

FINANCIAL
STATEMENT REVIEW
JANUARY-DECEMBER

Q4

2023

Navigating a difficult operating environment

ETTEPLAN 2023: Navigating a difficult operating environment

KEY POINTS OCTOBER-DECEMBER 2023

- The Group's revenue increased by 4.6 percent and was EUR 95.2 million (10-12/2022: EUR 91.0 million). At comparable exchange rates, revenue increased by 6.5 percent.
- Operating profit (EBITA) decreased by 1.7 percent and was EUR 9.6 (9.7) million, or 10.0 (10.7) percent of revenue.
- Operating profit (EBIT) decreased by 2.6 percent and was EUR 8.2 (8.4) million, or 8.6 (9.2) percent of revenue.
- Operating cash flow improved and was EUR 12.6 (11.0) million.
- Basic earnings per share were EUR 0.24 (0.30).

KEY POINTS JANUARY-DECEMBER 2023

- The Group's revenue grew by 2.8 percent and was EUR 360.0 million (1-12/2022: EUR 350.2 million). At comparable exchange rates, revenue increased by 4.7 percent.
- Operating profit (EBITA) decreased by 8.9 percent and was EUR 30.9 (33.9) million, or 8.6 (9.7) percent of revenue.
- Operating profit (EBIT) decreased by 10.8 percent and was EUR 25.5 (28.6) million, or 7.1 (8.2) percent of revenue.
- Operating cash flow was EUR 35.6 (28.1) million.
- The combined effect of non-recurring items on operating profit (EBITA) and operating profit (EBIT) in January-December was EUR -1.7 (-1.0) million.
- Basic earnings per share were EUR 0.66 (0.73).
- The Board of Directors' dividend proposal is EUR 0.30 (0.36) per share.

Etteplan also monitors non-IFRS performance measures because they provide additional information on Etteplan's development. More information on performance measures is provided at the end of the release.

KEY FIGURES

EUR 1,000	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Revenue	95,188	91,024	359,951	350,170
Operating profit (EBITA)	9,561	9,731	30,883	33,915
EBITA, %	10.0	10.7	8.6	9.7
Operating profit (EBIT)	8,199	8,417	25,540	28,622
EBIT, %	8.6	9.2	7.1	8.2
Basic earnings per share, EUR	0.24	0.30	0.66	0.73
Equity ratio, %	40.9	38.2	40.9	38.2
Operating cash flow	12,587	11,020	35,571	28,095
ROCE, %	16.8	18.6	13.3	15.9
Personnel at end of the period	3,902	3,929	3,902	3,929

PRESIDENT AND CEO JUHA NÄKKI:

Changes in the operating environment swayed market demand and made forecasting difficult throughout the year. Increased uncertainty due to geopolitical tensions, especially rising interest rates, significantly impacted our customers' investment willingness, leading to prolonged decision-making on new projects. The year started with a reasonably good demand situation, but in the second quarter of the year we saw a clear decrease in demand, especially in the Software and Embedded Solutions service area. The orders received by our customers started to decrease in the second quarter, and the decreasing continued until the end of the year in several industries. Due to this, the demand situation also weakened in the Engineering Solutions and Technical Communication Solutions service areas in the second half of the year. However, investments related to the defense industry, energy efficiency and accelerating the green transition continued to grow, which leveled the decline in demand.

Despite the difficult operating environment, we managed to increase our revenue slightly during the year. We completed two acquisitions and thanks to our versatile service offering we also managed to grow organically during the year. This was supported by success in the outsourcing business, especially in the Engineering Solutions service area.

Operating profit EBITA fell short of our target level and we cannot be satisfied with this. In the second quarter, the profitability of the Software and Embedded Solutions service area fell due to a clear weakening of demand, and in the third quarter, the profitability of the Technical Communication Solutions service area was weak. The profitability of the Engineering Solutions service area remained at a good level throughout the year. As demand fell, we had to implement adaptation measures in all our service areas, and the measures yielded results. In the last quarter of the year, we again reached a 10% profit level, although we fell a little short of our full year financial guidance. Operating cash flow was at a good level throughout the year.

The changing market situation created challenges during 2023, but we managed to adapt well to the changes and I would like to thank our organization for the excellent work throughout the year. The year 2024 started in an uncertain market situation and forward-looking atmosphere. However, we assume that interest rates will decrease and demand will clearly pick up during 2024. We see a lot of growth opportunities when our customers gain enough trust in the market and investments start. We continue to develop our business, as evidenced by the Strongit acquisition in Denmark in early 2024 and the brand renewal published at the end of January. We aim for clear growth and profitability improvement for 2024, and I believe that with determined work we can achieve these goals.

MARKET OUTLOOK 2024

The most important factor affecting Etteplan's business is the global development of the machinery and metal industry. Continued Russian aggression against Ukraine and the further elevation of geopolitical tensions due to the conflict in the Middle East have increased uncertainty globally. Uncertainty and the rise in interest rates caused by inflation have reduced our customers' willingness to invest and weakened the demand situation in certain customer industries. Nevertheless, investments related to the defense industry, energy efficiency and accelerating the green transition are continuing to grow. There are fluctuations in demand, and the year 2024 begins in an uncertain and slightly weaker demand situation. The markets expect interest rates to fall in 2024, and we believe this will boost investments and improve the demand situation to a good level.

FINANCIAL GUIDANCE 2024

Etteplan issues guidance for revenue and operating profit (EBIT) as a numerical range and issues the following estimate:

Revenue in 2024 is as estimated to be EUR 375-415 (2023: 360.0) million, and

operating profit (EBIT) in 2024 is estimated to be EUR 28-34 (2023: EUR 25.5 million).

OPERATING ENVIRONMENT

The majority of Etteplan's customers are industrial companies with several global megatrends currently influencing the development of their operating environment. For example, structural changes in the global economy, urbanization, climate

change and sustainability are all influencing companies, national economies and people's lives. In addition to these megatrends, the engineering industry is influenced primarily by three trends: digitalization, accelerating technological development and the growing need for highly competent employees. In particular, the application of artificial intelligence in various applications is accelerating. These trends are creating a need for intelligent and energy-efficient solutions in all industrial sectors.

The trend of centralizing service purchasing continues as customer demand becomes increasingly international, presenting growth opportunities for global engineering companies. The continued trend of service outsourcing has a positive effect on the industry's development and it supports Etteplan's growth. The competition for employees has eased slightly in the prevailing market situation, but there is continued competition for specialized experts in certain areas.

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DEVELOPMENT OF DEMAND BY CUSTOMER INDUSTRY

The elevated geopolitical tensions affect demand in all customer industries. Demand in the Forest, Pulp and Paper industry weakened slightly. Demand in the Energy industry was at a good level, as was demand in the Defense industry. Demand in the Mining industry weakened slightly. Demand in the Lifting and Hoisting industry decreased slightly. Demand in the ICT industry was at a weak level. Demand in the Automotive and Transportation industry was at a good level. Demand in the Chemical industry was at a moderate level.

DEVELOPMENT OF DEMAND IN ETTEPLAN'S OPERATING COUNTRIES

Growing geopolitical tensions, inflation and rising interest rates have increased uncertainty in all of our operating countries in Europe, and several European countries are in a slight recession, which is reflected in demand. Based on order development in late 2023, it is estimated that the revenue growth of technology industry companies in Finland will stop or even turn to a decrease. Geopolitical tensions have also increased uncertainty in demand, as a result of which Western investments are partly shifting elsewhere, which weakens the demand situation.

REVENUE

The weakening of demand due to the uncertainty of the market, the challenges of the operating environment and the slowing of customer decision-making affected the revenue accumulation for the entire year.

The demand situation continued to weaken during the review period. Revenue in all service areas was also affected by high rates of sickness-related absences and the higher-than-expected amount of holidays taken during the Christmas period. Acquisitions increased revenue.

Etteplan's revenue increased by 4.6 percent in October-December and was EUR 95.2 million (10-12/2022: EUR 91.0 million). Revenue increased by 6.5 percent at comparable exchange rates. The organic growth of revenue was 0.5 percent. At comparable exchange rates, organic growth was 2.5 percent. Revenue from key accounts decreased by 4.8 percent in October-December.

