

SITOWISE GROUP

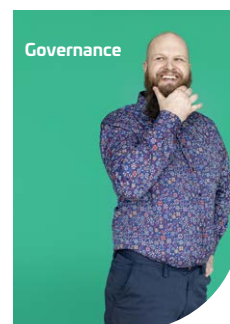
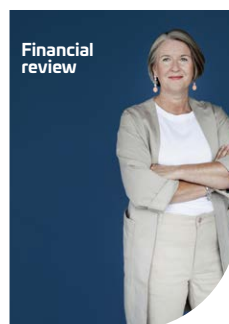
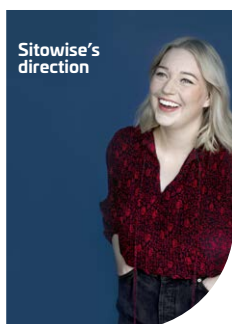
Annual Report 2020



SITOWISE

Sitowise is a Nordic expert in the built environment with a strong focus on digitality. We design smart cities and spaces for living where daily life finds a sustainable foundation. We operate in three business areas: building design, infrastructure design and digital solutions.

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Sitowise's direction

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REVIEW BY THE CEO

At Sitowise

sustainability is present in everything we do

Sitowise's vision, *the most responsible partner in developing a prosperous living environment*, has become increasingly important this year. The covid-19 pandemic made the year historical and affected our lives everywhere, both at home and at work.

The exceptional time has set new tones to our corporate responsibility thinking from the points of view of our personnel, customers, and projects. It challenged us in an unforeseen way. Starting from March, we were living in a situation where it wasn't possible to foresee what will happen during the rest of the year.

As we look back, we can be glad that we succeeded in adapting to a swift change. Even though we had to quickly enhance the remote work possibilities, our transition to home offices was successful and smooth, and we learned new ways of working quickly. At the same time, we maintained our excellent motivation in projects and customer work throughout the challenging year. Our experts in different parts of the organization were flexible in the transition and showed ability to react quickly to the changed market view which was foggy in many ways.

As a responsible partner, we ensured the progress of our projects and contributed to protecting the health and well-being of our experts, customers, and collaborators.

Even though the covid-19 pandemic increased uncertainty in our business environment, the crisis had a limited impact on our operations and financial position. Our net sales for 2020 increased by 12% to EUR 160 (143) million. Profitability developed well and the reported EBITA-level was EUR 20.6. Our customers trusted on our expertise in many small and large projects also during 2020.

During the year, we strengthened our special expertise and got new colleagues when the software development company Ficonic and fire protection engineering specialist Paloässät became part of Sitowise. We also grew significantly in Sweden, when TFIP, a company specialized in technical installations for demanding infrastructure projects, joined the Group. It's great to see that Sitowise is a versatile organization full of expertise for living environment, whose brand and the way of working are appreciated also in other countries.

WE HELP OUR CUSTOMERS TO REACH THEIR SUSTAINABILITY GOALS

In June 2020, one of our goals was reached when we published our first sustainability report, for the year 2019. This was a significant step for us as an organization. The report showcases in a single publication what we have always known: that we are a part of creating the most sustainable living environments. In the report, we, among other things, assessed and measured environmental impacts of our own operations for the first time.

In the report we also emphasized our significant role as a responsible developer of society through our diverse projects. We linked our work to the UN Sustainable Development Goals (SDGs). This way, we wanted to make our sustainability efforts globally understandable and make them more comparable.

Throughout the year 2020, we continued to develop our sustainability reporting and indicators. And this year, sustainability report is incorporated into this annual report. This year's report presents our role as an enabler of a more sustainable living environment even clearer.

During 2020, our sustainability work took also other major leaps forward. We systematically developed our sustainability activities and made it increasingly more transparent to both our customers and to the public.

An example of this, is the sustainability tool developed in 2020, which will be deployed in every Sitowise project during 2021. This means that our every project, whether small or large, will specify the sustainability goals based on SDGs and actions to achieve them. This way, we will assess sustainability as part of everything we do, actively discuss sustainability as part of our daily work and learn to better identify opportunities for making a difference. We can also show more clearly sustainable alternatives and opportunities to our customers on our joint projects.

I see Sitowise's future as a bright one, and the pandemic year has in part strengthened this vision. In uncertain times, our strengths, the diversity of services and diversification of customer sectors have been proven. We operate in different market areas across Finland, and we have succeeded in significantly increasing our foothold in Sweden during the last two years.

My view is also supported by the fact that we at Sitowise work in the core of today's megatrends, creating solutions for societies confronting urbanization, digitization, and growing needs for sustainable development. The significance of our knowhow to our clients and the insight of our experts developing society in general, lays down a foundation that is as necessary now, as well as in the future.

Pekka Eloholma
CEO



Sitowise in brief

The Smart City Company

Sitowise is a Nordic expert in the built environment with a strong focus on digitality. When our team of engineers, developers, and other top talents join forces, they create fresh, even unforeseen and brave solutions to tackle our clients' diverse needs.

It is estimated that by 2050, up to 70% of the global population will live in urban areas.

Sitowise works at the core of this transformation, enabling prosperous life both in growing cities and outside of them. The work often takes place in the background together with clients so that transport, infrastructure, and different types of buildings could offer the best possible settings for safe and carefree daily life.

Besides urbanization, also climate change will force people to find new solutions for properties and transportation, as well as to utilize digitalization in the development of new, sustainable solutions.

Sitowise's slogan "The Smart City Company" in fact refers to Sitowise's way of working and vision in which being smart is being sustainable. At Sitowise, being smart is seen as a versatile concept. On the one hand, it means being a pioneer in digital competence but, above all, it refers to our experts' courage to create also new and diverse solutions.

For Sitowise, smart therefore doesn't mean just ones and zeros. It's the ability to encounter and listen, gain insights and dare to do things differently. To operate efficiently and sustainably and to preserve resources for the good of our common living environment. To understand people's daily life and solve inconveniences already during our design process.

Being smart and sustainable transcends everything in Sitowise. Digital transformation can be used to increase sustainable solutions. In today's world decision-making is increasingly data-driven and based on the bold use of cutting edge technologies.

Sitowise creates smart cities, smooth mobility and spaces for living where daily life finds a durable foundation and making sustainable choices is easier.

The Nordic heritage of the company and its experts can be seen as love for pure nature and strong will to do the right thing. All work is driven by ambitious goals: to make the society even more sustainable and functional.



“Clients play a key role in how sustainably, energy-efficiently and transparently the built environment, infrastructure and traffic are developed. It feels good that we can help our customers to make sustainable choices and knowledge-based decisions with foreseen impacts through our work. These decisions have an all-encompassing impact on society.”

Milla Lötjönen, Digital Solutions



Net sales

EUR 160 million



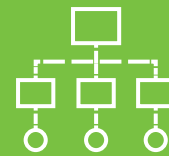
Group CEO

Pekka Eloholma



About

1,900
top experts



Business areas:

**Buildings,
Infrastructure,
Digital Solutions**



Head office:

Espoo, Finland



Countries:

**Finland, Sweden,
Estonia, Latvia**



Shareholders:

company's approximately **200**
key employees and venture capitalist
Intera Partners



More than

90,000
completed projects

Business areas in brief



DIGITAL SOLUTIONS

The Digital Solutions business area focuses on digital solutions designed for built environment and mobility as well as expert services that support them. The solutions are based on cutting-edge technologies, a data-driven approach and deep customer insight. Digital expertise provides Sitowise's portfolio with unique capability in which digital pioneering is merged with strong knowledge-based expertise of the built environment. The services cover the following areas:

- Customer-oriented software development
- Product solutions
- Expert services and strategic consultation
- Service design
- GIS
- Data Engineering & Data Science
- Data management and digital twin

The net sales of the Digital Solutions business area increased by 15% to EUR 14 million in 2020. The business area accounted for 9% of Sitowise's total net sales.



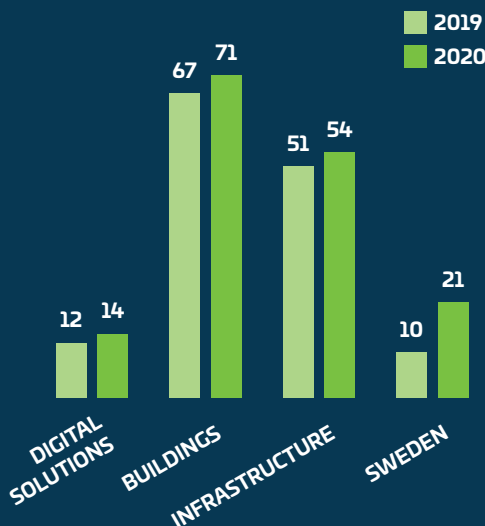
BUILDINGS

The experts in our Buildings business area create safety, well-being and sustainability in built environment. The business area serves residential and commercial projects, high-rise construction, hospitals, and other facilities as a partner for both new construction and renovations. The services cover the following areas:

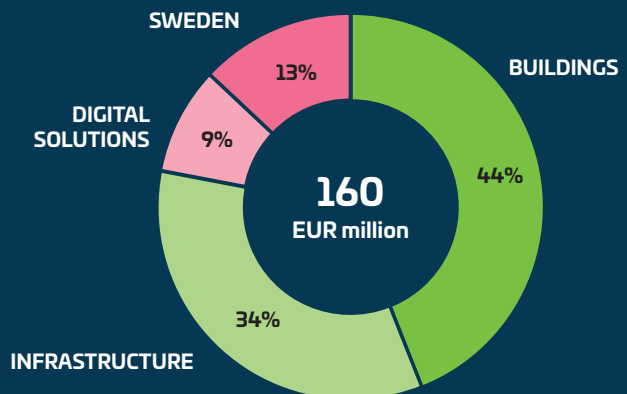
- Construction contracting and supervision
- Examination and quality assurance
- Structural engineering
- HVAC engineering, building automation, electrical engineering, telecommunications, security and AV design
- Building renovation engineering
- Special services, such as energy, automation, acoustic, fire protection engineering, and professional kitchen and hospital equipment design

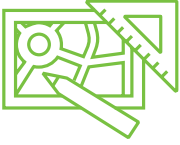
The net sales of the Buildings business area increased by 5% to EUR 71 million in 2020. The business area accounted for 44% of Sitowise's total net sales.

BREAKDOWN OF NET SALES BY BUSINESS AREA, EUR MILLION



BREAKDOWN OF NET SALES 2020





INFRASTRUCTURE

The experts of the Infrastructure business area make day-to-day life roll smoothly. Traffic flows fluently, city centers are comfortable and water passes through the sewer. As the outcome of the work of our experts, projects can be implemented with the minimum impact on the environment. Well-designed infrastructure lays down a good foundation for living. The services cover the following areas:

- Infrastructure
- Transport and traffic
- Urban development
- Environment and water
- Infrastructure construction contracting

The net sales of the Infrastructure business area increased by 7% to EUR 54 million in 2020. The business area accounted for 34% of Sitowise's total net sales.

FROM A CLIENT

“ In the Jousenpuisto area, trees were so important to us that we exceptionally planted them on the metro station's pipelines with separate protection. The trees give the plaza a human scale, allow seeing the seasons change and improve the microclimate of the area.

*Kristina Rocha, landscape architect,
City of Espoo*



SWEDEN

Sitowise's operations in Sweden are organized into a separate business area. Successful mergers and acquisitions have significantly increased the operations and coverage of Sitowise's services during the last two years.

In Sweden, Sitowise offers comprehensive building and infrastructure engineering and consultancy services covering the entire lifecycle of the built environment. The services cover the following areas:

- Structural engineering
- Geotechnical planning
- HVAC engineering of infrastructure projects
- HVAC engineering of buildings and properties
- Digital solutions for the design process

In structural and geotechnical engineering, Sitowise has particularly strong expertise in steel structures and structural engineering of prefabricated elements in complicated projects, such as hospital laboratories and large multifunctional office properties.

In the HVAC engineering of infrastructure projects, Sitowise's services cover all of the project phases from design to project management, commissioning and maintenance. In infrastructure engineering services, Sitowise has special expertise in underground projects in particular, such as railway and road traffic tunnels and underground stations.

In Sweden, Sitowise has a broad client base in the private as well as public sectors. The clients include for example Swedish Transport Administration Trafikverket, private real estate companies, producers of prefabricated elements and companies focusing on infrastructure and building construction.

Sitowise launched its operations in Sweden in 2019 by acquiring Byggnadstekniska Byrå Sverige AB (BTB), which offers structural engineering and geotechnical services and services related to project management. BTB operates as a subsidiary in Sweden.

In November 2020, Sitowise acquired the engineering and consultant company Technology for Infrastructure projects Sweden AB (TFIP), which offers comprehensive technical installation consultancy services for underground projects. TFIP operates as a subsidiary in Sweden.

Megatrends

There is a growing demand for sustainable solutions in the field of the built environment. More and more people are moving to cities and traffic volumes are increasing. This, together with ambitious and important climate goals, create the need to look for completely new, open-minded solutions for construction and infrastructure.



URBANIZATION will increase the demand for new buildings that are suitable for many different purposes. The significance of public transport, rail transport in particular, will increase. To solve the challenges of urbanization and create comfortable spaces for daily life, we should construct new buildings and transportation, but it is equally important to cherish the existing built environment.



MAINTENANCE BACKLOG OF THE BUILT ENVIRONMENT

The maintenance backlog of buildings and infrastructure in Finland is significant. The need for renovations is continuous and ever-increasing. According to the Confederation of Finnish Construction Industries RT, maintenance and renovation investments in residential buildings and traffic routes should be almost doubled, and investments in water supply networks should be tripled.



DIGITALIZATION AND INCREASE IN THE AMOUNT OF DATA

At the same time, the amount of data in the world is growing at an exponential rate. In the development of the living environment, vast data masses are still unutilized potential for many parts. Data management, knowledge-based management, and data support in decision-making present new opportunities.



ENVIRONMENTAL AWARENESS forces cities to find new solutions for buildings and transportation as well as to exploit digitalization in the development of new, sustainable solutions. Digitality, knowledge-based management, and analytics also present new opportunities in the development of the built environment, mitigating climate effects, ensuring the diversity of environment, increasing efficiency, improving the flow of information, and ensuring the high quality of design and construction.

Sitowise's strategy

Vision: The most responsible partner in developing a prosperous living environment

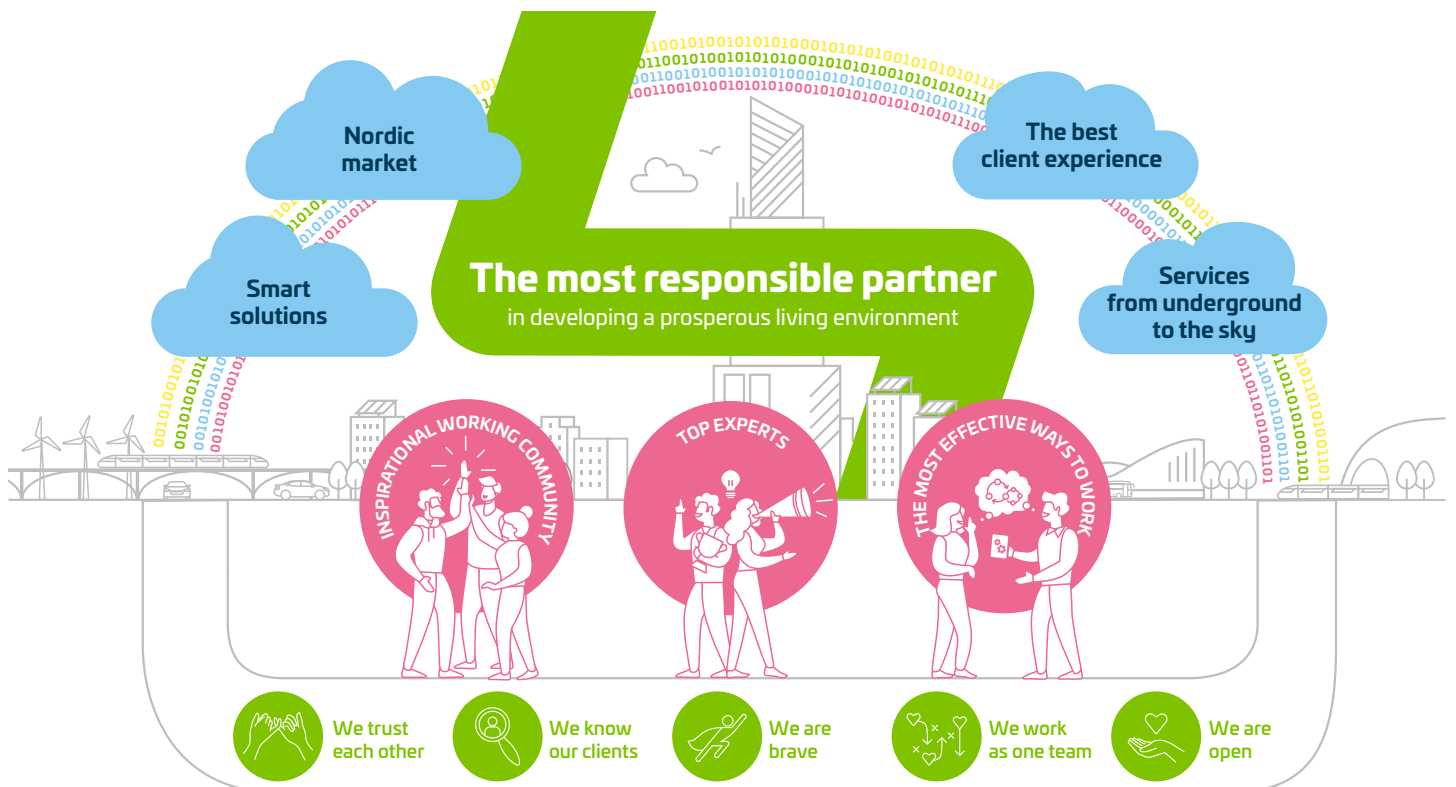
Sitowise's strategic vision of being the most responsible partner in the field drives the Group both internally and externally towards even higher sustainable thinking. The aim is for each Sitowise expert to recognize their own possibilities of contributing to sustainability, both in the projects and as part of the working community. Moreover, Sitowise wants to encourage also other companies towards more sustainable development of the business sector.

From clients' point of view, Sitowise's sustainability vision is a shared goal: a strong will to help clients to achieve their sustainability goals. This means identifying, understanding and gaining an insight into the clients' goals so that they are

also incorporated into Sitowise's activities. In being the most sustainable partner, collaboration in fact plays a key role.

For Sitowise, sustainability means two different approaches: identifying and monitoring the sustainability handprint of the company's projects and reviewing the company's own internal activities from the point of view of sustainability.

Sitowise's biggest opportunity to make a difference in society is through it's projects. Both construction and the built environment in use account for a significant share (depending on the calculation method, approximately 40%) of global energy consumption, and they cause a significant amount of emissions.



Sitowise's biggest sustainability impacts are associated with projects relating to the development of the built environment, both big and small. In the projects, the company contributes to the well-being and safety of environment, mitigation of climate change, and adapting to it. The solutions made have an enormous impact on people's day-to-day lives, mobility, and carbon footprint.

Sitowise's experts create prosperous living environments – places where people live, learn, work, and spend time with their loved ones – and ways to travel smoothly between these. The company's digital expertise ensures and enables sustainable and smart development for living environments.

The company's work has extensive impact, and Sitowise sees all the aspects of sustainability, environmental as importantly as social and governance point of views. Sustainability means making wise choices for people and the environment. The solutions made for clients and the users of diverse facilities must be as sustainable as possible, but also other aspects of corporate responsibility can be taken into consideration in projects, such as safety, well-being and equality.

Three significant factors have been identified as enablers of Sitowise's strategy, and investing in them transforms the strategy from words on paper into reality:



Inspirational working community

Together, we are a working community that we take pride in.



Top experts

We are top experts with whom the best specialists want to work.



The most effective ways to work

We operate in an innovative way, using the efficiency provided by technology.

Sitowise has four strategic focus areas:



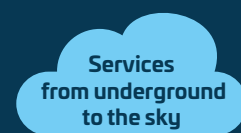
Developing smart solutions both in services and as part of design work.



Full-range service portfolio in Sweden and other Nordic countries.



Offering the best collaboration experience.



Further developing the extensive service portfolio for the benefit of clients.

Sitowise's values guide day-to-day work, both within the organization and with clients



We are brave

We believe in the power of being different and the courage to think outside the box. We are always looking for ways to develop things further and seize opportunities to forge new, creative solutions. We understand that you cannot make an omelet without breaking a few eggs, but we learn from our mistakes and we are not afraid to make them.



We are open

We share information openly and do not beat around the bush. In projects, we make sure that everyone knows where we are at and where we are going next.



We trust each other

At Sitowise, we make decisions where we work. Despite our large size, we are agile and human-oriented. Everyone working at Sitowise is an equal colleague, whatever is printed on our business cards. We believe in our and others' ability to bring projects to a close. We have the guts to delegate and share responsibility as well as to assume it.



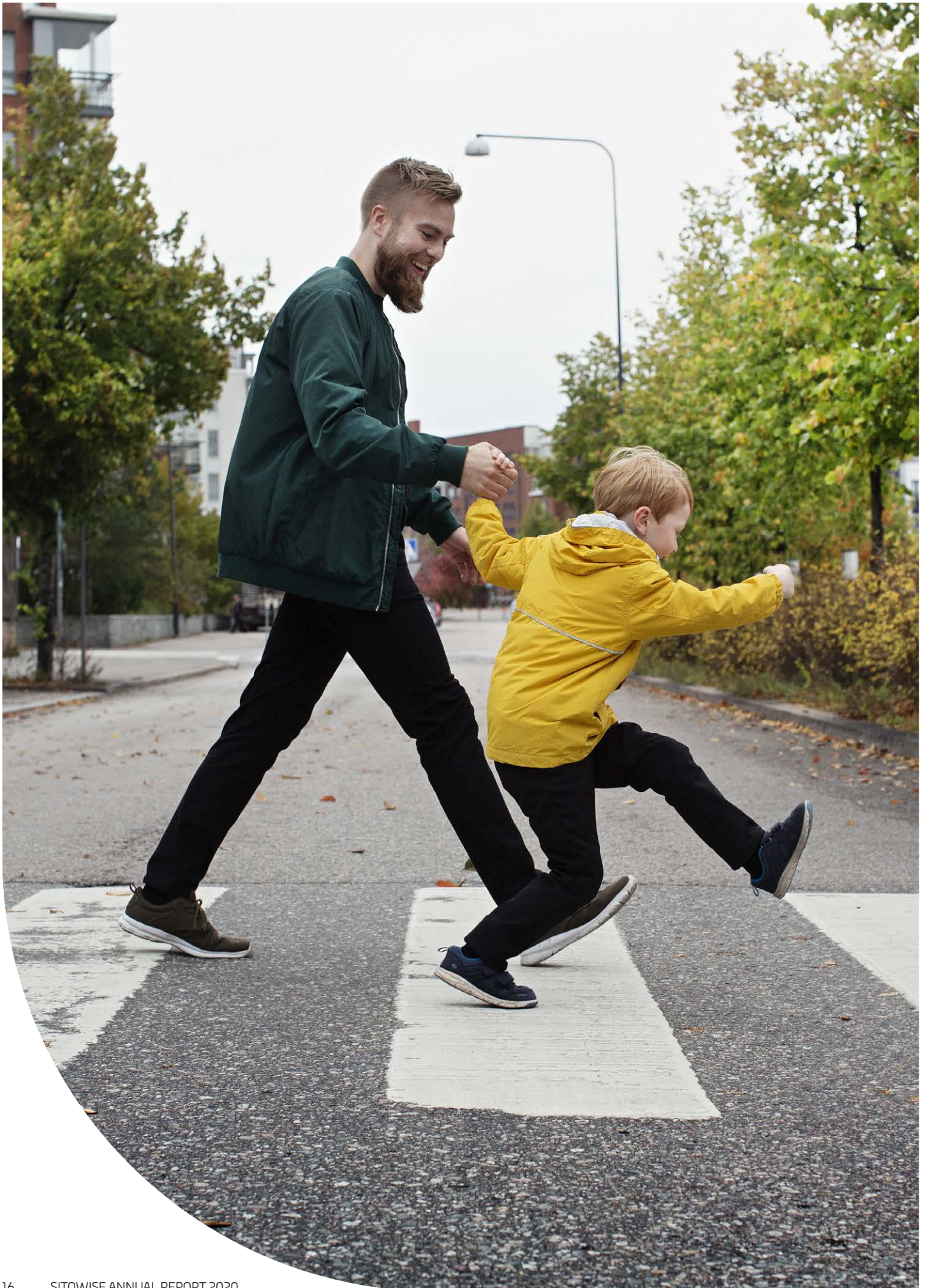
We work as one team

We are happy to help our colleagues and cooperate smoothly with others, regardless of the unit or office they work in. Every Sitowise employee is an important part of the team and brings their own unique contribution to the project. We never leave a friend behind.



We know our clients

Clients are part of our team. We understand our clients' needs, hopes, and expectations and always do our best to fulfill them.



Year 2020

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- 20 Company acquisitions
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 - Digital Solutions
 - Buildings
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 - Sweden
- 32 Strong investments in IT solutions
- 33 Personnel satisfaction remained on a high level



Key figures 2020



EUR 160 million

net sales



+12%

increase in net sales



Adjusted EBITA

EUR 20.6 million



Adjusted EBITA Margin %

12.9%



1,902

number of personnel at year end



25

eNPS employee satisfaction



36

NPS customer satisfaction

(survey done during December 2020 – February 2021)



Of buildings designed
by Sitowise,

22.4%

were energy class A



1.0 t

carbon footprint per Sitowise employee

Key events



JANUARY:
Sitowise's headoffice moves to Säteri, Espoo



JUNE:
the first sustainability report in the history of Sitowise is published



AUGUST:
Sitowise sells its telecommunications operations to Rejlers



NOVEMBER:
Sitowise expands significantly in Sweden with the acquisition of the technical installation consultancy company TFIP



NOVEMBER:
Sitowise launches its new brand "The Smart City Company" and its clarified visual image



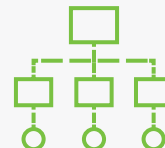
MARCH:
Covid-19 moves experts to remote work across Finland



JULY:
Sitowise acquires Jyväskylä-based IT specialist Ficonic Solutions Oy and its holding in its associated company Routa Systems Oy



SEPTEMBER:
Sitowise clarifies its organization in Finland and focuses on three business areas: Buildings, Infrastructure and Digital Solutions



DECEMBER:
Sitowise strengthens its fire protection engineering expertise when Paloässät joins the Group



JULY-DECEMBER:
Sitowise develops a new sustainability tool for projects

Company acquisitions

Sitowise made three company acquisitions in 2020, expanding its operations both geographically and in terms of service offering in Sweden and supplementing its IT and fire protection engineering expertise in Finland.

In July, Sitowise acquired Ficonic Solutions, a company specializing in mobility and traffic IT solutions. The demand for digital construction and mobility solutions is growing strongly, so the merger provided Sitowise with additional strength to increase its digital expertise that has grown significantly during past years. Expertise in the built environment and mobility, combined with top IT expertise, creates unique synergy benefits for Sitowise's clients. All 14 Ficonic experts joined Sitowise in the merger.



In November, Sitowise grew stronger in Sweden by acquiring TFIP, an technical installation consultant that specializes in major infrastructure projects. Sitowise's net sales, number of personnel and regional coverage grew significantly in Sweden following the acquisition. TFIP diversified Sitowise's expertise in Sweden. Before the acquisition, Sitowise's services covered structural and geotechnical engineering, and TFIP's experts added strong engineering expertise to them, especially in extensive underground infrastructure projects. More than 70 new experts joined the Sitowise Group with TFIP. Sitowise's key strategic objective is to reach a significant position in the Nordic countries in both building and infrastructure solutions.



In December 2020, Sitowise acquired Paloässät Oy, a company specializing in fire protection engineering. More than 20 experts from Paloässät joined Sitowise to complement the company's fire protection engineering expertise and service offering. The acquisition followed long-standing collaboration, as Paloässät and Sitowise have been partners in more than one hundred projects before. The acquisition responded to the growing need for demanding special expertise required among clients.





BUSINESS REVIEW: DIGITAL SOLUTIONS

The year 2020 made Sitowise one of the large IT companies

The Digital Solutions business area grew in line with the goal in 2020 despite covid-19 in terms of both the number of personnel and net sales. The demand for digital solutions for the built environment and mobility is growing strongly.

Excellent growth was generated by software development projects, for example, with a few large-scale projects secured during 2020 – these include the maintenance of the Finnish Transport Infrastructure Agency's road data systems and framework agreement on digital development services with the City of Helsinki. The Digital Solutions business area also successfully focused on developing new service spearheads during the year. For example, smart infrastructure consultation that requires demanding special expertise established its position well during the year.

CUSTOMER-DRIVEN DIGITAL SOLUTIONS

Consultation relating to the climate impacts of traffic, digital smart mobility solution Sampo and YKT Louhi for coordinating municipal engineering construction sites are examples of the Digital Solutions business area's solutions with which clients were assisted in reaching their sustainability goals last year. Making information visible makes clients' day-to-day work easier and more efficient and accelerates the industry in sustainable operations and decision-making.

