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Sitowise is planning an initial public offering and a listing on Nasdaq Helsinki

Sitowise, a Nordic expert in the built environment with a strong focus on digitality, is planning a listing on the official list of Nasdaq Helsinki. Sitowise has over 1,900 experts from different fields, who thrive to develop more sustainable and smart living environments. In recent years Sitowise has had a rapid and profitable growth trajectory and is currently operating in Finland, Sweden, Estonia and Latvia. The objective of the contemplated offering is to support the implementation of Sitowise's growth strategy.

Sitowise Group Plc ("**Sitowise**" or the "**Company**"), announces that it is planning an initial public offering ("**IPO**") and a listing of its shares on the official list of Nasdaq Helsinki Ltd ("**Nasdaq Helsinki**").

The objective of the IPO is to enable Sitowise to implement its growth strategy for example by strengthening Sitowise's recognition and brand awareness among customers, potential future employees, investors and in the technical consulting sector in general. The listing would also enable the Company to access the capital markets to raise new capital to support its growth strategy and broaden its ownership base both with domestic and foreign investors. The listing and increased liquidity would also make it possible to use shares more effectively as a means of consideration in potential acquisitions and in incentive programs for personnel.

The planned IPO is expected to consist of a new share issue by the Company of approximately EUR 75 million (gross proceeds) and of a share sale by certain existing shareholders. The proceeds from the share issue are intended to be used for repayment of current debt as well as to support Sitowise's growth strategy, including financing of acquisitions.

Pekka Eloholma, CEO of Sitowise, comments:

"At Sitowise, we work at the core of megatrends such as urbanization, digitalization and environmental sustainability that are shaping the world. This has been the right direction for us: we've been able to achieve strong and profitable growth, both organically and through M&A. Today we have over 1,900 engineers, software developers and other experts working towards a more sustainable future, who collaborate to make sure our customers achieve their goals. We believe that designing of sustainable and smart solutions represents the future. We are proud to be able to offer an attractive domestic and responsible investment opportunity for investors."

Eero Heliövaara, Chairman of the Board of Directors of Sitowise, comments:

"Sitowise has been successful in executing its strategy. The management team has been able to anticipate and understand the needs of an urbanizing and digitizing world, and has through carefully targeted acquisitions supplemented the company's expertise to respond to these needs. We believe in Sitowise's capabilities to be able to offer solutions to the most critical and current challenges surrounding us. These challenges are global and therefore we consider that the company is excellently equipped for international growth. Listing of the company is the next logical step in Sitowise's journey."

Sitowise in brief

Sitowise is a Nordic expert in the built environment that offers sustainable design and consulting services. Sitowise operates in various size projects to enable more responsible and smarter urban development as well as smooth transportation. Sitowise offers its services in the following areas: Buildings, Infrastructure and Digital Solutions. Sitowise's operations are primarily in Finland and Sweden, and the Company also has competence centers in Estonia and Latvia mainly serving Sitowise's projects in Finland and Sweden. The Company's net sales was approximately EUR 160 million in 2020 and the Company employs over 1,900 experts. Sitowise has high employee ownership, in addition to the largest shareholder Intera Fund III LP, the company has over 200 employees as owners.

Sitowise can offer its customers comprehensive and multidisciplinary solutions by combining expertise in design with smart digital solutions and in-depth knowledge of infrastructure and buildings. Sitowise's broad competence base and service offering distinguish Sitowise as a versatile service provider. Sitowise can execute even large projects as the sole technical consulting provider. The Company does projects of various different sizes and is involved in more than 10,000 projects each year.

From the broad competence base, Sitowise believes to have an advantage over most competitors. In addition, Sitowise's expertise in fire protection planning, high-rise buildings, acoustics and rock and tunnel engineering enhance its competitive advantage. Sitowise is also particularly strong in digital solutions, with approximately 160 in-house software developers and IT experts to satisfy the increasing need of its customers for digital consulting and tools.

Sitowise has a diverse customer portfolio from both public and private sector customers. Almost half of the net sales come from municipalities and state agencies. The other half comes from private sector customers and within it the two main customer segments are construction companies and housing cooperatives.

