |
| Deferred tax assets | 6.2 | 894 | 1,077 |
| Total non-current assets | | 202,446 | 177,098 |
| Trade and other receivables | 3.4 | 61,564 | 52,099 |
| Deferred tax assets | | 1,323 | 1,204 |
| Cash and cash equivalents | 4.2 | 15,390 | 19,353 |
| Total current assets | | 78,278 | 72,656 |
| Total assets | | 280,724 | 249,754 |
| Shareholders' equity and liabilities | | | |
| Shareholders' equity and liabilities | | | |
| Share capital | | 80 | 80 |
| Fund for invested unrestricted equity | | 96,434 | 95,310 |
| Fair value reserve | | 348 | 285 |
| Translation difference | | -3,681 | 157 |
| Retained earnings | | 23,440 | 18,840 |
| Equity attributable to owners of the parent | | 116,621 | 114,672 |
| Non-controlling interest | | 253 | 186 |
| Total shareholders' equity | | 116,874 | 114,858 |
| Deferred tax liabilities | 6.2 | 1,588 | 1,565 |
| Financial liabilities | 4.2 | 93,042 | 70,983 |
| Other liabilities | | 0 | 12 |
| Total non-current liabilities | | 94,630 | 72,560 |
| Income tax liabilities | | 653 | 2,273 |
| Financial liabilities | 4.2 | 7,937 | 7,624 |
| Provisions | 3.5 | 981 | 1,428 |
| Trade payable and other liabilities | 3.6 | 59,649 | 51,010 |
| Total current liabilities | | 69,219 | 62,336 |
| Total shareholders' equity and liabilities | | 280,724 | 249,754 |

The notes are an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

| EUR thousand | Jan 1 – Dec 31, 2022 | Jan 1 – Dec 31, 2021 |
|--|----------------------|----------------------|
| Cash flow from operating activities: | | |
| Profit for the period | 7,914 | 7,903 |
| Adjustments | | |
| Income taxes | 2,366 | 2,388 |
| Depreciation, amortization, and impairment | 10,594 | 9,586 |
| Financial income and expenses | 2,882 | 6,086 |
| Other adjustments | 297 | 154 |
| Change in working capital | | |
| Increase (-) / decrease (+) in trade receivables and other receivables | -6,424 | -4,177 |
| Increase (+) / decrease (-) in trade and other payables | 5,047 | 878 |
| Interest paid and other financial expenses | -2,244 | -2,430 |
| Interest received and other financial income | 185 | 186 |
| Income taxes paid | -4,558 | -3,425 |
| Net cash flows from operating activities | 16,058 | 17,149 |
| Cash flow from investing activities: | | |
| Investment in tangible and intangible assets | -3,665 | -2,209 |
| Acquisitions of subsidiaries, net of cash acquired | -28,786 | -19,900 |
| Cash flow from investing activities | -32,450 | -22,109 |
| Cash flow from financing activities: | | |
| Payments from share issue | 3,844 | 78,762 |
| Listing expenses paid | 0 | -5,078 |
| Share repurchase | -2,720 | -22 |
| Dividends paid and capital repayments | -3,545 | -22,286 |
| Withdrawal of loans | 24,424 | 50,119 |
| Repayment of loans | -2,974 | -72,753 |
| Repayment of subordinated loan | 0 | -14,145 |
| Payments of lease liabilities | -6,131 | -5,766 |
| Cash flow from financing | 12,899 | 8,831 |
| Cash and cash equivalents at the start of the period | 19,353 | 15,463 |
| Change in cash and cash equivalents, increase (+) / decrease (-) | -3,493 | 3,871 |
| Impact of changes in foreign exchange rates | -470 | 19 |
| Cash and cash equivalents at the end of the period | 15,390 | 19,353 |

The notes are an integral part of the financial statements.

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

| EUR thousand | Equity attributable to owners of parent | | | | | | | Non-controlling interest | Total shareholders' equity |
|---|---|---------------------------------------|--------------------|--------------------|-------------------------|-------------------|----------------|--------------------------|----------------------------|
| | Share capital | Fund for invested unrestricted equity | Fair value reserve | Subordinated loans | Translation differences | Retained earnings | Total | | |
| Shareholders' equity 1 Jan 2022 | 80 | 95,310 | 285 | 0 | 156 | 18,840 | 114,672 | 186 | 114,858 |
| Result for the period | | | | | | 7,847 | 7,847 | 67 | 7,914 |
| Other comprehensive income | | | 63 | | -3,837 | | -3,774 | | -3,774 |
| Total comprehensive income | 0 | 0 | 63 | 0 | -3,837 | 7,847 | 4,073 | 67 | 4,140 |
| Share issues | | 3,844 | | | | | 3,844 | | 3,844 |
| Share repurchase | | -2,720 | | | | | -2,720 | | -2,720 |
| Dividend distribution and capital repayment | | | | | | -3,545 | -3,545 | | -3,545 |
| Share-based incentive schemes | | | | | | 297 | 297 | | 297 |
| Transactions with owners | 0 | 1,124 | 0 | 0 | 0 | -3,247 | -2,123 | 0 | -2,123 |
| Shareholders' equity 31 Dec 2022 | 80 | 96,434 | 348 | 0 | -3,681 | 23,440 | 116,621 | 253 | 116,874 |
| Shareholders' equity 1 Jan 2021 | 3 | 40,663 | 230 | 14,145 | 360 | 11,370 | 66,770 | 110 | 66,880 |
| Result for the period | | | | | | 7,827 | 7,827 | 76 | 7,903 |
| Other comprehensive income | | | 55 | | -204 | | -149 | | -149 |
| Total comprehensive income | 0 | 0 | 55 | 0 | -204 | 7,827 | 7,678 | 76 | 7,754 |
| Fund increase | 78 | -78 | | | | | 0 | | 0 |
| Share issues | | 78,762 | | | | | 78,762 | | 78,762 |
| Costs related to IPO | | -2,049 | | | | | -2,049 | | -2,049 |
| Share repurchase | | | | | | -22 | -22 | | -22 |
| Dividend distribution and capital repayment | | -21,988 | | | | -298 | -22,286 | | -22,286 |
| Subordinated loan | | | | -14,145 | | | -14,145 | | -14,145 |
| Interest of subordinated loans | | | | | | -198 | -198 | | -198 |
| Share-based incentive schemes | | | | | | 161 | 161 | | 161 |
| Transactions with owners | 78 | 54,648 | 0 | -14,145 | 0 | -356 | 40,224 | 0 | 40,224 |
| Shareholders' equity 31 Dec 2021 | 80 | 95,310 | 285 | 0 | 156 | 18,840 | 114,672 | 186 | 114,858 |

The notes are an integral part of the financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Basic information

Sitowise is a Nordic expert in the built environment with a strong focus on digitality. Sitowise offers sustainable design and consultancy services for projects of all sizes to enable more responsible and smarter urban development as well as smooth transportation. Sitowise offers its services in the following business areas in Finland and Sweden: Buildings, Infrastructure, and Digital Solutions.

Sitowise wants to raise the bar when it comes to smart solutions and sustainability, which is why our vision is to be a responsible partner in the development of a prosperous living environment. Sitowise has grown rapidly and profitably in recent years. The Group employs over 2,200 experts.

The Group's parent company is the Finnish limited liability company Sitowise Group Plc (hereinafter referred to as the "Company"), domiciled in Espoo, with the mailing address Linnoitustie 6, FI-02600 Espoo, Finland. The Company was listed on the main list of the Helsinki Stock Exchange in March 2021.

The consolidated financial statements are available at the company's head office at Linnoitustie 6 D, FI-02600 Espoo, Finland, and on the Group's website www.sitowise.com.

The Board of Directors of Sitowise Group Plc approved these financial statements in its meeting on 27 February 2023.

In accordance with the Finnish Limited Liability Companies Act, shareholders can adopt or reject the financial statements in a general meeting of shareholders organized after their publication. The general meeting can also resolve to amend the financial statements.

1 GENERAL INFORMATION

1.1 ACCOUNTING POLICIES

The consolidated financial statements of the Sitowise Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved for use in the European Union, and the IAS and IFRS standards as well as SIC and IFRIC interpretations in force on 31 December 2022 have been applied in preparing them. IFRS refers to standards and interpretations that companies referred to in the Finnish Accounting Act and regulations issued under it must comply with and that have been approved for application in accordance with the procedure enacted by Regulation (EC) No. 1606/2002 of the European

Parliament and of the Council. The notes to the consolidated financial statements also fulfill the requirements of Finnish accounting and company legislation supplementing the IFRS standards.

New and amended standards applicable in future financial periods

The Group has not adopted any new and revised IFRS standards or interpretations that have been published but have not yet entered into force in the financial period beginning on January 1, 2022 (early application), and the unadopted IFRS or IFRIC interpretations are not considered to have a significant impact on the Group.

The consolidated financial statements have been prepared on the basis of original cost, unless otherwise specified in the accounting policies. The consolidated financial statements include the parent company's financial statements and the financial statements of all companies over which the Group has control. A subsidiary is consolidated into the financial statements as of the moment when the Group receives control. Consolidation is discontinued once control ceases to exist. All intra-Group transactions are eliminated in the consolidated financial statements.

Item-specific accounting policies and descriptions of decisions requiring management discretion and the use of estimates and assumptions are presented in conjunction with each item.

The operating currency of the Sitowise Group is the euro. The figures disclosed in the financial statements are rounded up, so the sum of individual figures can deviate from the reported sum.

The notes are an integral part of the financial statements.

1.2 TRANSLATION OF ITEMS DENOMINATED IN FOREIGN CURRENCIES

The consolidated financial statements are reported in euros, which is also the parent company's operating currency. Items included in the financial statements of Group companies are measured at the currency of the primary economic operating environment of the respective company (operating currency).

Transactions denominated in foreign currencies are translated into the operating currency at the exchange rate of the transactions. Foreign exchange gains and losses arising from payments associated with such transactions and translation of monetary assets and liabilities denominated in foreign currencies at the exchange rate of the closing date are recognized through profit and loss.

The profit and loss accounts and balance sheets of international units using an operating currency different from the reporting currency are translated into the reporting currency as follows:

- the assets and liabilities on each reported balance sheet are translated using the exchange rate of the closing date; and
- the income and expenses on each profit and loss account are translated at average exchange rates for the financial period.

Exchange rate differences arising from the consolidation of foreign units are recognized as translation differences in other comprehensive income.

1.3 KEY DECISIONS MADE BY THE MANAGEMENT REQUIRING DISCRETION AND MAIN UNCERTAINTY FACTORS RELATING TO ESTIMATES

Preparing the financial statements in accordance with the IFRS requires the management to make discretionary decisions and use estimates and assumptions that have impacts on the amounts of assets and liabilities on the closing date, reporting of contingent assets and liabilities and the amounts of income and expenses for the reporting period. These estimates and assumptions are based on prior experience and other justifiable factors, such as expectations concerning future events that the management of the Sitowise Group considers reasonable, taking into account the conditions on the closing date and when the said estimates and assumptions were made.

Even though these estimates are based on the best view of the Sitowise Group's management of events and measures on the closing date, it is possible that the outcomes differ from these estimates. The estimates and underlying assumptions are continuously updated when preparing the financial statements. The Group may need to adjust its estimates if the conditions on which the estimates are based change, or if the Group receives new information or accumulates more experience. Any changes are recognized in the accounts for the financial period during which the estimate or assumption is updated.

Decisions based on management discretion which the management has made when applying the accounting policies and which have impacts on the figures disclosed in the financial statements are associated with the following areas, among others: recognition of revenue based on the percentage of completion, goodwill impairment testing, provisions, allocation of the cost of acquisitions, measurement of tangible assets, and economic lives of other intangible assets.

The revenue recognition practices are described in Note 2.2. Impairment testing is described in Note 3.2.

2 OPERATING PROFIT

This section focuses on the Group's result and its formation. Next, the different components of the Group's operating profit are discussed.

2.1 SEGMENT REPORTING

The Sitowise Group consists of a single operating segment covering all the Group's business operations. This corresponds to the way in which internal reporting is made to the highest operational decision-maker and the way in which the highest operational decision-maker makes decisions on resource allocation and evaluates performance.

Significant decisions based on management discretion

Sitowise Group's management has used discretion in determining the Group's segment reporting. Areas requiring discretion have been the determination of the highest operational decision-maker, decisions made in Group management and the reports used. The Board of Directors and the CEO have been defined as the highest operational decision-maker. The CEO is responsible for allocating resources and evaluating performance.

2.2 NET SALES

Sitowise provides its customers with all the services for the built environment as well as expert and digital services under the one-stop-shop principle. The main market areas are Finland and Sweden. The net sales of the Sitowise Group primarily comprise sales of services and service packages that may also include software or system development. All services provided to clients under client contracts are recognized as net sales in accordance with the variable and fixed amounts specified in the client contract, considering any incentives and sanctions. Other income that is not related to ordinary activities, such as public grants received and gains on the sale of tangible assets, are recognized in other operating income.

A five-step model is applied to revenue recognition, identifying the contract and performance obligations, determining the transaction price, and allocating it to the performance obligation. Sales revenue is recognized as the performance obligation is fulfilled and only up to the consideration that the Group expects it to be entitled against the services delivered to the client.

Accounting policy

Identification of a contract: IFRS 15 includes the criteria for identifying and combining contracts. As a rule, Sitowise only concludes a single contract with the same customer on a single project. However, contracts can be combined when several almost simultaneous contracts concerning the same site have been concluded with the customer. If separate framework agreements have been concluded with the same customer on different areas of design, it means that the contracts should not be combined for revenue recognition. The justification of this is

that the contract negotiations have often been carried out by completely different persons and they have not been negotiated as a single whole. The average duration of customer contracts varies from weeks to a few months, depending on the industry and whether the contract is a framework agreement or an individual service contract with the client.

