

## Q4/2023 President newsletter

Sitowise will start publishing IR newsletters at the beginning of 2024. The IR newsletter is published four times a year before the start of the silent period. The newsletter summarizes the past quarter and contains the quarter's most important releases, frequently asked questions by investors, and information on upcoming IR events.

Sitowise's silent period begins on 13 January 2024, and the financial statements release for 2023 will be published on 27 February 2024 at around 8:30 am EET. The webcast in English will be held on the same day starting at 12:00 pm EET. The link to the webcast will be published later.

### The most important releases during Q4/2023

#### Stock Exchange Release 19 October 2023:

**Inside information, profit warning: Sitowise lowers its full year adjusted EBITA margin (%) guidance while maintaining net sales guidance, and provides preliminary key figures for the third quarter**

Sitowise lowered its full year adjusted EBITA margin (%) guidance due to weakened market outlook especially in the Buildings business area and the weaker than expected performance in the Sweden business area in the third quarter. Sitowise kept its full year 2023 net sales guidance unchanged.

#### New guidance:

Sitowise Group estimates that its net sales in year 2023 in euros will increase compared to 2022, and that its adjusted EBITA margin (%) for the whole year 2023 will be below year-to-date adjusted EBITA margin level of 9.2%, but above 8%.

[Read the full release](#)

#### Press and Stock Exchange Release on 30 November 2023 relating to the acquisition of Positive Impact Finland Oy:

In November, Sitowise increased its environmental and sustainability expertise by acquiring Positive Impact Finland, an expert company offering environmental and sustainability solutions. Relating to this acquisition, the Board of Directors of Sitowise Group Plc decided on 30 November 2023, by virtue of the authorization granted by the annual general meeting on 25 April 2023, to issue 33,394 own shares held by Sitowise in a

directed share issue. The number of Shares to be subscribed for in the share issue corresponds to approximately 0.09 per cent of shares in Sitowise. The acquisition was completed on 30 November 2023.

Read the full Press Release: [Sitowise has acquired Positive Impact Finland Oy](#)

Read the full Stock Exchange Release: [Sitowise Group Plc issues 33,394 own shares in a directed issue relating to the acquisition of Positive Impact Finland Oy](#)

### **Press Release on 12 December 2023 and Stock Exchange Release on 9 January 2024 relating to the acquisition of Ahlman Group Oy's expert operations**

Sitowise announced in December that it will acquire the expert operations of Ahlman Group Oy, a provider of nature and environmental services. Ahlman Group conducts, among other things, expert nature surveys and Natura assessments, and specialises in nature surveys of wind farms. Relating to this business acquisition, the Board of Directors of Sitowise Group Plc decided on 9 January 2024, by virtue of the authorization granted by the annual general meeting on 25 April 2023, to issue 48,675 own shares held by Sitowise and 179,738 new shares in a directed share issue. The number of treasury shares to be subscribed for in the directed share issue corresponds to approximately 0.14 per cent, and the number of new shares to approximately 0.50 per cent of shares in Sitowise after the registration of the new shares. The acquisition was completed on 9 January 2024.

As a result of the directed share issue, the number of shares in Sitowise will increase to 35,845,665 shares. After the shares issued pursuant to the directed share issue have been conveyed, Sitowise does not hold own shares.

Read the full Press Release: [Sitowise and Ahlman Group combine environmental and nature surveys expertise](#)

Read the full Stock Exchange Release: [Sitowise Group Plc issues 48,675 own shares and 179,738 new shares in a directed issue relating to acquisition of Ahlman Group's expert operations](#)

All releases and news published by Sitowise can be found on the company's [website](#).

## **Frequently asked questions**

### **What is the strong growth and profitability of the Infra business area based on?**

There are several factors behind the good performance of the Infra business area. We are the leading infra player in Finland, and we offer the market's widest range of planning and consulting services in the fields of infrastructure, transport and mobility, urban development, environment and water, renewable energy and infrastructure project management. In addition, we have close relationships with our clients, comprehensive references and a good reputation as an employer. In 2023, Infra's revenue growth has been further boosted by growing demand related to the green transition and safety-critical services.

### **What are the market prospects for the Buildings business and when do you expect the market to start to recover?**

We expect the challenging market situation to continue in the Buildings business area in the last quarter of 2023 and also in 2024. According to the economic survey published by the Confederation of Finnish Construction Industries (RT) in autumn, the underlying construction market is expected to recover at the earliest towards the end of 2024 and will not turn to growth until in 2025. More information [Economic Survey, Confederation of Finnish Construction Industries 9/2023](#).

In future, Buildings business area will put increasing focus on services with higher margins, which include, among others, special services, energy-efficiency planning, and other services related to energy, as well as security critical services. In these areas demand has remained on healthy level also during the current construction market downturn. Specific growth areas include also commercial and logistics buildings,

automation, and digital solutions. Other priorities in the business area are sales, pricing, and further diversification of client base.