ADDITIONAL EXPERTISE FROM ACQUISITIONS

During 2020, the Digital Solutions business area increased its digital expertise by acquiring Jyväskylä-based IT company Ficonic Solutions and a holding in its associated company Routa Systems Oy. During the year, the development of digital solutions was continued for the Finnish Transport Infrastructure Agency, Traficom, Metsähallitus, Senate Properties, Jakeluyhtiö Suomi, telecom operators, City of Helsinki, and several Finnish municipalities, among others.



“ Digital software tools and databases develop urban environments and other basic structures of the living environment in a more sustainable direction. The projects promote the use of public transport in commuting, for instance. I feel that my work has a social impact, as I can influence traffic emissions, which has a major impact on global carbon emissions.

Antti Lempinen, Digital Solutions

**NET SALES EUR 14.1 MILLION
9% OF SITOWISE'S NET SALES**

FROM A CLIENT

“Sitowise experts have both the skills and enthusiasm to develop our digital twin. In building new things, the desire to learn together is also important!”

Mira Juola, Port of Oulu

CASE

Building a unique digital twin with the Port of Oulu

“The Port of Oulu is one of the largest general harbors in the Bay of Bothnia. Our partner network wants the port to take responsibility for driving the development of digital services. And that’s the path we’re now on,” says the port’s Managing Director, Marko Mykkänen.

The digital twin built of the port provides the parties with up-to-date information and a visual snapshot that is easy to understand. “The digital twin was created by combining two Sitowise solutions, the Louhi GIS platform and AURA virtual environment, which in turns uses Unity 3D game engine technology,” says Niko Moreira, specialist at Sitowise.

The dynamic and interactive digital twin was initially developed in pilot project.

“The pilot showed that we can read data from the data pool, visualize it in the 3D model and publish it in almost real time,” says service manager Jarkko Männistö at Sitowise. The model is currently used for running diverse simulations, which helps in planning the area’s functions, such as smart lighting.

“It is also important to know how factors such as darkness, wind, rain, or ice will delay the functions,” Männistö says.

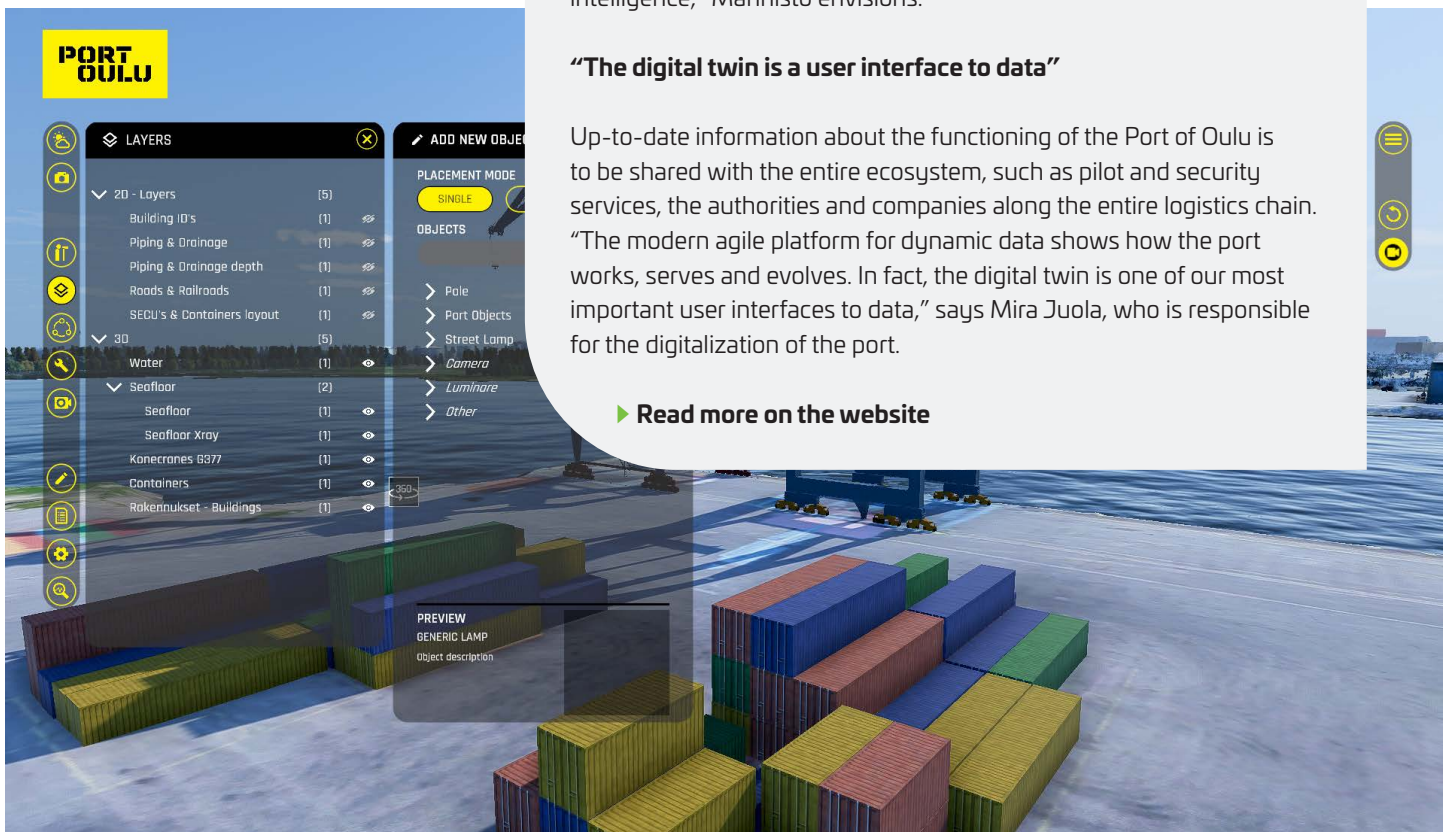
In the future, the digital twin will help to visualize the functioning of ships, land-based traffic and infrastructure in the port.

“In addition, the digital twin creates opportunities for developing autonomous traffic, drone transports, and the use of artificial intelligence,” Männistö envisions.

“The digital twin is a user interface to data”

Up-to-date information about the functioning of the Port of Oulu is to be shared with the entire ecosystem, such as pilot and security services, the authorities and companies along the entire logistics chain. “The modern agile platform for dynamic data shows how the port works, serves and evolves. In fact, the digital twin is one of our most important user interfaces to data,” says Mira Juola, who is responsible for the digitalization of the port.

► [Read more on the website](#)



BUSINESS REVIEW: BUILDINGS

The exceptional year proved the ability to cope in headwinds as well

Building construction market has had a favorable trend for a long time but especially in the beginning of the covid-19 pandemic, cautiousness in new investments began to rise. Despite the challenging year, Sitowise's Buildings business area succeeded in focusing on customers' needs and goals.

Success during the challenging year was made possible by the strengths of the business area: multi-skilled experts, extensive service portfolio and flexible internal cooperation. The strong order backlog early in the year 2020 and long-term customer relationships also added to operational reliability.

Active business development continued throughout the year, both internally and in cooperation with clients.

AIMING FOR A POSITIVE HANDPRINT

Sitowise aims to be the most responsible partner in developing a prosperous living environment. During the year, the Buildings business area build up its expertise associated with the strategy for example by strengthening services like carbon footprint optimization and building health services.

The sustainability handprint of the experts is visible in all projects. Each service of the business area responds to at least one of the UN Sustainable Development Goals.

DEVELOPMENT OF EXPERTISE AND OPERATING MODELS

The entire Buildings business area adopted a joint digital platform, Voima, that serves the high quality of project activities. With Voima, the ability to develop, utilize, and share the best practices across segment boundaries was significantly enhanced.

GROWING STRONGER THROUGH AN ACQUISITION

The popularity of wood construction and urbanization megatrend with high-rise hybrid buildings increase the demand for special expert services. The ability to respond to this was strengthened by acquiring the entire share capital of Paloässät Oy, a top expert in fire protection engineering.



“ A lot has happened in electrical engineering in a decade. For example, implementing lighting of a medium-sized office building with LED lighting and smart control systems can now save up to dozens of percents in energy consumption. LED lights are also long-life, which decreases the need for maintenance and lowers the total cost of ownership of buildings.

Tomi Repo, electrical design

NET SALES EUR 70.8 MILLION
44% OF SITOWISE'S NET SALES

CASE

New Puotila School meets the requirements of the RTS environmental classification

The design of the elementary school for 600 pupils, which will be completed in 2022, focused on energy efficiency, maintainability, and indoor conditions.

Lujatalo, which built the project using the life-cycle model, ordered the full special engineering of the school from Sitowise.

"The choice was a natural one, thanks to my prior positive experience. The exchange of information is also the easiest this way, the risks are kept under control and responsibilities are easier to divide," says Ossi Koniel, Project Manager at Lujatalo.

Already in the draft design phase, Sitowise's responsibility was felt positively in the project. "We received the permit application materials from all design areas quickly. The same pace continued in implementation design despite the tight schedule. This was particularly great because the solutions were developed in cooperation with the client, contractor and maintenance team," Koniel says.

Sitowise coordinated the school's achievement of the requirements for the RTS environmental classification. The aims were excellent indoor

conditions, operational reliability, and a small carbon footprint.

"Only materials that do not cause VOC emission in the indoor air were chosen for the school," says principal structural engineer Jukka Hautajärvi. For moisture management, we used the Kuivaketju10 model that monitors the water and air tightness of external walls, for example.

More than 15 percent of the school's energy will be produced through solar power and geothermal heat, which, combined with district heating, provides a reliable hybrid solution for cooling as well. The school's E-value is under 65, and energy consumption is minimized through excellent insulation.

"We have used a high U-value, meaning that the walls, floors and roof are warmer than average," Hautajärvi says.

Ossi Koniel thanks the designers for their cooperation.

"Together, we succeeded in creating a building with a low total cost of ownership, sustainable structural solutions and optimal engineering systems. The designers also gave us a lot of ideas for making maintaining the building easier."



SEVERAL GROWTH OPPORTUNITIES REMAIN IN THE MARKET

The significant maintenance backlog of Finnish properties will maintain demand for services in the sector. A lot remains to be done in ensuring and developing the healthiness, safety, and positive environmental impacts of our building stock.

In housing companies, for example, state guidance and grants for home energy renovations will increase the need for engineering services. In new construction, growth is particularly generated by urbanization, the aging population, and tightening climate

objectives. The aging population also further increases the need for expertise in designing accessible environments, public premises, and homes.

Questions relating to the space resiliency of properties will increase significantly. This refers to designs that make premises more flexible for various use and also safer, so that for example infectious diseases don't spread as easily.

BUSINESS REVIEW: INFRASTRUCTURE

Creating urban areas with extensive expertise

The Infrastructure business area diversified its service portfolio and responded to the challenges of urbanization in 2020. Covid-19 changed the working tools, but the goal remained clear.

The Infrastructure business area provides all infrastructure-related design and consultancy services. The extensive portfolio is seen as a competitive advantage and the business area aims to offer the widest service offering in the market. For instance, in 2020 the service offering was expanded to designing fuel distribution stations and by strengthening carbon footprint expertise.

URBANIZATION FILLS THE DRAWING TABLES

Public-sector clients are the most significant client sector for the Infrastructure business area, generating almost 75% of net sales. The urbanization megatrend supports the investment needs of cities and municipalities. The private sector also shares a piece of the urbanization cake, also when it comes to infrastructure. Large-scale projects in which a private operator is also responsible for the infrastructure are being implemented.

The most significant projects in 2020 were, in fact, associated with urbanization. The Jokeri Light Rail project, already under construction, will transport almost 100,000 people every day in the future. Helsinki has launched the Kruunusillat Bridge project, with the design phase under way. It will link the old oil port area of Laajasalo to Helsinki city center with a tramway.

Sustainability aspects are involved in all projects. One concrete example in 2020 was the planning of the restoration of the Mätäjoki river beds, that had direct impact in the living conditions of the sea trout.

As another example, the urban ecological plan of the Vartiokylä bay aims to safeguard biodiversity and mitigate the negative impacts of construction.



“ Finnish cities are already quite functional, but not perfect. Cities, for instance, are still based on the use of passenger cars. No individual means yield a good outcome alone, you have to consider the big picture. That is my approach and natural in a company with multidisciplinary expertise.

Jenni Lautso, environment, and urban development

NET SALES EUR 54.2 MILLION
34% OF SITOWISE'S NET SALES

CASE

Jokeri Light Rail boosts public transport – and envisions the way forward

In a few years, a modern light rail will transport people smoothly and ecologically between Espoo and Helsinki. The enormous infrastructure project has involved almost 200 Sitowise experts, who have been responsible for approximately one-third of the rail line from the border of Helsinki and Espoo to Oulunkylä.

Several engineering fields from Sitowise have been involved in the design from structural engineering to traffic, street, and environmental design. Bridges, tunnels and other demanding structures, fitted in a densely-built urban environment, have also been designed along the route.

The modern light rail differs from the old tram lines of the Helsinki region in many ways, which made the design task extremely extensive. Active cooperation between companies was made to specify the new design guidelines and principles – open communication helped to make successful solutions.

Sitowise designers have spent exceptionally much time at the construction site in the Jokeri Light Rail project. At the same time, they learned to design more feasible solutions and develop themselves while they are developing the infrastructure sector as a whole.

The Jokeri Light Rail is the first light rail in the region, and it will play a major role as a trailblazer. It will be an example case whose success is likely to speed up other light rail projects in the Helsinki region.

The new light rail will add the reliability, punctuality, and capacity of public transport. While public transport is boosted throughout the Helsinki region, the residents will get kilometers of refreshed urban landscape and new civil engineering under the streets. The enormous infrastructure project will extensively revise the urban landscape.

► [Read more on the website](#)



EXCEPTIONAL YEAR FOR EVERYBODY

Tinted by covid-19, the year 2020 left a mark on the infrastructure sector as well. The decrease in the mobility of people has significant impacts on construction associated with shopping, leisure time, and accommodations. It is difficult to assess future investments. However, nothing will change the urbanization trend, so in the longer term, the level of investment will remain in infrastructure construction and planning. The projects will become more complicated and the requirements will increase, which will probably increase the share of design.

The ways of working changed rapidly in March 2020. Overnight, work shifted from meeting room tables to home offices. How well the forced arrangement worked was a surprise to many. But it can also be seen that exceptional working conditions burden the employees and make management more challenging. It seems that remote work will continue also during 2021, so Sitowise will focus on finding ways to ensure the well-being of the personnel.

BUSINESS REVIEW: SWEDEN, SUBSIDIARY BYGGNADSTEKNISKA BYRÅN AB (BTB)

Sustainable development and responsible solutions

The year 2020 was also marked by changes in the ways of working due to the covid-19 pandemic in Sweden. The market remained on a relatively stable basis until the third quarter. During the fourth quarter, competition increased as the pandemic accelerated again.

BTB's largest projects during the year required complicated competence in which high environmental requirements and extensive expertise were emphasized. One example is the Kvarteret Poolen project, in which BTB was responsible for structural engineering in a property with both a pool and offices. Another example is the Sickla Station project, in which BTB carried out the structural engineering of a 23-story building that is located on top of a metro station and includes both offices, hotel and restaurants.

Sustainability and responsibility are increasingly impacting the design work, which could be seen in the majority of projects applying for BREEAM, LEED, WELL certification. In addition, spacious and light-filled structures with structural engineering kept as invisible as possible are emphasized in architects' visions.

BTB reached many of the growth objectives set for 2020. At the start of the year, the company opened a new office in Malmö and in Lund in November, increasing the number of experts by 37.

During the year was also executed the integration of the Örebro-based company KS Construct that joined the Sitowise Group in 2019. Despite the integration, the year was very strong and order backlog high at the Örebro office throughout the year.

A new team focusing on wood construction was also established in 2020. In addition, the service portfolio was expanded into project management and construction supervision.



“ The challenge in sustainable construction is to choose the right materials and structures that best suit each individual project. A solution chosen in one project might not be equally efficient in another one. In order to make sustainable solutions, we must continuously increase our understanding and knowledge of environmental impacts and sustainable solutions. Our specialist need to monitor the development around these things and understand customers' needs as well as respond to them. It is also important to increase awareness among all project participants regardless of the size of the projects and find solutions that pay equal attention to sustainability as to cost efficiency and high quality.

*Erik Löb, CEO,
Sitowise subsidiary BTB*

CASE**Citygate**

BTB carried out structural engineering work for the Citygate project in downtown Gothenburg. Citygate is a modern high-rise building built with a strong emphasis on sustainable development and responsibility. With its 36 floors, the building is the highest office building in Sweden, and in addition to office premises, it will also function as a meeting place for people in the area. The building will be certified according to LEED and WELL Building Standard requirements, which ensure that ecological aspects, health, and well-being are taken into consideration in the design and maintenance of the building. The optimization of material quantities and choices in projects is important from the point of view of sustainable development. In the project, the quantities of steel have been reduced by 10% by raising the steel beams instead of dimensioning them for deflection. The optimization of floor structures made it possible to decrease the amount of concrete by 20%. Large and high buildings are complicated and require high expertise and good cooperation between all parties. BTB's solution-driven approach played an important role in order to reach the goals of the project.



BUSINESS REVIEW: SWEDEN, SUBSIDIARY TECHNOLOGY FOR INFRASTRUCTURE PROJECTS SWEDEN AB (TFIP)

Long-term engineering solutions

Sitowise's subsidiary TFIP succeeded in the goal of expanding its operations both geographically and in terms of business in 2020.

During 2020, the subsidiary advanced a new service package for properties, developing the efficiency of property processes using technology. In addition, TFIP focused on a service concept of comprehensive technical installations, increasing project collaboration between different technical sectors and parties, during the year.

TFIP also strengthened its BIM team and developed its BIM strategy during the year. Goal for strategy work is to make it possible for the clients to use long-term technical solutions that use data and provide financially, ecologically, and socially more responsible design.

In addition to business development, TFIP expanded its geographical area of operations in Norway and Southern and Northern Sweden.

In 2020, TFIP systemically built its employer brand, both externally and internally, and recruited several leading experts and project managers. Moreover, TFIP developed its environmental policy by setting clear environmental goals and developing more sustainable operating models together with experts.

TFIP joined Sitowise group in November 2020.



“ At TFIP, we use modern work processes and technology to create future infrastructure that is financially, socially, and ecologically sustainable. We work in close cooperation with our partners and clients and together develop solutions for future communities. Our strong technical expertise, combined with innovative ways of working and our experience in comprehensive projects provide our clients with considerable value in Sweden as well as the other Nordic countries. Smart cities, smooth travel and living spaces in which making sustainable choices is easy are at the core of our work.

Tomas van Zalingen, CEO,
Sitowise's subsidiary TFIP

CASE

Gothenburg Central Station

TFIP is part of a project consortium responsible for the comprehensive engineering and construction contracting to Gothenburg Central Station. The work includes the design of HVAC systems, fire protection systems and telecommunications systems, electrical engineering as well as construction supervision and project management.

The Central Station is one of the three underground stations of the West Link. It is a significant infrastructure project in Gothenburg, western Sweden, with total costs of SEK 20 billion. The Central Station is approximately 1.8 kilometers long. It features three entrances, two station platforms and a total of four railway lines. The aim of West Link is to make travelling in Gothenburg and Western Sweden easier, increase the capacity of commuter train traffic, and improve the connections to the city.

The West Link will be built in the city center, and the project is very demanding from the point of view of design, in addition to which the cultural, historical, and environmental requirements of the area must be carefully considered.



Strong investments in IT solutions

IT supports the company's operational and strategic goals along with the performance and information security of operations. Success requires ability to change, and the covid-19 spring showed that big achievements are possible even in a tight spot.

COVID-19 CHALLENGED THE SYSTEMS

When the covid-19 pandemic erupted in March, Sitowise quickly moved to remote work. The capacity of the services that make remote work possible was increased right away so that all the experts working remotely could work from home using Sitowise systems. The global capacity issues of cloud services added their own challenges to the exceptional situation. Sitowise's digital operating environment was in order already before the shift to remote work. Once the capacity issues had been resolved, remote work continued smoothly. The IT service desk has played an important role in the change by assisting and advising the users.

In particular, the use of Teams and other Office 365 services has gained momentum following covid-19. Teams meetings are part of the day-to-day life of every Sitowise expert, and new tools have also actively been deployed in project work.

MODERN TOOLS

One of the strategic focus areas of Sitowise is the most efficient way of working, and making the most out of digital possibilities throughout the Group plays a significant role in its success. The Group's digital collaboration platform Voima, was actively developed in 2020. Voima is based on Sitowise's in-house product development and ability to respond to business needs and changes.

The underlying idea of Voima is to provide Sitowise experts a uniform and efficient way of working that lives and grows with the company. Voima currently covers project guidance and modern tools for bidding and project work, supporting the operations, and facilitating the use of uniform operating models. The development will continue in close collaboration with the business units. The expansion of the Voima platform to client use is already under way.

Besides Voima, a renewal of ERP and financial systems was also launched. The project will replace all core business systems from sales to invoicing with a new modern information system package.

INFORMATION SECURITY IS THE FOUNDATION OF ALL OPERATIONS

Concentrating on the information security is an integral part of risk management, and reflects also company's responsible way of working. Sitowise has developed its information security processes, increased its observation and reaction capabilities and invested in the continuous development of the competence of the personnel. Information security is taken into consideration in all systems, tools, and operating methods.

Going forward, Sitowise will assess its information security practices based on an information security management system derived from the ISO27001 standard. The information security practices have also been audited in relation to the KATAKRI and Vahti guidelines, among others.



Personnel satisfaction remained on a high level

The exceptional year brought along new ways of working and challenged the personnel to develop different operating models for instance for teamwork. However, personnel satisfaction remained at a high level at Sitowise, and there was particular satisfaction with supervisory work.

PERSONNEL STRUCTURE

During the financial period, the average number of the Group's personnel was 1,823 (1,514). At the end of the financial period, the Group had 1,902 employees (1,769). The average age of Sitowise employees was 39 years. At the end of 2020, students accounted for approximately nine percent of all Group employees. Women accounted for 35% of the Group's employees. A personnel survey measuring personnel satisfaction was conducted in September. Of all employees, 79% (85%) responded to the survey. The index measured in the survey, eNPS (Employee Net Promoter Score), was 25 (21).

In 2020, the number of Sitowise employees increased by 158*. In Finland, the increase in the personnel was 61 employees and in Sweden 107 employees. The annual growth in personnel (+9%) is, in addition to organic growth, attributable to acquisitions completed during the year. The biggest acquisition was the Swedish company TFIP, which had 69 employees at the time of the acquisition. In addition, the Ficonic and Paloässät acquisitions increased Sitowise's headcount. At the end of the year, Sitowise employees numbered approximately 1,900.

A total of 219 permanent employees and 62 fixed-term employees were hired.

The average age of Sitowise employees was 39 years, and a large share of all employees (37%) was in the age group 30–39. Sitowise aims for 10% of the personnel to be students; in 2020, students accounted for approximately nine (9) percent of employees.

Women accounted for 35% of all employees at the end of 2020. There was a minor change in the gender breakdown at Sitowise, with the share of women increasing by one percentage point.

The full-year absence due to sickness rate was 2.2% (cumulative for January–December), which is at a good level.

PERSONNEL SATISFACTION

Sitowise measures personnel satisfaction annually with a personnel survey. The survey measures six areas of work: content of one's work, supervisor's activity, functioning of the working community, activities of the company management, the company as an employer, and how customer-driven the operations are. The response rate of the survey is comprehensive; in fall 2020, it exceeded 79%. According to the survey, high-quality supervisory work, and skilled and supportive colleagues are Sitowise's strengths. In the survey, employees estimated the flexible work options facilitated by the employer to be very positive.

Sitowise's eNPS, or Employee Net Promoter Score, was still at a good level in all business functions. The compound result for Sitowise employees was 25 (21) in 2020**.

The results of the personnel survey have been collectively reviewed in events targeted for the entire personnel. Based on the survey and due to the stress caused by the prevailing pandemic, well-being was made a joint focal area for 2021.

* The figure includes new employment relationships + acquisitions - terminated employment relationships.

** Employee Net Promoter Score (eNPS) indicates how willing employees are to recommend the company as an employer to their friends or colleagues. The eNPS score range is -100 to 100, and the result is 0= good, +20 very good, +50 excellent.

Investments have been made in the management of well-being at the individual level by strengthening occupational health well-being services, offering training in the management of well-being to managers and organizing webinars on well-being to the entire personnel, among other measures. The development work carried out by each unit under their supervisors also has a significant impact on strengthening well-being. All Sitowise's units have written down their own action plan for personnel satisfaction. These actions are monitored through a joint action tool provided by external partner.

The personnel survey for 2020 was conducted in Finland and Estonia. The personnel in Sweden will be included in the Group-level survey during 2021.

DEVELOPING EXPERTS' COMPETENCE AT SITOWISE

Despite the challenges brought by covid-19, Sitowise also strongly focused training and developing the competence of the personnel in 2020.

Competence development was taken into account starting from the recruitment phase by ensuring that the recruitment process works and the recruiting supervisors are trained in the matter.

The NextGen intern program with 25–35 interns each year is also a significant channel for recruiting new talent. During 2020 program's joint training days were migrated fully to the web due to covid-19. Even with the change, program has received positive feedback from the attendees. Annually, approximately 60% of the interns who take part in the program remain as permanent employees at Sitowise.

In order to promote personal growth, every Sitowise employee annually undergoes a personal performance review. A discussion model was developed and adopted at the beginning of 2020.

In addition, the first group-specific Sitowise training program was prepared in 2020. Following this, training programs for new supervisors, supervisor trainings from various topics, a training package for project personnel and webinars for all Sitowise employees were launched.

Sitowise employees have an opportunity to also obtain training outside the company subsidized by the employer under separately specified conditions. Sitowise's internal job opportunities were also clarified during the year and the competence banks in use were specified.

WORKPLACE ORIENTATION WAS REVISED AT SITOWISE IN 2020

Every new Sitowise employee is carefully introduced into their working community and new position. New employees undergo a comprehensive three-month orientation program that was deployed in fall 2020.

Following the reform, the orientation process was clarified and given a new appearance and content. Building the program framework in the HR system was a significant part of the reform; every new employees orientation process is now also documented in it.

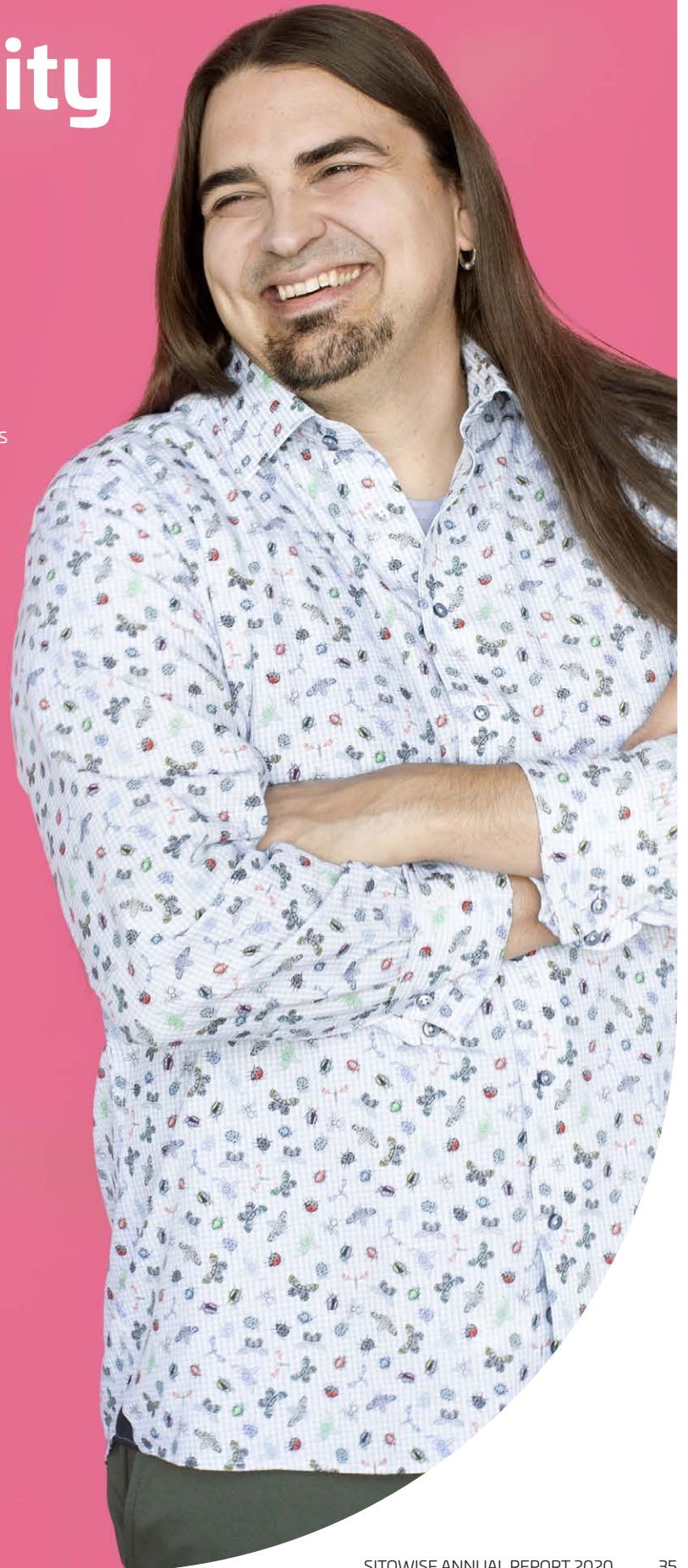
The new orientation program comprises four phases, and the supervisor is responsible for its completion. The aim is to familiarize the new employee with the new job and working community and to help the to adopt our joint ways of working, operating models, goals, and values.

