



Siili Solutions Plc, Business review, 1 January–30 September 2024

**Siili successfully launched
the implementation of its new strategy
in challenging market conditions**

Key figures

| EUR million | Q3/2024 | Q3/2023 | Q1-Q3/2024 | Q1-Q3/2023 |
|-------------------------------------------------------------------|---------|---------|------------|------------|
| Revenue | 24.1 | 27.0 | 83.3 | 92.3 |
| Revenue growth, EUR million | -2.9 | 0.1 | -9.0 | 6.5 |
| Revenue growth, % | -10.8% | 0.5% | -9.8% | 7.6% |
| Organic revenue growth, EUR million | -2.9 | -1.2 | -9.0 | 2.3 |
| Organic revenue growth, % | -10.8% | -4.1% | -9.8% | 2.6% |
| Adjusted EBITA | 0.7 | 1.3 | 4.0 | 6.3 |
| Adjusted EBITA, % of revenue | 2.9% | 4.7% | 4.8% | 6.8% |
| EBITA | 0.7 | 1.3 | 3.4 | 6.3 |
| EBITA, % of revenue | 2.9% | 4.7% | 4.1% | 6.8% |
| Average number of employees during the period | 956 | 1,057 | 976 | 1,049 |
| Number of employees at the end of the period | 945 | 1,053 | 945 | 1,053 |
| Number of full-time employees (FTE) at the end of the period | 909 | 1,023 | 909 | 1,023 |
| Number of full-time subcontractors (FTE) at the end of the period | 148 | 172 | 148 | 172 |

REVENUE AND REVENUE
GROWTH Q3/2024

24.1 MEUR
-10.8%

27.0 MEUR

■ 2024 ■ 2023

ADJUSTED EBITA AND
ADJUSTED EBITA-%
Q3/2024

0.7 MEUR
2.9%

1.3 MEUR

Key events in July-September:

- On 13 August 2024, Siili published its new strategy placing AI and data at its core.
- On 17 September 2024 Siili published a profit warning and lowered its financial guidance for 2024 revenue and adjusted EBITA.
- Activity in sales created good ground for strategy implementation.

Outlook for 2024:

The updated financial guidance of revenue for 2024 is expected to be EUR 106–116 million and adjusted EBITA EUR 4.5–6.5 million.

The previous guidance for the current year's revenue was EUR 120–140 million and adjusted EBITA EUR 7.5–10.5 million.

CEO Tomi Pienimäki:

In July–September, Siili continued to lay a solid foundation for the implementation of its new strategy in spite of challenging market conditions.

Revenue for the third quarter declined 11% year-on-year, to stand at approximately EUR 24 million. Adjusted EBITA for the quarter was EUR 0.7 million and about 3% of revenue.

The overall state of the IT service market has remained challenging, and recovery of the markets is taking longer than expected. Decision-making by customers on starting new projects continues to be slow, despite increased activity among customers. Against this backdrop, in September, we updated our guidance on revenue and adjusted EBITA for 2024.

As an example of positive developments in sales, I would like to highlight a significant new customer in the German automotive industry, starting out with a contract of approximately EUR 8 million for the next five years. Siili was also selected by several industry-leading AI users as a partner in data and AI projects. Growth in this area is one of our strategic priorities. For the time being, AI projects tend to be small, but they represent important openings in building long-term partnerships. We have continued to strengthen the data and AI competencies of the Siili team, both by training the personnel and by new recruitments.

In August, we announced a new strategy, placing artificial intelligence and data at its core. In October, we published a Handbook on AI-powered software development. In the book, our experts describe, in concrete terms, new ways of working that are already changing the way how the Siili team operates and that will strengthen our position as a leader in the utilisation of artificial intelligence in software development.

In October, Siili appointed Maria Niiniharju as VP Private Business and member of management team. Niiniharju brings us strong experience in business development as well as valuable data and AI expertise, which is perfect fit to accelerate Siili's strategy execution.

Siili achieved 10th place in the Young Professional Attraction Index survey by Academic Work. Our goal is to be a community of top talent, and in line with our strategy, we will continue to endorse a strong corporate culture and continuous learning opportunities for the personnel.

Siili will arrange a Capital Markets Day on 26 November 2024. In the event, we will describe our new strategy, our AI and data expertise as well as our financial standing.

Despite the challenges of the operating environment, we believe in the normalisation of the markets, although the turnaround has been delayed. I want to extend my thanks to the entire Siili team and our customers for the past third quarter of the year. We are in a good position to continue the roll-out of our renewed strategy towards the end of the year.



