

SITOWISE GROUP PLC

Resilience and growth in the challenging market environment in 2023

Financial Statements Release
1 January – 31 December 2023



SITOWISE



The figures in the financial statements release are audited. Comparative figures for the corresponding period of the previous year are in brackets. The figures disclosed in the financial statements release are rounded so the sum of individual figures can deviate from the reported sum. 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.

CONTENTS

2	PERIOD IN BRIEF AND KEY FIGURES
3	FROM THE CEO
4	OUTLOOK, GUIDANCE, AND FINANCIAL TARGETS
5	STRATEGY IMPLEMENTATION
5	FINANCIAL DEVELOPMENT
9	Q4 BUSINESS REVIEWS
13	SUSTAINABILITY
13	PERSONNEL AND MANAGEMENT
13	CHANGES IN GROUP STRUCTURE
14	CORPORATE GOVERNANCE
15	SHARES AND SHAREHOLDERS
16	SHORT TERM RISKS AND UNCERTAINTIES
16	LEGAL PROCEEDINGS
17	SEASONALITY AND SENSITIVITIES
17	QUARTERLY NET SALES AND EBITA OF THE GROUP
18	SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD
19	MAIN FINANCIAL STATEMENTS
23	NOTES

OCTOBER–DECEMBER IN BRIEF

- Net sales decreased by 8.3% to EUR 52.8 (57.6) million. In constant currency the net sales growth was -7%.
- Organic net sales growth was -6% (5%).
- Adjusted EBITA was EUR 2.4 (5.3) million, or 4.6% (9.2%) of net sales.
- Operating profit decreased to EUR 0.3 (3.8) million, or 0.6% (6.6%) of net sales.
- Sitowise acquired Positive Impact Finland Oy in November and announced the acquisition of the expert business of Ahlman Group Oy in December.

JANUARY–DECEMBER IN BRIEF

- Net sales increased by 3.2% to EUR 210.9 (204.4) million. In constant currency the net sales growth was 5%.
- Organic net sales growth was 1% (5%).
- Adjusted EBITA was EUR 17.0 (20.4) million, or 8.1% (10.0%) of net sales.
- Operating profit declined to EUR 11.7 (13.2) million, or 5.5% (6.4%) of net sales.
- The order book decreased by 10 percent to EUR 164 (181) million.
- Leverage (net debt / adjusted EBITDA) was 3.0x (2.6x).
- In addition to the acquisitions announced in Q4, Sitowise acquired the Finnish company Infrasuunnittelu Oy in May.
- Sitowise published its new strategy for 2023–2025 in February with unchanged long-term financial targets.
- Considering the current market environment, and to preserve capital for future growth initiatives, the Board of Directors proposes that no dividend be paid based on the balance sheet to be adopted for the financial year 2023. The Board will consider using the authorization for share buy-backs during 2024.

KEY FIGURES

EUR million	10-12/2023	10-12/2022	Change, %	1-12/2023	1-12/2022	Change, %
Net sales	52.8	57.6	-8.3%	210.9	204.4	3.2%
EBITA, adjusted	2.4	5.3	-54.6%	17.0	20.4	-16.5%
% of net sales	4.6%	9.2%		8.1%	10.0%	
EBITA	1.3	4.7	-73.5%	15.1	16.1	-5.9%
Operating profit	0.3	3.8	-91.1%	11.7	13.2	-11.1%
Result for the period	-0.9	2.4	-135.7%	5.5	7.9	-29.9%
Cash flow from operating activities before financial items and taxes	11.3	13.1	-13.4%	23.9	22.7	5.4%
Net debt				55.3	56.6	-2.2%
Net debt / EBITDA, adjusted				3.0x	2.6x	16.6%
Equity ratio, %				42.9%	41.6%	
Earnings per share (EPS), EUR	-0.02	0.07	-133.0%	0.16	0.22	-28.4%
Number of personnel, average	2,169	2,237	-3.0%	2,211	2,151	2.8%

CEO HEIKKI HAASMAA:

Strong performance in Infra and Digi shadowed by challenges in Buildings and the ERP and CRM implementations in Q4

In Q4, Sitowise's Infra and Digital Solutions businesses continued their strong performance and Sweden showed some progress towards a right direction from the Q3 low. Buildings business, however, suffered from the continued market deterioration of the Finnish construction industry, offsetting the good progress made in other business areas. The negative calendar effect of one working day less further slowed the growth. The Group's net sales were down by 8.3 percent (by -7 percent in constant currency) and organic growth totaled -6 percent in year-on-year.

In the quarter, we completed a significant investment into modernizing our system landscape. While bringing long-term benefits, during the quarter, the implementation of the new ERP and CRM systems in Finland affected net sales and profitability significantly. The impact was equivalent to the loss of approximately two working days on Group level, which equals to roughly -2 percent in Q4 net sales growth and -2.5 percentage points in Q4 EBITA margin. The Q4 adjusted EBITA decreased to EUR 2.4 million, corresponding an adjusted EBITA margin of 4.6 percent. The operating profit was further burdened by the one-time costs mainly related to the personnel reductions in Buildings in Q4, which have been eliminated in the adjusted EBITA. The Q4 highlights included the announced acquisitions related to growing our sustainability services.

Even with the headwinds in the Buildings business, our full-year net sales increased by 3.2 percent in 2023 and adjusted EBITA margin was 8.1 percent. Infra outpaced the market growth throughout the year, reaching its targets each quarter. Also Digital Solutions had an excellent year with significant performance improvement and successful streamlining of its SaaS and product portfolio. Both businesses benefited from the growing demand in green transition and security related services. Sweden had more of an interim year in terms of growth, but measures taken in 2023 to build one-Sitowise platform in Sweden are expected to clearly strengthen our future growth prospects in Sweden. In Buildings year 2023 proved to be even more challenging than foreseen at the start of the year. Following the proactive measures taken



// I want to express my warmest thanks to all Sitowise employees for their continued dedication and good work.

in adapting to the downturn we now have a more streamlined Buildings organization and focused service proposition for clients, which will benefit us when the market picks up again.

I truly believe that Sitowise is today better positioned to meet our clients' needs and face the competition than a year ago. One of the 2023 key events was the launch of our revised strategy, that has been well received by our employees and external stakeholders. I'm pleased of the progress made in strategy execution in 2023 and in targets of increasing the share of recurring revenue to 10 percent in 2025 and doubling our sustainability services revenue to EUR 10 million by the end of 2025.

Sitowise employees showed a strong commitment in providing our services and developing new designs and solutions for our clients last year, even if we needed to make some tough decisions, especially in Buildings, during the year. I want to express my warmest thanks to all Sitowise employees for their continued dedication and good work.

We expect the market environment to remain mixed in 2024. Demand for services related to green transition, security and digitalization of the built environment is expected to remain as the key driver for growth especially in Infra and Digital Solutions. In Buildings, the first part of the year will still be challenging, and the market is expected to show signs of recovery towards the end of 2024 at the earliest. There are already some weak positive signals when it comes to the Swedish market environment, but predicting the timing of a clear improvement in our markets is very difficult.

Our priority in 2024 is to improve Sitowise's profitability. Key actions in all business areas include moving our sales culture to the next level, pricing excellence, directing our efforts to the growing segments in the market, further actions to mitigate cost inflation and increasing internal efficiencies.

OUTLOOK, GUIDANCE, AND FINANCIAL TARGETS

OUTLOOK FOR THE YEAR 2024

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

The weakened macro-economic outlook, high interest rates and high inflation have slowed down growth in both Finland and Sweden and impacted the short-term decision-making of Sitowise's clients especially in the private sector and most of all in residential building projects. The general economic environment also has an impact on larger public sector investments. A key factor impacting Sitowise's market environment in 2024 will be the timing of the anticipated central banks' decisions to lower interest rates, and whether those will be, when materialized, sufficient to drive increasing demand for new construction and investment projects and thereby technical consulting services.

We expect the market environment to remain mixed in 2024. Key driver for growth will be increasing demand for services related to green transition, security, and digitalization of the built environment. In Buildings, the first part of the year will still be challenging due to the difficult construction market in Finland, which is expected to show signs of recovery earliest towards the end of 2024. There are some positive signals in the Swedish technical consulting market environment, which has overall remained more stable than in Finland.

Entering the year 2024, orderbooks were at good level in Infra, Digital Solutions and Sweden. In Buildings, the workload was on an insufficient level, which has led to a start of selective temporary layoffs in Buildings in early 2024.

In addition to the market development, cost inflation (e.g., relating to salary increases), higher number of working days in 2024 than in the previous year (-1 day in Q1, +1 day in both Q2 and Q3 and equal number of days in Q4), potential currency fluctuations (EUR/SEK) and higher interest expenses are expected to impact Sitowise's financial performance during 2024.

GUIDANCE

Sitowise Group's net sales is expected to slightly decline in 2024, driven by the Buildings business decline. Adjusted EBITA margin (%) is expected to be at the 2023 level or above in 2024.

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.



