

SITOWISE GROUP PLC

Net sales exceed EUR 200 million

Financial Statements Release
1 January – 31 December 2022



SITOWISE



The figures in this report are audited. Comparative figures for the corresponding period of the previous year are given in brackets. This report has been published in Finnish and English. If there are any differences between the English translation and the original Finnish version, the Finnish report shall prevail.

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OCTOBER–DECEMBER (Q4) IN BRIEF

- Net sales increased by 14% to EUR 57.6 (50.5) million.
- Organic net sales growth was 5% (6%).
- Adjusted EBITA was EUR 5.3 (5.6) million, or 9.2% (11.1%) of net sales.
- Sitowise acquired the Swedish company Convia in October, which strengthened the Group's expertise in the fields of infrastructure and construction.

JANUARY–DECEMBER (Q1–Q4) IN BRIEF

- Net sales increased by 14% to EUR 204.4 (179.3) million.
- Organic net sales growth was 5% (0%).
- Adjusted EBITA was EUR 20.4 (21.1) million, or 10.0% (11.8%) of net sales.
- The order book increased by 12% to EUR 181 (162) million at year-end.
- Leverage (net debt / adjusted EBITDA) increased to 2.6x (1.4x) mainly as a result of the acquisitions made in 2022.
- Earnings per share (EPS) were EUR 0.22 (0.22).
- The Board of Directors proposes a dividend of EUR 0.10 per share, which corresponds to 45% pay-out ratio.
- Sitowise carried out a total of six acquisitions in 2022. In addition to the aforementioned acquisition of Convia, Sitowise acquired the Swedish infrastructure design agency Mavacon AB and completed the acquisition of VRT Finland Oy's business focusing on 3D construction inspection back in January 2022. In June, Sitowise acquired the Finnish Bitcomp Oy, an IT expert in SaaS solutions for the forest and natural resources sector, the Finnish renovation specialist Rakennuttajakaari Oy, and the Swedish electrical design firm E60 Elkonsult AB.

KEY FIGURES

EUR million	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Net sales	57.6	50.5	204.4	179.3
EBITA, adjusted	5.3	5.6	20.4	21.1
% of net sales	9.2%	11.1%	10.0%	11.8%
EBITA	4.7	5.2	16.1	18.5
Profit for the period	2.4	2.7	7.9	7.9
Cash flow from operating activities before financial items and taxes	13.1	14.0	22.7	22.8
Net debt			56.6	30.9
Net debt / EBITDA, adjusted			2.6x	1.4x
Equity ratio, %			41.6%	46.0%
Earnings per share (EPS), EUR	0.07	0.08	0.22	0.22
Number of personnel, average	2,237	2,015	2,151	1,969

CEO HEIKKI HAASMAA:

Growth continued in all business areas – order book reached record level

In the final quarter of the year, Sitowise's net sales increased by 14 percent, and organic growth amounted to five percent. Net sales continued to grow in all business areas.

Our adjusted EBITA fell slightly short of the comparison period and was EUR 5.3 (5.6) million. The lower level of profitability was due to considerably higher levels of sickness absences compared to the comparison period as well as weaker market conditions in the Buildings business area in particular. Our adjusted EBITA margin was 9.2 percent.

In terms of the full year, we achieved annual net sales in excess of EUR 200 million at an adjusted EBITA margin of 10%. This is a good result in the current market environment.

“ Sitowise's more than 2,200 experts are developing sustainable ways to overcome the challenges of tomorrow. We want to be the most innovative, sustainable, and efficient operator in our field.

Our determined efforts to strengthen our profitability also continue this year.

Demand for technical consulting remained relatively healthy in Sitowise's target markets in the fourth quarter of the year. We started year 2023 with a record-high order book of EUR 181 million. There are, however, differences between market segments. Demand for digital services remains very high, and our SaaS business is growing rapidly. Sweden has enjoyed more stable demand than Finland on the whole, and also in this market Sitowise has succeeded in identifying and leveraging growing client segments. The infrastructure market has been slightly more volatile than earlier, but Sitowise has continued to grow ahead of the market and is benefiting from, for example, projects relating to the green transition. In our Buildings business, the new construction is undeniably slowing down and this is now reflected not only in residential development but also in offices and commercial real estate.

In the current economic climate, Sitowise now benefits from the facts that we have consciously expanded our operations in less cyclical market segments – such as renovation, infrastructure, and digital services – and have secured a number of long-term projects and framework agreements that help to bring predictability. Our determined efforts to strengthen our profitability also continue this year.



Sitowise's more than 2,200 experts are developing sustainable ways to overcome the challenges of tomorrow. We believe that society's ambitious climate and biodiversity targets will continue to create more demand for bold and creative solutions. Sustainability, digitalization, and data-driven decision-making are shaking up and transforming the entire industry, as well as society in general. We at Sitowise want to support our clients through this transition and to be the most innovative, sustainable, and efficient operator in our field. In our 2023–2025 strategy, which was published this morning, we describe in more detail how we respond to the challenges that our society and industry face, and how we intend to create value for our stakeholders over the new strategy period.

OUTLOOK, GUIDANCE, AND FINANCIAL TARGETS

OUTLOOK FOR THE YEAR 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.

GUIDANCE

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.

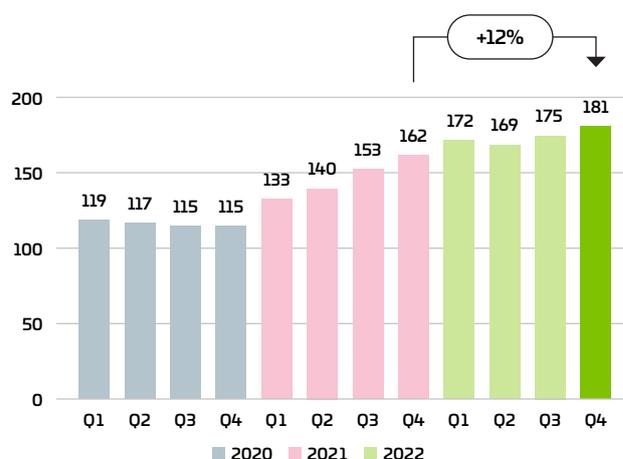
LONG-TERM FINANCIAL TARGETS

The Board of Directors of 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.

THE GROUP'S ORDER BOOK



THE GROUP'S ORDER BOOK, EUR MILLION

The order book consists of a wide range of projects of different sizes. The order book on 31 December 2022 stood at EUR 181 million, which corresponds to an increase of three percent since the end of the previous quarter and an increase of 12 year-on-year.



Linda, HR Manager

SITOWISE'S BUSINESS AREAS



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.

