SITOWISE GROUP PLC

Solid growth in spite of mixed market environment

Half-year Report
1 January – 30 June 2023

SITOWISE


Katri, Designer; on the cover Antti, Senior Designer

The figures in the Half-year report are unaudited. Comparative figures for the corresponding period of the previous year are in brackets. The figures disclosed in the Half-year report are rounded so the sum of individual figures can deviate from the reported sum. This report has been published in Finnish and English. If there are any differences between the English translation and the original Finnish version, the Finnish report shall prevail.

CONTENTS

APRIL–JUNE IN BRIEF

- Net sales increased by 9% to EUR 56.5 (51.7) million. In constant currency net sales growth was 11%.
- Organic net sales grew by 5% (4%).
- Adjusted EBITA was EUR 4.5 (4.9) million, or 8.0% (9.5%) of net sales.
- Operating profit increased to EUR 3.6 (2.7) million, or 6.4% (5.2%) of net sales.
- Sitowise acquired the Finnish company Infrasuunnittelu Oy, which strengthened the Group's expertise especially in infrastructure services offered to the mining industry.
- The personnel survey conducted in May indicated that a good working atmosphere, good supervisory work and equal treatment continue to be Sitowise's key strengths as an employer. The willingness to recommend Sitowise as an employer (Employee Net Promoter Score, eNPS) was good, being 18.

JANUARY–JUNE IN BRIEF

- Net sales increased by 11% to EUR 112.5 (100.9) million. In constant currency net sales growth was 13%.
- Organic net sales grew by 5% (5%).
- Adjusted EBITA was EUR 11.1 (10.1) million, or 9.9% (10.1%) of net sales.
- Operating profit improved clearly to EUR 9.1 (5.6) million, or 8.1% (5.6%) of net sales, thanks to lower items affecting comparability.
- The order book increased by 4% to EUR 175 (169) million and was at the level of the previous quarter .
- Leverage (net debt / adjusted EBITDA) decreased to 2.4x (2.7x).
- In the client survey conducted at the beginning of the year, the NPS (Net Promoter Score) totaled 32 (32) and 97% (94%) of respondents would re-select Sitowise as their supplier.
- Sitowise published its new strategy for 2023–2025 in February with unchanged long-term financial targets.

KEY FIGURES

EUR million	4–6/2023	4–6/2022	Change, %	1–6/2023	1–6/2022	Change, %	1–12/2022
Net sales	56.5	51.7	9.1%	112.5	100.9	11.5	204.4
EBITA, adjusted	4.5	4.9	-8.4%	11.1	10.1	9.7%	20.4
% of net sales	8.0%	9.5%		9.9%	10.1%		10.0%
EBITA	4.4	3.3	32.6%	10.6	6.8	55.4%	16.1
Operating profit	3.6	2.7	33.6%	9.1	5.6	61.5%	13.2
Result for the period	2.2	1.6	38.9%	5.6	2.7	109.6%	7.9
Cash flow from operating activities before financial items and taxes	9.6	2.1	366.1%	15.2	9.0	69.2%	22.7
Net debt				55.1	58.2	-5.3%	56.6
Net debt / EBITDA, adjusted				2.4x	2.7x	-8.4%	2.6x
Equity ratio, %				42.5%	42.9%		41.6%
Earnings per share (EPS), EUR	0.06	0.04	44.3%	0.16	0.07	113.5%	0.22
Number of personnel, average	2,231	2,115	5.5%	2,229	2,080	7.2%	2,151

CEO HEIKKI HAASMAA:

We continue our strategy execution and determined actions to improve our profitability

Sitowise's net sales increased by 9 percent (11 percent in constant currency) year-on-year to EUR 56.5 million in Q2. The growth was supported by the strong performance in Infra and Digital Solutions business areas. Moreover, our operations in Sweden showed healthy growth. Net sales in the Buildings business area, on the other hand, were down due to the difficult market environment in the Finnish construction industry. Our Q2 growth was further slowed down by the lower number of working days (-1) year-on-year. Organic growth was 5 percent, which we consider a very good achievement considering the headwind in Buildings.

Adjusted EBITA decreased in Q2 and totaled 4.5 million euros corresponding to an 8 percent adjusted EBITA margin. This adverse development was due especially to the continued deterioration of the underlying market in the Buildings business area and the negative calendar effects (-1). The difference to the preceding strong Q1 is due to the positive calendar effects in Q1, and the fact agreed salary increases came into effect in April. Our operating profit and cash flow increased clearly, leading to a decline in net debt and leverage both year-on-year and compared to Q1.

In the first half of 2023 we were able to balance salary increases with various sales and pricing initiatives and have successfully mitigated other cost increases with efficiency measures. The current market environment continues to require determined measures to enable us to achieve our growth and profitability targets. These measures include successful transfer of cost increases to client prices, proactive and meaningfully targeted sales efforts as a part of our new sales model, overall cost containment and ensuring high utilization rate. In the Buildings business area, we will take additional actions to improve our competitiveness and profitability. We will re-evaluate our Buildings organization and its operating models, and aim for a leaner and more agile organization that will support efficient project and client work. Related to these plans, we have initiated change negotiations in our Buildings business area today.

Apart from the Buildings business area, our operating environment remained reasonably good in Q2. However, the uncertainty related to the general economic development in Finland and Sweden increased and was reflected in our tender pipeline as a lower number of bigger projects than earlier and as tightened price competition. At the same time, the demand for services related to the green transition and digital solutions, including SaaS, has been strong. The Group's order book remained at a healthy level and totaled 175 million euros at the end of June.

The long-term outlook for technical consulting is favorable. We believe that society's ambitious climate and biodiversity targets will continue to create more demand for bold and creative solutions. In all of our four business areas the key growth drivers are, among others, projects related to the green transition, renovation backlog, digitization of the industry, and security. In addition, we estimate that the digitalization and infrastructure-related goals included in Finland's new government program will have a positive effect on our business in the next few years. This preliminary view will be refined in the fall following the country's governmental budget negotiations.

Our more than 2,200 experts are developing sustainable ways to overcome the challenges of tomorrow. We want to support our clients through the ongoing transition and to be the most innovative, sustainable, and efficient operator in our field. To succeed in this, having the right talents working for Sitowise and in our client projects is central, and culture is a key element in attracting talents to Sitowise and in keeping them in our service. I am pleased to see that, based on our most recent personnel survey, a good working atmosphere, good supervisory work and equal treatment continue to be our key strengths as an employer.

OUTLOOK, GUIDANCE, AND FINANCIAL TARGETS

OUTLOOK FOR THE YEAR 2023

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

The uncertainty in the market brought by the Russian invasion to Ukraine, increasing interest rates and inflationary pressures continues to affect the short-term decision-making of Sitowise's clients. That said, the effects on Sitowise's technical consulting business have remained more limited than on the broader construction industry, which is one of Sitowise's key client segments. During the second quarter of 2023, Sitowise's order book remained at a good level.

The outlook for the rest of the year in the Buildings business area is weak, and we expect the challenges to continue also in 2024. In other business areas we see both areas of stronger and weaker demand, but as a whole, the outlook for Infra, Digi and Sweden business areas remains good.

In addition to the market development, cost inflation (e.g. relating to salary increases), a lower number of working days in Q3 and Q4 2023 than in the previous year, potential currency fluctuations (EUR/SEK) and higher interest expenses are expected to put pressure on Sitowise's financial performance during the rest of 2023.

GUIDANCE (UNCHANGED, ISSUED ON 28 FEBRUARY 2023)

Sitowise Group estimates that its net sales in year 2023 in euros will increase compared to 2022, and that its adjusted EBITA margin (%) will be broadly at the same level as the adjusted EBITA margin of 2022.

LONG-TERM FINANCIAL TARGETS

The Board of Directors of Sitowise Group has set the following long-term financial targets:

- **Growth**: Annual growth in net sales of more than 10 percent, including acquisitions
- **Profitability**: Adjusted EBITA margin of at least 12 percent
- **Leverage**: Net debt / adjusted EBITDA should not exceed 2.5x, except temporarily in conjunction with acquisitions

According to its **dividend policy**, Sitowise's objective is to pay annually a dividend corresponding to 30–50 percent of net profit to its shareholders. When distributing a possible dividend, business acquisitions, the company's financial situation, cash flow and future growth opportunities are taken into account.

STRATEGY IMPLEMENTATION

Sitowise announced its strategy for the years 2023–2025 on 28 February 2023. The new strategy focuses on Innovation, Sustainability, and Efficiency, and targets continued sustainable profitable growth and value creation for Sitowise's clients, other stakeholders, and society. The new strategy has been described in more detail in a separate stock exchange release published on 28 February 2023.

Sitowise seeks growth in several future-oriented areas, including renewable energy sources, circular economy, biodiversity, renovation construction and digital services. In the second quarter, our focus in strategy execution was on converting strategic plans to operational initiatives and on ensuring the alignment of Sitowise culture, key processes, leadership principles and management systems so that they best support our strategy implementation in future.

Under "The most innovative" strategic pillar, our attention has been on updating our innovation model to be more focused and agile, on building Sitowise innovation culture with new initiatives inviting clients to collaborate and co-create novel business opportunities and on taking steps to mature existing new smart services towards commercialization. As a part of this work, we have also looked at opportunities to use AI and already started deploying efficiency-increasing automation tools in our projects.

Under "The most sustainable" strategic pillar, we have continued to develop both our existing sustainability tool to bring new benefits to our clients and our own sustainability related processes. In Sustainability services, we have recognized the following areas with high growth and margin potential which we will focus on in future: renewable energy, climate change mitigation & adaptation, biodiversity, and circular economy.

Under "The most efficient" strategic pillar, we target lean operating model that enables our experts to focus on client work. As a part of this work we are defining and implementing the Smartest Ways to Work and improving key IT systems (service platform, ERP and CRM). We also took a step forward in sales excellence by introducing a new sales model and will build an organization aligned with this.