Good orientation is also responsibility matter – with it, Sitowise provides for every employee the best starting points possible for succeeding in their work. Company also collects feedback from all new employees about their orientation.



Sustainability

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Sustainability at Sitowise

Sustainability is being smart. At Sitowise, sustainability means making choices that are smart and sustainable for people and environment.

UN SUSTAINABLE DEVELOPMENT GOALS

► **The UN Sustainable Development Goals (SDG)** set out the international focal points and targets for sustainable development until 2030. There are a total of 17 global goals with 169 targets.

Sitowise has prepared a ► **sustainability tool** based on the SDGs that will be adopted in the projects in 2021. The tool helps to better understand sustainability in projects and the impact of the choices made by Sitowise people and clients on the environment, people and society. The tool identifies the sustainability themes that are the most essential for the project and records and monitors the measures taken in the project to promote sustainability.

The goals of the the UN framework that are the most essential to the operations and work of Sitowise and that that the company advances the most through its work have been identified. These goals are 3 Good Health and Well-being, 9 Industry, Innovation and Infrastructure, 11 Sustainable Cities and Communities, and 13 Climate Action. The goals and illustrative examples of projects and day-to-day work are presented on the next page.



“ Long lasting buildings reduce the consumption of materials, and structural engineering plays a crucial role in this. We encourage clients to choose as long-lasting structures as possible because, from the point of view of dimensioning, the difference between a 50-year or 100-year service life is not very big. The more sustainable should always be chosen!

Harri Muikkula, structural engineering



UN Sustainable Development Goals essential to Sitowise



Goal 3: Good Health and Well-being

Sitowise creates a living environment in which supporting the health and well-being of people and nature is one of the cornerstones. For example, designing a ventilation system that supports high-quality indoor air for buildings.



Goal 9: Industry, Innovation and Infrastructure

Sitowise helps its clients to drive industry and infrastructure in an increasingly sustainable direction with skilled design, development of innovations, and digital solutions. For example, studying traffic emissions and preparing measures to reduce them.



Goal 11: Sustainable Cities and Communities

Agile design and solid digital services that are based on client needs guarantee sustainable cities in which communities can thrive. For example, designing smooth public transportation connection for a shopping center.



Goal 13: Climate Action

One of the starting points of future living environments is to mitigate climate change and adapt to it. Through concrete plans and expert consulting, clients reach their climate goals and reduce their emissions. For example, designing energy class A building that significantly reduces the carbon footprint of its inhabitants.

Many projects also promote the following goals:



Goal 6: Clean Water and Sanitation

For example, preventing hazardous substances from contaminating the soil and bedrock.



Goal 7: Affordable and Clean Energy

For example, comparing different heating systems and planning usage of geothermal heat.



Goal 8: Decent Work and Economic Growth

The well-being and work satisfaction of the approximately 1,900 Sitowise experts is the starting point of all operations. The well-being at work of Sitowise people is looked after in many ways, such as by offering commuting vouchers and a break exercise app.



Goal 14: Life Below Water

For example, examining underwater conditions during and after a dredging project.



Goal 15: Life On Land

For example, examining the impacts of a future rail project on the flora and fauna of the area.

MANAGEMENT OF SUSTAINABILITY

At Sitowise, sustainability work is guided by the ► **sustainability program**, ► **Code of Conduct** and general industry practices as well as the common principles of corporate responsibility and legislation. Monitored indicators have been set for sustainability, and sustainability-related matters are regularly reviewed by the meetings of the company's Board of Directors and Management Team.



“ Sitowise is a forerunner among venture capitalist-owned companies in Finland using the ESG (Environmental, Social, & Governance) criteria in their financing agreements. Sustainability has been a high priority to us for a long time, and creating these criteria was the next step on the same path.

Jaakko Pohjola, finance

The Board of Directors of Sitowise approves the key sustainability policies, while the Group Management Team ratifies the above-mentioned documents. The CEO has overall responsibility for sustainability. The CRO leads and develops sustainability work as well as monitors and reports on the indicators, goals, and achievements. The CRO reports on sustainability work to the CEO and, if necessary, provides separate accounts of different areas of sustainability and their development.

Business Directors and supervisors are responsible for the implementation of practical measures in business. Shared services (finance, IT, HR, communications, quality, safety and security, and procurement) support the business units in reaching the sustainability goals.

The Group has a ► **confidential whistleblower channel** for reporting any concerns, also anonymously. During 2020, a total of 14 reports were submitted via the whistleblower channel by employees, none by outsiders. The reports were reviewed, and the CHRO and CRO responded to them.

The company's management system and activities are ISO 9001 and ISO 14001-compliant. In the 2020 external audit, Sitowise was particularly praised for improvements in project management and taking environmental aspects into consideration.



ESSENTIAL SUSTAINABILITY THEMES

Sitowise's bold vision is to be the most responsible partner in the industry. This means acting responsibly in services, projects and own operations. As an expert company, the most significant environmental and societal impacts of Sitowise are consequences from the solutions provided to clients. The experts' well-being is the foundation of all meaningful and responsible work.

The Group's most essential sustainability themes were defined and the first sustainability program created in 2019. A materiality analysis mapped the views of Sitowise and its stakeholders concerning the most essential corporate responsibility themes in the company's operations.

Sitowise's current sustainability program and its focus areas are presented in the enclosed image. The focus areas are

well-being experts, well-being communities and well-being clients. In addition to these themes, the environmental impacts of own operations are monitored. The sustainability program is being updated to correspond with the situation of Sitowise's sustainability work during 2021.

The focus area Well-being experts and related indicators are discussed in the chapter *Responsibility for Sitowise people*. The focus areas Well-being communities and Well-being clients and related indicators are discussed in the chapter *Handprint through client projects*. Also other ESG (Environmental, Social, Governance) indicators illustrating the impact of the company's work and operations are presented in these chapters. All sustainability indicators and their results are compiled in the chapter *Sustainability indicators*.

Focus areas of sustainability



WELL-BEING EXPERTS

- Job satisfaction
- Satisfaction with the employer
- Age and gender distribution



WELL-BEING COMMUNITIES & WELL-BEING CLIENTS

- The company is considered to be the most responsible partner
- Design buildings with an energy efficiency rating of A
- Infrastructure planning projects that mitigate climate change
- Projects with impacts on sustainable decision-making
- Customer satisfaction

STAKEHOLDER ENGAGEMENT

Active dialogue and understanding stakeholder expectations are important. The company's business areas are primarily responsible for continuous cooperation with clients and partners. At Sitowise, communications and marketing, HR, finance, and the sustainability unit also carry out a lot of stakeholder cooperation.

As part of stakeholder engagement, many industry working groups and seminars were attended and events were organized in 2020. The pandemic restricted events or made them remote.

Sitowise has made a difference in the following events, organizations, and networks, among others:

- Green Building Council Finland committees
- SKOL ry committees
- SAFA urban planning committee
- Building Smart Finland
- Sähkötekniikan ja energiatehokkuuden edistämiskeskus STEK ry's Board of Directors
- Sähkösuunnittelijat NSS ry
- ITS Finland
- Pohjois-Suomen Rakennusklusteri ry
- RATA2020 seminar
- FIBS corporate responsibility network
- Elävät kaupunkikeskustat ry
- HVAC Association of Finland, SuLVI
- Rakli's Recotech event
- Finnish Real Estate Management Federation partner network

Key stakeholders	Key expectations	Interaction	Measures
Clients	Ethical and sustainable activity, quality of services, trustworthy collaboration	Encounters with clients, active customer communications, project meetings and communications, fairs and events, annual customer satisfaction survey, project surveys, client letters	Code of Conduct, uniform bidding process, quality assurance, processing of complaints, joint project activity model, and the Voima platform that makes it possible, whistleblower system
Personnel	Ethical and responsible activity as an employer, openness and active sharing of information, development of well-being at work, possibility to develop as an expert and specialist	Internal communications channel: intranet, Yammer, Teams, internal newsletter Personnel events. CEO's monthly information event for the entire personnel, department and team meetings Support for supervisors: monthly supervisor information event, monthly supervisor letter, continuous support from HR	Performance review process, Code of Conduct and whistleblower system, management system, other work-related guidelines, training, continuous interaction, personnel surveys, support for supervisors at work, shared information security practices and security guidelines, guided induction process
Educational institutions and student organizations	Teaching collaboration, sharing of information, training of future talent, recruitment, offering internships	Teaching and courses at universities, recruitment fairs and events, student visits, cooperation with student organizations	Contractual cooperation with different universities, Responsible Summer Job principles and research, NextGen internship program
Partners and subcontractors	Ethical and responsible collaboration pursuant to the rules and guidelines of different parties, high-quality operations, trustworthiness, equal sharing of information	Active stakeholder collaboration, project meetings and communications, engagement in industry associations and networks	Agreements, procedures required by the Sitowise Code of Conduct, audit of subcontractors
Shareholders	Financial performance, sustainable activity	Active shareholder communications	Development of operations pursuant to the strategy, implementation of the Code of Conduct in practice, annual reporting

COLLABORATION WITH EDUCATIONAL INSTITUTIONS AND SHARING COMPETENCE

Cooperation with educational institutions plays a significant role in building the future of young people and in the development of Sitowise. Sitowise experts share their expertise by acting as mentors to young people, in addition to which the company acts as a place for on-the-job-learning and later as an employer. This makes it possible for young people to accumulate experience in working life and Sitowise's knowledge transfer to new generations.

Sitowise annually employs around 200 students in different locations. In addition to summer jobs, there is the NextGen internship program for advanced students that includes training days. It has received excellent feedback from both interns and Sitowise employees.

The Group engages in a lot of cooperation with educational institutions and has signed collaboration agreements with different universities. Developing the construction industry's current operating models, creating new innovation, improving the availability of labor and providing further education and certification training are at the core of the collaboration. Examples of cooperation include the Sitowise Institute maintained together with the Helsinki-based Metropolia University of Applied Sciences and the rock engineering study module at the University of Tampere. Sitowise is also involved in Technology Industries of Finland's MyTech program aimed at upper comprehensive and upper secondary schools.

In 2020, the pandemic in part limited organizing and attending many events. The company took part in virtual events and small events at educational institutions and gave lectures as the situation allowed on site or through remote connections.

COLLABORATION WITH SUPPLIERS AND PARTNERS

Responsibility and the Code of Conduct guide collaboration with suppliers and partners. Sitowise requires suppliers and partners to comply with the Group's Code of Conduct. The Valvoja services is used for ensuring that the partners fulfill their societal obligations (applies to operations in Finland).

SPONSORSHIPS

The key purpose of Sitowise's sponsorship and donations is to be an active responsible societal actor that makes a difference more through its actions than just with the visibility of its logo. In 2020, many industry student organizations and, inspired by the year of the pandemic, Finnish medical research were among the beneficiaries.

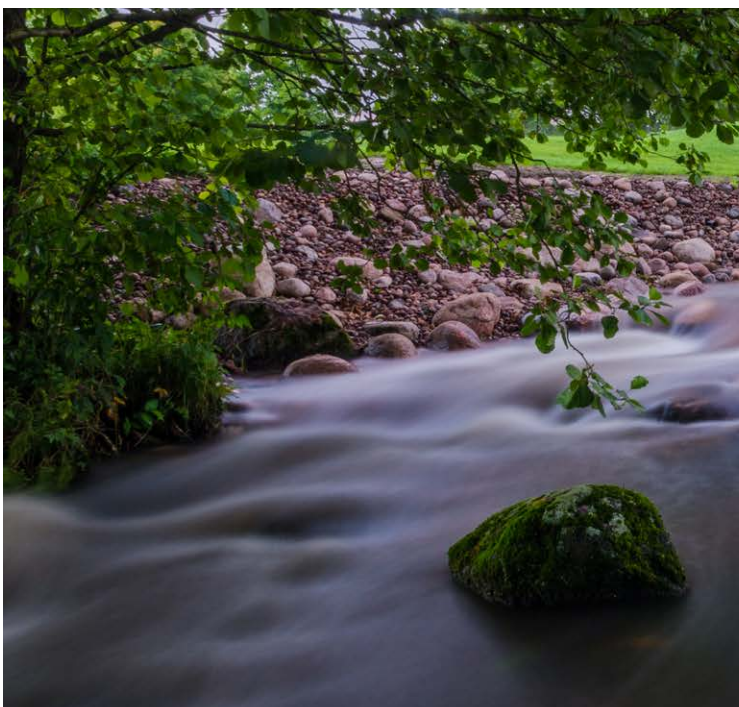
CASE

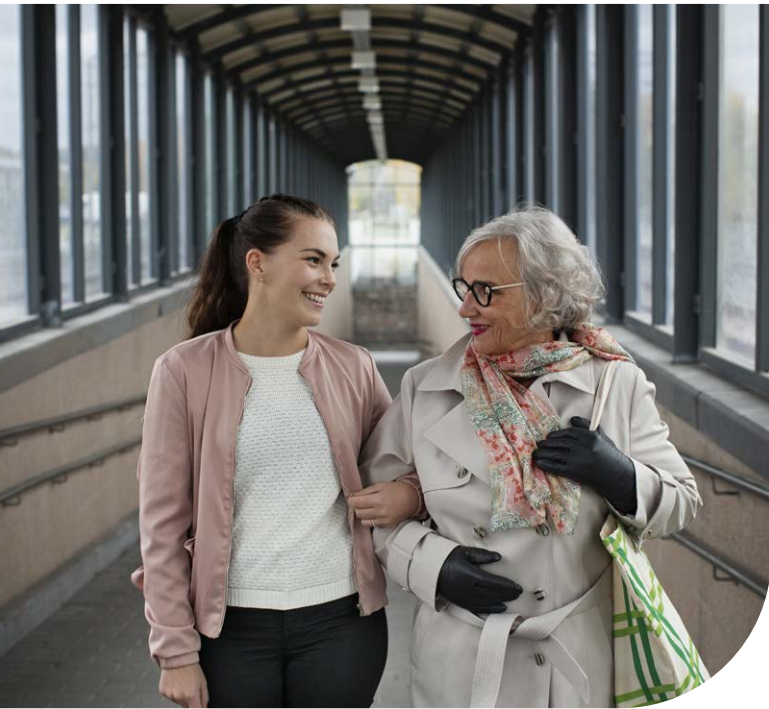
River bed restorations help trout in the Mätäjoki brook

Mätäjoki is an urban brook that functions as an ecological connection in the area and breeding grounds for the sea trout. Sitowise-designed erosion guards and bottom sills planned in conjunction with the renovated submerged dam prevent the banks of Mätäjoki from collapsing into the brook. It reduces the solid load on Mätäjoki, which would be harmful for the reproduction of the trout in particular. The design took into account the landscape values of the site as well as the migratory possibilities and suitable habitats of the fish.

Outside the brook, the design solutions of the river bed restorations took into account the operation of the nearby golf course, cultural, and historical landscape of the mansion park and the natural values of the brook-side groves of Mätäjoki, among other factors.

River bed restorations are part of the sustainability-promoting and ecological services that are continuously developed.





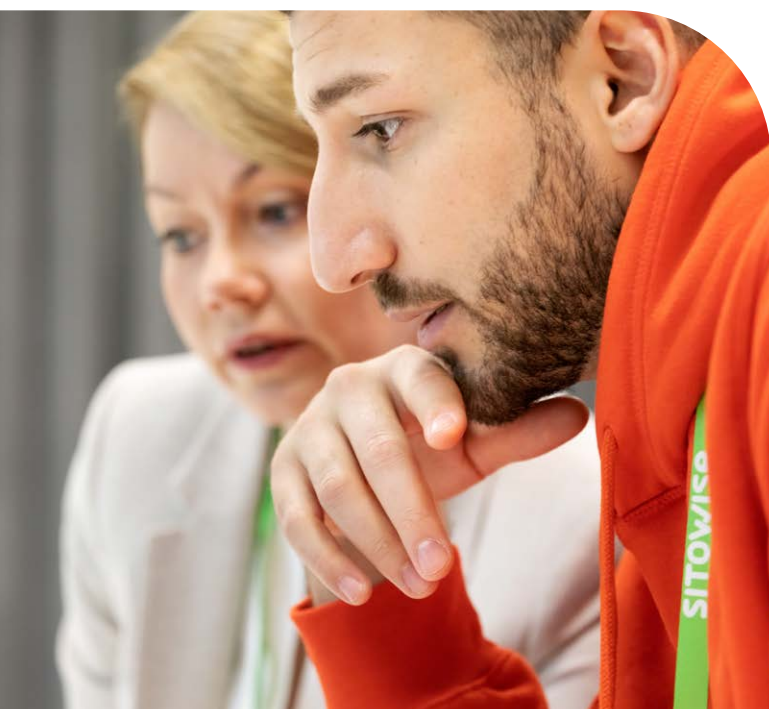
SUSTAINABILITY OPPORTUNITIES AND CHALLENGES

There is a growing demand for sustainable solutions and digital services in the field of the built environment. Together with its clients, Sitowise has a great opportunity to influence the sustainability and functioning of society and environment. Design work and solutions have a direct impact on the smoothness of the day-to-day lives, sustainability-related choices and carbon footprint of clients and end users of the solutions (such as inhabitants, residents and road users).

Investments are made in the sustainability competence of experts so that the company can provide increasingly sustainable solutions. Sustainability expertise is increased through the sustainability tool for projects and workshops, among other means. External instructors are also used, where possible.

A sustainability tool was created to solve the challenges with identifying sustainability and monitoring its realization. The tool will be adopted in Sitowise projects in 2021. The tool makes it possible to better verify sustainability and increase understanding of the impacts of the choices made in a project. The tool is based on the UN Sustainable Development Goals.

Another significant challenge in Sitowise's sustainability work has been in sustainability monitoring and lack in generally accepted sustainability indicators in the industry and lack of comparability. Indicators were developed in 2020, and they more strongly include all areas of the ESG (Environment, Social, Governance) framework. The work will continue with the setting of goals in 2021–2022.



CASE**Study can reduce the life-cycle emission of the entire block**

A study commissioned by the City of Tampere investigated the potential of reducing carbon emissions in the Tammela block area. The variables for the work included the amount of demolition and impact of the materials used in supplementary construction as well as measures to improve the energy efficiency of the existing building stock and possibilities of locally produced renewable energy, such as geothermal and solar heat.

The study first examined the current state of the building stock of the area using the city's property information systems. The review of building permits and other open databases used new technology that made the work faster in an unprecedented way: text recognition, artificial intelligence, and algorithms.

The data produced was used to create values for the means of improving energy efficiency best suited for buildings of different ages and the energy efficiency potential of the area as a whole. The results showed that energy renovations are profitable investments for the housing companies when they are carefully planned and the most cost-efficient means are chosen on a case-by-case basis.

As comprehensive a study of the means of reducing emissions applied to an entire block has not been carried out in Finland before. The method was also applied to assessing the emission reduction potential of other areas in Tampere through calculations as well.



SUSTAINABILITY TOOL FOR PROJECTS

There is a growing need for identifying and verifying sustainability. During the year, Sitowise developed a sustainability tool for projects to support these matters. The tool will be adopted in projects in 2021, and Sitowise experts are being trained in its use.

The tool helps to better understand sustainability in projects and the impact of the choices made by Sitowise experts and clients on the environment and society. The tool identifies the sustainability goals that are the most essential for the project and records and monitors the measures taken in the project to promote sustainability.

The tool is used for monitoring how Sitowise projects promote the sustainable development goals and what kind of choices with sustainability impact are made in the projects. The tool is used together with clients, and the results can also be used by the clients.

The tool is based on the international UN Sustainable Development Goals framework.





Energy renovations of old high-rise buildings can efficiently reduce emissions and save the residents' costs. However, housing companies lack information about the means that are the most reasonable in their own buildings. Therefore, we conducted an analysis of the buildings in the Tammela district of Tampere, investigating their energy-savings potential. As comprehensive and thorough study of the energy efficiency of an entire city district has not been done before in Finland.

Nicholas Stewart, energy

FROM A CLIENT

Energy efficiency is a really important goal for us at Orion. In all projects, we examine already in the first design phase with the HVAC engineer what we could do to reduce energy consumption and how we could achieve the most ecologically sustainable solutions. My experience is that Sitowise's HVAC engineers really know how to reach these goals.

Aapo Salo, Orion Corporation



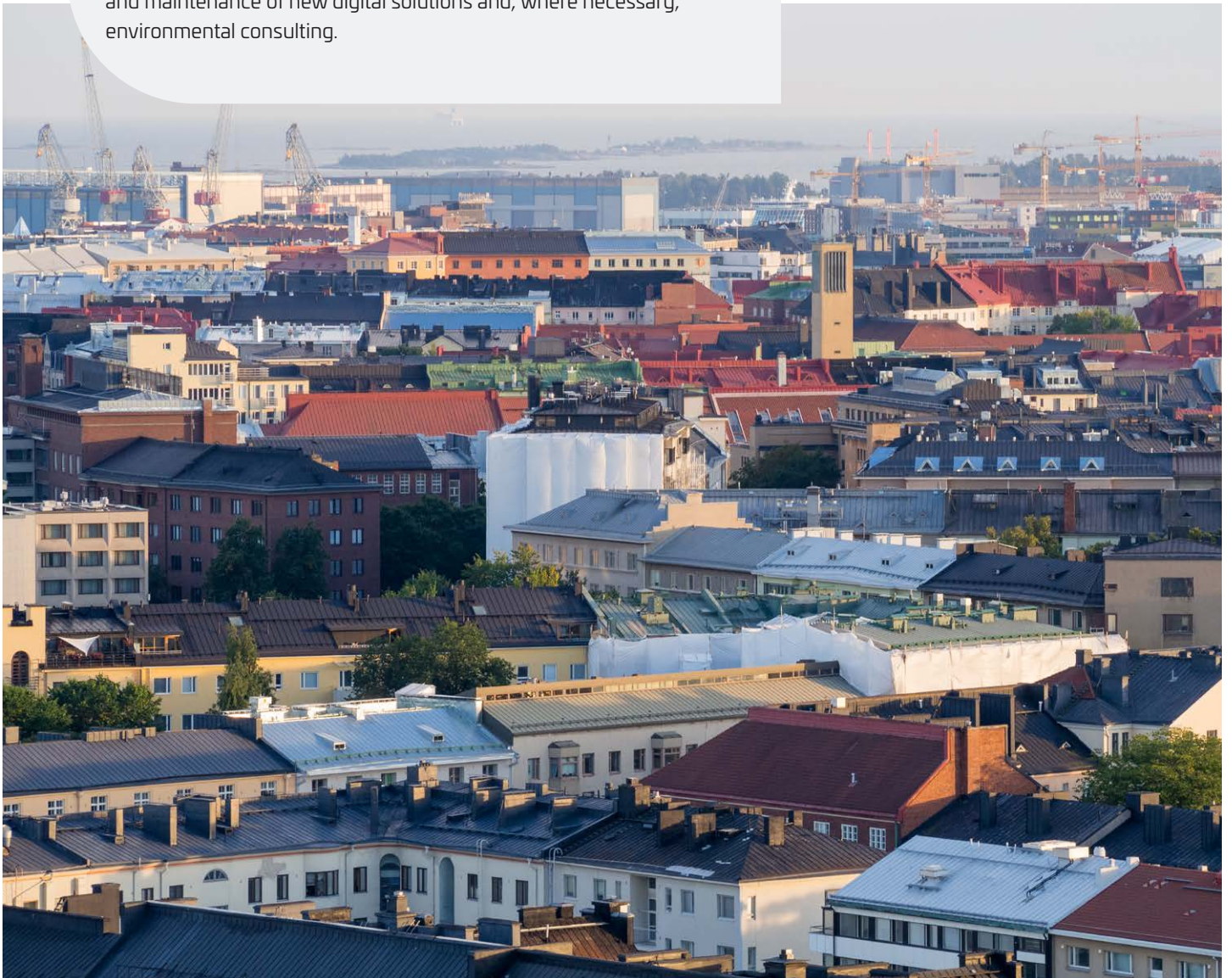
CASE

Map-based digital solutions support Fingrid's sustainability goals

Fingrid Oyj, Finland's transmission system operator, is committed to the global sustainable development goals and to operating in accordance with the international climate objectives to limit global warming to 1.5 degrees. Sitowise's digital solutions and specialist services support these climate and environmental goals and the will to commit the extensive partner network to them.

The Verkkokartta ("Grid map") system developed by Sitowise runs on Sitowise's ► **Louhi** platform, and it is one of the concrete means to advance Fingrid's flow of information and stakeholder collaboration. The smart management and sharing of data is essential so that the main grid can reach its climate goals. Digital solutions also support social responsibility by sharing information with Fingrid's clients and service providers that design, build and maintain the national grid.

The cooperation will continue to include the development and maintenance of new digital solutions and, where necessary, environmental consulting.



Responsibility for Sitowise people

The experts' well-being is the foundation of meaningful and responsible work. The Sitowise Group employs some 1,900 specialists promoting a sustainable and smart living environment. Pride in the handprint of the work for the benefit of people, environment and communities makes the work meaningful. Sitowise's employer value proposition "Unique people, significant together" emphasizes that every Sitowise employee has room to grow and get excited about their duties and be inspired by their colleagues and their expertise. Every employee is a unique professional of their trade.

WORK SATISFACTION

At Sitowise, the indicator of work satisfaction is the annual personnel survey whose results are reviewed by the company's Board of Directors, Management Team by supervisors. Satisfaction with the company as an employer was 3.95 (scale of 1–5), which is at a good level. Particular praise was given to the flexibility of work with regard to time and place and the fairness of supervisors and their genuine interest in the opinions of the personnel. There is still room for development in making cooperation between different units smoother and increasing the opportunities for the development of operations.

The willingness of Sitowise employees to recommend their employer was at a good level in 2020, with the eNPS score being 25 (scale of -100 – +100). This is an excellent score and an improvement on the score of 21 for the previous year.

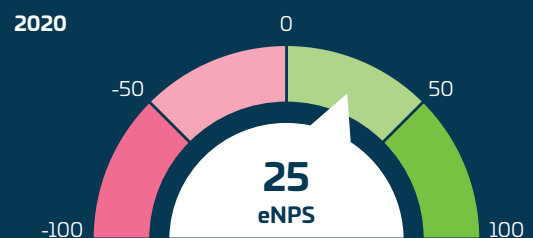
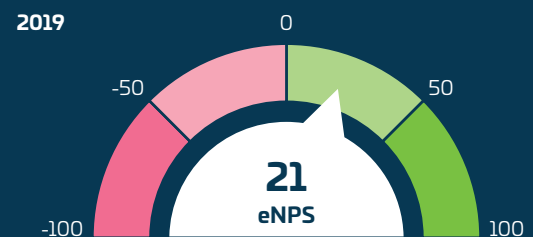
AGE AND GENDER STRUCTURE

The Group also monitors the gender and age distribution of the personnel. Women account for 35% (34%) and men for 65% (66%) of Sitowise employees. The average age of employees is 39 (39). The table presents the age structure of the personnel in Finland.

AGE DISTRIBUTION OF EMPLOYEES, YEARS

< 20	20–29	30–39	40–49	50–59	> 60
2	337	582	322	233	131

EMPLOYEE NET PROMOTER SCORE, eNPS





CODE OF CONDUCT

► **The Sitowise Code of Conduct** applies to all Sitowise employees and members of the Board of Directors in all of their day-to-day activities. The Code was prepared in 2019, and it applies to all Sitowise Oy and its subsidiaries' units and functions. In order to ensure the success of the implementation of the Code of Conduct, an online course was created for the employees and Board members.

In 2019, the course applied to all personnel working in Finland and Board members, as the guideline was new to all employees at that time. The course completion rate was 97%. In 2020 and onwards, the course will apply to all new employees working in Finland, and it is also part of their induction. In 2020, 79% of new employees completed the course.

The share of employees who have completed the course of all personnel has decreased, and therefore the course will be migrated to another platform during 2021 and the matter will be emphasized more already in the induction. The course will also be translated into English and Swedish.

EQUALITY

The company's equality plan was prepared in cooperation with representatives of the employees. The plan includes a breakdown on the positioning of men and women in different positions and a survey of differences in pay. The plan also includes the measures planned to be launched or implemented and necessary measures to promote equality.

