



Business review, 1 January–30 September 2023

Siili's growth slowed down and profitability weakened in a challenging market situation

Key figures

EUR million	Q3/2023 ¹	Q3/2022	Q1-Q3/2023 ¹	Q1-Q3/2022
Revenue	27.0	26.9	92.3	85.8
Revenue growth, EUR million	0.1	4.5	6.5	14.7
Revenue growth, %	0.5%	20.3%	7.6%	20.6%
Organic revenue growth, EUR million	-1.2	4.5	2.3	12.2
Organic revenue growth, %	-4.1%	20.3%	2.6%	17.1%
Adjusted EBITA ²	1.3	2.3	6.3	8.8
Adjusted EBITA, % of revenue	4.7%	8.7%	6.8%	10.3%
EBITA	1.3	2.3	6.3	8.8
EBITA, % of revenue	4.7%	8.7%	6.8%	10.3%
Average number of employees during the period	1,057	968	1,049	940
Number of employees at the end of the period	1,053	994	1,053	994
Number of full-time employees (FTE) at the end of the period	1,023	975	1,023	975
Number of full-time subcontractors (FTE) at the end of the period	172	208	172	208

¹ Organic revenue growth is calculated based on comparable pro forma revenue.

² Adjusted EBITA is calculated by adding items affecting comparability to EBITA, such as direct costs of acquisitions.

REVENUE Q3/2023

27.0 MEUR
+0.5%

26.9 MEUR

EBITA Q3/2023

1.3 MEUR
4.7%

2.3 MEUR

■ 2023 ■ 2022

Key events in July-September:

- The company published a profit warning on 13 July 2023 and lowered its guidance for revenue and EBITA for 2023.
- The company completed change negotiations in August - September 2023. The aim of the negotiations was to strengthen competitiveness and to address the weakened market conditions. As a result of the negotiations, the employment relationships with a total of 10 employees were terminated.
- Siili was selected as a supplier of expert services for the development and maintenance of information systems for the National Land Survey of Finland.

Outlook for 2023:

The updated financial guidance of revenue for 2023 is estimated to be EUR 120–140 million and EBITA EUR 8.3–11.8 million.

The previous guidance for the current year's group revenue was EUR 125–145 million and EBITA EUR 12–15.5 million.

CEO Tomi Pienimäki:

In July–September, we continued to progress in the challenging IT services market. New sales in all of Siili's service areas slowed down as a result of the changed market situation. Revenue in the third quarter was at the same level the year earlier. Our growth slowed down, which is in addition to the market change, partly explained by the strong comparison period and the lower number of working days than in the comparison period. Our EBITA decreased to EUR 1.3 million, corresponding to 4.7% of revenue.

The slowdown in revenue growth, increased price competition and wage inflation challenged our growth and profitability during the period both in Finland and internationally. We have responded actively to the situation and initiated several adaptation and efficiency measures to strengthen our competitiveness. We implement changes, responsibly striving to maintain the highest quality in our operations and ensure customer satisfaction. Our goal is to secure our long-term position as a versatile leader in the technology sector.

The highlights of the period include progress among public sector customers in line with our strategy. In July, we further solidified our position in this key market when the National Land Survey of Finland chose us as their partner for expert services in the development and maintenance of information systems. The sub-areas of this partnership have an estimated total value of EUR 17 million over the four-year agreement period.

Our core strength lies in designing, developing, and maintaining extensive and demanding digital services for our clients. This expertise was duly recognized when the project we undertook with Fintraffic, called 'Nemo,' received the prestigious Service Design Award at a ceremony in Berlin – one of the highest honors in the service design industry. Once completed, Nemo is set to become a nationally centralized Single Window service for maritime traffic declarations.

We estimate that uncertainties in the operating environment will not materially decrease towards the end of the year. We do

our best to adapt to the market situation while looking firmly to the future. We hold on to our strengths: our excellent delivery capability and good customer satisfaction. The private and public sectors are facing an increasing need to enhance their data-centric competitiveness and efficiency, especially as the pace of digitalisation and technological advancement accelerates. Given these trends, we foresee a sustained and robust demand for the expertise of Siili's team in the future.

Thank you to all Siilis for the good contribution and fortitude in challenging conditions in the third quarter!



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:

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