Iman, Junior Designer

STRATEGY IMPLEMENTATION

Sitowise announced its strategy for the years 2023–2025 on 28 February 2023. The strategy focuses on innovation, sustainability, and efficiency, and it targets continued sustainable profitable growth and value creation for Sitowise’s clients, other stakeholders, and society. Sitowise also announced its new vision – *Redefining smartness in cities*. Growth is sought in several future-oriented areas, including renewable energy sources, circular economy, biodiversity, renovation construction and digital services.

In the fourth quarter, Sitowise actively drove forward multiple initiatives linked to its strategic growth ambitions and continued to align Sitowise’s culture, key processes, leadership principles and management systems so that they best support the strategy implementation in the future.

Under **“The most innovative”** strategic pillar, each business area made action plans for the new smart services. The work also went on to create business ideas with an aim to successfully commercialize the first new smart services in 2024. In November, Soil Health Audit & Action Plan was selected the winner of Sitowise’s annual The Smart City Lab innovation competition. This service offers a new solution to meet the EU soil strategy and soil directive. The work on developing Sitowise’s innovation culture and processes continued too.

To improve design environments and processes with new solutions, Sitowise kept building its data and analytics capabilities and kept looking into the possibilities to optimize expert work and workflows with generative AI tools.

Under **“The most sustainable”** strategic pillar, Sitowise continued to develop and drive sales in four sustainability services growth areas – renewable energy, climate change mitigation, biodiversity and adaptation, and circular economy. Sitowise’s expertise and offering in sustainability services were further enhanced by two acquisitions announced in the fourth quarter.

In November Sitowise acquired Positive Impact Finland Oy, which strengthens the group’s sustainability services and related digital solutions for companies and communities. Positive Impact’s services include carbon footprint calculations, carbon handprint studies, sustainability programs, climate roadmaps, and software for sustainability.

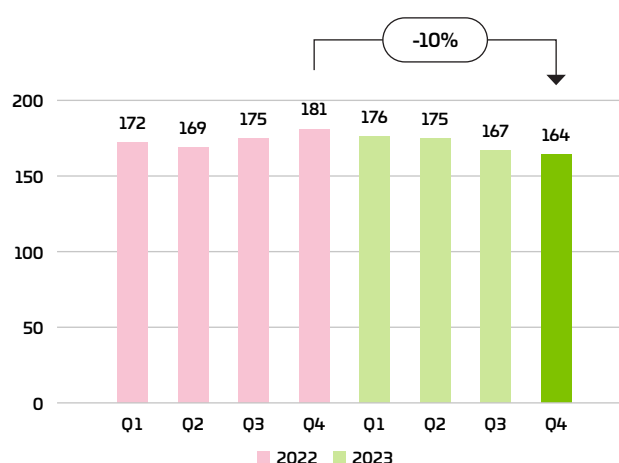
In December Sitowise announced the acquisition of Ahlman Group Oy’s expert business, which was completed after the financial year in January. This acquisition strengthens Sitowise’s expertise in nature services, such as various nature surveys and services that support biodiversity. The clients of the acquired business include wind power and other private sector companies, cities and municipalities, and others.

Sitowise plans to renew its Sustainability Tool, which helps in integrating sustainability in its client work, in 2024–2025. The progress in Sitowise’s own sustainability work is discussed under section “Sustainability”.

Under **“The most efficient”** strategic pillar, Sitowise targets a lean operating model that allows its experts to focus on client work. In the fourth quarter, the priority was to implement Sitowise’s new ERP and CRM systems smoothly, which included extensive trainings and go-lives in Finland. The change to new systems progressed well, even if the time spent on training and learning the new systems have lowered utilization rate. The benefits of the new systems will materialize in the future and they include increased efficiency in business processes and better system support for the growing company. The work to further develop Sitowise’s IT and service platform continues in 2024 on a more normalized level. Another focus area in the fourth quarter was sales excellence.

Sitowise progressed well in its targets to grow recurring revenue and sustainability service. In 2023, the share of recurring revenue increased from 4% of the Group’s net sales in 2022 to 6% in 2023, while the target is 10% in 2025. Sustainability services revenue increased from EUR 5 million in 2022 to EUR 8 million in 2023, while the target is EUR 10 million in 2025.

THE GROUP’S ORDER BOOK



THE GROUP’S ORDER BOOK, EUR MILLION

At the end of December, the Group’s order book was down by 2 percent quarter-on-quarter. Order books increased in Infra and Digital Solutions, declined slightly in Sweden and more clearly in Buildings. In 2023, the Group’s order book was down by 10 percent to EUR 164 (181) million compared to the record level of the end of 2022

SITOWISE'S BUSINESS AREAS

The **Buildings business area** offers building design, specialist services, and consulting services for residential and commercial properties, as well as for the needs of the healthcare sector, energy and industry, for example. Sitowise acts as a partner in both new construction and renovation projects. The business area has distinctive design expertise in areas such as structural engineering, building services technology (HVAC and electric), acoustics design, and fire safety planning as well as construction management services.

The services of the **Infrastructure business area (Infra)** 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 and the business area's most significant client segment is the public sector, which accounts for approximately 75 percent of net sales. In the private sector, key clients include construction companies and industrial and energy sector companies.

The **Digital Solutions business area (Digi)** focuses on smart geospatial solutions for the built environment, mobility, and forest and natural resources sector, as well as consulting services that support these fields. These services cover client-driven information system development, proprietary product solutions, analytics, information management and visualization, and consulting services.

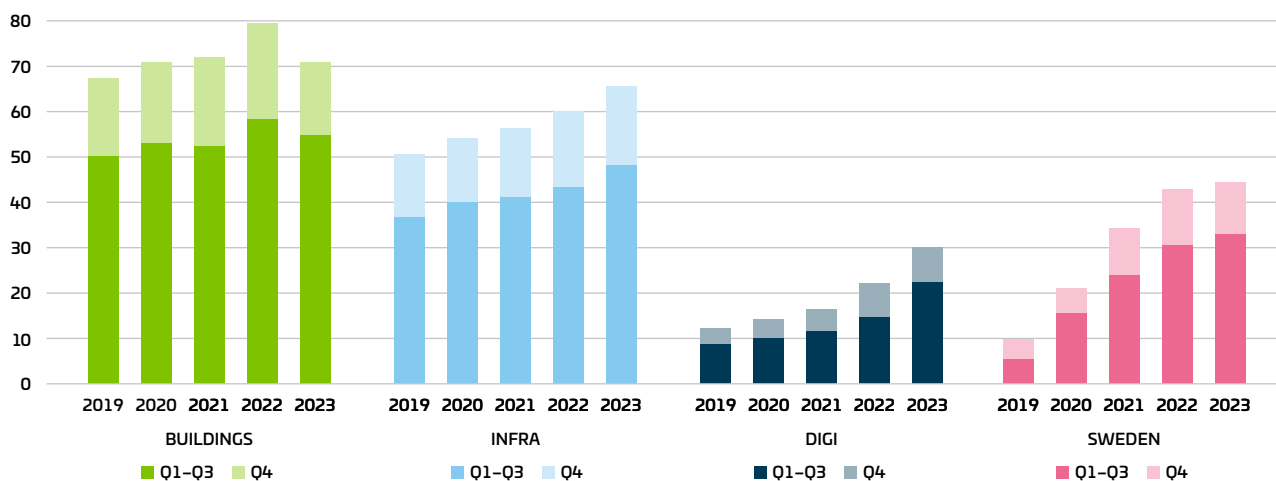
In **Sweden**, Sitowise provides services in buildings, infrastructure, and digital solutions. The Sweden business area's services include building construction engineering with expertise in frame and structure engineering as well as geotechnical design. It also has a robust offering in complex installations in both buildings and infrastructure, and expert services in underground installations as well as land, water, and sewerage. As from 1 January 2023, this business area also includes digital solutions for infrastructure maintenance planning, reporting and support for municipalities in Sweden (Infracontrol), which were previously reported under Digi.

THE GROUP'S NET SALES AND PROFITABILITY

NET SALES

EUR million	10-12/2023	10-12/2022	Change, %	1-12/2023	1-12/2022	Change, %
Buildings	16.1	21.1	-23.9%	70.8	79.4	-10.9%
Infra	17.5	16.8	4.3%	65.6	60.0	9.4%
Digi ¹⁾	7.6	7.4	2.2%	30.0	22.1	35.4%
Sweden ¹⁾	11.6	12.3	-5.4%	44.5	42.9	3.9%
Total	52.8	57.6	-8.3%	210.9	204.4	3.2%

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



NET SALES BY BUSINESS AREA, EUR MILLION

ADJUSTED ORGANIC GROWTH BY BUSINESS AREA

Adjusted organic Growth %	10–12/2023	1–12/2023
Buildings	-22.9%	-12.4%
Infra	4.1%	9.2%
Digi	4.1%	14.5%
Sweden	0.7%	5.2%
Total	-6.3%	0.7%

Adjusted organic growth in net sales is calculated by excluding acquisitions and divestments adjusted by the number of working days and exchange rate impact.