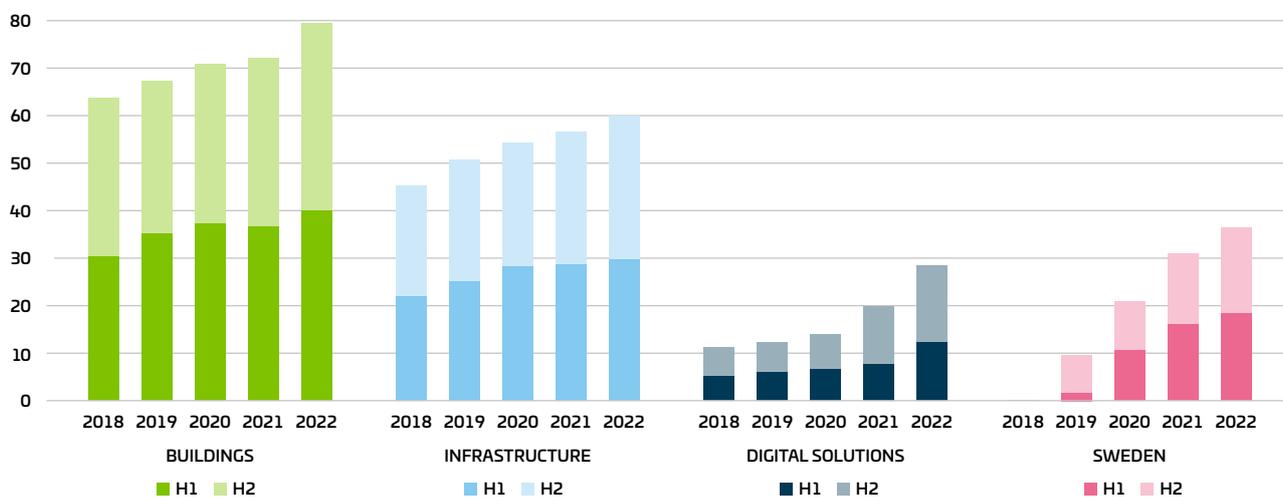
THE GROUP'S NET SALES AND PROFITABILITY

NET SALES

EUR million	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Buildings	21.1	19.8	79.4	72.1
Infrastructure ²⁾	16.8	15.4	60.0	56.4
Digital Solutions ^{1), 2)}	9.2	6.6	28.5	19.8
Sweden	10.5	8.7	36.5	31.0
Total	57.6	50.5	204.4	179.3

¹⁾ Includes the Group's Swedish subsidiary, Infracontrol AB.

²⁾ Figures for the comparison year have been adjusted to reflect the organizational structure as in 2022.



NET SALES BY BUSINESS AREA, EUR MILLION

NET SALES IN OCTOBER–DECEMBER (Q4)

Year on year, the Group's net sales increased by 14 percent in the final quarter, thanks to the acquisitions made in 2022 as well as the five percent organic growth. However, the growth in net sales were slowed down by the higher sickness absences compared to the comparison period as well as a lower invoicing rate in the Buildings business areas as a result of delays in new construction projects in particular.

Exchange rate fluctuations had a larger impact on our net sales than before, as the Swedish krona weakened significantly against the euro during the review period. Without the impact of exchange rate fluctuations, net sales would have increased by 16 percent during the period from October to December.

NET SALES IN JANUARY–DECEMBER (Q1–Q4)

The Group's net sales increased by 14 percent during the period from January to December, with organic growth amounting for five percent of the total. Growth was mainly driven by acquisitions made during the year. The growth in net sales was adversely affected by a rise in sickness absences due to COVID-19 and seasonal flu, as well as a lower invoicing rate in the Buildings business area as a result of delays in new construction projects in particular during the latter half of the year. The Swedish krona weakened significantly against the euro, which also affected the net sales development. Without the impact of exchange rate fluctuations, net sales would have increased by 15 percent.

EUR million	10–12/2022	10–12/2021	1–12/2022	1–12/2021
EBITA, adjusted	5.3	5.6	20.4	21.1
% of net sales	9.2%	11.1%	10.0%	11.8%
EBITA	4.7	5.2	16.1	18.5
Operating profit	3.8	4.6	13.2	16.4
Profit before taxes	3.0	3.7	10.3	10.3
Profit for the period	2.4	2.7	7.9	7.9
Earnings per share (EPS), EUR	0.07	0.08	0.22	0.22

PROFITABILITY IN OCTOBER–DECEMBER (Q4)

Adjusted EBITA was lower than during the previous year due to the aforementioned adverse effects on the net sales. Relative profitability was also weakened by a rise in project costs as a result of changes in our project mix and amounted to 9.2 percent. Items related to comparability amounted to EUR -0.6 (-0.4) million.

Operating profit was down on the comparison period. The decrease was mostly attributable to higher amortization of intangible assets.

PROFITABILITY IN JANUARY–DECEMBER (Q1–Q4)

Adjusted EBITA fell by four percent due to the aforementioned negative impacts on our net sales. Some of our other operating expenses also rose along with the shift to the post-pandemic period and increased activities, which included running extensive internal personnel and training events during the second quarter of the year. Relative profitability was also weakened by a rise in project management costs.

Operating profit decreased by 20 percent compared to the comparison period, mainly due to higher expenses related to comparability. Items related to comparability amounted to EUR -4.3 (-2.6) million and were mainly attributable to mergers and acquisitions, restructuring costs, and write-downs of projects of Russian-owned clients.

Our **profit** for the period was weakened by not only the aforementioned factors but also higher taxes. On the other hand, our financial expenses were down on the comparison period, when both our **profit before taxes** and our **profit for the period** were particularly burdened by the financial expenses related to our IPO.

FINANCIAL POSITION AND CASH FLOW

Equity attributable to owners of the parent company amounted to EUR 115.6 (114.7) million.

EUR million	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021
Cash and cash equivalents	15.4	8.0	10.7	16.9	19.4
Interest-bearing liabilities, total	72.0	70.9	68.9	50.3	50.2
<i>Interest-bearing liabilities, current</i>	1.0	2.9	1.0	1.0	1.0
<i>Interest-bearing liabilities, non-current</i>	71.0	68.0	67.9	49.2	49.2
Equity ratio, %	41.6%	44.1%	42.9%	47.2%	46.0%
Net debt	56.6	62.9	58.2	33.4	30.9
Net debt / EBITDA, adjusted	2.6x	2.9x	2.7x	1.5x	1.4x
Gearing, %	48.4%	54.9%	51.2%	28.5%	26.9%

Sitowise's liquidity stayed at a healthy level throughout the final quarter. Gearing decreased reflecting typical seasonal variation in working capital during the final quarter and came in at 48.4% at the end of the year.

The Group's net debt increased considerably in 2022 as a result of the additional debt taken on to finance acquisitions and amounted to EUR 56.6 (30.9) million. Loans from financial institutions totaled EUR 72.0 (50.2) million at the end of the year. Cash and cash equivalents amounted to EUR 15.4 (19.4) million.

On 31 December 2022, Sitowise had in place a financing agreement worth EUR 100 million with a maturity in March 2024, which was concluded in connection with the IPO in 2021. The agreement consists of a term loan of EUR 40 million, an acquisition facility of EUR 40 million, and a working capital facility of EUR 20 million. A portion of the acquisition facility and the entire working capital facility were still unutilized at the end of the financial year.

Cash flow from operating activities before financial items and taxes amounted to EUR 13.1 (14.0) million during the final quarter. The decrease was due to both a drop in profitability on the previous year and changes in working capital.

Investments between October and December amounted to EUR -4.5 (-2.2) million and mostly consisted of acquisitions. The lower investment level in the comparison period is attributable to the timing of acquisitions.