During the quarter we also continued active strategy communications both internally and externally. The strategic ambitions were discussed in more detail especially in Sitowise's first Capital Markets Day held in June. In the event Sitowise also published targets to grow its recurring revenue to represent 10% of its net sales and to double its sustainability service revenue from its current level of approximately EUR 5 million by the end of the strategy period. Many of the ongoing strategic initiatives focus on growing and creating new business, that will support Sitowise in reaching these targets.

Furthermore, we continued to evaluate growth opportunities via M&As and completed one acquisition, Infrasuunnittelu Oy, that is described in more detail below.

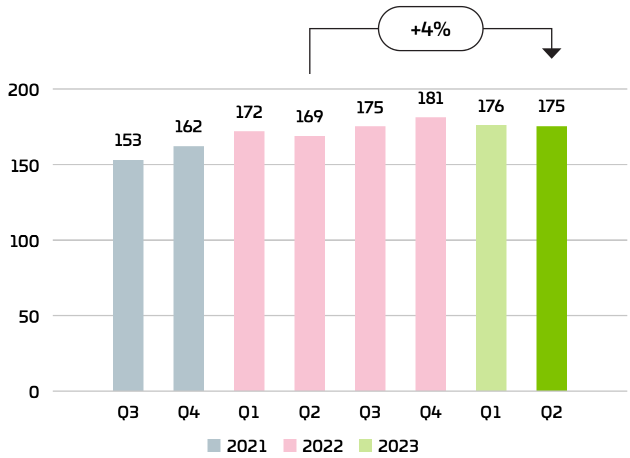
ACQUISITION OF INFRASUUNNITTELU OY

On 2 May 2023, Sitowise announced the acquisition of all shares in Infrasuunnittelu Oy, a company providing national-level road, street, and regional designs as well as surveying and supervisory expert services and construction consulting for its clients. The acquisition of Infrasuunnittelu Oy strengthens Sitowise's expertise especially in infrastructure services offered to the mining industry.

In connection with the acquisition, the Board of Directors of Sitowise decided, by virtue of the authorization granted by the Annual General Meeting on 25 April 2023, to transfer 37,330 treasury shares held by Sitowise in a directed share issue. The number of shares subscribed for in the share issue corresponds to approximately 0.10 percent of shares in Sitowise.

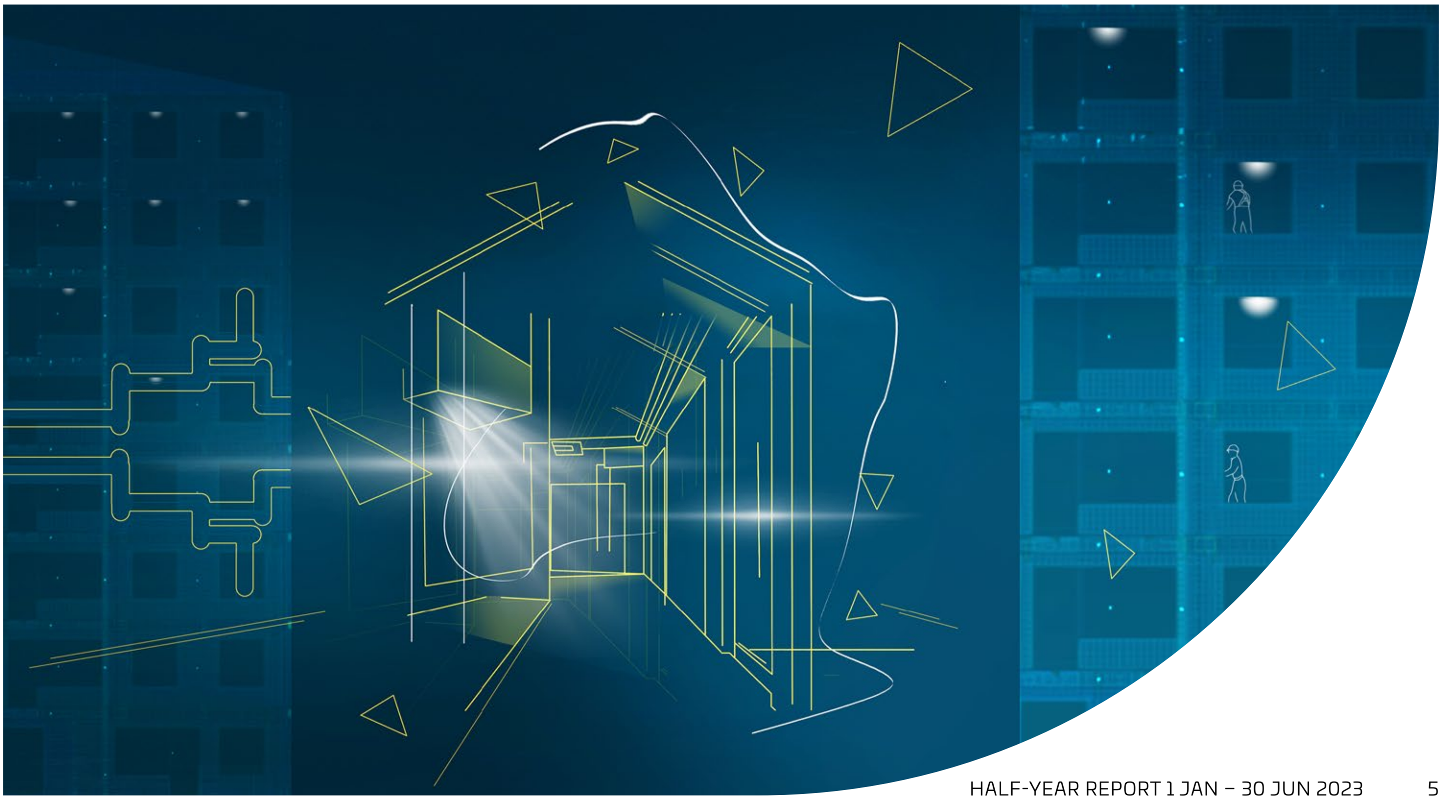
Infrasuunnittelu Oy employs 17 people and in 2022 its net sales amounted to approximately EUR 1.5 million. The company will be integrated into the Infra business area.

THE GROUP'S ORDER BOOK



THE GROUP'S ORDER BOOK, EUR MILLION

The order book was down by 1 percent quarter-on-quarter. This development was impacted by the weak market environment in Buildings and the decline in Infra's order book, which in turn resulted from the lower demand for larger projects than in previous quarters due to Finland's parliamentary election in spring. Digi's order book remained at the strong level of the previous quarter and the order book in Sweden increased. Compared to the corresponding period of last year, the Group's order book increased by 4 percent to EUR 175 (169) million.



SITOWISE'S BUSINESS AREAS

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

The services of the **Infrastructure business area (Infra)** cover a wide range of urban development needs in diverse areas: infrastructure, transport and mobility, urban development, environment and water, as well as infrastructure project management. Urbanization supports the investment needs of municipalities and cities in particular, and the business area's most significant client segment is the public sector, which accounts for approximately 75 percent of net sales.

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

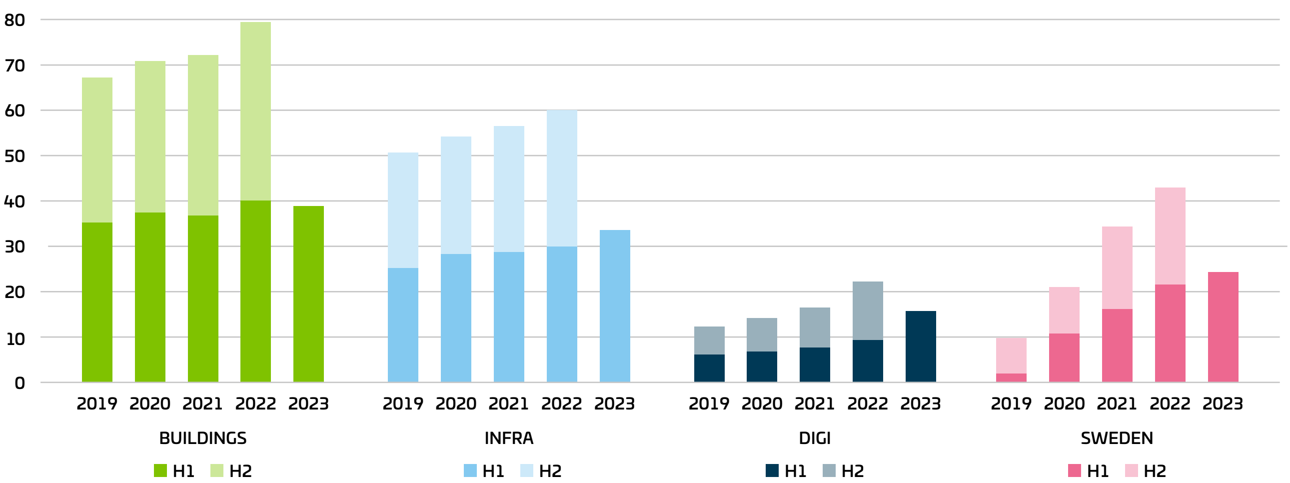
Sitowise's operations in **Sweden** form the Group's fourth business area. In Sweden, Sitowise provides design and consulting services in the following areas: structural engineering, building services engineering and consulting for buildings and real estate, infrastructure, and geotechnical design. As from 1 January 2023, this business area also includes digital solutions for traffic and infrastructure in Sweden (Infracontrol), which were previously reported under Digi.