Sitowise's industry is traditionally male-dominated. The realization of equality at Sitowise is at a good level in terms of average pay, but the ratio between men and women in the entire personnel as well as in managerial positions is unbalanced.

The realization of gender equality is promoted by addressing pay gaps, training supervisors in pay equality, hiring the best candidates, and offering flexible working hours in different situations in life, such as part-time care leave and paid leave to arrange for the care of a sick child, among other things.

The realization of equality is monitored based on the responses to the personnel survey.

REWARD IN THE RESPONSIBLE SUMMER JOB CAMPAIGN

The company is a member of the Responsible Employer and Responsible Summer Job campaigns. In 2020, Sitowise ranked among the top 10 companies in the Responsible Summer Job competition. The campaign rewards the most responsible summer jobs every year.

PARTICIPATION IN OTHER SUSTAINABILITY CAMPAIGNS

The year 2020 was exceptional also with regard to sustainability campaigns and events. Sitowise employees took successfully part in the Kilometrikisa cycling competition. Campaigns seen in previous years, such as the Energy Saving Week and World Green Building Week were realized in a small scale as communications instead of the events organized previously.

Handprint through client projects

The solutions produced by Sitowise in cooperation with its clients have an enormous handprint and impact on the functioning of day-to-day lives. Sitowise supports its clients in reaching their sustainability goals and challenges and encourages them to make new kinds of solutions.

THE MOST RESPONSIBLE PARTNER

Sitowise's vision is to be the field's most responsible partner. Company wants to verify that this is realized using a suitable indicator, and asking Sitowise clients about this in the customer survey has been considered to be the best way to do this. The question was included for the first time in the customer survey this year, and the score was 3.6 (scale of 1–5). The score is a good start, and its development will be annually monitored in the future.

THE MOST SIGNIFICANT IMPACTS THROUGH PROJECTS

Sitowise projects have a significant handprint on the well-being of people and environment. Diverse design and digital solutions have impacts on the sustainability of cities, energy consumption of traffic and buildings, reduction of emissions and informed sustainable decision-making, among other things. The identification, promotion and follow-up of sustainability in projects are developed continuously by developing the competence of Sitowise employees and together with the clients.

DEVELOPMENT OF INDICATORS

The most significant impacts of Sitowise are caused through projects and the plans and solutions made. One new indicator that has been included in the follow-up concerns how sustainable the clients consider the company to be as a partner.

The sustainability tool used in projects will provide information about how Sitowise promotes the sustainable development goals and which choices with impacts on sustainability are made in the projects.

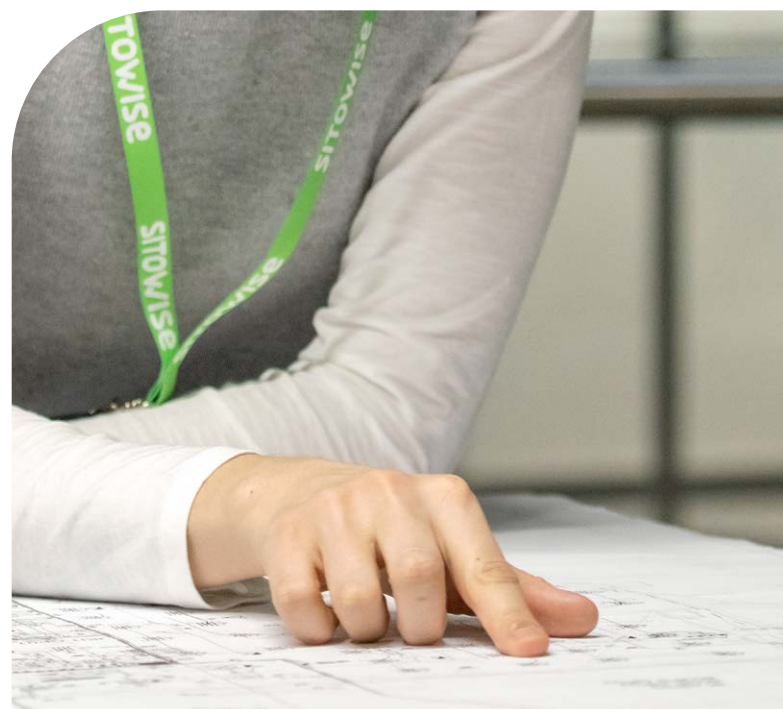
Separate sustainability indicators have been set for the business areas, and they are regularly monitored.

Sustainability indicators were developed in 2020, and they more strongly include all areas of the ESG (Environment, Social, Governance) framework. The work will continue with the setting of goals in 2021–2022.

FROM A CLIENT

“The organizing of the project, or construction contracting, is one of the core questions of extensive renovation projects, and succeeding in it requires smooth cooperation between the parties. It is easy to say that the collaboration with Sitowise experts was excellent. The good team spirit in the design and implementation phases of Alvar Aalto's Valtiontalo building had a direct impact on the quality of the outcome.

Tapani Mustonen, Arkkitehdit Mustonen Oy





BUILDINGS DESIGNS ENERGY-EFFICIENT BUILDINGS

The buildings designed by Sitowise have a significant impact on their users' carbon footprint. The aim is to increase the share of energy class A of the buildings designed, i.e. to design increasingly sustainable and energy-efficient buildings. Of the buildings designed by Sitowise in 2020, 22.4% (19.7%) were energy class A. New buildings designed by Sitowise are compared to the requirements for E-values. According to the weighted average, the E-values of the buildings designed in 2020 were 11% higher than required.

Of buildings designed by Sitowise,

22.4%

were energy class A

52%

of Infrastructure projects promoted sustainable cities and communities



INFRASTRUCTURE PROJECTS ENSURE SUSTAINABLE CITIES

Sitowise's solutions for infrastructure and urban development are of great importance for the sustainability and functionality of cities and society. The sustainability of Infra's projects is identified and monitored using Sitowise's sustainability tool. The tool is based on the UN Sustainable Development Goals. In 2020, Goal 11 Sustainable Cities and Communities was identified as relevant and promoted in more than half of the business area's projects. These projects ensured, for example, sustainable and smooth traffic, better solutions for cycling and unobstructed urban environment.



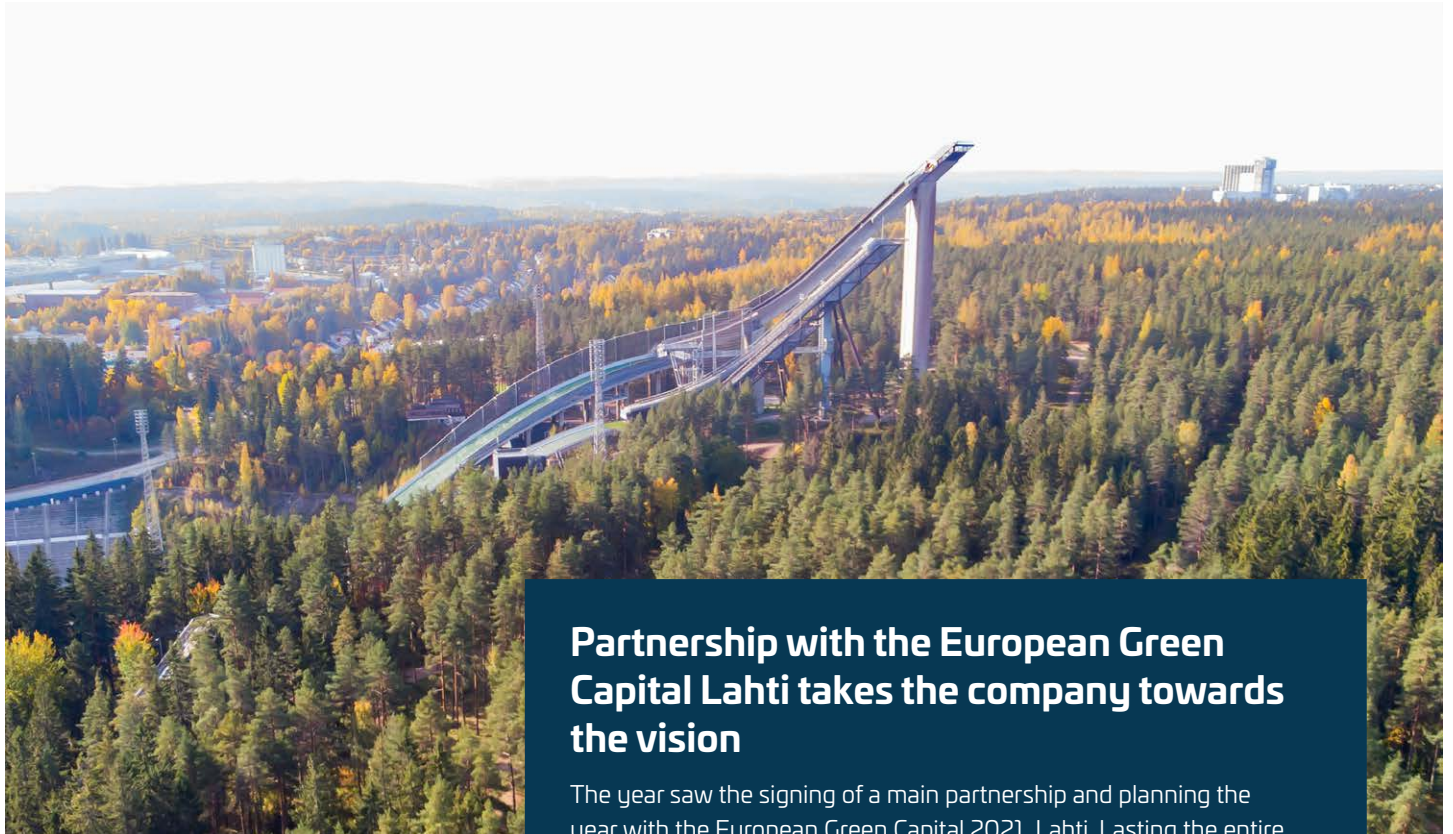
DIGITAL SOLUTIONS SERVICES MAKE RESPONSIBLE DECISION-MAKING POSSIBLE

The built environment and mobility account for a significant part of global emissions. The Digital Solutions business area provides solutions that help clients to digitize their procedures and services by making data warehouses enablers of responsible decision-making and interaction. This facilitates making smart data-driven decisions and reducing emissions. In 2020, Digital Solutions made this possible for 155 clients, accounting for up to 81 percent of the business area's client accounts.

Digital Solutions made responsible decision-making possible for

155

clients



Partnership with the European Green Capital Lahti takes the company towards the vision

The year saw the signing of a main partnership and planning the year with the European Green Capital 2021, Lahti. Lasting the entire year, the purpose of the partnership is to join the forces of cities, municipalities, and companies to enable and execute more sustainable urban development. Cooperation will take place in grassroots-level projects, pilot experiments and events, among others. Sitowise is also involved in the Green Capital year's innovation competition with its own challenge.

► [Read more on the website](#)

SUSTAINABILITY TOOL FOR PROJECTS

During the year, Sitowise developed a sustainability tool for projects to support the identification and follow-up of sustainability. The tool is used for monitoring how Sitowise projects promote the sustainable development goals as well as which choices are made in the projects that have an impact on sustainability. The tool is used together with clients, and the results can also be used by the clients.

For more about the sustainability tool, see the chapter

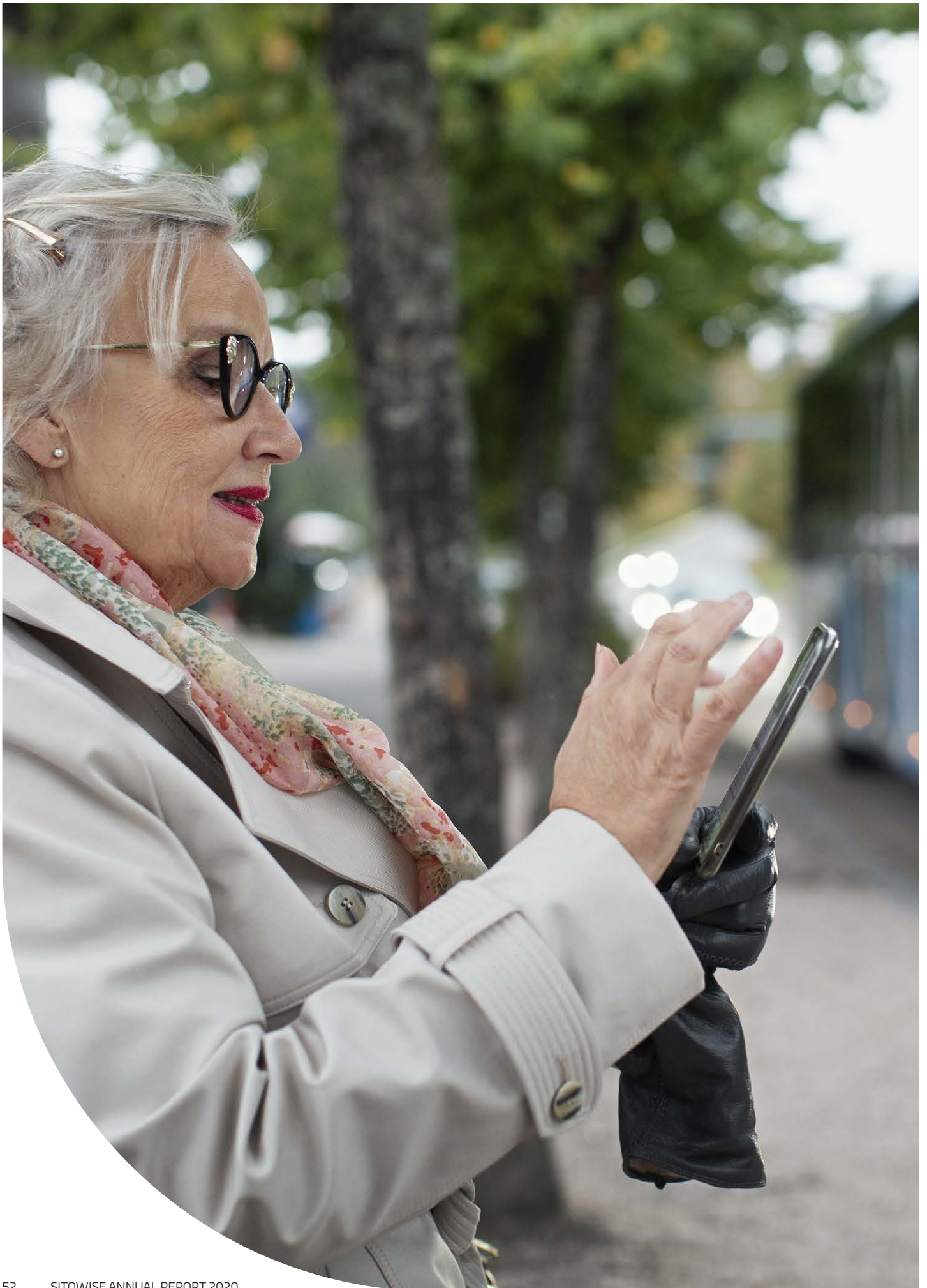
► [Sustainability tool for projects.](#)

CUSTOMER SATISFACTION

The company conducts a customer satisfaction survey annually. It examines the satisfaction of clients at the Group level and by business area, and it provides valuable feedback on the smoothness of projects and success in collaboration. In 2020, the Group-level NPS was 36 (33). This is a good score.

SMART SOLUTIONS TO SUPPORT DECISIONS

Sitowise offers and maintains many public information services for searching map data and municipalities' land use planning, for example. The services include several digital tools for business intelligence, data, and maintenance, which built environment operators can use to make informed sustainable decisions. The tools can also be used for interactive design, giving residents and other project parties a say.



Environmental impacts of own activities

The most significant environmental impacts of Sitowise are through client work and projects. In addition to this, the company sees to the footprint of its own operations. It is primarily generated by the heating and electricity consumption of premises and work-related travel.

CARBON FOOTPRINT

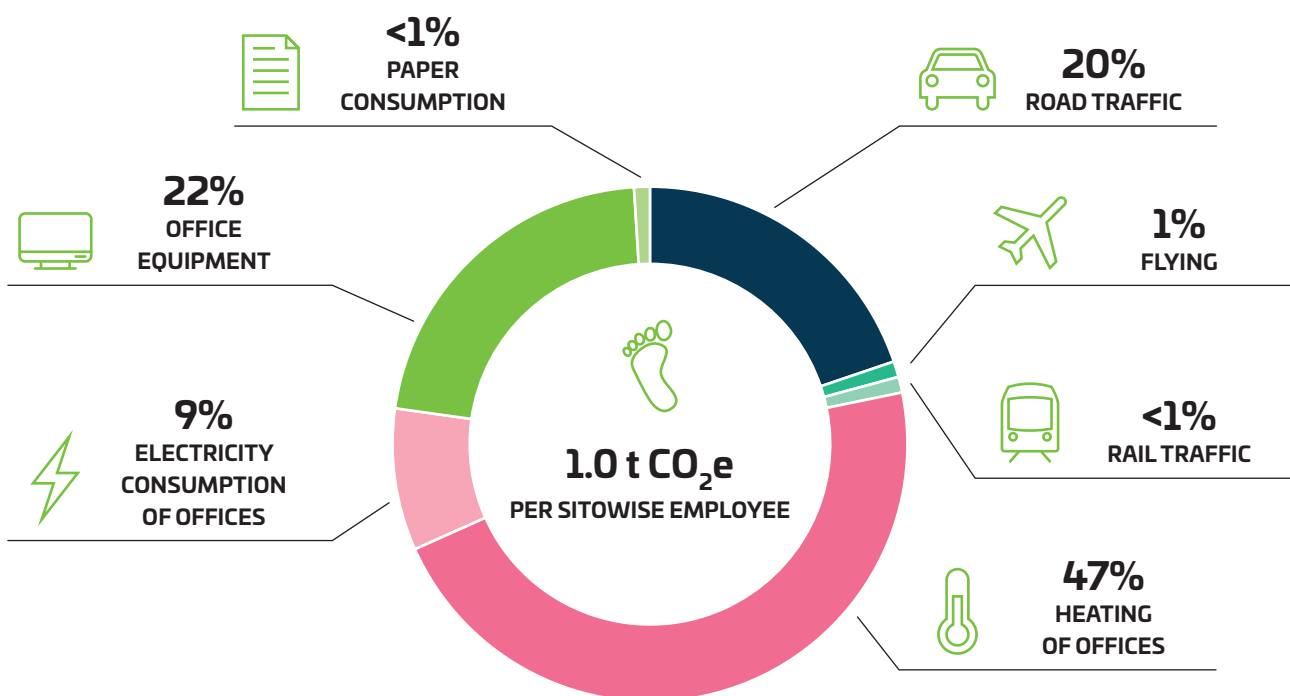
The carbon footprint is calculated annually, for the first time in 2019. It includes the electricity and heat used in offices, work-related travel by car, plane and train, paper consumption, and office equipment.

For this year, the result was 1.0 (1.08) t CO₂e per Sitowise employee. The reduction of the carbon footprint is attributable to covid-19, especially due to a decrease in travel and flights. The heat and electricity consumption of offices accounts for more than one-half of the emissions. The carbon footprint of

employees' work equipment, such as computers, and work-related travel by road also generate a significant share of the emissions.

The aim is to reduce the carbon footprint per employee. The most significant means include supporting sustainable modes of transport for work-related travel and transition to renewable electricity in the offices. Sitowise has migrated to renewable electricity in the Finnish offices for which the company has an electricity agreement of its own.

Breakdown of Sitowise's carbon footprint in 2020





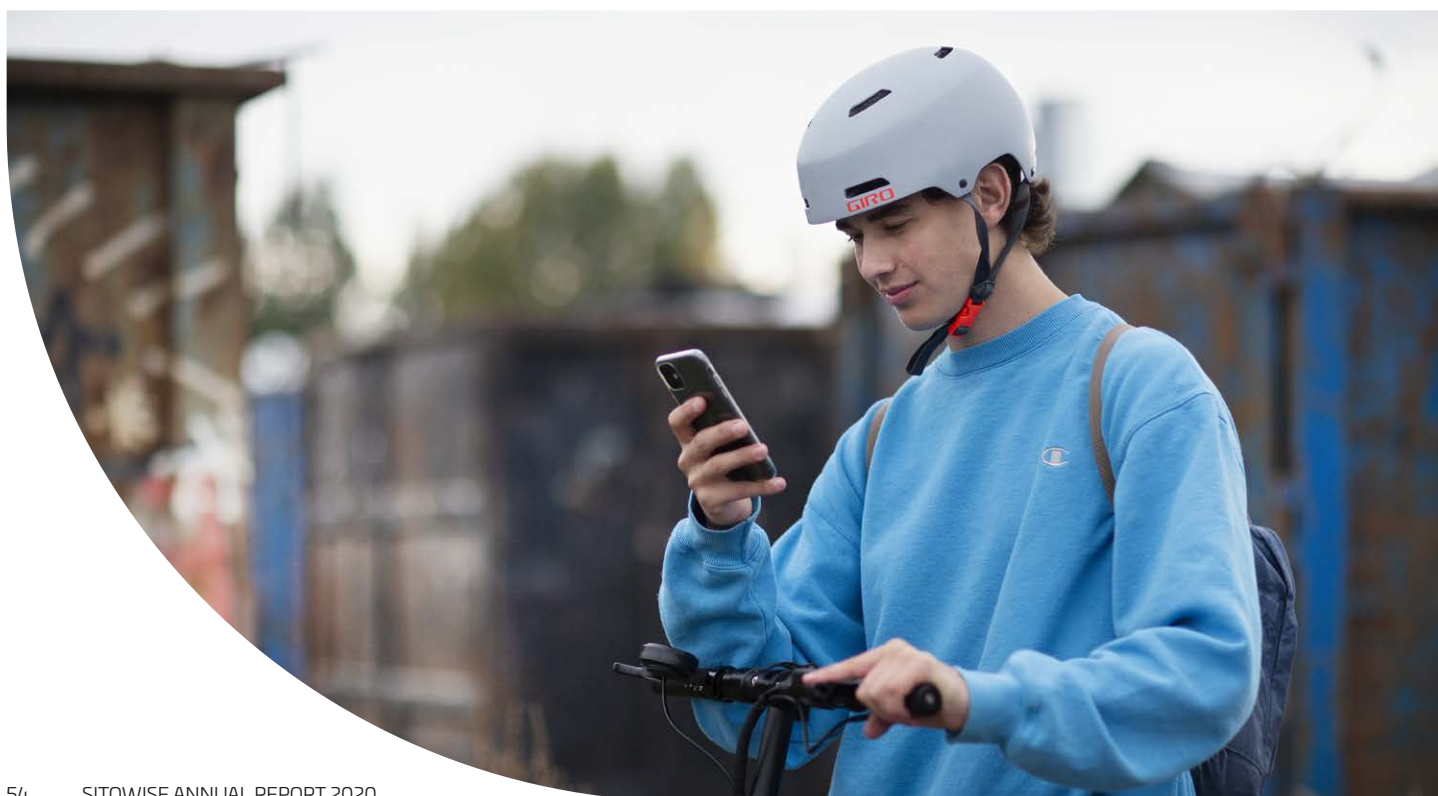
“ Many projects guide towards sustainable commuting, and the aim is to decrease passenger car traffic. Companies have reached excellent results when they have begun to invest in the prerequisites for walking and cycling, such as safe bicycle parking. Other good means include flexible working hours, remote meetings and adequate social premises for storing and drying cycling clothes, for example.

Laura Mansikkamäki, traffic surveys



“ I am glad that I chose Sitowise also as my permanent workplace after my thesis. Our team has an easy-going down-to-earth atmosphere that has allowed me to be myself from day one. The talks with the colleagues sometimes even get to work-related things.

Veikko Salmela, environmental surveys



ECOLOGICAL IMPACT OF OFFICES

The ecological impact of offices is assessed based on energy, water, recycling and sorting as well as the mobility framework. Scores are calculated for these areas, and the overall score is calculated using a weighting. The assessment gives the most weight to energy, which accounts for already 70% of the total score.

The results of the assessment make it possible to better compare the ecological impacts of the offices. This year, the Varkaus, Vaasa, and Tampere offices fared the best in the assessment. Development measures regarding energy and supporting sustainable mobility, among other things, are considered together with the offices requiring the most attention, the Kuopio and Rovaniemi offices.

TOWARDS MORE SUSTAINABLE MOBILITY

Sitowise supports the sustainable mobility of the personnel by subsidizing ecological options. The offices have shared bikes and cars, and in larger cities, travel cards for public transport. Commuting vouchers encourage the use of public transport. Emission limits have been specified for leased cars.

As an employer, it is important to Sitowise to offer facilities that encouraging cycling at the offices, such as adequate changing, washing, and storage facilities. Measures to develop them are planned through the mobility survey and ecological review of offices. The Espoo office, for example, obtained locked storage facilities for bikes, and a shared bicycle washing site will be added.

The mobility survey is conducted among the personnel once every couple of years. The implementation of the survey was postponed to 2021, as the mobility situation in the fall of the reporting period was not comparable with previous years due to the pandemic. Measures that support sustainable mobility are considered based on the results.



Sustainability indicators

	2020	2019
Environmental responsibility		
Share of energy class A of designed buildings, %	22.4	18.7
Improvement in designed buildings' E-values on the required level	11	8
Promoting sustainable cities and communities in Infra projects,% of projects	52	-
Digital Solutions in facilitating sustainable decision-making, number of clients	155	-
Carbon footprint of own operations per employee, t CO ₂ e	1.00	1.08
Electricity consumption, kWh	1,065,796	1,166,903
Heat consumption, kWh	761,921	852,413
Kilometers driven, km	2,108,009	2,869,879
Kilometers driven per employee, km	1,297	1,864
Kilometers flown, km	177,577	630,901
Kilometers flown per employee, km	109	410
Paper consumption, reams	1,204	3,196
Paper consumption, reams per employee	0.7	2.08
Social responsibility		
The company is considered to be the most responsible partner	3.6	-
Gender breakdown (f/m)	35/65	34/66
Age breakdown, employees (<20/20–29/30–39/40–49/50–59/>60)	2/337/582/322/233/131	10/356/543/304/235/133
eNPS (employee Net Promoter Score)	25	21
NPS customer satisfaction	36	33
Absence due to sickness, %	2.2	-
Employee satisfaction with the employer (scale of 1–5)	3.95	-
Stakeholder support (scale of 0–4.5)**	3.41	-
Good corporate governance		
Completion of the Code of Conduct online course, %	79	97
ISO9001 and ISO14001 risk management standards in force	Yes	Yes
Promotion of sustainable development through projects		
<i>The sustainability tool will be deployed during 2021 to support the identification and monitoring of sustainability in projects.</i>		
<i>The tool will provide information about how Sitowise's business functions promote the UN Sustainable Development Goals through projects.</i>		
Sustainable Development Goals promoted by the Buildings business area*	-	-
Sustainable Development Goals promoted by the Infrastructure business area*	-	-
Sustainable Development Goals promoted by the Digital Solutions business area*	-	-

* Data will be available starting from 2021.

** The result is based on the Reputation & Trust survey.

Sustainability indicators were developed in 2020, and they more strongly include all areas of the ESG (Environment, Social, Governance) framework. The work will continue with the setting of goals in 2021–2022.

ACCOUNTING PRINCIPLES

The sustainability reporting period is January 1 – December 31, 2020. The sustainability indicators apply to the operations in Finland.

Electricity and heat consumption of the offices in Finland has been estimated based on the consumption of the Espoo office. The emission factor for electricity used has been the average purchased electricity emissions in Finland, 141 g/kWh. Heat consumption has been estimated based on the floor area and year of construction of the Espoo office. Motiva's average district heat emission factor has been used as the emission factor for heat.

Kilometers driven cover both kilometers driven for which a travel expense report has been filed and journeys driven using shared vehicles. The accounting for emissions has been done using the average CO₂ emission of 152 g CO₂/km. Kilometers flown and their emissions have been derived from the report of Sitowise's partner FCM Travel. Railway journeys and emissions have been derived from VR's travel and purchase report using the average CO₂ emission of 1.9 gCO₂/passenger kilometer.

Paper consumption has been derived from a report by the provider of printing solutions.

The emissions from office equipment have been estimated based on the average service life and emission factors from WWF's climate calculator. It is assumed that each employee has a computer, two monitors and a mobile phone.

The energy classes of designed buildings have been obtained from the energy certificate register maintained by ARA and energy certificates signed by Sitowise.

Infrastructure business area's projects were monitored using Sitowise's sustainability tool. For 2020, the tool was used as a pilot in 173 Infrastructure projects. The tool is based on the UN Sustainable Development Goals.