Cash flow from financing during the final quarter of the year amounted to EUR 0.4 (-1.0) million and mostly consisted of loan withdrawals and repayments relating to the acquisition of Convia, as well as proceeds from share issues and a reduction in lease liabilities. During the comparison period, cash flow from financing almost exclusively consisted of a decrease in lease liabilities.

The consolidated balance sheet total was EUR 280.7 (249.8) million at the end of December. Goodwill in the balance sheet amounted to EUR 157.6 (135.2) million. There are no indications of impairment.



Jouni, Leading Specialist

Q4: BUSINESS REVIEW | BUILDINGS

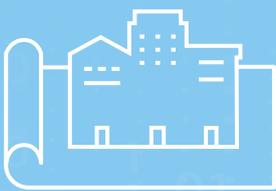
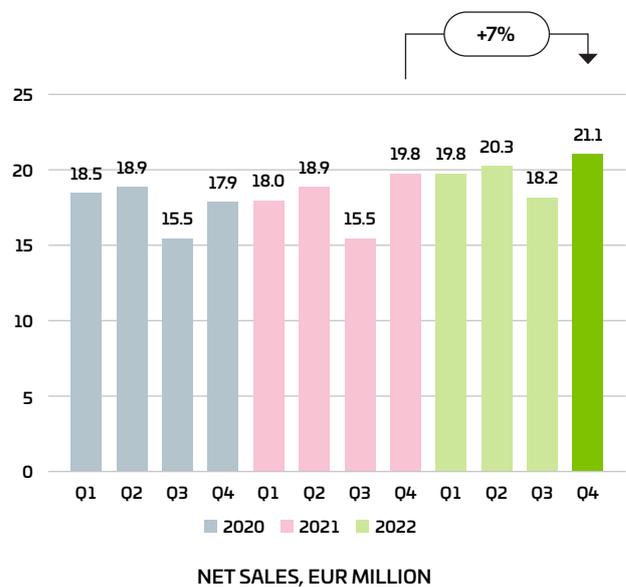
Net sales from the **Buildings business area** were up by seven percent year on year and amounted to EUR 21.1 (19.8) million in the final quarter. The business area accounted for 37 (39) percent of the Group’s consolidated net sales.

The sales increased, above all, due to the acquisition of Rakennuttajakaari Oy in June. General economic uncertainty led to an increase in the number of new construction projects that were either discontinued or postponed. On the other hand, our renovation business stayed active and demand in the public sector remained strong, both of which helped our net sales. Order book increased both quarter on quarter and year on year, and remained at a reasonably healthy level considering the prevailing market conditions.

One of the highlights of the quarter was Sitowise’s winning an important new contract relating to an underground parking facility in Keilaniemi, Espoo, Finland. The project makes extensive use of Sitowise’s wide range of design and consulting expertise in both Buildings and Infrastructure business areas. Sitowise also won a tendering on a community center combining three schools – Napapiiri, Nivavaara, and Syväsenvaara – in Rovaniemi, Finland. Sitowise was successful also in a number of framework agreement tenders for projects in the public sector, and secured several orders for small and medium-sized renovation and new development projects.

The integration of the recently acquired businesses into the Sitowise Group continued during the final quarter of the year. Rakennuttajakaari Oy’s staff began their relocation to Sitowise’s

local offices after the end of the review period in January. Some resources and work in the Buildings business area were reallocated in the final quarter to better correspond to the current market environment.



Net sales from the Buildings business area increased, above all, due to the acquisition of Rakennuttajakaari Oy in June.

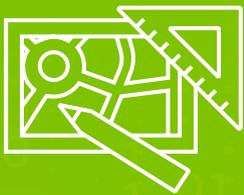
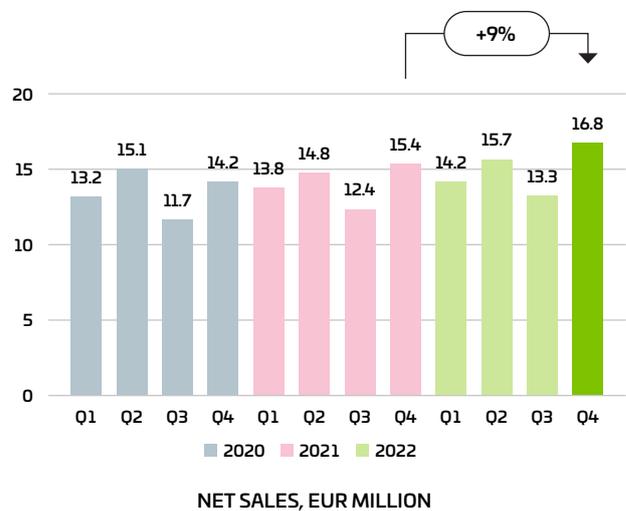
Q4: BUSINESS REVIEW | INFRASTRUCTURE

Net sales from the **Infrastructure business area** were up by nine percent year on year and amounted to EUR 16.8 (15.4) million in the final quarter. The business area accounted for approximately 29 (31) percent of the Group’s consolidated net sales.

The growth in net sales from our Infrastructure business continued to outpace the market. The majority of the growth in net sales was organic growth. Order book remained at the strong level established during the previous quarter. Although there are also signs of weakening demand in the infrastructure market in general and in respect of road projects in particular, demand for energy and environmental projects relating to the green transition is growing. The number of invitations to tender was still down on the previous year, but Sitowise kept winning a greater percentage of the contracts on offer.

Much of the work involved in the Keilaniemi contract mentioned in connection with the Buildings business area, which involves an underground parking facility, will be carried out by the Infrastructure team. In addition, numerous orders for small and medium-sized road, street, and local development projects, which are supported by our extensive long-term framework agreements, were won.

The growth in net sales from our Infrastructure business continued to outpace the market. The majority of the growth in net sales was organic growth.



Leena, Team Leader

Q4: BUSINESS REVIEW | DIGITAL SOLUTIONS

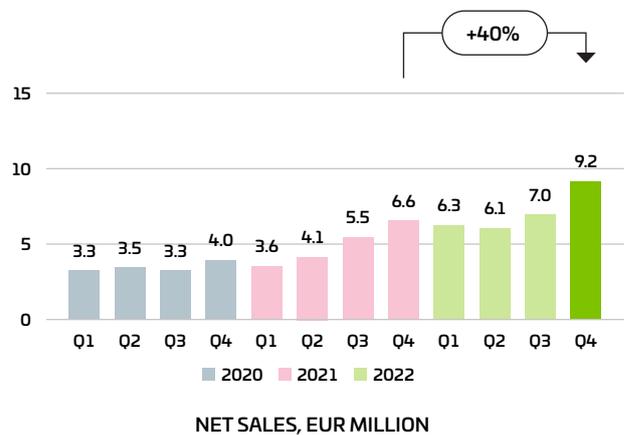
Net sales from **Digital Solutions** were up by 40 percent year on year and amounted to EUR 9.2 (6.6) million in the final quarter. The business area accounted for approximately 16 (13) percent of the Group’s consolidated net sales.

The growth in net sales was boosted significantly by the acquisition in June of Bitcomp Oy, a pioneer in SaaS solutions for the forest and natural resources sector. Order book remained at the strong level established during the previous quarter.

