

SITOWISE GROUP PLC

Net sales decreased, stable order book during the quarter

Interim Report
1 January – 31 March 2024

SITOWISE





The figures in the interim report are unaudited. Comparative figures for the corresponding period of the previous year are in brackets. The figures disclosed in the interim report 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
4	STRATEGY IMPLEMENTATION
5	FINANCIAL DEVELOPMENT
9	Q1 2024 BUSINESS REVIEWS
13	PERSONNEL AND MANAGEMENT
13	CHANGES IN GROUP STRUCTURE
13	CORPORATE GOVERNANCE
14	SHARES AND SHAREHOLDERS
15	SHORT TERM RISKS AND UNCERTAINTIES
15	LEGAL PROCEEDINGS
16	SEASONALITY AND SENSITIVITIES
16	QUARTERLY NET SALES AND EBITA OF THE GROUP
17	SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD
17	ADDITIONAL INFORMATION
18	MAIN FINANCIAL STATEMENTS
22	NOTES

JANUARY–MARCH IN BRIEF

- Net sales decreased by 8.1% to EUR 51.5 (56.0) million. In constant currency net sales were down by 8.0%.
- Organic net sales growth was negative at -8% (4%).
- Adjusted EBITA was EUR 3.4 (6.6) million, or 6.6% (11.8%) of net sales.
- Operating profit decreased to EUR 2.0 (5.5) million, or 3.8% (9.8%) of net sales.
- The order book stabilized during the quarter. Year-on-year the order book decreased by 8% to 163 (176) million euros.
- Leverage (net debt / adjusted EBITDA) was 3.8x (2.4x).
- In the client survey conducted at the beginning of the year, the willingness to recommend remained at a good level and NPS (Net Promoter Score) was 31 (32). In addition, 95% (97%) of respondents would re-select Sitowise as their supplier.
- The acquisition of Ahlman Group Oy's expert business was finalized in January.

KEY FIGURES

EUR million	1–3/2024	1–3/2023	Change, %	1–12/2023
Net sales	51.5	56.0	-8.1%	210.9
EBITA, adjusted	3.4	6.6	-49.1%	17.0
% of net sales	6.6%	11.8%		8.1%
EBITA	3.1	6.2	-51.1%	15.1
Operating profit	2.0	5.5	-64.4%	11.7
Result for the period	0.5	3.5	-84.4%	5.5
Cash flow from operating activities before financial items and taxes	5.0	5.7	-11.9%	23.9
Net debt	56.7	55.5		55.3
Net debt / EBITDA, adjusted	3.8x	2.4x		3.0x
Equity ratio, %	43.6%	43.6%		42.9%
Earnings per share (EPS), EUR	0.02	0.10	-83.3%	0.16
Number of personnel, average	2,119	2,226	-4.8%	2,211

CEO HEIKKI HAASMAA:

Determined sales efforts and the growth in energy and industrial sectors supported the order book

In the first quarter, Sitowise's market environment offered a few tailwinds. We continued to excel in Infra business area, which grew by 8% year-on-year, and both our Infra and Digital Solutions businesses successfully maintained their profitability levels. At the same time, our business benefited from the increasing demand for green transition and security related services, as well as the expertise gained through the acquisitions completed after the comparison period. During the quarter we focused on proactive sales, with a specific emphasis on further diversification of client base in energy and industrial sectors, and I am very pleased that these initiatives are already resulting in winning new clients and projects.

On a Group level, net sales were down by -8.1 percent to 51.5 (56.0) million euros. The decline was largely due to the lower volumes in the Buildings business area, where the operations were adjusted to the weak construction market environment in the final quarter of 2023. The mixed market environment, tightened price competition and negative calendar effect (-1 working day year-on-year) slowed down growth also in other business areas. In Sweden focus was put on sales excellence and diligent project management, but the materialization of the targeted growth takes time in the current market environment. The Group's adjusted EBITA totaled 3.4 (6.6) million euros, corresponding to a 6.6% (11.8%) adjusted EBITA margin. In addition to the working day difference, profitability was burdened by the high cost and wage inflation and a weakened utilization rate. The cash flow from operating activities remained at a good level, and Sitowise's solvency and financial position remained stable despite the increase in leverage.

In line with our strategy, we continued to focus on innovation, sustainability, and efficiency. In the past year, we have rapidly



// *Improving Sitowise's profitability is our top priority in 2024.*

developed a robust pipeline for new smart and sustainable digital services, initiating go-to-market preparations for two products this quarter. Furthermore, the Digital Solutions business secured its first international deal.

We also strengthened our ties with our customers and created new partnerships during the quarter. Examples of these include a design partnership with the construction company YIT across its Finnish business segments, and a cooperation with the forest machine manufacturer Ponsse for AI-driven harvesting optimization. According to our recent client survey, our clients continue to value our services and the recognition of the Sitowise brand has increased, especially in Sweden. I want to thank all Sitowise employees for their continued dedication and work for our clients.

We expect the market environment to remain mixed throughout 2024. Demand for services related to green transition, security and digitalization of the built environment continues to be the key driver for growth especially in Infra and Digital Solutions. In Buildings and Sweden, slightly increased tendering volumes and order intakes signal the start of a gradual market recovery, but predicting the timing of a clear improvement is very difficult. The tight competitive situation, driven by overcapacity, is expected to continue in all business areas.

Improving Sitowise's profitability is our top priority in 2024, with a continued focus on moving our sales culture to the next level, pricing excellence and further actions to mitigate cost inflation and increasing internal efficiencies. The results of these initiatives are expected to materialize in the coming quarters, but I am pleased to see that our increased focus on the growing market segments has already started to bring positive results.

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 half 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 somewhat more stable than in Finland.

At the end of March 2024, order books were at good level in Infra and Digital Solutions and at satisfactory level in Sweden. In Buildings, the workload was not at an adequate level, and

selective temporary layoffs have continued in Buildings in the first and second quarter of 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 both Q2 and Q3 and equal number of days in Q4), potential currency fluctuations (EUR/SEK) and high interest expenses are expected to impact Sitowise's financial performance during 2024.

GUIDANCE (repeated, issued on 27 February 2024)

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.

STRATEGY IMPLEMENTATION

Sitowise's strategy for the years 2023–2025 targets continued sustainable profitable growth and value creation for Sitowise's clients, other stakeholders, and society. The company's vision is *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 first 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, focus was on AI development. During the quarter, Sitowise established its own AI Center of Excellence, that has a core team of 15 highly skilled experts in various AI technologies, to support the development of both new smart services and the internal capabilities. Regarding new smart services, Sitowise started go-to-market preparations for two new products: *Planect*, an urban planning tool that consolidates various emission data into a user-friendly format to assess and address climate impacts, and *CO2 Roadmap*, a climate leadership SaaS solution that brings structure, and clarity into climate work. In addition to these two, sales continued for AI-based *Smartlas* (earlier Smart Analytics) which provides AI and satellite data for smarter, sustainable decision-making in sectors like forestry and energy.

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. As a part of this work, the AI Center of Excellence coordinated five different focused experiments using generative AI across business areas.

Further, the work on developing Sitowise’s innovation culture and processes continued. The Sitowise Smart City Lab team participated in the global AEC Hackathon event in Copenhagen and developed a Search-Everything for AEC Engineers artificial intelligence solution winning the “Best hack from a past event / open source” award. The AEC (Architecture, Engineering, Construction) Hackathon gives operators in built environment the opportunity to collaborate on cutting-edge technology.