NET SALES IN OCTOBER–DECEMBER (Q4)

The Group's net sales decreased in Q4 by 8.3 percent (decreased by 7 percent in constant currency) year-on-year. Organic growth was -6 (5) percent with the strong contributions from the Infra and Digi business areas being offset by the negative development in Buildings. The fourth quarter was one working day shorter than in the previous year and in addition to this the impact of the implementation of the new ERP and CRM

systems in Finland corresponded to roughly two working days. This estimated impact comes from the time used in training and learning to use the new systems. In addition, the weakening of the Swedish krona against the euro also had a negative impact on net sales.

NET SALES IN JANUARY–DECEMBER

The Group's net sales increased by 3.2 percent (5 percent in constant currency) year-on-year. Organic growth was 1 (5) percent, in addition to which the acquisitions made during 2022 and Infrasuunnittelu acquisition in May impacted on growth. The Infra and Digi business areas made a strong contribution to organic growth, and good growth in Sweden played its part, while Buildings had a clearly negative effect. The weakening of the Swedish krona against the euro slowed down the euro-denominated net sales growth during the period by some 8 percent of Sweden's net sales and 2 percent of the Group's net sales. The number of working days was down by two days year-on-year, in addition to which the implementation of new ERP and CRM systems in Finland had a similar effect in the fourth quarter.

PROFITABILITY

EUR million	10–12/2023	10–12/2022	Change, %	1–12/2023	1–12/2022	Change, %
EBITA, adjusted	2.4	5.3	-54.6%	17.0	20.4	-16.5%
% of net sales	4.6%	9.2%		8.1%	10.0%	
EBITA	1.3	4.7	-73.5%	15.1	16.1	-5.9%
Operating profit	0.3	3.8	-91.1%	11.7	13.2	-11.1%
Result before taxes	-1.0	3.0		7.1	10.3	-30.5%
Result for the period	-0.9	2.4	-135.7%	5.5	7.9	-29.9%
Earnings per share (EPS), EUR	-0.02	0.07	-133.0%	0.16	0.22	-28.4%

PROFITABILITY OCTOBER–DECEMBER (Q4)

Adjusted EBITA decreased by 54.6 percent year-on-year and the adjusted EBITA margin was 4.6 (9.2) percent. The decline was driven especially by the weak market situation in the Buildings business area, the ERP and CRM implementations in Finland, and the negative calendar impact of one working day less. Items affecting comparability amounted to EUR -1.2 (-0.6) million, and included approximately EUR 1 million in restructuring costs related to the personnel reductions in the Buildings business area.

Lower EBITA resulted in a 91.1 percent decrease in Q4 **operating profit** year-on-year. Both the **result before taxes for the period** and the **result for the period** decreased due to lower operating profit. Financial expenses were above the comparison period mainly due to increased interest rates.

PROFITABILITY JANUARY–DECEMBER

Adjusted EBITA decreased by 16.5 percent due to two working days less compared to comparison period, the implementations

of the ERP and CRM systems in the fourth quarter, which had equivalent impact on two working days, the challenging market situation in the Buildings business area and partial softening of the market in other business areas, and overall a weaker utilization rate. Items affecting comparability were EUR -1.9 (-4.3) million, with significantly lower M&A expenses compared to 2022 and a positive impact in Q2 of a receivable from the Fennovoima project that had been impaired in 2022, while the restructuring costs increased in the financial year compared to the previous year.

Operating profit in 2023 totaled EUR 11.7 (13.2) million. Both the **result before taxes for the period** and the **result for the period** decreased due to lower operating profit and higher financial expenses. These were above the comparison period primarily due to the increase in interest rates. In the comparison period financial expenses were adversely impacted by currency fluctuations related to intercompany loans.

FINANCIAL POSITION AND CASH FLOW

Equity attributable to owners of the parent company was EUR 119.3 (116.6) million at the end of the year. Sitowise's liquidity remained good in the fourth quarter. Net debt was slightly lower due to the higher cash position, but net debt/EBITDA tightened due to the lower adjusted EBITDA level year-on-year. Gearing decreased, reflecting typical seasonal variation in working capital during the final quarter and came in at 46.3 (48.4) percent at the end of the year.

EUR million	31 Dec 2023	31 Dec 2022	Change, %
Cash and cash equivalents	15.6	15.4	1.3%
Interest bearing debt, total	70.9	72.0	-1.5%
Interest bearing debt, current	1.0	1.0	0.0%
Interest bearing debt, non-current	69.9	71.0	-1.5%
Equity ratio, %	42.9%	41.6%	
Net debt	55.3	56.6	-2.2%
Net debt / EBITDA, adjusted	3.0x	2.6x	16.6%
Gearing, %	46.3%	48.4%	

Sitowise agreed with its lenders in February 2023 to use the extension periods provided for in its financing agreement. The extension is for the same amount and at the same terms as the original arrangement. The financing agreement now matures in March 2026.

Cash flow from operating activities before financial items and taxes was EUR 11.3 (13.1) million in the fourth quarter and EUR 23.9 (22.7) million during January–December. The October–December year-on-year figure decreased mainly due to clearly lower operating profit even though it was supported by lower working capital level. The increase in interest expenses was due to higher Euribor reference rate.

Cash flow from investing activities was EUR -1.7 (-4.5) million in the fourth quarter. The difference derives mainly from an acquisition made in comparison period. Cash flow from investing activities totaled EUR -5.4 (-32.5) million in January–December, and the difference was also associated with bigger acquisitions-related investments in the comparison period.

During the fourth quarter, cash flow from financing was EUR -2.0 (0.4) million. In January–December, cash flow from financing totaled EUR -10.9 (12.9) million and it mainly consisted of dividends, loan repayments and reductions in lease liabilities. In the comparison period, it also included loan withdrawals, share buybacks and payments received from share issues relating to acquisitions.

The consolidated balance sheet total at the end of December was EUR 278.4 (280.7) million. Goodwill in the balance sheet amounted to EUR 158.0 (157.6) million. The goodwill impairment test was done in Q4 using the updated forecast. The market outlook was also re-examined together with updated WACC

assumptions. Pre-tax WACC-% was slightly lower year-on-year at 10.8 (11.3) percent. There are no indications of need for impairment.



Sofia, Project Manager

Q4 BUSINESS REVIEWS

In the fourth quarter, all business areas were adversely affected by the negative calendar effect of -1 working day less compared to the same period in 2022. Additionally, the implementation of the new ERP and CRM systems significantly impacted utilization rates in Buildings, Infra, and Digital Solutions, corresponding to an impact of -2 working days at the Group level.

Q4 BUSINESS REVIEW | BUILDINGS

Net sales from the **Buildings business area** were down by 24 percent from the comparison period and amounted to EUR 16.1 (21.1) million. This corresponds to approximately 31 (37) percent of the Group's consolidated net sales.

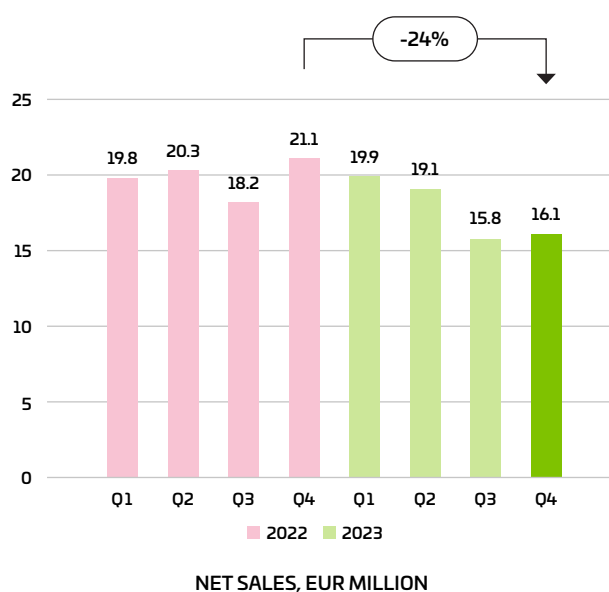
The decline in net sales was caused by the difficult market situation, a decrease in the number of personnel, the negative calendar effect, and the weakened utilization rate. The number of personnel was down especially due to the change negotiations that ended at the beginning of October, and which led to reductions of close to 80 employees. The aim of the negotiations was to find a more long-term solution for the market-driven challenges in Buildings and to improve its long-term competitiveness and profitability. As the outcome of the negotiations, a leaner and more agile organizational structure was also introduced, with the key aim of supporting efficient project and client work.

The measures initiated in connection with the change negotiations to improve the profitability and to redirect focus to growth segments have progressed as planned, but the further weakening of the market environment has delayed the materialization of the targeted positive impacts. In addition, the utilization rate declined year-on-year due to the introduction of the new ERP and CRM systems and the adaptation to a new organizational model. Furthermore, profitability was burdened also by project overruns.

The market environment was reflected in the Buildings business area's order book, which decreased from the comparison period. The average size of projects won during the period decreased, and the materialization of the order book extends to a longer period. The number of projects put on hold also increased. Among the new projects won was the renovation of a prime property owned by Sponda in Helsinki center, which includes HVAC, automation, energy, extinguishing devices and electrical design. In tendering pipeline, public sector construction and industrial projects have been on a slight increase.