Sitowise won a notable contract toward the end of the review period, which relates to the new national built environment information system (Ryhti) developed by the Finnish Ministry of the Environment and the Finnish Environment Institute. Sales from Bitcomp’s LeafPoint SaaS service also increased considerably, and overall Sitowise received a number of small and medium-sized orders thanks to the existing long-term framework agreements.

Market demand for digital services remained strong. The recruitment efforts were more successful than during the previous quarter, but growth in this business area is still burdened by fierce competition for skilled labor, which is why the company has supplemented the capacity of in-house staff by subcontracting.

The growth in net sales was boosted significantly by the acquisition in June of Bitcomp Oy, a pioneer in SaaS solutions for the forest and natural resources sector.



Q4: BUSINESS REVIEW | SWEDEN

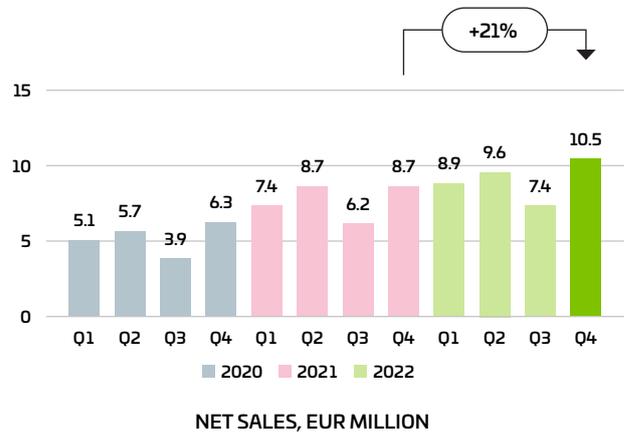
Net sales from the Group’s operations in **Sweden** were up by 21 percent year on year and amounted to EUR 10.5 (8.7) million in the final quarter. Without the impact of exchange rate fluctuations, net sales would have increased by 29 percent. Net sales in Sweden accounted for approximately 18 (17) percent of the Group’s total net sales.

The majority of the growth in net sales was related to acquisitions made in 2022. Demand in Sweden was steadier overall than in Finland, and the order book remained at a high level. 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.

Sitowise signed a significant framework agreement with Astra Zeneca in the final quarter. Growth was also supported by new modular prefab construction contracts won by Sitowise, including the construction of a large community center in Stockholm. The acquisition of Convia in October further boosted growth in the infrastructure sector.

The integration of the businesses acquired during 2022 into the Sitowise Group continued also in the final quarter. The majority of Sitowise’s operations in Sweden were brought under the Sitowise brand in November.

The majority of the growth in net sales was related to acquisitions made in 2022.



Lauri, Designer

SUSTAINABILITY

At the end of the final quarter of 2022, the sustainability tool developed by Sitowise was used in 86 (43) percent of all new projects started in Finland. Sitowise’s aim is for all projects started across the whole Group to ultimately utilize the sustainability tool, thereby integrating corporate social responsibility and sustainable development solutions into every client project. The tool has already been adopted in Finland, and there are plans to deploy it in Sweden during 2023.

The Sustainability Program approved by Sitowise’s Board of Directors in December 2021 was pursued actively throughout the year in both Finland and Sweden. The goals of the 2025 Sustainability Program are as follows:



Sitowise is carbon neutral by 2025.



Sitowise is the most equal workplace with the best employee well-being in the industry.



Sitowise aims for sustainable economic growth.



Sitowise actively contributes to make the industry more sustainable.



The following are examples of steps taken to promote the Sustainability Program toward the end of 2022:

- Sitowise launched a comprehensive review of its various guidelines from the perspective of promoting the carbon neutrality target.
- Staff were asked to fill out a diversity and equality survey, and the findings were used to draw up an action plan to promote diversity and equality across Sitowise.
- New sustainability services were developed in the course of an innovation contest called The Smart City Lab, which resulted in, for example, a new ESG Due Diligence service for clients.
- Sitowise joined the UN Global Compact Network and made a commitment to the objectives of the corporate sustainability initiative.

At the end of 2022, 86 percent of all new projects started in Finland used the sustainability tool.



PERSONNEL AND MANAGEMENT

PERSONNEL

	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Number of personnel, average	2,237	2,015	2,151	1,969
Number of personnel, at the end of the period	2,232	2,034	2,232	2,034

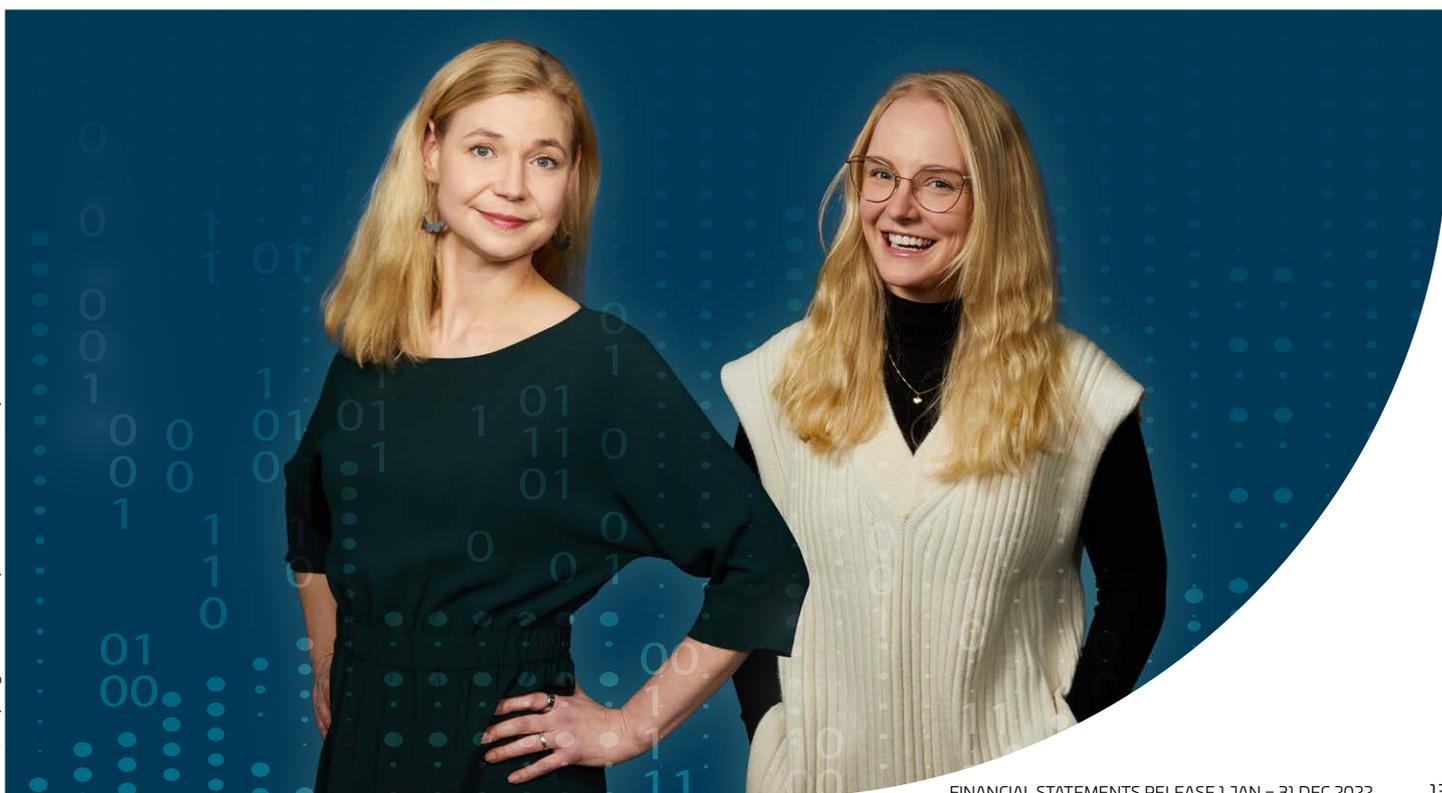
The increase in the number of personnel during the final quarter of the year was mostly thanks to acquisitions, although organic growth also played a part.

