

## Q2/2024 Presilent newsletter

Sitowise publishes IR newsletters four times a year before the start of the silent period. The newsletter summarizes the past quarter and contains the quarter's most important releases, frequently asked questions by investors, and information on upcoming IR events.

Sitowise's silent period begins on 13 July 2024, and the interim report for January – June 2024 will be published on 13 August 2024 at around 8:30 am EEST. The webcast in English will be held on the same day starting at 12:00 pm EEST. The link to the webcast will be published later.

## The most important releases during Q2/2024

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

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

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

### **Sitowise's Interim Report Q1 2024 on 8 May 2024: Net sales decreased, stable order book during the quarter**

Sitowise published its Q1 2024 result and repeated its market outlook and guidance for 2024.

Read the full Stock Exchange Release: [Sitowise's Interim Report Q1 2024: Net sales decreased, stable order book during the quarter | Sitowise](#)

### **Investor news on 4 June 2024: Sitowise to prepare the general plan for the Airport Line**

Lentorata Oy and Sitowise Oy have signed an agreement on the preparation of the Airport Line general plan. The general plan is estimated to be completed at the end of 2025.

Read the full release: [Sitowise to prepare the general plan for the Airport Line | Sitowise](#)

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

## Frequently asked questions

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

The market outlook for 2024 in Buildings is weak. We expect that the Buildings business will still decrease in net sales in the first half of 2024 and that the turn to growth can start only towards the end of 2024. More recently, there has been some positive signals that renovation construction demand might be picking up gradually.

The Buildings business area continues to adjust its operations to with temporary layoffs, mainly in structural design. Our priorities in the business area are sales, pricing, and further diversification of client base - increasing focus will be put on segments with long-term demand, such as services related to energy and security critical services.

The medium- and long-term prospects for Building business are still good thanks to the existing renovation backlog and the requirements imposed by EU regulation, such as the energy-efficiency requirement.

### **How is the pricing environment currently?**

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

### **Will the strong growth in Infra and Digital Solutions continue?**

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

### **What does it take to turn Sweden back to growth track?**

In Sweden our focus will be on organic growth in the short-term – in practice we focus on proactive sales, pricing, and diligent project management as well as further strengthening our position and brand in Sweden.

### **Given that the first quarter results indicate a deviation from the 2024 profitability guidance, what are the primary risks that could prevent the company from achieving its targets?**

As anticipated, the first quarter results were below the strong comparison period. Our top priority for the forthcoming quarters is to improve Sitowise's profitability. Our actions include a continued focus on elevating our sales culture, achieving pricing excellence, improving utilization rates, and implementing further measures to mitigate cost inflation and increase internal efficiencies. At the same time, the market situation is clearly more challenging than earlier, the expectations for the central banks' interest rate cuts have been delayed and the timing of the market recovery is not easy to predict.

### **Can you provide an update on the company's covenant levels in relation to the financing agreement?**

Our financing agreement includes one financial covenant, which is the net debt divided by rolling 12-month EBITDA ratio, with some pro forma adjustments. This calculation differs somewhat from externally reported leverage figure. We maintain an active dialogue with our financiers to ensure transparency and compliance.

## **In the technical consulting industry, is artificial intelligence considered more of an opportunity or a threat?**

Artificial intelligence is considered more of an opportunity in the technical consulting industry. We see great potential in new smart services that are based on AI usage, providing us with future opportunities. The core of Sitowise's value creation is that we understand both the technical side of digital solutions and their usage context and the use of the customer's everyday tools. Additionally, there is already a short-term possibility for us to improve internal efficiency with AI, particularly in sales and tendering work. We have already implemented five different use cases and are looking forward to the benefits.

## **Are you still more in the phase where you are looking for internal efficiencies with the help of AI rather than actually creating new business?**

At the moment, we are progressing in both. New AI business has already been opened, for example, in the Smartlas product. Internally, generative AI tools already bring significant benefits - especially in the Digi-business area, but also in design business. When AI is used to improve our own operations, we are constantly looking at the possible change of business models of these services and openings for new services.

## **Q2 2024 investor materials**

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

- [Q1 2024 Result presentation](#)
- [Q1 2024 Result webcast \(recording\)](#)
- [The Finnish Construction Seminar, 29 May 2024](#)
- [Sitowise Investor Presentation June 2024](#)

## **Financial calendar 2024**

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

- Half-year financial report for January–June 2024: 13 August 2024
- Interim Report for January–September 2024: 7 November 2024

## **Investor events in 2024**

See Sitowise's [Financial Calendar](#) for the upcoming IR events.

## Sitowise IR Team

Sitowise's IR Team is happy to help you with any questions. Please contact:

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### **About Sitowise**

*Sitowise is a Nordic expert in the built environment and digital solutions. We provide design and consulting services to enable more sustainable and smarter urban development as well as smooth transportation. Sitowise offers services related to real estate and buildings, infrastructure, and digital solutions both in Finland and in Sweden. Global megatrends drive huge changes that require a re-evaluation of the smartness in the built environment – therefore we have set our vision to be Redefining Smartness in Cities. The Group's net sales were EUR 211 million in 2023, and the company employs more than 2,100 experts. Sitowise Group Plc is listed on the main list of Nasdaq Helsinki as SITOWS.*