

Q1/2024 President newsletter

Sitowise publishes IR newsletters 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 8 April 2024, and the interim report for January – March 2024 will be published on 8 May 2024 at around 8:30 am EEST. The webcast in English will be held on the same day starting at 12:00 pm EEST. The link to the webcast will be published later.

The most important releases during Q1/2024 and before the silent period

Annual result 2023 and Sitowise's annual and sustainability report 2023



Sitowise's annual reporting package presents the highlights and key twists and turns of 2023. The new strategy strongly steered us forward during 2023, and at the core of it are major global changes, such as urbanization, renovation backlog, digitalization, climate change and security. These changes were also visible in Sitowise's actions in 2023. The reports include several case examples of our client work in 2023.

Read the full reports here: [Annual report 2023 | Sitowise](#)

Financial Statements Release 2023 on 27 February 2024: Resilience and growth in the challenging market environment in 2023

Sitowise published its Q4 and full year 2023 results and published its market outlook and guidance for 2024.

Read the full Stock Exchange Release: [Sitowise Group Plc's Financial Statements Release 1 January – 31 December 2023: Resilience and growth in the challenging market environment in 2023 | Sitowise](#)

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 specializes in nature surveys of wind farms. In connection to the closing of this business acquisition, the Board of Directors of Sitowise Group Plc decided on 9 January 2024 to issue 48,675 own shares held by Sitowise and 179,738 new shares in a directed share issue. As a result of the directed share issue, the number of shares in Sitowise increased to 35,845,665 shares. Currently 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](#)

Stock Exchange Release on 18 March 2024: Daniel Doeser to lead Sitowise's Swedish operations

Daniel Doeser was appointed as Executive Vice President for Sweden and a member of Sitowise's Group Management Team as of 1 May 2024. He joins Sitowise from Ramboll's Environment & Health business area where he managed Digital Operations and Education business on a Nordic level as a Nordic Director. He will bring to Sitowise strong industry and leadership experience and track record of growing business profitably by focusing on digitalization and renewing ways of working.

Read the full Stock Exchange Release: [Daniel Doeser to lead Sitowise's Swedish operations | Sitowise](#)

Stock Exchange Release on 4 April 2024: Decisions of the Annual General Meeting of Sitowise Group Plc

The Annual General Meeting (AGM) of Sitowise Group Plc was held on 4 April 2024 in Espoo, Finland. The AGM approved the company's annual accounts and consolidated annual accounts for the financial year 2023, discharged the members of the Board of Directors and the CEO of the company from liability, and resolved to approve the remuneration report for governing bodies.

Read the full Stock Exchange Release: [Decisions of the Annual General Meeting of Sitowise Group Plc | Sitowise](#)

Stock Exchange Release on 4 April 2024: Decisions of the constitutive meeting of the Board of Directors

In its constitutive meeting, the Board of Directors elected Eero Heliövaara as its Chair and Tomi Terho as its Vice Chair.

Mirel Leino-Haltia was elected as the Chair and Anni Ronkainen and Mats Åström as the members of the Audit Committee. Eero Heliövaara was appointed as the Chair and Elina Piispanen and Niklas Sörensen as the members of the Personnel Committee. Tomi Terho was elected the Chair and Eero Heliövaara, Niklas Sörensen and Mats Åström were elected as the members of the Acquisitions Committee.

Read the full Stock Exchange Release: [Decisions of the constitutive meeting of the Board of Directors | Sitowise](#)

Press Release on 5 April 2024: KM Project and Sitowise join forces to respond to energy transition of transport

Sitowise has acquired the business operations of KM Project Oy, which provides technical services for transport fuel distributors. The acquisition of KM Project Oy's business operations strengthens Sitowise's ability to respond to the energy transition in transport and solve the challenges it brings.

Read the full Press Release: [KM Project and Sitowise join forces to respond to energy transition of transport | Sitowise](#)

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

Frequently asked questions

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

The market outlook for 2024 in Buildings is weak. We expect 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. More recently, there has been some positive signals that renovation construction demand might be picking up gradually.

The Buildings business area continues to adjust its operations to with temporary layoffs, mainly in structural design. Our priorities in the business area are sales, pricing, and further diversification of client base - increasing focus will be put on segments with long-term demand, such as 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 Building business are still good thanks to the existing renovation backlog and the requirements imposed by EU regulation, such as the energy-efficiency requirement.

How is the pricing environment currently?

Pricing environment has been changing and pricing pressure is more widespread across all business areas than in during 2023. It will be harder to mitigate the cost and wage inflation with pricing actions this year. Having said that, our focus is very much on proactive, customer-centric sales and on pricing excellence.

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 from the technical consulting market. In addition to supporting clients with tailored software projects, we have an existing proprietary 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 profitably, and we also have an opportunity to create new market.

Are Sitowise's innovation activities and new smart services related to Digital Solutions only or to 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 many projects, we also strive to network with partners and utilize available public funding.

We already have new smart services being developed and maturing towards commercialization in all business areas.

Will the strong growth in Infra and Digital Solutions continue?

The market environment in both business areas continues to be mixed. Key driver for growth in both business areas will be increasing demand for services related to green transition, security, and digitalization of the built environment. At the same time the growth is slowed down in both business areas by the increased competition and pricing pressure, and in addition in Infra business by the adverse impacts of the construction market downturn and in Digital Solutions by the weakened demand in the private sector.

In Q1 we expect Infra to continue its healthy growth, and Digital Solutions growth to slow down from the Q4 growth level due to the weakened market environment. In Digital Solutions we also expect to see a similar topline growth impact from the change in the re-invoicing of certain subcontracted work that we saw in Q4 2023.

What is the outlook in Sweden and have the challenges experienced in latter half of 2023 affected your growth goals in Sweden?

Integrations of acquired companies took some bandwidth in the latter half of 2023 but now we are in better position to continue organic growth because of our focused sales efforts. But we are still behind our planned FTE levels, which impacts sales. This means that we continue to have gap to the desired state.

After the past year's rapid M&A-driven growth, the focus will be more on organic growth in the short-term – in practice we focus on proactive sales, pricing, and diligent project management as well as further strengthening our position and brand in Sweden.

Your leverage is above the target level - do you expect it to decrease in Q1?

The operative cashflow for Q1 is typically good. However, the main measure for the leverage is net debt compared with rolling twelve months EBITDA and we need to remember that our profitability was very high in Q1 2023 (adj. EBITA 11.8%), clearly above our guidance for this year, so this will have an impact on the leverage.

You have a lot of goodwill in balance sheet. How close are you the impairment?

Goodwill in the balance sheet at the end of year 2023 amounted to EUR 158.0 (year 2022: 157.6) million. The goodwill impairment test was done in Q4 2023 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%). This reflects the fact that the long-term interest rate increased only modestly, and the equity risk premium taken from external reference point came down. There are no indications of a need for impairment.

Your guidance seems to be quite conservative. Why?

The market situation is clearly more challenging than earlier, and the timing of the recovery is not easy to predict.

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 balance sheet aspects of growth.

Q1 2024 investor materials

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

- [Q4 / FY 2023 Result presentation](#)
- [Q4/FY 2023 Result webcast](#) (recording)
- [Sitowise investor presentation March 2024](#)

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:

- 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

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 211 million in 2023, and the company employs more than 2,100 experts. Sitowise Group Plc is listed on the main list of Nasdaq Helsinki as SITOWS.