GROUP MANAGEMENT TEAM

Composition of the Group Management Team on 31 December 2022:

- Heikki Haasmaa (CEO)
- Hanna Masala (CFO; as of 1 October 2022)
- Jonas Larsson (Head of Swedish Operations)
- Taija Lehtola (Chief Human Resources Officer)
- Jannis Mikkola (Deputy CEO and Business Director, Infrastructure)
- Timo Palonkoski (Deputy CEO and Business Director, Buildings)
- Turo Tinkanen (Chief Information Officer)
- Minttu Vilander (Chief Communications and Corporate Responsibility Officer)
- Teemu Virtanen (Business Director, Digital Solutions)

Sitowise announced on 8 December 2022 that Teemu Virtanen was leaving his position as the head of Sitowise's Digital Solutions business and as a member of the Group Management Team at the end of December 2022. CEO Heikki Haasmaa took over Virtanen's former duties as Business Director on a temporary basis. The Group has begun the process of recruiting a new Business Director.



CORPORATE GOVERNANCE

BOARD AUTHORIZATIONS

The company has the following authorizations in force as decided 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 percent 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 promote 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 for the repurchase. Own shares do not have to be acquired proportionally to the number of shares held by the shareholders (directed acquisition).

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

The Board of Directors decided to exercise its existing share issue authorization and carried out a directed issue of 95,532 shares in connection with the acquisition of 31 January 2022. The Board of Directors exercised its existing share issue authorization to carry out directed share issues in connection with the acquisitions of 31 May 2022, 20 June 2022, and 18 October 2022 and consequently issued 161,206, 44,843, 171,771, and 188,926 shares, amounting to 566,746 shares in total.

At the end of the review period on 31 December 2022, the Board's remaining share issue authorization amounted to 2,933,254 shares.

The Board of Directors decided on 17 March 2022 to launch a share repurchase program based on its previous buyback authorization, and the program was extended based on an authorization granted by shareholders at the Annual General Meeting of 20 April 2022. The shares were repurchased to be used as contribution in potential future acquisitions and as part of Sitowise's incentive schemes. The maximum number of shares to be repurchased was set at 500,000, and the amount to be spent was capped at EUR 4.35 million. Sitowise completed the share repurchase program in question on 31 August 2022. The first transactions were made on 18 March 2022 and the last on 31 August 2022. Sitowise repurchased a total of 500,000 of the company's own shares between these dates, with a total value of EUR 2,720,089.50 and an average price of EUR 5.44 per share. The shares were repurchased through public trading on the Nasdaq Helsinki Ltd exchange at the market price prevailing at the time of repurchase.

At the end of the review period on 31 December 2022, the Board's remaining authorization for the repurchase of the company's own shares amounted to 3,000,000 shares.

ANNUAL GENERAL MEETING IN 2023

The Annual General Meeting of shareholders is planned to take place on Tuesday, 25 April 2023. The invitation will be published separately.

SHARES AND SHAREHOLDERS

SHARES OUTSTANDING AND SHARE CAPITAL

At the end of the review period, Sitowise Group Plc's share capital was EUR 80,000.

The company has one class of shares. Each share entitles the holder to one vote and an equal dividend. In December 2021, the company decided to issue 250,000 new Sitowise shares to the company itself in a directed free issue. The shares were registered in the Trade Register on 3 January 2022 and were admitted to trading on the stock exchange list of Nasdaq Helsinki Ltd on 4 January 2022. The total number of shares outstanding after the registration of the new shares is 35,665,927.

The company held 119,399 own shares on 31 December 2022.

	31 Dec 2022	31 Dec 2021
Registered share capital, EUR thousand	80	80
Registered total number of shares	35,665,927	35,415,927
Shares owned by the company	119,399	31,677

TRADING OF SHARES

	10-12/2022	10-12/2021
Number of shares traded, million	1.8	1.2
Value of trading, EUR million	8.2	9.7
Closing price on the final day of trading, EUR	5.14	8.05
Volume-weighted average price, EUR	4.64	8.18
Highest price, EUR	5.20	8.70
Lowest price, EUR	3.89	7.33
Market capitalization (at the end of the period), EUR million	183.3	285.1

SHAREHOLDERS

At the end of the review period on 31 December 2022, the number of registered shareholders was 6,060 (6,169). Nominee-registered shareholders accounted for 374 (33.2) percent of the company's shares. The ten largest shareholders entered in the book-entry register maintained by Euroclear Finland Oy owned a total of 30.3 (32.1) percent. A list of these major shareholders is available on the company's website at www.sitowise.com.



Ilkka, Head of Department

The table below lists the ten largest shareholders on 31 December 2022. The information is based on the Monitor service provided by the Swedish company Modular Finance AB: *)

Shareholder	# 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	

*) 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 supplied by the service provider, which is given only as additional information. The company's shareholder register is available from Euroclear, and the company additionally publishes any flagging notifications it receives as stock exchange releases.

OPTION PROGRAMS

At the end of the 2022 financial year, the company had in place a long-term incentive (LTI) scheme for the CEO, members of the Group Management Team, and key personnel. The scheme was launched in March 2021. 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, and toward long-term employment in order to build shareholder value, as well as to secure the loyalty of key personnel. The option program consists of class A and B stock options, which can be divided into Matching and Performance options. In order to receive Matching options, the recipient of the options must hold or buy as many shares in the personnel offering 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. In addition, members of the Group Management Team who are covered by the stock option plan 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 their membership in the Group Management Team continues.

Sitowise announced a change to the terms and conditions of the 2021 stock option plan on 16 December 2022. The company's Board of Directors resolved on 15 December 2022 to amend the subscription price for shares to be subscribed based on stock options. The new share subscription price for the 2021A stock options is EUR 6.00 (8.20). The share subscription price for the 2021B stock options was kept the same as before, and it was EUR 8.10 on 31 December 2022 (the EUR 8.20 subscription price in the IPO minus the dividend of EUR 0.1 paid so far). The dividend paid per share and capital repayments are deducted from the subscription price each year.