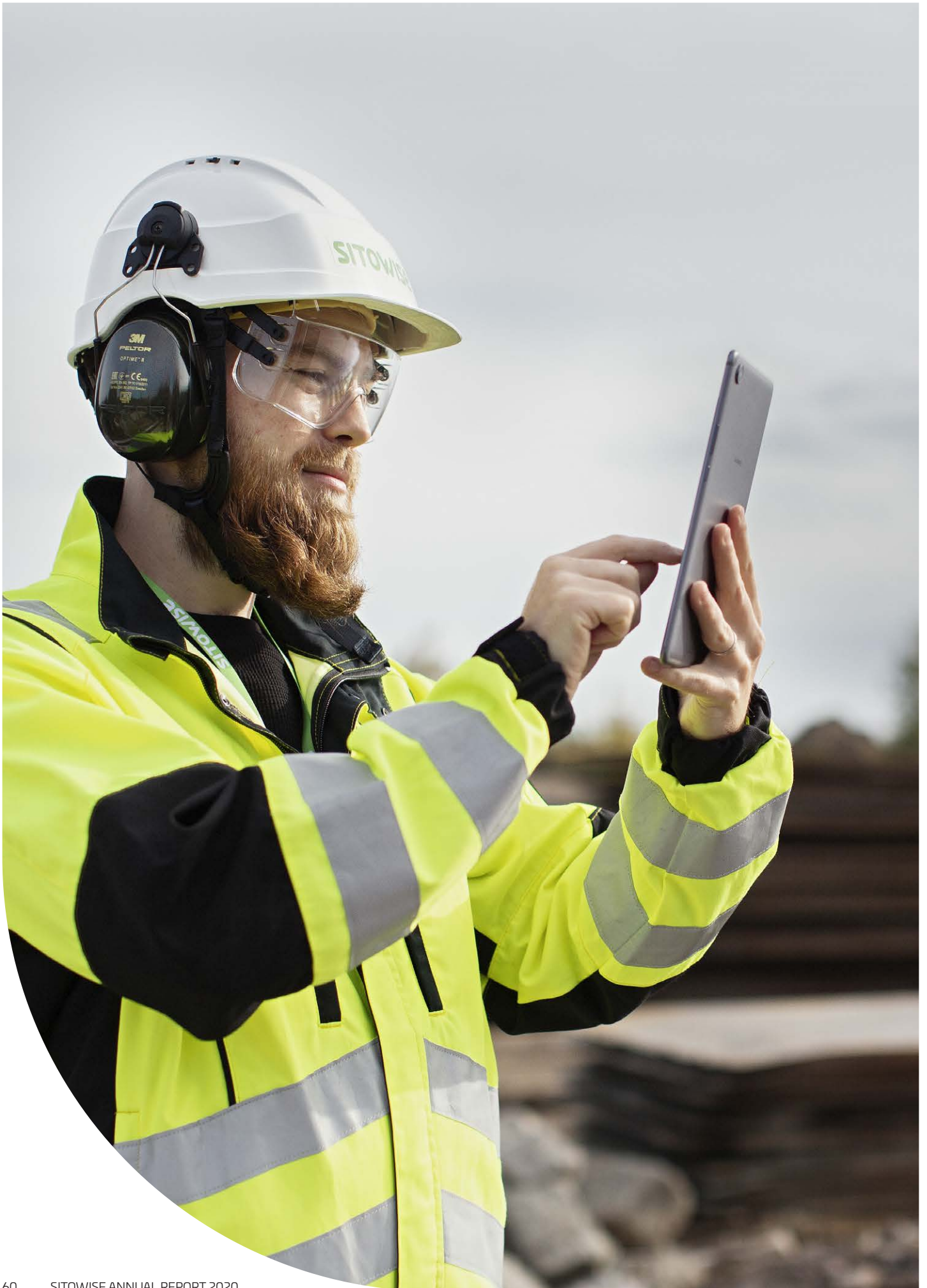
Digital solutions in facilitating sustainable decision-making concerns the Digital Solutions business area. The result was obtained by reviewing whether an information system/ information service has been made or specified for the client or data made otherwise available to facilitate sustainable decision-making.



GRI INDEX

Disclosure	Content	Page	Additional information
GRI 102: GENERAL DISCLOSURES			
Organizational profile			
102-1	Name of the organization		Sitowise Oy
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102-3	Location of headquarters	9	Espoo, Finland
102-4	Location of operations	9	
102-5	Ownership and legal form	66, 68	
102-7	Scale of the organization	9	
102-8	Information on employees and other workers	33, 67	
102-10	Significant changes to the organization and its supply chain	20, 63, 65	
102-13	Membership of associations	40	
Strategy			
102-14	Statement from CEO	6–7	
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behavior	15	Code of Conduct
102-17	Mechanisms for advice and concerns about ethics	38	Sitowise has a confidential whistleblowing channel maintained by a third party.
Governance			
102-18	Governance structure	66	
102-19	Delegating authority	38, 66	
102-20	Executive-level responsibility for economic, environmental, and social topics	38, 66	
Stakeholder Engagement			
102-40	List of stakeholder groups	40	
102-43	Approach to stakeholder engagement	40–41	
Reporting Practice			
102-45	Entities included in the consolidated financial statements	57	The sustainability indicators apply to the operations in Finland.
102-47	List of material topics	39	
102-48	Restatements of information		No restatements to previously reported information.
102-49	Changes in reporting		New indicators in sustainability.
102-50	Reporting period	57	
102-51	Date of the most recent report		The previous sustainability report was published in June 2020.
102-52	Reporting cycle		The Annual Report is published annually.
102-53	Contact point for questions regarding the report		Contact
102-54	Claims of reporting in accordance with the GRI Standards	57	
102-55	GRI content index	58–59	
GRI 103: MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its Boundary	57	
103-2	The management approach and its components	38, 108	

Disclosure	Content	Page	Additional information
GRI 200: ECONOMIC			
GRI 201: Economic Performance			
201-1	Direct economic value generated and distributed	63–65	
GRI 206: Anti-competitive Behavior			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		No such legal actions during the reporting period.
GRI 300: ENVIRONMENTAL			
GRI 302: Energy			
302-1	Energy consumption within the organization	53, 56	Electricity and heat consumption of the offices is included in the accounting for the carbon footprint.
GRI 305: Emissions			
305-1	Direct (Scope 1) GHG emissions	53, 56	Kilometers driven cover both kilometers driven for which a travel expense report has been filed and journeys driven using shared vehicles.
305-2	Indirect (Scope 2) GHG emissions	53, 56	Electricity and heat consumption of the offices is included in the accounting for the carbon footprint.
305-3	Other indirect (Scope 3) GHG emissions	53, 56	Emissions from work related flight, rail and road traffic reported.
GRI 400: SOCIAL			
GRI 401: Employment			
401-1	New employee hires and employee turnover	33	Number of new employees reported.
GRI 403: Occupational Health and Safety			
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	33	Absence due to sickness reported.
GRI 405: Diversity and Equal Opportunity			
405-1	Diversity of governance bodies and employees	33, 47, 104–107	
GRI 415: Public Policy			
415-1	Political contributions		Sitowise does not make contributions to political activity.



Financial review

Sitowise Holding I Oy
Board of Directors' Report and
Consolidated Financial Statements (IFRS)
Financial period January 1 – December 31, 2020



Business ID 2767842-8

Sitowise Holding I Oy
Linnoitustie 6
FI-02600 Espoo, Finland

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BOARD OF DIRECTORS' REPORT

Strong growth in net sales and profitability

under challenging conditions

The year 2020 was strongly affected by the covid-19 pandemic that also had a major impact on Sitowise, especially on the company's ways of working. When almost all the Group's personnel moved to remote work in March, it became necessary to both learn new tools and adapt to different ways of teamworking. Even though the company had to quickly enhance the remote work possibilities, also in terms of data traffic, the company's transition to home offices was successful and smooth. Sitowise has had a remote work recommendation in force throughout the covid-19 exemption period.

Although the covid-19 pandemic increased market uncertainty, the crisis had a limited impact on Sitowise's overall financial performance. Growth in the Group's net sales and profitability continued in 2020. Through both acquisitions and organic growth, the number of personnel increased to more than 1,900 during the year.

The pandemic had an impact on the Group's order backlog, due to temporarily postponements of some projects. Especially in the Buildings business area the clients were more cautious. However, during this exceptional time Sitowise's strengths have been its extensive service portfolio and the diversity of its customer segments.

During the year, Sitowise monitored personnel satisfaction through monthly pulse surveys. The Group also made one extensive personnel survey during the fall of 2020. Despite the changes and the exceptional circumstances, personnel satisfaction remained at a good level. Leadership at all levels received a particularly high score from the personnel.

Sitowise completed three acquisitions during 2020. In Sweden, the Group expanded its operations both geographically and in terms of its service offering. In addition, through two acquisitions Sitowise supplemented its digital and fire protection engineering expertise in Finland.

Ficonic Solutions Oy, a company that specializes in mobility and traffic IT solutions, joined the Group in July. Due to the strong growth in demand for digital solutions in the construction industry and mobility, the acquisition strengthened further the Group's much demanded digital expertise.

In November, Sitowise acquired a technical installation consultancy company **Technology for Infrastructure projects Sweden AB (TFIP)**, which significantly increased the Group's net sales, number of personnel and geographical coverage in Sweden. Through the acquisition, Sitowise gained strong engineering expertise within extensive underground infrastructure projects. Through the acquisition of TFIP, more than 70 new experts joined the Sitowise Group.

In December 2020, Sitowise acquired **Paloässäät Oy**, a company that specializes in fire protection engineering. More than 20 experts joined Sitowise, complementing the Group's fire safety engineering expertise and service offering.

Sitowise has previously communicated that it aims to be ready for a listing on the stock exchange at the end of 2020. Despite the exceptional year, this goal was reached. This meant, for example, that the Group's first IFRS financial statements for the period January 1 – December 31, 2019, were published in December. The Annual General Meeting has not adopted the IFRS financial statements for 2019.

The Group made significant investments in sustainability during 2020. For instance, by publishing Sitowise's first sustainability report in June and by developing a new sustainability tool for projects, which will be adopted in all projects during 2021.

Reference figures for the previous year in brackets.

Key figures (IFRS)

EUR million	2020	2019	Change
Net sales	160.1	143.0	11.9%
Organic growth in net sales	3%	1.8%	
EBITA, adjusted	20.6	15.5	33.3%
% of net sales	12.9%	10.8%	
Cash flow from operating activities	24.1	14.4	67.0%
Net debt	56.6	50.7	11.7%
Net debt/EBITDA, adjusted	2.6x	3.1x	
Equity ratio, %	30.2%	30.4%	
Average number of personnel	1,823	1,514	20.4%
Full-time equivalent (FTE) on average	1,555	1,442	7.8%
Utilization rate	77.3%	76.2%	
Earnings per share (EUR)	9.69	5.48	76.9%
Diluted earnings per share (EUR)	9.63	5.45	76.9%

Net sales by business area (IFRS)

EUR million	2020	2019	Change
Buildings	70.8	67.2	5.3%
Infrastructure	54.2	50.6	7.0%
Digital Solutions	14.1	12.3	14.9%
Sweden	21.1	9.8	114.3%
Others	0.0	3.1	
Total	160.1	143.0	11.9%

The Sitowise Group revised its organization in September 2020 after divesting its telecommunications operations. The reference figures for 2019 have been adjusted to correspond with the new organization. The group "Others" includes discontinued operations and eliminations between business areas.

DEVELOPMENT IN BUSINESS OPERATIONS

CONTINUING OPERATIONS

In the **Buildings business area**, the market has been developing favorably over a longer period. During the year 2020, due to covid-19, the building construction market slowed down, and the investment outlook became more cautious. Despite the challenging year, Sitowise's Buildings business area succeeded in focusing on customer needs and goals.

Success during the challenging year was made possible by the strengths of the business area: multi-skilled experts, extensive service portfolio, and flexible internal cooperation. Strong order backlog at the beginning of the year as well as long-term customer relationships added to operational reliability.

Sitowise aims to be the most sustainable and responsible partner in developing a prosperous living environment. The Building business area strengthened its expertise related to the strategy, by for example carbon footprint optimization and building health services such as solutions to prevent the spread of infectious diseases in buildings.

Demand for services in the Buildings business area is also backed by the significant renovation backlog of Finnish properties.

The favorable development of the business area continued during the financial year: net sales increased by 5.3% to EUR 70.8 (67.2) million. Buildings business area accounted for approximately 44% (47%) of the Group's net sales in 2020.

Despite the pandemic the **Infrastructure business area** succeeded in diversifying its service portfolio and in responding to the challenges of urbanization. Although covid-19 changed the way-of-working, the goals of the business remained the same. Infrastructure business area provides all infrastructure-related design and consultancy services. The extensive portfolio is seen as a competitive advantage and the business area aims to offer the widest service offering in the market. For instance, in 2020 the service offering was expanded to designing fuel distribution stations and by strengthening carbon footprint expertise.

The most significant client sector for the business area is the public sector, generating, almost 75% of net sales. The urbanization megatrend supports the investment needs of cities and municipalities, but the impact of urbanization can also be seen in the private sector. The business area also undertakes large-scale projects where a private operator is responsible for the infrastructure of the area.

The most significant projects in 2020 were located in growth centers. The Jokeri Light Rail, already under construction, will provide daily transportation for almost 100,000 people in the future. In addition, Helsinki has launched the Crown Bridges -project, where the design phase is already underway. The bridge will link the old oil port area of Laajasalo to the Helsinki city center with a light rail.

Infrastructure business area succeeded clearly to outgrow the market and increased its market share: net sales grew 7% to EUR 54.2 (50.6) million. The business area accounted for 34% (35%) of the Group's net sales in 2020.

Digital Solutions business area grew in line with its targets in 2020 despite covid-19, both in terms of the number of personnel as well as net sales. The demand for digital solutions for the built environment and mobility is growing strongly.

Growth was generated by software development projects, as large-scale projects were won during 2020. Examples of such projects were: a maintenance agreement of the Finnish Transport Infrastructure Agency's road data systems and a framework agreement on digital development services with the City of Helsinki. The Digital Solutions business area also successfully focused on developing new services during the year. For example, smart infrastructure consultation, which requires demanding special expertise, established its position well during the year.

The net sales of Digital Solutions services increased during the financial period by 14.9% to EUR 14.1 (12.3) million. The business area accounted for 9% (9%) of the Group's net sales in 2020.

Sitowise expanded significantly in **Sweden** in November 2020 with the acquisition of the large infrastructure engineering specialist TFIP. TFIP will continue as a subsidiary of Sitowise and all of the company's approximately 70 employees will continue to work for the Group.

In Sweden in 2020, the year was also marked by changes brought by the covid-19 pandemic in the ways of working for both experts and clients. The market remained relatively stable until the third quarter. During the fourth quarter, competition increased as the pandemic accelerated again.

During 2020, Karlsson Segelström Construct AB, an Örebro-based company that joined the Sitowise Group in 2019, merged with the Sitowise subsidiary Byggnadstekniska Byrån (BTB).

In 2020 the business in Sweden increased by 114% and the net sales reached EUR 21.1 (9.8) million. Sweden accounted for 13% (7%) of the entire Group's net sales.

DISCONTINUED OPERATIONS (DIVESTMENTS)

Rejlers acquired Sitowise's **telecommunications operations** on September 1, 2020. As a result of the acquisition, 40 data communications experts were transferred to Rejlers as senior employees along with all the contracts and customers of the telecommunications operations. The divested services included mobile network design and contracting as well as reception surveys. Following the transaction, Sitowise increasingly focused on the development of its core businesses.

GROUP STRUCTURE

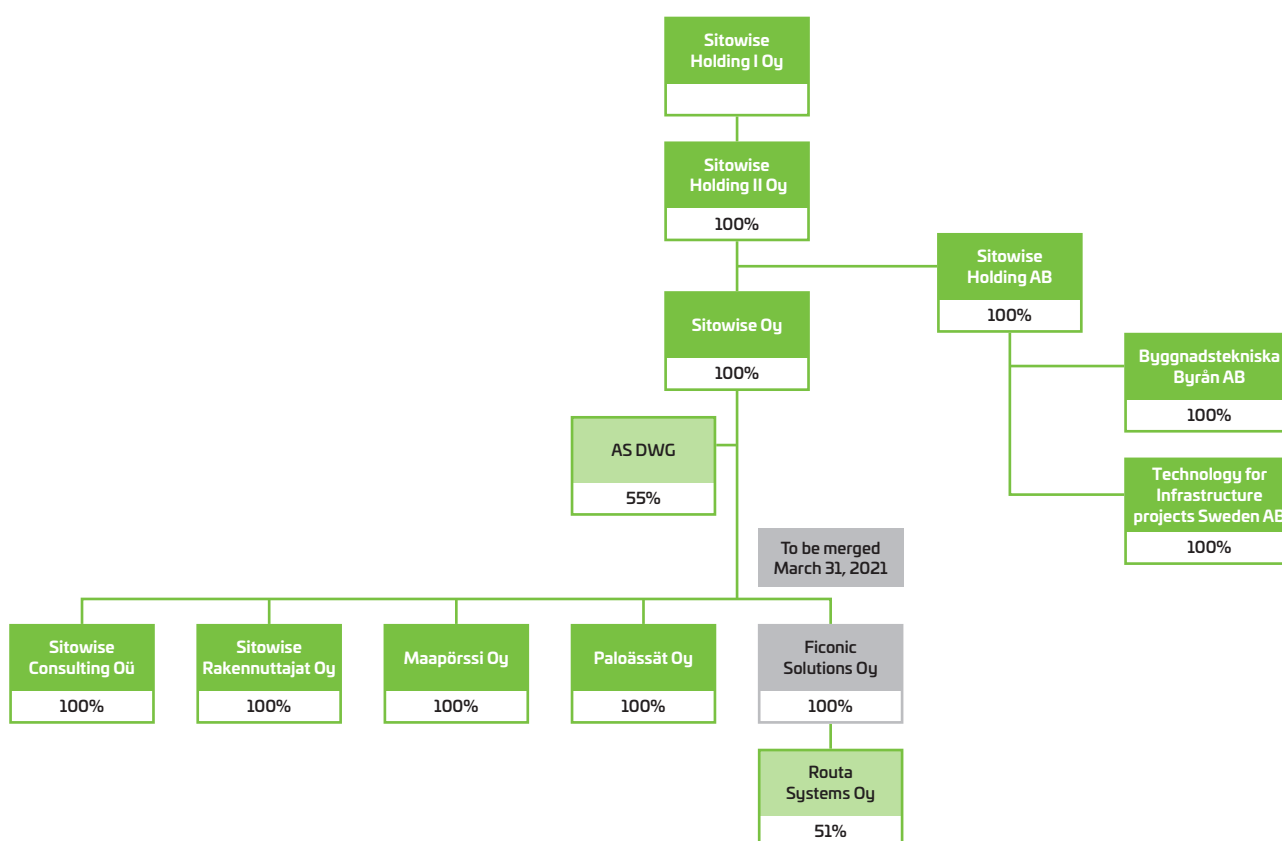
The Group's parent company Sitowise Holding I Oy started operations on August 15, 2016. Until April 19, 2017, the company operated under the name Wise Group Holding I Oy. Intera Fund III Ky and more than 200 key persons hold shares in Sitowise Holding I Oy.

The company's operational subsidiary in Finland is Sitowise Oy. Sitowise Oy is owned 100% by Sitowise Holding II Oy. Sitowise Holding I Oy holds 100% in Sitowise Holding II Oy.

The Group includes the Finnish subsidiaries Sitowise Rakennuttajat Oy, Maapörssi Oy, Ficonic Solutions Oy (acquired in 7/2020), Paloässäät Oy (acquired in 12/2020) and Routa Systems Oy (acquired in 7/2020) and the foreign subsidiaries

AS DWG, Byggnadstekniska Byrån AB, Technology for Infrastructure projects Sweden AB (acquired in 11/2020) and Sitowise Consulting Oü. Of the Group's subsidiaries, Envimetria Oy, Helimäki Akustikot Oy and Wise Group Consulting Oy were merged with Sitowise Oy on May 31, 2020. The full demerger of Sito Rakennuttajat Oy was registered on June 30, 2020. Furthermore, Saircon Oy was merged with Sitowise Oy on July 31, 2020, and Sähkösuunnittelu Elbox Oy on October 31, 2020. In Sweden, Karlsson Segelström Construct AB and Segelström & Karlsson Bygg AB were merged with Byggnadstekniska Byrån AB on December 28, 2020. The Board of Directors of Sitowise Oy approved the plan to merge Ficonic Solutions Oy with Sitowise Oy on September 24, 2020. The planned registration date of the merger is March 31, 2021.

The legal structure of Sitowise Group at the end of financial year:



PARENT COMPANY'S BOARD OF DIRECTORS, MANAGEMENT, AND AUDITOR

Members of the Board of Directors:

Eero Heliövaara	Chairman of the Board
Tomi Terho	Board member
Taina Kyllönen	Board member
Janne Näränen	Board member
Elina Piispanen	Board member
Petri Rignell	Board member

There were no changes in the composition of the Board of Directors during 2020.

Pekka Eloholma has been the company's CEO since August 15, 2019. Members of the Management Team on December 31, 2020: Jannis Mikkola (Deputy CEO and Business Director, Infrastructure), Timo Palonkoski (Deputy CEO and Business Director, Building), Teemu Virtanen (Business Director, Digital Solutions), Anne-May Asplund (CHRO), Heidi Karlsson (CFO), Turo Tinkanen (CIO), and Minttu Vilander (CCO and CRO).

The auditor of the parent company and the Group is KPMG Oy Ab, with Turo Koila, Authorized Public Accountant (KHT), as the principal auditor.

PERSONNEL

During the financial period, the average number of the Group's personnel was 1,823 (1,514). At the end of the financial period, the Group had 1,902 employees (1,769). The average age of Sitowise employees was 39 (39) years. At the end of 2020, students accounted for 9% of all Group employees. Women accounted for 35% (34%) of the Group's employees. Of all employees, 79% (85%) responded to the HR survey. The index measured in the survey, eNPS (Employee Net Promoter Score), was 25 (21).

Personnel expenses amounted to EUR 101.9 (91.7) million in 2020.

ESTIMATE OF OPERATIONAL RISKS AND UNCERTAINTIES

Operational risks

General economic, social, and political conditions impact the Group's operating environment, and impact the amount of money customers use for services offered by the Group. Economic uncertainty, especially in Finland but also the other Nordic countries and more extensively around the world, can impact the Group's business operations in many ways, making it more difficult to accurately project and plan future business.

Due to the business models dependency on personnel, maintaining a steady and profitable order backlog is of great importance to the business. The sufficient level of the order backlog is maintained through an extensive customer base,

diverse work backlog, and continuous monitoring of the order backlog. Strong competition continues to be a particular operational risk, reflected in the availability and retention of personnel. Other risks include exceptionally large and demanding projects and tight schedules with related contractual penalties. Competition-related risks are managed through careful pricing, thorough review of quoted projects and their problems, and competing with quality instead of price.

Sitowise's business operations are also dependent on a well-working IT infrastructure and uninterrupted access to IT-based tools and systems. However, IT systems are sensitive to errors and disruptions. Malfunctions, outages, disruptions, or cybersecurity breaches that affect IT systems can delay the delivery of services, cause unexpected costs, and damage Sitowise's reputation.

Project risks are managed with quality management and risk management surveys and by complying with procedures pursuant to the ISO-certified ERP system. The Group has developed the proprietary Voima service platform to facilitate more efficient and uniform operating methods. The Voima project management tool contains best practices, project guidelines and templates, and bidding and project workspaces. The Voima platform contains real-time data that can be used to mitigate risks. Sitowise continuously invests in the development and expertise of its personnel.

Strategic risks

The Group's success and the implementation of the growth strategy essentially depend on how the Group succeeds in recruiting, motivating, and retaining skilled professionals at every level of the organization. Moreover, the availability and retention of skilled and committed management and trustworthy and motivated personnel is important to the Group's success. Acquisitions and their successful integrations are also a key part of the Sitowise Group's growth strategy.

The Group's operating result and the implementation of its strategy can be significantly impaired if the Group is unable to retain capable key professionals or recruit new employees with the skills that match the Group's needs.

Personnel expenses and rental costs of premises are significant cost items due to the nature of the Group's business. Other external costs are caused by the procurement of services, such as IT and software services, among others. An increase in wages or other benefits in the industry and higher rental costs would cause additional costs for the Group, impair its profitability, or make it more difficult to attract personnel. The Group operates in a strongly competitive market which competes for skilled labor through higher wages and better benefits, for example.

Financial risks

Sitowise funds its business and investments partly with debt. However, Sitowise might not be able to secure sufficient financing under favorable terms, or at all, to maintain its liquidity and finance its business operations and investments. In addition, external financing can expose Sitowise to debt-related risks and impairment of its financial position. Sitowise is also exposed to counterparty and credit risks if its contractual partners cannot fulfill their contractual obligations.

SHAREHOLDERS

At the end of the 2020 financial period, the share capital of Sitowise Holding I Oy was EUR 2,500, and A1 and A2 shares totaled 1,279,033 shares, excluding the shares held by Sitowise Holding I Oy. The total number of P1 and P2 shares was 21,069,265 shares, excluding the shares held by Sitowise Holding I Oy.

According to the company's shareholder register, the company had 233 shareholders on December 31, 2020. The company's biggest shareholder was Intera Fund III Ky with 471,506 shares, which corresponds to a holding of 36.9%. The holding is based on series A1 and A2 shares (excluding shares held by Sitowise Holding I Oy).

Information about shareholders December 31, 2020	qty	Holding, % of shares
Intera Fund III Ky	471,506	36.9%
Mantere Pekka	65,965	5.2%
Puurunen Tapio	52,772	4.1%
Anttalainen Kimmo	49,686	3.9%
Skedevi Holding AB	42,082	3.3%
Tinkanen Harri	23,460	1.8%
Tuominen Rauno	18,561	1.5%
Mikkola Jannis	17,837	1.4%
Liukas Juha	16,491	1.3%
Ala-Ojala Jukka	14,154	1.1%
Others	506,519	39.6%
Total	1,279,033	100%

BOARD OF DIRECTORS' AUTHORIZATIONS 2020

The shareholders authorized the Board of Directors on March 28, 2019, to decide on issuing new shares. A maximum of 140,000 new A2 shares and a maximum of 4,200,000 new P1 shares may be issued under the authorization, for a total of 4,340,000 new shares. This authorization was granted until further notice, and it revoked the corresponding share issue authorization granted by the Annual General Meeting on February 8, 2018.

BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF THE PARENT COMPANY'S PROFIT

The parent company's profit for the financial period is EUR 3,092,474.45 and the company's distributable funds total EUR 43,819,353.50. The Board of Directors proposes to the Annual General Meeting that the profit for the period will be carried forward as retained earnings and that no dividend will be distributed.

FUTURE OUTLOOK

With the global pandemic continuing into 2021, the visibility and the predictability of the market development have weakened.

There are no reliable estimates concerning the duration of the pandemic, which means it is not possible to forecast the impact on the economy and the Group's business operations in 2021 in full.

EVENTS AFTER THE REPORTING PERIOD

In January, the Annual General Meeting resolved, in accordance with the proposal of the Board of Directors, to distribute a refund of capital totaling EUR 579,733.05 to the P1 and P2 shares from the fund for unrestricted equity.

In February, Intera Fund III purchased the stock options granted to the CEO from CEO Eloholma (totaling 7,692 options) and subscribed for shares under all of the options.

CONSOLIDATED FINANCIAL STATEMENTS IFRS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Note	Jan 1 – Dec 31, 2020	Jan 1 – Dec 31, 2019
Net sales	2.1	160,082	143,016
Other operating income	2.3	1,365	815
Materials and services	2.4	-13,220	-13,398
Personnel expenses	2.5	-101,935	-91,692
Other operating expenses	2.6	-20,012	-19,422
Depreciation, amortization, and impairment	2.7	-8,008	-8,674
Operating profit		18,272	10,644
Financial income	4.1	1,163	477
Financial expenses	4.1	-3,539	-2,745
Profit before taxes		15,896	8,376
Income taxes	7.2	-3,215	-506
Result from continuing operations		12,681	7,870
Discontinued operations			
Result from discontinued operations	6	118	-1,012
Profit for the period		12,798	6,858
Attributable to:			
Owners of the parent		12,728	6,883
Non-controlling interest		70	-24
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Recognition of change in the fair value of other investments through comprehensive income		230	0
Items that may be reclassified to profit or loss			
Change in translation difference		243	124
Total comprehensive income		13,271	6,982
Comprehensive income attributable to:			
Owners of the parent		13,201	7,006
Non-controlling interest		70	-24
Earnings per share:			
Earnings per share (EUR)		9.69	5.48
Diluted earnings per share (EUR)		9.63	5.45
Earnings per share (continuing operations):			
Earnings per share (EUR)		9.60	6.29
Diluted earnings per share (EUR)		9.54	6.25

The discontinued operations in 2020 include the Tele business, which Sitowise sold to Rejlers during the financial period. Discontinued operations in 2019 include the business of the Klaipeda project and Sitowise AS. Sitowise took part in a dredging contracting project in Lithuania in 2017–2019. The project,

Klaipeda, was not part of the Group's core business, and it ended in spring 2019. Sitowise AS was a Norwegian subsidiary that Sitowise divested during 2019.

The notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	Note	Dec 31, 2020	Dec 31, 2019
Assets			
Goodwill	3.2	118,081	101,733
Other intangible assets	3.2	5,681	3,961
Tangible assets	3.3	34,174	27,561
Other shares, similar rights of ownership, and receivables		1,682	1,252
Deferred tax assets	7.2	304	1,401
Non-current assets total		159,922	135,908
Trade and other receivables	3.4	45,404	41,268
Deferred tax assets		740	911
Cash and cash equivalents	4.2	15,463	10,346
Current assets total		61,607	52,524
Assets total		221,528	188,432

EUR thousand	Note	Dec 31, 2020	Dec 31, 2019
Shareholders' equity and liabilities			
Share capital		3	3
Fund for invested unrestricted equity		40,663	40,471
Fair value reserve		230	0
Subordinated loans		14,145	14,145
Translation difference		360	117
Retained earnings		11,370	2,343
Equity attributable to owners of the parent		66,770	57,078
Non-controlling interest		110	291
Total shareholders' equity		66,880	57,369
Deferred tax liabilities	7.2	1,985	1,257
Financial liabilities	4.2	92,554	77,179
Other liabilities		12	2
Non-current liabilities total		94,551	78,437
Income tax liabilities		1,608	842
Financial liabilities	4.2	9,379	7,979
Provisions	3.5	1,793	1,634
Accounts payable and other liabilities	3.6	47,317	42,171
Total current liabilities		60,098	52,626
Total shareholders' equity and liabilities		221,528	188,432

The notes are an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

EUR thousand	Jan 1 – Dec 31, 2020	Jan 1 – Dec 31, 2019
Cash flow from operating activities:		
Profit for the period	12,798	6,858
Adjustments		
Income taxes	3,215	506
Depreciation, amortization, and impairment	8,008	9,399
Financial income and expenses	2,376	2,268
Other adjustments	694	49
Change in working capital		
Increase (+)/decrease (-) in trade and other receivables	-700	-2,194
Increase (+)/decrease (-) in accounts payable and other liabilities	5,117	2,011
Interest paid and other financial expenses	-6,495	-2,890
Interest received and other financial income	73	91
Income taxes paid	-959	-1,654
Cash flow from operating activities	24,128	14,444
Cash flow from investing activities:		
Investments in tangible and intangible assets	-3,133	-2,601
Businesses acquired and divested	739	-900
Acquisitions of subsidiaries, net of cash acquired	-21,717	-21,659
Purchase and sale of other shares	-24	73
Cash flow from investing activities	-24,135	-25,087
Cash flow from financing:		
Payments from share issue	3,761	7,861
Withdrawal of loans	14,559	20,384
Repayment of loans	-4,091	-8,328
Share repurchase	-1,613	-2,432
Dividends paid	-2,618	-906
Payments of lease liabilities	-5,011	-4,896
Cash flow from financing	4,987	11,683
Cash and cash equivalents at the start of the period	10,346	9,280
Change in cash and cash equivalents, increase (+)/decrease (-)	4,980	1,040
Impact of changes in foreign exchange rates	137	26
Cash and cash equivalents at the end of the period	15,463	10,346

The notes are an integral part of the financial statements.

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

EUR thousand	Equity attributable to owners of the parent								Non-controlling interest	Total shareholders' equity
	Share capital	Fund for invested unrestricted equity	Fair value reserve	Subordinated loans	Translation differences	Retained earnings	Total			
Shareholders' equity January 1, 2019	3	32,610	0	14,145	-6	-1,118	45,634	164	45,798	
Profit for the period						6,834	6,834	24	6,858	
Adjustments for the previous financial year						-188	-188		-188	
Other comprehensive income					124	-3	121		121	
Total comprehensive income	0	0	0	0	124	6,643	6,767	24	6,791	
Share issues		7,861				34	7,894		7,894	
Share repurchases						-2,432	-2,432		-2,432	
Distribution of dividends						-784	-784		-784	
Transactions with non-controlling interests							0	102	102	
Transactions with owners	0	7,861	0	0	0	-3,183	4,678	102	4,780	
Shareholders' equity December 31, 2019	3	40,471	0	14,145	117	2,343	57,078	291	57,369	
Shareholders' equity January 1, 2020	3	40,471	0	14,145	117	2,343	57,078	291	57,369	
Profit for the period						12,869	12,869	-70	12,798	
Adjustments for the previous financial year						-87	-87		-87	
Other comprehensive income			230		243		472		472	
Total comprehensive income	0	0	230	0	243	12,782	13,254	-70	13,184	
Share issues		3,761					3,761		3,761	
Share repurchases		-1,613					-1,613		-1,613	
Distribution of dividends		-1,956				-784	-2,740		-2,740	
Interest on subordinated loan						-3,233	-3,233		-3,233	
Transactions with non-controlling interests						262	262	-111	151	
Transactions with owners	0	192	0	0	0	-3,755	-3,563	-111	-3,673	
Shareholders' equity December 31, 2020	3	40,663	230	14,145	360	11,370	66,770	110	66,880	

The notes are an integral part of the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BASIC INFORMATION

Sitowise is a Nordic expert in the built environment with a strong focus on digitality, offering sustainable design and consultancy services for projects of all sizes. Sitowise offers its services in the following business areas: Buildings, Infrastructure, and Digital Solutions. The Group's parent company is the Finnish limited liability company Sitowise Holding I Oy (hereinafter referred to as the "Company"), domiciled in Espoo, with the mailing address Linnoitustie 6, FI-02600 Espoo, Finland. The company's biggest shareholder is Intera Fund III, domiciled in Helsinki.

The consolidated financial statements are available from the Company's head office at Linnoitustie 6 D, FI-02600 Espoo, Finland, and the Group's website www.sitowise.com.

The Board of Directors of Sitowise Holding I Oy approved these financial statements in its meeting on February 25, 2021.

In accordance with the Finnish Limited Liability Companies Act, shareholders can adopt or reject the financial statements in a general meeting of shareholders organized after their publication. The general meeting can also resolve to amend the financial statements.

1. GENERAL INFORMATION

1.1. ACCOUNTING POLICIES

The consolidated financial statements of the Sitowise Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved for use in the European Union, and the IAS and IFRS standards as well as SIC and IFRIC interpretations in force on December 31, 2020 have been applied in preparing them. IFRS refers to standards and interpretations that companies referred to in the Finnish Accounting Act and regulations issued under it must comply with and that have been approved for application in accordance with the procedure enacted by Regulation (EC) No. 1606/2002 of the European Parliament and of the Council. The notes to the consolidated financial statements also fulfill the requirements of Finnish accounting and company legislation supplementing the IFRS standards.

The Sitowise Group published its first consolidated financial statements prepared in accordance with the IFRS standards for the financial period ended December 31, 2019. The Group's IFRS

transition date is January 1, 2018. Previously, the Sitowise Group followed the Finnish Accounting Standards (FAS).

The consolidated financial statements have been prepared on the basis of original cost, unless otherwise specified in the accounting policies. The consolidated financial statements include the parent company's financial statements and the financial statements of all companies over which the Group has control. A subsidiary is consolidated into the financial statements as of the moment when the Group receives control. Consolidation is discontinued once control ceases to exist. All intra-Group transactions are eliminated in the consolidated financial statements.

Item-specific accounting policies and descriptions of decisions requiring management discretion and the use of estimates and assumptions are presented in conjunction with each item.

The operating currency of the Sitowise Group is the euro. The figures disclosed in the financial statements are rounded up, so the sum of individual figures can deviate from the reported sum.

1.2. TRANSLATION OF ITEMS DENOMINATED IN FOREIGN CURRENCIES

The consolidated financial statements are reported in euros, which is also the parent company's operating currency. Items included in the financial statements of Group companies are measured at the currency of the primary economic operating environment of the respective company (operating currency).

Transactions denominated in foreign currencies are translated into the operating currency at the exchange rate of the transactions. Foreign exchange gains and losses arising from payments associated with such transactions and translation of monetary assets and liabilities denominated in foreign currencies at the exchange rate of the closing date are recognized through profit and loss.

The profit and loss accounts and balance sheets of international units using an operating currency different from the reporting currency are translated into the reporting currency as follows:

- the assets and liabilities on each reported balance sheet are translated using the exchange rate of the closing date; and
- the income and expenses on each profit and loss account are translated at average exchange rates for the financial period.

Exchange rate differences arising from the consolidation of foreign units are recognized as translation difference in other comprehensive income.

1.3. KEY DECISIONS MADE BY THE MANAGEMENT REQUIRING DISCRETION AND MAIN UNCERTAINTY FACTORS RELATING TO ESTIMATES

Preparing the financial statements in accordance with the IFRS requires the management to make discretionary decisions and use estimates and assumptions that have impacts on the amounts of assets and liabilities on the closing date, reporting of contingent assets and liabilities and the amounts of income and expenses for the reporting period. These estimates and assumptions are based on prior experience and other justifiable factors, such as expectations concerning future events that the management of the Sitowise Group considers reasonable, taking into account the conditions on the closing date and when the said estimates and assumptions were made.

Even though these estimates are based on the best view of the Sitowise Group's management of events and measures on the closing date, it is possible that the outcomes differ from these estimates. The estimates and underlying assumptions are continuously updated when preparing the financial statements. The Group may need to adjust its estimates if the conditions on which the estimates are based change, or if the Group receives new information or accumulates more experience. Any changes are recognized in the accounts for the financial period during which the estimate or assumption is updated.

Decisions based on management discretion which the management has made when applying the accounting policies and which have impacts on the figures disclosed in the financial statements are associated with the following areas, among others: recognition of revenue based on the percentage of completion, goodwill impairment testing, provisions, allocation of the cost of acquisitions, measurement of tangible assets, and economic lives of other intangible assets. Covid-19 has not had a material impact on the decisions based on management discretion.

The revenue recognition practices are described in Note 2.1. Impairment testing is described in Note 3.2.1.

2. OPERATING PROFIT

This section focuses on the Group's result and its formation. Next, the different components of the Group's operating profit are discussed.

2.1. NET SALES

Sitowise provides its customers with all design and consultancy services for the built environment under the one-stop-shop principle. The net sales of the Sitowise Group primarily comprise sales of services and service packages that may also include software or system development. The main market areas are Finland and Sweden.

A five-step model is applied to revenue recognition, identifying the contract and performance obligations, determining the transaction price, and allocating it to the performance obligation. Sales revenue is recognized as the performance obligation is fulfilled and only up to the consideration that the Group expects it to be entitled against the services delivered to the client.

Accounting policy

Identification of a contract: IFRS 15 includes the criteria for identifying and combining contracts. As a rule, Sitowise only concludes a single contract with the same customer on a single project. However, contracts can be combined when several almost simultaneous contracts concerning the same site have been concluded with the customer. If separate framework agreements have been concluded with the same customer on different areas of design, it means that the contracts should not be combined for revenue recognition. The justification of this is that the contract negotiations have often been carried out by completely different persons and they have not been negotiated as a single whole. The average duration of customer contracts varies from weeks to a few months, depending on the industry and whether the contract is a framework agreement or an individual service contract with the client.

Amendments to contracts: In the contracts of the Sitowise Group, additional work is most commonly addressed as part of the project whole, i.e. expansions of the existing project. In some cases, additional and alteration work can also be established as separate projects and performance obligations. If the scope of application of a contract is expanded due to the work added to it being separable and the total contractual price increases by the separate selling prices for work, the alteration and additional work will be accounted for as a separate performance obligation and recognized as revenue as a separate project.

Identification of performance obligations: The services promised in the customer contract are estimated and the performance obligations delivered to the customer are identified at the time of concluding the contract. In the practice pursuant to IFRS 15, the entire project is considered to be a single performance obligation in the customer contracts of the Infrastructure Solutions and Digital Solutions business areas. In the Building Solutions

business area, on the other hand, performance obligation levels depend on the customer and the service offered. If the sub-areas of design are defined and priced as a single aggregate of duties in the request for quote, quote, and contract, the assignment is treated as a single performance obligation.

Infrastructure

The Infrastructure business area of Sitowise offers clients services relating to urban, traffic, structural, geotechnical, urban, and landscape design and infrastructure construction contracting. The primary clients of Infrastructure Solutions are construction companies and the public sector. Sitowise's performance obligation consists of preparing the overall engineering of the infrastructure project.

Buildings

Sitowise's Building business area offers clients new construction and renovation project design, building system, and construction contracting services for both new builds and renovation sites. The primary clients of Building Solutions are construction companies, housing companies, and the public sector.

In the area of structural and prefabricated element engineering and building systems, fulfilling the more extensive project package makes up the performance obligation. Correspondingly, in building design, the performance obligation regarding different types of engineering comprises implementing the individual projects of the engineering sectors.

In renovations, the performance obligation comprises the overall construction contracting and supervision assignment or tasks of the service areas. The Building Solutions area also includes special expert and design services that, when commissioned individually, make up a separate performance obligation.

Digital Solutions

Sitowise's Digital Solutions business is divided into two areas: Mobility and Traffic Infrastructure, and Built Environment Information Services. The customer contracts of Digital Solutions primarily include consultation work.

Mobility and Traffic Infrastructure offers clients development of traffic optimization, traffic data collection and software services. In Built Environment Information Services, Sitowise provides clients with comprehensive solutions for more cost-efficient design. The clients of both areas are primarily public-sector entities, such as cities and municipalities. The services of Digital Solutions usually make up a single project package that is treated as a performance obligation. The system maintenance phase after system development is treated as a separate performance obligation.

The Sitowise Group primarily acts as the principal in all of its contracts, as it is itself always liable for fulfilling the contract. The Sitowise Group is also responsible for final delivery to the customer when using subcontractors.

Determination of transaction price and its allocation to performance obligations: The transaction price is the amount of

consideration to which the Sitowise Group expects it to be entitled for the services provided to the customer. The consideration pledged in the customer contract may include fixed or variable monetary amounts or both. The most common variable considerations are associated with penalties for delay, incentives, performance-linked bonuses, and target prices. Penalties for delays are recognized once they are likely to materialize. Incentive and bonuses and additional consideration received for completion below target prices are recognized once they are very likely to materialize.

Revenue recognition: The services provided by the Sitowise Group are customized for the customer, and the Sitowise Group primarily has a contractual right to payment for the customized output received by the time of review. Performance obligations are fulfilled over time, and control is considered to be transferred to the client as the service is performed for the client.

The determination of sales revenue recognized over time is based on the percentage of completion. The percentage of completion is determined as the percentage of the working hours and costs of work performed by the time of review of the estimated total amount of work and costs of the project. If the service package involves software or software maintenance services, their license and maintenance revenue is recognized for the contract period.

The estimated sales revenue and total costs of the project are updated at the end of each reporting period. If the outcome of a long-term project cannot be reliably estimated, revenue from the project is recognized only to the extent that the monetary amount corresponding to actual costs is available. If it is probable that the total cost of project completion exceed the total revenue received from the project, the expected loss is immediately expensed.

If the invoicing of the project is lower than the sales revenue recognized on the basis of percentage of completion, the difference is reported as a contractual asset in the Project receivables item on the balance sheet. If the invoicing of the project is higher than the sales revenue recognized on the basis of percentage of completion, the difference is reported as a contractual liability in Trade and other liabilities on the balance sheet.

The Sitowise Group has set euro-denominated limits for revenue recognition based on the percentage of completion, varying by business area. If the price of the project is below the limit, revenue is not recognized based on the percentage of completion, but the contract is recognized as revenue monthly based on the work performed up to the amount that it is entitled to charge to the customer. In addition, there are hourly priced projects to which the practical relief is applied; in them, revenue is recognized based on expert work.

The warranty periods of customer contracts are based on the common standard contractual clauses of the industry. The Group applies payment terms pursuant to the industry's standard business practices.

Significant decisions based on management discretion

When revenue recognition is based on the percentage of completion, the outcome of the contract is assessed regularly and reliably. Revenue recognition based on the percentage of completion is based on estimates of the probable sales revenue and expenses of the project as well as reliable measurement of the percentage of completion of the project. If the estimates of the project outcome change, the revenue recognition based on the percentage of completion is adjusted for the reporting period during which the change is initially known. The expected loss from the project is recognized as a loss provision immediately in conjunction with the following monthly reporting.

2.1.1. Net sales by business area

EUR thousand	2020	2019	Change
Building Solutions	70,789	67,227	5.3%
Infrastructure Solutions	54,164	50,628	7.0%
Digital Solutions	14,088	12,257	14.9%
Sweden	21,087	9,839	114.3%
Others *)	-46	3,065	
Total	160,082	143,016	11.9%

*) The group "Others" includes discontinued operations and eliminations between business areas.

2.1.2. Net sales by market area

EUR thousand	2020	2019
Finland	138,043	131,726
Sweden	20,942	10,512
Other countries	1,097	778
Total	160,082	143,016

The net sales of the geographical areas are reported by the customer's location.

Assets based on customer contracts are reported in Notes 3.4 and 3.6.

Revenue from customer contracts expected to be recognized and relating to remaining performance obligations by December 31, 2020 amount to approximately EUR 115 (111) million.

2.2. SEGMENT REPORTING

The Sitowise Group has one operating segment. This corresponds with the method of reporting internally to the Chief Operating Decision Maker (CODM) and the way in which the Chief Operating Decision Maker makes decisions on allocating resources and estimates performance.

Significant decisions based on management discretion

The management of the Sitowise Group has exercised discretion in specifying the Group's segment reporting. Areas requiring discretion have included specifying the CODM, decisions used in managing the Group, and the reports used. The Managing Director has been specified as the Chief Operating Decision Maker. The Managing Director is responsible for the allocation of resources and assessment of performance.

2.3. OTHER OPERATING INCOME**Accounting policy**

The Sitowise Group recognizes new grants received when there is reasonable certainty that the grant will be received and the Group both fulfills and complies with the terms and conditions of the grant. The Sitowise Group systematically recognizes grants received as income.

EUR thousand	2020	2019
Gain on fixed assets	746	18
Contributions received	486	532
Other income	132	265
Total	1,365	815

In 2020, gains on fixed assets included the gain on the disposal of the telecommunications business, among others.

The Sitowise Group has received public grants from Business Finland and the European Union, among others.

2.4. MATERIALS AND SERVICES

EUR thousand	2020	2019
Subcontracting expenses	7,926	6,359
Project and other expenses	5,293	7,039
Total	13,220	13,398

In 2020, subcontracting expenses amounted to 8.3% (9.4%) and Project and other expenses to 3.3% (4.9%) of net sales.

Project and other expenses include costs relating to customer projects as well as travel and meeting expenses, which decreased due to covid-19 in 2020.

2.5. PERSONNEL EXPENSES

Accounting policy

The defined contribution pension scheme is an arrangement in which the Sitowise Group pays fixed premiums to pension insurance policies. The Sitowise Group has no legal or factual obligations to make additional payments if the insurance does not provide sufficient funds for paying all benefits based on the work performance for the current and previous financial periods to all employees.

The total compensation paid by the Sitowise Group to its personnel comprises salaries, wage supplements, short-term incentives, and fringe benefits.

EUR thousand	2020	2019
Wages and salaries	84,016	75,309
Pension expenses	12,444	12,628
Other social security expenses	5,475	3,755
Total	101,935	91,692

In 2020, personnel expenses amounted to 63.7% (64.1%) of net sales. Employment pension contributions did not increase pro rate to personnel expenses because of the temporary lowering of employer's employment pension contributions due to the difficult economic situation caused by the covid-19 pandemic by 2.6 percentage points in Finland for May 1–December 31, 2020.

Personnel	2020	2019
Average number of personnel	1,823	1,514
Full-time equivalent (FTE) on average	1,555	1,442

Full-time equivalent (FTE) on average is the average number of full-time equivalents in the Group.

Information about the compensation of the management is reported in Note 7.3 on related party transactions.

The Sitowise Group has a share-based incentive scheme for its CEO. The CEO has the right to subscribe for shares in Sitowise Holding I Oy under certain conditions. The incentive scheme is described in Note 7.3.

2.6. OTHER OPERATING EXPENSES

EUR thousand	2020	2019
Other personnel-related expenses	4,444	5,537
Data and telecommunication expenses	6,965	5,953
Sales and marketing expenses	548	680
Rent expenses	3,172	2,240
Other expenses	4,883	5,012
Total	20,012	19,422

In 2020, other operating expenses amounted to 12.5% (13.6%) of net sales.

Other personnel-related expenses mainly comprise fringe benefits and diverse expenses relating to training, recruitment, and personnel meetings.

Data and telecommunication expenses are primarily associated with software and IT service expenses.

The material items included in other expenses are legal and other counselling fees and communications expenses. Practical reliefs allowed by IFRS 16 have been applied, and part of lease costs are included in other operating expenses. Information about IFRS 16 is presented in Note 3.3.

2.6.1. Auditors' fees

EUR thousand	2020	2019
Statutory audit	172	100
Tax advice	68	12
Other advisory services	120	41
Total	361	153

Other advisory services added to the 2019 note.

The audit fees for 2020 include the audit fees for the financial statements of the parent company and the Group.

2.7. DEPRECIATION, AMORTIZATION, AND IMPAIRMENT

Accounting policy

Depreciation of machinery, equipment, and other tangible assets is recognized over their economic useful lives. Depreciation is recognized using the straight-line method based on the acquisition cost and estimated economic useful life of the asset. The Sitowise Group reviews the depreciation periods and methods at least at the end of each financial period. If the economic useful life of an asset differs from the previous estimate, the depreciation period will be adjusted accordingly.

Impairment loss is the amount by which the book value of an asset exceeds the recoverable value of the asset.

A public grant received for capital expenditure is recognized as lowering the cost of the fixed asset

Economic useful lives of assets for the 2020 and 2019 financial periods are as follows:

- IT machinery and equipment 4 years
- Other machinery and equipment 5 years

Economic useful lives of intangible assets are as follows:

- Intangible rights 3–5 years
- Acquired asset, technology 5 years
- Acquired asset, customer relationships 5 years
- Other intangible rights 5–10 years

EUR thousand	2020	2019
Machinery and equipment	1,280	1,807
Leases		
Buildings and structures	5,051	4,805
Machinery and equipment	415	390
Tangible assets	6,745	7,002
Intangible rights and other intangible assets	1,211	945
Impairment	52	0
Intangible assets	1,263	945
Impairment of goodwill	0	727
Total	8,008	8,674

The Sitowise Group did not recognize impairment on intangible assets for the financial periods 2020–2019. The write-down of intangible assets recognized in 2020 was associated with product development expenses. The impairment loss recognized for goodwill is associated with the impairment of the goodwill of the Sitowise Group's Norwegian subsidiary Sitowise AS. The subsidiary was subsequently divested during 2019.

3. OPERATIONAL ASSETS AND LIABILITIES

3.1. BUSINESS COMBINATIONS

Accounting policy

Acquired subsidiaries are consolidated into the consolidated financial statements using the acquisition method. The consideration given in business combinations and the identifiable assets and assumed liabilities of the acquired company are measured at fair value upon acquisition. The consideration given in conjunction with acquisitions includes any funds given, liabilities to the previous owners of the acquiree and issued equity shares.

Any additional purchase price is measured at fair value upon acquisition. The additional purchase price is classified as either equity or a liability. If the additional purchase price is classified as a liability, it is measured at fair value on the closing date of each reporting period. An additional purchase price classified as equity is not remeasured.

Non-controlling interest in the acquiree is measured at fair value or at an amount corresponding to the proportional share of the non-controlling interest of the identifiable net assets of the acquiree.

Acquisition-related expenses, such as expert fees, are expensed for the periods during which they occur and services are received. Information about additional purchase price liabilities is presented in Note 4.2.2.

EUR thousand	2020	2019
Purchase price	20,392	31,964
Assets	7,663	15,767
Liabilities	2,647	6,122
Net assets	5,017	9,645
Goodwill	15,375	22,319

Mergers and acquisitions are a central part of the active growth strategy of the Sitowise Group. The mergers and acquisitions have primarily been minor supplementary acquisitions, and each acquisition has had an impact of less than 10% individually on the net sales of the Sitowise Group. The starting point in acquisitions has been to strengthen local expertise and resources. Therefore, the value of the acquisitions is primarily based on skilled personnel, and no value is allocated; the majority of it is allocated to goodwill.

During the 2020 financial period, the Sitowise Group carried out three acquisitions, of which two in Finland and one in Sweden. All three acquisitions were paid in cash.

Company	Time	Transaction method	Location	Personnel
Ficonic Solutions Oy	7/2020	Share purchase (100%)	Jyväskylä	15
Technology for Infrastructure Projects	11/2020	Share purchase (100%)	Gothenburg	70
Paloässät Oy	12/2020	Share purchase (100%)	Espoo	20

Ficonic Solutions Oy is an IT service company that offers its clients both custom digital services and product solutions. Ficonic specializes in cloud environments, digital map-based services, and mobile solutions for traffic and the automotive industry.

Paloässät Oy is an engineering office specialized in fire safety engineering.

The company Technology for Infrastructure Projects Sweden AB (TFIP) was acquired in Sweden. TFIP is a Swedish specialist company that offers comprehensive engineering and consultancy services for the development of infrastructure and cities and the needs of manufacturing.

Customer relationships were identified as a separate asset item in the goodwill of TFIP. The estimated economic useful life of this asset is 5 years.

3.2. GOODWILL AND OTHER INTANGIBLE ASSETS

Accounting policy

Apart from goodwill, intangible assets are recognized at cost less amortization using the straight-line method over their economic useful lives. Intangible assets include goodwill, intangible rights, and other intangible assets.

Goodwill

Goodwill from the acquisition of business operations is recognized at the amount by which the consideration given, non-controlling interest, and any previous holding in the acquiree combined exceed the Group's share of the fair value of the acquired net assets. Goodwill is recognized on the balance sheet less any accumulated impairment losses. Goodwill is not amortized, but tested annually for any impairment.

For impairment testing, goodwill is allocated to the Sitowise Group, which is expected to benefit from the business combinations from which the goodwill emerged. Impairment testing is described in more detail below in this note.

Other intangible assets

Other intangible assets include intangible rights and other intangible assets. Intangible assets, such as system deliveries, which have a limited economic useful life, are recognized on the balance sheet at original acquisition cost less accumulated amortization and any impairment.

Technology and customer relationships owned by the Sitowise Group have been acquired in conjunction with previous mergers and acquisitions, and they were initially recognized on the balance sheet at fair value and are amortized using the straight-line method over their estimated economic useful lives.

The Sitowise Group assesses on the closing date of each financial period whether there are indications of the impairment of intangible assets other than goodwill. If indications emerge, the Group assesses the recoverable amount from the said asset. The recoverable amount is the fair value of the asset less the higher of costs of selling or value in use. An impairment loss is recognized through profit and loss when the book value of the asset exceeds the recoverable amount. When recognizing the impairment loss, the Group reassesses the economic useful life of the intangible asset. The impairment loss is reversed if a change has taken place in the circumstances and the recoverable amount of the asset has changed from the time of recognizing the impairment loss. However, the impairment loss will not be reversed in excess of the book value of the asset had the impairment loss not been recognized.

The impairment of goodwill is described in Note 3.2.1. Impairment testing.

Significant decisions based on management discretion

Technology and customer relationships owned by the Sitowise Group have been acquired in conjunction with previous mergers and acquisitions, and they were initially recognized on the balance sheet at fair value and are amortized using the straight-line method over their estimated economic useful lives. The management has estimated the economic useful life of technology to be 5 years and the economic useful life of customer relationships to be 5 years.

With regard to goodwill, see Note 3.1. Business combinations. During the 2020 financial period, the Sitowise Group carried out three acquisitions.

EUR thousand	Goodwill	Other intangible assets	Total
Acquisition cost January 1, 2020	101,733	8,303	110,035
Business combinations	15,375	1,670	17,046
Increase	0	1,119	1,119
Exchange rate differences	972	118	1,090
Acquisition cost December 31, 2020	118,081	11,210	129,290
Accumulated depreciation, amortization, and impairment January 1		-4,342	-4,342
Depreciation and amortization for the period		-1,263	-1,263
Other change		75	75
Exchange rate differences		1	1
Accumulated depreciation, amortization, and impairment December 31		-5,529	-5,529
Acquisition cost December 31, 2020	118,081	5,681	123,761

EUR thousand	Goodwill	Other intangible assets	Total
Acquisition cost January 1, 2019	79,139	4,712	83,851
Business combinations	22,319	2,397	24,716
Increase		768	768
Decrease		426	426
Exchange rate differences	275		275
Acquisition cost December 31, 2019	101,733	8,303	110,035
Accumulated depreciation, amortization, and impairment January 1		-2,833	-2,833
Depreciation and amortization for the period		-1,509	-1,509
Accumulated depreciation, amortization, and impairment December 31		-4,342	-4,342
Acquisition cost December 31, 2019	101,733	3,961	105,693

3.2.1. Impairment testing

Accounting policy

Goodwill is allocated to cash-generating units in impairment testing. The impairment testing is carried out annually, and if there are indications of value possibly being impaired. Furthermore, other assets are tested for impairment if there are indications of any impairment.

If any evidence of impairment is found, the recoverable amount of the said asset is estimated. The recoverable amount is determined on the basis of value in use. An impairment loss is recognized when the book value of the asset exceeds the recoverable amount. The impairment loss is immediately recognized through profit and loss, and the economic useful life of the amortized asset is reassessed when recognizing the impairment loss. The need for recognizing impairment losses is reviewed at the level of cash-generating units, namely the Sitowise Group. An impairment loss recognized for goodwill is never reversed.