In January-December, Etteplan's revenue increased by 2.8 percent and was EUR 360.0 million (1-12/2022: EUR 350.2 million). Revenue increased by 4.7 percent at comparable exchange rates. The organic growth of revenue was 0.5 percent. At comparable exchange rates, organic growth was 2.4 percent. Revenue from key accounts decreased by 1.2 percent in January-December.

Etteplan's business is subject to periodic fluctuation due to the number of working days, holiday seasons and the timing of product development and investment projects in customer companies, which mainly take place in the spring and the latter part of the year.

The revenue of acquired companies is not included in organic revenue growth for 12 months following their acquisition. LAE Engineering GmbH is included in Etteplan's figures starting from July 1, 2023, and High Vision Engineering Sweden AB starting from September 1, 2023.

RESULT

The weakening of demand due to the uncertainty of the market, the challenges of the operating environment and the slowing of customer decision-making affected the result for the entire year.

During the review period Etteplan's result was affected by the continued weakening of demand, high rates of sickness-related absences and the higher-than-expected amount of holidays taken during the Christmas period. The result was also weakened by corrections in cost bookings. Etteplan issued a profit warning on January 18, 2024.

Operating profit (EBITA) decreased by 1.7 percent in October-December and was EUR 9.6 (9.7) million, or 10.0 (10.7) percent of revenue.

In January-December, operating profit (EBITA) decreased by 8.9 percent and was EUR 30.9 (33.9) million, or 8.6 (9.7) percent of revenue.

Operating profit (EBIT) decreased by 2.6 percent in October-December and was EUR 8.2 (8.4) million, or 8.6 (9.2) percent of revenue.

In January-December, operating profit (EBIT) decreased by 10.8 percent and was EUR 25.5 (28.6) million, or 7.1 (8.2) percent of revenue.

The combined effect of non-recurring items on operating profit (EBITA) and operating profit (EBIT) was EUR -0.2 (0.3) million in October-December and EUR -1.7 (-1.0) million in January-December. The non-recurring items consisted of expenses related to organizational restructuring and acquisitions.

The net amount of financial income and financial expenses came to EUR -4.7 (-6.2) million in January-December. The Semcon offer had an effect of EUR -5.1 million on financial expenses in the comparison period.

Profit before taxes for January-December was EUR 20.8 (22.4) million. Taxes in the income statement amounted to 20.0 (18.9) percent of the result before taxes. The amount of taxes was EUR 4.2 (4.2) million.

The profit for January-December was EUR 16.6 (18.2) million.

In October-December, basic earnings per share were EUR 0.24 (0.30). In January-December, earnings per share were EUR 0.66 (0.73). Equity per share was EUR 4.55 (4.25) at the end of December. Return on capital employed (ROCE) before taxes was 16.8 (18.6) percent in October-December and 13.3 (15.9) percent in January-December.

CASH FLOW AND FINANCIAL POSITION

Operating cash flow improved and was EUR 12.6 (11.0) million in October-December. Cash flow after investments in October-December was EUR 12.0 (9.5) million.

Operating cash flow improved and was EUR 35.6 (28.1) million in January-December. Cash flow after investments was EUR 28.7 (2.6) million in January-December. Operating cash flow accrues unevenly over the four quarters of the year due to periodic fluctuation in business.

The Group's cash and cash equivalents stood at EUR 23.4 (19.6) million at the end of December.

The Group's interest-bearing liabilities amounted to EUR 86.6 (90.6) million at the end of December. The amount of interest-bearing liabilities was affected by acquisitions made by the Group. Lease liabilities represented EUR 21.4 (21.6) million of interest-bearing liabilities.

The total of unused short-term credit facilities stood at EUR 14.1 (12.6) million.

Total assets on December 31, 2023, were EUR 284.6 (281.1) million. Goodwill on the balance sheet was EUR 109.7 (105.4) million.

At the end of December, the equity ratio was 40.9 (38.2) percent.

CAPITAL EXPENDITURE

The Group's gross investments in January-December were EUR 21.1 (40.9) million. The gross investments mainly consisted of acquisitions, increases in lease liabilities and equipment purchases.

PERSONNEL

The number of personnel stood at 3,902 (3,929) employees at the end of December 2023. The number of personnel decreased by 0.7 percent compared to the end of 2022. Due to the unpredictable market situation, we have slowed down recruitment and implemented temporary layoffs during the review period. A total of 72 employees in Finland were temporarily laid off at the end of December 2023.

The Group employed 3,949 (3,936) people on average in January-December 2023.

The number of people employed by the Group outside of Finland increased and stood at 1,965 (1,941) at the end of December, representing 50 (49) percent of the total number of employees.

BUSINESS REVIEW

The implementation of Etteplan's strategy, which was published in December 2019 and titled *Increasing value for customers*, was delayed due to COVID-19. The strategy established for 2020-2022 has, nevertheless, proved its effectiveness, and the targets have steered Etteplan in the right direction. Consequently, the Board of Directors decided on April 5, 2023, to extend the strategy period to 2023-2024.

Financial targets for 2023-2024:

- Growth: revenue more than EUR 500 million in 2024 (no change)
- International growth: The share of revenue coming from outside Finland is at least 55 percent in 2024 (target % changed, previous target: 50 percent in 2024)
- Managed Services: The share of revenue from Managed Services is 75 percent (Managed Services Index, MSI) in 2024 (no change)
- Profitability: operating profit (EBITA) over 10 percent of revenue (target changed, previous target: 10 percent)

Digitalization and the growing need for talented employees are key industry trends that affect the operations of Etteplan and its customers. The importance of sustainability has grown even more, and it has an essential role in the business of Etteplan and its customers. The key objective of Etteplan's strategy is to create even higher value for customers and to support them in the industrial change and in the development of sustainable business.

The three key elements of our strategy are customer value, service solutions and success with people. The most important focus areas of growth are the continuous development of service solutions and increasing technology solutions in the offering, as well as digitalization and international growth.

Etteplan's customers are investing in digitalization and intelligent devices, which presents significant growth opportunities for the company. In recent years, Etteplan has also invested in digitalization and software development with the aim of expanding its

service offering and competence capital in order to respond to the digitalization needs of customers. At the same time, we are investing in organic growth as well as the development of our own business and increasing its rate of digitalization.

We continue the development of technology solutions as part of our service solutions. We are strengthening our expertise in areas such as additive manufacturing, digital twin solutions, and other digital technologies. The use of artificial intelligence in various applications is accelerating, and we have launched a development program to use artificial intelligence in our business.

Etteplan's target is to achieve revenue of over EUR 500 million in 2024. We seek growth organically and by acquisitions. Etteplan's goal is to also grow internationally, provide solutions from all of the company's service areas in all of its areas and increase the share of revenue accumulated outside Finland to at least 55 percent.

In October-December, revenue accumulated outside Finland amounted to EUR 48.4 (44.2) million, or 51 (49) percent of the Group's total revenue. In January-December, revenue accumulated outside Finland amounted to EUR 177.6 (169.1) million, or 49 (48) percent of the Group's total revenue. Revenue from key accounts decreased by 1.2 percent in January-December.

The Chinese market slowed down in the fourth quarter due to geopolitical tensions, and we have had to adapt our business due to the uncertain situation. The number of hours sold in the Chinese market decreased by 13.1 percent in October-December and by 11.0 percent in January-December.

Etteplan's target is to increase the share of revenue represented by Managed Services to 75 percent. The share of revenue represented by Managed Services stood at 68 (66) percent in October-December and 68 (66) percent in January-December. The growth in the share of Managed Services enhances Etteplan's capacity management and improves profitability. Etteplan's operating profit (EBITA) target is over 10 percent of revenue.

ACQUISITIONS IN 2022-2023

In September 2023, Etteplan acquired High Vision Engineering Sweden AB, a company that provides engineering services across various phases of product development for the automotive and manufacturing industry in western Sweden. As a result of the acquisition, 40 High Vision Engineering employees transferred to Etteplan.

In July 2023, Etteplan acquired LAE Engineering GmbH, a German engineering company with approximately 70 employees that offers specialized expertise across electrical engineering planning, power generation, building and industrial automation, as well as information management systems, and industrial IT. LAE Engineering is now part of our Engineering Solutions service area.