Amendments to contracts: In the contracts of the Sitowise Group, additional work is most commonly addressed as part of the project whole, i.e. as expansions of the existing project. In some cases, additional and alteration work can also be established as separate projects and performance obligations. If the scope of application of a contract is expanded due to the work added to it being separable and the total contractual price increases by the separate selling prices for work, the alteration and additional work will be accounted for as a separate performance obligation and recognized as revenue as a separate project.

Identification of performance obligations: The services promised in the customer contract are estimated and the performance obligations delivered to the customer are identified at the time of concluding the contract. In the practice pursuant to IFRS 15, the entire project is considered to be a single performance obligation in the customer contracts of the Infrastructure and Digital Solutions business areas. In the Buildings business area, on the other hand, performance obligation levels depend on the customer and the service offered. If the sub-areas of design are defined and priced as a single aggregate of duties in the request for quote, quote, and contract, the assignment is treated as a single performance obligation.

Buildings

Sitowise's Buildings business offers customers structural design, building system, specialist and construction contracting services for new builds and renovation projects. The primary clients of Buildings are construction companies, housing companies, and the public sector.

In the area of structural and prefabricated element engineering and building systems, fulfilling the more extensive project package makes up the performance obligation. Correspondingly, in building design, the performance obligation regarding different types of engineering comprises implementing the individual projects of the engineering sectors.

In renovations, the performance obligation comprises the overall construction contracting and supervision assignment or tasks of the service areas. The Buildings area also includes specialist and design services that, when commissioned individually, make up a separate performance obligation.

Infrastructure

The Infrastructure business area of Sitowise offers clients services relating to urban, traffic, structural, geotechnical, environmental and landscape design, and infrastructure construction contracting. The primary clients of Infrastructure are construction companies and the public sector. Sitowise's performance obligation consists of preparing the overall engineering of the infrastructure project.

Digital Solutions

Sitowise's Digital Solutions business is divided into two areas: Mobility and Traffic Infrastructure and Built Environment Information Services. The customer contracts of Digital Solutions primarily include consultation work.

Mobility and Traffic Infrastructure offers clients development of traffic optimization, traffic data collection and software services. In Built Environment Information Services, Sitowise provides clients with comprehensive solutions for more cost-efficient design. The clients of both areas are primarily public-sector entities, such as cities and municipalities. The services of Digital Solutions usually make up a single project package that is treated as a performance obligation. The system maintenance phase after system development is treated as a separate performance obligation.

The Sitowise Group primarily acts as the principal in all of its contracts, as it is itself always liable for fulfilling the contract. The Sitowise Group is also responsible for final delivery to the customer when using subcontractors.

Determination of transaction price and its allocation to performance obligations: The transaction price is the amount of consideration to which the Sitowise Group expects it to be entitled for the services provided to the customer. The consideration pledged in the customer contract may include fixed or variable monetary amounts or both. The most common variable considerations are associated with penalties for delay, incentives, performance-linked bonuses, and target prices. Penalties for delays are recognized once they are likely to materialize. Incentives and bonuses and additional consideration received for completion below target prices are recognized once they are very likely to materialize.

Revenue recognition: The services provided by the Sitowise Group are customized for the customer, and the Sitowise Group primarily has a contractual right to payment for the customized output received by the time of review. Performance obligations are fulfilled over time, and control is considered to be transferred to the client as the service is performed for the client.

The determination of sales revenue recognized over time is based on the percentage of completion. The percentage of completion is determined as the percentage of the working hours and costs of work performed by the time of review of the estimated total amount of work and costs of the project. If the service package involves software or software maintenance services, their license and maintenance revenue is recognized for the contract period.

The estimated sales revenue and total costs of the project are updated at the end of each reporting period. If the outcome of a long-term project cannot be reliably estimated, revenue from the project is recognized only to the extent that the monetary amount corresponding to actual costs is available. If it is probable that the total cost of project completion exceeds the total revenue received from the project, the expected loss is immediately expensed.

If the invoicing of the project is lower than the sales revenue recognized on the basis of percentage of completion, the difference is reported as a contractual asset in the Project receivables item on the balance sheet. If the invoicing of the project is higher than the sales revenue recognized on the basis of percentage of completion, the difference is reported as a contractual liability in the Trade and other liabilities item on the balance sheet.

The Sitowise Group has set euro-denominated limits for revenue recognition based on the percentage of completion, varying by business area. If the price of the project is below the limit, revenue is not recognized based on the percentage of completion, but the contract is recognized as revenue monthly based on the work performed up to the amount that it is entitled to charge to the customer. In addition, there are hourly priced projects to which the practical relief is applied; in them, revenue is recognized based on expert work.

The warranty periods of customer contracts are based on the common standard contractual clauses of the industry. The Group applies payment terms pursuant to the industry's standard business practices.

Sweden

In Sweden, Sitowise provides design and consulting services in the following areas: structural engineering, building services engineering and consulting for buildings and real estate, infrastructure, and geotechnical design. Sitowise's performance obligation comprises there similarly to Buildings and Infrastructure business areas described above.

Significant decisions based on management discretion

When revenue recognition is based on the percentage of completion, the outcome of the contract is assessed regularly and reliably. Revenue recognition based on the percentage of completion is based on estimates of the probable sales revenue and expenses of the project as well as reliable measurement of the percentage of completion of the project. If the estimates of the project outcome change, the revenue recognition based on the percentage of completion is adjusted for the reporting period during which the change is initially known. The expected loss from the project is recognized as a loss provision immediately in conjunction with the following monthly reporting.

2.2.1 Net sales by business area

| EUR thousand | 2022 | 2021 | Change |
|---------------------------------|----------------|----------------|--------------|
| Buildings | 79,446 | 72,121 | 10.2% |
| Infrastructure ¹⁾ | 59,960 | 56,436 | 6.2% |
| Digital Solutions ¹⁾ | 28,523 | 19,759 | 44.4% |
| Sweden | 36,486 | 31,017 | 17.6% |
| Total | 204,414 | 179,334 | 14.0% |

¹⁾ Figures for the comparison year have been adjusted to reflect the current organizational structure.

2.2.2 Net sales by market area

| EUR thousand | 2022 | 2021 |
|-----------------|----------------|----------------|
| Finland | 160,906 | 144,456 |
| Sweden | 42,658 | 33,967 |
| Other countries | 850 | 912 |
| Total | 204,414 | 179,334 |

The net sales of the geographical areas are reported by the customer's location.

Assets based on customer contracts are reported in Notes 3.4 and 3.6.

Revenue from customer contracts expected to be recognized and relating to remaining performance obligations by December 31, 2022 amount to approximately EUR 181 (163) million.

2.3 OTHER OPERATING INCOME

Accounting policy

The Sitowise Group recognizes net sales from non-ordinary activities in other operating income. Other income includes, for example, public grants received and gains on the sale of tangible assets. Public grants are recognized as income at the moment when there is reasonable assurance that the grant will be received and the Group both meets and complies with the terms of the grant.

| EUR thousand | 2022 | 2021 |
|-----------------------|------------|------------|
| Gains on fixed assets | 5 | 7 |
| Grants received | 222 | 862 |
| Other income | 61 | 108 |
| Total | 288 | 976 |

The Sitowise Group has received public grants from Business Finland, the European Union and the Latvian State, among others.

2.4 MATERIALS AND SERVICES

| EUR thousand | 2022 | 2021 |
|----------------------------|---------------|---------------|
| Subcontracting expenses | 13,296 | 8,838 |
| Project and other expenses | 7,199 | 5,751 |
| Total | 20,495 | 14,589 |

In 2022, subcontracting expenses amounted to 6.5% (4.9%) and Project and other expenses to 3.5% (3.2%) of net sales.

Project and other expenses include costs relating to customer projects as well as travel and meeting expenses.

2.5 PERSONNEL EXPENSES

Accounting policy

Pension schemes are classified as either defined contribution or defined benefit schemes. The defined contribution pension scheme is an arrangement in which the Sitowise Group pays fixed premiums to pension insurance policies. The Sitowise Group has no legal or factual obligations to make additional payments if the insurance does not provide sufficient funds for paying all benefits based on the work performance for the current and previous financial periods to all employees.

The total compensation paid by the Sitowise Group to its personnel comprises salaries, wage supplements, short-term incentives, and fringe benefits

| EUR thousand | 2022 | 2021 |
|--------------------------------|----------------|----------------|
| Wages and salaries | 103,544 | 92,777 |
| Pension expenses | 17,566 | 15,118 |
| Other social security expenses | 8,664 | 7,800 |
| Total | 129,774 | 115,696 |

In 2022, personnel expenses amounted to 63.5% (64.5%) of net sales.

| Personnel | 2022 | 2021 |
|---------------------------------------|-------|-------|
| Average number of personnel | 2,151 | 1,969 |
| Full-time equivalent (FTE) on average | 1,880 | 1,697 |

Full-time equivalent (FTE) on average is the average number of full-time equivalents in the Group.

Information about the compensation of the management is reported in Note 6.3 on related party transactions.

2.6 OTHER OPERATING EXPENSES

| EUR thousand | 2022 | 2021 |
|----------------------------------|---------------|---------------|
| Other personnel-related expenses | 7,159 | 5,293 |
| ICT expenses | 10,502 | 8,843 |
| Sales and marketing expenses | 1,261 | 729 |
| Rent expenses | 4,368 | 3,868 |
| Other expenses | 7,387 | 5,331 |
| Total | 30,677 | 24,064 |

In 2022, other operating expenses amounted to 15% (13.4%) of net sales.

Other personnel-related expenses mainly comprise fringe benefits and diverse expenses relating to training, recruitment, and personnel meetings.

ICT expenses are primarily associated with software and IT service expenses.

The material items included in other expenses are legal and other counselling fees and communications expenses. Practical reliefs allowed by IFRS 16 have been applied, and part of lease costs are included in other operating expenses. Information on IFRS 16 is presented in Note 3.3.

2.6.1 Auditors' fees

| EUR thousand | 2022 | 2021 |
|-------------------------|------------|------------|
| Statutory audit | 146 | 159 |
| Tax advice | 34 | 52 |
| Other advisory services | 241 | 469 |
| Total | 421 | 680 |

The auditor of the parent company and the Group is KPMG Oy Ab. Auditor's fees other than statutory audit fees were 275 (521) thousand euros. Other advisory services include mainly expenses related to mergers and acquisitions, additionally the expenses for 2021 include listing-related expenses, some of which are recognized through equity.

2.7 DEPRECIATION, AMORTIZATION, AND IMPAIRMENT

Accounting policy

Depreciation of machinery, equipment, and other tangible assets is recognized over their economic useful lives. Depreciation is recognized using the straight-line method based on the acquisition cost and estimated economic useful life of the asset. The Sitowise Group reviews the depreciation periods and methods at least at the end of each financial period. If the economic useful life of an asset differs from the previous estimate, the depreciation period will be adjusted accordingly.

Impairment loss is the amount by which the book value of an asset exceeds the recoverable value of the asset.

A public grant received for capital expenditure is recognized as lowering the cost of the fixed asset.

Economic useful lives of assets for the 2022 and 2021 financial periods are as follows:

- IT machinery and equipment 4 years
- Other machinery and equipment 5 years

Economic useful lives of intangible assets are as follows:

- Intangible rights 3–5 years
- Acquired asset, technology 5 years
- Acquired asset, customer relations 5 years
- Other intangible rights 5–10 years

| EUR thousand | 2022 | 2021 |
|---|---------------|--------------|
| Machinery and equipment | 1,291 | 1,305 |
| Leases | | |
| Building and structures | 5,828 | 5,640 |
| Machinery and equipment | 561 | 492 |
| Impairments | 43 | 0 |
| Tangible assets | 7,723 | 7,436 |
| Intangible rights and other intangible assets | 2,803 | 2,140 |
| Impairment | 68 | 10 |
| Intangible assets | 2,871 | 2,150 |
| Total | 10,594 | 9,586 |

2.8 EARNINGS PER SHARE

Accounting policy

Earnings per share is calculated by dividing parent company's result for its owners with average amount of shares during the financial period. During the financial period and comparison period there were no significant diluting transactions so that diluted result per share is not shown separately. If diluted share result per share is shown, it would be calculated in same way than non-diluted but by using diluted amount of shares.

| EUR thousand | 2022 | 2021 |
|---|-------------|-------------|
| Parent company result for the owners | 7,847 | 7,827 |
| Average amount of the shares | 35,664,557 | 35,290,804 |
| Non-diluted earnings per share (EUR/share) | 0.22 | 0.22 |

3 OPERATIONAL ASSETS AND LIABILITIES

3.1 BUSINESS COMBINATIONS

Accounting policy

Acquired subsidiaries are consolidated into the consolidated financial statements using the acquisition method. The consideration given in business combinations and the identifiable assets and assumed liabilities of the acquired company are measured at fair value upon acquisition. The consideration given in conjunction with acquisitions includes any funds given, liabilities to the previous owners of the acquiree and issued equity shares.

Any additional purchase price is measured at fair value upon acquisition. The additional purchase price is classified as either equity or a liability. If the additional purchase price is classified as a liability, it is measured at fair value on the closing date of each reporting period. An additional purchase price classified as equity is not remeasured.

Non-controlling interest in the acquiree is measured at fair value or at an amount corresponding to the proportional share of the non-controlling interest of the identifiable net assets of the acquiree.

Acquisition-related expenses, such as expert fees, are expensed for the periods during which they occur and services are received. Information about additional purchase price liabilities is presented in Note 4.2.2.

Mergers and acquisitions are a central part of the active growth strategy of the Sitowise Group. The mergers and acquisitions have primarily been minor supplementary acquisitions, and each acquisition has had an impact of less than 10% individually on the net sales of the Sitowise Group. The starting point in acquisitions has been to strengthen local expertise and resources. Therefore, the value of the acquisitions is primarily based on skilled personnel, and no value is allocated; the majority of it is allocated to goodwill.