### **What are the financial impacts of the change negotiations that were concluded in Buildings business area in October?**

The change negotiations ended in the beginning of October with the reduction of almost 80 people and the introduction of a lighter and more agile organization in the Buildings business area. The one-time costs related to the change negotiations are around 1–1.5 million euros and will be recorded in items affecting comparability in Q4/2023. The savings will begin to be seen gradually from Q4/2023 and fully from January 2024. When evaluating the impact for the year 2024, it is good to note that for most of the year, around 20–30 employees in the Buildings business area have been temporarily laid off due to the difficult market situation. The reason behind the temporary layoffs and personnel reductions has been the need to adapt the business to the significantly decreased demand caused by the weak market situation.

### **What is the Digital Solutions business about?**

Sitowise's Digital Solutions business area offers Nordic excellence in geospatial solutions for the built environment, mobility, and the forest and natural resources sector. In addition, we offer related consulting services. Sitowise's Digi team has more than 20 years of experience in digital solutions, and also from the technical consulting market. We have an existing product portfolio that we are actively developing based on identified customer needs. So, we do not sell solutions developed by others or related consulting. Our current SaaS business is growing quickly and profitably, and we also have an opportunity to create new market.

### **What is the outlook in Sweden and have the challenges experienced in Q3 affected your growth goals in Sweden?**

In Q3/2023, our business in Sweden was affected by a slight softening of the local market, but also by internal factors such as the integration of the three companies acquired in 2022, one large problematic project and the delay of key recruitments. The measures we listed in connection with the Q3/2023 results announcement, i.e. the shift of focus from internal projects to sales, client work, pricing and recruitments, have progressed as planned. Our goal is to grow our business in Sweden also in the future in accordance with our strategy.

### **What kind of risks relate to the go-lives of new ERP and CRM systems in Q4/2023? How much will the systems improve your operational efficiency after implementation?**

We have tested the systems carefully before implementation, so at this stage the risks are mainly related to how quickly users learn the new functions and what is the impact of the go-live phase and learning the systems on the utilization rate. As a whole, the implementation has progressed as planned, but we have seen a negative impact on the utilization rate due to the trainings and time needed to learn to use new systems.

The benefits of the new systems will be realized in the longer term. We expect that the new CRM will support sales, marketing and client account development better than before, and that the new ERP system will bring efficiency, for example, through increasing process automation. Above all, the new systems create a solid foundation for future operations and growth.

### **Are Sitowise's innovation activities and new smart services related to Digital Solutions only or all business areas?**

Sitowise's innovation activities and new smart services relate to all businesses, and they typically combine the expertise and know-how of our different business areas as well as sustainability. In addition, they

typically address requirements of new regulation and bring efficiencies to both Sitowise's client and our expert work.

Investments in new opportunities, services and efficiency optimization are a key part of achieving our strategy and vision. We believe that these investments will bring significant returns in the medium and long term. However, we are selective in terms of which ideas we promote, and each project we advance must have broad commercial potential. In many cases, the development is also done directly together with the paying client. In public development projects, we also strive to network with partners and utilize available public funding.

### **When do you expect to reach your long-term growth and profitability goals again?**

Both of our long-term goals – 10 percent annual revenue growth and 12 percent adjusted EBITA margin – require both determined implementation of our strategy, but also the recovery of the market environment to a more favorable one, especially in the Buildings business area. In the short term, we prioritize improving our profitability and lowering our leverage instead of growth.

## **Q4 investor materials**

Our [IR website](#) includes the following recent investor materials:

- Roadshow presentation, Paris, 7 November 2023
- Investor presentation (pdf and recording), ABGSC Investor D, Stockholm, 23 November, 2023
- Investor presentation (pdf and recording), Inderes ESG Day, Helsinki, 12 December 2023

Sitowise held its first Capital Market Day in June 2023. The day's presentations are available [here](#) and the event recording [here](#).

## **Financial calendar 2024**

The planned publication dates for Sitowise Group Plc's financial reports in 2024 are as follows:

- Financial Statements Release 2023: 27 February 2024
- Interim Report for January–March 2024: 8 May 2024
- Half-year financial report for January–June 2024: 13 August 2024
- Interim Report for January–September 2024: 7 November 2024

## **Annual General Meeting 2024**

Sitowise Group Plc's Annual General Meeting (AGM) 2024 is planned to be held on Thursday 4 April 2024. The Board of Directors will summon the AGM later.

### **Deadline for shareholder requests to the AGM**

A shareholder may request that a matter falling under the authority of the General Meeting of Shareholders shall be placed on the agenda of the AGM. To this effect, a written request compliant with the Companies Act should be delivered and addressed to the Board of Directors on 30 January 2024 at the latest to [agm@sitowise.com](mailto:agm@sitowise.com).

## Investor events in 2024

See Sitowise's [Financial Calendar](#) for the upcoming IR events.

## Sitowise IR Team

Sitowise's IR Team is happy to help you with any questions. Please contact:

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### **About Sitowise**

*Sitowise is a Nordic expert in the built environment and digital solutions. We provide design and consulting services 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 as SITOWS.*