Under “**The most sustainable**” strategic pillar, Sitowise continued to develop its biodiversity offering across various sectors, including energy and industry, and launched a pioneering project to assess the global biodiversity impacts of 13 Finnish cities and municipalities. This project involves a new methodology for calculating city-level nature footprints and assessing them across multiple cities using a comparable methodology. Nature footprints of cities provide a unique perspective on evaluating their global environmental impacts instead of traditionally used local assessments.

In March, The Smart City Talks webinar on climate change adaptation in the built environment attracted 250 attendees, discussing themes such as climate risk forecasting, adaptation strategies in urban development, and the impacts of climate change on cultural heritage. Sitowise also supported several cities and municipalities in their climate change mitigation efforts, for example Oulu with a climate roadmap.

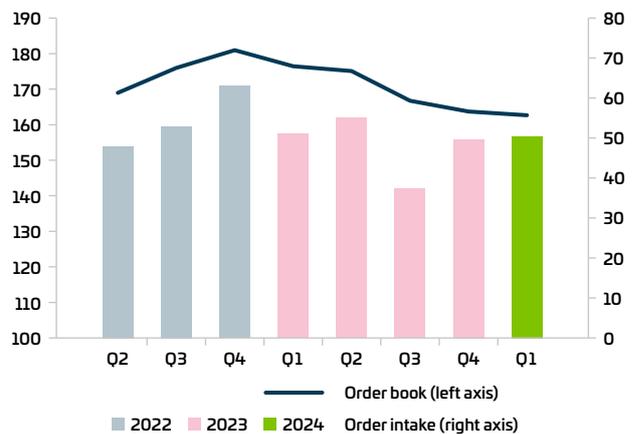
Sitowise’s Sustainability Report, published in March, outlined progress of its sustainability objectives like carbon footprint and taxonomy information. Efforts to align reporting with European Sustainability Reporting Standards (ESRS) progressed with the completion of the double materiality analysis. A pre-audit of the materiality analysis was completed in April.

Sitowise is committed to setting near-term, company-wide emission reductions in alignment with climate science through the SBTi. The climate plan is being revised to include emission reduction planning until 2030, with a goal to submit these targets for SBTi validation by the end of 2024.

In January, Sitowise strengthened its sustainability offering when it completed the acquisition of Ahlman Group Oy’s expert business, strengthening its expertise in nature services, such as nature surveys and services supporting biodiversity.

Under “**The most efficient**” strategic pillar, Sitowise targets a lean operating model that allows its experts to focus on client work. Priorities in the first quarter were moving Sitowise’s sales culture to a new level, pricing excellence and diligent customer project work. The work to further develop Sitowise’s IT and service platform continued on a more normalized level after the preceding quarter, when Sitowise’s new ERP and CRM systems were successfully implemented in the Finnish business areas.

THE GROUP’S ORDER BOOK



THE GROUP’S ORDER BOOK AND ORDER INTAKE, EUR MILLION

The Group’s order intake was up by 2 percent quarter-on-quarter and stable year-on-year. In January–March, received orders increased in Infra, Buildings and Sweden and declined in Digital Solutions quarter-on-quarter.

The Group’s order book was stable quarter-on-quarter. Year-on-year, the Group’s order book was down by 8 percent to EUR 163 (176) million.

SITOWISE'S BUSINESS AREAS

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 **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.

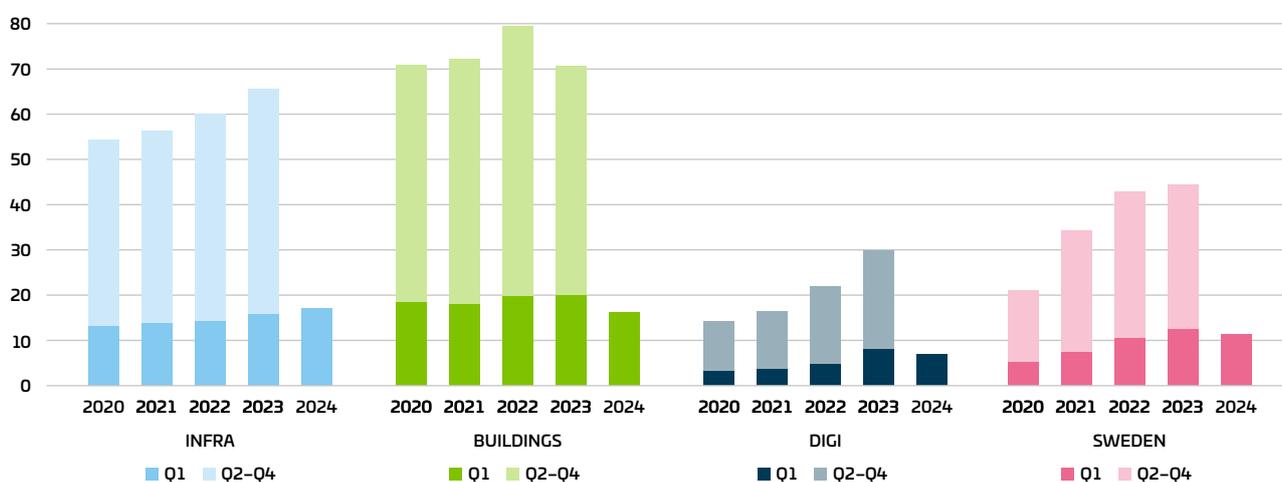
The **Digital Solutions business area** (Digi) focuses on smart geospatial solutions for the built environment, mobility, and forest and natural resources sector, as well as consulting services that support these fields. These services cover client-driven information system development, proprietary product 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, expert services in underground installations as well as land, water, and sewerage, and digital solutions for infrastructure maintenance planning, reporting and support for municipalities in Sweden (Infracontrol).

THE GROUP'S NET SALES AND PROFITABILITY

NET SALES

EUR million	1-3/2024	1-3/2023	Change, %	1-12/2023
Infra	17.0	15.8	7.8%	65.6
Buildings	16.1	19.9	-19.2%	70.8
Digi	7.0	8.0	-12.3%	30.0
Sweden	11.4	12.4	-8.1%	44.5
Total	51.5	56.0	-8.1%	210.9



NET SALES BY BUSINESS AREA, EUR MILLION

ADJUSTED ORGANIC GROWTH BY BUSINESS AREA

Adjusted organic Growth %	1-3/2024	1-3/2023
Infra	6.2%	9.0%
Buildings	-18.0%	-6.3%
Digi	-10.7%	14.1%
Sweden	-7.3%	11.6%
Total	-7.7%	3.7%

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 JANUARY-MARCH (Q1)

The Group's net sales decreased by 8.1 percent (-8.0 percent in constant currency) year-on-year from the record level in the comparison period in 2023. Organic growth was -8 (4) percent during the quarter. While the Infra business area's net sales continued to outpace market growth, the Group's overall top-line growth turned negative due to a decrease in net sales across other business areas.

There was one working day less in Finland and 1.5 working days less in Sweden than in the comparison year, and in addition the tight pricing environment and clearly lower utilization rate impacted net sales. The utilization rate was impacted by lower client demand, increased time used for tendering work and learning curve related to the new ERP and CRM systems that were successfully implemented in Finland in the end of 2023. In Digital Solutions the merger of Bitcomp Oy with Sitowise Oy and the related integration activities also impacted utilization. The exchange rate between the Swedish krona and the euro remained stable, thus having no impact on reported net sales.