Class A options have a three-year vesting period, and class B options have a four-year vesting period. The share subscription period for the 2021A stock options runs from 1 April 2024 until 31 March 2025, and the share subscription period for the 2021B stock options runs from 1 April 2025 until 31 March 2026. The Board of Directors has decided to remove the vesting criteria for the Match 2021A and Match 2021B options. The subscription period for shares to be subscribed with the Performance options, on the other hand, will not begin to run unless the vesting criteria set by the Board of Directors have been satisfied. The vesting criteria concerning the Performance 2021A and Performance 2021B options have not been changed since the establishment of the stock option plan.

The amendments made during the financial year just ended are designed to preserve the purpose of the stock option plan, which is to engage option holders in the growth of the company's share value. In this manner, a long-term relationship can be established between the company and the option holders that benefits the company both financially and operationally.

FLAGGING NOTIFICATIONS

On 27 October 2022, Sitowise Group Plc received a notification in accordance with the chapter 9, section 5 of the Finnish Securities Markets Act from Paradigm Capital Value Fund SICAV, according to which Paradigm Capital Value Fund SICAV's direct holding of shares and votes in the company increased to five percent on 26 October 2022. According to the notification, Paradigm Capital Value Fund SICAV holds a total of 1,784,944 shares corresponding to 5.00 percent of the company's shares and votes.

On 29 November 2022, Sitowise Group Plc received a notification in accordance with the chapter 9, section 5 of the Finnish Securities Markets Act from Avanza Bank Holding AB and Försäkringsaktiebolaget Avanza Pension, according to which Avanza Bank Holding AB's and Försäkringsaktiebolaget Avanza Pension's indirect holding of shares and votes in the company decreased to 4.78 percent on 28 November 2022. According to the notification, Avanza Bank Holding AB and Försäkringsaktiebolaget Avanza Pension hold a total of 1,704,769 shares corresponding to 4.78 percent of the company's shares and votes. Försäkringsaktiebolaget Avanza Pension is a fully owned subsidiary of Avanza Bank Holding AB (publ). The shares had been sold by its policyholders. According to the Monitor service provided by Modular Finance AB, the indirect holding of Avanza Pension had dropped further, to 2.4%, by the end of 2022.

RISKS AND UNCERTAINTIES

Significant risks and uncertainties related to the Sitowise Group's business include operational and damage risks, as well as the strategic and financial risks and uncertainties to which the Group's financial performance is exposed. During the financial year, the Board of Directors reviewed the company's risk management structure and processes, the results of the risk survey 2021 and ISO certification audits, and risk management measures for the 2022 financial year. The Group Management Team reviewed and evaluated the Group's risk assessment during the final quarter of the year, analyzing the Group's most significant risks in more detail and deciding on further planning of risk management measures. 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 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. The Sitowise Group's operational risks also include risks related to project work. Damage risks include IT system and cybersecurity risks.

Sitowise Group's strategic risks include among other things that the planned growth based on corporate acquisitions will not materialize if there are no suitable acquisition targets available, transactions cannot be executed at an economically justified valuation level, 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 acquired companies. 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, as Sitowise finances its business and investments through cash flow and loans and needs external financing also to implement its growth strategy. The Sitowise Group carefully assesses potential financial risks, and the Group's liquidity (trade receivables and cash flow) is monitored continuously.

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 comprehensively in the offering circular of 12 March 2021 and our 2021 Annual Report (available on our website at www.sitowise.com), and they are still relevant at the moment.

SEASONALITY

The seasonal variation of Sitowise's business is affected by the monthly allocation of annual working days, which in turn is affected by the timing of public holidays (e.g. Easter and Christmas) and employee vacation periods. The Group's net sales and profitability are generally at their lowest in the third quarter due to the summer vacation season. The comparison period (year 2021) was affected by not only the normal seasonal fluctuations but also periods of remote working due to COVID-19 restrictions and timings of internal events, activities, and vacations, as well as lower-than-normal sickness absences.

CALENDAR EFFECTS, NUMBER OF WORKING HOURS BASED ON SALES-WEIGHTED BUSINESS MIX

	2022	2021	Difference
Q1	476	470	6
Q2	460	459	1
Q3	500	500	0
Q4	477	481	-4
Full year	1,914	1,911	3

QUARTERLY NET SALES AND EBITA OF THE GROUP

EUR million	Q1/2021	Q2/2021	Q3/2021	Q4/2021	Q1/2022	Q2/2022	Q3/2022	Q4/2022
Net sales	42.8	46.5	39.6	50.5	49.2	51.7	45.9	57.6
Other operating income	0.2	0.4	0.2	0.1	0.1	0.1	0.1	0.0
Materials and services	-2.4	-3.1	-3.8	-5.2	-4.1	-5.1	-5.1	-6.2
Personnel expenses	-29.1	-30.7	-24.3	-31.1	-32.1	-33.4	-27.7	-35.8
Other operating expenses	-4.9	-5.3	-4.9	-6.8	-5.9	-6.6	-6.4	-8.3
Depreciations	-1.8	-1.9	-1.9	-1.9	-1.9	-1.9	-1.9	-2.0
EBITA, adjusted	4.7	5.9	4.9	5.6	5.2	4.9	4.9	5.3
EBITA, adjusted %	11.0%	12.7%	12.4%	11.1%	10.6%	9.5%	10.7%	9.2%
Items affecting comparability	-0.6	-1.3	-0.3	-0.4	-1.7	-1.6	-0.4	-0.6
EBITA	4.1	4.7	4.6	5.2	3.5	3.3	4.5	4.7
EBITA %	9.5%	10.0%	11.6%	10.3%	7.2%	6.4%	9.8%	8.2%



MAIN EVENTS AFTER PERIOD-END

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.

STRATEGY FOR 2023–2025

At the same time with this Financial Statements Release for 2022, Sitowise Group Plc has announced its strategy for the years 2023–2025. The new strategy focuses on Innovation, Sustainability and Efficiency and targets continued sustainable profitable growth and value creation for its clients, other stakeholders, and the society. The new strategy is described in more detail in a separate stock exchange release.

Espoo, 28 February 2023
Sitowise Group Plc
Board of Directors

ADDITIONAL INFORMATION

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Hanna Masala, CFO,
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Mari Reponen, Head of IR,
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FINANCIAL CALENDAR

The planned publication dates for Sitowise Group Plc's financial reports in 2023 are as follows:

- Interim Report for January–March 2023 on Wednesday, 10 May 2023
- Half-year Report for January–June 2023 on Wednesday, 16 August 2023
- Interim Report for January–September 2023 on Thursday, 2 November 2023

The 2022 Annual Report will be published no later than during the week commencing on 27 March 2023.

WEBCAST FOR ANALYSTS, MEDIA, AND INVESTORS

Sitowise's Q4 2022 earnings webcast will be held today, 28 February 2023, at 1 pm EET. The webcast can be accessed either live or as a replay available at <https://sitowise.videosync.fi/2022-q4-results/register>

DISTRIBUTION:

Nasdaq Helsinki Ltd
Key media
www.sitowise.com

SITOWISE IN BRIEF:

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.