The market outlook for 2024 in Buildings is weak. According to the January 2024 Confidence survey by the Confederation of Finnish Industries, the confidence in the construction sector as well as the construction sector order backlog continued to

The market outlook for 2024 in Buildings is weak.



decline. Expectations regarding the number of employees in the construction industry were still weak but less pessimistic than in December. Sitowise, for its part, expects that the Buildings business will still decrease in net sales in the first half of 2024 and that the turn to growth can start only towards the end of 2024.

The Buildings business area continues to adjust its operations to with temporary layoffs in structural design, cost control and proactive sales activities. Increasing focus will be put on segments with long-term demand, such as special services, services related to energy, and security critical services. Specific future growth areas also include commercial and logistics buildings, automation, and digital solutions. The medium- and long-term prospects for construction renovation are still good thanks to the existing renovation backlog and the requirements imposed by EU regulation, such as the energy-efficiency requirement.

Q4 BUSINESS REVIEW | INFRA

Net sales from the **Infra business area** were up by 4 percent year-on-year and amounted to EUR 17.5 (16.8) million. The business area accounted for approximately 33 (29) percent of the Group's consolidated net sales.

Infra's strong performance continued in the fourth quarter. Its net sales growth clearly outpaced the general infra market, thanks to healthy organic growth and the tailwind from the acquisition of Infrasuunnittelu Oy in May. The number of employees increased, especially in areas of high demand such as services related to the green transition. On the other hand, net sales and profitability were adversely impacted by the negative calendar effect and the decline in the utilization rate year-on-year.

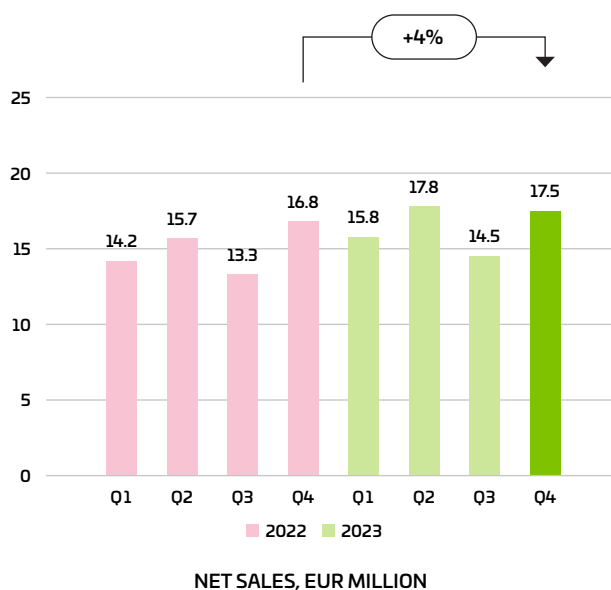
The division of the wider infra market into weaker and stronger segments prevailed in Q4. The first were related to municipal infrastructure design such as road and infra planning for new residential areas and groundworks for new buildings and the latter included especially energy and environmental projects related to the green transition. In Sitowise's Infra business area, the weaker and stronger areas balance out each other.

There were no significant changes in the market environment. The infrastructure-related goals included in Finland's new government program are positive from the perspective of the Infra business, but the materialization of related projects is also further delayed. The tendering rounds for the first large projects are expected to start in the second quarter of 2024 at the earliest.

Infra's order book increased slightly during Q4 from the comparison period and is on a good level. During the quarter, the new orders received were related especially to projects linked to the green transition initiated by the private sector actors and the public sector's investments in security. In addition, Sitowise won tenders for the rock structure design of the Laakso Hospital project in Helsinki and for the East Rail environmental surveys, among others. Sitowise also won several projects related to wind power projects and biodiversity surveys.

Infra's market environment is expected to remain stable in 2024 and the outlook for Infra is good. The business area's growth in 2024 will also be supported by the acquisitions of Infrasuunnittelu Oy, Positive Impact Finland Oy and Ahlman Group Oy's expert business, as well as the Infra team's strong expertise, close client relationships and the versatility of the customer base.

During the quarter, the new orders received were related especially to projects linked to the green transition initiated by the private sector actors.



Samuli, Junior Designer

Q4 BUSINESS REVIEW | DIGITAL SOLUTIONS

The net sales growth of the **Digital Solutions business area** slowed down in the last quarter as expected. The slowdown was influenced by the completion of the roll-out of the LeafPoint SaaS solution in Q3, a further decline in private sector demand and the change in the re invoicing of certain subcontracted work, which came into effect at the beginning October. Net sales in the Digital Solutions business area increased by 2 percent year-on-year and amounted to EUR 7.6 (7.4) million. Comparable net sales growth (without the change in the subcontractor invoicing) would have been 9 percent. The growth was entirely organic. The business area accounted for approximately 14 (13) percent of the Group's consolidated net sales.

Net sales growth was supported by the good development in product sales and slowed down by the weakened demand especially in the project business, and a lower utilization rate year-on-year.

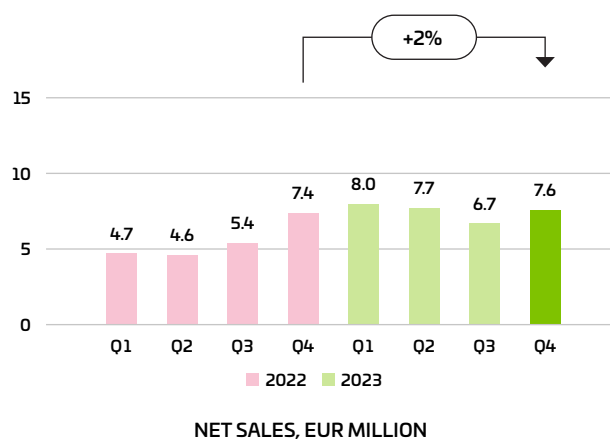
In Q4, the market environment for Digital Solutions weakened slightly and the competition intensified. Private sector demand and investment budgets continued their contraction that started in the previous quarter. An exception was the renewable energy sector, where investments in digital solutions continued to grow rapidly. In the public sector, investment budgets related to mobility and digital solutions for the built environment remained largely unchanged, while investments in digital solutions in the forest sector were more clearly down. The broader IT consulting market contracted further during the end of the year, which tightened competition and increased price pressure, especially in larger tenders and public sector tenders.

Digital Solutions' order book grew despite the slowing market. The demand for SaaS products such as Louhi GIS platform, Foresta, Routa and Smart analytics and maps, was at a high level. Changes in the built environment and the upcoming new Finnish Building Act were clearly reflected in the municipal sector's demand, which increasingly shifted towards solutions offered by the Louhi GIS platform and AI-based Smart Analytics applications built on top of the "Ryhti" built environment information system. Sitowise has a good opportunity to create a new market by developing Louhi and Smart Analytics services to meet new regulatory needs.

Sitowise won, among other things, a significant 5-year agreement for the next term of Finnish Transport Infrastructure Agency's spatial information services platform called PTP. In the growing area of maintenance reliability of critical infrastructure, including information systems, Sitowise implemented, for example, the recovery exercise Traficom's information system. The focus on sales activity and systematic account management is expected to have a positive effect on Digital Solutions' business, and the share of recurring revenue from product business is expected to continue growing.

The combination of Sitowise's SaaS and project business has allowed flexible resource utilization in a changing market. In

The demand for SaaS products such as Louhi GIS platform, Foresta, Routa and Smart analytics and maps, was at a high level.



the weaker market, the competition for experienced labor has decreased and voluntary attrition has declined. Sitowise's strong expertise in geospatial information systems and the built environment, data management skills and digital solutions offering enable it to stand out from its competition. Its balanced service and client portfolio, coupled with the ability to create new markets, particularly with SaaS products, enable profitable growth both now and in the future. Due to the market situation, the organic growth rate of the business area is expected to be moderate in the short-term, but the outlook for Digital Solutions is still good.

Q4 BUSINESS REVIEW | SWEDEN

The krona/euro exchange rate continued to heavily impact the reported sales figures for **Sweden**. While the net sales from the Group's operations in Sweden in constant currency were stable year-on-year, they declined by 5 percent when reported in euros. The net sales amounted to EUR 11.6 (12.3) million. This corresponds to approximately 22 (21) percent of the Group's consolidated net sales.

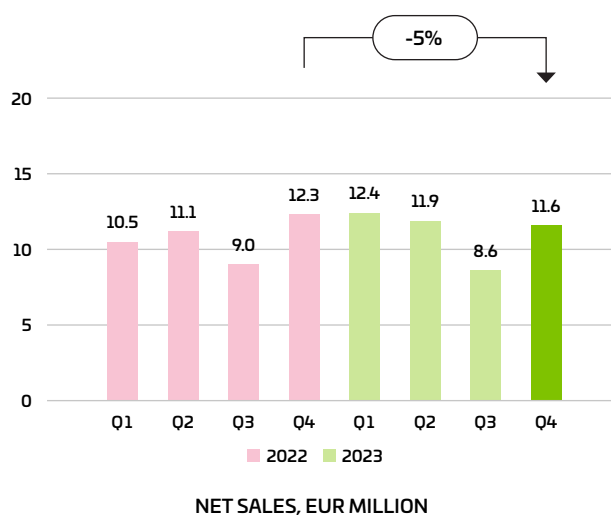
The Sweden business area improved its performance somewhat in Q4 compared to the challenging preceding quarter. As planned, an increasing focus was put on more proactive sales, pricing excellence and diligent project management to improve the performance of the business area. During the quarter, the number of FTEs grew slightly. The integrations of the previously acquired companies and one challenging client project that burdened Q3 were mostly finalized in Q4. Some remaining effects from these are still expected to be seen during the first quarter in 2024. High sickness absences and the negative calendar effect slowed down net sales growth too.