PROFITABILITY

EUR million	1-3/2024	1-3/2023	Change, %	1-12/2023
EBITA, adjusted	3.4	6.6	-49.1%	17.0
% of net sales	6.6%	11.8%		8.1%
EBITA	3.1	6.2	-51.1%	15.1
Operating profit	2.0	5.5	-64.4%	11.7
Result before taxes	0.7	4.4	-83.9%	7.1
Result for the period	0.5	3.5	-84.4%	5.5
Earnings per share (EPS), EUR	0.02	0.10	-83.3%	0.16

PROFITABILITY IN JANUARY-MARCH (Q1)

Adjusted EBITA decreased by 49.1 percent to 3.4 (6.6) million euros and the adjusted EBITA margin was 6.6 percent (11.8 percent). The decline was driven especially by the weak market situation in the Buildings business area, and partial softening of the market in other business areas. In addition, continuing cost and wage inflation combined with the tightened pricing environment, low utilization rate and the negative calendar impact had clear impacts on profitability. Items affecting comparability amounted to EUR -0.3 (-0.4) million.

Lower EBITA resulted in a decline in **operating profit**, which totaled 2.0 (5.5) million euros. 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 primarily due to the increase in interest rates.

FINANCIAL POSITION AND CASH FLOWS

Equity attributable to owners of the parent company was EUR 118.5 (119.3) million at the end of March. Sitowise's liquidity remained good in the first quarter.

Net debt was slightly higher due to the somewhat lower cash position. Net debt/EBITDA increased, and it was mainly influenced by the clear decrease in rolling twelve-month EBITDA from the high level in the comparison period. The acquisition of Ahlman Group's expert operations during the period is expected to have a positive impact on Sitowise's profitability in 2024 but did not yet contribute to profitability in Q1. Gearing increased slightly and came in at 47.8% (46.5%) at the end of the quarter.

EUR million	31 Mar 2024	31 Mar 2023	Change, %	31 Dec 2023
Cash and cash equivalents	14.2	16.3	1.3%	15.6
Interest bearing debt, total	71.0	71.9	-1.5%	70.9
Interest bearing debt, current	1.0	1.0	0.0%	1.0
Interest bearing debt, non-current	70.0	70.9	-1.5%	69.9
Equity ratio, %	43.6%	43.6%		42.9%
Net debt	56.7	55.5	-2.2%	55.3
Net debt / EBITDA, adjusted	3.8x	2.4x	16.6%	3.0x
Gearing, %	47.8%	46.5%		46.3%

Sitowise has a financing agreement signed with its financiers in 2021 and further extended in February 2023. The agreement is valid until March 2026. The company actively manages its solvency and maintains active dialogue with its financiers.

Cash flows from operating activities before financial items and taxes was at a good level at EUR 5.0 (5.7) million in the first quarter. The year-on-year decline was attributable to clearly lower result of the period. The net cash flow from operating activities increased from the comparison period, as tax refunds in the first quarter provided support to the cashflow.

Cash flows from investing activities was EUR -4.5 (-0.9) million. The difference derives mainly from the acquisition of Ahlman Group's expert operations in the first quarter. Cash flows from financing was EUR -1.1 (-1.7) million and it consisted of reductions in lease liabilities and a payment received from a share issue.

The consolidated balance sheet total at the end of March was EUR 271.9 (274.4) million. Goodwill in the balance sheet amounted to EUR 158.3 (157.0) million.



Lina, Project Manager

Q1 2024 BUSINESS REVIEWS

In the first quarter, all business areas were adversely affected by the negative calendar effect compared to the same period in 2023.

Q1 BUSINESS REVIEW | INFRA

Net sales from the **Infra business area** were up by 8 percent year-on-year and amounted to EUR 17.0 (15.8) million. The business area accounted for 33 (28) percent of the Group's consolidated net sales.

The Infra business area continued to grow ahead of the general infra market growth in Finland. Majority of the growth was organic and about one fifth came from the acquisitions completed after the comparison period. The number of employees increased, especially in areas of high demand such as services related to the green transition. At the same time, net sales and profitability were adversely impacted by the negative calendar effect, tightened pricing environment, and lower utilization rate year-on-year.

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

During the review period, the demand for traditional infrastructure planning diminished. The absence of large public infrastructure projects from the market led to significantly increased price competition. 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 again further delayed. The tendering rounds for the first large projects are expected to start in summer 2024 at the earliest. Demand related to energy and environmental projects remained at a good level. Infra seeks growth in these areas and among industrial clients actively and won several new projects during the quarter, and also successfully expanded its clientele. The know-how accumulated through recent acquisitions has positively contributed to winning various biodiversity and energy related projects, and, for example, in winning the battery chemical manufacturer Terrafame's dam inspection project in Kainuu region in North-Eastern Finland.

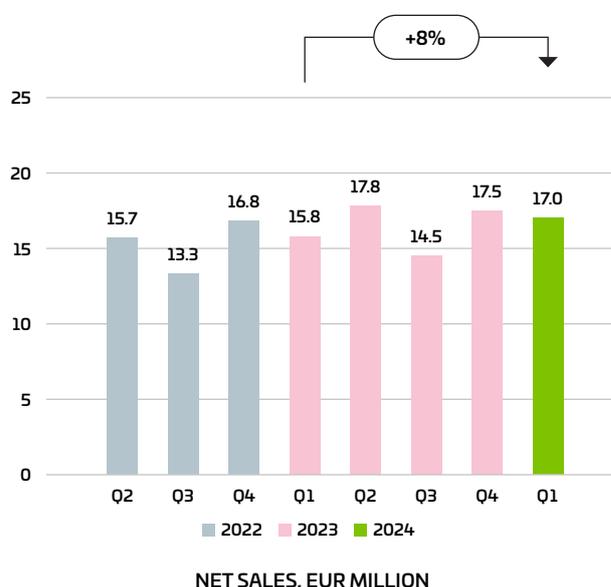
Infra's order book was at good level at the end of March. Order intake was up quarter-on-quarter but behind the comparison period's record level. New orders related especially to projects linked to the green transition initiated by the private sector entities and the public sector's investments in security. In addition, Infra

won several frame agreements, the most significant of which was with the City of Helsinki.

During the quarter, Sitowise completed the merger of Infrasuunnittelu Oy with Sitowise Oy as well as the acquisition of Ahlman Group Oy's expert operations. The acquisition of the operations of KM Project Oy was announced after the review period in April. KM Project Oy offers technical services for transport fuel distributors, and the transaction strengthens Sitowise's ability to respond to the energy transition in transport and solve the challenges it brings.

Infra's market environment remains diverse. The lack of large public and construction-related infrastructure projects contributes to increased competition. The demand for services related to the green transition is expected to remain robust. The business area's growth in 2024 will also be supported by the 2023 and 2024 acquisitions, Infra team's strong expertise, strong client relationships and a diverse customer base.

The demand for services related to the green transition is expected to remain robust.



Q1 BUSINESS REVIEW | BUILDINGS

Net sales from the **Buildings business area** were down by 19 percent from the comparison period and amounted to EUR 16.1 (19.9) million. This corresponds to approximately 31 (36) 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 by about one-fifth of the comparison period and the negative calendar effect.

The Buildings business area has adapted to market conditions with temporary layoffs in structural design, maintaining a relatively good utilization rate. Efforts since fall 2023 to refocus to growth segments and to improve profitability are progressing, but the weak market environment and tight competition have delayed the materialization of the expected positive outcomes.

According to the Economic Survey published by the Finnish Construction Industry (RT) in March 2024, the crisis in the construction industry will continue this year and there are still no signs of a turnaround. The exceptionally fast rise in interest and cost levels, low housing market trade volumes and the tightening of credit policy have particularly affected housing construction, where a slow turnaround is expected only in 2025. According to the Economic Survey, renovation construction is also expected to decline this year and turn to growth only next year.