In 2022, the Sitowise Group carried out six acquisitions, of which three in Finland and three in Sweden:

- Swedish infrastructure design agency, Mavacon AB.
- VRT Finland Oy's business focusing on 3D construction inspection.
- The Finnish renovation specialist Rakennuttajakaari Oy.
- E60 Elkonsult AB, a Swedish electrical design expert company.
- Bitcomp Oy, an IT expert in SaaS solutions for the forest and natural resources sector.
- Convia construction consultant services on both, buildings, and infrastructure.

| Company | Time | Transaction method | Location | Personnel | Net sales in 2021 EUR million |
|----------------------|---------|-----------------------|---------------------|-----------|----------------------------------|
| Mavacon AB | 1/2022 | Share purchase (100%) | Falun (Sweden) | 13 | 2.3 |
| VRT Survey | 1/2022 | Business acquisition | Jyväskylä (Finland) | 9 | - |
| Rakennuttajakaari Oy | 6/2022 | Share purchase (100%) | Helsinki (Finland) | 45 | 5.0 |
| E60 Elkonsult AB | 6/2022 | Share purchase (100%) | Norrköping (Sweden) | 10 | 1.1 |
| Bitcomp Oy | 6/2022 | Share purchase (100%) | Jyväskylä (Finland) | 80 | 5.7 |
| Convia | 10/2022 | Share purchase (100%) | Stockholm (Sweden) | 23 | 3.8 |

Purchase prices of the acquisitions are paid by cash consideration or by combination of cash consideration and shares of Sitowise Group Plc. Estimated purchase price liabilities as per 31.12.2022 amounted to 1.0 million euros. The assets and liabilities of the acquired companies mainly include working capital items and separately identified assets related to customer relationships and technology. The estimated useful life of the separately identified assets is 5 years. Recognized consolidated goodwill is not deductible for tax purposes whereas goodwill from purchases of businesses is deductible in acquiring company's taxation. The Sitowise Group has received reasonable information to allocate the acquired assets and is not aware of any changes needed for the made allocations. If the acquisitions in 2022 would have been made as per 1 January 2022 group's revenue would be 9.5 million euros higher and EBIT some 1.3 million euros higher.

| EUR thousand | 2022 | 2021 |
|-------------------|--------------|--------------|
| Purchase price | 32,617 | 23,443 |
| Assets | 11,574 | 9,337 |
| Liabilities | 4,618 | 3,717 |
| Net assets | 6,772 | 5,620 |
| Goodwill | 25,845 | 17,823 |

3.2 GOODWILL AND OTHER INTANGIBLE ASSETS

Accounting policy

Apart from goodwill, intangible assets are recognized at cost less amortization using the straight-line method over their economic useful lives. Intangible assets include goodwill, intangible rights, and other intangible assets.

Goodwill

Goodwill from the acquisition of business operations is recognized at the amount by which the consideration given, non-controlling interest, and any previous holding in the acquiree combined exceed the Group's share of the fair value of the acquired net assets. Goodwill is recognized on the balance sheet less any accumulated impairment losses. Goodwill is not amortized but tested annually for any impairment.

For impairment testing, goodwill is allocated to the Sitowise Group, which is expected to benefit from the business combinations from which the goodwill emerged. Impairment testing is described in more detail below in this Note.

Other intangible assets

Other intangible assets include intangible rights and other intangible assets. Intangible assets, such as system deliveries, which have a limited economic useful life, are recognized on the balance sheet at original acquisition cost less accumulated amortization and any impairment.

Technology and customer relationships owned by the Sitowise Group have been acquired in conjunction with previous mergers and acquisitions, and they were initially recognized on the balance sheet at fair value and are amortized using the straight-line method over their estimated economic useful lives.

The Sitowise Group assesses on the closing date of each financial period whether there are indications of the impairment of intangible assets other than goodwill. If indications emerge, the Group assesses the recoverable amount from the said asset. The recoverable amount is the fair value of the asset less the higher of costs of selling or value in use. An impairment loss is recognized through profit and loss when the book value of the asset exceeds the recoverable amount. When recognizing the impairment loss, the Group reassesses the economic useful life of the intangible asset. The impairment loss is reversed if a change has taken place in the circumstances and the recoverable amount of the asset has changed from the time of recognizing the impairment loss. However, the impairment loss will not be reversed in excess of the book value of the asset had the impairment loss not been recognized.

The impairment of goodwill is described in Note 3.2.1, Impairment testing.

Significant decisions based on management discretion

Technology and customer relationships owned by the Sitowise Group have been acquired in conjunction with previous mergers and acquisitions, and they were initially recognized on the balance sheet at fair value and are amortized using the straight-line method over their estimated economic useful lives. The management has estimated the economic useful life of technology to be 5 years and the economic useful life of customer relationships to be 5 years.

Section 3.2.1.1, Business combinations, discusses the treatment of goodwill. During the 2022 financial period, the Sitowise Group carried out six acquisitions.

| EUR thousand | Goodwill | Other intangible assets | Prepayments for intangible assets | Total |
|--|----------------|-------------------------|-----------------------------------|----------------|
| Acquisition cost January 1, 2022 | 135,193 | 13,798 | 542 | 149,532 |
| Business combinations | 23,919 | 3,138 | | 27,056 |
| Increase | 2,068 | 1,241 | 1,448 | 4,757 |
| Decrease | | -400 | | -400 |
| Transfer between items | | -252 | -66 | -318 |
| Impairments | | -249 | | -249 |
| Exchange rate differences | -3,559 | -684 | -4 | -4,247 |
| Acquisition cost December 31, 2022 | 157,620 | 16,591 | 1,921 | 176,133 |
| Accumulated depreciation | | -6,401 | | -6,401 |
| Business combinations, accumulated depreciation | | -10 | | -10 |
| Depreciation for the period | | -2,803 | | -2,803 |
| Transfer between items | | 274 | | 274 |
| Impairments, accumulated depreciation | | 181 | | 181 |
| Exchange rate differences | | 471 | | 471 |
| Accumulated depreciation, amortization, and impairment December 31 | | -8,288 | | -8,288 |
| Acquisition cost December 31, 2022 | 157,620 | 8,302 | 1,921 | 167,844 |

| EUR thousand | Goodwill | Other intangible assets | Prepayments for intangible assets | Total |
|--|----------------|-------------------------|-----------------------------------|----------------|
| Acquisition cost January 1, 2021 | 118,081 | 11,210 | | 129,290 |
| Business combinations | 17,823 | 5,706 | | 23,528 |
| Increase | 25 | 1,862 | | 1,887 |
| Decrease | 0 | -5 | | -5 |
| Transfer between items | 0 | -4,845 | 542 | -4,303 |
| Exchange rate differences | -736 | -130 | | -866 |
| Acquisition cost December 31, 2021 | 135,193 | 13,798 | 542 | 149,532 |
| Accumulated depreciation | | -5,529 | | -5,529 |
| Business combinations, accumulated depreciation | | -3,497 | | -3,497 |
| Depreciation for the period | | -2,140 | | -2,140 |
| Transfer between items | | 4,720 | | 4,720 |
| Exchange rate differences | | 45 | | 45 |
| Accumulated depreciation, amortization, and impairment December 31 | | -6,401 | | -6,401 |
| Acquisition cost December 31, 2021 ¹⁾ | 135,193 | 7,397 | 542 | 143,131 |

¹⁾ During the financial year the Group re-classified assets from work-in-progress in Tangible assets to Intangible assets. The re-classification decreased the tangible assets as at 31.12.2021 with 396 thousand euros.

3.2.1 Impairment testing

Accounting policy

Goodwill is allocated to cash-generating units in impairment testing. The impairment testing is carried out annually, and if there are indications of value possibly being impaired. Furthermore, other assets are tested for impairment if there are indications of any impairment.

If any evidence of impairment is found, the recoverable amount of the said asset is estimated. The recoverable amount is determined on the basis of value in use. An impairment loss is recognized when the book value of the asset exceeds the recoverable amount. The impairment loss is immediately recognized through profit and loss, and the economic useful life of the amortized asset is reassessed when recognizing the impairment loss. The need for recognizing impairment losses is reviewed at the level of cash-generating units, namely the Sitowise Group. An impairment loss recognized for goodwill is never reversed.

Significant decisions based on management discretion

The preparation of calculations used in testing goodwill for impairment requires making estimates concerning the future. The management's estimates and related critical uncertainty factors are associated with the components of calculations concerning the recoverable amount, which include discount rate, growth rate after the projection period and development of net sales and operating profit, including the level of the company's costs. The discount rate indicates current estimates of the time value of money and a relevant risk premium, which, in turn, indicates risks and uncertainty factors not taken into account by adjusting the estimates concerning the corresponding cash flows. The discount rates used and projections of business growth and profitability, including sensitivity analyses, are presented in section 3.2.1.1 below.

3.2.1.1 Impairment testing of goodwill

The Sitowise Group has one cash-generating unit at the level of which goodwill is monitored and to which goodwill is allocated. Cash flow projections are based on the confirmed budget for the next year and confirmed strategy for the subsequent years. The length of the projection period used in impairment testing calculations is five years.

The management's conservative estimate of long-term cash flow growth has been used in determining the growth in the terminal value. The growth factor used for the terminal value is 2.0% annual growth, corresponding to long-term GDP growth in the market areas in which the Sitowise Group operates. The discount rate of cash flows is determined using the weighted average cost of capital (WACC). The key factors of WACC are risk-free interest rate, market risk premium, industry-specific beta factor, cost of debt, and ratio of equity to liabilities. The table below presents the assumptions by testing dates.

| Assumptions used in impairment calculation | 30 September 2022 | 30 September 2021 |
|---|-------------------|-------------------|
| Growth in net sales during the projection period (CAGR) | 5.7% | 5.1% |
| Terminal growth assumption | 2.0% | 2.0% |
| Discount rate (pre-tax WACC) | 11.3% | 8.3% |

Impairment testing on 30 September 2022 did not indicate a need for impairment of goodwill, with the recoverable amount exceeding the book value.

The Sitowise Group has estimated that no anticipated change in the key assumptions would cause a situation in which the book value of a cash-generating unit would exceed its recoverable amount. A break-even sensitivity analysis was carried out in conjunction with the impairment testing, in which the discount rate was increased by 2.3 percentage points and the terminal growth assumption was reduced to 0%. Based on the sensitivity analyses, the probability of goodwill impairment loss was low.

3.3 TANGIBLE ASSETS

Accounting policy

Tangible assets primarily comprise office furniture, IT hardware, and other tools. Property, plant, and equipment is measured at original acquisition cost less accumulated amortization and any impairment.

The Group assesses on the closing date of each reporting period whether there are indications of the impairment of a tangible asset. If indications emerge, the Group assesses the recoverable amount from the said asset. An impairment loss is recognized when the book value of the asset exceeds the recoverable amount.

| EUR thousand | Machinery and equipment | Other tangible assets | Total |
|--|-------------------------|-----------------------|--------------|
| Acquisition cost January 1, 2022 | 8,444 | 36 | 8,480 |
| Business combinations | 759 | | 759 |
| Increase | 1,146 | | 1,146 |
| Decrease | -19 | | -19 |
| Impairments | -8 | -36 | -43 |
| Exchange rate differences | -119 | | -119 |
| Adjustment of accumulated depreciation and acquisition cost | -183 | | -183 |
| Acquisition cost December 31, 2022 | 10,020 | | 10,020 |
| Accumulated depreciation | -4,917 | | -4,917 |
| Business combinations, accumulated depreciation | -30 | | -30 |
| Depreciation for the period | -1,291 | | -1,291 |
| Adjustment of accumulated depreciation and acquisition cost | 129 | | 129 |
| Accumulated depreciation of decreases | 1 | | 1 |
| Exchange rate differences | 62 | | 62 |
| Accumulated depreciation, amortization, and impairment December 31 | -6,047 | | -6,047 |
| Acquisition cost December 31, 2022 | 3,973 | 0 | 3,973 |

| EUR thousand | Machinery and equipment | Other tangible assets | Total |
|--|-------------------------|-----------------------|--------------|
| Acquisition cost January 1, 2021 | 12,728 | 36 | 12,763 |
| Business combinations | 392 | | 392 |
| Increase | 524 | | 524 |
| Decrease | -210 | | -210 |
| Transfer between items | -396 | | -396 |
| Exchange rate differences | -28 | | -28 |
| Adjustment of accumulated depreciation and acquisition cost | -4,564 | | -4,564 |
| Acquisition cost December 31, 2021 | 8,444 | 36 | 8,480 |
| Accumulated depreciation | -7,905 | | -7,905 |
| Business combinations, accumulated depreciation | -289 | | -289 |
| Depreciation for the period | -1,301 | | -1,301 |
| Adjustment of accumulated depreciation and acquisition cost | 4,545 | | 4,545 |
| Accumulated depreciation of decreases | 22 | | 22 |
| Exchange rate differences | 12 | | 12 |
| Accumulated depreciation, amortization, and impairment December 31 | -4,917 | | -4,917 |
| Acquisition cost December 31, 2021 ¹⁾ | 3,527 | 36 | 3,563 |

¹⁾ During the financial year the Group re-classified assets from work-in-progress in Tangible assets to Intangible assets. The re-classification decreased the tangible assets as at 31.12.2021 with 396 thousand euros.

3.3.1 Leases

Accounting policy

As a rule, the Sitowise Group recognizes all lease-related assets (right-of-use assets) and lease liabilities on its balance sheet. Right-of-use assets are included in tangible assets item in balance sheet and lease liabilities as a part of long and short-term financial liabilities. At the time of concluding a contract, the Sitowise Group assesses whether the contract is a lease or includes a lease. The contract is a lease or includes a lease if the contract gives the right to control the use of a specific asset for a fixed period against consideration.

A right-of-use asset and a corresponding liability are recognized for all of the lessees' leases, with the exception of short-term leases as well as leases of minor value. The right-of-use asset is measured at acquisition cost at the start of the contract and later at acquisition cost less accumulated depreciation and amortization and any impairment losses, adjusted for the impact of any reassessments of the lease liability. The lease liability is measured at the start of the contract at the current value of rents not paid on the said date. Later, the lease liability is measured at amortized cost using the effective interest method. The lease liability is remeasured when a change has taken place in the future rent payments due to a change in the index or price level. When the lease liability is remeasured in this way, a

corresponding adjustment is made to the book value of the right-of-use asset, or it is recognized through profit or loss if the book value of the right-of-use asset has been reduced to zero.