Overall, the market environment for technical consulting in Sweden remained reasonably good. The demand for building construction engineering in commercial, industrial, and institutional building projects held up well, whereas the market for installations in buildings weakened a bit, mainly due to its larger exposure to the very weak local residential housing market. The local infra market growth continues to be supported by sizable investments in infrastructure projects by Swedish public and private sector players. The demand for Infracontrol's digital solutions related to infrastructure and traffic monitoring remained stable.

The order book in Sweden remained at a reasonably good level. Sitowise Sweden continued to build its position in the Infra sector, as exemplified by signed contracts for parts of the second phase of Tvärbanan Kista grenen, Stockholm, and its role as an overall concrete expert for Haga Station in the Västlänken railway project in Gothenburg. In addition, Sitowise Sverige was granted the status of a qualified supplier for Volvo, enabling Sitowise to grow and strengthen its position in technical consulting for industrial buildings. This gives the business a good position for the coming year.

The market environment is expected to remain unchanged in the coming months. However, there are some signs indicating a slight market pick-up in early 2024, such as the restarting of halted projects and increased tendering activity leading to more sizable tenders. A clearer market recovery would require a continued decline in inflation and lower interest rates.

Overall, the market environment for technical consulting in Sweden remained reasonably good.



Aino, Landscape Architect

SUSTAINABILITY

In Q4, Sitowise continued the work to develop its sustainability reporting to better meet the European Sustainability Reporting Standards' (ESRS) requirements in the future. The work was based on the gap analysis implemented earlier in the year. As a specific action in this area, Sitowise initiated double materiality analysis to not only identify how Sitowise's operations impact people and the environment, but also to consider how sustainability considerations will impact the company itself and its financial position in the future.

In December, Sitowise committed to setting science-based targets (SBTs) for the company.

Sitowise also made a decision to further develop its Sustainability Tool. The current version of Sustainability Tool has significantly increased internal discussion on sustainability as well as brought sustainability matters in Sitowise's client projects, as originally aimed. However, the requirements for sustainability are growing, and hence it has become necessary to further develop the Sustainability Tool. The Tool's next version will give better visibility for clients about the sustainability requirements concerning their projects and understanding how Sitowise can help them to meet these needs.

PERSONNEL AND MANAGEMENT

The average number of employees, number of employees employed at the end of the review period and full-time equivalent number of employees (FTE) all declined in Q4. The key driver for this decline was the change negotiations concluded in the Buildings business area in October, which led to reductions of close to 80 employees. In addition, not all fixed-term contracts were renewed or leavers replaced during the quarter. In Infra, the number of FTEs increased thanks to strong growth and acquisitions related to sustainability services. Sweden progressed in its planned recruitments, resulting in small FTE growth, whereas FTEs in Group Functions increased more because

of transferring newly appointed Group-wide sales roles from business areas to the Group.

CHANGES IN GROUP THE MANAGEMENT TEAM

On 3 August 2023, Timo Rääkkönen was appointed as Executive Vice President for the Buildings business area and member of Sitowise's Group Management Team. He joined Sitowise from the position of Executive Vice President of Destia's Urban Development and Design Services and started in his position on 13 November 2023.

Personnel	10-12/2023	10-12/2022	Change, %	1-12/2023	1-12/2022	Change, %
Number of personnel, average	2,169	2,237	-3.0%	2,211	2,151	2.8%
Number of personnel, at the end of the period	2,143	2,232	-4.0%	2,143	2,232	-4.0%

FTE per BUSINESS AREA	10-12/2023	10-12/2022	Change, %	1-12/2023	1-12/2022	Change, %
Buildings	667	810	-17.7%	742	825	-10.1%
Infra	573	513	11.8%	565	512	10.3%
Digi	250	251	-0.5%	254	207	22.6%
Sweden	349	344	1.5%	350	314	11.3%
Group Functions	64	59	8.6%	63	59	7.0%
Group total	1,903	1,977	-3.7%	1,974	1,918	2.9%

CHANGES IN GROUP STRUCTURE

E60 Elkonsult Aktiefbolag was merged with Sitowise Sverige AB on 6 October 2023. Convia Infrastructure AB was merged with Convia Ingenjörbyrå AB on 6 October 2023. Further, Mavacon Mark & VA Consult AB and Convia Ingenjörbyrå AB were merged with Sitowise Sverige AB on 9 October 2023.

Sitowise Oy's branch office Sito Norge NUF was closed on 23 November 2023.

CORPORATE GOVERNANCE

AUTHORIZATIONS OF THE BOARD OF DIRECTORS

The company has the following authorizations in force as decided by the Annual General Meeting on 25 April 2023:

- 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 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 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 our 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 2024.

The Board of Directors decided to exercise its existing share issue authorization and carried out directed issues of 37,330 treasury shares in connection with the acquisition of Infrasuunnittelu Oy on 2 May 2023, and of 33,394 treasury shares in connection with the acquisition of Positive Impact Finland Oy on 30 November 2023. At the end of the financial period, the Board's remaining share issue authorization amounted to 3,429,276 shares, and the authorization for the repurchase of the company's own shares remains unused.



SHARES AND SHAREHOLDERS

SHARES OUTSTANDING AND SHARE CAPITAL

At the end of the year, 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. There were no changes in the number of shares outstanding during the review period.

The number of treasury shares declined by 33,394 shares in November when the Group's Board of Directors decided on a directed share issue to the sellers of Positive Impact Finland Oy. For the key terms and conditions of share issues, see www.sitowise.com/investors/stock-exchange-releases. Sitowise Group Plc held 48,675 own shares on 31 December 2023.

	31 Dec 2023	31 Dec 2022
Registered share capital, EUR thousand	80	80
Registered total number of shares	35,665,927	35,665,927
Treasury shares	48,675	119,399

TRADING OF SHARES

SITOWS Nasdaq Helsinki	10-12/ 2023	10-12/ 2022	1-12/ 2023	1-12/ 2022
Number of shares traded, million	1.9	1.8	5.2	6.1
Value of trading, EUR million	5.6	8.2	19.7	32.0
Closing price on the final day of trading, EUR			3.18	5.14
Volume-weighted average price, EUR	2.93	4.64	3.76	5.24
Highest price, EUR	3.72	5.20	5.14	8.22
Lowest price, EUR	2.70	3.89	2.70	3.89
Market capitalization (at the end of the period), EUR million			113.4	183.3

SHAREHOLDERS

At the end of the review period on 31 December 2023, the number of registered shareholders was 6,061 (6,060). Nominee-registered shareholders accounted for 37.7 (37.4) 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 29.3 (30.3) percent.

The table below lists the ten largest shareholders on 31 December 2023. The information is based on the Monitor service provided by the Swedish company Modular Finance AB: *)

Shareholder	Number of shares	% of shares
1 Intera Partners Oy	5,121,573	14.4%
2 Paradigm Capital AG	3,575,309	10.0%
3 Lannebo Funds	2,286,888	6.4%
4 Handelsbanken Funds	1,910,079	5.4%
5 Evli Fund Management	1,583,000	4.4%
6 Ilmarinen Mutual Pension Insurance Company	1,071,500	3.0%
7 SEB Funds	906,965	2.5%
8 DNCA Finance S.A	636,618	1.8%
9 Varma Mutual Pension Insurance Company	635,000	1.8%
10 Didner & Gerge Funds	472,235	1.3%
10 largest, total	18,199,167	51.0%
Total 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.

FLAGGING NOTIFICATIONS

Between 2 October and 28 December 2023, Sitowise Group Plc received a total of 13 notifications in accordance with Chapter 9, Section 5 of the Finnish Securities Markets Act from Morgan Stanley. According to these notifications, Morgan Stanley's indirect holding of shares and votes in Sitowise Group Plc had either exceeded or fallen below the 5 percent threshold of all shares and votes as a result of stock borrowing agreements. According to the latest flagging notification, Morgan Stanley held on 27 December 2023, as a result of stock borrowing agreements, indirectly a total of 1,216,077 shares corresponding to 3.41 percent of the Company's shares and votes, and a total of 138,131 shares through financial instruments corresponding to 0.39 percent of the Company's shares and votes.

SHARE-BASED INCENTIVE PLANS

On 31 December 2023, Sitowise Group Plc had two performance-based, long-term incentive plans in place: Performance Share Plan 2023–2025 and Restricted Share Plan 2023–2025. The company also had in place a long-term option program. All three are further described at www.sitowise.com/investors/governance/remuneration.