Sitowise’s consulting and design services typically precede the actual construction, and recently there has been some indicators suggesting a potential market recovery, for example in renovation construction. The Buildings’ order intake was clearly up from the previous quarters, and the Buildings’ order book also increased

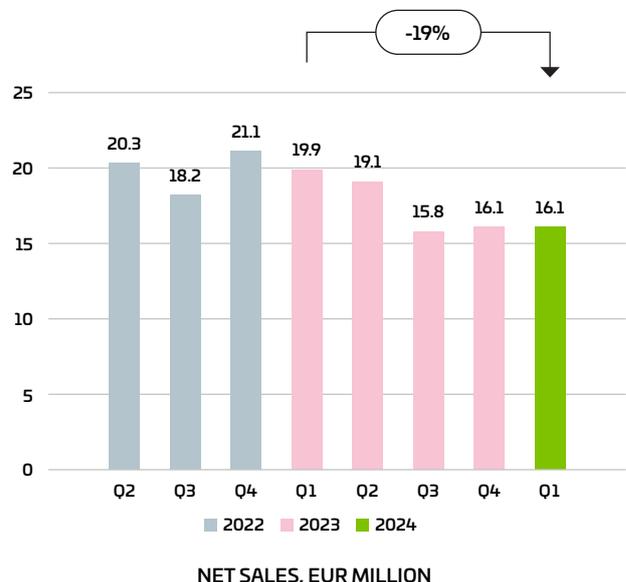
– for the first time since the fourth quarter in 2022. However, at the end of March, the order book was still substantially lower than the previous year. The number of projects on hold remained consistent with the prior quarter. Therefore, the materialization of the order book extends to a longer period than in a normal market environment.

In tendering pipeline, there was a slight increase in public sector construction and industrial projects. Among the new projects won was the design for fixed hospital furniture for Meilahti Tower Hospital in Helsinki over the next 10 years.

However, this year is expected to be difficult due to overall low tendering volumes and overcapacity in the market. The Buildings business area continues its proactive sales activities and adjusts its operations with temporary layoffs and cost control. Increasing focus will be put on segments with long-term demand, such as services related to industry and energy, healthcare and education, and security critical services. Specific future growth areas also include commercial and logistics buildings, automation, and digital solutions.

Sitowise expects that the Buildings business net sales will decrease in the first half of 2024 and that the turn to growth can start only towards the end of 2024. The medium- and long-term prospects for construction renovation are still good thanks to the increasing renovation backlog and the requirements imposed by EU and new Finnish construction law in 2025 regulations, such as CO2 and energy-efficiency and information management requirements.

Sitowise expects that the turn to growth in the Buildings business area can start only towards the end of 2024.



Q1 BUSINESS REVIEW | DIGITAL SOLUTIONS

Net sales in the **Digital Solutions business area** decreased by 12 percent from the strong comparison period and were EUR 7.0 (8.0) million. Without the change in the re-invoicing of certain subcontracted work, which came into effect in October 2023, and terminated products net sales would have declined by -8 percent. The business area accounted for approximately 14 (14) percent of the Group's consolidated net sales.

Net sales decline was impacted by the weakened private sector demand especially in the project business, tightened price competition, decline in personnel year-on-year, and the negative calendar effect.

The merger of Bitcomp with Sitowise was successfully executed in the quarter, which temporarily lowered both utilization and net sales.

The market environment was more challenging in the first quarter than in 2023. Private sector demand and investment budgets continued to decline for the third quarter in a row – with the exception of the renewable energy sector and municipalities, where investments in digital solutions were still at a good level. 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. Price competition was very tight, especially in larger tenders and public sector tenders due to overcapacity in the market.

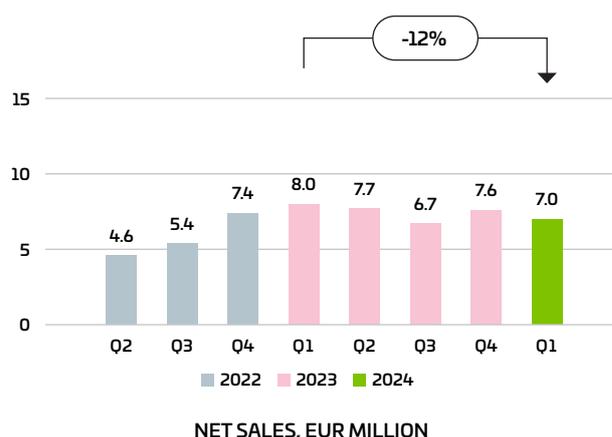
SaaS products represented approximately one fourth of the business area's net sales. The demand for SaaS products such as the Louhi GIS platform, Foresta, Routa and Smartlas was at a high level. In the municipal sector, changes in the built environment and the upcoming new Finnish Building Act were clearly reflected in demand, which increasingly shifted towards solutions offered by the Louhi GIS platform and AI-based Smartlas applications that are built on top of Finland's national-level information system for built environment information system. Sitowise has a good opportunity to create a new market by developing Louhi and Smartlas services to meet new regulatory needs.

Digital Solutions' order book increased slightly year-on-year and was at a good level at the end of March. However, order intake was down during the quarter. During the quarter, Sitowise won several smaller projects in the municipal, energy and forest industry sectors. For example, based on a project signed in Q1, Louhi service supports Metsä Group's mills' asset management, information sharing, environmental issues and real-time situational awareness through geospatial data. Additionally, Digital Solutions achieved its first international sale when Latvian State Forests selected Sitowise as their partner for monitoring insect pests in Latvian state forests.

The combination of Sitowise's SaaS and project business has allowed flexible resource utilization in a challenging market, as well as strengthening competitiveness and developing new products together with clients. During the quarter, a significant cooperation project related to the utilization of AI was published, in which Sitowise, together with the forest machine manufacturer Ponsse, explores the potential of artificial intelligence for smarter planning and optimization of loggings. The project is part of Ponsse's Veturi funding from Business Finland. Furthermore, development work continued for the DataMust project that started in 2023. The aim of the DataMust project is to accelerate carbon neutrality in the built environment, promote the development of secure solutions, and optimize the energy consumption of the digital infrastructure. DataMust is part of Business Finland's Veturi program led by Nokia, which includes several companies.

The outlook for Digital Solutions is good in medium and longer term. Strong expertise in geospatial information systems and the built environment, data management skills and digital solutions offering enable Sitowise to stand out from its competition. The focus on sales activity and systematic account management are 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 outlook for Digital Solutions is good in medium and longer term.



Q1 BUSINESS REVIEW | SWEDEN

Net sales from the Group’s operations in **Sweden** declined by 8 percent when reported in euros (-8 percent in constant exchange rates) and amounted to EUR 11.4 (12.4) million euros. This corresponds to approximately 22 (22) percent of the Group’s consolidated net sales. The topline growth was slowed down by the negative calendar effect (-1.5 working days) and tighter price competition.

The market environment in Sweden continued to be mixed. The demand for technical consulting for building construction engineering in commercial, industrial, and institutional building projects has remained stable, and local infra market growth continues to be supported by sizable investments in infrastructure projects by Swedish public and private sector players. On the other hand, the market for installations in buildings continued to be weaker, mainly due to its larger exposure to the very weak local residential housing market that collapsed in Sweden in 2023. The demand for Infracontrol’s digital solutions related to infrastructure and traffic monitoring intended for municipalities remained at a good level.