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Net sales	57,573	50,455	204,414	179,334
Other operating income	41	61	288	976
Materials and services	-6,219	-5,236	-20,495	-14,589
Personnel expenses	-36,031	-31,079	-129,774	-115,696
Other operating expenses	-8,683	-7,130	-30,677	-24,064
Depreciation and amortization	-2,902	-2,516	-10,594	-9,586
Operating profit	3,780	4,555	13,162	16,376
Financial income	105	25	390	184
Financial expenses	-854	-845	-3,272	-6,270
Result before taxes	3,032	3,735	10,280	10,290
Income taxes	-623	-1,021	-2,366	-2,388
Result for the period	2,408	2,714	7,914	7,903
Attributable to:				
Owners of the parent	2,418	2,739	7,847	7,827
Non-controlling interest	-9	-25	67	76
Other comprehensive income:				
Items that will not be reclassified as profit or loss				
Recognition of change in the fair value of other investments through comprehensive income	0	0	0	55
Items that may be reclassified to profit or loss				
Change in translation difference	-1,242	-120	-3,837	-204
Hedging of cash flows, including account tax effects	63	0	63	0
Other comprehensive income in total	-1,179	-120	-3,774	-149
Total comprehensive income	1,229	2,595	4,140	7,754
Comprehensive income attributable to:				
Owners of the parent	1,238	2,620	4,073	7,678
Non-controlling interest	-9	-25	67	76
Earnings per share:				
Earnings per share (EUR)	0.07	0.08	0.22	0.22
Diluted earnings per share (EUR)	0.07	0.08	0.22	0.22

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	31 Dec 2022	31 Dec 2021
Assets		
Goodwill	157,620	135,193
Other intangible assets	10,224	7,940
Tangible assets	31,776	31,025
Other shares, similar rights of ownership, and receivables	1,931	1,865
Deferred tax assets	894	1,077
Total non-current assets	202,446	177,098
Trade and other receivables	61,564	52,099
Deferred tax assets	1,323	1,204
Cash and cash equivalents	15,390	19,353
Total current assets	78,278	72,656
Total assets	280,724	249,754
EUR thousand	31 Dec 2022	31 Dec 2021
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	1,588	1,565
Financial liabilities	93,042	70,983
Other liabilities	0	12
Total non-current liabilities	94,630	72,560
Income tax liabilities	653	2,273
Financial liabilities	7,937	7,624
Provisions	981	1,428
Trade payable and other liabilities	59,649	51,010
Total current liabilities	69,219	62,336
Total shareholders' equity and liabilities	280,724	249,754

CONSOLIDATED CASH FLOW STATEMENT

EUR thousand	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Cash flow from operating activities:				
Result for the period	2,408	2,714	7,914	7,903
Adjustments				
Income taxes	623	1,021	2,366	2,388
Depreciation and amortization	2,902	2,516	10,594	9,586
Financial income and expenses	749	820	2,882	6,086
Other adjustments	112	51	297	154
Change in working capital				
Trade and other receivables, increase (-) / decrease (+)	-8,153	-5,837	-6,424	-4,177
Trade and other payables, increase (+) / decrease (-)	14,449	12,731	5,047	878
Interest paid and other financial expenses	-806	-493	-2,244	-2,430
Interest received and other financial income	58	22	185	186
Income taxes paid	-723	-358	-4,558	-3,425
Net cash flows from operating activities	11,619	13,187	16,058	17,149
Cash flow from investing activities:				
Investments in tangible and intangible assets	-1,079	-883	-3,665	-2,209
Acquisitions of subsidiaries, net cash acquired	-3,393	-1,301	-28,786	-19,900
Net cash flows from investing activities	-4,473	-2,184	-32,450	-22,109
Cash flow from financing activities:				
Payments from share issue	923	487	3,844	78,762
Paid IPO costs	0	0	0	-5,078
Share repurchase	0	0	-2,720	-22
Dividend distribution and capital repayment	0	0	-3,545	-22,286
Withdrawal of loans	3,500	0	24,424	50,119
Repayments of loans	-2,425	-3	-2,974	-72,753
Repayments of subordinated loans	0	0	0	-14,145
Lease liabilities, increase (+) / decrease (-)	-1,557	-1,446	-6,131	-5,766
Net cash flow from financing activities	441	-961	12,899	8,831
Cash and cash equivalents at the start of the period	7,979	9,265	19,353	15,463
Change in cash and cash equivalents, increase (+) / decrease (-)	7,588	10,042	-3,493	3,871
Translation differences	-176	47	-470	19
Cash and cash equivalents at the end of the period	15,390	19,353	15,390	19,353

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

EUR thousand	Equity attributable to owners of parent						Total	Non-controlling interest	Total shareholders' equity
	Share capital	Fund for invested unrestricted equity	Fair value reserve	Subordinated loans	Translation differences	Retained earnings			
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	0	-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	0	-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

NOTES TO THE FINANCIAL STATEMENTS RELEASE

This Financial Statements Release has been prepared in accordance with IAS 34 Interim Financial Reporting. This release should be read in conjunction with the 2021 consolidated financial statements prepared in accordance with IFRS. All figures in this Financial Statements Release are group figures. All presented figures have been rounded and consequently the sum of individual figures may deviate from the sum presented. The figures in this Financial Statements Release are based on Sitowise Group's audited 2022 financial statements, which will be published with the Annual report during week 13.

The explanatory part of the interim report describes the effects of the war in Ukraine on the Sitowise Group in more detail. Otherwise, the key uncertainties related to decisions made by the management requiring discretion, the management's estimates, as well as key topics requiring discretion are described in the section "Risks and Uncertainties" of this interim report.

1. NET SALES

Net sales by business area

EUR thousand	10-12/ 2022	10-12/ 2021	1-12/ 2022	1-12/ 2021
Buildings	21,117	19,781	79,446	72,121
Infrastructure ²⁾	16,754	15,382	59,960	56,429
Digital Solutions ^{1), 2)}	9,158	6,552	28,523	19,759
Sweden	10,544	8,740	36,486	31,025
Total	57,573	50,455	204,414	179,334

¹⁾ Includes the Group's Swedish subsidiary, Infracontrol AB.

²⁾ Figures for the comparison year have been adjusted to reflect the organizational structure as in 2022.

Net sales by geographical area

EUR thousand	10-12/ 2022	10-12/ 2021	1-12/ 2022	1-12/ 2021
Finland	45,237	39,923	160,906	144,456
Sweden	12,149	10,286	42,658	33,967
Other countries	187	246	850	912
Total	57,573	50,455	204,414	179,334

Net sales of the geographical areas are reported by the client's location.

Revenue from client contracts expected to be recognized and related to the remaining performance obligations as of 31 December 2022 is approximately EUR 181 million.

2. ACQUISITIONS (Business combinations)

During the fourth quarter Sitowise acquired the Swedish Convia Ingenjörbyrå AB and Convia Infrastructure AB to strengthen its constructing consultant services focused on building construction and infrastructure. The acquisitions completed during the year 2022 are presented below.

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	-
Rakennuttaja-kaari Oy	6/2022	Share purchase (100%)	Helsinki (Finland)	45	5.0
E60 Elkonsult AB	6/2022	Share purchase (100%)	Norrtälje (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

The assets and liabilities of the acquired companies mainly include working capital items as well as separately identified assets related to client relationships and technologies, and the possible effects of exchange rate fluctuations. The estimated useful lives of separately identified assets are 5 years. The recognized goodwill is not tax deductible.