THE GROUP'S NET SALES AND PROFITABILITY

NET SALES

EUR million	4–6/2023	4–6/2022	Change, %	1–6/2023	1–6/2022	Change, %	1–12/2022
Buildings	19.1	20.3	-6.2%	38.9	40.1	-3.0%	79.4
Infra	17.8	15.7	13.5%	33.6	29.9	12.4%	60.0
Digi [1]	7.7	4.6	68.9%	15.7	9.3	69.4%	22.1
Sweden [1]	11.9	11.2	6.5%	24.3	21.6	6.5%	42.9
Total	**56.5**	**51.7**	**9.1%**	**112.5**	**100.9**	**11.5%**	**204.4**

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



NET SALES BY BUSINESS AREA, EUR MILLION

NET SALES APRIL–JUNE (Q2)

The Group's net sales increased in Q2 by 9 percent (11 percent in constant currency) year-on-year, with a significant contribution from acquisitions made after the comparison period. Organic growth was 5 percent with strong contributions from the Infra, Digi, and Sweden business areas, while being negative in Buildings due to the weakened market environment. Growth was slowed down by the fact that the period was one working day shorter than in the previous year, and the weakening of the Swedish krona against the euro also had a similar negative effect.

NET SALES JANUARY–JUNE (H1)

The Group's net sales increased in H1 by 12 percent (13 percent in constant currency) year-on-year. Organic growth was 5 percent, in addition to which the acquisitions made in after the comparison period contributed to the growth. Organic growth had strong contributions from the Infra, Digi, and Sweden business areas, while being negative in Buildings due to the weakened market environment. The weakening of the Swedish krona against the euro slowed down the euro-denominated net sales growth during the period. The number of working days was the same as in the previous year.

PROFITABILITY

EUR million	4–6/2023	4–6/2022	Change, %	1–6/2023	1–6/2022	Change, %	1–12/2022
EBITA, adjusted	4.5	4.9	-8.4%	11.1	10.1	9.7%	20.4
% of net sales	8.0%	9.5%		9.9%	10.1%		10.0%
EBITA	4.4	3.3	32.6%	10.6	6.8	55.4%	16.1
Operating profit	3.6	2.7	33.6%	9.1	5.6	61.5%	13.2
Result before taxes	2.7	2.4	15.3%	7.1	3.9	82.7%	10.3
Result for the period	2.2	1.6	38.9%	5.6	2.7	109.6%	7.9
Earnings per share (EPS), EUR	0.06	0.04	44.3%	0.16	0.07	113.5%	0.22

PROFITABILITY APRIL–JUNE (Q2)

Adjusted EBITA decreased by 8 percent year-on-year and EBIT margin was 8.0 percent (9.5 percent). The decline was especially due to one working day less compared to comparison period and the weaker market situation in Buildings business area. Also, the increased salary costs in accordance with the collective labor agreements decreased profitability. Items affecting comparability amounted to EUR -0.1 (-1.6) million. They were significantly lower than in the comparison period thanks to lower M&A related expenses and a positive impact from reversal of impairment of receivables written off a year earlier relating to Fennovoima project.

Higher EBITA and lower number of items affecting comparability resulted to a 34 percent increase in Q2 **operating profit** year-on-year.

Both the **result before taxes for the period** and the **result for the period** increased due to higher operating profit. Financial expenses were above the comparison period mainly due to increased interest rates.

PROFITABILITY JANUARY–JUNE (H1)

Adjusted EBITA increased by 10 percent, driven by higher net sales. This was supported by increases in average prices and project mix impacts. These improvements were partially offset by a somewhat lower utilization rate in the first half of 2023 than in the comparison period and the weakened market situation in buildings. Other operating expenses also increased due to cost inflation and higher personnel-related activities compared to last year, but impacts were limited thanks to determined cost control actions. Items affecting comparability were EUR -0.3 (-3.3) million, with significantly lower M&A expenses compared to the comparison period and a positive impact in Q2 of a receivable from Fennovoima project that was impaired in 2022.

Higher adjusted EBITA and lower amount of items affecting comparability resulted in a 62 percent increase in **operating profit** compared to the first half of 2022.

Both the **result before taxes for the period** and the **result for the period** increased due to higher operating profit. Financial expenses were above the comparison period primarily due to increase in interest rates. In the comparison period financial expenses were adversely impacted by currency fluctuations related to intercompany loans.

FINANCIAL POSITION AND CASH FLOW

Equity attributable to owners of the parent company was EUR 115.9 (113.5) million at the end of the reporting period. Sitowise's liquidity remained good in the second quarter, and net debt and leverage decreased both year-on-year and from the end of the previous quarter as a result of the strong operative cashflow.

EUR million	30 Jun 2023	30 Jun 2022	Change, %	31 Dec 2022
Cash and cash equivalents	16.3	10.7	51.7%	15.4
Interest bearing debt, total	71.4	68.9	3.6%	72.0
Interest bearing debt, current	*1.0*	*1.0*	*0.6%*	*1.0*
Interest bearing debt, non-current	*70.4*	*67.9*	*3.6%*	*71.0*
Equity ratio, %	42.5%	42.9%		41.6%
Net debt	55.1	58.2	-5.3%	56.6
Net debt/ EBITDA, adjusted	2.4x	2.7x		2.6x
Gearing, %	47.6%	51.2%		48.4%

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

Cash flow from operating activities before financial items and taxes increased to EUR 9.6 (2.1) million during April–June and EUR 15.2 (9.0) million during January–June. The year-on-year increase in Q2 was mainly due to decrease in working capital as well as higher operating profit. The increase in interest expenses was due to both higher loan capital as well as higher base interest and margins.

Cash flow from investing activities decreased to EUR -1.9 (-20.5) million in April–June. During the period, investments related mainly to the acquisition of Infrasuunnittelu Oy, whereas in the comparison period Sitowise conducted two sizable acquisitions, Rakennuttajakaari and Bitcomp, and a smaller acquisition of E60. Cash flow from investing activities totaled EUR -2.8 (-26.9) million in January–June, and the decline was again associated with higher acquisitions-related investments in the comparison period.

During the second quarter, cash flow from financing was EUR -5.6 (14.0) million, which mainly consisted of dividends and reductions in lease liabilities. In the comparison period, it included loan withdrawals and payments received from share issues relating to acquisitions. In the first half of the year, cash flow from financing totaled EUR -7.3 (13.2 million).

The consolidated balance sheet total at the end of June was EUR 272.8 (264.9) million. Goodwill in the balance sheet amounted to EUR 155.7 (155.3) million.

Q2: BUSINESS REVIEW | BUILDINGS

In Q2, net sales from the **Buildings business area** were down by 6 percent from the level of the comparison period and amounted to EUR 19.1 (20.3) million. This corresponds to approximately 34 (39) percent of the Group's consolidated net sales. Net sales were adversely impacted by the difficult market situation and lower number of working days, and positively impacted by the acquisition of Rakennuttajakaari in June 2022. During the review period, utilization rate and average prices developed well in Buildings.

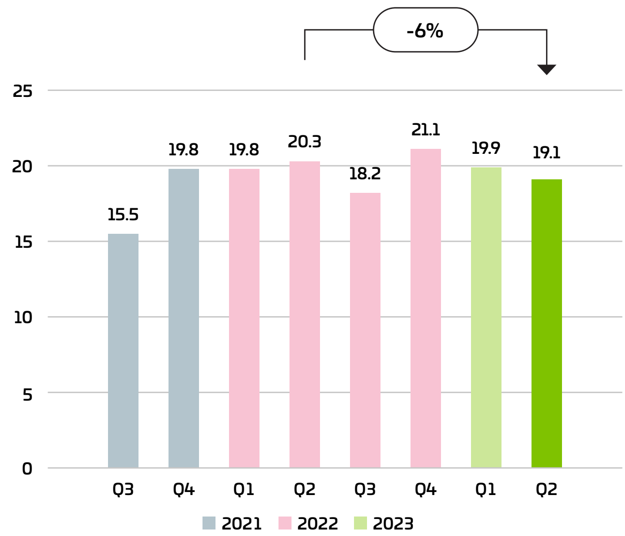
The new construction market weakened during Q2 as foreseen in the economic forecast published by the Confederation of Finnish Construction Industries (RT) in March. The rise in interest rates and the cost of living, combined with the growing supply of apartments, has reduced the number of new housing project starts significantly. At the same time, the state-supported apartment production (ARA) has stopped. Less than one fourth of Sitowise's Buildings business area (corresponding to less than 10 percent of the Group's consolidated net sales) is focused on this most challenging market segment and about one fourth on the slow-growing commercial new buildings segment. The downturn in the new building segment has impacted the Buildings business area and especially its MEP (mechanical, electrical, and plumbing) and structural engineering business, where operations have been adapted to better correspond to the market situation with different vacation arrangements and temporary layoffs.

The other half of the Buildings business focuses on the renovation construction market, where growth was slower than anticipated as the high interest rate level was reflected in the financing decisions of renovation construction projects and the hesitation of housing associations and property owners to start projects. The medium- and long-term prospects for construction renovation are still good thanks to the existing renovation backlog and the requirements imposed by EU regulation, such as the energy-efficiency requirement.

The order book of the Buildings business area declined slightly compared to the end of the previous quarter, and the number of projects being on hold somewhat increased. New projects were won, however, in all areas of Buildings business, including MEP and structural engineering. New housing projects are designed mainly on the side of publicly funded housing production. The average size of new projects won has declined from earlier, and materialization of the new projects extends to a longer period.

As a part of adapting to the current market situation, Sitowise has decided to initiate change negotiations to renew the organization of the Buildings business area and to focus more on services with higher margins. These include, among others, special services, energy-efficiency planning and other services related to energy, as well as security critical services. Other focus areas in the business area include sales, pricing and further diversification of client base.

The downturn in the new building segment has impacted the Buildings business area and especially its MEP (mechanical, electrical, and plumbing) and structural engineering business.



NET SALES, EUR MILLION

Q2: BUSINESS REVIEW | INFRA

Net sales from the **Infra business area** were up by 13 percent year-on-year in Q2 and amounted to EUR 17.8 (15.7) million. The business area accounted for approximately 32 (30) percent of the Group's consolidated net sales.