Acquisitions in 2022:

- June 2022 - DDCOM B.V., the Netherlands, which employs approximately 15 experts in 3D content-based animation and visualization services related to technical documentation.
- May 2022 - LCA Consulting Oy, a provider of high-quality expert services, founded in 2013 as a spin-off at LUT University. Based in Lappeenranta, Finland, LCA Consulting employs 11 experts focusing on life cycle assessment of companies, products and production, carbon footprinting and expert training.
- February 2022 - Syncore Technologies AB, a Sweden-based technology services company focusing on advanced embedded systems, which employs 46 experts in embedded systems.
- January 2022 - Cognitas GmbH, a German technical information life cycle management company. Cognitas employs 200 professionals in consulting and technical information authoring and management.

DEVELOPMENT OF THE SERVICE AREAS

ENGINEERING SOLUTIONS

We innovate and engineer machinery, equipment and plants for customers. Our customer base typically uses our services for product development projects for a new product, plant engineering projects or Engineering-to-Order projects, involving the customization of the product in accordance with end customer standards and legislation in the market area.

EUR 1,000	10-12/2023	10-12/2022	Change	1-12/2023	1-12/2022	Change
Revenue	54,627	48,899	11.7%	202,441	183,693	10.2%
Operating profit (EBITA)	5,887	5,260	11.9%	19,940	19,388	2.8%
EBITA, %	10.8	10.8		9.8	10.6	
Managed Services index	66	65		66	64	
Personnel at end of the period	2,190	2,092	4.7%	2,190	2,092	4.7%

The figures for LCA Consulting Oy, acquired in May 2022, are included in the service area's figures starting from May 1, 2022, and the figures for LAE Engineering GmbH, acquired in July 2023, starting from July 1, 2023. Annual revenue of approximately EUR 5 million and 33 employees were transferred to the Engineering Solutions service area from the Software and Embedded Solutions service area from the beginning of 2023.

The share of Etteplan's revenue represented by Engineering Solutions was 57 (54) percent in October-December and 56 (52) percent in January-December.

The service area's revenue increased by 11.7 percent in October-December and amounted to EUR 54.6 (48.9) million. In January-December, revenue increased by 10.2 percent and was EUR 202.4 (183.7) million.

The operating profit (EBITA) of Engineering Solutions improved in October-December and amounted to EUR 5.9 (5.3) million, or 10.8 (10.8) percent of revenue. In January-December, operating profit (EBITA) was EUR 19.9 (19.4) million or 9.8 (10.6) percent of revenue.

The demand for customers' delivery related project engineering decreased in the latter part of the year, and we had to implement certain adaptation measures. Nevertheless, our service offering has proven its strength also in an uncertain market situation, and we have won several outsourcing agreements. Operational efficiency was at a good level and the service area's result was excellent.

The Engineering Solutions service area had 2,190 (2,092) employees at the end of December.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, amounted to 66 (65) percent in October-December and 66 (64) percent in January-December.

The integration of LAE Engineering GmbH, acquired in July 2023, into Etteplan is progressing as planned. The acquisition strengthens Etteplan's operations in the German market.

SOFTWARE AND EMBEDDED SOLUTIONS

We provide product development services as well as software and technology solutions that enable the digitalization of our customers' business processes along with the intelligence and connectivity of machinery and equipment. Our customers often have a need to increase the efficiency of business processes or manufacturing, or create entirely new products for the market. Through system integration and the utilization of digitalization, we can ensure better customer service, cost-efficiency, or the creation of new income streams.

EUR 1,000	10-12/2023	10-12/2022	Change	1-12/2023	1-12/2022	Change
Revenue	22,571	24,236	-6.9%	86,886	95,934	-9.4%
Operating profit (EBITA)	2,167	2,800	-22.6%	6,924	9,193	-24.7%
EBITA, %	9.6	11.6		8.0	9.6	
Managed Services index	54	52		54	52	
Personnel at end of the period	704	793	-11.2%	704	793	-11.2%

ETTEPLAN OYJ FINANCIAL STATEMENT REVIEW FEBRUARY 8, 2024, AT 1:00 PM EET

The figures for Syncore Technologies AB, acquired in February 2022, are included in the service area's figures starting from February 1, 2022, and the figures for High Vision Engineering Sweden AB, acquired in September 2023, starting from September 1, 2023. Annual revenue of approximately EUR 5 million and 33 employees were transferred to the Engineering Solutions service area from the Software and Embedded Solutions service area from the beginning of 2023.

The share of the Group's total revenue represented by Software and Embedded Solutions was 24 (27) percent in October-December and 24 (28) percent in January-December.

The service area's revenue decreased by 6.9 percent in October-December and amounted to EUR 22.6 (24.2) million. In January-December, revenue decreased by 9.4 percent and was EUR 86.9 (95.9) million.

The Software and Embedded Solutions service area's operating profit (EBITA) decreased by 22.6 percent in October-December and was EUR 2.2 (2.8) million, or 9.6 (11.6) percent of revenue. In January-December, operating profit (EBITA) decreased by 24.7 percent and was EUR 6.9 (9.2) million. Profitability, in turn, declined to 8.0 (9.6) percent of revenue.

The market situation in the Software and Embedded Solutions service area remained challenging, and software development projects were slow to get started. While product development projects started to some extent during the latter part of the year, there was no significant improvement in the demand situation. We implemented certain adaptation measures during the review period, which improved operational efficiency, and profitability remained at a moderate level.

The number of personnel in the Software and Embedded Solutions service area decreased due to the weak market situation and stood at 704 (793) at the end of December. In addition to our own personnel, we currently have about 230 (200) subcontractors and partners.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, amounted to 54 (52) percent in October-December and 54 (52) percent in January-December.

The acquisition of High Vision Engineering Sweden AB, completed in September 2023, extends our automotive competence with expertise in the electrification of vehicle fleets as well as electronics, software and connected vehicles. The integration of the company into Etteplan is progressing as planned.

TECHNICAL COMMUNICATION SOLUTIONS

We produce user manuals for individual products as well as the documentation of technical attributes and information management for entire production facilities, such as factories. The service includes content creation and distribution in print and digital form. For an industrial customer, good technical documentation can increase the value of their products and ensure their products are used in the right way. Our solutions enable our customers to improve their cost-efficiency, reduce delivery times and decrease their environmental footprint.

EUR 1,000	10-12/2023	10-12/2022	Change	1-12/2023	1-12/2022	Change
Revenue	17,836	17,682	0.9%	69,965	69,808	0.2%
Operating profit (EBITA)	1,678	1,359	23.5%	4,946	6,060	-18.4%
EBITA, %	9.4	7.7		7.1	8.7	
Managed Services index	89	89		89	89	
Personnel at end of the period	842	886	-5.0%	842	886	-5.0%

The figures for Cognitas GmbH, acquired in January 2022, are included in the service area's figures starting from January 1, 2022, and the figures for DDCom B.V., acquired in June 2022, starting from June 1, 2022.

The share of the Group's total revenue represented by Technical Communication Solutions was 19 (19) percent in October-December and 19 (20) percent in January-December.

The Technical Communication Solutions service area's demand situation remained challenging, and revenue increased by 0.9 percent in October-December, amounting to EUR 17.8 (17.7) million. In January-December, revenue increased by 0.2 percent and was EUR 70.0 (69.8) million.

The Technical Communication Solutions service area's operating profit (EBITA) increased in October-December and came to EUR 1.7 (1.4) million. Profitability improved to 9.4 (7.7) percent of revenue. In January-December, operating profit (EBITA) decreased to EUR 4.9 (6.1) million. Profitability decreased to 7.1 (8.7) percent of revenue.

The service area's operational efficiency and profitability were weak in the third quarter. We took measures to improve the service area's operational efficiency, which elevated profitability to a moderate level in the fourth quarter.

The Technical Communication Solutions service area had 842 (886) employees at the end of December.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, amounted to 89 (89) percent in October-December and 89 (89) percent in January-December.

GOVERNANCE

CHANGES IN ETTEPLAN'S MANAGEMENT GROUP

On November 2, 2023, Etteplan announced it had decided to consolidate and reorganize its Management Group in order to make its operations more efficient, to bring new technologies more closely into service solutions and to achieve the targets set for the company.

On January 1, 2024, Etteplan's IT organization, which had previously been part of the Operational Excellence group function, was merged into the Solutions and Technologies group function. Of the other functions of the Operational Excellence group function, the Project Management Office became part of the service areas, and quality-related functions became part of the Solutions and Technologies group function.

Eric Tengstrand, M.Sc. (Ergonomic Design) has been appointed as the Senior Vice President (SVP) of the Solutions and Technologies group function and a member of Etteplan's Management Group as of January 1, 2024.