EUR thousand	1-12/2022
Purchase price	32,617
Assets	11,574
Liabilities	4,618
Net assets	6,772
Goodwill	25,845

3. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

Fair value hierarchy levels:

- **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

Financial assets

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

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

Financial liabilities

EUR thousand	Measured at amortized cost	Measured at fair value through other comprehensive income	Measured at fair value through profit or 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 payables	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 31 Dec 2022	109,408	0	1,048	110,456	81,469	

EUR thousand	Measured at amortized cost	Measured at fair value through other comprehensive income	Measured at fair value through profit or 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 payables	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 31 Dec 2021	84,913	0	426	85,339	56,943	

Loans from financial institutions consist of a floating rate bank loan. A loan of approximately EUR 72 million has been drawn down under the financing agreement. Sitowise concluded an interest rate swap amounting EUR 39 million in the end of the financial period, which meant that at the year end, EUR 33 million

of withdrawn loans were based on a variable-rate and EUR 39 million of loans were converted into fixed rate. The Group met all covenant conditions in its Financing contract during the review period.

4. GUARANTEES AND CONTINGENT LIABILITIES

There were no significant changes during the fourth quarter and the company had bank guarantees of approximately EUR 2.1 million at the end of the review period.

5. SHARES

Number of shares used in calculating earnings per share

Exceptionally, due to the IPO, the average number of shares for the first quarter of the comparison period has been calculated with the number of shares outstanding on 31 March 2021. The diluted number of shares takes into account the shares of the personnel issue and other issues that had not been registered at the end of the review period.

	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Number of shares	35,665,927	35,415,927	35,665,927	35,415,927
Number of shares, average	35,665,927	35,415,927	35,664,557	35,290,804
Diluted number of shares	35,665,927	35,665,927	35,665,927	35,665,927
Diluted number of shares, average	35,665,927	35,440,384	35,664,557	35,333,200

6. RELATED PARTY TRANSACTIONS

At the end of March 2021, a long-term incentive plan was established in connection with the listing, i.e. an option program, the introduction of which has resulted in a total cost effect of EUR 112 thousand during the fourth quarter. During the financial year, Sitowise Group Plc has received EUR 73 thousand in loan interest from its related party company Fimpec Group Oy.

The company did not have any other and unordinary significant related party transactions during the period under review.

7. FINANCIAL AND ALTERNATIVE KEY FIGURES

Since the publication of the IFRS financial statements for 2019, Sitowise has reported some alternative key figures that do not comply with IFRS standards. The calculation of alternative key figures does not take into account items affecting comparability, which are different from ordinary business operations, in order to show the financial result of the underlying actual business. The alternative key figures are intended to improve comparability and are not a substitute for other IFRS-based key figures.

The alternative key ratios to be reported are adjusted organic growth in net sales, adjusted EBITDA, EBITA, adjusted EBITA and Net debt / EBITDA (adjusted). Adjusted EBITDA and adjusted EBITA exclude material items that are not part of ordinary activities, but which affect comparability.

Details of items affecting comparability and reconciliations of alternative key figures are provided in Note 9.

Key figures describing financial development

EUR thousand	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Net sales	57,573	50,455	204,414	179,334
Growth in net sales, %	14.1%	19.0%	14.0%	12.0%
Adjusted organic growth in net sales, %	5%	6%	5%	0%
EBITA, adjusted	5,313	5,591	20,380	21,146
% of net sales	9.2%	11.1%	10.0%	11.8%
EBITA	4,717	5,204	16,075	18,523
Operating profit (EBIT)	3,780	4,555	13,162	16,376
% of net sales	6.6%	9.0%	6.4%	9.1%
Result for the period	2,408	2,714	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	13,089	14,017	22,674	22,818
Earnings per share (EUR)	0.07	0.08	0.22	0.22
Diluted earnings per share (EUR)	0.07	0.08	0.22	0.22
Earnings per share, continuing operations (EUR)	0.07	0.08	0.22	0.22
Diluted earnings per share, continuing operations (EUR)	0.07	0.08	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	2,237	2,015	2,151	1,969
Full-time equivalent (FTE), average	1,940	1,711	1,880	1,697
Utilization rate	76.3%	76.9%	76.1%	76.6%

8. 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	=	$\frac{\text{Net debt}}{\text{EBITDA, adjusted, prev. 12 months}}$
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	=	$\frac{(\text{Result for the period} - \text{non-controlling interest} - \text{dividend for the financial period to be distributed taking tax impact into consideration})}{\text{Average diluted weighted number of shares}}$
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

9. RECONCILIATION OF ALTERNATIVE KEY FIGURES

EUR thousand	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Net sales	57,573	50,455	204,414	179,334
Adjusted organic growth in net sales, %				
Growth in net sales	14%	19%	14%	12%
Impact of acquisitions	-12%	-13%	-9%	-11%
Impact of number of working days	1%	1%	0%	0%
Impact of exchange rates	2%	0%	1%	-1%
Adjusted organic growth in net sales, %	5%	6%	5%	0%
EBITA				
Operating profit (EBIT)	3,780	4,555	13,162	16,376
Amortizations of intangible assets	-937	-648	-2,913	-2,147
EBITA	4,717	5,204	16,075	18,523
EBITA %	8.2%	10.3%	7.9%	10.3%
Items affecting comparability				
Restructuring costs	178	0	722	181
M&A and integration costs	376	242	2,801	1,683
Costs related to IPO readiness	0	0	0	196
Other	42	137	782	555
Items affecting comparability, EBITDA	597	379	4,305	2,615
Items affecting comparability, depreciations	0	8	0	8
Items affecting comparability, EBITA	597	387	4,305	2,623
EBITA, adjusted				
EBITA	4,717	5,204	16,075	18,523
Items affecting comparability, EBITA	597	387	4,305	2,623
EBITA, adjusted	5,314	5,591	20,380	21,146
EBITA, adjusted %	9.2%	11.1%	10.0%	11.8%
EBITDA				
Operating profit (EBIT)	3,780	4,555	13,162	16,376
Depreciation and amortization	-2,902	-2,516	-10,594	-9,586
EBITDA	6,682	7,071	23,756	25,962
EBITDA %	11.6%	14.0%	11.6%	14.5%
Net debt				
Loans from financial institutions			71,992	50,212
Cash and cash equivalents			15,390	19,353
Net debt			56,602	30,859
EBITDA, adjusted (prev. 12 months)				
EBITDA (prev. 12 months)			23,756	25,962
Items affecting comparability, EBITDA (prev. 12 months)			4,305	2,615
Operational lease liabilities (IFRS16) (prev. 12 months)			-6,366	-6,148
EBITDA, adjusted (prev. 12 months)			21,695	22,429
Net debt / EBITDA, adjusted				
Net debt			56,602	30,859
EBITDA, adjusted (prev. 12 months)			21,695	22,429
Net debt / EBITDA, adjusted			2.6x	1.4x
Gearing, %				
Total shareholders' equity			116,874	114,858
Net debt			56,602	30,859
Gearing, %			48.4%	26.9%

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