The Sweden business area focused on more proactive sales, pricing excellence and diligent project management during the quarter. Received orders were up quarter-on-quarter and Sitowise won several projects related to prefab and building design. Furthermore, Sitowise has succeeded in the effort to extend the range of deliveries to AstraZeneca by winning

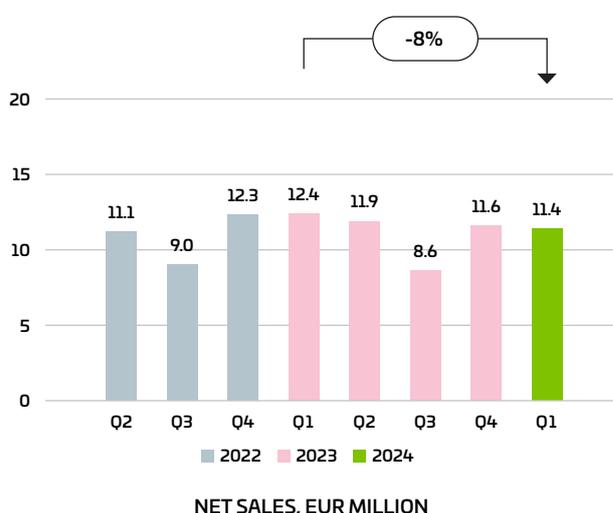
a contract for multidisciplinary design, and Infracontrol signed an agreement with the municipality of Norrköping for implementation of Infracontrol online for infrastructure and traffic monitoring. At the end of March, the order book was at a satisfactory level in Sweden.

During the quarter there were some signs indicating a slight market pick-up, such as the restarting of halted projects and increased tendering activity. At the same time the price competition clearly intensified due to the prevailing overcapacity in the industry.

Also, according to the indicator published by the Swedish market information company Byggbakta in March 2024 there are signs of recovery in Swedish housing construction, but at the same time a lot of uncertainty regarding the improvement of the market. A clearer market recovery would require a continued decline in inflation and lower interest rates.

The Sweden business area will focus especially on developing its sales culture, pricing and active client relations. The medium- and long-term prospects in Sweden remain good thanks to the megatrends driving growth such as urbanization, the green transition and digitization. Sweden’s recent NATO membership is expected to drive further investments in infrastructure and national security.

The Sweden business area focused on more proactive sales.



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 January–March. The key driver for this decline were the change negotiations concluded in the Buildings business area in October 2023, which led to reductions of close to 80 employees. In addition, not all fixed-term contracts have been renewed or leavers replaced during the quarter. In Infra, the number of FTEs increased thanks to strong growth and acquisitions related to sustainability services.

CHANGES IN THE GROUP MANAGEMENT TEAM

On 18 March 2024, Daniel Doeser was appointed as Executive Vice President for Sweden and a member of Sitowise’s Group Management Team and started in his position on 1 May 2024. He joined Sitowise from the position of Nordic Director, in which he has been managing Digital Operations and Education business on a Nordic level at Ramboll’s Environment & Health business area. Jonas Larsson, who had led Sitowise’s Swedish business since 2021, left the company on 30 April 2024.

Personnel	1–3/2024	1–3/2023	Change, %	1–12/2023
Number of personnel, average	2,119	2,226	-4.8%	2,211
Number of personnel, at the end of the period	2,113	2,219	-4.8%	2,143

FTE per BUSINESS AREA	1–3/2024	1–3/2023	Change, %	1–12/2023
Infra	590	529	11.6%	565
Buildings	636	789	-19.3%	742
Digi	244	257	-5.3%	254
Sweden	348	350	-0.6%	350
Group Functions	65	63	4.4%	63
Group total	1,883	1,987	-5.2%	1,974

CHANGES IN GROUP STRUCTURE

Bitcomp Oy and Infrasuunnittelu Oy were merged with Sitowise Oy on 29 February 2024. Sitowise Oy had acquired Bitcomp Oy in June 2022, and Infrasuunnittelu Oy in May 2023.

CORPORATE GOVERNANCE

AUTHORIZATIONS OF THE BOARD OF DIRECTORS

During the review period, the company had in force authorizations as resolved by the Annual General Meeting on 25 April 2023 to decide on the repurchase of the company’s own shares as well as to decide on the issuance of shares and the issuance of options and other special rights entitling to shares. The authorizations were canceled by the Annual General Meeting on 4 April 2024 along with the decision on new authorizations. See the section “Main events after period-end” for more information on existing authorizations.

The Board of Directors decided to exercise its existing share issue authorization and carried out a directed issue of 48,675 treasury shares and 179,738 new shares in connection with the acquisition of business assets from Ahlman Group Oy on 9 January 2024.

SHARES AND SHAREHOLDERS

SHARES OUTSTANDING AND SHARE CAPITAL

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

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

During the review period, the number of shares issued increased by 179,738 new shares to 35,845,665 shares. The number of treasury shares declined by 48,675 shares in January when the Group's Board of Directors decided on a directed share issue in connection with the acquisition of business assets from Ahlman Group Oy. For the key terms and conditions of the share issue, see www.sitowise.com/investors/stock-exchange-releases. After the share issue, Sitowise Group Plc does not hold own shares.

	31 Mar 2024	31 Mar 2023	31 Dec 2023
Registered share capital, EUR thousand	80	80	80
Registered total number of shares	35,845,665	35,665,927	35,665,927
Treasury shares	0	119 399	48,675

TRADING OF SHARES

SITOWS Nasdaq Helsinki	1-3/2024	1-3/2023	1-12/2023
Number of shares traded, million	1.6	1.3	5.2
Value of trading, EUR million	4.4	6.3	19.7
Closing price on the final day of trading, EUR	2.84	4.19	3.18
Volume-weighted average price, EUR	2.76	4.74	3.76
Highest price, EUR	3.29	5.14	5.14
Lowest price, EUR	2.49	4.03	2.70
Market capitalization (at the end of the period), EUR million	101.8	149.4	113.4

SHAREHOLDERS

At the end of the review period on 31 March 2024, the number of registered shareholders was 5,962 (5,994). Nominee-registered shareholders accounted for 37.4 (39.0) 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 29.4 (28.3) percent.

The table below lists the ten largest shareholders on 31 March 2024. 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	1,837,079	5.1%
5 Evli Fund Management	1,652,000	4.6%
6 Ilmarinen Mutual Pension Insurance Company	1,071,500	3.0%
7 SEB Funds	906,965	2.5%
8 Varma Mutual Pension Insurance Company	635,000	1.8%
9 DNCA Finance S.A	490,444	1.4%
10 Didner & Gerge Funds	432,211	1.2%
10 largest, total	18,021,665	50.3%
Total shares	35,845,665	

*) 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.

SHARE-BASED INCENTIVE PLANS

On 13 March 2024, the Board of Directors of Sitowise Group Plc resolved to establish new share-based long-term incentive plans covering the years 2024–2026. Within the Performance Share Plan 2024–2026, the participants have the opportunity to earn Sitowise shares and cash as a long-term incentive reward, if the performance targets set by the Board of Directors for the plan are achieved. The Board also resolved on a restricted share plan (Restricted Share Plan 2024–2026), which is intended as a supplementary share-based long-term incentive plan. The purpose of these plans is to incentivize the participants to work for increased shareholder value in the long-term, to commit them to achieving Sitowise's strategic goals and to increase retention.

At the end of the review period, Sitowise Group Plc had also two performance-based, long-term incentive plans in place that had been established in 2023: Performance Share Plan 2023–2025 and Restricted Share Plan 2023–2025. The company also had in place a long-term option program established in 2021. The Board of Directors resolved further on 13 March 2024 on amendments to the terms of the Performance Share Plan 2023–2025 and Option Plan 2021, for further information about the amendments see www.sitowise.com/investors/stock-exchange-releases.

All incentive plans are further described at www.sitowise.com/investors/governance/remuneration.