Etteplan's Management Group from January 1, 2024:

Juha Näkki, President and CEO; Helena Kukkonen, CFO; Jukka Lahtinen, SVP Global Sales; Tero Leppänen, SVP Software and Embedded Solutions; Riku Riikonen, SVP Engineering Solutions; Eric Tengstrand, SVP Solutions & Technologies; Outi Torniainen, SVP Marketing and Communications; Minna Tornikoski, SVP Human resources; and Mikael Vatn, SVP Technical Communication Solutions.

GENERAL MEETING

Etteplan Oyj's Annual General Meeting was held on April 5, 2023. The Annual General Meeting approved the financial statements and discharged the members of the Board of Directors and the President and CEO from liability for the financial year 2022.

The Annual General Meeting resolved, in accordance with the proposal of the Board of Directors, to pay a dividend of EUR 0.36 per share for the financial year 2022 and to leave the remaining funds in unrestricted equity. The dividend decided on by the Annual General Meeting was paid to the shareholders registered on the record date in the shareholders' register maintained by Euroclear Finland Ltd. The record date for the dividend payout was April 11, 2023, and the date of dividend payout was April 18, 2023.

In accordance with the proposal of Etteplan's Nomination and Remuneration Committee, the Annual General Meeting resolved that the Board of Directors shall consist of seven members. In accordance with the proposal of the Nomination and Remuneration Committee, the Annual General Meeting resolved on the annual remuneration of the members of the Board of Directors, the Chairman of the Board and the members of the Nomination and Remuneration Committee and the Audit Committee.

In accordance with the proposal of the Nomination and Remuneration Committee of the Board of Directors, the Annual General Meeting re-elected Matti Huttunen, Robert Ingman, Päivi Lindqvist, Leena Saarinen and Mikko Tepponen as members of the Board of Directors. The Annual General Meeting further elected Sonja Sarasvuo and Tomi Ristimäki as new members of the Board of Directors. KPMG Oy Ab, Authorized Public Accountants, with Authorized Public Accountant Kim Järvi as the main responsible auditor, was elected as the company's auditor.

In its organization meeting subsequent to the Annual General Meeting, the Board of Directors of Etteplan Oyj elected Robert Ingman as Chairman of the Board of Directors. Matti Huttunen was elected the Chairman and Robert Ingman and Mikko Tepponen as members of the Nomination and Remuneration Committee of Etteplan Oyj. Päivi Lindqvist was elected as the Chairman and Leena Saarinen, Sonja Sarasvuo and Tomi Ristimäki as members of the Audit Committee of Etteplan Oyj.

BOARD AUTHORIZATIONS

The Annual General Meeting held on April 5, 2023, decided to authorize the Board of Directors to resolve on the repurchase of the company's own shares in one or more tranches using the company's unrestricted equity. A maximum of 2,000,000 shares in the company may be repurchased. The company may deviate from the obligation to repurchase shares in proportion to the shareholders' current holdings, i.e. the Board has the right to decide on a directed repurchase of the company's own shares.

The authorization includes the right for the Board to resolve on the repurchase of the company's own shares through a tender offer made to all shareholders on equal terms and conditions and at the price determined by the Board, or in public trading organized by the Nasdaq Helsinki Ltd at the market price valid at any given time, so that the company's total holding of own shares does not exceed ten (10) percent of all the shares in the company. The minimum price for the shares to be repurchased is the lowest market price quoted for the shares in the company in public trading and, correspondingly, the maximum price is the highest market price quoted for the shares in the company in public trading during the validity of the authorization.

Should the shares in the company be repurchased in public trading, such shares will not be purchased in proportion to the shareholders' current holdings. In that case, there must be a weighty financial reason for the company to repurchase its own shares. The shares may be repurchased in order to be used as consideration in potential acquisitions or in other structural arrangements. The shares may also be used for carrying out the company's incentive schemes for its personnel. The repurchased shares may be retained by the company, invalidated or transferred further. The repurchase of the company's own shares will reduce the non-restricted equity of the company.

The authorization is valid for 18 months from the date of the resolution of the Annual General Meeting starting on April 5, 2023, and ending on October 4, 2024. The authorization replaces the corresponding previous authorization.

The Annual General Meeting held on April 5, 2023, decided to authorize the Board of Directors to resolve on the issuance of a maximum of 2,500,000 shares through issuance of shares, option rights or other special rights entitling to shares under Chapter 10, Section 1 of the Finnish Companies Act in one or more issues. The authorization includes the right to decide to issue either new shares or shares held by the company.

The authorization includes the right to deviate from the existing shareholders' pre-emptive subscription right as set forth in Chapter 9, Article 3 of the Companies Act. Therefore, the Board of Directors has the right to direct the share issue, or issuance of the option rights or other special rights conferring entitlement to shares. The authorization also includes the right to decide on all the terms of share issue, option rights or other special rights conferring entitlement to shares. The authorization therefore includes the right to determine share subscription prices, persons entitled to subscribe the shares and other terms and conditions applicable to the subscription. In order to deviate from the shareholders' pre-emptive subscription right, the company must have a weighty financial reason such as financing of a company acquisition, other arrangement in connection with the development of the company's business or equity or an incentive scheme to the personnel. In connection with the share issuance, the Board of Directors is entitled to decide that the shares may be subscribed against contribution in kind or otherwise under special terms and conditions. The authorization includes the right to determine whether the subscription price will be entered into the share capital or into the unrestricted equity fund.

The authorization is valid for 18 months from the date of the resolution of the Annual General Meeting starting on April 5, 2023, and ending on October 4, 2024.

SHARES

Etteplan's shares are listed in Nasdaq Helsinki Ltd's Mid Cap market capitalization group in the Industrials sector under the ETTE ticker. The company has one series of shares. All shares confer an equal right to a dividend and the company's funds. The company's share capital on December 31, 2023, was EUR 5,000,000.00 and the total number of shares was 25,200,793.

TRADING IN SHARES

The number of Etteplan Oyj shares traded in January-December was 383,929 (1-12/2022: 517,686), for a total value of EUR 6.08 (8.0) million. The share price low was EUR 12.40, the high EUR 18.65, the average EUR 15.84 and the closing price EUR 13.80. Market capitalization on December 31, 2023, was EUR 346.38 (365.61) million. On December 31, 2023, Etteplan had 3,584 (3,696) shareholders.

OWN SHARES

On May 11, 2023, Etteplan Oyj's Board of Directors decided to initiate a share repurchase program of own shares in accordance with the authorization given to it by the Annual General Meeting on April 5, 2023, according to which the number of repurchased shares will not exceed 30,000 shares and the corresponding number of voting rights.

On December 20, 2023, Etteplan Oyj announced it had completed the repurchase program of its own shares. The repurchases of shares began on June 2, 2023, and ended on December 19, 2023. During that period, the company acquired a total of 30,000 shares and number of voting rights at an average price of EUR 16.2075 in public trading on Nasdaq Helsinki Ltd for the market price quoted at the time of the repurchase, as provided by the regulations on public trading of shares. The repurchased shares are used for carrying out the company's incentive plan for its key personnel, as consideration in potential acquisitions or in other structural arrangements. The repurchased shares may be retained by the company, invalidated or transferred further.

In January-December 2023, Etteplan repurchased a total of 30,000 of the company's own shares. The company held 100,921 of its own shares at the end of December 2023 (December 31, 2022: 159,046), corresponding to 0.40 percent of all shares and voting rights.

FLAGGINGS

Etteplan Oyj received no flagging notices in January-December 2023.

ETTEPLAN OYJ'S INCENTIVE PLAN FOR KEY PERSONNEL 2023-2025

The Board of Directors of Etteplan Oyj decided on April 20, 2023, to establish a new share incentive plan for the Group's key personnel. The aim of the share incentive plan is to combine the objectives of the shareholders and the key personnel in order to increase the value of Etteplan, to commit the key personnel to the company, and to offer them a competitive reward plan based on earning the company shares.

The plan includes one earning period which includes the calendar years 2023-2025. The plan is in line with Etteplan's strategy and supports reaching the company's financial targets.

The earnings criteria are Etteplan Group's revenue increase and earnings per share development. The potential reward will be paid partly in Etteplan's shares and partly in cash after the end of the earning period. The cash portion is intended to cover taxes and tax-related costs arising from the reward to the key personnel.