Significant decisions based on management discretion

The preparation of calculations used in testing goodwill for impairment requires making estimates concerning the future. The management's estimates and related critical uncertainty factors are associated with the components of calculations concerning the recoverable amount, which include discount rate, growth rate after the projection period and development of net sales

and operating profit, including the level of the company's costs. The discount rate indicates current estimates of the time value of money and a relevant risk premium, which, in turn, indicates risks and uncertainty factors not taken into account by adjusting the estimates concerning the corresponding cash flows. The discount rates used and projections of business growth and profitability, including sensitivity analyses, are presented below.

3.2.1.1. Impairment testing of goodwill

The Sitowise Group has one cash-generating unit at the level of which goodwill is monitored and to which goodwill is allocated. Cash flow projections are based on the confirmed budget for the next year and confirmed strategy for the subsequent years. The length of the projection period used in impairment testing calculations is five years.

The management's conservative estimate of long-term cash flow growth has been used in determining the growth in the terminal value. The growth factor used for the terminal value is 2% annual growth, corresponding to long-term GDP growth in the market areas in which the Sitowise Group operates. The discount rate of cash flows is determined using the weighted average cost of capital (WACC). The key factors of WACC are risk-free interest rate, market risk premium, industry-specific beta factor, cost of debt and ratio of equity to liabilities. The table below presents the assumptions by testing dates.

Assumptions used in impairment calculation	September 30, 2020	December 31, 2019
Growth in net sales during the projection period (CAGR)	4.6%	5.6%
EBITDA during the projection period	15.8%	13.2%
Terminal growth assumption	2.0%	2.0%
Discount rate (pre-tax WACC)	9.2%	7.1%

Impairment testing on September 30, 2020 did not indicate a need for impairment of goodwill, with the recoverable amount exceeding the book value.

The Sitowise Group has estimated that no anticipated change in the key assumptions would cause a situation in which the book value of a cash-generating unit would exceed its recoverable amount. A break-even sensitivity analysis was carried out in conjunction with the impairment testing, in which the discount rate was increased by 4 percentage points and the terminal growth assumption was reduced to 0%. Based on the sensitivity analyses, the probability of goodwill impairment losses was low.

3.3. TANGIBLE ASSETS

Accounting policy

Tangible assets primarily comprise office furniture, IT hardware, and other tools. Property, plant, and equipment is measured at original acquisition cost less accumulated amortization and any impairment.

The Group assesses on the closing date of each reporting period whether there are indications of the impairment of a tangible asset. If indications emerge, the Group assesses the recoverable amount from the said asset. An impairment loss is recognized when the book value of the asset exceeds the recoverable amount.

3.3.1. Leases

Accounting policy

As a rule, the Sitowise Group recognizes all lease-related assets (right of use assets) and lease liabilities on its balance sheet. At the time of concluding a contract, the Sitowise Group assesses whether the contract is a lease or includes a lease. The contract is a lease or includes a lease if the contract gives the right to control the use of a specific asset for a fixed period against consideration.

A right of use asset and a corresponding liability are recognized for all of the lessees' leases, with the exception of short-term leases as well as leases of minor value. The right of use asset is measured at acquisition cost at the start of the contract and

EUR thousand	Machinery and equipment	Other tangible assets	Total
Acquisition cost January 1, 2020	9,949	36	9,985
Increase	2,720		2,720
Decrease	0		0
Exchange rate differences	58		58
Acquisition cost December 31, 2020	12,728	36	12,763
Accumulated depreciation and amortization for the period	-7,886		-7,886
Exchange rate differences	-19		-19
Accumulated depreciation, amortization, and impairment December 31	-7,905		-7,905
Acquisition cost December 31, 2020	4,822	36	4,858

EUR thousand	Machinery and equipment	Other tangible assets	Total
Acquisition cost January 1, 2019	7,452	36	7,488
Increase	2,650		2,650
Decrease	-159		-159
Exchange rate differences	6		6
Acquisition cost December 31, 2019	9,949	36	9,985
Accumulated depreciation, amortization, and impairment January 1	-4,562		-4,562
Depreciation and amortization for the period	-1,810		-1,810
Exchange rate differences	-1		-1
Accumulated depreciation, amortization, and impairment December 31	-6,372		-6,372
Acquisition cost December 31, 2019	3,577	36	3,612

later at acquisition cost less accumulated depreciation and amortization and any impairment losses, adjusted for the impact of any reassessments of the lease liability. The lease liability is measured at the start of the contract at the current value of rents not paid on the said date. Later, the lease liability is measured at amortized cost using the effective interest method. The lease liability is remeasured when a change has taken place in the future rent payments due to a change in the index or price level. When the lease liability is remeasured in this way, a corresponding adjustment is made to the book value of the right-of-use asset, or it is recognized through profit or loss if the book value of the right-of-use asset has been reduced to zero.

At the Sitowise Group, right of use assets include the premises and vehicles leased under ordinary terms and conditions. The Group treats premises which have a period of notice of less than one year and are located in smaller locations as short-term leases. Computers, tablets, printers, and similar assets is treated as assets with minor value. The Group uses the IFRS relief clause and does not apply IFRS 16 to intangible assets. The discount rate used is the interest rate of the company's additional credit, the components of which are the reference interest rate and the financial institution's margin.

Sitowise Group has a sublease agreement that is part of a rental arrangement. Due to the principal rental arrangement, Sitowise Group does not recognize income from the sublease agreement and the Group does not recognize liabilities or capitalize fixed assets.

Significant decisions based on management discretion

The management of the Sitowise Group regularly reviews the strategic value of locations. This influences the IFRS 16 interpretation regarding for how long the Group is likely to extend a lease on premises until further notice, for example.

EUR thousand	IFRS 16 right-of-use assets
Acquisition cost January 1, 2020	33,467
Increase	11,799
Decrease	-1,139
Exchange rate differences	217
Acquisition cost December 31, 2020	44,345
Accumulated depreciation, amortization, and impairment January 1	-9,517
Depreciation and amortization for the period	-5,465
Exchange rate differences	-46
Accumulated depreciation, amortization, and impairment December 31	-15,028
Acquisition cost December 31, 2020	29,316

EUR thousand	IFRS 16 right-of-use assets
Acquisition cost January 1, 2019	18,956
Increase	15,136
Decrease	-636
Exchange rate differences	11
Acquisition cost December 31, 2019	33,467
Accumulated depreciation, amortization, and impairment January 1	-4,316
Depreciation and amortization for the period	-5,195
Exchange rate differences	-7
Accumulated depreciation, amortization, and impairment December 31	-9,517
Acquisition cost December 31, 2019	23,949

The Group's IFRS 16 right-of-use assets primarily comprise contracts concerning business premises. In the 2020 financial period, contracts concerning premises accounted for 98% and in the 2019 financial period for 97%.

During the 2020 financial period, outgoing cash flow due to leases totaled EUR 5.9 million and during the 2019 financial period they totaled EUR 5.4 million.

Rent expenses from short-term contracts are included in other operating expenses, amounting to EUR 2,644 thousand in 2020 and EUR 2,536 thousand in 2019.

The interest expense on the lease liability was EUR 874 thousand in 2020 and EUR 503 thousand in 2019.

3.4. TRADE AND OTHER RECEIVABLES

Accounting policy

Trade receivables are recognized on the balance sheet at original invoiced value less any impairment. A provision for impairment is immediately recognized through profit and loss. An allowance for loss is based on the expected credit losses from trade receivables. The model of expected credit losses is forward-looking and based on the historic credit loss rate, applying the simplified procedure, the provisioning matrix. The Sitowise Group records the final credit loss when debt collection measures prove to be unsuccessful. A final credit loss is recognized, for example, when a credit loss recommendation has been received from the debt collection agency or the debtor applies for restructuring or bankruptcy.

Project receivables increased during 2020, mainly on account of growth in business. The project portfolio also had an impact on the development of project receivables during the financial period.

EUR thousand	2020	2019
Trade receivables	30,232	27,931
Project receivables	10,986	8,749
Accrued income	3,146	3,942
Other accrued income	1,039	646
Total	45,404	41,268

Ageing of trade receivables

EUR thousand	2020	Expected credit losses	Expected credit losses	2019	Expected credit losses	Expected credit losses
Undue	26,025	0.01%	2	23,838	0.01%	2
0–29 days	1,775	0.1%	2	3,219	0.1%	3
30–59 days	898	1%	9	493	1.0%	5
60–119 days	254	4.0%	11	117	4.0%	5
120–365 days	800	6.3%	54	265	6.3%	18
Over 365 days	480	50%	719	0	100%	777
Total	30,232		795	27,932		810

Provisions for impairment related to trade receivables are based on historic data concerning materialized credit losses. The expected credit loss rate from all trade receivables is 2.5% for the 2020 financial period.

3.5. PROVISIONS

Accounting policy

A provision is recognized when the Group has a legal or factual obligation as the result of a prior event, the materialization of the obligation is likely, and the amount of the obligation can be reliably measured. The amount recognized as a provision is the current value of the expenses which fulfilling the obligation is expected to require at the end of the financial period based on the management's best estimate. If compensation for part of the obligation can be recovered from a third party, the compensation is deducted from the provision, but only when it is likely that the compensation will be received. A provision is recognized only if the amount of the obligation can be reliably measured.

EUR thousand	2020	2019
Provision January 1	1,634	974
Change in provisions	159	660
Provision December 31	1,793	1,634

At the time of recognition, the management has to assess whether there is an obligation that is likely to materialize as well as its amount and time of materialization.

A provision is recognized for loss-making contracts when the expenses required to fulfill obligations exceed the benefits from the contract. The loss provision is decreased pro rata to the recognition of revenue from the loss-making contract.

Provisions include normal business-related complaint and loss provisions.

3.6. ACCOUNTS PAYABLE AND OTHER LIABILITIES

EUR thousand	2020	2019
Accounts payable	4,955	5,494
Liabilities based on contracts with customers	9,767	6,370
Accrued expenses	28,608	20,980
Other liabilities	3,988	9,327
Total	47,318	42,171

Liabilities based on contracts with customers increased during 2020, mainly on account of growth in business. The project portfolio also had an impact on the development of liabilities based on contracts with customers during the financial period.

Liabilities based on customer contracts include both the difference between net sales based on the percentage of completion and invoicing, and ordinary provisions for costs relating to customer projects.

The most essential items in accrued expenses included accrual of personnel expenses and ordinary business-related accrued costs. The growth in accrued expenses in 2020 was mainly due to larger personnel-related accruals.

In 2019, Other liabilities included the purchase price liability associated with the acquisition of Karlsson & Segerström.

4. FINANCIAL ITEMS AND CAPITAL STRUCTURE

4.1. FINANCIAL INCOME AND EXPENSES

EUR thousand	2020	2019
Dividend income	0	1
Other interest and financial income	1,163	476
Interest on lease liabilities	-874	-503
Interest expenses	-2,336	-2,161
Other financial expenses	-329	-81
Total	-2,376	-2,268

Other interest and financial income primarily includes unrealized foreign exchange gains from internal loans. Interest expenses are associated with loans from financial institutions.

4.2. FINANCIAL ASSETS AND LIABILITIES

Measurement of fair values

The fair value of an asset or liability is the price that would be received from selling the asset or paid for transferring the debt between market parties in a regular transaction on the measurement date. The Sitowise Group makes use of market data in measuring fair value if there is an active market for the financial asset or liability. Otherwise, other measurement methods will be applied.

Fair values are classified as follows to different levels of the fair value hierarchy, illustrating the significance of input data used in the measurement methods:

- 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

The Sitowise Group considers that the book values of current trade receivables, accounts payable and cash and cash equivalents correspond to the best estimate of their fair values. Moreover, the Group considers that the book values of loans from financial institutions and other non-current liabilities correspond to the best estimate of their fair values.

4.2.1. Financial assets

The Group classifies its financial assets at amortized cost and fair value through other comprehensive income. The classification of financial assets is based on the business model specified by the Group and contractual cash flows of financial assets.

At the Sitowise Group, non-current receivables include receivables falling due after more than one year. Other shares and participations, which are included in non-current financial assets, are initially measured at amortized cost, and their fair value is determined using inputs other than observable market inputs.

Financial assets that are not measured at amortized cost are recognized at fair value through comprehensive income. The change in the fair value of these items is recognized through comprehensive income.

Current financial assets include trade receivables and cash and cash equivalents. The book values of current trade receivables and cash and cash equivalents correspond to the best estimate of their fair values. Write-downs of trade receivables are made based on expected credit losses from trade receivables. The model of expected credit losses is forward-looking and based on the historic credit loss rate.

Cash and any bank deposits that can be withdrawn on demand are included in cash equivalents at the Sitowise Group. Short-term deposits are considered to be easily convertible into cash because their original maturity is at most three months. The cash and cash equivalents reported on the balance sheet correspond to the cash and cash equivalents reported on the cash flow statement. On December 31, 2020, cash and cash equivalents amounted to EUR 15,463 thousand (December 31, 2019: EUR 10,346 thousand).

Cash and cash equivalents are derecognized when the Group has lost the contractual right to cash flows or has transferred risks and income to outside the Group to a significant extent.

4.2.2. Financial liabilities

Financial liabilities measured at amortized cost are included in the Group's external loans from financial institutions and accounts payable. Financial liabilities are measured initially at fair value and recognized on the balance sheet less transaction costs. A financial liability is classified as current if the Group does not have an unconditional right to postpone the repayment of the liability a minimum of 12 months from the closing date of the reporting period. If loans are repaid or refinanced, any remaining costs not expensed relating to them are recognized in financial expenses.

EUR thousand Financial assets December 31, 2020	Measured at amortized cost	Measured at fair value through other comprehensive income	Book value total	Fair value	Level 1	Level 2	Level 3
Non-current financial assets							
Other shares and participations		1,682	1,682	1,682			1,682
Current financial assets							
Trade receivables	30,232		30,232	30,232			
Cash and cash equivalents	15,463		15,463	15,463			
Total	45,696	1,682	47,378	47,378			

EUR thousand Financial assets December 31, 2019	Measured at amortized cost	Measured at fair value through other comprehensive income	Book value total	Fair value	Level 1	Level 2	Level 3
Non-current financial assets							
Other shares and participations		1,252	1,252	1,252			1,252
Current financial assets							
Trade receivables	27,931		27,931	27,931			
Cash and cash equivalents	10,346		10,346	10,346			
Total	38,277	1,252	39,529	39,529			

EUR thousand Financial liabilities December 31, 2020	Measured at amortized cost	At fair value through profit and loss	Book value total	Fair value	Level 1	Level 2	Level 3
Non-current financial liabilities							
Loans from financial institutions	68,728		68,728	68,728		68,728	
Lease liabilities	23,826		23,826				
Current financial liabilities							
Loans from financial institutions	3,318		3,318	3,318		3,318	
Accounts payable	4,955		4,955	4,955			
Additional purchase price		1,171	1,171	1,171			1,171
Lease liabilities	6,061		6,061				
Total	106,889	1,171	108,060	78,173			

EUR thousand Financial liabilities December 31, 2019	Measured at amortized cost	At fair value through profit and loss	Book value total	Fair value	Level 1	Level 2	Level 3
Non-current financial liabilities							
Loans from financial institutions	57,625		57,625	57,625		57,625	
Lease liabilities	19,554		19,554				
Current financial liabilities							
Loans from financial institutions	3,383		3,383	3,383		3,383	
Accounts payable	5,494		5,494	5,494			
Additional purchase price		4,931	4,931	4,931			4,931
Lease liabilities	4,595		4,595				
Total	90,651	4,931	95,583	71,434			

These financial liabilities are measured at amortized cost using the effective interest method.

Cost items are measured at fair value through profit or loss in the period during which they occur.

The Sitowise Group had an estimated EUR 1,171 thousand (December 31, 2020) and EUR 4,931 thousand (December 31, 2019) of additional purchase price liabilities.

Loans from financial institutions comprised a variable rate bank loan in 2020. The bank loans include ordinary covenants, such as cash flow covenant, ratio of net debt to EBITDA, and investment covenant. During the 2020 and 2019 financial periods, the Group fulfilled all of the covenants.

4.2.3. Shares

Sitowise Holding I Oy has four series of shares: A1, A2, P1 and P2. All share series combined, the number of shares was 23,342,520 (22,479,869) shares and share capital amounted to EUR 2,500 (2,500) on December 31, 2020. The company held a total of 994,222 (476,185) of its own A2, P1, and P2 shares.

The company's series A1, A2, P1, and P2 shares differ with regard to the rights and obligations they confer as specified in article 6 of the Articles of Association. The company's shares are subject to a redemption clause pursuant to article 9 of the Articles of Association.

On December 31, 2020, the company had shares as follows:

Share type	Dec 31, 2020	Change	Dec 31, 2019
A1	471,506	0	471,506
A2	844,436	4,984	817,951
P1	13,233,802	221,450	12,367,506
P2	8,792,776	-30,130	8,822,906
Total	23,342,520	196,304	22,479,869

Directed share issues were organized during the financial period in conjunction with mergers and acquisition and with inviting the company's key personnel to become partners.

Series P1 and P2 shares have priority in repayment order to series A1 and A2 shares. The holding is based on series A1 and A2 shares.

In spring 2020, the Annual General Meeting resolved in accordance with the Board of Directors' proposal that dividends of EUR 661,816.13 would be distributed to series P1 shares for the financial period ended December 31, 2019. In December 2020, the Annual General Meeting resolved in accordance with the proposal of the Board of Directors to distribute a refund of capital totaling EUR 1,956,131.18 to the P1 and P2 shares from the fund for unrestricted equity.

4.2.4. Fund for invested unrestricted equity

Payments made for subscriptions for shares during the financial period are recognized in full in the fund for invested unrestricted equity.

4.2.5. Equity loans

Sitowise Holding I Oy has shareholders loans that meet the criteria for equity loans, and these loans are treated as part of shareholders' equity. The Group has no payment obligation relating to the principal or interest of the loan. Sitowise Holding I Oy has not and will not grant a security for the payment of the principal or interest of the subordinated loan. Sitowise Holding I Oy has the right, but no obligation to refund the principal of the subordinated loan or pay interest. The borrower's board of directors decides on the payment of interest on the subordinated loan and refund of principal. The subordinated loan has no maturity date. On December 31, 2020, subordinated loans totaled EUR 14.1 million (14.1) million.

5. FINANCIAL AND CAPITAL RISKS

5.1. MANAGEMENT OF FINANCIAL RISKS

The management of financial risks at the Sitowise Group aims to ensure the financial stability of the Group and availability of sufficient financing options in different market situations. In addition, the aim is to support the businesses in identifying and managing business-related financial risks. The Group is exposed to diverse market risks. Changes in these risks have effects on the company's assets, liabilities, and anticipated business transactions. The risks are caused by changes in interest and exchange rates. Financial risk management is carried out as part of the Group's risk management efforts. The foundation of the management of financial risks is based on principles aiming for business continuity.

The situation of financial risks is regularly reported on to the company's Board of Directors and management. The company's Board of Directors makes the most significant in-principle decisions concerning risk management. The Board of Directors reviews all material financing-related matters, such as external loan arrangements, on a case-by-case basis. The CFO of the Sitowise Group is responsible for ensuring financing, identifying risks and, if necessary, implementation of hedging together with external counterparties. The business units and subsidiaries are responsible for the management of risks involved in their respective business operations, and subsidiaries also for projecting cash flows.

In 2020, the Sitowise Group developed the monitoring of cash and trade receivables. The Group's cash and liquidity remained at a good level despite covid-19.

5.1.1. Exchange rate risk

The Sitowise Group is exposed to exchange risks, the most significant of which is the Swedish krona through the business operations of the Swedish subsidiaries. The Sitowise Group does not actively hedge against exchange rate risks, as the income and expenses of business operations are primarily in the same currency ("natural hedge").

Translation risks is primarily caused by foreign currency-denominated internal loans of the parent company. The Group's finance unit regularly analyzes translation risk and reports on essential factors in this area to the management. The most significant internal loans are denominated in the Swedish krona. The translation risk is not hedged. On the closing date, the sensitivity of the Sitowise Group to exchange rates was approximately EUR 1.6 million (2019: approximately EUR 0.8 million), assuming that the SEK/EUR exchange rate changes by 5 percentage points.

5.1.2. Interest rate risk

The Group is exposed to financial risks, such as the impacts of changes in interest rates and availability of competitive financing. Changes in the macroeconomic environment or general situation in the financial markets may have negative impacts on the availability, price, and other terms and conditions of financing. An increase in interest rates could have a material direct impact on the costs of available financing and the company's existing financial expenses. An increase in interest rates could thereby affect the costs of the company's debt financing in the future. The company aims to continuously project and monitor the need for financing in its business operations so that the company has sufficient liquid assets for financing its operations and repaying maturing debt.

On the closing date, the Group had EUR 72 million in interest-bearing bank loans (2019: EUR 61 million). Loans from financial institutions comprised a variable rate loan in 2020, similarly to the previous year. On the closing date, the interest rate exposure of the Sitowise Group was approximately EUR 700,000 (2019: approximately EUR 600,000), assuming that interest rates would increase by one percentage point. See also 4.2.2. Financial liabilities.

5.1.3. Credit risk

Credit risk is the risk of a financial loss that occurs if a customer fails to fulfill their contractual obligations. The credit risk of the Sitowise Group is related to counterparties from which it has outstanding receivables or with which the Sitowise Group has long-term contracts. The tools of credit risk management at the Sitowise Group include frontloaded payment schedules of projects, thorough investigation of the customers' background data, and agreeing on advance payments.

The Sitowise Group assesses at the end of each reporting period whether there is objective evidence of impairment of a financial asset or group of financial assets. If there is justified indication of impairment, the said financial asset is recognized as a credit loss. Credit losses are recognized as expenses through profit and loss.

The Sitowise Group considers that there are indications of a credit loss if any of the following indications is present:

- Significant financial difficulties of the debtor
- Probability of the debtor's bankruptcy or other financial restructuring
- Default of payments

Information about trade receivables and expected credit losses is presented in Note 3.4.

5.1.4. Solvency risk

In order to manage the solvency risk, the Sitowise Group continuously maintains sufficient liquidity reserves. The Sitowise Group aims to have a sufficient amount of liquid assets to deal with fluctuations in the need for working capital. At the end of 2020, cash and cash equivalents totaled EUR 15.5 million (2019: EUR 10.3 million). At the end of 2020, the Group additionally had a EUR 4.5 million unused overdraft facility (2019: EUR 5 million).

Contractual cash flows in financial liabilities

EUR thousand	2021	2022	2023 ->
Loans from financial institutions	3,739	68,985	0
Lease liabilities	6,131	5,682	21,424
Accounts payable	4,955	0	0
Total	14,826	74,667	21,424

EUR thousand	2020	2021	2022 ->
Loans from financial institutions	4,091	3,739	59,768
Lease liabilities	5,011	6,131	27,106
Accounts payable	5,494	0	0
Total	14,596	9,870	86,874

The cash flows in lease liabilities include the payments of lease liabilities.

5.2. MANAGEMENT OF CAPITAL RISKS

In the management of working capital, the Sitowise Group aims to ensure the ability to operate continuously in order to be able to provide the shareholders with returns and increase the value of their invested capital. The Sitowise Group monitors the ratio of net debt to adjusted EBITDA.

Net debt is calculated as current and non-current loans from financial institutions less cash and cash equivalents. The desired ratio of net debt to EBITDA is tied to the covenants of credit arrangements.

The table below presents the net debt of the Sitowise Group.

EUR thousand	2020	2019
Loans from financial institutions	72,047	61,008
Cash and cash equivalents	-15,463	-10,346
Net debt	56,583	50,662

Net debt does not include IFRS 16 lease liabilities

6. DISCONTINUED OPERATIONS

The Sitowise Group divested its Tele unit to Rejlers in fall 2020. The Tele business has been treated as a discontinued operation in 2020.

The discontinued operations in 2019 were associated with the Klaipeda dredging project in Lithuania, which ended in spring 2019, and the Sitowise Group's Norwegian subsidiary that the company divested at the end of 2019.

The result of the discontinued operations is presented in the table below.

EUR thousand	2020	2019
Income	2,440	3,694
Expenses	-2,322	-4,706
Profit before taxes	118	-1,012
Taxes	0	0
Result from discontinued operations	118	-1,012

7. OTHER NOTES

7.1. GROUP STRUCTURE

Accounting policy

The consolidated financial statements include the parent company Sitowise Holding I Oy and all subsidiaries over which the parent company had control on the closing date of the reporting period. Sitowise Holding I Oy has control when it is exposed, or has rights, to variable returns from its involvement with a company and has the ability to affect those returns through its power over the company. Acquired subsidiaries are consolidated as of the date on which Sitowise Holding I Oy gains control. Divested subsidiaries are consolidated until control ceases to exist.

Intra-Group transactions, receivables, debts, and unrealized margins and internal distribution of profits are eliminated in

preparing the consolidated financial statements. The allocation of profit (loss) for the financial period to non-controlling interests is presented in the statement of comprehensive income. Non-controlling interests' share of shareholders' equity is reported as a separate figure under shareholders' equity on the balance sheet.

Associated companies are companies in which the Group has considerable influence. The Group considers considerable influence to emerge primarily when the Group holds 20–50 percent of a company's votes or has otherwise considerable influence, but no control. Associated companies are consolidated in the financial statements using the equity method. The Group has no associated companies. Routa Systems Oy and AS DWG are treated as subsidiaries.

At the end of the financial year, the Sitowise Group composed of the parent company Sitowise Holding I Oy and the following companies:

Company	Domicile	Holding 2020	Holding 2019
Sitowise Holding II Oy	Espoo	100%	100%
Sitowise Oy	Espoo	100%	100%
Sito Rakennuttajat Oy	Espoo	*)	100%
Sitowise Rakennuttajat Oy	Espoo	100%	
Envimetria Oy	Lohja	**)	100%
Ficonic Solutions Oy	Jyväskylä	100%	
Helimäki Akustikot Oy	Helsinki	**)	100%
Maapörssi Oy	Järvenpää	100%	100%
Paloässät Oy	Espoo	100%	
Routa Systems Oy	Espoo	51%	
Saircon Oy	Vantaa	***)	100%
Sähkösuunnittelu Elbox Oy	Espoo	****)	100%
Wise Group Consulting Oy	Helsinki	*****)	100% *****)
AS DWG	Riga, Latvia	55.0%	55.0%
Byggnadstekniska Byrån AB	Stockholm, Sweden	100%	100%
Karlsson Segelström Construct AB	Örebro, Sweden	*****)	100%
Segelström & Karlsson Bygg AB	Örebro, Sweden	*****)	100%
Sitowise Consulting OÜ	Tallinn, Estonia	100%	100%
Sitowise Holding AB	Stockholm, Sweden	100%	100%
Technology for Infrastructure projects Sweden, AB	Gothenburg, Sweden	100%	

*) Company's full demerger on June 30, 2020

***) Company merged with Sitowise Oy on May 31, 2020

***) Company merged with Sitowise Oy on July 31, 2020

***) Company merged with Sitowise Oy on October 31, 2020

*****) Not consolidated in the consolidated financial statements, company has no operations, merged on May 31, 2020

******) Company merged with Byggnadstekniska Byrån AB on December 28, 2020

7.2. INCOME TAXES

Accounting policy

The Sitowise Group's tax expense recognized through profit and loss comprises tax based on the taxable profit for the period, any taxes on previous financial periods and deferred taxes. The tax based on the taxable profit for the period is calculated in accordance with the local tax legislation of each Group company. If the taxes are associated with other comprehensive income or transactions or other events recognized directly in shareholders' equity, income taxes are recognized in the said items. The tax for the financial period is calculated using the tax rates confirmed by the closing date of the reporting period.

Deferred tax assets and liabilities are primarily recognized for all temporary differences between the tax bases of assets and liabilities and unused tax losses and credits. The most significant temporary differences arise from tangible and intangible assets, confirmed tax losses, and allocations of the fair values of subsidiary acquisitions. Deferred tax assets are recognized at the maximum up to the amount for which it is probable that there will be future taxable income against which the temporary difference can be used. The prerequisites for recognizing deferred tax assets are assessed on the closing date of the reporting period. Deferred tax liabilities are recognized in full. Deferred taxes are recognized using the tax rates enacted or factually confirmed by the closing date of the reporting period.

Significant decisions based on management discretion

The decision on recognizing deferred tax assets on the balance sheet requires discretion. Deferred tax assets are only recognized when it is more likely that they will be realized than not realized, which, in turn, is determined by whether sufficient taxable income will be generated in the future. The assumptions concerning the accumulation of taxable income are based on future cash flows projected by the management. These estimates concerning future cash flows, on the other hand, depend on estimates concerning the volume of future sales, business expenses, investments, and other items affecting the profitability of business operations, among other things. These estimates and assumptions involve risks and uncertainty and, therefore, it is possible that changes in conditions result in charges in expectations, which in turn can affect the deferred tax assets recognized on the balance sheet as well as any other tax losses or temporary differences not yet recognized.