SHORT TERM RISKS AND UNCERTAINTIES

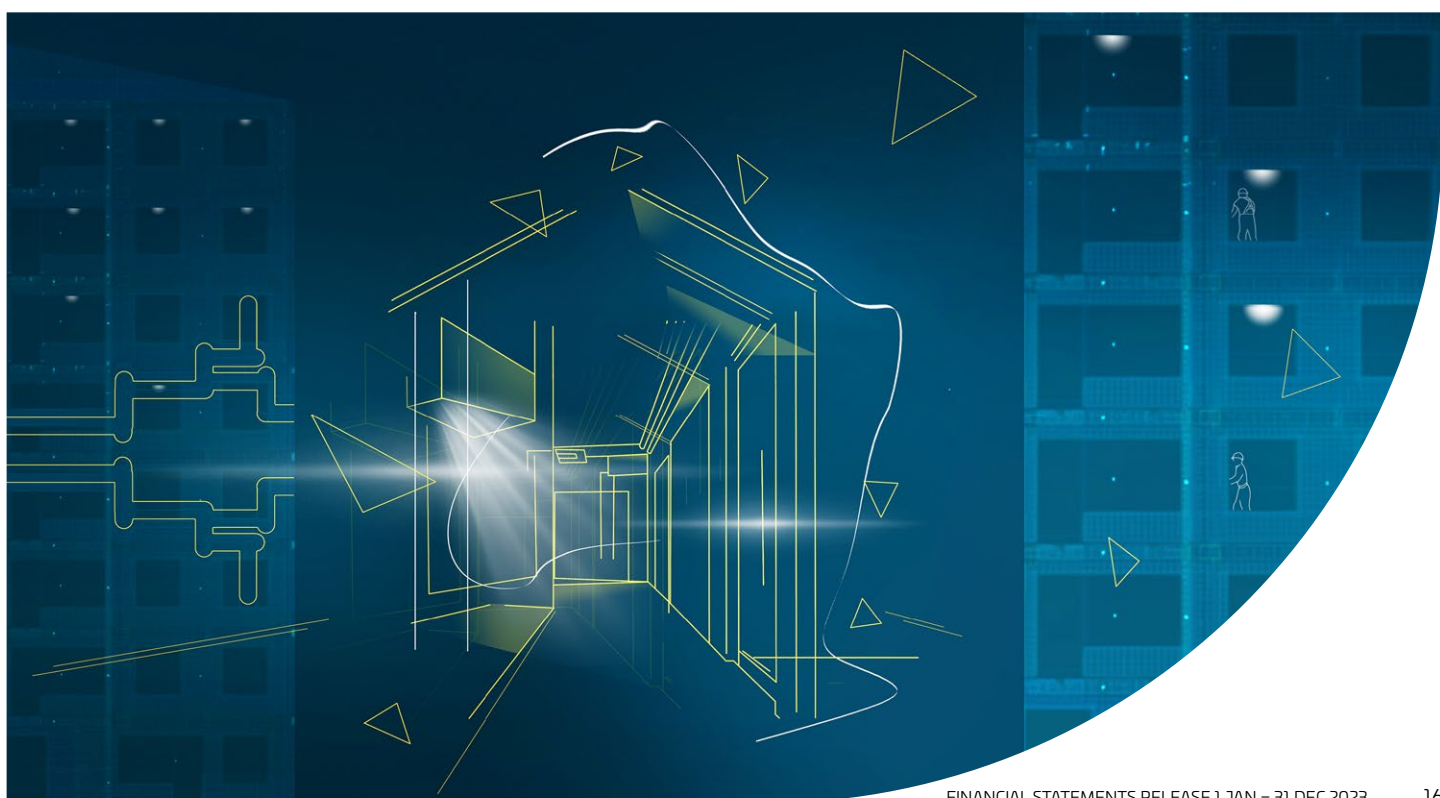
Significant short-term risks and uncertainties to which the Sitowise Group's business is exposed include operational risks related to the project work and to the retention of current experts, well-being of employees, and availability of new experts, as well as damage risks and strategic risks linked to corporate acquisitions and uncertainties in the global economy. Furthermore, the Sitowise Group's performance is exposed to several financial risks such as interest rate and currency risks.

The weakened macro-economic outlook, high interest rates and high inflation have slowed down growth in both Finland and Sweden and impacted the short-term decision-making of Sitowise's clients especially in the private sector and most of all in residential building projects. The general economic environment also has an impact on larger public sector investments. A continued decline in economic activity may impact Sitowise's clients' business prospects leading to, for example, a decrease or postponement of investments and clients' projects. The risks are described in detail in our 2023 Financial Statements that will be available on week 11 2024 on our website at www.sitowise.com.

One of the key tools for the Group's risk assessment is an annual survey that was last conducted in June 2023. Its results as well as any other specific risks arising from Sitowise's operations are discussed in the Group's Board of Directors, Management Team, and business areas, as appropriate. The Sitowise Group's risk management process and responsibilities are described on the Group's website (www.sitowise.com).

LEGAL PROCEEDINGS

Sitowise Oy has a pending legal proceeding with a former client relating to a Finnish residential apartment building project from a few years back. A substantial claim has been presented to Sitowise by the counterparty, but according to the company's view, the claim is unfounded. Sitowise has also presented a claim to the counterparty for the unpaid part of the project payment, plus the delay interest. The company estimates that the proceedings will take years.



SEASONALITY AND SENSITIVITIES

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.

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

	2024	2023	2022	Difference (2023 vs 2022)
Q1	478	484	476	8
Q2	459	451	460	-9
Q3	502	491	500	-9
Q4	471	469	477	-8
Full year	1,910	1,895	1,914	-19

ESTIMATED SENSITIVITIES WITH CURRENT BUSINESS SCOPE ON ANNUAL LEVEL:

	Change	Impact in euros	Impact scope
Number of working days	+/- 1 day	+/- EUR 0.7-0.9 million	Topline and bottom-line impact
Sickness absences	+/- 1%-point	-/+ EUR 2 million	Topline and bottom-line impact
SEK/EUR FX rate	+/- 10%	+/- EUR 4 million	Topline impact

QUARTERLY NET SALES AND EBITA OF THE GROUP

EUR million	Q1/2022	Q2/2022	Q3/2022	Q4/2022	Q1/2023	Q2/2023	Q3/2023	Q4/2023
Net sales	49.2	51.7	45.9	57.6	56.0	56.5	45.6	52.8
Other operating income	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1
Materials and services	-4.1	-5.1	-5.1	-6.2	-4.9	-5.8	-4.8	-6.0
Personnel expenses	-32.1	-33.4	-27.7	-35.8	-35.6	-37.3	-28.8	-35.4
Other operating expenses	-5.9	-6.6	-6.4	-8.3	-7.0	-6.9	-6.6	-7.2
Depreciations	-1.9	-1.9	-1.9	-2.0	-2.0	-2.0	-2.0	-1.9
EBITA, adjusted	5.2	4.9	4.9	5.3	6.6	4.5	3.5	2.4
EBITA, adjusted %	10.6%	9.5%	10.7%	9.2%	11.8%	8.0%	7.6%	4.6%
Items affecting comparability	-1.7	-1.6	-0.4	-0.6	-0.4	-0.1	-0.2	-1.2
EBITA	3.5	3.3	4.5	4.7	6.2	4.4	3.2	1.3
EBITA %	7.2%	6.4%	9.8%	8.2%	11.1%	7.8%	7.1%	2.4%

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

DIRECTED SHARE ISSUE AND A CHANGE IN THE NUMBER OF SITOWISE SHARES

On 9 January 2024, the Board of Directors of Sitowise Group Plc decided on, by virtue of the authorization granted by the Annual General Meeting on 25 April 2023, to issue 48,675 own shares held by Sitowise Group Plc and 179,738 new shares in a directed share issue. The directed share issue relates to a transaction where Sitowise Oy acquired the expert operations of Ahlman Group Oy, a provider of nature and environmental services. The acquisition was completed on 9 January 2024.

The new shares subscribed for in the issue were registered with the Finnish Trade Register on 11 January 2024, after which the total number of shares in the Company is 35,845,665 shares. The Company does not hold own shares.

PROPOSALS OF THE SHAREHOLDERS' NOMINATION BOARD OF SITOWISE FOR THE ANNUAL GENERAL MEETING 2024

On 30 January 2024, the proposals of the Shareholders' Nomination Board for the Annual General Meeting were published. The Annual General Meeting is planned to be held on 4 April 2024. According to the proposal the members of the Board of Directors and its committees will be paid the same fees for the term of office ending at the Annual General Meeting 2025 as for their previous term of office.

The Shareholders' Nomination Board further proposes that for the term of office ending at the Annual General Meeting 2025, the current members of the company's Board of Directors Eero Heliövaara, Mirel Leino-Haltia, Elina Piispanen, Niklas Sörensen, Tomi Terho and Mats Åström be re-elected and Anni Ronkainen be elected as a new member to the Board of Directors.

Proposals in full are available on Sitowise's investor site at [Annual General Meeting 2024 | Sitowise](#).

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 211 million in 2023 and the company employs more than 2,100 experts. Sitowise Group Plc is listed on Nasdaq Helsinki under the trading symbol SITOWS.