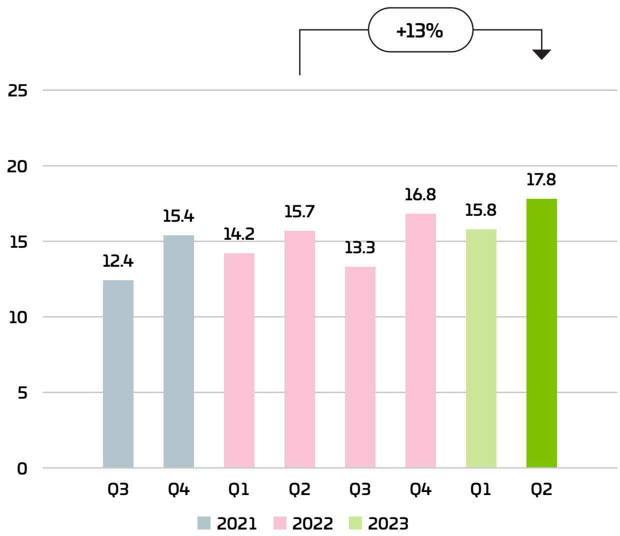
Growth in net sales from the Infra business continued to clearly outpace the market and was almost entirely organic. Growth was mostly based on our long-term client work in past years, but it was also positively impacted by successful pricing and sales initiatives, good utilization rate, performance bonuses from certain sizable and successful projects, increased focus on services related to green transition and the continued diversification of the client base to private-sector and industrial clients. The acquisition of Infrasuunnittelu Oy in May also contributed to the growth to a small extent.

There were no significant changes in Infra's market environment in Q2, although the division of the market into weaker and stronger segments continued. The weaker segments are related to municipal infrastructure design such as road and infra planning for new residential areas and groundworks for new buildings. The strong segments include especially energy and environmental projects related to the green transition. In Sitowise's Infra business the weaker and stronger areas balance out each other. The willingness of large municipalities to carry out large investments even when pressured to save costs was also visible in the order book, along with the public-sector clients' investments in safety and security.

The average size of offers decreased as the demand for larger projects was lower than in previous quarters due to Finland's parliamentary election in spring. As a result, Infra's order backlog declined slightly in Q2, yet remaining on a very strong level. In Q2 Sitowise won, among other things, tenders for the regional design of Länsisatama (Helsinki West Harbour) and the improvement of highway 25, and several assignments related to wind power projects.

The outlook for the Infra business area remains unchanged, and business growth is supported by strong expertise, close client relationships and the versatility of the customer base.

Growth in net sales from the Infra business continued to clearly outpace the market and was almost entirely organic.



NET SALES, EUR MILLION

Arto, Leading Consultant

Q2: BUSINESS REVIEW | DIGI

Net sales in the **Digital Solutions business area** were up by 69 percent year-on-year in Q2 and amounted to EUR 7.7 (4.6) million. The business area accounted for approximately 14 (9) percent of the Group's consolidated net sales. Infracontrol's share has been removed from the figures for the comparison period, as the company is reported as part of the Sweden business area from the beginning of 2023.

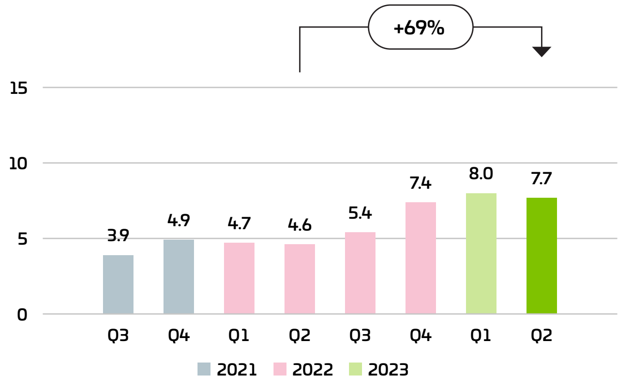
Most of the increase in net sales was related to the acquisition of Bitcomp Oy – a pioneer in geospatial SaaS solutions in the forest and natural resources sector – in June 2022. Sales of Bitcomp's LeafPoint-SaaS solution grew strongly and its roll-out to current clients is almost completed. Organic growth was strong in other areas of the business as well, thanks to the favorable market environment and systematic work to enhance growth and profitability.

Digi's operating environment remained good in Q2, and the public sector continues investing in digital solutions. However, there are signs in the market that the current economic situation has slowed down the investments of some private sector players in new digital projects. In particular, the number of larger projects on the market has decreased, which has lead to increasing price competition in both larger and public sector tenders. However, Digi's order backlog remained at the strong level of the previous quarter, and an increasingly large share of the order backlog is related to long-term projects and SaaS business. In addition, the rapidly growing renewable energy sector is bringing in new business, where Sitowise's strong expertise from both infra and digital solutions enables us to differentiate from our competition.

During the review period, Sitowise won several new deals including Traficom's tender for the utilization of commercial mobile communication networks in C-ITS services (Cooperative Intelligent Transport Systems services) and the Ministry of the Environment's tender for the overall review of the situation and outlook for offshore wind power.

The growth of Sitowise's Digital solutions is slowed down by the industry's continued strong competition for experienced labor. In addition, the slowing demand in some parts of the private sector is tightening competition and adding price pressure in public tenders. Despite this, the outlook for the business area remains strong. Sitowise's balanced service and client portfolio and its ability to create new markets especially in its SaaS business enable profitable growth also the second half of the year.

The rapidly growing renewable energy sector is bringing in new business, where Sitowise's strong expertise from both infra and digital solutions enables us to differentiate from our competition.



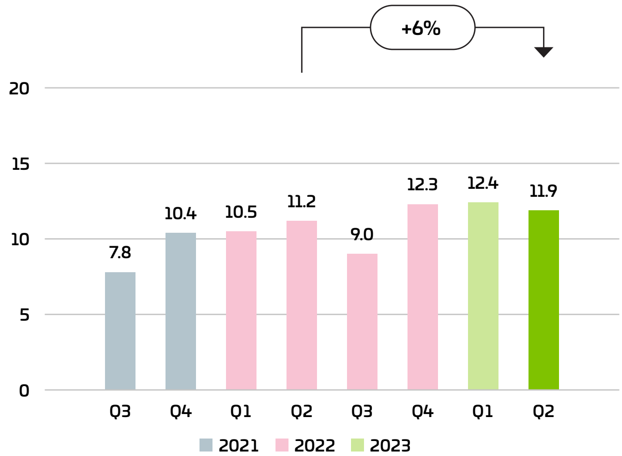
NET SALES, EUR MILLION

Q2: BUSINESS REVIEW | SWEDEN

Net sales from the **Group's operations in Sweden** were up by 6 percent year-on-year (16 percent in constant currency) and amounted to EUR 11.9 (11.2) million in Q2. This corresponds to approximately 21 (21) percent of the Group's consolidated net sales. The figures for the comparison period are adjusted with Infracontrol, which is reported as a part of the Swedish business from the beginning of 2023. Approximately two thirds of the Q2 net sales growth were organic, and the rest was related to the E60 and Convia acquisitions completed after the comparison period.

In Sweden high inflation and interest rates are impacting all local segments in the form of tighter price competition and longer decision-making times.

Also in Sweden the technical consulting market is divided into areas of stronger and weaker demand. The local infra market growth continues to be supported by sizable investments in infrastructure projects by the Swedish public and private sector players. The demand for technical consulting in commercial, industrial, and institutional building projects continues to be stable too. The local housing market, on the other hand, is very weak, but thanks to Sitowise's favorable positioning toward other segments, the local housing market drop had only a minor impact on the business. High inflation and interest rates are impacting all local segments in the form of tighter price competition and longer decision-making times.



NET SALES, EUR MILLION

The order book in Sweden increased in Q2, and this growth was impacted especially by Infracontrol receiving a repeat order for the maintenance and development of a national support system for road traffic. In addition, we signed a significant add-on order for Galderma pharma production plant together with KeyPlants, and synergies with our most recent Swedish acquisition, Convia, led to joint-order wins for Gnesta water treatment plant and infrastructure project for Tvärbanan tramline in Stockholm. Overall, the tender activity for larger projects increased from a low level and somewhat larger tenders were seen again in Q2. Especially the market for institutional buildings and hospitals remains vital. The outlook for the second half remains stable in Sweden.

SUSTAINABILITY

During the second quarter of 2023, Sitowise commissioned a third party to verify sustainability data and prepare a gap analysis of its sustainability reporting for 2022 (including taxonomy reporting and carbon footprint calculations) to develop its sustainability reporting to better meet the European Sustainability Reporting Standards' (ESRS) requirements in the future. The assurance provided a good overall picture of Sitowise's reporting and guides the Group towards increasingly transparent sustainability reporting.

In June 2023, Sitowise invested in the diversity, equity and inclusion (DEI) competence of its entire personnel by launching training related to the topic. Completion of training is mandatory for all Sitowise experts. In addition, supervisors are trained separately to take diversity issues into account in their supervisory work, e.g. in recruitment. In addition, Sitowise participated in the most important Finnish discussion festival SuomiAreena, where it organized a discussion event related to the diversity of working life.

At the end of the review period, the utilization rate of the sustainability tool developed by Sitowise was 82 (65) percent in all projects started in Finland. Sustainability tool is part of the digital Voima platform. Sitowise's goal is that all projects started in the Group use the tool. Aim is to integrate responsibility and sustainable development issues into every client project.

As companies covered by the EU Corporate Sustainability Reporting Standard (CSRD), that will become applicable from 2024 onwards, will also have to report on their value chains in the future, inquiries from customers and suppliers about Sitowise's sustainability-related processes will probably also increase. For this reason, the goal for 2023 is to develop Sitowise's sustainability tool to meet client needs.

At the end of Q2 2023, the sustainability tool was used in 82 percent (65%) of all new projects started in Finland.