Approximately 35 people belong to the plan, including the Management Group of Etteplan. The rewards to be paid on the basis of the plan will correspond to the value of a maximum total of 300,000 Etteplan Oyj shares (including also the portion to be paid in cash). The shares to be paid out as potential rewards will be transferred from the shares held by the company or shares acquired from the market, and therefore the incentive plan will have no diluting effect on the share value.

OPERATING RISKS AND UNCERTAINTY FACTORS

Etteplan's financial results are exposed to a number of strategic, operational and financial risks. The uncertainties caused by the general economic development continue to constitute risks for Etteplan's business. The possibility of changes in customers' business operations is a significant risk to Etteplan's operations. The company's operations are based on skilled staff. The availability of competent professionals is an important factor for ensuring profitable growth and operations. The availability of personnel, particularly in certain expert disciplines, continues to present a business risk.

The unstable geopolitical situation makes the future more difficult to predict and continues to create uncertainty in the markets, maintains inflation and has a negative impact on customers' operations and supply chains.

Etteplan assesses business risks annually and actively monitors their development during the year. The focus of the assessment is particularly on monitoring changes in already identified risks, identifying new business risks and developing proactive risk management. The results of the assessment are presented in Etteplan's Corporate Governance Statement.

THE BOARD'S PROPOSAL FOR DISTRIBUTION OF 2023 PROFITS

The parent company's distributable shareholders' equity according to the balance sheet on December 31, 2023, is EUR 78,343,980.19 The Board of Directors will propose to the Annual General Meeting, which will convene on April 9, 2024, that on the dividend payout date a dividend of EUR 0.30 per share be paid on the company's externally owned shares, for a total amount of EUR 7,560,237.90 at most, and that the remaining profit be transferred to retained earnings.

EVENTS AFTER THE REVIEW PERIOD

JANUARY 1, 2024: ETTEPLAN ACQUIRES STRONGIT APS, A DANISH CONSULTANCY COMPANY - A DIRECT SHARE ISSUE TO THE OWNERS OF THE ACQUIRED COMPANY AS PART OF THE PURCHASE PRICE

On January 8, 2024, Etteplan issued a stock exchange release announcing the acquisition of STRONGIT ApS. As part of the financing of the transaction, Etteplan Oyj's Board of Directors, at its meeting held on January 8, 2024, made a conditional decision on a share issue based on the share issue authorization given to the Board of Directors by the Annual General Meeting on April 5, 2023. The directed share issue is related to the acquisition of STRONGIT ApS. In accordance with the terms of the transaction, the purchase price will be paid through a share issue to the sellers and cash. The contract of sale, which was a condition of the decision, was on January 8, 2024, and at the same time the sellers subscribed for 150,000 new Etteplan shares as a part payment for the purchase amount. The subscription price per share paid for the shares was EUR 14.048.

ON JANUARY 18, 2024, ETTEPLAN ISSUED A PROFIT WARNING: ACCORDING TO THE PRELIMINARY RESULT, ETTEPLAN'S REVENUE FOR 2023 IS ABOUT EUR 359 MILLION AND THE OPERATING PROFIT (EBIT) IS ABOUT EUR 25.4 MILLION.

In its interim report published on October 31, 2023, Etteplan estimated its revenue for 2023 to be EUR 355-370 (2022: 350.2) million and the operating profit (EBIT) for 2023 to be EUR 26-28.5 (2022: 28.6) million.

According to the profit warning issued on January 18, 2023, Etteplan's revenue in 2023 is in accordance with the guidance and, according to the preliminary results, is approximately EUR 359 million. The operating profit (EBIT) for 2023 falls short of the guidance due to the weaker-than-expected business development in the last quarter of the year and, according to the preliminary result, is approximately EUR 25.4 million.

Etteplan's worse-than-expected profit level was affected by the weakening of the demand situation, the high number of sick leaves at the end of the year and the larger-than-expected number of holidays taken at Christmas time. In addition, the result

was weakened by corrections in costs bookings.

JANUARY 31, 2024: ETTEPLAN LAUNCHES RENEWED BRAND TO REFLECT ITS ASPIRATIONS AS A LEADING GLOBAL TECHNOLOGY SERVICE COMPANY

Etteplan launches renewed brand and starts the next chapter on its journey. During the 40 years Etteplan has changed from a traditional engineering company to a modern technology service company. At the same time Etteplan has expanded its operations from Finland to global markets and operates now in eight countries with over 80 offices.

This renewal goes beyond visual identity, our new logo and updated colors. It's about our commitment to revised values and a culture of collaborative partnerships and technology leadership, innovation and creativity. At Etteplan, we bring people and technology together to change things for the better.

FINANCIAL DISCLOSURES IN 2024

Financial Statements and Annual Report: week 12/2024 at the latest

Annual General Meeting 2024: Tuesday, April 9, 2024

Interim Report for January-March 2024: Wednesday, May 8, 2024

Half Year Financial Report for January-June 2024: Thursday, August 8, 2024

Interim Report for January-September 2024: Thursday, October 31, 2024

Espoo, February 8, 2024

Etteplan Oyj

Board of Directors

Additional information:

Juha Näkki, President and CEO, tel. +358 10 307 2077

Outi Tornainen, SVP, Marketing and Communications, tel. +358 10 307 3302

The information presented herein has not been audited.

Releases and other corporate information are available on Etteplan's Web site at www.etteplan.com.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Revenue	95,188	91,024	359,951	350,170
Other operating income	613	961	1,742	2,826
Materials and services	-12,520	-10,413	-43,320	-40,395
Employee benefits expenses	-59,531	-58,104	-233,736	-227,823
Other operating expenses	-10,651	-10,033	-40,259	-36,140
Depreciation and amortization	-4,900	-5,018	-18,839	-20,018
Operating profit (EBIT)	8,199	8,417	25,540	28,622
Financial income	128	288	803	1,044
Financial expenses	-1,711	83	-5,537	-7,280
Profit before taxes	6,617	8,788	20,805	22,386
Income taxes	-694	-1,373	-4,158	-4,235
Profit for the review period	5,923	7,415	16,647	18,151
Other comprehensive income, that may be reclassified to profit or loss				
Currency translation differences	2,620	-967	787	-4,229
Other comprehensive income, that will not be reclassified to profit or loss				
Change in fair value of equity investments at fair value through other comprehensive income	-5	12	-30	-31
Remeasurement of defined benefit plan	-157	1,359	-157	1,359
Other comprehensive income, net of tax	2,458	404	599	-2,900
Total comprehensive income for the review period	8,381	7,819	17,246	15,251
Profit for the review period attributable to				
Equity holders of the parent company	5,923	7,415	16,647	18,151
Total comprehensive income for the review period attributable to				
Equity holders of the parent company	8,381	7,819	17,246	15,251
Earnings per share calculated from the profit attributable to equity holders of the parent company				
Basic earnings per share, EUR	0.24	0.30	0.66	0.73
Diluted earnings per share, EUR	0.24	0.30	0.66	0.73

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR 1,000	Dec 31, 2023	Dec 31, 2022
ASSETS		
Non-current assets		
Goodwill	109,737	105,385
Other intangible assets	30,250	32,745
Tangible assets	24,038	24,808
Investments at fair value through other comprehensive income	2,376	2,414
Other non-current receivables	973	1,016
Deferred tax assets	250	622
Non-current assets, total	167,624	166,990
Current assets		
Inventory	806	635
Work in progress	30,662	30,181
Trade and other receivables	61,148	62,405
Current tax assets	933	1,364
Cash and cash equivalents	23,442	19,564
Current assets, total	116,991	114,149
TOTAL ASSETS	284,615	281,138
EQUITY AND LIABILITIES		
Equity		
Share capital	5,000	5,000
Share premium account	6,701	6,701
Unrestricted equity fund	23,966	23,966
Own shares	-1,719	-1,059
Cumulative translation adjustment	-6,915	-7,702
Other reserves	73	103
Retained earnings	86,984	79,302
Equity, total	114,091	106,311
Non-current liabilities		
Deferred tax liabilities	9,550	9,758
Loans from financial institutions	40,167	47,852
Lease liabilities	8,560	8,478
Defined benefit pension liability	5,069	4,897
Other non-current liabilities	526	33
Non-current liabilities, total	63,873	71,018
Current liabilities		
Loans from financial institutions	25,012	21,139
Lease liabilities	12,843	13,114
Advances received	5,818	2,856
Trade and other payables	60,849	63,532
Current income tax liabilities	2,128	3,168
Current liabilities, total	106,651	103,809
Liabilities, total	170,524	174,828
TOTAL EQUITY AND LIABILITIES	284,615	281,138