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

On 31 December 2023, the distributable funds of Sitowise Group Plc amounted to EUR 108.2 million, of which profit of the parent company for the 2023 financial period was EUR 4,014,150.

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. Considering the current market environment, and to preserve capital for future growth initiatives, the Board of Directors proposes that no dividend be paid based on the balance sheet to be adopted for the financial year 2023. The Board will consider using the authorization for share buy-backs during 2024.

Espoo, 27 February 2024
Sitowise Group Plc
Board of Directors

ADDITIONAL INFORMATION

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FINANCIAL CALENDAR 2024

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

- Annual and Sustainability Report, and the Report of the Board of Directors and Financial Statements 2023: week 11 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

WEBCAST FOR ANALYSTS, MEDIA AND INVESTORS

Sitowise's Q4 2023 earnings webcast will be held today, 27 February 2024, at 12 pm EEST. The webcast can be accessed either live or as a replay available at <https://livekatsomo.fi/streams/sitowise-q4-2023-result-webcast/>

DISTRIBUTION:

Nasdaq Helsinki Ltd
Key media
www.sitowise.com

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Net sales	52,768	57,573	210,910	204,414
Other operating income	117	41	397	288
Materials and services	-5,997	-6,219	-21,493	-20,495
Personnel expenses	-36,398	-36,031	-138,417	-129,774
Other operating expenses	-7,331	-8,683	-28,179	-30,677
Depreciation and amortization	-2,825	-2,902	-11,518	-10,594
Operating profit	335	3,780	11,701	13,162
Financial income	148	105	532	390
Financial expenses	-1,489	-854	-5,088	-3,272
Result before taxes	-1,006	3,032	7,145	10,280
Income taxes	148	-623	-1,596	-2,366
Result for the period	-859	2,408	5,549	7,914
Attributable to:				
Owners of the parent	-799	2,418	5,618	7,847
Non-controlling interest	-60	-9	-69	67
Other comprehensive income:				
Items that may be reclassified to profit or loss				
Change in translation difference	2,368	-1,242	162	-3,837
Hedging of cash flows, net of tax	-347	63	-54	63
Other comprehensive income in total	2,020	-1,179	109	-3,774
Total comprehensive income	1,161	1,229	5,657	4,140
Comprehensive income attributable to:				
Owners of the parent	1,221	1,238	5,727	4,073
Non-controlling interest	-60	-9	-69	67
Earnings per share:				
Earnings per share (EUR)	-0.02	0.07	0.16	0.22
Diluted earnings per share (EUR)	-0.02	0.07	0.16	0.22

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	31 Dec 2023	31 Dec 2022
Assets		
Goodwill	158,033	157,620
Intangible assets	11,863	10,224
Tangible assets	2,896	3,973
Right-of-use assets	26,405	27,803
Other shares, similar rights of ownership, and receivables	1,899	1,931
Deferred tax assets	732	894
Total non-current assets	201,828	202,446
Trade and other receivables	59,150	61,564
Income tax receivables	1,808	1,323
Cash and cash equivalents	15,596	15,390
Total current assets	76,553	78,278
Total assets	278,381	280,724

EUR thousand	31 Dec 2023	31 Dec 2022
Shareholders' equity and liabilities		
Share capital	80	80
Fund for invested unrestricted equity	96,692	96,434
Fair value reserve	294	348
Translation difference	-3,519	-3,681
Retained earnings	25,751	23,440
Equity attributable to owners of the parent	119,299	116,621
Non-controlling interest	183	253
Total shareholders' equity	119,483	116,874
Deferred tax liabilities	1,543	1,588
Financial liabilities	69,935	70,992
Leasing liabilities	20,524	22,050
Total non-current liabilities	92,003	94,630
Income tax liabilities	60	653
Financial liabilities	1,000	1,000
Leasing liabilities	7,193	6,937
Provisions	330	981
Trade payable and other liabilities	58,312	59,649
Total current liabilities	66,895	69,219
Total shareholders' equity and liabilities	278,381	280,724

CONSOLIDATED CASH FLOW STATEMENT

EUR thousand	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Cash flow from operating activities:				
Result for the period	-859	2,408	5,549	7,914
Adjustments				
Income taxes	-148	623	1,596	2,366
Depreciation and amortization	2,825	2,902	11,518	10,594
Financial income and expenses	1,341	749	4,556	2,882
Other adjustments	74	112	259	297
Change in working capital				
Trade and other receivables, increase (-) / decrease (+)	-3,074	-8,153	2,835	-6,424
Trade and other payables, increase (+) / decrease (-)	11,171	14,449	-2,422	5,047
Interest paid and other financial expenses	-1,216	-806	-4,885	-2,244
Interest received and other financial income	286	58	500	185
Income taxes paid	-421	-723	-2,921	-4,558
Net cash flows from operating activities	9,980	11,619	16,586	16,058
Cash flow from investing activities:				
Investments in tangible and intangible assets	-1,340	-1,079	-3,904	-3,665
Acquisitions of subsidiaries, net cash acquired	-400	-3,393	-1,512	-28,786
Net cash flows from investing activities	-1,740	-4,473	-5,416	-32,450
Cash flow from financing activities:				
Payments from share issue	100	923	258	3,844
Share repurchase	0	0	0	-2,720
Dividend distribution	0	0	-3,555	-3,545
Withdrawal of loans	0	3,500	0	24,424
Repayments of loans	-555	-2,425	-1,072	-2,974
Lease liabilities, increase (+) / decrease (-)	-1,576	-1,557	-6,561	-6,131
Net cash flow from financing activities	-2,031	441	-10,929	12,899
Cash and cash equivalents at the start of the period	9,200	7,979	15,390	19,353
Change in cash and cash equivalents, increase (+) / decrease (-)	6,209	7,588	241	-3,493
Translation differences	187	-176	-35	-470
Cash and cash equivalents at the end of the period	15,596	15,390	15,596	15,390

STATEMENT OF CHANGES IN CONSOLIDATED INCOME

EUR thousand	Equity attributable to owners of parent						Non-controlling interest	Total shareholders' equity
	Share capital	Fund for invested unrestricted equity	Fair value reserve	Translation differences	Retained earnings	Total		
Shareholders' equity 1 Jan 2023	80	96,434	348	-3,681	23,440	116,621	253	116,874
Result for the period					5,618	5,618	-69	5,549
Other comprehensive income			-54	162		109		109
Total comprehensive income	0	0	-54	162	5,618	5,727	-69	5,657
Share issues		258				258		258
Dividend distribution					-3,555	-3,555		-3,555
Share-based incentive schemes					248	248		248
Transactions with owners	0	258	0	0	-3,306	-3,048	0	-3,048
Shareholders' equity 31 Dec 2023	80	96,692	294	-3,519	25,751	119,299	183	119,483

EUR thousand	Equity attributable to owners of parent						Non-controlling interest	Total shareholders' equity
	Share capital	Fund for invested unrestricted equity	Fair value reserve	Translation differences	Retained earnings	Total		
Shareholders' equity 1 Jan 2022	80	95,310	285	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	-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					-3,545	-3,545		-3,545
Share-based incentive schemes					297	297		297
Transactions with owners	0	1,124	0	0	-3,247	-2,123	0	-2,123
Shareholders' equity 31 Dec 2022	80	96,434	348	-3,681	23,440	116,621	253	116,874

NOTES TO THE FINANCIAL STATEMENTS RELEASE

The Sitowise Group's Financial Statements Release has been prepared in accordance with IAS 34 Interim Financial Reporting. This release does not include all the notes presented in the consolidated financial statements for 2022; therefore, it should be read in conjunction with the consolidated financial statements for 2022 prepared in accordance with IFRS. The same accounting principles have been applied in the interim financial information as in the consolidated financial statements except the amendments to IAS 12 Income Taxes. The amendments apply to accounting for deferred tax related to assets and liabilities arising from a single transaction. The amendments narrow the scope of the initial recognition exemption and specify that the exemption does not apply to individual transactions, such as leases and that give rise to equal and opposite temporary differences. The amendments have an impact on the notes presented in the consolidated financial statements, but not on the Sitowise Group's balance sheet.

The key uncertainties related to decisions made by the management requiring discretion, the management's estimates, as well as key topics requiring discretion are the same as those in the 2023 financial statements.

1. NET SALES

Net sales by business area

EUR thousand	10-12/2023	10-12/2022	Change, %	1-12/2023	1-12/2022	Change, %
Buildings	16,084	21,127	-24%	70,789	79,446	-11%
Infra	17,477	16,749	4%	65,602	59,952	9%
Digi ¹⁾	7,611	7,447	2%	29,969	22,127	35%
Sweden ¹⁾	11,590	12,250	-5%	44,550	42,881	4%
Total	52,768	57,573	-8.3%	210,910	204,414	3.2%

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

Net sales by geographical area

EUR thousand	10-12/ 2023	10-12/ 2022	1-12/ 2023	1-12/ 2022
Finland	41,037	45,237	165,963	160,906
Sweden	11,462	12,149	44,011	42,658
Other countries	269	187	935	850
Total	52,768	57,573	210,910	204,414

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 2023 is approximately EUR 164 million.