Sitowise has grown strongly organically and through acquisitions. The compounded annual growth rate of Sitowise's net sales was 12.9 percent between 2018 and 2020. Simultaneously, Sitowise has been able to sustain its high profitability: its adjusted EBITA margin was 10–13 percent between 2018 and 2020 and in the same period its operating profit margin was 7–11 percent. Sitowise's net sales and adjusted EBITA margin development as well as low organic investments have resulted in a strong operating cash flow, which is illustrated by strong cash conversion of over 80 percent between 2018 and 2020. A strong cash conversion creates good prerequisites for continued strong growth, acquisitions and/or distribution of dividends.

Sitowise's strengths

Sitowise's management believes that the following factors are its key strengths:

- A leading player in a growing technical consulting market;
- Broad technical consulting service offering;
- Efficient operations supported by decentralized business model and strong IT platform;
- Sustainability as a core part of the operations;

- Broad customer base provides a solid platform for growth;
- An attractive workplace for top experts;
- Strong historic growth, high margins and strong cash flow; and
- Successful platform that can be leveraged in potential future acquisitions

Sitowise's strategy

Sitowise aims to be the most sustainable and responsible partner in the industry in developing a prosperous living environment. Sitowise's aim is to continue profitable growth both organically and through acquisitions. To achieve its goals, Sitowise has identified the following strategic focus areas:

- Continued focus on organic growth, internal efficiency and high margins;
- Further strengthen capabilities and grow in selected customer segments in Buildings and Infrastructure;
- Grow competencies in Digital Solutions and leverage the digital capabilities;
- Expand in Sweden and potentially also elsewhere in the Nordics; and
- Continue selective M&A

Sitowise's financial targets and dividend policy

The Board of Directors has set the following financial targets in connection with the contemplated listing:

- **Growth:** Annual net sales growth of over 10 percent, including acquisitions;
- **Profitability:** Adjusted EBITA margin of at least 12 percent;
- **Leverage:** Net debt in relation to adjusted EBITDA should not exceed 2.5x, except temporarily in conjunction with acquisitions¹⁾; and
- **Dividend policy:** Sitowise targets paying a dividend corresponding to 30–50 percent of net profit

Sitowise's key figures

Sitowise's net sales for the financial year ended 31 December 2020 was approximately EUR 160 million and adjusted EBITA approximately EUR 20.6 million, which represents an approximately 12.9 percent adjusted EBITA margin.

¹⁾ Net debt excl. IFRS16 lease liabilities

The following table sets forth the key figures of Sitowise (IFRS):

(EUR thousand, unless otherwise indicated)	As at and for the financial year ended 31 December		
	2020 (unaudited, unless otherwise indicated)	2019	2018
Net sales	160,082 ⁽²⁾	143,016 ⁽²⁾	125,693
Net sales growth (%)	11.9	13.8	
Organic growth (%)	3.0	1.8	-
EBITA	19,535	12,317	13,813
EBITA margin (%)	12.2	8.6	11.0
Adjusted EBITA	20,633	15,481	14,461
Adjusted EBITA margin (%)	12.9	10.8	11.5
Operating profit	18,272 ⁽²⁾	10,644 ⁽²⁾	13,271
Operating profit margin (%)	11.4	7.4	10.6
Profit for the period	12,798 ⁽²⁾	6,858 ⁽²⁾	3,033
Net debt, excluding IFRS 16 liabilities	56,583	50,662	39,381
Net debt, excluding IFRS 16 liabilities / Adjusted EBITDA (multiple)	2.6x	3.1x	2.6x
Equity ratio (%)	30.2	30.4	32.0
Investments in tangible and intangible assets	3,133 ⁽²⁾	2,601 ⁽²⁾	1,786
M&A capex	21,002	22,486	10,183
Operative free cash flow ⁽³⁾	22,764	13,664	12,480
Cash conversion (%) ⁽⁴⁾	106.2	83.1	80.9
Utilization rate (%) ⁽⁵⁾	77.3	76.2	77.9
Normal working hours ⁽⁶⁾	1,933	1,908	1,908
Average number of full-time employees (FTEs)	1,555	1,442	1,233
Personnel at the end of the period	1,902	1,769	1,453

2) Audited

3) Operative free cash flow = Adjusted EBITDA - Investments in tangible and intangible assets +/- Change in working capital

4) Cash conversion (%) = Operative free cash flow / Adjusted EBITDA

5) Utilisation rate (%) = The total amount of hours billed in relation to the total amount of working hours. Includes acquired companies in Finland after merging the companies into the Group and in Sweden only BTB; does not include discontinued operations.