The ability of the Sitowise Group to accumulate taxable income also depends on general factors relating to the economy, financing, competitiveness, legislation, and regulation which are beyond its own control. If the future taxable income of the Sitowise Group is lower than projected by the management when measuring the deferred tax assets to be recognized, the value of the assets decreases or they lose all value. In this case, the amounts recognized on the balance sheet may have to be reversed through profit and loss. Changes in circumstances can also lead to recognizing deferred tax assets for confirmed losses for which no receivables have been currently recognized.

EUR thousand	2020	2019
Tax based on the taxable profit for the financial year	-1,904	-1,721
Adjustments concerning previous financial periods	-25	1
Change in deferred taxes	-1,286	1,214
Total	-3,215	-506

Reconciliation between tax expenses and taxes calculated using the 20% domestic tax rate

EUR thousand	2020	2019
Profit before taxes	15,896	8,376
Tax calculated using the 20% domestic tax rate	-3,179	-1,675
Adjustments concerning previous financial periods	-25	1
Differing tax rates of foreign subsidiaries	21	-19
Tax-free income and non-deductible expenses	-150	444
Confirmed loss	0	642
Other items	118	101
Taxes on the profit and loss account	-3,215	-506

Deferred tax assets and liabilities

EUR thousand	January 1, 2020	Recognized on the profit and loss account	Recognized in shareholders' equity	December 31, 2020
Difference between depreciation and amortization in accounting and taxation	40	75		115
Other items	1,361	-1,172		189
Deferred tax assets total	1,401	-1,097	0	304
Financing items	193	163	150	506
Other items	1,064	27	388	1,479
Deferred tax liabilities total	1,257	190	538	1,985

EUR thousand	January 1, 2019	Recognized on the profit and loss account	Recognized in shareholders' equity	December 31, 2019
Difference between depreciation and amortization in accounting and taxation	44	-4		40
Other items	137	1,224		1,361
Deferred tax assets total	181	1,220	0	1,401
Financing items	173	20		193
Other items	-1	1,065		1,064
Deferred tax liabilities total	172	1,085	0	1,257

Deferred tax assets on December 31, 2019, other items, includes deferred tax assets totaling EUR 1.2 million due to Sito Rakennuttajat Oy's confirmed loss.

Deferred tax liabilities on December 31, 2019, other items, includes deferred tax liabilities totaling EUR 1.1 million from mergers and acquisitions carried out during the financial period.

7.3. RELATED PARTY TRANSACTIONS

Accounting policy

Parties are considered to be related when one party can exercise control, shared control, or significant influence over the other in decision-making involving its finances and operating activities.

The related parties of the parent company include major shareholders, subsidiaries, and key management personnel. Key management personnel include members of the Board of Directors, the Managing Director and members of the Group Management Team and their immediate family members.

Intera Fund III Ky holds 36.9% of the shares in Sitowise Holding I Oy. The holding is based on series A1 and A2 shares (excluding shares held by Sitowise Holding I Oy).

Balances and transactions between the Group and its subsidiaries and common functions are eliminated in the consolidated financial statements, and they are not reported in this note. The transactions between them have been carried out on market terms.

EUR thousand	2020	2019
Other related parties		
Income		
Expenses	-36	-173
Receivables	917	845
Liabilities		4

Other related parties include transactions by the members of the Board of Directors or key management personnel and their family members, or companies over which they exercise control, with Group companies.

7.3.1. Compensation and holdings of the management

The Annual General Meeting decides on the compensation of the members of the Board of Directors. As of September 2019, the compensation paid to the chairman of the Board of Directors is EUR 3,500 per month and the compensation paid to other members (excluding the representatives of Intera Partners) is EUR 950 per month.

The compensation of the Managing Directors and members of the Group Management Team comprises total salary (including salary and any fringe benefits, such as ordinary company car and mobile phone benefit) and a short-term incentive decided on by the company's Board of Directors. The short-term incentive comprises an annual performance bonus. The Sitowise Group has not taken out additional pension insurance policies for the Managing Director or senior management. The Board of Directors annually confirms the conditions and reward criteria based on which performance bonuses are paid to the Group Management Team. Any performance bonus is based on reaching the set financial objectives, such as EBITDA or other objectives, at the

level of the Group and/or the business unit concerned. In addition to these, members of the Group Management Team may have personal or team-specific objectives.

EUR thousand	2020	2019
Fees paid to the Board of Directors	76	56
Wages and salaries paid to the Managing Directors, including fringe benefits	329	457
Wages and salaries paid to the members of the Management Team, including fringe benefits	1,157	1,080
Management's wages and salaries total	1,562	1,593

The Managing Director changed during 2019, and both directors' wages and salaries are reported in the table. The wages and salaries are cash-based.

The Managing Director's retirement age is 64 years and six months. The period of notice of the Managing Director is six months for both parties. Besides salary for the period of notice, the Managing Director is not entitled to a separate severance payment upon resigning. If the company terminates the Managing Director's employment due to a reason other than the Managing Director's severe misconduct, crime, or similar reason, the Managing Director is, in addition to salary for the six-month period of notice, entitled to compensation amounting to a maximum of six months' salary, provided that the Managing Director has not entered into an employment or service relationship with a third party during the said period.

Holdings of the Board of Directors and Management Team	qty	Holding, % of shares
Board of Directors *)	9,109	0.7%
CEO	10,998	0.9%
Other members of the Management Team	40,664	3.2%
Total	1,279,033	100%

*) Includes direct holding and/or via a company

Some of the members of the Board of Directors are in the service of Intera Partners. Intera Fund III Ky, governed by Intera Partners, held 37% of the shares at the end of 2020.

7.3.2. Share-based incentive scheme

In June 2019, the Board of Directors of the Sitowise Group decided, as authorized by the shareholders, on a share-based incentive scheme for the Managing Director of the Sitowise Group. The share-based incentive scheme is part of the company's compensation scheme for the Managing Director, and it aims to support the implementation of the company's strategy and to align the objectives of the Managing Director and the company's shareholders to increase the value of the company and improve its performance.

The share-based incentive scheme is considered to be included in the scope of application of IFRS 2 Share-based Payment. The option rights included in the scheme are measured at fair value at the time of granting and expensed through profit and loss in equal items as the vesting period proceeds. The expense determined at the time of granting the options is based on the Group's estimate of the number of options expected to be vested at the end of the vesting period. The fair value is determined using the Black-Scholes-Merton model. The Group updates the assumption of the final number of options on the closing date of each reporting period. Changes in the estimates are recognized through profit and loss.

The Managing Director has the right to subscribe for 7,692 series A2 shares in Sitowise Holding I Oy. The subscription period of the shares commences on the date on which the options are granted and is valid until further notice. Each option entitles its holder to subscribe for one new series A2 share in the company. The subscription price of the shares is EUR 52 per A2 share. The profit and loss account of the Sitowise Group for 2019 includes expenses of EUR 34,000 relating to this.

7.4. GUARANTEES AND CONTINGENT LIABILITIES

The guarantees and contingent liabilities of the Sitowise Group are presented in the table below:

EUR thousand	2020	2019
Commitments on behalf of own obligations		
Business mortgage	125,000	284,000
Pledged shares, book value	203,394	179,658
Bank guarantees	2,729	1,953
Total	331,123	465,610
Bank guarantees		
Contractual guarantees	150	150
Other guarantees	2,579	1,803
Total	2,729	1,953
Collateral received		
Account pledges received, in accordance with escrow agreement	0	200

In 2020, the amount of business mortgages was decreased in conjunction with the financing agreement update.

7.5. MAJOR EVENTS AFTER THE CLOSING DATE

In January, the Annual General Meeting revolved in accordance with the proposal of the Board of Directors to distribute a refund of capital totaling EUR 579,733.05 to the P1 and P2 shares from the fund for unrestricted equity.

In February, Intera Fund III purchased all of the stock options granted to the CEO from CEO Eloholma (totaling 7,692 options) and subscribed for shares under the options.

PARENT COMPANY'S FINANCIAL STATEMENTS

SITOWISE HOLDING I OY: PROFIT AND LOSS ACCOUNT (FAS)

EUR thousand	Note	Jan 1 – Dec 31, 2020	Jan 1 – Dec 31, 2019
Net sales		215	0
Personnel expenses		-191	0
Other operating expenses	2	-844	-5
Operating profit/loss		-820	-5
Financial income and expenses	3	-863	-865
Profit/loss before appropriations and taxes		-1,683	-870
Group contributions	4	5,565	3,450
Income taxes	5	-790	-516
Profit for the period		3,092	2,064

SITOWISE HOLDING I OY: BALANCE SHEET (FAS)

EUR thousand	Note	Dec 31, 2020	Dec 31, 2019
Assets			
Non-current assets			
Holdings in Group companies	6	58,698	56,887
Non-current assets total		58,698	56,887
Current assets			
Current receivables	7	517	1,050
Cash and cash equivalents		1,061	294
Current assets total		1,578	1,344
Assets total		60,277	58,231
Shareholders' equity and liabilities			
Shareholders' equity	8		
Share capital		3	3
Fund for invested unrestricted equity		40,663	40,471
Retained earnings		64	-1,338
Profit (loss) for the period		3,092	2,064
Subordinated loan		14,145	14,145
Total shareholders' equity		57,967	55,344
Liabilities			
Current liabilities	9	2,310	2,887
Liabilities total		2,310	2,887
Shareholders' equity and liabilities total		60,277	58,231

SITOWISE HOLDING IOY: CASH FLOW STATEMENT (FAS)

EUR thousand	Jan 1 – Dec 31, 2020	Jan 1 – Dec 31, 2019
Cash flow from operating activities		
Operating profit	-820	-5
Change in working capital	1,012	0
Interest paid and other financial expenses	-3,233	0
Taxes paid	-526	-953
Cash flow from operating activities	-3,567	-958
Cash flow from investing activities		
Purchase and sale of shares in subsidiaries and associated companies	-1,811	-7,027
Cash flow from investing activities	-1,811	-7,027
Cash flow from financing		
Share issue for consideration	3,761	7,860
Share repurchase	-1,613	-2,432
Dividends paid	-2,618	-597
Group contribution received	6,615	3,399
Cash flow from financing	6,145	8,230
Change in cash and cash equivalents	767	245
Cash and cash equivalents January 1	294	49
Cash and cash equivalents December 31	1,061	294

SITOWISE HOLDING OY: NOTES TO THE FINANCIAL STATEMENTS (FAS)

Copies of the consolidated financial statements of the Sitowise Group are available from Linnoitustie 6, FI-02600 Espoo, Finland.

1. ACCOUNTING POLICIES OF THE FINANCIAL STATEMENTS

1.1. MEASUREMENT OF FIXED ASSETS

Fixed assets are capitalized at direct acquisition cost. With regard to machinery and equipment, the depreciation plan used is the straight-line method of depreciation based on the economic useful life.

- IT-related machinery and equipment 4 years
- Other machinery and equipment 5 years

Straight-line depreciation based on economic useful life is used for intangible rights and long-term expenses, with the following planned depreciation periods:

- Intangible rights 3–5 years
- Goodwill 10 years
- Long-term expenses 5–10 years
- Development expenses 5 years

1.2. MEASUREMENT OF INVESTMENTS

Investments are measured at acquisition cost.

2. OTHER OPERATING EXPENSES

EUR thousand	2020	2019
Statutory audit	12	1
Total	12	1

3. FINANCIAL INCOME AND EXPENSES

EUR thousand	2020	2019
Interest expenses		
To others	-863	-860
Other financial expenses	0	-5
Total	-863	-865

4. APPROPRIATIONS

EUR thousand	2020	2019
Group contributions received	5,565	3,450
Total	5,565	3,450

5. DIRECT TAXES

EUR thousand	2020	2019
Direct taxes payable on actual operations for the financial period	-779	-516
Total	-779	-516

6. INVESTMENTS

EUR thousand	2020	2019
Acquisition cost January 1	56,887	49,860
Increase	1,811	7,027
Decrease	0	0
Acquisition cost December 31	58,698	56,887

Holding	2020	2019
Sitowise Holding II Oy	100%	100%

7. CURRENT RECEIVABLES

EUR thousand	2020	2019
Other accrued income	149	0
Accrued income from Group companies	368	1,050
Total	517	1,050

8. SHAREHOLDERS' EQUITY

EUR thousand	2020	2019
Share capital at the beginning of the period	3	3
Increase in share capital	0	0
	3	3
Fund for invested unrestricted equity	40,471	32,610
Increase	192	7,861
	40,663	40,471
Retained earnings at the beginning of the period	726	1,691
Distribution of dividends	-662	-597
Share repurchase	0	-2,432
	64	-1,338
Profit/loss for the financial period	3,092	2,064
Subordinated loan	14,145	14,145
Total shareholders' equity	57,967	55,344

EUR thousand	2020	2019
Fund for invested unrestricted equity	40,663	40,471
Retained earnings	64	-1,338
Profit/loss for the financial period	3,092	2,064
Retained earnings total	43,819	41,197

Subordinated loans granted to the Group total EUR 14,145,180.00.

The loan meets the criteria for a subordinated loan laid down in chapter 12 of the Limited Liability Companies Act. Primary loan terms:

- the loan has no maturity date.
- the principal or interest of the loan may only be paid when the debtor dissolves or is in bankruptcy with a lower priority than all other liabilities.
- the principal of the loan may otherwise only be refunded to the extent that the company's unrestricted equity and all subordinated loans at the time of payment exceeds the amount of confirmed loss for the most recently ended financial period or the loss on the balance sheet included in more recent financial statements.
- interest shall be paid on the unpaid principal of the loan at the annual rate of 6%.
- the unpaid interest falls due in a single installment on the day on which the debtor decides to repay the loan.
- the payment of interest is only possible within the limits of unrestricted equity.
- the creditor or its subsidiary has not and will not pledge a security for the payment of the loan or interest.
- the creditor has higher priority to the company's assets than the creditors of any subordinated loans subsequently taken out by the debtor. The debtor undertakes that the creditors of subsequent subordinated loans sign a related commitment to the creditor before signing an agreement on the above-mentioned loans.
- the interest not recognized as an expense on the subordinated loans is EUR 0.
- subordinated loans are recognized on the balance sheet as a separate item.

9. LIABILITIES

EUR thousand	2020	2019
Accounts payable	350	1
Accounts payable Group	664	
Interest payable	0	2,370
Company tax accrual	779	516
Other current liabilities, Group	100	
Other accrued expenses	416	0
Total	2,310	2,887

10. GUARANTEES AND CONTINGENT LIABILITIES

Assets pledged and off-balance commitments and arrangements on behalf of own and Group companies' obligations, EUR thousand

Assets pledged by type:	for own debt	for Group company's debt
	0	72,724
Pledged shares, book value		
Sitowise Holding II Oy, shares 1-2500	58,698	

Sitowise Holding I Oy has pledged its receivables from the Group companies as collateral for the Group companies' financing loans.

KEY FIGURES

EUR thousand	2020	2019	2018
Net sales	160,082	143,016	125,693
Growth in net sales, %	11.9%	13.8%	
Organic growth in net sales, %	3%	1.8%	
EBITA, adjusted	20,633	15,481	14,461
% of net sales	12.9%	10.8%	11.5%
EBITA	19,535	12,317	13,813
Operating profit (EBIT)	18,272	10,644	13,271
% of net sales	11.4%	7.4%	10.6%
Financial income and expenses	-2,376	-2,268	-2,145
Profit before taxes	15,896	8,376	11,126
Profit for the period	12,798	6,858	3,033
Balance sheet total	221,528	188,432	142,996
Shareholders' equity	66,880	57,369	45,798
Cash and cash equivalents	15,463	10,346	9,280
Net debt	56,583	50,662	39,381
Cash flow from operating activities	24,128	14,444	10,505
Average number of personnel	1,823	1,514	1,290
Personnel expenses	101,935	91,692	79,896
Full-time equivalent (FTE) on average	1,555	1,442	1,233
Utilization rate	77.3%	76.2%	77.9%
Earnings per share (EUR)	9.69	5.48	2.47
Diluted earnings per share (EUR)	9.63	5.45	2.47
Earnings per share, continuing operations (EUR)	9.60	6.29	7.75
Diluted earnings per share, continuing operations (EUR)	9.54	6.25	7.75
Return on equity (ROE), %	20.6%	13.3%	6.9%
Return on capital employed (ROCE), %	12.1%	8.7%	13.0%
Equity ratio, %	30.2%	30.4%	32%
Net debt/EBITDA, adjusted	2.6x	3.1x	2.6x
Gearing, %	85%	88%	86%

ITEMS AFFECTING COMPARABILITY

EUR thousand	2020	2019	2018
Restructuring expenses	253	796	47
Integration expenses	670	639	813
Mergers and acquisitions and associated expenses	-343	776	-508
Listing expenses	408	317	0
Others	111	65	167
Items affecting comparability, expenses	1,098	2,593	519
Items affecting comparability, depreciation	0	571	129

Formulas for the key figures

Organic growth in net sales	=	Growth in net sales excluding acquisitions and divestments
EBITA	=	Operating profit + amortization of intangible assets
EBITA, adjusted	=	EBITA + items affecting comparability
EBITDA, adjusted	=	EBITDA + items affecting comparability, in addition all lease liabilities are treated as operating leases, so lease expenses on the whole affect EBITDA
Items affecting comparability	=	Items affecting comparability are primarily associated with mergers and acquisitions, restructuring, and integration expenses due to mergers and acquisitions
Net debt	=	Loans from financial institutions - cash and cash equivalents (Net debt does not include lease liabilities)
Return on equity (ROE), %	=	$\frac{\text{Profit for the period}}{\text{Total shareholders' equity, average}}$
Return on capital employed (ROCE), %	=	$\frac{(\text{Profit before taxes} + \text{financial expenses})}{(\text{Balance sheet total} - \text{non-interest-bearing liabilities}), \text{average}}$
Equity ratio, %	=	$\frac{\text{Total shareholders' equity}}{\text{Balance sheet total}}$
Net debt/EBITDA, adjusted	=	$\frac{\text{Net debt}}{\text{EBITDA, adjusted}}$
Gearing, %	=	$\frac{\text{Net debt}}{\text{Total shareholders' equity}}$
Earnings per share	=	$\frac{(\text{Profit for the period} - \text{non-controlling interest} - \text{dividend for the financial period to be distributed on preference shares, taking tax impact into consideration})}{\text{Average number of A1 and A2 shares}}$
Diluted earnings per share	=	$\frac{(\text{Profit for the period} - \text{non-controlling interest} - \text{dividend for the financial period to be distributed on preference shares, taking tax impact into consideration})}{\text{Average diluted number of A1 and A2 shares}}$
Earnings per share (continuing operations)	=	$\frac{(\text{Profit for the period from continuing operations} - \text{non-controlling interest} - \text{dividend for the financial period to be distributed on preference shares, taking tax impact into consideration})}{\text{Average number of A1 and A2 shares}}$
Diluted earnings per share (continuing operations)	=	$\frac{(\text{Profit for the period from continuing operations} - \text{non-controlling interest} - \text{dividend for the financial period to be distributed on preference shares, taking tax impact into consideration})}{\text{Average diluted number of A1 and A2 shares}}$
Full-time equivalent (FTE) on average		Group personnel, full-time equivalent average during the period
Utilization rate		Number of charged hours worked relative to the number of hours worked

SIGNATURES OF THE BOARD OF DIRECTORS AND AUDITOR'S NOTE

BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFIT

The parent company's profit for the financial period is EUR 3,092,474.45 and the company's distributable funds total EUR 43,819,353.50. The Board of Directors proposes to the Annual General Meeting that the profit for the period be carried forward as retained earnings and that no dividend be distributed.

SIGNATURES TO THE FINANCIAL STATEMENTS AND BOARD OF DIRECTORS' REPORT

Espoo, February 25, 2021

Eero Heliövaara
Chairman of the Board

Pekka Eloholma
CEO

Janne Näränen

Taina Kyllönen

Elina Piispanen

Petri Rignell

Tomi Terho

AUDITOR'S NOTE

A report on the audit has been issued today.

Helsinki, February 25, 2021

KPMG Oy Ab
Authorized Public Accountants

Turo Koila
Authorized Public Accountant (KHT)

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

To the general meeting of shareholders of Sitowise Holding I Oy

Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sitowise Holding I Oy (business identity code 2767842-8) for the year ended 31 December, 2020. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Helsinki 25 February 2021

KPMG OY AB

Turo Koila
Authorised Public Accountant, KHT

Governance

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Board of Directors



Eero Heliövaara

(M.Sc. Eng., M.Sc. Econ.) – Chairman of the Board

Independent of the company; Independent of major shareholders

- Prime Minister's Office, Corporate Governance, Director General (2013–2017)
- SRV Group, CEO (2006–2009)
- Pohjola Group, CEO (2001–2005)
- Ilmarinen Mutual Pension Insurance Company, Executive Vice President, Investment Manager (1998–2001)
- Merita Asset Management Oy, CEO (1996–1998)
- Several board positions (YIT, CapMan, Lympha Touch, Foundation for Economic Education, Foundation for the Finnish Cancer Institute)



Taina Kyllönen

(M.Sc. Econ.) – Board member

Independent of the company

Independent of major shareholders

- University of Helsinki, Director, Communications and Community Relations (2019–)
- SSAB, Executive Vice President and Head of Corporate Identity and Communications (2014–2019)
- Rautaruukki, several positions (2004–2014)
- Metso, VP, Investor Relations (1996–2003)



Janne Näränen

(M.Sc. Eng., M.Sc. Econ.) – Board member

Independent of the company

Not independent of major shareholders

- Intera Partners, partner (2008–)
- Several board positions (Consti, Delete, HopLop, Kreate, Renta, Trafotek)
- Booz Allen Hamilton, Management Consultant (2004–2007)



Elina Piispanen

(M.Sc. Econ.) – Board member

Independent of the company

Independent of major shareholders

- Fit Advice Oy, CEO (2015–)
- Sanoma Corporation, Chief Transformation Officer (2016–2018)
- Accenture, several management positions (1986–2014)
- Several board positions (Viria, Telko, Red Cross First Aid, Zero Keyboard)
- Angel investor (e.g. Entocube, Singa, Cuckoo)

**Petri Rignell**

(M. Sc Eng.) – Board member

Independent of the company

Independent of major shareholders

- Kreate Oy, acting CEO (2016–2017)
- IVG Polar, CEO (2010–2012)
- ISS Proko Oy, CEO (2002–2007)
- Several board positions (Kreate, Setera, Normek, CTW Properties)

**Tomi Terho**

(M.Sc Econ.) – Board member

Independent of the company

Not independent of major shareholders

- Intera Partners, partner (2011–)
- Several management positions (Animagi, Consti, Evidensia, Royal Restaurants, Polarica)
- McKinsey, Management Consultant (2010–2011)

Group Management Team



Pekka Eloholma

CEO

Pekka Eloholma has been managing Sitowise since August 2019. He has been involved since the company's integration phase, first serving on Sitowise's Board of Directors for two years – first as a member and then as Chairman of the Board for a little under a year. He has previously managed the Nordic listed company Affecto and the IT services company Nebula. Eloholma has a master's degree in engineering.



Heidi Karlsson

CFO

Heidi Karlsson has been Sitowise's CFO since the beginning of 2018. She joined Sitowise from the position of CFO at Dovre Group. Prior to that, she worked for 17 years (1993–2010) at Nokia Network and NSN in a variety of financial management roles in Germany, Switzerland, China, Latin America, and Finland. Karlsson holds an M.Sc. Economics.



Jannis Mikkola

Business Director, Infrastructure

Jannis Mikkola has led Sitowise's infrastructure business area since 2017 and is the Group's Executive Vice President. He has 15 years of experience from a variety of management roles at Sitowise. He has worked with the infrastructure sector for more than 20 years, specialising in multidisciplinary urban projects and underground construction. Mikkola has a master's degree in engineering.



Timo Palonkoski

Business Director, Buildings

Timo Palonkoski has been managing the Buildings business area since 2018 and also serves as Sitowise's Executive Vice President. He started working at Sitowise and companies merged with it in 2006: he was the Vice President of Renovation Construction at Wise Group Finland Oy and the Deputy President of Nexon Consulting Oy. Palonkoski has a master's degree in civil engineering.

**Teemu Virtanen**

Business Director, Digital Solutions

Teemu Virtanen works as the director of Sitowise's Digital Solutions business area. He took up his position in 2018, after selling Dimenteq Oy, a company he had founded, to Sitowise. Dimenteq was an IT service company specialized in developing GIS solutions. Before founding Dimenteq, Virtanen worked for Digia Plc and WM-data Oy, for example. Virtanen has a master's degree in surveying.

**Anne-May Asplund**

CHRO

Anne-May Asplund has been Sitowise's HR Director since early 2018. She has nearly 20 years of experience in demanding human resources and communications positions in various organizations, including listed companies Aktia and Coor. She has extensive experience working in changing operating environments in the industrial, financial, real estate services, and consulting industries. Asplund holds an M.Sc. (Econ.) degree.

**Turo Tinkanen**

CIO

Turo Tinkanen has been Sitowise's Chief Information Officer for three years. Prior to joining Sitowise, he ran his own IT consulting firm for 16 years. Through his business operations, he gained vast experience of the IT environments, challenges and development opportunities in the consulting and design industry, and he has extensive experience in systems specific to the construction industry. Tinkanen has a degree in telecommunications engineering.

**Minttu Vilander**

CCO and CRO

Minttu Vilander has been Chief Communications and Corporate Responsibility Officer at Sitowise Group since February 2020. Prior to that, she worked as the communications director of the listed company NRC Group, which specializes in track construction and maintenance, and as the communications manager of the design firm Granlund. Vilander has a Master of Arts degree.

Quality, safety and business operating system

CERTIFICATES ENSURE OPERATIONS

Because Sitowise aims to be the most responsible partner in its industry, the company has an operating system that has been certified according to the globally known ISO 9001 quality management system and ISO 14001 environmental management system standards. The operating system comprises management and service production descriptions, guidelines, and related standardized operating models.

The ISO 9001 quality management system is a tool for developing consistent operations that meet the clients' requirements. With it, Sitowise is committed to the continuous improvement of quality management and increasing customer satisfaction.

ISO 14001 is an international standard used for assessing, managing, and developing environmental impacts. Sitowise offers solutions that are founded on ecology, economic and human well-being, so environmental matters are part of its day-to-day business.

Moreover, Sitowise's measurement services – emissions, air quality and acoustics – are certified according to the ISO 17025 Competence of Testing and Calibration Laboratories standard.

The cornerstone of day-to-day service production is Sitowise's project management guidelines Voima PRO. Voima PRO describes the Sitowise way of working in projects, taking into consideration the special characteristics and risks of projects of different sizes and types.

The aim of safety and security work is to safeguard Sitowise's employees, clients, assets, data, reputation and environment from accidents, damage and misdemeanor, and to create the prerequisites for undisrupted and uninterrupted operation. Safety and security supports the achievement of Sitowise's strategic goals and is thereby an integral part of business operations.

Sitowise complies with general legislation, local regulations and companies' guidelines, taking the requirements of clients and stakeholders into consideration in all activities. The employees of all locations are inducted into the company's operating system, and employees are regularly provided with training in the operating system.

RISK MANAGEMENT AT SITOWISE

The purpose of risk management is to provide the management with correct situational information and ensure the operational preconditions and continuity of business operations. Risk management is carried out at three main levels:

- **The risk management of the Sitowise Group** is realized according to the annual plan with the Group's annual risk survey and its monitoring and situation reviews by the Management Team.

- **Business areas and services identify risks** and specify the measures annually in conjunction with operational planning. It supplements the Group's risk management from the point of view of the special characteristics of each business area. The follow-up of risks and measures is carried out as part of the follow-up of the realization of operating plans.
- **The risk management of Sitowise's tenders and projects** is based on a project risk classification which determines the need for risk management in a given project. The aim is to focus risk management on those projects and themes that are the most critical from the point of view of project progress and the achievement of the objectives. Sitowise uses a customized project management portal, Voima, that also offers an appropriate tool for risk assessments. The themes in the risk assessment include the schedule, resources, content of the assignment, safety and security, and sustainability. If necessary, the risk management of a project can also be reported to the client.

INVESTMENTS IN INFORMATION SECURITY, BOTH INTERNALLY AND IN CLIENT WORK

The purpose of information security work is to safeguard the uninterrupted and agreed functioning of the information systems and networks important to Sitowise's business operations. And to prevent the unauthorized, unintentional or intentional destruction, corruption, and misuse of data and information system, and to ensure the correct destruction method of data. Information security work is managed centrally, and Sitowise has allocated the required resources to it.

Every Sitowise employee undergoes a mandatory information security training to ensure that they are familiar with the basic principles of information security and the company's information security practices.

Everyone working at Sitowise is provided introduction into the company's information security as required by their position. Information security training is also regularly arranged for our personnel.

Internal communications regularly remind employees of the safe operating models and warn about potential threats to information security. Every Sitowise employee has agreed to maintain and continuously enhance the agreed level of information security.

Information security work and safeguarding information are a natural part of the day-to-day operations of Sitowise. The purpose of development and maintenance is to ensure the undisrupted operation of the company under both normal and exceptional conditions, complying with legislation, local regulations, and our own and our clients' information security guidelines.



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