

Q3/2024 President 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 8 October 2024, and the interim report for January – September 2024 will be published on 7 November 2024 at around 8:30 am EET. The webcast in English will be held on the same day starting at 12:00 pm EET. The link to the webcast will be published later.

The most important releases during Q3/2024

Stock exchange release on 31 July 2024: [Inside information, profit warning: Sitowise lowers its full year net sales and adjusted EBITA margin \(%\) guidance, and provides preliminary key figures for the second quarter](#)

Stock exchange release on 13 August 2024: [Sitowise's Half-year Report January–June 2024: Strategic initiatives progressing well, profitability burdened by low volumes in Sweden | Sitowise](#)

Stock Exchange Release on 13 September 2024: [Composition of Sitowise's Shareholders' Nomination Board | Sitowise](#)

Altogether six major shareholder notifications between 12 July and 4 October 2024 regarding changes in major shareholdings. See detail here [Stock exchange releases | Sitowise](#)

Investor news on 27 August 2024: [Sitowise to deliver Metsähallitus' new road system | Sitowise](#)

Investor news on 5 September 2024: [Sitowise to take part in designing the western section of the Vantaa light rail | Sitowise](#)

Investor news on 17 September 2024: [Sitowise to be part of City of Vantaa's key project | Sitowise](#)

Investor news on 25 September 2024: [Sitowise expands its infrastructure and energy services by acquiring LandPro Oy | Sitowise](#)

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

Frequently asked questions

Do you see any signs of market pick up in the weaker business areas i.e. in the Buildings and Sweden business areas?

In the Buildings business we seem to be at the bottom of the cycle and there are some early signs of market recovery (especially in renovation), but a more significant recovery is expected only in the second half of 2025. In Sweden, the market continues to be weak, and there our priorities are adapting the size of the organization to match the prevailing workload and proactive sales. In both business areas we see growth opportunities in Energy, Industry, Sustainability and Security services.

What kind of savings are you expecting from the “Building for the Future” program?

The program focuses on developing our sales activities and top-line growth, but it also has elements of further savings for both Sweden and Finland. In the Sweden business area, actions included in the program include renewing and streamlining business organization, increasing sales and profitability of projects, and operating efficiently. In the Building business area, action included in the program include developing the Buildings organization and our people’s expertise, operating efficiently and growing sustainably. As a part of the program, we have optimized our workforce in the Buildings business, leading to a slight decrease in FTEs.

How much additional revenue would you need to make acceptable margins in the Buildings and Sweden business areas?

Temporary layoffs in Finland and capacity adjustments in Sweden are ongoing to align capacity with the current situation and orderbook, and to pave the way towards normalized margins. While the focus on sales and new client segments continues, stronger growth is planned only after these actions.

Can you comment on the magnitude of postponed client projects and their impact on the order book?

In Q2 2024, there was a slight increase in postponed projects in the order book, but nothing major.

Will the 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 weak demand in the private sector.

How is the pricing environment currently?

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.

What is your covenant level and what happened if you breach it at the end of the year?

Our financing agreement includes one financial covenant, which is the net debt divided by rolling 12-month EBITDA ratio, with certain pro forma adjustments. This calculation differs somewhat from externally reported leverage figure. We have not disclosed the covenant level. During Q2 2024 Sitowise agreed on a temporary adjustment of the covenant levels.

Do you think your current net debt level of €56 million is sustainable, given the weak operating environment?

Although leverage ratio has weakened due to weakened financial performance, we have good liquidity and cash flow generation. Our focus is currently on operative improvements and cash flow generation.

Could you walk through the items affecting comparability to EBITDA in the last 12 months?

The main items include costs related to Buildings restructuring in autumn 2023, costs related to M&As completed in the past 12 months as well as integration of acquired companies, and certain double license costs linked to the ERP project.

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 in the short-term a possibility 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 technical 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.

Can you comment on the top-line impact of the new product Planect?

Planect's commercialization phase has been successful, and it is already contributing to the top line in the Digi and Infra businesses.

Q3 2024 investor materials

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

- [Sitowise Investor Presentation September 2024](#)
- [Sitowise Investor Presentation June 2024](#)
- [The Finnish Construction Seminar, 29 May 2024](#)

- [Half-year Report 2024 presentation](#)
- [Half-year Report 2024 webcast recording](#)

Financial calendar 2024

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

- 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 forestry with strong focus on digitality. 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.