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1,000	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Operating cash flow				
Cash receipts from customers	93,232	83,374	366,970	341,201
Operating expenses paid	-78,281	-70,733	-322,517	-306,220
Operating cash flow before financial items and taxes	14,951	12,640	44,454	34,981
Interests and other payments for financial expenses	-1,721	-363	-4,540	-1,721
Interest received	272	56	496	113
Income taxes paid	-915	-1,314	-4,839	-5,277
Operating cash flow (A)	12,587	11,020	35,571	28,095
Investing cash flow				
Purchase of tangible and intangible assets	-74	-566	-2,067	-1,711
Acquisition of subsidiaries, net of cash acquired	-50	-6	-5,496	-20,871
Purchase of investments	0	0	0	-2,033
Proceeds from sale of tangible and intangible assets	-424	34	675	52
Loans granted	0	-963	0	-963
Investing cash flow (B)	-548	-1,500	-6,888	-25,526
Cash flow after investments (A+B)	12,039	9,520	28,683	2,570
Financing cash flow				
Purchase of own shares	-99	0	-486	0
Proceeds from current loans	0	8,995	83	13,144
Repayments of current loans	-15,884	-9,847	-32,297	-32,534
Proceeds from non-current loans	11,500	-1	28,500	27,999
Repayments of non-current loans	-11	-3	-35	-16
Payment of lease liabilities	-2,669	-3,268	-11,576	-12,657
Dividend paid	0	1	-9,015	-9,970
Financing cash flow (C)	-7,163	-4,124	-24,826	-14,034
Variation in cash (A+B+C) increase (+) / decrease (-)	4,875	5,397	3,857	-11,464
Assets at the beginning of the period	18,623	14,106	19,564	30,356
Exchange gains or losses	-56	61	21	672
Assets at the end of the period	23,442	19,564	23,442	19,564

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Legends for table columns

A) Share Capital	E) Own Shares
B) Share Premium Account	F) Cumulative Translation Adjustment
C) Unrestricted Equity Fund	G) Retained Earnings
D) Other Reserves	H) Capital attributable to equity holders of the parent company, total

EUR 1,000	A	B	C	D	E	F	G	H
Equity Jan 1, 2022	5,000	6,701	22,037	133	-1,245	-3,473	69,761	98,914
Comprehensive income								
Profit for the review period	0	0	0	0	0	0	18,151	18,151
Other comprehensive income								
Change in fair value of equity investments at fair value through other comprehensive income	0	0	0	-30	0	0	-1	-31
Cumulative translation adjustment	0	0	0	0	0	-4,229	0	-4,229
Remeasurement of defined benefit plan	0	0	0	0	0	0	1,359	1,359
Other comprehensive income, net of tax	0	0	0	-30	0	-4,229	1,358	-2,900
Total comprehensive income for the review period	0	0	0	-30	0	-4,229	19,510	15,251
Transactions with owners								
Dividends	0	0	0	0	0	0	-9,970	-9,970
Directed share issue	0	0	1,929	0	0	0	0	1,929
Share-based incentive plan	0	0	0	0	186	0	0	186
Transactions with owners, total	0	0	1,929	0	186	0	-9,970	-7,855
Equity Dec 31, 2022	5,000	6,701	23,966	103	-1,059	-7,702	79,302	106,311

EUR 1,000	A	B	C	D	E	F	G	H
Equity Jan 1, 2023	5,000	6,701	23,966	103	-1,059	-7,702	79,302	106,311
Comprehensive income								
Profit for the review period	0	0	0	0	0	0	16,647	16,647
Other comprehensive income								
Change in fair value of equity investments at fair value through other comprehensive income	0	0	0	-30	0	0	0	-30
Cumulative translation adjustment	0	0	0	0	0	787	0	787
Remeasurement of defined benefit plan	0	0	0	0	0	0	-157	-157
Other comprehensive income, net of tax	0	0	0	-30	0	787	-157	599
Total comprehensive income for the review period	0	0	0	-30	0	787	16,489	17,246
Transactions with owners								
Dividends	0	0	0	0	0	0	-9,015	-9,015
Purchase of own shares	0	0	0	0	-486	0	0	-486
Share-based incentive plan	0	0	0	0	-173	0	209	35
Transactions with owners, total	0	0	0	0	-659	0	-8,806	-9,466
Equity Dec 31, 2023	5,000	6,701	23,966	73	-1,719	-6,915	86,984	114,091

NOTES

GENERAL

Etteplan provides solutions for software and embedded solutions, industrial equipment and plant engineering and technical communication solutions to the world's leading companies in the manufacturing industry. Our services are geared to improve the competitiveness of our customers' products, services and engineering processes throughout the product life cycle. The results of Etteplan's innovative engineering can be seen in numerous industrial solutions and everyday products.

In 2023, Etteplan's revenue amounted to approximately EUR 360.0 million. The company has some 4,000 professionals in Finland, Sweden, the Netherlands, Germany, Poland, Denmark and China. Etteplan's shares are listed on Nasdaq Helsinki Ltd under the ETTE ticker.

The Etteplan Oyj Board of Directors has approved this Financial Statement Release for publication at its meeting on February 8, 2024.

BASIS FOR PREPARATION

Figures are presented in thousands or millions of euros as described in connection with each figure. The figures presented are rounded from exact figures and consequently, the sum of figures presented individually can deviate from the presented sum figure. Key figures have been calculated using exact figures.

This Interim Report has been prepared in accordance with all the requirements in IAS 34 (Interim Financial Reporting) standard. The Interim Report has been prepared according to the recognition and valuation principles presented in the 2022 Annual Financial Statements.

ACCOUNTING POLICIES REQUIRING MANAGEMENT'S JUDGMENT AND KEY SOURCES OF UNCERTAINTY CONCERNING ESTIMATES

This release includes forward-looking statements, which are based on the current expectations, known factors, decisions and plans of the management. The management believes that the expectations reflected in such forward looking statements are reasonable. However, outcomes could differ materially from those implied in the forward-looking statements as a result of, among other factors, changes in economic, market and competitive conditions as well as changes in the regulatory environment and fluctuations in exchange rates. The Group's management may also have to make judgment-based decisions relating to the choice and application of accounting policies. This particularly concerns situations, where effective IFRS standards allow alternative valuation, recording and presenting manners.

The key sources of estimation uncertainty, as well as areas requiring judgment-based decisions, were the same as those that applied to the 2022 consolidated financial statements.

Management pays special attention to fair value measurements in connection with acquisitions and revenue recognition for fixed price projects.

KEY FIGURES

EUR 1,000	1-12/2023	1-12/2022	Change
Revenue	359,951	350,170	2.8%
Operating profit (EBITA)	30,883	33,915	-8.9%
EBITA, %	8.6	9.7	
Operating profit (EBIT)	25,540	28,622	-10.8%
EBIT, %	7.1	8.2	
Profit before taxes	20,805	22,386	-7.1%
Profit before taxes, %	5.8	6.4	
Return on equity, %	15.1	17.7	
ROCE, %	13.3	15.9	
Equity ratio, %	40.9	38.2	
Gross interest-bearing debt	86,583	90,583	-4.4%
Net gearing, %	55.3	66.8	
Balance sheet, total	284,615	281,138	1.2%
Gross investments	21,077	40,940	-48.5%
Operating cash flow	35,571	28,095	26.6%
Basic earnings per share, EUR	0.66	0.73	-9.6%
Diluted earnings per share, EUR	0.66	0.73	-9.6%
Equity per share, EUR	4.55	4.25	7.1%
Personnel, average	3,949	3,936	0.3%
Personnel at end of the period	3,902	3,929	-0.7%

SEGMENT INFORMATION

The Group's business operations are divided in three service areas, each of which forms a reportable segment of its own. The revenue of the reportable segments consist mainly of rendering of services.