PERSONNEL AND MANAGEMENT

PERSONNEL

	4–6/2023	4–6/2022	Change, %	1–6/2023	1–6/2022	Change, %	1–12/2022
Number of personnel, average	2,231	2,115	5.5%	2,229	2,080	7.2%	2,151
Number of personnel, at the end of the period	2,236	2,219	0.8%	2,236	2,219	0.8%	2,232

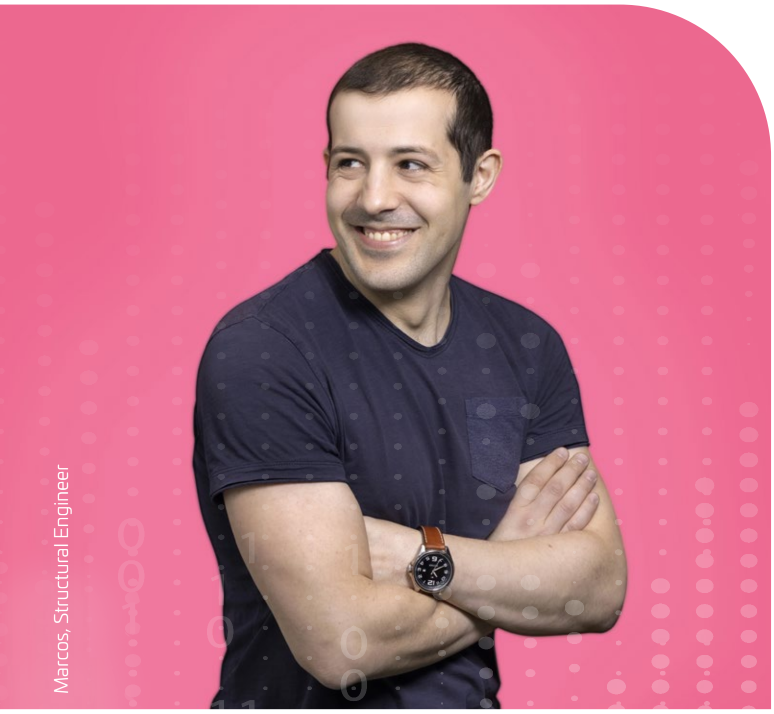
The number of personnel at the end of the June was higher than a year ago due to both acquisitions and organic growth. The number of full-time equivalent number of employees (FTE) is presented by business area below:

FTE per BUSINESS AREA

	4–6/2023	4–6/2022	Change, %	1–6/2023	1–6/2022	Change, %	1–12/2022
Buildings	764	842	-9.3%	776	823	-5.6%	825
Infra	580	526	10.3%	554	511	8.4%	512
Digi	255	166	54.2%	256	167	53.1%	207
Sweden	355	309	14.9%	353	300	17.5%	314
Group Functions	64	60	6.4%	63	59	7.9%	59
Group total	**2,018**	**1,902**	**6.1%**	**2,003**	**1,860**	**7.7%**	**1,918**

GROUP MANAGEMENT TEAM

On 12 April 2023, Timo Palonkoski resigned from his position as Business Area Director of the Buildings business area and as a member of the Group Management Team. Jan Tapper, previously Business Unit Director of special design services, temporarily took over the business area director's tasks as of 1 May 2023. On 3 August 2023, Timo Räikkönen was appointed as Executive Vice President for Buildings business area and member of Sitowise's Group Management Team. He joins Sitowise from the position of Executive Vice President of Destia's Urban Development and Design Services and will start in his position in February 2024 at the latest.


Marcos, Structural Engineer

On 4 May 2023, Anna Wäck was appointed as Business Area Director for Digital Solutions and member of the Group Management Team. She joined Sitowise from the position of Head of Global Offering, Pricing and Sales Development in KONE's global maintenance business, and started in her new position on 5 May 2023.

CHANGES IN GROUP STRUCTURE

Rakennuttajakaari Oy and its wholly owned subsidiaries Rakennuttajakaari Pohjanmaa Oy and Certimo Oy were merged with Sitowise Oy on 28 February 2023. Sitowise had acquired Rakennuttajakaari in June 2022.

Sitowise Rakennuttajat Oy merged into Sitowise Oy on 30 April 2023.

CORPORATE GOVERNANCE

RESOLUTIONS OF THE ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) of Sitowise Group Plc was held on 25 April 2023 in Espoo. The AGM approved the company's annual accounts and consolidated annual accounts for the financial year 2022, discharged the members of the Board of Directors and the persons who have acted as CEO of the company from liability and resolved to approve the remuneration report for governing bodies and the updated remuneration policy for governing bodies. The AGM also resolved that a dividend of EUR 0.10 per share be paid from the company's distributable funds. The dividend was paid on 5 May 2023.

The AGM resolved that the remuneration of the Board of Directors would remain unchanged, and that the Board of Directors be composed of eight (8) members. Eero Heliövaara, Taina Kyllönen, Mirel Leino-Haltia, Elina Piispanen, Petri Rignell and Tomi Terho were re-elected to the Board of Directors and Niklas Sörensen and Mats Åström were elected as new members to the Board of Directors.

The AGM resolved that KPMG Oy Ab, a firm of authorized public accountants, be re-elected as the auditor of the company for the term of office ending at the end of the next Annual General Meeting with Kim Järvi, Authorized Public Accountant (KHT), acting as principal auditor. The remuneration for the auditor is paid according to the auditor's reasonable invoice.

The AGM also resolved on technical amendments of the Articles of Association and on the establishment of the Shareholders' Nomination Board and its remuneration.

Authorizations of the Board of Directors

The AGM authorized the Board of Directors to decide on the issuance of shares as well as the issuance of special rights entitling to shares referred to in Chapter 10, Section 1 of the Companies Act as follows:

> The number of shares to be issued based on the authorization shall not exceed 3,500,000 shares, which corresponds to approximately 9.8 percent of all of the shares in the company. The authorization covers both the issuance of new shares as well as the transfer of treasury shares held by the company. The Board of Directors decides on all other conditions of the issuance of shares and of special rights entitling to shares. The issuance of shares and of special rights entitling to shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorization may be used, among other things, to finance and carry out acquisitions or other corporate transactions, to promote engagement, in incentive systems, in order to develop the company's capital structure, to broaden the company's ownership base, and for other purposes as determined by the company's Board of Directors.

The AGM authorized the Board of Directors to decide on the repurchase of the company's own shares as follows:

> The number of own shares to be repurchased based on the authorization shall not exceed 3,500,000 shares in total, which corresponds to approximately 9.8 percent of all the shares in the company. However, the company together with its subsidiaries cannot at any moment own more than 10 percent of all the shares in the company. Own shares can be repurchased only using the unrestricted equity of the company at a price formed in public trading on the date of the repurchase or otherwise at a price determined by the markets. The Board of Directors decides on all other matters related to the repurchase of our own shares and, inter alia, derivatives can be used for the repurchase. Own shares do not have to be acquired proportionally to the number of shares held by the shareholders (directed acquisition).

The authorizations are effective until the beginning of the next Annual General Meeting, however no longer than until 30 June 2024.

The Board of Directors decided to exercise its existing share issue authorization and carried out a directed issue of 37,330 treasury shares in connection with the acquisition of Infrasuunnittelu Oy on 2 May 2023.

DECISIONS OF THE BOARD'S CONSTITUTIVE MEETING

At the constitutive meeting of the Board of Directors of Sitowise Group Plc held after the Annual General Meeting 2023, the Board of Directors elected Eero Heliövaara as its Chair and Tomi Terho as its Vice Chair.

In addition, the Board of Directors appointed members to its committees. Mirel Leino-Haltia was elected as the Chair and Taina Kyllönen and Mats Åström as the members of the Audit Committee. Eero Heliövaara was appointed as the Chair and Elina Piispanen and Niklas Sörensen as the members of the Personnel Committee. Tomi Terho was elected the Chair and Eero Heliövaara, Petri Rignell, Niklas Sörensen and Mats Åström were elected as the members of the Acquisition Committee.

SHARES AND SHAREHOLDERS

SHARES OUTSTANDING AND SHARE CAPITAL

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

The company has one class of shares. Each share entitles the holder to one vote and an equal dividend. There were no changes in the number of shares outstanding shares during the review period. The number of treasury shares declined by 37,330 in May when the Group's Board of Directors decided on a directed share issue to the sellers of Infrasuunnittelu Oy. Sitowise Group Plc held 82,069 own shares on 30 June 2023.

	30 Jun 2023	30 Jun 2022	31 Dec 2022
Registered share capital, EUR thousand	80	80	80
Registered total number of shares	35,665,927	35,665,927	35,665,927
Treasury shares	82,069	106,577	119,399

TRADING OF SHARES

SITOWS Nasdaq Helsinki	4–6/ 2023	4–6/ 2022	1–6/ 2023	1–6/ 2022
Number of shares traded, million	0.5	1.5	1.9	2.0
Value of trading, EUR million	2.2	8.5	8.6	12.0
Closing price on the final day of trading, EUR	4.00	5.37	4.00	5.37
Volume-weighted average price, EUR	4.17	5.54	4.58	5.88
Highest price, EUR	4.53	6.79	5.14	8.22
Lowest price, EUR	4.01	4.69	3.90	4.69
Market capitalization (at the end of the period), EUR million	142.7	191.5	142.7	191.5

SHAREHOLDERS

At the end of the review period on 30 June 2023, the number of registered shareholders was 5,988 (6,179). Nominee-registered shareholders accounted for 39.1 (35.6) percent of the company's shares. The ten largest shareholders entered in the book-entry register maintained by Euroclear Finland Oy owned a total of 29.2 (30.6) percent. A list of these major shareholders is available on the company's website at www.sitowise.com.