At the Sitowise Group, right-of-use assets include the premises and vehicles leased under ordinary terms and conditions. The Group treats premises which have a period of notice of less than one year and are located in smaller locations as short-term leases. Computers, tablets, printers, and similar assets are treated as assets with minor value. The Group uses the IFRS relief clause and does not apply IFRS 16 to intangible assets. The discount rate used is the interest rate of the company's additional credit, the components of which include the reference interest rate and the financial institution's margin.

Significant decisions based on management discretion

The management of the Sitowise Group regularly reviews the strategic value of locations. This influences the IFRS 16 interpretation regarding for how long the Group is likely to extend a lease on premises until further notice, for example.

| EUR thousand | IFRS 16, Business Premises | IFRS 16, Cars | IFRS 16 right- of-use assets |
|---|-------------------------------|------------------|---------------------------------|
| Acquisition cost January 1, 2022 | 46,197 | 2,373 | 48,570 |
| Increase | 6,516 | 945 | 7,461 |
| Decrease | -283 | -39 | -322 |
| Exchange rate differences | -709 | -43 | -752 |
| Acquisition cost December 31, 2022 | 51,721 | 3,235 | 54,956 |
| Accumulated and depreciation for the period | -19,519 | -1,589 | -21,108 |
| Depreciation for the period | -5,828 | -561 | -6,389 |
| Exchange rate differences | 317 | 27 | 344 |
| Accumulated depreciation, amortization and impairment December 31 | -25,030 | -2,123 | -27,153 |
| Acquisition cost December 31, 2022 | 26,691 | 1,112 | 27,803 |

| EUR thousand | IFRS 16, Business Premises | IFRS 16, Cars | IFRS 16 right- of-use assets |
|---|-------------------------------|------------------|---------------------------------|
| Acquisition cost January 1, 2021 | 42,529 | 1,816 | 44,345 |
| Increase | 3,920 | 620 | 4,540 |
| Decrease | -100 | -56 | -155 |
| Exchange rate differences | -152 | -8 | -160 |
| Acquisition cost December 31, 2021 | 46,197 | 2,373 | 48,570 |
| Accumulated and depreciation for the period | -13,927 | -1,101 | -15,028 |
| Depreciation for the period | -5,640 | -492 | -6,132 |
| Exchange rate differences | 48 | 4 | 52 |
| Accumulated depreciation, amortization and impairment December 31 | -19,519 | -1,589 | -21,108 |
| Acquisition cost December 31, 2021 | 26,678 | 784 | 27,462 |

During the 2022 financial period, outgoing cash flow due to leases totaled EUR 6.1 million, and during the 2021 financial period, they totaled EUR 5.8 million.

Rent expenses from short-term contracts are included in other operating expenses, amounting to EUR 3,121 thousand in 2022 and EUR 2,938 thousand in 2021.

The interest expense on the lease liability was EUR 819 thousand in 2022 and EUR 894 thousand in 2021.

3.4 TRADE AND OTHER RECEIVABLES

Accounting policy

The Sitowise Group applies the simplified approach of IFRS9 to provisions for credit losses for trade receivables. Trade receivables are recognized on the balance sheet at original invoiced value less any impairment. A provision for impairment is immediately recognized through profit and loss. An allowance for loss is based on the expected credit losses from trade receivables. The model of expected credit losses is forward-looking and based on the historic credit loss rate, applying the simplified procedure, the provisioning matrix. The Sitowise Group records the final credit loss when debt collection measures prove to be unsuccessful. A final credit loss is recognized, for example, when a credit loss recommendation has been received from the debt collection agency or the debtor applies for restructuring or bankruptcy.

Project receivables increased during 2022, mainly on account of growth in business. The project portfolio also had an impact on the development of project receivables during the financial period. There are no significant credit risk concentrations associated with the receivables, and all receivables are unsecured.

| EUR thousand | 2022 | 2021 |
|----------------------|---------------|---------------|
| Trade receivables | 41,701 | 34,499 |
| Project receivables | 15,214 | 13,376 |
| Accrued income | 3,960 | 3,775 |
| Other accrued income | 688 | 450 |
| Total | 61,564 | 52,099 |

Aging of trade receivables

| EUR thousand | 2022 | Expected credit losses | Expected credit losses |
|---------------|---------------|------------------------|------------------------|
| Undue | 36,969 | 0.01% | 3 |
| 0–29 days | 2,923 | 0.1% | 3 |
| 30–59 days | 463 | 1.0% | 5 |
| 60–119 days | 492 | 4.0% | 20 |
| 120–365 days | 741 | 6.3% | 47 |
| Over 365 days | 877 | 100% | 877 |
| Total | 42,465 | | 953 |

| EUR thousand | 2021 | Expected credit losses | Expected credit losses |
|---------------|---------------|------------------------|------------------------|
| Undue | 31,532 | 0.01% | 2 |
| 0–29 days | 1,702 | 0.1% | 2 |
| 30–59 days | 365 | 1.0% | 4 |
| 60–119 days | 207 | 4.0% | 8 |
| 120–365 days | 317 | 6.3% | 20 |
| Over 365 days | 861 | 100% | 861 |
| Total | 34,983 | | 896 |

Provisions for impairment related to trade receivables are based on historic data concerning materialized credit losses and on an estimate of potential future credit losses. The expected credit losses are fully covered by the provision for credit losses and complaints.

3.5 PROVISIONS

Accounting policy

A provision is recognized when the Group has a legal or factual obligation as the result of a prior event, the materialization of the obligation is likely, and the amount of the obligation can be reliably measured. The amount recognized as a provision is the current value of the expenses which fulfilling the obligation is expected to require at the end of the financial period based on the management's best estimate. If compensation for part of the obligation can be recovered from a third party, the compensation is deducted from the provision, but only when it is likely that the compensation will be received. A provision is recognized only if the amount of the obligation can be reliably measured.

At the time of recognition, the management must assess whether there is an obligation that is likely to materialize as well as its amount and time of materialization.

A provision is recognized for loss-making contracts when the expenses required to fulfill obligations exceed the benefits from the contract. The loss provision is decreased pro rata to the recognition of revenue from the loss-making contract.

| EUR thousand | 2022 | 2021 |
|------------------------------------|------------|--------------|
| Provision January 1 | 1,428 | 1,793 |
| Increases in provisions | 363 | 367 |
| Provisions used | -601 | -326 |
| Cancellations of unused provisions | -210 | -405 |
| Provision December 31 | 981 | 1,428 |

Provisions include normal business-related complaint and loss provisions.

3.6 ACCOUNTS PAYABLE AND OTHER LIABILITIES

| EUR thousand | 2022 | 2021 |
|---|---------------|---------------|
| Trade payable | 8,429 | 6,305 |
| Liabilities based on contracts with customers | 12,655 | 10,530 |
| Accrued expenses | 35,356 | 31,915 |
| Other liabilities | 3,208 | 2,260 |
| Total | 59,649 | 51,010 |

Liabilities based on contracts with customers increased during 2022, mainly on account of growth in business. The project portfolio also had an impact on the development of liabilities based on contracts with customers during the financial period.

Liabilities based on customer contracts include both the difference between net sales based on the percentage of completion and invoicing, and ordinary provisions for costs relating to customer projects.

The most essential items in accrued expenses included accrual of personnel expenses and ordinary business-related accruals.

4 FINANCIAL ITEMS AND CAPITAL STRUCTURE

4.1 FINANCIAL INCOME AND EXPENSES

| EUR thousand | 2022 | 2021 |
|-------------------------------------|---------------|---------------|
| Dividend income | 2 | 0 |
| Other interest and financial income | 388 | 184 |
| Interest on lease liabilities | -819 | -894 |
| Interest expenses | -1,274 | -1,777 |
| Other financial expenses | -1,179 | -3,599 |
| Total | -2,882 | -6,086 |

Interest expenses are associated with loans from financial institutions.

4.2 FINANCIAL ASSETS AND LIABILITIES

Measurement of fair values

The fair value of an asset or liability is the price that would be received from selling the asset or paid for transferring the liability between market parties in a regular transaction on the measurement date. The Sitowise Group makes use of market data in measuring fair value if there is an active market for the financial asset or liability. Otherwise, other measurement methods will be applied.

Fair values are classified as follows to different levels of the fair value hierarchy, illustrating the significance of input data used in the measurement methods:

- Level 1: Quoted fair values for identical assets and liabilities in active markets
- Level 2: Fair values are measured using inputs other than quoted prices included within Level 1, and they are observable for the asset or liability, either directly or indirectly
- Level 3: Fair values are measured using asset or liability data not based on observable market inputs

The Sitowise Group considers that the book values of current trade receivables, accounts payable and cash and cash equivalents correspond to the best estimate of their fair values. Moreover, the Group considers that the book values of loans from financial institutions and other non-current liabilities correspond to the best estimate of their fair values.

4.2.1 Financial assets

The Group classifies its financial assets at amortized cost and fair value through other comprehensive income. The classification of financial assets is based on the business model specified by the Group and contractual cash flows of financial assets.

At the Sitowise Group, non-current receivables include receivables falling due after more than one year. Other shares and participations, which are included in non-current financial assets, are initially measured at amortized cost, and their fair value is determined using inputs other than observable market inputs.

Financial assets that are not measured at amortized cost are recognized at fair value through comprehensive income. The change in the fair value of these items is recognized through comprehensive income. The Group's shares in non-listed companies are measured at fair value using the valuation of the company's last financing round.

Current financial assets include trade receivables and cash and cash equivalents. The book values of current trade receivables and cash and cash equivalents correspond to the best estimate of their fair values. Write-downs of trade receivables are made based on expected credit losses from trade receivables. The model of expected credit losses is forward-looking and based on the historic credit loss rate.

Cash and any bank deposits that can be withdrawn on demand are included in cash equivalents at the Sitowise Group. Short-term deposits are considered to be easily convertible into cash because their original maturity is at most three months. The cash and cash equivalents reported on the balance sheet correspond to the cash and cash equivalents reported on the cash flow statement. Cash and cash equivalents on December 31, 2022 amounted to EUR 15,390 thousand (EUR 19,353 thousand).

Cash and cash equivalents are derecognized when the Group has lost the contractual right to cash flows or has transferred risks and income to outside the Group to a significant extent. During 2022, there were no transfers between fair value levels 1, 2 and 3.

| EUR thousand | Measured at amortized cost | Measured at fair value through other comprehensive income | Fair value through profit and loss | Book value total | Fair value | Level |
|---|----------------------------|---|------------------------------------|------------------|---------------|---------|
| Non-current financial assets | | | | | | |
| Other shares and holdings | | 731 | | 731 | 731 | Level 3 |
| Loans receivable | 917 | | | 917 | 917 | Level 3 |
| Other financial assets, including derivatives | 205 | 79 | | 284 | 284 | Level 2 |
| Current financial assets | | | | | | |
| Trade receivables | 41,701 | | | 41,701 | 41,701 | Level 3 |
| Cash and cash equivalents | 15,390 | | | 15,390 | 15,390 | Level 1 |
| Financial assets December 31, 2022 | 58,213 | 809 | 0 | 59,022 | 59,022 | |

| EUR thousand | Measured at amortized cost | Measured at fair value through other comprehensive income | Fair value through profit and loss | Book value total | Fair value | Level |
|---|----------------------------|---|------------------------------------|------------------|---------------|---------|
| Non-current financial assets | | | | | | |
| Other shares and holdings | | 731 | | 731 | 731 | Level 3 |
| Loans receivable | 917 | | | 917 | 917 | Level 3 |
| Other financial assets | 217 | | | 217 | 217 | Level 2 |
| Current financial assets | | | | | | |
| Trade receivables | 34,499 | | | 34,499 | 34,499 | Level 3 |
| Cash and cash equivalents | 19,353 | | | 19,353 | 19,353 | Level 1 |
| Financial assets December 31, 2021 | 54,986 | 731 | 0 | 55,717 | 55,717 | |

| EUR thousand | Measured at amortized cost | Measured at fair value through other comprehensive income | Fair value through profit and loss | Book value total | Fair value | Level |
|--|----------------------------|---|------------------------------------|------------------|---------------|---------|
| Non-current financial liabilities | | | | | | |
| Loans from financial institutions | 70,992 | | | 70,992 | 70,992 | Level 2 |
| Lease liabilities | 22,050 | | | 22,050 | | Level 2 |
| Current financial liabilities | | | | | | |
| Loans from financial institutions | 1,000 | | | 1,000 | 1,000 | Level 2 |
| Trade payable | 8,429 | | | 8,429 | 8,429 | Level 2 |
| Additional purchase price liabilities | | | 1,048 | 1,048 | 1,048 | Level 3 |
| Lease liabilities | 6,937 | | | 6,937 | | Level 2 |
| Financial liabilities December 31, 2022 | 109,408 | 0 | 1,048 | 110,456 | 81,469 | |

| EUR thousand | Measured at amortized cost | Measured at fair value through other comprehensive income | Fair value through profit and loss | Book value total | Fair value | Level |
|--|----------------------------|---|------------------------------------|------------------|---------------|---------|
| Non-current financial liabilities | | | | | | |
| Loans from financial institutions | 49,206 | | | 49,206 | 49,206 | Level 2 |
| Lease liabilities | 21,777 | | | 21,777 | | Level 2 |
| Current financial liabilities | | | | | | |
| Loans from financial institutions | 1,006 | | | 1,006 | 1,006 | Level 2 |
| Trade payable | 6,305 | | | 6,305 | 6,305 | Level 2 |
| Additional purchase price liabilities | | | 426 | 426 | 426 | Level 3 |
| Lease liabilities | 6,619 | | | 6,619 | | Level 2 |
| Financial liabilities December 31, 2021 | 84,913 | 0 | 426 | 85,339 | 56,943 | |

4.2.2 Financial liabilities

Financial liabilities measured at amortized cost are included in the Group's external loans from financial institutions and accounts payable. Financial liabilities are measured initially at fair value and recognized on the balance sheet less transaction costs. A financial liability is classified as current if the Group does not have an unconditional right to postpone the repayment of the liability a minimum of 12 months from the closing date of the reporting period. If loans are repaid or refinanced, any remaining costs not expensed relating to them are recognized in financial expenses.