SHORT TERM RISKS AND UNCERTAINTIES

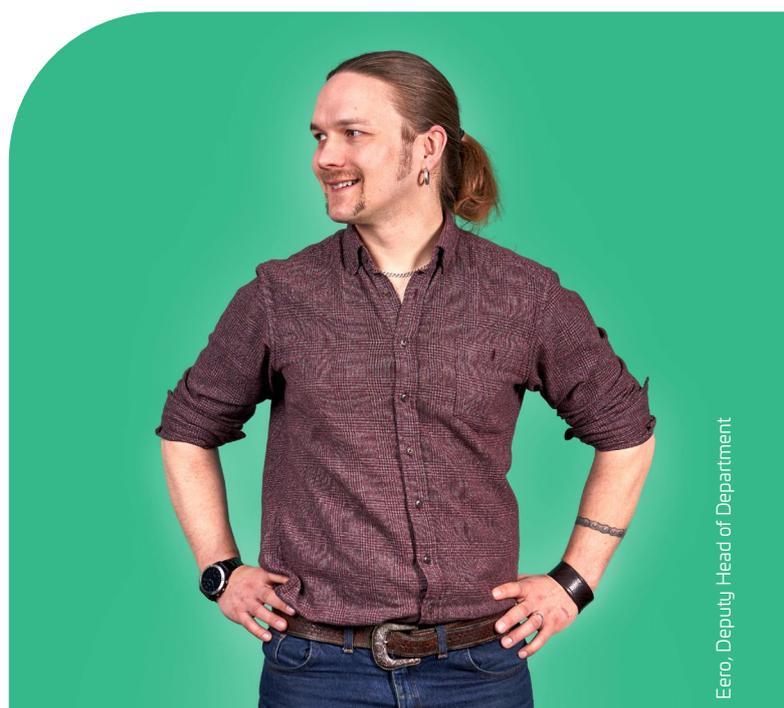
Significant short-term risks and uncertainties to which the Sitowise Group's business is exposed include operational risks related to the project work and to the retention of current experts, well-being of employees, and availability of new experts, as well as damage risks and strategic risks linked 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 as well as financing risks. The terms of the company's financing agreement, including the covenant conditions, may limit its financial flexibility, and challenges in meeting these terms could potentially raise financing costs.

The weak 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 or a delay in market recovery may impact Sitowise's clients' business prospects leading to, for example, a decrease or postponement of investments and clients' projects or to clients' payment difficulties.

The risks are described in detail in our 2023 Financial Statements that is available on our website at www.sitowise.com. One of the key tools for the Group's risk assessment is an annual survey that will be conducted next time during the spring 2024. 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.



Eero, Deputy Head of Department

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	Difference (2024 vs 2023)
Q1	478	484	-6
Q2	459	451	8
Q3	502	491	11
Q4	471	469	2
Full year	1,910	1,895	15

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	Q2/2022	Q3/2022	Q4/2022	Q1/2023	Q2/2023	Q3/2023	Q4/2023	Q1/2024
Net sales	51.7	45.9	57.6	56.0	56.5	45.6	52.8	51.5
Other operating income	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.2
Materials and services	-5.1	-5.1	-6.2	-4.9	-5.8	-4.8	-6.0	-4.3
Personnel expenses	-33.4	-27.7	-35.8	-35.6	-37.3	-28.8	-35.4	-35.4
Other operating expenses	-6.6	-6.4	-8.3	-7.0	-6.9	-6.6	-7.2	-6.6
Depreciations	-1.9	-1.9	-2.0	-2.0	-2.0	-2.0	-1.9	-2.0
EBITA, adjusted	4.9	4.9	5.3	6.6	4.5	3.5	2.4	3.4
EBITA, adjusted %	9.5%	10.7%	9.2%	11.8%	8.0%	7.6%	4.6%	6.6%
Items affecting comparability	-1.6	-0.4	-0.6	-0.4	-0.1	-0.2	-1.2	-0.3
EBITA	3.3	4.5	4.7	6.2	4.4	3.2	1.3	3.0
EBITA %	6.4%	9.8%	8.2%	11.1%	7.8%	7.1%	2.4%	5.9%

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

RESOLUTIONS OF THE ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) of Sitowise Group Plc was held on 4 April 2024 in Espoo. 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. The AGM also resolved that no dividend be paid from the company's distributable funds.

The AGM resolved that the remuneration of the Board of Directors would remain unchanged. Eero Heliövaara, Mirel Leino-Haltia, Elina Piispanen, Niklas Sörensen, Tomi Terho and Mats Åström were re-elected to the Board of Directors and Anni Ronkainen was elected as a new member to the Board of Directors. The AGM re-elected KPMG Oy Ab, a firm of authorized public accountants, as the auditor of the company with Kim Järvi, APA, acting as principal auditor. KPMG Oy Ab will also carry out the assurance of the Company's sustainability reporting for the financial year 2024. The remuneration for the auditor is paid according to the auditor's reasonable invoice.

The AGM authorized the Board of Directors to decide on the repurchase of the Company's own shares and 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. The authorizations are described in detail on the stock exchange release published on 4 April 2024, [Decisions of the Annual General Meeting of Sitowise Group Plc | Sitowise](#), and they are both effective until the beginning of the next Annual General Meeting, however no longer than until 30 June 2025.

DECISIONS OF THE CONSTITUTIVE MEETING OF THE BOARD OF DIRECTORS

At the constitutive meeting of the Board of Directors of Sitowise Group Plc held after the Annual General Meeting 2023, the Board of Directors elected Eero Heliövaara as its Chair and Tomi Terho as its Vice Chair. In addition, the Board of Directors appointed members to its committees. 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 Acquisition Committee.

Espoo, 8 May 2024
Sitowise Group Plc
Board of Directors

ADDITIONAL INFORMATION

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Hanna Masala, CFO,
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Mari Reponen, Head of IR,
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FINANCIAL CALENDAR 2024

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

- 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 Q1 2024 earnings webcast will be held today, 8 May 2024, at 12 pm EEST. The webcast can be accessed either live or as a replay available at <https://rajucast.tv/sitowise/sitowise-q1-2024-result-webcast/>

DISTRIBUTION:

Nasdaq Helsinki Ltd
Key media
www.sitowise.com

SITOWISE IN BRIEF:

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	1-3/2024	1-3/2023	1-12/2023
Net sales	51,483	56,050	210,910
Other operating income	214	102	397
Materials and services	-4,280	-4,880	-21,493
Employee benefits	-35,581	-35,631	-138,417
Other operating expenses	-6,751	-7,183	-28,179
Depreciation and amortization	-3,132	-2,968	-11,518
Operating profit	1,952	5,490	11,701
Financial income	103	114	532
Financial expenses	-1,347	-1,204	-5,088
Profit before taxes	708	4,400	7,145
Income taxes	-168	-929	-1,596
Profit for the period	540	3,471	5,549
Attributable to:			
Owners of the parent	583	3,477	5,618
Non-controlling interest	-43	-6	-69
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Change in translation difference	-2,182	-877	162
Cash flow hedging, net of tax	120	61	-54
Total for items in other comprehensive income	-2,062	-816	109
Total comprehensive income	-1,521	2,655	5,657
Comprehensive income attributable to:			
Owners of the parent	-1,479	2,661	5,727
Non-controlling interest	-43	-6	-69
Earnings per share:			
Earnings per share (EUR)	0.02	0.10	0.16
Diluted earnings per share (EUR)	0.02	0.10	0.16