2. ACQUISITIONS (Business combinations)

In fourth quarter of the financial year, the Sitowise Group acquired the Finnish company Positive Impact Finland Oy. The acquisition strengthened Sitowise's expertise especially sustainability services and related digital solutions for companies and communities. Acquisitions completed during the year 2023 is presented below.

Company	Time	Transaction method	Main Location	Personnel	Net sales in 2022 EUR million
Infrasuunnittelu Oy	5/2023	Share purchase (100%)	Kajaani (Finland)	17	1.2
Positive Impact Finland Oy	11/2023	Share purchase (100%)	Helsinki (Finland)	7	0.4

The assets and liabilities of the acquired companies mainly include working capital items as well as separately identified assets related to client relationships, technologies and non-compete clauses, 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. Purchase price allocation presented below is preliminary.

EUR thousand	1-12/2023
Purchase price	1,579
Assets	1,557
Liabilities	607
Net assets	950
Goodwill	629

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 3
Other financial assets, including derivatives	242	9		251	251	Level 2
Current financial assets						
Trade receivables	37,601			37,601	37,601	Level 3
Cash and cash equivalents	15,596			15,596	15,596	
Financial assets 31 Dec 2023	54,356	740	0	55,096	55,096	

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 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	
Financial assets 31 Dec 2022	58,213	809	0	59,022	59,022	

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	69,935			69,935	69,935	Level 2
Lease liabilities	20,524			20,524		Level 2
Current financial liabilities						
Loans from financial institutions	1,000			1,000	1,000	Level 2
Trade payables	7,082			7,082	7,082	
Additional purchase price liabilities			894	894	894	Level 3
Lease liabilities	7,193			7,193		Level 2
Financial liabilities 31 Dec 2023	105,735	0	894	106,629	78,911	

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	
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	

Loans from financial institutions consist of floating rate bank loans. The total amount of outstanding loans under the financing agreement was EUR 71.0 million. Sitowise concluded an interest rate swap at the end of the 2022 financial period. Taking this into

account, EUR 33.0 million of the withdrawn loans were based on a variable and EUR 38.0 million on a fixed base rate. The Group met all the covenant conditions of 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 EUR 2.1 million at the end of the review period.

5. SHARES

Number of shares used in calculating earnings per share

	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Number of shares	35,665,927	35,665,927	35,665,927	35,665,927
Number of shares, average	35,665,927	35,665,927	35,665,927	35,664,557
Diluted number of shares	35,875,927	35,665,927	35,875,927	35,665,927
Diluted number of shares, average	35,875,927	35,665,927	35,801,708	35,664,557

6. RELATED-PARTY TRANSACTIONS

In March 2023 the Board of Directors of Sitowise Group Plc decided on a new performance-based, long-term incentive plan (Performance Share Plan or PSP 2023–2025) which is targeted for the Group Management Team members in the first phase. The purpose of the plan is to align the interests of the management and key personnel with the interests of the shareholders and thereby increase the shareholder value in the long term, and to commit the management and key personnel to achieving Sitowise’s strategic goals.

The plan has a three-year performance period, and the Board of Directors decides the commencement of any new plans separately. During the reporting period, the members of the Group Management Team have been invited to participate in the PSP 2023–2025. The performance targets applied to the plan are the relative total shareholder return (TSR) and cumulative reported EBITA 2023–2025. The payout of shares will be dependent on meeting the targets set by the Board of Directors and no reward will be paid if the minimum levels set for the targets are not met.

If the targets are reached, the reward for the plan will be paid in the company’s shares, after the deduction of the proportion that is required for taxes and related costs. However, the company may decide to pay the reward fully in cash. As a main rule no reward is paid to an individual participant whose employment or service relationship ends or has ended before the delivery of the reward.

For IFRS 2 purposes, the fair value shall take into account market-based performance conditions. The evaluation takes into account Sitowise’s share price at the time of the grant, the relative TSR market condition, the absolute TSR trigger and expected dividends to be missed before the payment of the reward. Further information about the share-based incentive plan and terms applied to the plans have been published in stock exchange releases on 28 March 2023.

The equity-settled performance share program and the option program, which was established in connection with the listing, had a total cost effect of EUR 74 thousand during the fourth quarter.

Relating to the capital loan given to the related-party company Fimpec Group Oy, the company did not receive interest payments during the fourth quarter but generated net sales of EUR 21 thousand with the related party company Fimpec Engineering Oy.

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

Plan	Grant date	Number of granted shares	Grant date share price	Number of participants	Performance period	Settlement year
PSP 2023–2025	10 May 2023	210,000	4.40 EUR	8	2023–2025	2026

7. FINANCIAL AND ALTERNATIVE PERFORMANCE MEASURES

Since the publication of the IFRS financial statements for 2019, Sitowise has reported some alternative performance measures that do not comply with IFRS standards. The calculation of alternative performance measures 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 performance measures are intended to improve comparability and are not a substitute for other IFRS-based key figures.

The alternative performance measures to be reported are 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 performance measures are provided in Note 9.

Key figures describing financial development

EUR thousand	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Net sales	52,768	57,573	210,910	204,414
Growth in net sales, %	-8.3%	14.1%	3.2%	14.0%
Adjusted organic growth in net sales, %	-6%	5%	1%	5%
EBITA, adjusted	2,410	5,313	17,012	20,380
% of net sales	4.6%	9.2%	8.1%	10.0%
EBITA	1,251	4,717	15,128	16,075
Operating profit (EBIT)	335	3,780	11,701	13,162
% of net sales	0.6%	6.6%	5.5%	6.4%
Result for the period	-859	2,408	5,549	7,914
Balance sheet total			278,381	280,724
Cash and cash equivalents			15,596	15,390
Net debt			55,340	56,602
Cash flow from operating activities before financial items and taxes	11,330	13,091	23,891	22,676
Earnings per share (EUR)	-0.02	0.07	0.16	0.22
Diluted earnings per share (EUR)	-0.02	0.07	0.16	0.22
Earnings per share, continuing operations (EUR)	-0.02	0.07	0.16	0.22
Diluted earnings per share, continuing operations (EUR)	-0.02	0.07	0.16	0.22
Return on equity (ROE), %			4.7%	6.8%
Return on capital employed (ROCE), %			5.5%	6.5%
Equity ratio, %			42.9%	41.6%
Net debt / EBITDA, adjusted			3.0x	2.6x
Gearing, %			46.3%	48.4%
Number of personnel, average	2,169	2,237	2,211	2,151
Full-time equivalent (FTE), average	1,903	1,977	1,974	1,918
Utilization rate	72.6%	76.3%	74.4%	76.1%

8. FORMULAS OF FINANCIAL AND ALTERNATIVE PERFORMANCE MEASURES

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 PERFORMANCE MEASURES

EUR thousand	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Net sales	52,768	57,573	210,910	204,414
Adjusted organic growth in net sales, %				
Growth in net sales	-8%	14%	3%	14%
Impact of acquisitions	-1%	-12%	-5%	-9%
Impact of number of working days	2%	1%	1%	0%
Impact of exchange rates	1%	2%	2%	1%
Adjusted organic growth in net sales, %	-6%	5%	1%	5%
EBITA				
Operating profit (EBIT)	335	3,780	11,701	13,162
Amortizations of intangible assets	-916	-937	-3,427	-2,913
EBITA	1,251	4,717	15,128	16,075
EBITA %	2.4%	8.2%	7.2%	7.9%
Items affecting comparability				
Restructuring costs	1,034	178	1,503	722
M&A and integration costs	50	376	302	2,801
Other, income (-) / costs (+)	75	42	-99	782
Items affecting comparability, EBITDA	1,159	597	1,706	4,305
Items affecting comparability, depreciations	0	0	178	0
Items affecting comparability, EBITA	1,159	597	1,884	4,305
EBITA, adjusted				
EBITA	1,251	4,717	15,128	16,075
Items affecting comparability, EBITA	1,159	597	1,884	4,305
EBITA, adjusted	2,410	5,314	17,012	20,380
EBITA, adjusted %	4.6%	9.2%	8.1%	10.0%
EBITDA				
Operating profit (EBIT)	335	3,780	11,701	13,162
Depreciation and amortization	-2,825	-2,902	-11,518	-10,594
EBITDA	3,160	6,682	23,219	23,756
EBITDA %	6.0%	11.6%	11.0%	11.6%
Net debt				
Loans from financial institutions			70,935	71,992
Cash and cash equivalents			15,596	15,390
Net debt			55,340	56,602
EBITDA, adjusted (prev. 12 months)				
EBITDA (prev. 12 months)			23,219	23,756
Items affecting comparability, EBITDA (prev. 12 months)			1,706	4,305
Operational lease liabilities (IFRS16) (prev. 12 months)			-6,735	-6,366
EBITDA, adjusted (prev. 12 months)			18,189	21,695
Net debt / EBITDA, adjusted				
Net debt			55,340	56,602
EBITDA, adjusted (prev. 12 months)			18,189	21,695
Net debt / EBITDA, adjusted			3.0x	2.6x
Gearing, %				
Total shareholders' equity			119,483	116,874
Net debt			55,340	56,602
Gearing, %			46.3%	48.4%

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