The table below lists the ten largest shareholders on 30 June 2023. The information is based on the Monitor service provided by the Swedish company Modular Finance AB: *)

	Shareholder	# of shares	% of shares
1	Intera Partners Oy	5,121,573	14.4%
2	Lannebo Funds	2,286,888	6.4%
3	Handelsbanken Funds	1,935,079	5.4%
4	Paradigm Capital AG	1,784,944	5.0%
5	Didner & Gerge Funds	1,463,414	4.1%
6	Evli Fund Management	1,276,000	3.6%
7	Ilmarinen Mutual Pension Insurance Company	1,071,500	3.0%
8	SEB Funds	895,206	2.5%
9	Erik Löb	750,000	2.1%
10	Varma Mutual Pension Insurance Company	635,000	1.8%
	10 largest in total	**17,219,604**	**48.3%**
	Outstanding shares	35,665,927	

*) Data may be incomplete for both the number of shares and shareholders. It is not possible for the company to verify the accuracy or timeliness of the information. The company is not responsible for the information supplied by the service provider, which is given only as additional information. The company's shareholder register is available from Euroclear, and the company additionally publishes any flagging notifications it receives as stock exchange releases.

SHARE-BASED INCENTIVE PLANS

On 28 March 2023, the Board of Directors of Sitowise Group Plc resolved to establish a new performance-based, long-term incentive plan (Performance Share Plan 2023–2025) which is targeted at the Group Management Team members in the first phase. The Board of Directors also resolved on a restricted share plan (Restricted Share Plan 2023–2025), which is intended as a supplementary share-based long-term incentive plan for separately nominated key persons of Sitowise and its Group companies in special situations.

The program consists of annually commencing individual three-year plans. The commencement of each individual plan and its terms, the length of the performance or retention period within the plan, the performance criteria, the eligible participants thereof and the earning opportunity are subject to a separate decision of the company's Board of Directors in each case.

The purpose of the plans is to align the interests of the management and key personnel with the interests of the shareholders and thereby increase shareholder value in the long term, and to commit the management and key personnel to achieving Sitowise's strategic goals. Additionally, the purpose is to commit Sitowise's key resources to the company by offering competitive long-term incentive plans.

At the end of the review period on 30 June 2023, the company also had in place a long-term option program, which is further described at www.sitowise.com/investors/governance/remuneration.

FLAGGING NOTIFICATIONS

In April–June 2023, Sitowise Group Plc received a total of 8 notifications in accordance with the Chapter 9, Section 5 of the Finnish Securities Markets Act from Morgan Stanley & Co. International plc. According to the notifications received on 19, 20 and 21 April, on 1 and 2 May, and on 2, 27 and 28 June, Morgan Stanley & Co. International plc's indirect holding of shares and votes in Sitowise Group Plc had either exceeded or fallen below the 5 percent threshold of all shares and votes as a result of stock borrowing agreements. Based on the latest notification given on 28 June 2023, Morgan Stanley & Co. International plc holds through financial instruments a total of 4,000 shares, corresponding to 0.01 percent of the company's shares and voting rights.

RISKS AND UNCERTAINTIES

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

Higher inflation, rising interest rates, the price of energy, as well as the increased cost of construction materials and decline in demand create uncertainty in the markets and may cause a decline in economic activity and impact clients' business prospects leading to, for example, a decrease or postponement of investments and clients' projects. The risks are described in detail in our 2022 Financial Statement (available on our website at www.sitowise.com).

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

LEGAL PROCEEDINGS

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

SEASONALITY AND SENSITIVITIES

The seasonal variation of Sitowise's business is affected by the monthly allocation of annual working days, which in turn is affected by the timing of public holidays (e.g., Easter and Christmas) and employee vacation periods. The Group's net sales and profitability are generally at their lowest in the third quarter due to the summer vacation season.

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

	2023	2022	Difference
Q1	484	476	8
Q2	451	460	-9
Q3	491	500	-9
Q4	469	477	-8
Full year	**1,895**	**1,914**	**-19**

ESTIMATED SENSITIVITIES WITH CURRENT BUSINESS SCOPE ON ANNUAL LEVEL:

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

QUARTERLY NET SALES AND EBITA OF THE GROUP

EUR million	Q3/2021	Q4/2021	Q1/2022	Q2/2022	Q3/2022	Q4/2022	Q1/2023	Q2/2023
Net sales	**39.6**	**50.5**	**49.2**	**51.7**	**45.9**	**57.6**	**56.0**	**56.5**
Other operating income	0.2	0.1	0.1	0.1	0.1	0.0	0.1	0.1
Materials and services	-3.8	-5.2	-4.1	-5.1	-5.1	-6.2	-4.9	-5.8
Personnel expenses	-24.3	-31.1	-32.1	-33.4	-27.7	-35.8	-35.6	-37.3
Other operating expenses	-4.9	-6.8	-5.9	-6.6	-6.4	-8.3	-7.0	-6.9
Depreciations	-1.9	-1.9	-1.9	-1.9	-1.9	-2.0	-2.0	-2.0
EBITA, adjusted	**4.9**	**5.6**	**5.2**	**4.9**	**4.9**	**5.3**	**6.6**	**4.5**
EBITA, adjusted %	12.4%	11.1%	10.6%	9.5%	10.7%	9.2%	11.8%	8.0%
Items affecting comparability	-0.3	-0.4	-1.7	-1.6	-0.4	-0.6	-0.4	-0.1
EBITA	**4.6**	**5.2**	**3.5**	**3.3**	**4.5**	**4.7**	**6.2**	**4.4**
EBITA %	11.6%	10.3%	7.2%	6.4%	9.8%	8.2%	11.1%	7.8%

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 3 August 2023, Timo Räikkönen was appointed as Executive Vice President for Buildings business area and member of Sitowise's Group Management Team. He joins Sitowise from the position of Executive Vice President of Destia's Urban Development and Design Services and will start in his position in February 2024 at the latest.

Espoo, 16 August 2023
Sitowise Group Plc
Board of Directors

ADDITIONAL INFORMATION

Heikki Haasmaa, CEO,
heikki.haasmaa@sitowise.com | tel. +358 50 304 7765

Hanna Masala, CFO,
hanna.masala@sitowise.com | tel. +358 40 558 1323

Mari Reponen, Head of IR,
mari.reponen@sitowise.com | tel. +358 40 702 5869

FINANCIAL CALENDAR
The planned publication dates for Sitowise Group Plc's financial reports in 2023 are as follows:

- Interim Report for January–September 2023 on Thursday, 2 November 2023

WEBCAST FOR ANALYSTS, MEDIA AND INVESTORS
Sitowise's Q2 2023 earnings webcast will be held today, 16 August 2023, at 12 pm EEST. The webcast can be accessed either live or as a replay available at livekatsomo.fi/Sitowise-Q2-2023-result

DISTRIBUTION:
Nasdaq Helsinki Ltd
Key media
www.sitowise.com

SITOWISE IN BRIEF:
Sitowise is a Nordic expert in the built environment with strong focus on digitality. We provide design and consulting knowhow to enable more sustainable and smarter urban development as well as smooth transportation. Sitowise offers services related to real estate and buildings, infrastructure, and digital solutions both in Finland and in Sweden. Global megatrends drive huge changes that require a re-evaluation of the smartness in the built environment – therefore we have set our vision to be *Redefining Smartness in Cities*. The Group's net sales were EUR 204 million in 2022 and the company employs more than 2,200 experts. Sitowise Group Plc is listed on Nasdaq Helsinki under the trading symbol SITOWS.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	4–6/2023	4–6/2022	1–6/2023	1–6/2022	1–12/2022
Net sales	**56,474**	**51,741**	**112,524**	**100,924**	**204,414**
Other operating income	76	103	178	170	288
Materials and services	-5,778	-5,046	-10,659	-9,181	-20,495
Personnel expenses	-37,529	-33,468	-73,160	-65,881	-129,774
Other operating expenses	-6,844	-8,133	-14,027	-15,429	-30,677
Depreciation and amortization	-2,787	-2,494	-5,755	-4,966	-10,594
Operating profit	**3,611**	**2,702**	**9,101**	**5,637**	**13,162**
Financial income	322	102	436	131	390
Financial expenses	-1,205	-439	-2,409	-1,866	-3,272
Result before taxes	**2,728**	**2,366**	**7,128**	**3,902**	**10,280**
Income taxes	-559	-805	-1,488	-1,212	-2,366
Result for the period	**2,169**	**1,561**	**5,640**	**2,691**	**7,914**
Attributable to:					
Owners of the parent	2,173	1,506	5,650	2,646	7,847
Non-controlling interest	-5	55	-11	45	67
Other comprehensive income:					
Items that will not be reclassified as profit or loss					
Recognition of change in the fair value of other investments through comprehensive income	0	0	0	0	0
Items that may be reclassified to profit or loss					
Change in translation difference	-2,752	-2,198	-3,629	-1,688	-3,837
Hedging of cash flows, net of tax			343		63
Other comprehensive income in total	**-2,470**		**-3,286**		**-3,774**
Total comprehensive income	**-302**	**-638**	**2,353**	**1,002**	**4,140**
Comprehensive income attributable to:					
Owners of the parent	-297	-693	2,364	957	4,073
Non-controlling interest	-5	55	-11	45	67
Earnings per share:					
Earnings per share (EUR)	0.06	0.04	0.16	0.07	0.22
Diluted earnings per share (EUR)	0.06	0.04	0.16	0.07	0.22

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	30 Jun 2023	30 Jun 2022	31 Dec 2022
Assets			
Goodwill	155,653	155,302	157,620
Other intangible assets	10,252	9,146	10,224
Tangible assets	29,344	30,614	31,776
Other shares, similar rights of ownership, and receivables	2,241	1,855	1,931
Deferred tax assets	1,234	1,394	894
Total non-current assets	**198,724**	**198,312**	**202,446**
Trade and other receivables	57,061	54,660	61,564
Deferred tax assets	745	1,184	1,323
Cash and cash equivalents	16,261	10,718	15,390
Total current assets	**74,067**	**66,563**	**78,278**
Total assets	**272,792**	**264,875**	**280,724**