This is not an interim report under IAS 34. The company complies with the half-yearly reporting requirements of the Securities Markets Act and publishes business reviews for the first three and nine months of the year, which present key information on the company's financial performance. The financial information presented in this business review is unaudited.

FURTHER INFORMATION:

CEO Tomi Pienimäki

Tel: +358 40 834 1399, email: tomi.pienimaki(at)siili.com

CFO Aleksi Kankainen

Tel: +358 40 534 2709, email: aleksi.kankainen(at)siili.com

DISTRIBUTION:

Nasdaq Helsinki Ltd
Main media
www.siili.com/en

SIILI SOLUTIONS IN BRIEF:

Siili Solutions Plc is a forerunner in AI-powered digital development. Siili is the go-to partner for clients seeking growth, efficiency and competitive advantage through digital transformation. Our main markets are Finland, the Netherlands, the United Kingdom, and Germany. Siili Solutions Plc's shares are listed on the Nasdaq Helsinki Stock Exchange. Siili has grown profitably since its founding in 2005. www.siili.com/en

Consolidated income statement and statement of comprehensive income

| EUR 1,000 | Q3/2024 | Q3/2023 | Q1-Q3/2024 | Q1-Q3/2023 | 2023 | EUR 1,000 | Q3/2024 | Q3/2023 | Q1-Q3/2024 | Q1-Q3/2023 | 2023 |
|---------------------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|----------------|------------------------------------------------------------|------------|------------|--------------|--------------|--------------|
| REVENUE | 24,124 | 27,048 | 83,310 | 92,337 | 122,702 | PROFIT FOR THE PERIOD | 152 | 339 | 1,956 | 3,878 | 4,986 |
| Other operating income | 33 | 150 | 129 | 278 | 444 | Other comprehensive income | | | | | |
| Materials and services | -5,254 | -5,824 | -17,385 | -20,059 | -26,215 | Items that may later be recognised through profit or loss | | | | | |
| Employee benefit expenses | -14,665 | -16,217 | -51,254 | -54,042 | -72,180 | Translation differences | -2 | -376 | -273 | 274 | 300 |
| Depreciation and amortization | -1,125 | -1,209 | -3,478 | -3,877 | -5,198 | TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 150 | -37 | 1,684 | 4,151 | 5,285 |
| Other operating expenses | -2,706 | -3,030 | -8,806 | -9,571 | -12,645 | Total comprehensive income for the period attributable to: | | | | | |
| OPERATING PROFIT | 407 | 920 | 2,516 | 5,065 | 6,909 | Shareholders of the parent company | 150 | -37 | 1,684 | 4,151 | 5,285 |
| Financial income | -43 | 257 | 1,022 | 2,010 | 1,250 | Non-controlling interest | - | - | - | - | - |
| Financial expenses | -346 | -811 | -1,067 | -2,150 | -2,623 | | | | | | |
| PROFIT BEFORE TAXES | 18 | 365 | 2,471 | 4,926 | 5,536 | | | | | | |
| Income taxes | 134 | -27 | -515 | -1,048 | -551 | | | | | | |
| PROFIT FOR THE PERIOD | 152 | 339 | 1,956 | 3,878 | 4,986 | | | | | | |
| Attributable to: | | | | | | | | | | | |
| Shareholders of the parent company | 152 | 339 | 1,956 | 3,878 | 4,986 | | | | | | |
| Non-controlling interest | - | - | - | - | - | | | | | | |
| Earnings per share based on the profit attributable to shareholders of the parent company: | | | | | | | | | | | |
| Basic earnings per share (EUR), profit for the period | 0.02 | 0.04 | 0.24 | 0.48 | 0.61 | | | | | | |
| Diluted earnings per share (EUR), profit for the period | 0.02 | 0.04 | 0.24 | 0.48 | 0.61 | | | | | | |

Consolidated statement of financial position

| EUR 1,000 | 30 Sep 2024 | 30 Sep 2023 | 31 Dec 2023 |
|---------------------------------|---------------|---------------|----------------|
| ASSETS | | | |
| Non-current assets | | | |
| Goodwill | 32,172 | 32,336 | 32,490 |
| Intangible assets | 8,009 | 8,545 | 8,404 |
| Tangible assets | 980 | 1,346 | 1,259 |
| Right-of-use assets | 3,847 | 3,881 | 4,220 |
| Other investments | 1 | 1 | 1 |
| Deferred tax assets | 18 | 165 | 17 |
| Receivables | 159 | 163 | 159 |
| Total non-current assets | 45,186 | 46,436 | 46,549 |
| Current assets | | | |
| Trade receivables | 14,968 | 20,794 | 19,118 |
| Other receivables | 6,780 | 5,381 | 4,654 |
| Current tax assets | 829 | 842 | 826 |
| Liquid funds | 11,351 | 22,112 | 29,022 |
| Total current assets | 33,929 | 49,128 | 53,620 |
| TOTAL ASSETS | 79,114 | 95,564 | 100,170 |