These financial liabilities are measured at amortized cost using the effective interest method. Cost items are measured at fair value through profit or loss in the period during which they occur. Liabilities recognized at fair value through profit or loss are additional purchase price liabilities for acquisitions.

The Sitowise Group had an estimated additional purchase price liability of EUR 1,048 thousand on 31 December 2022 (EUR 426 thousand on 31 December 2021).

Liabilities from financial institutions consist of a variable interest bank loans withdrawn under the financing agreement. In connection with the stock exchange listing, a three-year financing agreement of EUR 100 million was negotiated in the financial year 2021, from which liabilities totaling EUR 72.0 million have been withdrawn. The group concluded an interest rate swap at the end of the financial year, which covers the term loan of 39 million euros. At the year-end, EUR 33 million of the withdrawn loans were based on a variable-rate and EUR 39 million of the loans were converted into fixed rate. The share of fixed and variable base interest in the total loan portfolio were therefore 54% and 46%. The working capital limit of 20 million euros, which is a part of the financing agreement, was unused at the time of closing the accounts. In the financial period of 2022, the Group fulfilled the covenant condition relating to the net liabilities/EBITDA ratio in accordance with the financing agreement. There are also ESG related conditions attached to the bank loan.

4.3 SHAREHOLDERS' EQUITY

4.3.1 Shares and share capital

Sitowise Group Plc has one series of shares in which each share entitles its holder to one vote and an equal dividend. The company's share (SITOWS) is listed and publicly traded on the main list of Nasdaq Helsinki Ltd. On 31 December 2022, the number of shares was 35,665,927 (35,415,927) and the share capital was EUR 80,000 (80,000). The shares have no nominal value and all issued shares have been fully paid. On 31 December 2022, the company held a total of 119,399 (31,677) own shares, representing approximately 0.33 (0.1) percent of all shares in Sitowise. At the end of the financial year Sitowise Oy had a total of 60,280 Sitowise Group Plc share pledges which were received as collateral for previous acquisitions. The amount corresponds to approximately 0.17 percent of all shares (60,280 shares

corresponding to 0.17 percent of all shares at the end of the fiscal year 2021).

On 31 December 31, 2022, the company had shares as follows:

| | 2022 | 2021 |
|----------------------------------|------------|------------|
| Number of shares | 35,665,927 | 35,415,927 |
| Average number of shares | 35,664,557 | 35,290,804 |
| Diluted number of shares | 35,665,927 | 35,665,927 |
| Average number of diluted shares | 35,664,557 | 35,333,200 |

The Annual General Meeting resolved on 20 April 2022, in accordance with the proposal of the Board of Directors, that a dividend of EUR 0.10 per share will be distributed. The dividend was paid to shareholders who on the dividend record date 22 April 2022 were registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd. The dividend was paid on 29 April 2022.

In December 2021, the Company resolved to issue in a directed issue 250,000 new shares to itself without consideration. The shares were registered in the Trade Register on 3 January 2022 and admitted for trading on the official list of Nasdaq Helsinki Ltd on 4 January 2022. After the registration of the shares and as at the end of the financial period 31 December 2022, the number of shares issued was in total 35,665,927 shares.

The Board of Directors has resolved on directed share issues in connection with acquisitions on 31 January 2022, 31 May 2022, 20 June 2022, and 18 October 2022, where 95,532 shares, 161,206 shares, 44,843 shares, 171,771 shares, and 188,926 shares were issued, in total 662,278 shares. For the key terms and conditions of share offerings, see www.sitowise.com/investors/stock-exchange-releases.

On 17 March 2022, the Board of Directors decided to start repurchasing Sitowise's own shares in a share buyback program. The shares were repurchased to be used as contribution in possible corporate acquisitions and as a part of Sitowise's incentive programs. The maximum number of shares to be repurchased was 500,000 and the maximum monetary amount to be used for the repurchases was EUR 4.35 million. Sitowise completed the share buyback program on 31 August 2022. The repurchases of shares began on 18 March 2022 and ended on 31 August 2022. During that period, Sitowise repurchased 500,000 of its own shares for the total value of EUR 2,720,089.50 and at an average price per share of EUR 5.44. The shares were repurchased in public trading on Nasdaq Helsinki Ltd at the market price prevailing at the time of purchase.

4.3.2 Ownership of the Board of Directors and the management

| Ownership of the Board of Directors and the management | 31 Dec 2022 | Share % | 31 Dec 2021 | Share % |
|--|----------------------|-------------|-----------------------|-------------|
| Board | 277,680 | 0.8% | 277,680 | 0.8% |
| CEO | 60,000 ¹⁾ | 0.2% | 226,735 ¹⁾ | 0.6% |
| Other management team | 788,940 | 2.2% | 837,426 ²⁾ | 2.4% |
| Total management ownership | 1,126,620 | 3.2% | 1,341,841 | 3.8% |
| Total (shares) | 35,665,927 | | 35,415,927 | |

¹⁾ Ownership of CEO Pekka Eloholma as at 31 December 2021, ownership of CEO Heikki Haasmaa as at 31 December 2022.

²⁾ Situation of the group management team as at 31 December 2021: includes the shares of CFO Heidi Karlsson (69,860 shares) and the shares of CHRO Anne-May Asplund (10,626 shares).

4.3.3 Fund for invested unrestricted equity

Payments made for subscriptions for shares during the financial period and purchases of own shares are recognized in full in the fund for invested unrestricted equity. Investments in the company resulting from acquisitions made during the year amounted to 3,8million euros and were recognized in the fund for invested unrestricted equity. During 2021, when the company was listed on the official list of Nasdaq Helsinki Ltd, the company paid approximately EUR 22.0 million in capital repayments and received approximately EUR 73.0 million in new capital, taking into account the costs related to the listing.

8.10 which equals the share subscription price in the company's initial public offering decreased with the paid dividend. The per-share dividends and capital repayments to be paid annually will be deducted from the share subscription price.

Before the amendment, the share subscription price for all stock options was the share subscription price in the company's initial public offering (EUR 8.20) decreased with annually paid dividends and capital repayments.

4.3.4 Subordinated loans

Sitowise Group Plc had no subordinated loans on 31 December 2022.

4.3.5 Share-based payments (option program)

As part of the incentive and engagement scheme for management and key personnel, the Sitowise Group has one valid option program. Stock options are granted free of charge. Each stock option gives you the right to subscribe for one Sitowise Group Plc share (SITOWS) at a price determined in accordance with the option clauses and at the time specified in the option clauses.

The options will be forfeited and transferred back to the Company for no consideration if the option holder resigns or their employment relationship or service contract is terminated before the commencement of the subscription period of the Shares to be subscribed with the options. The Board of Directors can, under certain conditions, permit the option holder to keep some of their options, however.

The Board of Directors has resolved to amend share subscription price for shares to be subscribed based on stock options on 15 December 2022. For stock options 2021A the new share subscription price is EUR 6.00. The share subscription price for the stock options 2021B is maintained unchanged and is EUR

**Share based incentives during the period 1.1.2022–
31.12.2022**

| Plan | Option rights 2021 | | | |
|---|--|--|--|--|
| | OPTION | OPTION | OPTION | OPTION |
| Type | Match 2021A | Performance 2021A | Match 2021B | Performance 2021B |
| Annual General Shareholders' Meeting date | March 3, 2021 | | March 3, 2021 | |
| Maximum amount, pcs | 636,750 | | 826,650 | |
| The subscription ratio for underlying shares, pcs | 1 | 1 | | 1 |
| Initial exercise price, € | 8.2 | 8.2 | 8.2 | 8.2 |
| Dividend adjustment | Yes | Yes | Yes | Yes |
| Current exercise price, € | 6 | 6 | 8.1 | 8.1 |
| Initial allocation date | March 25, 2021 | March 25, 2021 | March 25, 2021 | March 25, 2021 |
| Vesting date | April 1, 2024 | April 1, 2024 | April 1, 2025 | April 1, 2025 |
| Maturity date | March 31, 2025 | March 31, 2025 | March 31, 2026 | March 31, 2026 |
| Vesting conditions | Share price development Service requirement |
| Maximum contractual life, yrs | 3.0 | 3.0 | 4.0 | 4.0 |
| Remaining contractual life, yrs | 1.3 | 1.3 | 2.3 | 2.3 |
| Number of persons at the end of reporting year | 243 | 9 | 243 | 9 |
| Payment method | Equity | Equity | Equity | Equity |

| Changes during period | Match 2021A | Performance 2021A | Match 2021B | Performance 2021B |
|---|-------------|-------------------|-------------|-------------------|
| January 1, 2022 | | | | |
| Outstanding in the beginning of the period | 359,734 | 80,100 | 359,726 | 80,100 |
| Reserve in the beginning of the period | 196,916 | | 386,824 | |
| Changes during period | | | | |
| Granted | 67,320 | 77,000 | 90,161 | 77,000 |
| Forfeited | 64,690 | 38,700 | 64,690 | 38,700 |
| Exercised | | | | |
| Weighted average subscription price, € | | | | |
| Weighted average price of shares, € | | | | |
| Expired | | | | |
| December 31, 2022 | | | | |
| Exercised at the end of period | | | | |
| Outstanding at the of the period | 362,364 | 118,400 | 385,197 | 118,400 |
| Vested and outstanding at the of the period | | | | |
| Reserved at the of the period | 155,986 | | 323,053 | |

Determination of fair value

The fair value of share based incentives have been determined at grant date and the fair value is expensed until vesting. The pricing of the share based incentives granted during the period was determined by the following inputs and had the following effect:

| Valuation parameters for instruments granted during period | |
|--|---------------|
| Share price at grant, € | 4.95 |
| Share price at reporting period end, € | 5.14 |
| Exercise price, € | 7.75 |
| Expected volatility, % | 32.0% |
| Maturity, years | 2.79 |
| Risk-free rate, % | 1.8% |
| Expected dividends, € | |
| Valuation model | Biomial model |
| Fair Value, € | 110,483 |

The impact of the option program 2022 on the result and financial position for the financial period was EUR 297 thousand (EUR 161 thousand).

5 FINANCIAL AND CAPITAL RISKS**5.1 MANAGEMENT OF FINANCIAL RISKS**

The management of financial risks at the Sitowise Group aims to ensure the financial stability of the Group and availability of sufficient financing options in different market situations. In addition, the aim is to support the businesses in identifying and managing business-related financial risks. The Board of Directors has approved the Group's risk management principles and the Board is responsible for supervising them.

The Group is exposed to diverse market risks. Changes in these risks have effects on the company's assets, liabilities, and anticipated business transactions. The risks are caused by changes in interest and exchange rates. Financial risk management is carried out as part of the Group's risk management efforts. The foundation of the management of financial risks is based on principles aiming for business continuity.

The situation of financial risks is regularly reported on to the company's Board of Directors and management. The company's Board of Directors makes the most significant in-principle decisions concerning risk management. The Board of Directors reviews all material financing-related matters, such as external loan arrangements, on a case-by-case basis. The CFO of the Sitowise Group is responsible for ensuring financing, identifying risks and, if necessary, implementation of hedging together with external counterparties. The business units and subsidiaries are responsible for the management of risks involved in their respective business operations, and subsidiaries also for projecting cash flows.

The Group's cash and liquidity remained at a good level.

5.1.1 Exchange rate risk

The Sitowise Group is exposed to exchange rate risks, the most significant being the Swedish krona through the business operations of the Swedish subsidiaries. The Sitowise Group does not actively hedge against exchange rate risks, as the income and expenses of business operations are mostly in the same currency ("natural hedge").

Translation risk in the group is primarily caused by foreign currency-denominated internal loans of the parent company. The Group regularly analyzes translation risk. The translation risk decreased significantly during the accounting period due to the changes in the group structure. As a result, the internal loans denominated in Swedish krona decreased significantly, and thus decreased also the exchange rate sensitivity.

On the closing date, the sensitivity of the Sitowise Group to exchange rates was approximately EUR 0.2 million (2021: approximately EUR 1.6 million), assuming that the SEK/EUR exchange rate changes by 5 percentage points.

5.1.2 Interest rate risk

The Group is exposed to financial risks in its operations, such as the effects of changes in interest rates and the availability of competitive financing. Changes in the macroeconomic environment or general situation in the financial markets may have negative impacts on the availability, price, and other terms and conditions of financing. An increase in interest rates could have a material direct impact on the costs of available financing and the company's existing financial expenses. An increase in interest rates could thereby affect the costs of the company's debt financing in the future. Risks related to interest-bearing assets and liabilities can be hedged with derivative instruments, such as interest rate swaps.

Sitowise entered into an interest rate swap agreement at the end of the fiscal year, in order to reduce the interest rate risk of the loan portfolio. Cash flow hedge accounting is applied to the interest rate swap. Changes in the fair values of derivatives used as cash flow hedges are recognized in other comprehensive income and presented in the fair value reserve of equity to the extent that the hedge is effective. The key contractual terms of the interest rate swap, such as the reference rate, interest rate review dates, payment dates, maturities and nominal value, are matching with the hedged item and therefore Sitowise estimates the hedging to be effective. The interest related to the interest rate swap is presented in financial income and expenses at the same time as the interest of the hedged variable rate loans.

At the end of fiscal year, the Group had EUR 72.0 million in interest bearing bank loans (2021: EUR 50.5 million). With the interest rate swap agreement, the share of fixed-rate loans in the loan portfolio were approximately 54% and variable-rate loans about 46%. The interest rate sensitivity of the Sitowise Group was approximately EUR 330 thousand euros (2021: approximately

EUR 500 thousand euros), if interest rates would increase by one percentage point. Please see also section 4.2.2, Financial liabilities.