EUR thousand	30 Jun 2023	30 Jun 2022	31 Dec 2022
Shareholders' equity and liabilities			
Share capital	80	80	80
Fund for invested unrestricted equity	96,592	96,567	96,434
Fair value reserve	691	285	348
Translation difference	-7,310	-1,532	-3,681
Retained earnings	25,632	18,058	23,440
Equity attributable to owners of the parent	**115,685**	**113,458**	**116,621**
Non-controlling interest	242	231	253
Total shareholders' equity	**115,927**	**113,689**	**116,874**
Deferred tax liabilities	1,436	1,671	1,588
Financial liabilities	90,855	87,557	93,042
Other liabilities	0	0	0
Total non-current liabilities	**92,291**	**89,228**	**94,630**
Income tax liabilities	641	1,343	653
Financial liabilities	7,828	7,545	7,937
Provisions	748	1,173	981
Trade payable and other liabilities	55,355	51,895	59,649
Total current liabilities	**64,573**	**61,958**	**69,219**
Total shareholders' equity and liabilities	**272,792**	**264,875**	**280,724**

CONSOLIDATED CASH FLOW STATEMENT

EUR thousand	4–6/2023	4–6/2022	1–6/2023	1–6/2022	1–12/2022
Cash flow from operating activities:					
Result for the period	2,169	1,561	5,640	2,691	7,914
Adjustments					
Income taxes	559	805	1,488	1,212	2,366
Depreciation and amortization	2,787	2,494	5,755	4,966	10,594
Financial income and expenses	884	337	1,973	1,735	2,882
Other adjustments	54	68	97	117	297
Change in working capital					
Trade and other receivables, increase (-) / decrease (+)	51	-2,861	3,989	62	-6,424
Trade and other payables, increase (+) / decrease (-)	3,065	-350	-3,708	-1,776	5,047
Interest paid and other financial expenses	-1,203	-408	-2,518	-915	-2,244
Interest received and other financial income	103	10	165	39	185
Income taxes paid	-792	-1,120	-1,522	-2,832	-4,558
Net cash flows from operating activities	**7,676**	**535**	**11,359**	**5,298**	**16,058**
Cash flow from investing activities:					
Investments in tangible and intangible assets	-1,032	-815	-1,692	-1,547	-3,665
Acquisitions of subsidiaries, net cash acquired	-830	-19,711	-1,112	-25,317	-28,786
Net cash flows from investing activities	**-1,862**	**-20,525**	**-2,804**	**-26,864**	**-32,450**
Cash flow from financing activities:					
Payments from share issue	158	2,165	158	2,922	3,844
Share repurchase	0	-1,539	0	-1,645	-2,720
Dividend distribution and capital repayment	-3,555	-3,545	-3,555	-3,545	-3,545
Withdrawal of loans	0	19,000	0	19,000	24,424
Repayments of loans	-500	-524	-516	-547	-2,974
Lease liabilities, increase (+) / decrease (-)	-1,663	-1,514	-3,362	-3,009	-6,131
Net cash flow from financing activities	**-5,560**	**14,043**	**-7,275**	**13,176**	**12,899**
Cash and cash equivalents at the start of the period	16,331	16,876	15,390	19,353	19,353
Change in cash and cash equivalents, increase (+) / decrease (-)	255	-5,947	1,279	-8,390	-3,493
Translation differences	-325	-211	-408	-244	-470
Cash and cash equivalents at the end of the period	**16,261**	**10,718**	**16,261**	**10,718**	**15,390**

STATEMENT OF CHANGES IN CONSOLIDATED INCOME

EUR thousand	Equity attributable to owners of parent								
	Share capital	Fund for invested unrestricted equity	Fair value reserve	Subordinated loans	Translation differences	Retained earnings	Total	Non-controlling interest	Total shareholders' equity
Shareholders' equity 1 Jan 2023	**80**	**96,434**	**348**	**0**	**-3,681**	**23,440**	**116,621**	**253**	**116,874**
Result for the period						5,650	5,650	-11	5,640
Other comprehensive income			343		-3,629		-3,286		-3,286
Total comprehensive income	**0**	**0**	**343**	**0**	**-3,629**	**5,650**	**2,364**	**-11**	**2,353**
Share issues		158					158		158
Dividend distribution						-3,555	-3,555		-3,555
Share-based incentive schemes						97	97		97
Transactions with owners	**0**	**158**	**0**	**0**	**0**	**-3,458**	**-3,300**	**0**	**-3,300**
Shareholders' equity 30 Jun 2023	**80**	**96,592**	**691**	**0**	**-7,310**	**25,632**	**115,686**	**242**	**115,928**

EUR thousand	Equity attributable to owners of parent								
	Share capital	Fund for invested unrestricted equity	Fair value reserve	Subordinated loans	Translation differences	Retained earnings	Total	Non-controlling interest	Total shareholders' equity
Shareholders' equity 1 Jan 2022	**80**	**95,310**	**285**	**0**	**156**	**18,840**	**114,672**	**186**	**114,858**
Result for the period						2,646	2,646	45	2,691
Other comprehensive income	0	0	0	0	-1,688		-1,688		-1,688
Total comprehensive income	**0**	**0**	**0**	**0**	**-1,688**	**2,646**	**957**	**45**	**1,002**
Share issues		2,922					2,922		2,922
Share repurchase		-1,665					-1,665		-1,665
Dividend distribution						-3,545	-3,545		-3,545
Share-based incentive schemes						117	117		117
Transactions with owners	**0**	**1,257**	**0**	**0**	**0**	**-3,428**	**-2,171**	**0**	**-2,171**
Shareholders' equity 30 Jun 2022	**80**	**96,567**	**285**	**0**	**-1,532**	**18,058**	**113,458**	**231**	**113,689**

NOTES TO THE HALF-YEAR REPORT

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

The explanatory part of the interim report describes the effects of the Russian invasion to Ukraine on the Sitowise Group in more detail. Otherwise, the key uncertainties related to decisions made by the management requiring discretion, the management's estimates, as well as key topics requiring discretion are the same as those in the 2022 financial statements.

1. NET SALES

Net sales by business area

EUR thousand	4–6/2023	4–6/2022	Change, %	1–6/2023	1–6/2022	Change, %	1–12/2022
Buildings	19,052	20,310	-6%	38,950	40,146	-3%	79,446
Infra	17,821	15,704	13%	33,573	29,875	12%	59,952
Digi [1)]	7,731	4,577	69%	15,689	9,259	69%	22,127
Sweden [1)]	11,871	11,150	6%	24,312	21,643	6%	42,881
Total	**56,474**	**51,741**	**9.1%**	**112,524**	**100,924**	**11.5%**	**204,414**

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

Net sales by geographical area

EUR thousand	4–6/2023	4–6/2022	1–6/2023	1–6/2022
Finland	44,478	40,273	87,528	78,823
Sweden	11,659	11,214	24,033	21,617
Other countries	337	254	963	484
Total	**56,474**	**51,741**	**112,524**	**100,924**

Net sales of the geographical areas are reported by the client's location.

Revenue from client contracts expected to be recognized and related to the remaining performance obligations as of 30 June 2023 is approximately EUR 175 million.

2. ACQUISITIONS (Business combinations)

During the second quarter of the financial year Sitowise Group acquired the Finnish Infrasuunnittelu Oy. This acquisition strengthens Sitowise's expertise especially in infrastructure services offered to the mining industry. The acquisition completed during the year 2023 is presented below.

Company	Time	Transaction method	Location	Personnel	Net sales in 2022 EUR million
Infrasuunnittelu Oy	5/2023	Share purchase (100%)	Kajaani (Finland)	17	1.5

The assets and liabilities of the acquired companies mainly include working capital items as well as separately identified assets related to client relationships and technologies, and the possible effects of exchange rate fluctuations. The estimated useful lives of separately identified assets are 5 years. The recognized goodwill is not tax deductible. Purchase price allocation presented below is preliminary.

EUR thousand	1–6/2023
Purchase price	916
Assets	574
Liabilities	311
Net assets	**263**
Goodwill	653

3. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

Fair value hierarchy levels:

- **Level 1**: Quoted fair values for identical assets and liabilities in active markets
- **Level 2**: Fair values are measured using inputs other than quoted prices included within Level 1, and they are observable for the asset or liability, either directly or indirectly
- **Level 3**: Fair values are measured using asset or liability data not based on observable market inputs

Financial assets

EUR thousand	Measured at amortized cost	Measured at fair value through other comprehensive income	Measured at fair value through profit or loss	Book value total	Fair value	Level
Non-current financial assets						
Other shares and holdings		733		733	733	Level 3
Loan receivables	917			917	917	Level 2
Other financial assets, including derivatives	186	406		592	592	Level 2
Current financial assets						
Trade receivables	33,270			33,270	33,270	Level 2
Cash and cash equivalents	16,261			16,261	16,261	Level 1
Financial assets 30 Jun 2023	**50,634**	**1,139**	**0**	**51,772**	**51,772**	

EUR thousand	Measured at amortized cost	Measured at fair value through other comprehensive income	Measured at fair value through profit or loss	Book value total	Fair value	Level
Non-current financial assets						
Other shares and holdings		731		731	731	Level 3
Loan receivables	917			917	917	Level 2
Other financial assets	208			208	208	Level 2
Current financial assets						
Trade receivables	32,799			32,799	32,799	Level 2
Cash and cash equivalents	10,718			10,718	10,718	Level 1
Financial assets 30 Jun 2022	**44,642**	**731**	**0**	**45,373**	**45,373**	

Financial liabilities

EUR thousand	Measured at amortized cost	Measured at fair value through other comprehensive income	Measured at fair value through profit or loss	Book value total	Fair value	Level
Non-current financial liabilities						
Loans from financial institutions	70,381			70,381	70,381	Level 2
Lease liabilities	20,474			20,474		Level 2
Current financial liabilities						
Loans from financial institutions	1,008			1,008	1,008	Level 2
Trade payables	8,102			8,102	8,102	Level 2
Additional purchase price liabilities			720	720	720	Level 3
Lease liabilities	6,821			6,821		Level 2
Financial liabilities 30 Jun 2023	**106,786**	**0**	**720**	**107,506**	**80,211**	

EUR thousand	Measured at amortized cost	Measured at fair value through other comprehensive income	Measured at fair value through profit or loss	Book value total	Fair value	Level
Non-current financial liabilities						
Loans from financial institutions	67,935			67,935	67,935	Level 2
Lease liabilities	19,623			19,623		Level 2
Current financial liabilities						
Loans from financial institutions	1,002			1,002	1,002	Level 2
Trade payables	6,627			6,627	6,627	Level 2
Additional purchase price liabilities			122	122	122	Level 3
Lease liabilities	6,543			6,543	6,543	Level 2
Financial liabilities 30 Jun 2022	**101,729**	**0**	**122**	**101,851**	**82,229**	

Loans from financial institutions consist of floating rate bank loans. The total amount of loans drawn down under the financing agreement was EUR 71.5 million. Sitowise concluded an interest rate swap at the end of the financial period of 2022. EUR 33.0 million of the withdrawn loans were based on a variable-rate and EUR 38.5 million of the loans to fixed rate. The Group met all the covenant conditions of its financing contract during the review period.