6) Normal working hours = The number of working hours of a full-time employee according to the calendar during a period, excluding absences and overtime

Information on the IPO

The contemplated IPO is expected to consist of a new share issue by the Company and of a share sale by certain shareholders in Sitowise, including the main shareholder Intera Fund III LP. Sitowise, certain shareholders, Sitowise's Board of Directors and management as well as the employees participating in the contemplated personnel offering will be subject to customary lock-up arrangements. Intera Fund III LP will remain a significant shareholder after the IPO. The contemplated IPO is expected to include an offering to the employees of Sitowise.

Funds managed and advised by Capital World Investors, Didner & Gerge Fonder, Evli Fund Management Company Ltd, Ilmarinen Mutual Pension Insurance Company, Lannebo Fonder AB and Paradigm Capital Value Fund (together the "**Cornerstone Investors**") have in total, subject to certain conditions, committed to subscribe for shares amounting to approximately EUR 76 million in the contemplated IPO at a post-money equity value of up to EUR 288 million.

Leif Gustafsson, who has previously served as e.g. the CEO of Cramo Plc, will be nominated as a new member of the Board of Directors of the Company and will replace Janne Näränen. Following the IPO the Board of Directors will comprise Chairman Eero Heliövaara and Board members Elina Piispanen, Leif Gustafsson, Petri Rignell, Taina Kyllönen and Tomi Terho.

Carnegie Investment Bank AB (publ), Finland Branch and Danske Bank A/S, Finland Branch have been appointed to act as joint global coordinators and joint bookrunners for the contemplated IPO (jointly referred to as the "**Joint Global Coordinators**"). Roschier, Attorneys Ltd is acting as legal adviser to the Company. White & Case LLP is acting as legal adviser to the Joint Global Coordinators. Milton is acting as communications adviser to the Company.

Press conference

Sitowise will host a webcast-conference today in Finnish, 3 March 2021 at 11.15 EET

The event, introducing the Company and its plans, will be hosted by the Sitowise Chairman of the Board of Directors Eero Heliövaara, CEO Pekka Eloholma and CFO Heidi Karlsson. Attendees will be given the possibility to present questions after the presentation.

The conference can be followed as a webcast-broadcast from: <https://sitowise.videosync.fi/2021-03-03>

Further enquiries and possible interview requests

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Information about Sitowise

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The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed by any person for any purpose on the information contained in this announcement or its accuracy, fairness or completeness. The information in this announcement is subject to change. This announcement is not an offer to sell or a solicitation of any offer to buy any securities issued by Sitowise Group Plc (the "Company") in any jurisdiction where such offer or sale would be unlawful. The distribution of this announcement may be restricted by law in certain jurisdictions and persons into whose possession any document or other information referred to herein comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. In any EEA Member State, other than Finland, this announcement is only addressed to and is only directed at qualified

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Forward-looking statements

Matters discussed in this announcement may constitute forward-looking statements. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions. The forward-looking statements in this announcement are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Because these

statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this announcement by such forward-looking statements. The Company does not guarantee that the assumptions underlying the forward-looking statements in this announcement are free from errors nor does it accept any responsibility for the future accuracy of the opinions expressed in this announcement or any obligation to update or revise the statements in this announcement to reflect subsequent events. Undue reliance should not be placed on the forward-looking statements in this announcement. The information, opinions and forward-looking statements contained in this announcement speak only as at its date and are subject to change without notice. The Company does not undertake any obligation to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this announcement.

Information to Distributors

For the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“MiFID II”); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) Chapter 5 of the Finnish Financial Supervisory Authority’s regulations regarding investment services and activities, FFFS 2017:2, (together the “MiFID II Product Governance Requirements”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the shares have been subject to a product approval process, where the target market for shares in the Company are: (i) retail investors and (ii) investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II (the “target market”). Notwithstanding the assessment of the target market, distributors should note that: the price of the shares may decline and investors could lose all or part of their investment; the shares offer no guaranteed income and no capital protection; and an investment in the shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The target market assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the IPO. For the avoidance of doubt, the target market assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares in the Company. Each distributor is responsible for undertaking its own target market assessment in respect of the shares in the Company and determining appropriate distribution channels.