The nominal value and fair value of the interest derivative contract are shown in the table below.

Cash flow hedging (Interest rate hedge)

| EUR thousand | 2022 | 2021 |
|--------------------|--------|------|
| Fair value | 79 | 0 |
| Nominal value | 39,000 | 0 |
| Hedge ratio | 1:1 | 0 |
| Fair value reserve | 63 | 0 |

5.1.3 Credit risk

Credit risk is the risk of a financial loss that occurs if a customer fails to fulfill their contractual obligations. The credit risk of the Sitowise Group is related to counterparties from which it has outstanding receivables or with which the Sitowise Group has long-term contracts. The tools of credit risk management at the Sitowise Group include frontloaded payment schedules of projects, thorough investigation of the customers' background data, credit risk monitoring of the major customers, and agreeing on advance payments.

The Sitowise Group assesses at the end of each reporting period whether there is objective evidence of impairment of a financial asset or group of financial assets. If there is justified indication of impairment, the said financial asset is recognized as a credit loss. Credit losses are recognized as expenses through profit and loss.

The Sitowise Group considers that there are indications of a credit loss if any of the following indications is present:

- Significant financial difficulties of the debtor
- Probability of the debtor's bankruptcy or other financial restructuring
- Default of payments

Information on trade receivables and expected credit losses is presented in Note 3.4.

5.1.4 Solvency risk

To manage the solvency risk, the Sitowise Group continuously maintains sufficient liquidity reserves. The Sitowise Group aims to have a sufficient amount of liquid assets to deal with fluctuations in the need for working capital. The company aims to continuously project and monitor the need for financing in its business operations so that the company has sufficient liquid assets for financing its operations and repaying maturing debt. Cash and cash equivalents totaled EUR 15.4 million at the end of 2022 (2021: EUR 19.4 million). At the end of 2022, the Group additionally had a EUR 20.0 million unused overdraft facility (2021: EUR 20.0 million).

Contractual cash flows of financial liabilities

| EUR thousand | 2023 | 2024 | 2025 → |
|-----------------------------------|---------------|---------------|---------------|
| Loans from financial institutions | 1,000 | 70,992 | |
| Lease liabilities | 6,937 | 6,143 | 22,050 |
| Accounts payable | 8,429 | 0 | 0 |
| Total | 16,366 | 77,135 | 22,050 |

| EUR thousand | 2022 | 2023 | 2024 → |
|-----------------------------------|---------------|--------------|---------------|
| Loans from financial institutions | 1,006 | 1,000 | 48,206 |
| Lease liabilities | 6,619 | 5,633 | 16,144 |
| Accounts payable | 6,305 | 0 | 0 |
| Total | 13,929 | 6,633 | 64,350 |

The cash flows in lease liabilities include the payments of lease liabilities.

5.2 MANAGEMENT OF CAPITAL RISKS

In the management of working capital, the Sitowise Group aims to ensure the ability to operate continuously in order to be able to provide the shareholders with returns and increase the value of their invested capital. The Sitowise Group monitors the ratio of net debt to adjusted EBITDA to ensure the realization of the growth strategy by keeping indebtedness under control. The Group's capital structure is regularly assessed by the company's management. The company has announced a long-term target of maintaining the ratio of net debt to EBITDA below 2.5.

Net debt is calculated as current and non-current loans from financial institutions less cash and cash equivalents. The table below presents the net debt of the Sitowise Group.

| EUR thousand | 2022 | 2021 |
|------------------------------------|---------------|---------------|
| Loans from financial institutions | 71,992 | 50,211 |
| Cash and cash equivalents | -15,390 | -19,353 |
| Net debt | 56,602 | 30,859 |
| Net debt / EBITDA, adjusted | 2.6x | 1.4x |

Net debt excludes IFRS 16 lease liabilities

6 OTHER NOTES

6.1 GROUP STRUCTURE

Accounting policy

The consolidated financial statements include the parent company Sitowise Group Plc and all subsidiaries over which the parent company had control on the closing date of the reporting period. Sitowise Group Plc has control when it is exposed, or has rights, to variable returns from its involvement with a company and has the ability to affect those returns through its power over the company. Acquired subsidiaries are consolidated as of the date on which Sitowise Group Plc gains control. Divested subsidiaries are consolidated until control ceases to exist.

Intra-Group transactions, receivables, debts, and unrealized margins and internal distribution of profits are eliminated in preparing the consolidated financial statements using the acquisition cost method. The allocation of profit (loss) for the financial period to non-controlling interests is presented in the statement of comprehensive income. Non-controlling interests' share of shareholders' equity is reported as a separate figure under shareholders' equity on the balance sheet.

Associated companies are companies in which the Group has considerable influence. The Group considers considerable influence to emerge primarily when the Group holds 20–50 percent of a company's votes or has otherwise considerable influence, but no control. Associated companies are consolidated in the financial statements using the equity method. The Group has no associated companies. Routa Systems Oy and AS DWG are treated as subsidiaries.

At the end of the financial period, the Sitowise Group consisted of the parent company Sitowise Group Plc and the following companies:

| Company | Domicile | Ownership 2022 | Ownership 2021 |
|---|--------------------------------|----------------|----------------|
| Sitowise Oy | Espoo, Finland | 100.0% | 100.0% |
| Sitowise Rakennuttajat Oy | Espoo, Finland | 100.0% | 100.0% |
| Insinööritoimisto Jorma Jääskeläinen Oy | Tampere, Finland | 100.0% | 100.0% (***) |
| Livair Oy | Espoo, Finland | 100.0% | 100.0% (***) |
| Routa Systems Oy | Espoo, Finland | 51.0% | 51.0% |
| AS DWG | Riga, Latvia | 55.0% | 55.0% |
| Sitowise Holding AB | Stockholm, Sweden | 100.0% | 100.0% (*) |
| Sitowise Sverige AB (Byggnadstekniska Byrån AB) | Stockholm, Sweden | 100.0% | 100.0% (****) |
| Technology for Infrastructure projects Sweden, AB | Gothenburg, Sweden | 100.0% | 100.0% (****) |
| VVS Kompetens AB | Stockholm, Sweden | 100.0% | 100.0% (**) |
| Infracontrol AB | Gothenburg, Sweden | 100.0% | 100.0% |
| Infracontrol Espana SL | Madrid, Spain | 100.0% | 100.0% |
| Infracontrol Portugal Lda | Vila Pouca de Aguiar, Portugal | 100.0% | 100.0% |
| Infracontrol Danmark ApS | Copenhagen, Denmark | 100.0% | 100.0% |
| Sitowise Consulting Oü | Tallinn, Estonia | 100.0% | 100.0% |
| Mavacon Mark VA Consult AB | Falun, Sweden | 100.0% | 0.0% |
| E60 Elkonsult AB | Norrköping, Sweden | 100.0% | 0.0% |
| Convia Ingengörsbyrå AB | Stockholm, Sweden | 100.0% | 0.0% |
| Convia Infrastructure AB | Stockholm, Sweden | 100.0% | 0.0% |
| Bitcomp Oy | Jyväskylä, Finland | 100.0% | 0.0% |
| Rakennuttajakaari Oy | Helsinki, Finland | 100.0% | 0.0% |
| Rakennuttajakaari Pohjanmaa Oy | Vaasa, Finland | 100.0% | 0.0% |
| Certimo Oy | Helsinki, Finland | 100.0% | 0.0% |

Sitowise Oy has a branch office Sito Norge NUF in Norway. There was no activity at the branch office during the financial period (or in 2021).

(* Company merged with Sitowise Group Plc on 31 January 2022

(** Company merged with Technology for Infrastructure projects Sweden on 4 March 2022

(*** Company merged with Sitowise Oy on 31 August 2022

(**** Company merged with Sitowise Oy on 31 October 2022

(***** Company merged with Sitowise Sverige Ab on 1 November 2022

(***** Company changed name on 3 November 2022

6.2 INCOME TAXES

Accounting policy

The Sitowise Group's tax expense recognized through profit and loss comprises tax based on the taxable profit for the period, any taxes on previous financial periods, and deferred taxes. The tax based on the taxable profit for the period is calculated in accordance with the local tax legislation of each Group company. If the taxes are associated with other comprehensive income or transactions or other events recognized directly in shareholders' equity, income taxes are recognized in the said items. The tax for the financial period is calculated using the tax rates confirmed by the closing date of the reporting period.

Deferred tax assets and liabilities are primarily recognized for all temporary differences between the tax bases of assets and liabilities and unused tax losses and credits. The most significant temporary differences arise from tangible and intangible assets, confirmed tax losses, and allocations of the fair values of subsidiary acquisitions. Deferred tax assets are recognized at the maximum up to the amount for which it is probable that there will be future taxable income against which the temporary difference can be used. The prerequisites for recognizing deferred tax assets are assessed on the closing date of the reporting period. Deferred tax liabilities are recognized in full. Deferred taxes are recognized using the tax rates enacted or factually confirmed by the closing date of the reporting period.

Significant decisions based on management discretion

The decision on recognizing deferred tax assets on the balance sheet requires discretion. Deferred tax assets are only recognized when it is more likely that they will be realized than not realized, which, in turn, is determined by whether sufficient taxable income will be generated in the future. The assumptions concerning the accumulation of taxable income are based on future cash flows projected by the management. These estimates concerning future cash flows, on the other hand, depend on estimates concerning the volume of future sales, business expenses, investments, and other items affecting the profitability of business operations, among other things. These estimates and assumptions involve risks and uncertainty and, therefore, it is possible that changes in conditions result in charges in expectations, which in turn can affect the deferred tax assets recognized on the balance sheet as well as any other tax losses or temporary differences not yet recognized.

The ability of the Sitowise Group to accumulate taxable income also depends on general factors relating to the economy, financing, competitiveness, legislation, and regulation which are beyond its own control. If the future taxable income of the Sitowise Group is lower than projected by the management when measuring the deferred tax assets to be recognized, the value of the assets decreases or they lose all value. In this case, the amounts recognized on the balance sheet may have to be reversed through profit and loss. Changes in circumstances can also lead to recognizing deferred tax assets for confirmed losses for which no receivables have been currently recognized.

| EUR thousand | 2022 | 2021 |
|--|---------------|---------------|
| Tax based on the taxable profit for the financial period | -2,551 | -3,392 |
| Adjustments concerning previous financial periods | -11 | -49 |
| Change in deferred taxes | 196 | 1,053 |
| Total | -2,366 | -2,388 |

Reconciliation between tax expenses and taxes calculated using the 20% domestic tax rate

| EUR thousand | 2022 | 2021 |
|---|---------------|---------------|
| Profit before taxes | 10,280 | 10,290 |
| Tax calculated using the 20% domestic tax rate | -2,056 | -2,058 |
| Adjustments concerning previous financial periods | -11 | -49 |
| Differing tax rates of foreign subsidiaries | 4 | 46 |
| Tax-free income and non-deductible expenses | -428 | 125 |
| Confirmed loss | -37 | 12 |
| Other items | 161 | -463 |
| Taxes on the profit and loss account | -2,366 | -2,388 |

Deferred tax assets and liabilities

| EUR thousand | January 1, 2022 | Recognized on the income statement | Recognized in shareholders' equity | December 31, 2022 |
|---|-----------------|---------------------------------------|---------------------------------------|-------------------|
| Difference between depreciation and amortization in accounting and taxation | 188 | 52 | -2 | 237 |
| Other items | 889 | -229 | -3 | 657 |
| Deferred tax assets total | 1,077 | -177 | -5 | 894 |
| Financial items | 298 | -202 | 16 | 112 |
| Tax provisions | 548 | 57 | 43 | 648 |
| Other items | 719 | -228 | 337 | 828 |
| Deferred tax liabilities total | 1,565 | -373 | 396 | 1,588 |

| EUR thousand | January 1, 2021 | Recognized on the income statement | Recognized in shareholders' equity | December 31, 2021 |
|---|-----------------|---------------------------------------|---------------------------------------|-------------------|
| Difference between depreciation and amortization in accounting and taxation | 115 | 73 | 0 | 188 |
| Other items | 189 | 159 | 541 | 889 |
| Deferred tax assets total | 304 | 232 | 541 | 1,077 |
| Financial items | 506 | -208 | 0 | 298 |
| Tax provisions | 711 | -405 | 242 | 548 |
| Other items | 768 | -208 | 160 | 719 |
| Deferred tax liabilities total | 1,985 | -821 | 401 | 1,565 |

6.3 RELATED PARTY TRANSACTIONS

Accounting policy

Parties are considered to be related when one party can exercise control, shared control, or significant influence over the other in decision-making involving its finances and operating activities.

The related parties of the parent company include subsidiaries, Fimpec Group Oy and its subsidiaries, and key management personnel, family members of the management and companies over which they exercise control. Key management personnel include members of the Board of Directors, the CEO, and members of the Group Management Team.

Balances and transactions between the Group and its subsidiaries and common functions are eliminated in the consolidated financial statements, and they are not reported in this note. The transactions between them have been carried out on market terms.

6.3.1 Transactions with related parties

| EUR thousand | 2022 | 2021 |
|-----------------------|------|------|
| Other related parties | | |
| Income | 73 | 71 |
| Receivables | 917 | 917 |

Related party transactions for the financial period are related to subordinated loan given to Fimpec Group Oy. The company had no other related party transactions during the financial period.

6.3.2 Employment benefits for management belonging to related parties

The management of Sitowise Group Plc consists of the Board of Directors, the CEO, and the members of the Group Management Team.

| EUR thousand | 2022 | 2021 |
|--|--------------|--------------|
| Wages, salaries and other short-term employment benefits | 2,196 | 1,897 |
| Share-based payments | 0 | 50 |
| Total | 2,196 | 1,947 |

A long-term incentive plan, i.e. an option program, was established in connection with the listing (Note 4.3.5) in 2021. The option program includes the company's management, excluding the Board of Directors, and the company's key personnel. The CEO's share of share-based payments was EUR 18 thousand in 2021.

| EUR thousand | 2022 | 2021 |
|--|--------------|------------------|
| Remuneration of the Board of Directors | 292 | 228 |
| Remuneration of the CEO, including fringe benefits | 412 | 483 ^c |
| Remuneration of the Management Team, including fringe benefits | 1,492 | 1,187 |
| Total (basis of payment) | 2,196 | 1,897 |

^c The information regarding the remuneration of the CEO, including fringe benefits for year 2021 has been updated during year 2022.