4. GUARANTEES AND CONTINGENT LIABILITIES

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

5. SHARES

Number of shares used in calculating earnings per share

	4–6/2023	4–6/2022	1–6/2023	1–6/2022	1–12/2022
Number of shares	35,665,927	35,665,927	35,665,927	35,665,927	35,665,927
Number of shares, average	35,665,927	35,665,927	35,665,927	35,663,149	35,664,557
Diluted number of shares	35,875,927	35,665,927	35,875,927	35,665,927	35,665,927
Diluted number of shares, average	35,785,927	35,665,927	35,726,258	35,665,927	35,664,557

6. RELATED-PARTY TRANSACTIONS

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

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

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

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

The equity-settled performance share program and the option program, which was established in connection with the listing, had a total cost effect of EUR 54 thousand during the second quarter.

In addition, relating to equity loan given to associate company Fimpec Group Oy, company an received interest payment amounting to EUR 73 thousand and generated net sales of EUR 18 thousand with associate company Fimpec Engineering Oy.

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

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

7. FINANCIAL AND ALTERNATIVE PERFORMANCE MEASURES

Since the publication of the IFRS financial statements for 2019, Sitowise has reported some alternative performance measures that do not comply with IFRS standards. The calculation of alternative performance measures does not take into account items affecting comparability, which are different from ordinary business operations, in order to show the financial result of the underlying actual business. The alternative performance measures are intended to improve comparability and are not a substitute for other IFRS-based key figures.

The alternative performance measures to be reported are adjusted EBITDA, EBITA, adjusted EBITA, and net debt / EBITDA (adjusted). Adjusted EBITDA and adjusted EBITA exclude material items that are not part of ordinary activities, but which affect comparability.

Details of items affecting comparability and reconciliations of alternative performance measures are provided in Note 9.

Key figures describing financial development

EUR thousand	4–6/2023	4–6/2022	1–6/2023	1–6/2022	1–12/2022
Net sales	56,474	51,741	112,524	100,924	204,414
Growth in net sales, %	9.1%	11.2%	11.5%	13.0%	14.0%
Adjusted organic growth in net sales, %	5%	4%	5%	5%	5%
EBITA, adjusted	4,505	4,917	11,133	10,147	20,380
% of net sales	8.0%	9.5%	9.9%	10.1%	10.0%
EBITA	4,386	3,309	10,625	6,838	16,075
Operating profit (EBIT)	3,611	2,702	9,101	5,637	13,162
% of net sales	6.4%	5.2%	8.1%	5.6%	6.4%
Result for the period	2,169	1,561	5,640	2,691	7,914
Balance sheet total			272,792	264,875	280,724
Cash and cash equivalents			16,261	10,718	15,390
Net debt			55,128	58,218	56,602
Cash flow from operating activities before financial items and taxes	9,567	2,053	15,234	9,006	22,676
Earnings per share (EUR)	0.06	0.04	0.16	0.07	0.22
Diluted earnings per share (EUR)	0.06	0.04	0.16	0.07	0.22
Earnings per share, continuing operations (EUR)	0.06	0.04	0.16	0.07	0.22
Diluted earnings per share, continuing operations (EUR)	0.06	0.04	0.16	0.07	0.22
Return on equity (ROE), %			9.3%	7.0%	6.8%
Return on capital employed (ROCE), %			6.6%	7.0%	6.5%
Equity ratio, %			42.5%	42.9%	41.6%
Net debt / EBITDA, adjusted			2.4x	2.7x	2.6x
Gearing, %			47.6%	51.2%	48.4%
Number of personnel, average	2,231	2,115	2,229	2,080	2,151
Full-time equivalent (FTE), average	2,018	2,219	2,003	2,219	1,918
Utilization rate	76.0%	76.3%	75.1%	76.0%	76.1%

8. FORMULAS OF FINANCIAL AND ALTERNATIVE PERFORMANCE MEASURES

Adjusted organic growth in net sales	=	Growth in net sales excluding acquisitions and divestments adjusted by the number of working days and exchange rate impact
EBITA	=	Operating profit + amortization of intangible assets
EBITA, adjusted	=	EBITA + items affecting comparability
EBITDA, adjusted	=	EBITDA + items affecting comparability; in addition, lease liabilities are treated as operating leases, so lease expenses on the whole affect EBITDA
Items affecting comparability	=	Items affecting comparability are primarily costs associated with M&A and integration, restructuring as well as IPO readiness
Net debt	=	Loans from financial institutions - cash and cash equivalents (net debt does not include lease liabilities)
Return on equity (ROE), %	=	Profit for the period, prev. 12 months / Total shareholders' equity, average
Return on capital employed (ROCE), %	=	(Profit before taxes + financial expenses), prev. 12 months / (Balance sheet total – non-interest-bearing debt), average
Equity ratio, %	=	Total shareholders' equity / Balance sheet total
Net debt / EBITDA, adjusted	=	Net debt / EBITDA, adjusted, prev. 12 months
Gearing, %	=	Net debt / Total shareholders' equity
Non-diluted earnings per share	=	(Result for the period – non-controlling interest – dividend for the financial period to be distributed taking tax impact into consideration) / Average weighted number of shares
Diluted earnings per share	=	(Result for the period – non-controlling interest – dividend for the financial period to be distributed taking tax impact into consideration) / Average diluted weighted number of shares
Full-time equivalent (FTE), average	=	Group personnel, full-time equivalent average during the period
Utilization rate	=	Number of project hours worked relative to the number of hours worked

9. RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

EUR thousand	4–6/2023	4–6/2022	1–6/2023	1–6/2022	1–12/2022
Net sales	56,474	51,741	112,524	100,924	204,414
Adjusted organic growth in net sales, %					
Growth in net sales	9%	11%	11%	13%	14%
Impact of acquisitions	-8%	-8%	-9%	-9%	-9%
Impact of number of working days	2%	0%	0%	-1%	0%
Impact of exchange rates	2%	1%	2%	1%	1%
Adjusted organic growth in net sales, %	**5%**	**4%**	**5%**	**5%**	**5%**
EBITA					
Operating profit (EBIT)	3,611	2,702	9,101	5,637	13,162
Amortizations of intangible assets	-775	-606	-1,524	-1,201	-2,913
EBITA	**4,386**	**3,309**	**10,625**	**6,838**	**16,075**
EBITA %	**7.8%**	**6.4%**	**9.4%**	**6.8%**	**7.9%**
Items affecting comparability					
Restructuring costs	386	57	437	308	722
M&A and integration costs	153	1,332	267	2,209	2,801
Other, income (-) / costs (+)	-420	219	-375	792	782
Items affecting comparability, EBITDA	**119**	**1,608**	**330**	**3,309**	**4,305**
Items affecting comparability, depreciations	0	0	178	0	0
Items affecting comparability, EBITA	**119**	**1,608**	**508**	**3,309**	**4,305**
EBITA, adjusted					
EBITA	4,386	3,309	10,625	6,838	16,075
Items affecting comparability, EBITA	119	1,608	508	3,309	4,305
EBITA, adjusted	**4,505**	**4,917**	**11,133**	**10,147**	**20,380**
EBITA, adjusted %	8.0%	9.5%	9.9%	10.1%	10.0%
EBITDA					
Operating profit (EBIT)	3,611	2,702	9,101	5,637	13,162
Depreciation and amortization	-2,787	-2,494	-5,755	-4,966	-10,594
EBITDA	**6,398**	**5,197**	**14,856**	**10,603**	**23,756**
EBITDA %	**11.3%**	**10.0%**	**13.2%**	**10.5%**	**11.6%**
Net debt					
Loans from financial institutions			71,389	68,937	71,992
Cash and cash equivalents			16,261	10,718	15,390
Net debt			**55,128**	**58,218**	**56,602**
EBITDA, adjusted (prev. 12 months)					
EBITDA (prev. 12 months)			28,008	24,146	23,756
Items affecting comparability, EBITDA (prev. 12 months)			1,325	4,011	4,305
Operational lease liabilities (IFRS16) (prev. 12 months)			-6,659	6,220	-6,366
EBITDA, adjusted (prev. 12 months)			**22,674**	**21,937**	**21,695**
Net debt / EBITDA, adjusted					
Net debt			55,128	58,218	56,602
EBITDA, adjusted (prev. 12 months)			22,674	21,937	21,695
Net debt / EBITDA, adjusted			**2.4x**	**2.7x**	**2.6x**
Gearing, %					
Total shareholders’ equity			115,927	113,689	116,874
Net debt			55,128	58,218	56,602
Gearing, %			**47.6%**	**51.2%**	**48.4%**

SITOWISE GROUP PLC
LINNOITUSTIE 6 D, FI-02600 ESPOO, FINLAND
PHONE +358 20 747 6000
WWW.SITOWISE.COM

The Smart City Company

SITOWISE