EUR 1,000	Engineering Solutions	Software and Embedded Solutions	Technical Communication Solutions	Reportable segments total	Eliminations and other	Total
10-12/2023						
External revenue	54,627	22,571	17,836	95,035	153	95,188
Operating profit (EBITA)	5,887	2,167	1,678	9,733	-172	9,561
Personnel at end of the period	2,190	704	842	3,736	166	3,902
10-12/2022						
External revenue	48,899	24,236	17,682	90,818	206	91,024
Operating profit (EBITA)	5,260	2,800	1,359	9,419	312	9,731
Personnel at end of the period	2,092	793	886	3,771	158	3,929
1-12/2023						
External revenue	202,441	86,886	69,965	359,292	659	359,951
Operating profit (EBITA)	19,940	6,924	4,946	31,810	-926	30,883
Personnel at end of the period	2,190	704	842	3,736	166	3,902
1-12/2022						
External revenue	183,693	95,934	69,808	349,436	734	350,170
Operating profit (EBITA)	19,388	9,193	6,060	34,641	-726	33,915
Personnel at end of the period	2,092	793	886	3,771	158	3,929

RECONCILIATION OF OPERATING PROFIT (EBITA) AND PROFIT BEFORE TAXES

EUR 1,000	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Operating profit (EBITA)	9,561	9,731	30,883	33,915
Amortization on fair value adjustments at acquisitions	-1,362	-1,314	-5,344	-5,293
Operating profit (EBIT)	8,199	8,417	25,540	28,622
Financial income and expenses	-1,583	371	-4,735	-6,235
Profit before taxes	6,617	8,788	20,805	22,386

SEGMENTS' NON-CURRENT ASSETS

Segments' non-current assets exclude financial instruments and deferred tax assets. Non-current assets are presented according to the location of the asset, because the Group's chief operating decision-maker follows asset items at country level.

1,000 EUR	31.12.2023	31.12.2022
Finland	68,017	61,329
Scandinavia	42,248	45,017
China	1,930	2,805
Central Europe	52,804	54,802
Total	164,998	163,953

REVENUE

The table below presents the disaggregation of external revenue by geographical area and by timing of revenue recognition. The external revenue of each geographical area is presented according to the location of the seller. The Group's operations in China sell their services both locally and through other Group companies, thus this revenue is partly included in the revenue from other areas.

EUR 1,000	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Primary geographical location				
Finland	46,751	46,857	182,320	181,114
Scandinavia	24,034	24,208	87,306	88,346
Central Europe	22,096	17,163	80,222	68,242
China	2,307	2,796	10,104	12,468
Total	95,188	91,024	359,951	350,170
Timing of revenue recognition				
Transferred at a point in time	1,598	558	4,604	2,288
Transferred over time	93,590	90,466	355,347	347,882
Total	95,188	91,024	359,951	350,170

REVENUE AND OPERATING PROFIT (EBIT) BY QUARTER

EUR 1,000	1-3/2023	4-6/2023	7-9/2023	10-12/2023
Revenue	94,954	89,849	79,961	95,188
Operating profit (EBIT)	6,259	6,114	4,967	8,199
EBIT, %	6.6	6.8	6.2	8.6
EUR 1,000	1-3/2022	4-6/2022	7-9/2022	10-12/2022
Revenue	89,586	89,252	80,308	91,024
Operating profit (EBIT)	7,622	6,817	5,766	8,417
EBIT, %	8.5	7.6	7.2	9.2

NON-RECURRING ITEMS

Items that are material either because of their size or their nature, and that are non-recurring, are considered as non-recurring items and are presented within the line items to which they best relate. The line items in which they are included in the income statement are specified in the table below.

EUR 1,000	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Other operating income	0	467	0	767
Employee benefits expenses and other operating expenses	-182	-172	-1,717	-1,807
Operating profit (EBIT)	-182	295	-1,717	-1,040
Financial income and expenses	0	870	0	-5,133
Profit for the review period	-182	1,165	-1,717	-6,173

ACQUISITIONS

LAE Engineering GmbH (100%)

On July 4, 2023, Etteplan acquired LAE Engineering GmbH, a German engineering company with approximately 70 employees that offers specialized expertise across electrical engineering planning, power generation, building and industrial automation, as well as information management systems, and industrial IT.

The provisional goodwill of EUR 2,887 thousand arising from the acquisition is attributable to the technical know-how of the acquiree's personnel, and the expected synergies arising from the acquisition. None of the goodwill recognized is expected to be deductible for income tax purposes.

High Vision Engineering Sweden AB (100%)

Etteplan strengthened its position in Sweden and acquired High Vision Engineering Sweden AB on September 4, 2023. High Vision Engineering provides engineering services across various phases of product development for the automotive and manufacturing industry. As a result of the acquisition, 40 High Vision Engineering employees transferred to Etteplan.

The provisional goodwill of EUR 1,126 thousand arising from the acquisition is attributable to the technical know-how of the acquiree's personnel, and the expected synergies arising from the acquisition. None of the goodwill recognized is expected to be deductible for income tax purposes.

ACQUISITIONS IN TOTAL

The following table summarizes the provisional values of acquisition considerations, assets acquired and liabilities assumed for the acquisitions in total.

Consideration transferred:	EUR 1,000
Cash payment	7,954
Contingent consideration	100
Total consideration transferred	8,054
Assets and liabilities	
Tangible assets	1,014
Intangible assets	80
Customer relationships (intangible assets)	2,167
Non-competition agreements (intangible assets)	160
Trade and other receivables	4,850
Cash and cash equivalents	1,951
Total assets	10,222
Non-current pension liabilities	154
Other non-current liabilities	310
Other current liabilities	5,030
Deferred tax liability	686
Total liabilities	6,181
Total identifiable net assets	4,041
Formation of Goodwill:	
Consideration transferred	8,054
Total identifiable net assets	-4,041
Goodwill	4,013

Costs related to the acquisitions, EUR 104 thousand, are included in other operating expenses in the consolidated statement of comprehensive income.

Changes in contingent considerations

An expense totaling EUR 197 thousand was recognized in the income statement in the second quarter from premeasurements of contingent considerations related to previous acquisitions.

INTANGIBLE ASSETS

Goodwill

EUR 1,000	2023	2022
Acquisition cost Jan 1	105,385	92,380
Translation difference	297	-2,466
Acquisition of subsidiaries	4,056	15,470
Book value Dec 31	109,737	105,385

Other intangible assets

2023 EUR 1,000	Intangible rights	Internally created intangible assets	Fair value adjustments in acquisitions	Leased software	Advance payments	Total
Acquisition cost Jan 1, 2023	13,175	3,060	56,374	7,698	89	80,396
Translation difference	-94	0	247	1	0	154
Acquisition of subsidiaries	80	0	2,332	0	0	2,412
Additions	703	11	0	530	266	1,510
Disposals	-9	0	0	0	-45	-53
Reclassifications	96	45	0	0	-45	96
Acquisition cost Dec 31, 2023	13,951	3,116	58,953	8,229	266	84,515
Cumulative amortization Jan 1, 2023	-12,004	-2,868	-25,753	-7,027	0	-47,652
Translation difference	95	0	-68	-2	0	24
Amortization for the financial year	-693	-86	-5,344	-515	0	-6,637
Cumulative amortization Dec 31, 2023	-12,603	-2,954	-31,165	-7,544	0	-54,264
Book value Dec 31, 2023	1,349	162	27,788	686	266	30,250

2022 EUR 1,000	Intangible rights	Internally created intangible assets	Fair value adjust-ments in acquisitions	Leased software	Advance payments	Total
Acquisition cost Jan 1, 2022	12,674	2,965	46,056	7,547	273	69,516
Translation difference	-59	0	-572	-35	-1	-667
Acquisition of subsidiaries	154	0	10,890	0	0	11,044
Additions	206	9	0	186	9	411
Reclassifications	200	86	0	0	-193	93
Acquisition cost Dec 31, 2022	13,175	3,060	56,374	7,698	89	80,396
Cumulative amortization Jan 1, 2022	-11,278	-2,690	-20,679	-6,060	0	-40,709
Translation difference	58	0	220	30	0	308
Acquisition of subsidiaries	-24	0	0	0	0	-24
Amortization for the financial year	-761	-178	-5,293	-996	0	-7,227
Cumulative amortization Dec 31, 2022	-12,004	-2,868	-25,753	-7,027	0	-47,652
Book value Dec 31, 2022	1,171	192	30,621	672	89	32,745