6.3.3 Remuneration of the Board of Directors and the CEO's salary with fringe benefits

In accordance with the Finnish Limited Liability Companies Act, the remuneration paid to the members of the Board of Directors is decided by the shareholders at the Annual General Meeting. The shareholders of the company decided by unanimous resolution on 20 April 2022, as part of the matters decided at the Annual General Meeting, the remuneration of the Chair of the Board of Directors will be EUR 4,750 per month and the remuneration of the other members of the Board of Directors will be EUR 2,250 per month. It was also decided that the Chair of the Board and the Chairs of the Audit and Personnel Committees will be paid an attendance allowance of EUR 1,000 per meeting, and the other members of the Board and the members of the Audit and Personnel Committees will be paid an attendance allowance of EUR 400 per meeting. The Chair and members of the Nomination Committee will each be paid an attendance allowance of EUR 1,000 in total. The allowances are the same as paid in the previous term. In addition, it was decided that the travel expenses of the members of the Board of Directors will be reimbursed in accordance with Sitowise's travel policy.

| EUR thousand | 2022 | 2021 |
|---|------------|------------|
| <i>Board of Directors</i> | | |
| Heliövaara Eero, Chair of the Board | 78 | 66 |
| Gustafsson Leif (since 25 March 2021) | 35 | 25 |
| Kyllönen Taina | 34 | 28 |
| Leino-Haltia Mirel (since 25 March 2021) | 37 | 25 |
| Piispanen Elina | 34 | 28 |
| Rignell Petri | 34 | 27 |
| Terho Tomi | 40 | 28 |
| Total remuneration of the Board of Directors | 292 | 228 |
| <i>CEO</i> | | |
| Eloholma Pekka (until 30 April 2022) | 195 | 483 |
| Haasmaa Heikki (since 1 May 2022) | 217 | 0 |
| | 412 | 483 |

The CEO is covered by the Finnish statutory earnings-related pension scheme. The retirement age of the CEO is the minimum personal retirement age according to the law. The CEO's notice period is six months for both parties. The CEO is not entitled to a severance package in addition to their remaining regular pay if they resign.

6.3.4 Management stock options

The company's management was granted stock options in the spring of 2021 and during financial year 2022. The table below lists the options held by the CEO (both current and previous) and the members of the Group's Management Team. The Board of Directors holds no options.

| December 31, 2021 | Match 2021A | Match 2021B | Performance 2021A | Performance 2021B | Total |
|------------------------------------|-------------|-------------|-------------------|-------------------|----------------------|
| Options granted | 80,000 | 80,000 | 118,400 | 118,400 | 396,800 ¹ |
| Of which exercisable | 0 | 0 | 0 | 0 | 0 |
| Total number of shares entitled to | 80,000 | 80,000 | 118,400 | 118,400 | 396,800 |

¹ The options returned to the company by Anne-May Asplund, Pekka Eloholma, Heidi Karlsson and Teemu Virtanen, who left their positions in the financial year 2022, are no longer included in the management options on 31 December 2022.

The option program is described in more detail in Note 4.3.5.

6.4 GUARANTEES AND CONTINGENT LIABILITIES

The guarantees and contingent liabilities of the Sitowise Group are presented in the table below:

| EUR thousand | December 31, 2022 | December 31, 2021 |
|--|-------------------|-------------------|
| Commitments on behalf of own obligations | | |
| Bank guarantees | 2,057 | 2,587 |
| Total | 2,057 | 2,587 |
| Bank guarantees | | |
| Contractual guarantees | 30 | 30 |
| Other guarantees | 2,027 | 2,557 |
| Total | 2,057 | 2,587 |

No pledges or real collateral have been provided as a guarantee for the financing agreement negotiated in connection with the listing. Bank guarantees totaling EUR 2.1 million have been provided for the benefit of lessors against the leases of the premises.

6.5 DISPUTES AND LITIGATION

The Group has no material open disputes or litigation. Sitowise Oy has a potential dispute with a former client that relates to a Finnish residential apartment building project from a few years back. According to Sitowise's view, the claims presented by the counterparty are unfounded, but the possibility of a court proceeding cannot be ruled out.

6.6 MAJOR EVENTS AFTER THE CLOSING DATE

Change in Sitowise's largest shareholders

On 30 January 2023, Sitowise Group Plc received a notification in accordance with the chapter 9, section 5 of the Finnish Securities Markets Act from Handelsbanken Fonder AB, according to which Handelsbanken Fonder AB's direct holding of shares and votes in the company increased to 5.05 percent on 27 January 2023.

According to the notification, Handelsbanken Fonder AB now holds a total of 1,802,079 shares corresponding to 5.05 percent of the company's shares and votes.

Exercise of option periods provided for in the financing agreement

Sitowise agreed with its lenders in February 2023 on the exercise of the option periods provided for in the current financing agreement. The extension will be for the same amount and at the same terms as the original arrangement. With the option periods taken into account, the maturity of the financing agreement is now in March 2026.

PARENT COMPANY'S FINANCIAL STATEMENTS

SITOWISE GROUP PLC INCOME STATEMENT (FAS)

| EUR | Note | Jan 1 – Dec 31, 2022 | Jan 1 – Dec 31, 2021 |
|--|------|----------------------|----------------------|
| Net sales | 1 | 1,533,141.72 | 1,174,554.67 |
| Other operating income | 2 | 67,122.45 | 9,656,561.57 |
| Personnel expenses | 3 | -1,360,293.04 | -1,301,690.76 |
| Depreciation, amortization, and impairment | 4 | -940,636.87 | -699,224.22 |
| Other operating expenses | 5 | -1,441,895.80 | -797,911.32 |
| Operating profit/loss | | -2,142,561.54 | 8,032,289.94 |
| Financial income and expenses | 6 | -734,748.30 | -313,381.84 |
| Profit/loss before appropriations and taxes | | -2,877,309.84 | 7,718,908.10 |
| Group contributions | 7 | 2,884,000.00 | 1,938,000.00 |
| Income taxes | 8 | -181.94 | 811.17 |
| Profit for the period | | 6,508.22 | 9,657,719.27 |

SITOWISE GROUP PLC BALANCE SHEET (FAS)

| EUR | Note | Dec 31, 2022 | Dec 31, 2021 |
|---|-----------|-----------------------|-----------------------|
| Assets | | | |
| Non-current assets | | | |
| Intangible assets | 9 | 3,029,971.52 | 3,970,608.39 |
| Holdings in Group companies | 10 | 161,516,353.52 | 111,258,581.18 |
| Other debtors | 11 | 995,056.92 | 916,500.00 |
| Non-current assets total | | 165,846,881.96 | 116,145,689.57 |
| Current assets | | | |
| Long-term receivables | 12 | 19,000,000.00 | 0.00 |
| Short-term receivables | 13 | 3,888,749.59 | 34,156,441.11 |
| Cash and cash equivalents | | 6,537,609.51 | 11,530,288.82 |
| Current assets total | | 29,426,359.10 | 45,686,729.93 |
| Assets total | | 195,273,241.06 | 161,832,419.50 |
| EUR | | | |
| Shareholders' equity and liabilities | | | |
| Shareholders' equity | 14 | | |
| Share capital | | 80,000.00 | 80,000.00 |
| Fund for invested unrestricted equity | | 98,483,862.37 | 97,359,714.88 |
| Fair value reserve | | 78,556.92 | 0.00 |
| Retained earnings | | 8,949,908.28 | 2,836,847.61 |
| Profit (loss) for the period | | 6,508.22 | 9,657,719.27 |
| Total shareholders' equity | | 107,598,835.79 | 109,934,281.76 |
| Liabilities | 15 | | |
| Non-current liabilities | | 71,000,000.00 | 49,500,000.00 |
| Current liabilities | | 16,674,405.27 | 2,398,137.74 |
| Liabilities total | | 87,674,405.27 | 51,898,137.74 |
| Shareholders' equity and liabilities total | | 195,273,241.06 | 161,832,419.50 |

SITOWISE GROUP PLC: CASH FLOW STATEMENT (FAS)

| EUR | Jan 1 – Dec 31, 2022 | Jan 1 – Dec 31, 2021 |
|--|-----------------------|----------------------|
| Cash flow from operating activities | | |
| Operating profit | -2,142,561.54 | 8,032,290.00 |
| Adjustments to operating profit | 873,514.42 | -8,957,337.35 |
| Change in working capital | -12,593,442.43 | 8,744,964.29 |
| Dividends received and other financial income | 192,865.57 | 65,731.61 |
| Interest paid and other financial expenses | -1,281,763.97 | -1,612,678.72 |
| Taxes paid | 314,276.90 | -1,298,419.93 |
| Cash flow from operating activities | -14,637,111.05 | 4,974,549.90 |
| Cash flow from investing activities | | |
| Purchase and sale of shares in subsidiaries and associated companies | -9,435,059.09 | -9,512,842.74 |
| Cash flow from investing activities | -9,435,059.09 | -9,512,842.74 |
| Cash flow from financing | | |
| Share issue for consideration | 3,844,237.00 | 78,762,480.50 |
| Listing expenses paid | 0.00 | -5,078,019.42 |
| Share repurchase | -2,720,089.51 | -22,125.72 |
| Dividends paid and capital repayments | -3,544,656.98 | -22,285,645.79 |
| Withdrawal of loans | 22,500,000.00 | 50,500,000.00 |
| Repayment of loans | -1,000,000.00 | -72,724,337.00 |
| Repayment of subordinated loans | 0.00 | -14,145,180.00 |
| Cash flow from financing | 19,079,490.51 | 15,007,172.57 |
| Cash received in mergers | 134,231.53 | 0.00 |
| Change in cash and cash equivalents | -4,992,679.63 | 10,468,879.73 |
| Cash and cash equivalents January 1 | 11,530,288.82 | 1,061,408.70 |
| Cash and cash equivalents December 31 | 6,537,609.51 | 11,530,288.82 |

SITOWISE GROUP PLC: NOTES TO THE FINANCIAL STATEMENTS (FAS)

Copies of Sitowise Group's consolidated financial statements are available at Linnoitustie 6, FI-02600 Espoo, Finland.

1 NET SALES

| EUR | 2022 | 2021 |
|--------------|------------------|------------------|
| Net sales | 1,533,142 | 1,174,555 |
| Total | 1,533,142 | 1,174,555 |

Sitowise Group Plc's net sales consist of management fees charged to other group companies.

2 OTHER OPERATING INCOME

| EUR | 2022 | 2021 |
|---------------|---------------|------------------|
| Merger profit | 67,122 | 9,656,562 |
| Total | 67,122 | 9,656,562 |

3 PERSONNEL EXPENSES

| EUR | 2022 | 2021 |
|--------------------------------|------------------|------------------|
| Wages and salaries | 1,185,820 | 1,128,274 |
| Pension expenses | 152,770 | 148,667 |
| Other social security expenses | 21,703 | 24,750 |
| Total | 1,360,293 | 1,301,691 |

Management remuneration

| EUR | 2022 | 2021 |
|---------------------------------|----------------|----------------|
| Board of Directors | 292,200 | 227,900 |
| CEO | 411,573 | 482,793 |
| Total (basis of payment) | 703,773 | 710,693 |

More detailed information on the terms and conditions of the CEO's contract can be found in Note 6.3.3 to the consolidated financial statements.

The average number of personnel in the financial period 2022 was 3 (3). At the end of the financial period 2022, the number of personnel was 3 (3).

4 DEPRECIATION, AMORTIZATION, AND IMPAIRMENT ACCORDING TO PLAN

| EUR | 2022 | 2021 |
|--------------------------|----------------|----------------|
| Intangible rights | 2,462 | 0.00 |
| Other long-term expenses | 938,174 | 699,224 |
| Total | 940,637 | 699,224 |

5 AUDIT FEES

| EUR | 2022 | 2021 |
|---------------------------|----------------|----------------|
| Audit firm KPMG Oy Ab | | |
| Statutory audit | 36,144 | 42,806 |
| Tax advice and consulting | 250,283 | 671,887 |
| Total | 286,427 | 714,693 |

6 FINANCIAL INCOME AND EXPENSES

| EUR | 2022 | 2021 |
|--|-------------------|-------------------|
| Interest income | | |
| From Group companies | 280,837 | 882,371 |
| From others | 73,842 | 149 |
| Other financial income | 280,118 | 0 |
| Total | 634,798 | 882,520 |
| Interest expenses | | |
| To Group companies | -79,858 | -10,967 |
| To others | -1,097,182 | -681,402 |
| Other financial expenses | -192,506 | -503,533 |
| Total | -1,369,546 | -1,195,902 |
| Financial income and expenses total | -734,748 | -313,382 |

7 APPROPRIATIONS

| EUR | 2022 | 2021 |
|------------------------------|------------------|------------------|
| Group contributions received | 2,884,000 | 1,938,000 |
| Total | 2,884,000 | 1,938,000 |

8 DIRECT TAXES

| EUR | 2022 | 2021 |
|--|-------------|------------|
| Income taxes on ordinary activities for the financial period | 0 | -123 |
| Income taxes for the previous financial period | -182 | 934 |
| Total | -182 | 811 |

9 INTANGIBLE ASSETS

| EUR | 2022 | 2021 |
|--|------------------|------------------|
| Acquisition cost January 1 | 4,669,833 | 0 |
| Increase | 0 | 4,669,833 |
| Acquisition cost December 31 | 4,669,833 | 4,669,833 |
| Accumulated depreciation, amortization, and impairment January 1 | -699,224 | 0 |
| Depreciation | -940,637 | -699,224 |
| Accumulated depreciation, amortization, and impairment December 31 | -1,639,861 | -699,224 |
| Acquisition cost December 31 | 3,029,972 | 3,970,608 |

9.1 MEASUREMENT OF FIXED ASSETS

Fixed assets are capitalized at direct acquisition cost. With regard to machinery and equipment, the depreciation plan used is the straight-line method of depreciation based on the economic useful life:

- IT machinery and equipment 4 years
- Other machinery and equipment 5 years

Straight-line depreciation based on economic useful life is used for intangible rights and long-term expenses, with the following planned depreciation periods:

- Intangible rights 3–5 years
- Goodwill 10 years
- Long-term expenses 5–10 years
- Development expenses 5 years

10 INVESTMENTS

| EUR | 2022 | 2021 |
|-------------------------------------|--------------------|--------------------|
| Holdings in Group companies | | |
| Acquisition cost January 1 | 110,953,081 | 58,698,178 |
| Increase | 50,563,272 | 52,254,903 |
| Acquisition cost December 31 | 161,516,354 | 110,953,081 |

| EUR | 2022 | 2021 |
|--|----------------|----------------|
| Other shares and participations | | |
| Acquisition cost January 1 | 305,500 | 0 |
| Increase | 0 | 305,500 |
| Acquisition cost December 31 | 305,500 | 305,500 |

10.1 MEASUREMENT OF INVESTMENTS

Investments are measured at acquisition cost.