| EUR 1,000 | 30 Sep 2024 | 30 Sep 2023 | 31 Dec 2023 |
|---------------------------------------------------|---------------|---------------|----------------|
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| Shareholders' equity | | | |
| Share capital | 100 | 100 | 100 |
| Reserve for invested unrestricted equity | 26,765 | 26,747 | 26,748 |
| Treasury shares | -461 | -461 | -461 |
| Translation differences | -796 | -550 | -524 |
| Retained earnings | 14,695 | 14,875 | 16,219 |
| Total shareholders' equity | 40,302 | 40,712 | 42,083 |
| Non-current liabilities | | | |
| Financial liabilities | 3,961 | 6,474 | 6,230 |
| Lease liabilities | 1,828 | 1,805 | 1,841 |
| Other interest-bearing liabilities | 9,827 | 18,112 | 10,177 |
| Deferred tax liabilities | 1,003 | 1,081 | 1,118 |
| Total non-current liabilities | 16,618 | 27,472 | 19,366 |
| Current liabilities | | | |
| Financial liabilities | 2,513 | 2,563 | 11,994 |
| Lease liabilities | 2,123 | 2,140 | 2,463 |
| Trade and other payables | 16,905 | 21,432 | 24,131 |
| Current tax liabilities | 648 | 1,090 | 121 |
| Provisions | 6 | 157 | 12 |
| Total current liabilities | 22,194 | 27,381 | 38,721 |
| Total liabilities | 38,812 | 54,853 | 58,087 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 79,114 | 95,564 | 100,170 |

Consolidated cash flow statement

| EUR 1,000 | Q1-Q3/2024 | Q1-Q3/2023 | 2023 | EUR 1,000 | Q1-Q3/2024 | Q1-Q3/2023 | 2023 |
|-------------------------------------------------------------------|----------------|---------------|---------------|--------------------------------------------------------|----------------|----------------|---------------|
| Cash flow from operating activities | | | | Cash flows from financing activities | | | |
| Profit for the period | 1,956 | 3,878 | 4,986 | Loan repayments | -2,273 | -2,273 | -2,518 |
| Adjustments: | | | | Repayments of lease liabilities | -2,048 | -2,139 | -2,965 |
| Depreciation and amortisation | 3,478 | 3,877 | 5,198 | Share subscriptions with share options | 17 | 52 | 53 |
| Share-based incentive scheme | 128 | 175 | 269 | Acquisition of treasury shares | - | -495 | -495 |
| Other adjustments | -18 | 38 | 48 | Dividends paid | -2,109 | -1,622 | -1,622 |
| Interest expenses and other financial expenses | 1,067 | 2,150 | 2,623 | Distribution of dividends to non-controlling interests | -882 | -728 | -1,270 |
| Interest income | -1,022 | -2,010 | -1,250 | Transactions with non-controlling interests | -619 | -580 | -437 |
| Taxes | 515 | 1,048 | 551 | Net cash flow from financing activities | -7,914 | -7,785 | -9,254 |
| Changes in working capital: | | | | Change in liquid funds | -17,682 | -14,055 | -7,173 |
| Change in trade and other receivables | 1,942 | -3,739 | -1,015 | Liquid funds at the beginning of the period | 29,022 | 36,315 | 36,315 |
| Change in trade and other payables | -7,099 | -4,681 | -1,792 | Effect of changes in currency exchange rates | 11 | -148 | -119 |
| Interest paid | -367 | -743 | -869 | Liquid funds at the end of the period | 11,351 | 22,112 | 29,022 |
| Interest received | 277 | 360 | 428 | | | | |
| Taxes paid | -104 | -1,433 | -1,686 | | | | |
| Net cash flow from operating activities | 753 | -1,081 | 7,489 | | | | |
| Cash flow from investing activities | | | | | | | |
| Acquisitions of businesses and subsidiaries, net of cash acquired | -9,462 | -4,172 | -4,172 | | | | |
| Proceeds from the sale of tangible and intangible assets | 17 | 10 | 24 | | | | |
| Investments in tangible assets | -263 | -658 | -756 | | | | |
| Investments in intangible assets | -814 | -387 | -523 | | | | |
| Investments in and return of capital from an associated company | - | 19 | 19 | | | | |
| Net cash flow from investing activities | -10,521 | -5,189 | -5,409 | | | | |