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	31 Mar 2024	31 Mar 2023	31 Dec 2023
Assets			
Goodwill	158,294	156,984	158,033
Intangible assets	13,167	10,030	11,863
Property, plant and equipment	2,847	3,508	2,896
Right-of-use assets	24,244	26,231	26,405
Other shares, similar rights of ownership, and receivables	1,989	1,977	1,899
Deferred tax assets	923	1,084	732
Total non-current assets	201,466	199,814	201,828
Trade and other receivables	55,184	57,527	59,150
Income tax receivables	960	692	1,808
Cash and cash equivalents	14,245	16,331	15,596
Total current assets	70,389	74,551	76,553
Total assets	271,855	274,365	278,381

EUR thousand	31 Mar 2024	31 Mar 2023	31 Dec 2023
Shareholders' equity and liabilities			
Share capital	80	80	80
Reserve for invested unrestricted equity	97,352	96,434	96,692
Fair value reserve	414	409	294
Translation difference	-5,700	-4,558	-3,519
Retained earnings	26,349	26,960	25,751
Equity attributable to owners of the parent	118,495	119,326	119,299
Non-controlling interest	93	247	183
Totals shareholders' equity	118,588	119,572	119,483
Deferred tax liabilities	1,740	1,513	1,543
Financial liabilities	69,951	70,874	69,935
Lease liabilities	18,717	20,777	20,524
Total non-current liabilities	90,408	93,164	92,003
Income tax liabilities	94	580	60
Financial liabilities	1,000	1,000	1,000
Lease liabilities	6,839	6,659	7,193
Provisions	285	996	330
Trade payable and other liabilities	54,639	52,394	58,312
Total current liabilities	62,858	61,629	66,895
Total shareholders' equity and liabilities	271,855	274,365	278,381

CONSOLIDATED CASH FLOW STATEMENT

EUR thousand	1-3/2024	1-3/2023	1-12/2023
Cash flows from operating activities:			
Result for the period	540	3,471	5,549
Adjustments			
Income taxes	168	929	1,596
Depreciation, amortization, and impairment	3,132	2,968	11,518
Financial income and expenses	1,244	1,090	4,556
Other adjustments	-107	43	259
Change in working capital			
Trade and other receivables, increase (-) / decrease (+)	3,414	3,939	2,835
Trade and other payables, increase (-) / decrease (+)	-3,401	-6,773	-2,422
Interest paid and other financial expenses	-1,290	-1,316	-4,885
Interest received and other financial income	92	61	500
Income taxes paid (-) / received (+)	551	-730	-2,921
Net cash flows from operating activities	4,345	3,683	16,586
Cash flows from investing activities:			
Investments in tangible and intangible assets	-1,044	-660	-3,904
Acquisitions of subsidiaries, net of cash acquired	-3,420	-282	-1,512
Net cash flows from investing activities	-4,464	-942	-5,416
Cash flows from financing activities:			
Payments from share issue	660	0	258
Dividends paid	0	0	-3,555
Repayment of short term loans	0	-16	-1,072
Payments of lease liabilities	-1,749	-1,699	-6,561
Net cash flows from financing activities	-1,089	-1,716	-10,929
Cash and cash equivalents at the start of the period	15,596	15,390	15,390
Change in cash and cash equivalents, increase (+) / decrease (-)	-1,208	1,024	241
Translation differences	-143	-83	-35
Cash and cash equivalents at the end of the period	14,245	16,331	15,596

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

EUR thousand	Equity attributable to owners of parent						Non-controlling interest	Total shareholders' equity
	Share capital	Reserve for invested unrestricted equity	Fair value reserve	Translation differences	Retained earnings	Total		
Shareholders' equity 1 Jan 2024	80	96,692	294	-3,519	25,751	119,299	183	119,483
Result for the period					583	583	-43	540
Other comprehensive income			120	-2,182		-2,062		-2,062
Total comprehensive income	0	0	120	-2,182	583	-1,479	-43	-1,521
Share issues		660				660		660
Change in non-controlling interests					-92	-92	-48	-140
Share-based incentive schemes					107	107		107
Transactions with owners	0	660	0	0	15	675	-48	627
Shareholders' equity 31 Mar 2024	80	97,352	414	-5,700	26,349	118,495	93	118,588

EUR thousand	Equity attributable to owners of parent						Non-controlling interest	Total shareholders' equity
	Share capital	Reserve 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					3,477	3,477	-6	3,471
Other comprehensive income			61	-877		-816		-816
Total comprehensive income	0	0	61	-877	3,477	2,661	-6	2,655
Share issues						0		0
Share-based incentive schemes					43	43		43
Transactions with owners	0	0	0	0	43	43	0	43
Shareholders' equity 31 Mar 2023	80	96,434	409	-4,558	26,960	119,326	247	119,573

NOTES TO THE INTERIM REPORT

Sitowise Group's interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim information does not include all the notes presented in the consolidated financial statements for 2023; therefore it should be read in conjunction with the consolidated financial statements for 2023 prepared in accordance with IFRS. The same accounting principles have been applied in the interim financial information as in the consolidated financial statements. The interim report has not been audited.

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	1-3/2024	1-3/2023	1-12/2023
Infra	16,987	15,752	65,602
Buildings	16,085	19,898	70,789
Digi	6,977	7,958	29,969
Sweden	11,434	12,441	44,550
Total	51,483	56,050	210,910

Net sales by geographical area

EUR thousand	1-3/2024	1-3/2023	1-12/2023
Finland	39,556	43,047	165,963
Sweden	11,521	12,373	44,011
Other countries	406	629	935
Total	51,483	56,050	210,910

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 March 2024 is approximately EUR 163 million.

2. ACQUISITIONS (Business combinations)

In the first quarter Sitowise Group acquired the expert operations of Ahlman Group Oy, a provider of nature and environmental services. The Acquisition strengthens Sitowise's expertise especially in nature services, including both diverse nature surveys and services that support biodiversity. During the first quarter Sitowise Group also acquired the minority shares of Routa Systems Oy. After the acquisition Sitowise Group owns all shares of Routa Systems Oy. The acquisitions completed during the year 2024 are presented below.

Acquisitions 2024	Time of acquisition	Transaction method	Main location	Personnel	Net sales in 2023 EUR million
Ahlman Group Oy	1/2024	Business acquisition	Pori (Finland)	19	2.2
Routa Systems Oy	2/2024	Share purchase (49%)	Jyväskylä (Finland)	-	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. The estimated useful lives of separately identified assets are 3-5 years. The recognized goodwill is not tax deductible. Purchase price allocation presented below is preliminary.

EUR thousand	1-3/2024
Purchase price	3,420
Assets	1,362
Liabilities	0
Net assets	1,362
Goodwill	1,938

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	919			919	919	Level 3
Other financial assets, including derivatives	210	129		339	339	Level 2
Current financial assets						
Trade receivables	28,408			28,408	28,408	Level 3
Cash and cash equivalents	14,245			14,245	14,245	
Financial assets 31 Mar 2024	43,783	860	0	44,643	44,643	

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	124		329	329	Level 2
Current financial assets						
Trade receivables	33,207			33,207	33,207	Level 3
Cash and cash equivalents	16,331			16,331	16,331	
Financial assets 31 Mar 2023	50,660	855	0	51,515	51,515	

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	69,951			69,951	69,951	Level 2
Lease liabilities	18,717			18,717	18,717	Level 2
Current financial liabilities						
Loans from financial institutions	1,000			1,000	1,000	Level 2
Trade payables	9,462			9,462	9,462	
Additional purchase price liabilities			857	857	857	Level 3
Lease liabilities	6,839			6,839	6,839	Level 2
Financial liabilities 31 Mar 2024	105,969	0	857	106,826	106,826	

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	70,874			70,874	70,874	Level 2
Lease liabilities	20,777			20,777	20,777	Level 2
Current financial liabilities						
Loans from financial institutions	1,000			1,000	1,000	Level 2
Trade payables	4,230			4,230	4,230	
Additional purchase price liabilities			754	754	754	Level 3
Lease liabilities	6,659			6,659	6,659	Level 2
Financial liabilities 31 Mar 2023	103,540	0	754	104,293	104,293	

Loans from financial institutions consist of floating rate bank loans. The total amount of loans drawn down under the financing agreement was EUR 71 million. Sitowise concluded an interest rate swap at the end of the financial year of 2022. As a result, at

the end of the review period, EUR 33 million of the withdrawn loans were based on a variable-rate and EUR 38 million to fixed rate. The Group met the covenant condition of its financing contract at the end of the review period.