11 OTHER DEBTORS

| EUR | 2022 | 2021 |
|------------------------------|----------------|----------------|
| Other debtors | | |
| Subordinated loans | 916,500 | 916,500 |
| Fair value of the derivative | 78,557 | 0 |
| Total | 995,057 | 916,500 |

11.1 SUBORDINATED LOANS

Sitowise Group Plc has given subordinated loans to its related party company Fimpec Group Oy. The loans amounted to EUR 916,500 at the end of the financial period. The interest rate on the subordinated loans is 8% p.a. The loans are subject to the provisions of chapter 12 of the Finnish Limited Liability Companies Act.

| Holding | 2022 | 2021 |
|--|------|-------------|
| Sitowise Holding II Oy | 0% | 0% (*) |
| Sitowise Oy | 100% | 100% |
| Infracontrol AB | 100% | 100% |
| Infracontrol Espana SL | 100% | |
| Infracontrol Portugal Lda | 100% | |
| Infracontrol Denmark ApS | 100% | |
| Technology for Infrastructure Projects Sweden Ab | | (**) |
| VVS-Kompetens Ab | | (***) |
| Sitowise Sverige Ab (Byggnadstekniska Byrån Ab) | 100% | 100% (****) |
| Mavacon Mark & VA Consult Ab | 100% | 0% |
| E60 Elkonsult Aktiebolag | 100% | 0% |
| Convia Ingenjörbyrå Ab | 100% | 0% |
| Convia Infrastructure Ab | 49% | 0% |

(* Company merged with Sitowise Group Plc on December 31, 2021

(** Company merged with Sitowise Sverige Ab on November 1, 2022

(*** Company merged with Technology for Infrastructure Projects Sweden Ab on March 4, 2022

(**** Company changed its name on November 3, 2022

12 LONG-TERM RECEIVABLES

| EUR | 2022 | 2021 |
|---|-------------------|----------|
| Long-term loan receivables from Group companies | 19,000,000 | 0 |
| Total | 19,000,000 | 0 |

13 SHORT-TERM RECEIVABLES

| EUR | 2022 | 2021 |
|--|------------------|-------------------|
| Other accrued receivables | 438,096 | 552,117 |
| Accrued receivables from Group companies | 3,450,653 | 33,604,324 |
| Total | 3,888,750 | 34,156,441 |

14 SHAREHOLDERS' EQUITY

| EUR | 2022 | 2021 |
|---|--------------------|--------------------|
| Share capital at the beginning of the financial period | 80,000 | 2,500 |
| Increase in share capital | 0 | 77,500 |
| Share capital at the end of the financial period | 80,000 | 80,000 |
| Fund for invested unrestricted equity at the beginning of the financial period | 97,359,715 | 40,662,779 |
| Increase | 1,124,147 | 56,696,935 |
| Fund for invested unrestricted equity at the end of the financial period | 98,483,862 | 97,359,715 |
| Fair value reserve at the beginning of the financial period | 0 | 0 |
| Increase | 78,557 | 0 |
| Fair value reserve at the end of the financial period | 78,557 | 0 |
| Retained earnings at the beginning of the financial period | 12,494,567 | 3,156,574 |
| Distribution of dividends | -3,544,659 | -297,601 |
| Shares repurchase | 0 | -22,126 |
| | 8,949,908 | 2,836,848 |
| Profit for the period | 6,508 | 9,657,719 |
| Total shareholders' equity | 107,598,836 | 109,934,282 |

Calculation of distributable funds

| EUR | 2022 | 2021 |
|---------------------------------------|--------------------|--------------------|
| Fund for invested unrestricted equity | 98,483,862 | 97,359,715 |
| Retained earnings | 8,949,908 | 2,836,848 |
| Profit/loss for the period | 6,508 | 9,657,719 |
| Total retained earnings | 107,440,279 | 109,854,282 |

15 LIABILITIES

| EUR | 2022 | 2021 |
|-----------------------------------|-------------------|-------------------|
| Non-current liabilities | | |
| Loans from financial institutions | 72,000,000 | 50,000,000 |
| transfer to short-term loans | -1,000,000 | -1,000,000 |
| Total | 71,000,000 | 49,000,000 |

| EUR | 2022 | 2021 |
|--|-------------------|------------------|
| Current liabilities | | |
| Repayment instalments of long-term loans | 1,000,000 | 1,000,000 |
| Accounts payable | 224,035 | 157,700 |
| Interest debt | 9,888 | 1,964 |
| Corporate tax accrual | 305,620 | 0 |
| Earn-out liabilities | 1,048,212 | 0 |
| Other current liabilities Group | 13,621,547 | 0 |
| Other accrued expenses | 465,104 | 1,238,474 |
| Total | 16,674,405 | 2,398,138 |

16 GUARANTEES AND CONTINGENT LIABILITIES

Assets pledged and off-balance sheet commitments and arrangements on behalf of own and Group companies' obligations

| EUR | 2022 | 2021 |
|---|---------------|--------------|
| Leasing agreements | | |
| To be paid in the next financial period | 22,888 | 9,417 |
| To be paid later | 17,814 | 0 |
| Total | 40,703 | 9,417 |

Major events after the closing date

Change in Sitowise's largest shareholders

On 30 January 2023, Sitowise Group Plc received a notification in accordance with the chapter 9, section 5 of the Finnish Securities Markets Act from Handelsbanken Fonder AB, according to which Handelsbanken Fonder AB's direct holding of shares and votes in the company increased to 5.05 percent on 27 January 2023.

According to the notification, Handelsbanken Fonder AB now holds a total of 1,802,079 shares corresponding to 5.05 percent of the company's shares and votes.

Exercise of option periods provided for in the financing agreement

Sitowise agreed with its lenders in February 2023 on the exercise of the option periods provided for in the current financing agreement. The extension will be for the same amount and at the same terms as the original arrangement. With the option periods taken into account, the maturity of the financing agreement is now in March 2026.

SIGNATURES OF THE BOARD OF DIRECTORS AND AUDITOR'S NOTE

BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFIT

The parent company's profit for the financial period is EUR 6,508 and the company's distributable funds total EUR 107,440,279. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.10 per share be paid and that the remaining distributable funds be retained in unrestricted equity.

SIGNATURES TO THE FINANCIAL STATEMENTS AND BOARD OF DIRECTORS' REPORT

Espoo, February 27, 2023

Eero Heliövaara
Chair of the Board

Heikki Haasmaa
CEO

Leif Gustafsson

Taina Kyllönen

Mirel Leino-Haltia

Elina Piispanen

Petri Rignell

Tomi Terho

Auditor's note

A report on the audit has been issued today.

Helsinki, February 27, 2023

KPMG Oy Ab

Turo Koila
Authorized Public Accountant (KHT)

Auditing

AUDITOR'S REPORT

To the Annual General Meeting of Sitowise Group Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sitowise Group Plc (2767842-8) for the year ended 31 December 2022. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, profit and loss account, cash flow statement and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 2.4.1 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

| THE KEY AUDIT MATTER | HOW THE MATTER WAS ADDRESSED IN THE AUDIT |
|--|---|
| Net sales (Accounting principles and note 2.2 to the consolidated financial statements) | |
| <p>Revenues arise from provision of services to customers in accordance with customer contracts, with the total net sales of EUR 204 million.</p> <p>The 5-step model is applied to revenue recognition, which identifies the contract and performance obligations, determines the transaction price and allocates it to the performance obligations. Revenue is recognized as the performance obligation is satisfied and only in an amount that reflects the consideration to which the Group expects to be entitled in exchange for the services provided to the customer.</p> <p>Revenue reporting involves the risk of inappropriate timing or amount (value) of revenue recognition due to management estimates and the large number of invoicing transactions.</p> | <p>We evaluated the company's revenue recognition and accounting policies in relation to the principles defined under IFRS standards.</p> <p>We tested the effectiveness of key internal controls aimed at ensuring the completeness and appropriate timing of revenue reporting.</p> <p>Furthermore, we performed substantive audit procedures and control testing related to the completeness and timing of revenue recognition.</p> <p>We compared the total revenue estimates for the customer projects accounted for on the basis of progress measurement with the underlying customer contracts. In addition, we analyzed forecast and actual project costs and project margins. We also considered the process of updating cost estimates and completion rates and assessed its appropriateness.</p> |
| Valuation of goodwill (Accounting principles and note 3.2 to the consolidated financial statements) | |
| <p>Goodwill of EUR 157 million represents a significant part, 56%, of the consolidated balance sheet total.</p> <p>Goodwill is tested for impairment annually and whenever there is any indication that the goodwill may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. The recoverable amount is determined based on value in use. The preparation of goodwill impairment testing requires estimates be made about the future.</p> <p>Management estimates and associated critical uncertainties relate to the components of the calculation of recoverable amount, which include the discount rate, terminal growth rate, and the development of net sales and operating profit, including cost levels for the company.</p> <p>Due to the significance of the carrying amount and significant management judgments involved in the forecasts, valuation of goodwill is considered a key audit matter.</p> | <p>We critically assessed the management fundamentals and assumptions underlying the cash flow projections for the coming years.</p> <p>We utilised our own valuation specialists that assessed the appropriateness of the discount rate, the technical accuracy of the calculations and the assumptions used in relation to market and industry information.</p> <p>In addition, we considered the appropriate presentation of the disclosures on goodwill impairment testing in the financial statements.</p> |

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting in 2018, and our appointment represents a total period of uninterrupted engagement of 5 years.

Sitowise Group Plc has been a public interest entity since 25 March 2021.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 27 February 2023

KPMG OY AB

Turo Koila
Authorised Public Accountant, KHT

INDEPENDENT AUDITOR'S REASONABLE ASSURANCE REPORT ON SITOWISE GROUP PLC'S ESEF FINANCIAL STATEMENTS

To the Board of Directors of Sitowise Group Plc

We have undertaken a reasonable assurance engagement in respect of whether the consolidated financial statements for the year ended 31 December, 2022 included in the digital financial statements 743700HOHMOHAANHFF73-2022-12-31-en.zip of Sitowise Group Plc (Business ID 2767842-8) have been marked up with iXBRL markups in accordance with the requirements of Article 4 of EU Delegated Regulation 2018/815 (ESEF RTS).

The Responsibility of the Board of Directors and Managing Director

The Board of Directors and Managing Director are responsible for preparing the report of the Board of Directors and financial statements (ESEF financial statements) that comply with the requirements of ESEF RTS. This responsibility includes:

- preparation of ESEF financial statements in XHTML format in accordance with Article 3 of the ESEF RTS
- marking up the primary statements and the notes to the consolidated financial statements, and the company identification data included in the ESEF financial statements with iXBRL tags in accordance with Article 4 of the ESEF RTS; and
- ensuring consistency between ESEF financial statements and audited financial statements.

The Board of Directors and the Managing Director are also responsible for such internal control as they deem necessary to prepare the ESEF financial statements in accordance with the requirements of the ESEF RTS.

Auditor's Independence and Quality Management

We are independent of the company in accordance with the ethical requirements applicable in Finland, which apply to the engagement we have performed, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The auditor applies International Standard on Quality Management ISQM 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulations requirements.

Auditor's Responsibility

In accordance with the Engagement Letter our responsibility is to express an opinion on whether the marking up of the consolidated financial statements included in the ESEF financial statements comply in all material respects with the Article 4 of the

ESEF RTS. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000.

The engagement involves procedures to obtain evidence whether;

- the primary statements of the consolidated financial statements included in the ESEF financial statements are, in all material respects, marked up with iXBRL tags in accordance with Article 4 of the ESEF RTS, and;
- whether the notes to the consolidated financial statements and the company identification data included in the ESEF financial statements data, have been marked up, in all material respects, with iXBRL tags in accordance with Article 4 of the ESEF RTS; and
- whether the ESEF financial statements and the audited financial statements are consistent with each other.

The nature, timing and the extent of procedures selected depend on practitioner's judgement. This includes the assessment of the risks of material departures from the requirements set out in the ESEF RTS, whether due to fraud or error.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the primary statements of the consolidated financial statements, the notes to the consolidated financial statements and the company identification data included in the ESEF financial statements of Sitowise Group Plc identified as 743700HOHMOHAANHFF73-2022-12-31-en.zip for the year ended 31 December, 2022 are, in all material respects, marked up in compliance with the ESEF Regulatory Technical Standard.

Our audit opinion on the audit of the consolidated financial statements of Sitowise Plc for the year ended 31 December, 2022 is set out in our Auditor's Report dated 27 February, 2023. In this report, we do not express any audit opinion or other assurance conclusion on the consolidated financial statements.

Helsinki 27 March, 2023

KPMG OY AB

Turo Koila
Authorised Public Accountant, KHT

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