4. GUARANTEES AND CONTINGENT LIABILITIES

There were no significant changes during the first quarter and the company had bank guarantees of EUR 2.0 million at the end of the review period.

5. SHARES

Number of shares used in calculating earnings per share

	1-3/2024	1-3/2023	1-12/2023
Number of shares	35,845,665	35,665,927	35,665,927
Average number of shares	35,825,914	35,665,927	35,665,927
Diluted number of shares	36,055,665	35,665,927	35,875,927
Diluted number of shares, average	36,035,914	35,665,927	35,801,708

6. RELATED-PARTY TRANSACTIONS

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

The Board of Directors of Sitowise resolved in March 2023 to establish a new share-based long-term incentive program. The plans have three-year performance periods, and the Board of Directors decides the commencement and terms of any new plans separately. The purpose of the plans 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.

In March 2024, the Board of Directors of Sitowise decided to establish the Performance Share Plan 2024–2026 (PSP 2024–2026). The participants of the PSP 2024–2026 have the opportunity to earn Sitowise shares and cash as a long-term incentive reward, if the performance targets set by the Board of Directors for the plan are achieved. The plan has a three-year performance period, and the participants include the CEO and other members of the Sitowise Group Management Team as well as other management and experts. The performance criteria applied to the PSP 2024–2026 are profitability (adjusted EBITA margin, %), profitability compared to peers (adjusted EBITA

margin, % compared to selected peers) and sustainability services revenue. In addition, the plan includes a Total Shareholder Return and net sales triggers that need to be exceeded before any rewards can be paid.

In March 2023, the Board of Directors of Sitowise decided to establish the Performance Share Plan 2023–2025 (PSP 2023–2025) which was targeted for the Group Management Team members. The performance targets applied to the plan at the time of the establishment were the relative total shareholder return (TSR) and cumulative reported EBITA 2023–2025.

In March 2024 the Board of Directors of Sitowise resolved to amend the profitability target by changing the cumulative EBITA monetary target to adjusted EBITA margin (%) target for the year 2025, and also to include a minimum net sales trigger to the PSP 2023–2025. The relative total shareholder return target remains unchanged, as well as the plan's TSR trigger which defines the minimum TSR level before any rewards can be paid based on the plan.

The payout of shares under PSP 2023–2025 and PSP 2024–2026 plans 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 potential rewards 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 13 March 2024 and 28 March 2023.

The equity-settled performance share programs and the option program, which was established in 2021 had a total cost effect of EUR 107 thousand during the first quarter.

Relating to the capital loan given to the related-party company Fimpec Group Oy, the company did not receive interest payments during the first quarter but generated net sales of EUR 14 thousand with Fimpec companies.

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
PSP 2024–2026	18 March 2024	639,000	2.77 EUR	37	2024–2026	2027

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	1-3/2024	1-3/2023	1-12/2023
Net sales	51,483	56,050	210,910
Growth in net sales, %	-8.1%	14.0%	3.2%
Adjusted organic growth in net sales, %	-8%	4%	1%
EBITA, adjusted	3,377	6,628	17,012
% of net sales	6.6%	11.8%	8.1%
EBITA	3,052	6,239	15,128
Operating profit (EBIT)	1,952	5,490	11,701
% of net sales	3.8%	9.8%	5.5%
Result for the period	540	3,471	5,549
Balance sheet total	271,855	274,365	278,381
Cash and cash equivalents	14,245	16,331	15,596
Net debt	56,706	55,543	55,340
Cash flow from operating activities before financial items and taxes	4,992	5,667	23,891
Earnings per share (EUR)	0.02	0.10	0.16
Diluted earnings per share (EUR)	0.02	0.10	0.16
Earnings per share, continuing operations (EUR)	0.02	0.10	0.16
Diluted earnings per share, continuing operations (EUR)	0.02	0.10	0.16
Return on equity (ROE), %	2.2%	8.7%	4.7%
Return on capital employed (ROCE), %	0.4%	5.6%	5.5%
Equity ratio, %	43.6%	43.6%	42.9%
Net debt / EBITDA, adjusted	3.8x	2.4x	3.0x
Gearing, %	47.8%	46.5%	46.3%
Number of personnel, average	2,119	2,226	2,211
Full-time equivalent (FTE), average	1,883	1,987	1,974
Utilization rate	72.3%	74.4%	74.4%

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 additions, lease liabilities are treated as operate 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), %	=	$\frac{(\text{Profit before taxes + financial expenses), prev. 12 months}}{(\text{Balance sheet total} - \text{non-interest-bearing debt}), \text{average}}$
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	1-3/2024	1-3/2023	1-12/2023
Net sales	51,483	56,050	210,910
Adjusted organic growth in net sales, %			
Growth in net sales	-8%	14%	3%
Impact of acquisitions	-1%	-10%	-5%
Impact of number of working days	1%	-2%	1%
Impact of exchange rates	0%	2%	2%
Adjusted organic growth in net sales, %	-8%	4%	1%
EBITA			
Operating profit (EBIT)	1,952	5,490	11,701
Amortizations of intangible assets	-1,100	-749	-3,427
EBITA	3,052	6,239	15,128
EBITA %	5.9%	11.1%	7.2%
Items affecting comparability			
Restructuring costs	172	52	1,503
M&A and integration costs	130	114	302
Other, income (-) / costs (+)	22	45	-99
Items affecting comparability, EBITDA	325	211	1,706
Items affecting comparability, depreciations	0	178	178
Items affecting comparability, EBITA	325	389	1,884
EBITA, adjusted			
EBITA	3,052	6,239	15,128
Items affecting comparability, EBITA	325	389	1,884
EBITA, adjusted	3,377	6,628	17,012
EBITA, adjusted %	6.6%	11.8%	8.1%
EBITDA			
Operating profit (EBIT)	1,952	5,490	11,701
Depreciation and amortization	-3,132	-2,968	-11,518
EBITDA	5,084	8,458	23,219
EBITDA %	9.9%	15.1%	11.0%
Net debt			
Loans from financial institutions	70,951	71,874	70,935
Cash and cash equivalents	14,245	16,331	15,596
Net debt	56,706	55,543	55,340
EBITDA, adjusted (prev. 12 months)			
EBITDA (prev. 12 months)	19,845	26,807	23,219
Items affecting comparability, EBITDA (prev. 12 months)	1,820	2,814	1,706
Operational lease liabilities (IFRS 16) (prev. 12 months)	-6,768	-6,534	-6,735
EBITDA, adjusted (prev. 12 months)	14,898	23,087	18,189
Net debt / EBITDA, adjusted			
Net debt	56,706	55,543	55,340
EBITDA, adjusted (prev. 12 months)	14,898	23,087	18,189
Net debt / EBITDA, adjusted	3.8x	2.4x	3.0x
Gearing, %			
Total shareholders' equity	118,588	119,572	119,483
Net debt	56,706	55,543	55,340
Gearing, %	47.8%	46.5%	46.3%

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