TANGIBLE ASSETS

2023 EUR 1,000	Land and water	Buildings	Machinery and equipment	Other tangible assets	Right-of-use assets		Total
					Machinery and equipment	Premises	
Acquisition cost Jan 1, 2023	19	495	17,417	1,834	26,011	45,059	90,836
Translation difference	0	0	-46	-4	25	0	-25
Acquisition of subsidiaries	0	0	249	0	230	542	1,021
Additions	0	0	900	149	3,663	7,367	12,079
Disposals	0	-495	-33	-4	-123	-1,043	-1,697
Reclassifications between item	0	0	-4	0	0	0	-5
Acquisition cost Dec 31, 2023	19	0	18,484	1,974	29,807	51,925	102,209
Cumulative depreciation Jan 1,	0	-25	-14,303	-1,491	-20,690	-29,519	-66,029
Translation difference	0	0	53	2	-20	0	35
Disposals	0	40	0	0	0	0	40
Depreciation for the financial	0	-16	-1,221	-116	-3,626	-7,240	-12,218
Cumulative depreciation Dec 3	0	0	-15,471	-1,604	-24,337	-36,759	-78,171
Book value Dec 31, 2023	19	0	3,013	370	5,470	15,166	24,038

2022 EUR 1,000	Land and water	Buildings	Machinery and equipment	Other tangible assets	Right-of-use assets		Total
					Machinery and equipment	Premises	
Acquisition cost Jan 1, 2022	19	495	15,860	1,597	22,061	37,832	77,864
Translation difference	0	0	-113	-1	-215	0	-330
Acquisition of subsidiaries	0	0	509	0	118	1,177	1,804
Additions	0	0	1,185	239	4,157	6,779	12,360
Disposals	0	0	-24	0	-109	-729	-862
Acquisition cost Dec 31, 2022	19	495	17,417	1,834	26,011	45,059	90,836
Cumulative depreciation Jan 1,	0	-22	-13,111	-1,204	-17,408	-21,360	-53,105
Translation difference	0	0	62	1	161	0	225
Acquisition of subsidiaries	0	0	-125	0	0	0	-125
Disposals	0	0	4	0	0	0	4
Depreciation for the financial	0	-3	-1,133	-289	-3,443	-8,160	-13,028
Cumulative depreciation Dec 3	0	-25	-14,303	-1,491	-20,690	-29,519	-66,029
Book value Dec 31, 2022	19	471	3,114	343	5,321	15,539	24,808

Right-of-use assets in total

EUR 1,000	2023	2022
Book value Jan 1	21,532	22,611
Translation difference	4	-60
Acquisition of subsidiaries	772	1,295
Additions	11,560	11,123
Disposals and reclassifications	-1,165	-838
Depreciation for the financial year	-11,381	-12,599
Book value Dec 31	21,322	21,532

PLEDGES, MORTGAGES AND GUARANTEES

EUR 1,000	Dec 31, 2023	Dec 31, 2022
Business mortgages	320	320
Pledged shares	120	120
Other contingencies	599	363
Total	1,039	803

TRANSACTIONS WITH RELATED PARTIES

The Group's related party includes such persons that have control, joint control or significant influence over the Group. Also, the Group's key management personnel is included in the related party. Key management personnel refers to persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group. Spouses, wards and companies in control or joint control of the before mentioned persons are considered as other related parties. The ultimate controlling party, Ingman Group Oy Ab, and its group companies are also included in related parties.

Related party transactions are priced according to Group's normal pricing basis and purchase conditions, which are equivalent to those that prevail in arm's length transactions.

The following transactions were carried out with related parties:

EUR 1,000	1-12/2023	1-12/2022
Sales of services to other related parties	42	30
Purchases of services from other related parties	37	36

FAIR VALUE OF FINANCIAL INSTRUMENTS

The tables below analyze financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly as prices or indirectly, derived from prices.

Level 3: Unobservable inputs that are not based on observable market data.

FINANCIAL ASSETS RECOGNIZED AT FAIR VALUE THROUGH OCI

2023 EUR 1,000	Quoted shares (Level 1)	Premises shares (Level 2)	Unquoted shares and loan receivables (Level 3)	Total
Opening balance at Jan 1	237	120	3,019	3,376
Gain/loss recognized in other comprehensive income	-38	0	0	-38
Closing balance Dec 31	199	120	3,019	3,339

2022 EUR 1,000	Quoted shares (Level 1)	Premises shares (Level 2)	Unquoted shares and loan receivables (Level 3)	Total
Opening balance at Jan 1	275	120	24	418
Ekkono AB investment	0	0	2,034	2,034
Loan given to Ekkono AB	0	0	963	963
Gain/loss recognized in other comprehensive income	-37	0	0	-37
Disposals	0	0	-1	-1
Closing balance Dec 31	237	120	3,019	3,376

FINANCIAL LIABILITIES RECOGNIZED AT FAIR VALUE THROUGH PROFIT OR LOSS

Contingent liability in acquisitions (Level 3) EUR 1,000	2023	2022
Opening balance at Jan 1	33	800
Additions	100	0
Revaluation	197	-767
Payment	-230	0
Closing balance Dec 31	100	33

NON-IFRS KEY FIGURES

Etteplan presents non-IFRS key figures to supplement its consolidated financial statements which are prepared in accordance with IFRS. These key figures are designed to measure growth and provide insight into the company's underlying operational performance. This section describes the most important non-IFRS key figures used by the Group. Formulas for key figures (IFRS and Non-IFRS) are presented at the end of this release.

OPERATING PROFIT (EBITA) AND EBITA, %

Operating profit (EBITA) is presented, because it reflects the Group's operational performance better than Operating profit (EBIT). Operating profit (EBITA) does not include amortization of fair value adjustments at acquisitions. EBITA, % presents Operating profit (EBITA) as a percentage share of revenue. The table below shows a reconciliation between Operating profit (EBITA) and Operating profit (EBIT).

EUR 1,000	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Operating profit (EBIT)	8,199	8,417	25,540	28,622
Amortization on fair value adjustments at acquisitions	1,362	1,314	5,344	5,293
Operating profit (EBITA)	9,561	9,731	30,883	33,915

ORGANIC/INORGANIC GROWTH AND GROWTH IN COMPARABLE CURRENCIES

Organic (revenue) growth is presented in addition to total revenue growth, because it improves the comparability of revenue growth between periods by presenting the revenue growth without the effects of the last 12 months' acquisitions. Organic growth is calculated by comparing revenue between comparison periods excluding revenue from acquisitions that have taken place in the past 12 months. The revenue growth created by the last 12 months' acquisitions is presented as inorganic growth. Revenue growth in comparable currencies is presented, because it improves the comparability of revenue growth between periods by presenting the revenue growth with comparable exchange rates. For the calculation of growth in comparable currencies, revenue for the current period is calculated by using the comparable period's exchange rates. The figure is presented for Group revenue and organic growth.

THE SHARE OF REVENUE REPRESENTED BY MANAGED SERVICES

Etteplan measures the share of revenue represented by Managed Services (MSI Index). Managed Services are service solutions, such as projects and continuous services, where the customer pays for results instead of resources. The share of revenue represented by Managed Services is presented, because it describes Etteplan's strategy implementation and explains, in part, the changes in profitability.

FORMULAS FOR KEY FIGURES

IFRS key figures

Basic earnings per share =
$$\frac{(\text{Profit for the review period attributable to equity holders of the parent company}) \times 100}{\text{Issue adjusted average number of shares during the review period}}$$

Diluted earnings per share =
$$\frac{(\text{Profit for the review period attributable to equity holders of the parent company adjusted with dilutive effect}) \times 100}{\text{Issue adjusted average number of shares during the review period adjusted with dilutive effect}}$$

Non-IFRS key figures

Operating profit (EBITA) = Operating profit (EBIT) + amortization on fair value adjustments in acquisitions

Organic growth =
$$\frac{(\text{Revenue current year} - \text{Revenue comparison year} - \text{Revenue from acquirees current year}) \times 100}{\text{Revenue comparison year}}$$

Revenue growth from key accounts =
$$\frac{(\text{Revenue from key accounts current year} - \text{Revenue from key accounts comparison year}) \times 100}{\text{Revenue from key accounts comparison year}}$$

The share of revenue represented by Managed Services =
$$\frac{\text{Revenue from Managed Services} \times 100}{\text{Revenue}}$$

Return on equity (ROE), % =
$$\frac{\text{Profit for the review period} \times 100}{(\text{Equity, total}) \text{ average}}$$

Return on capital employed (ROCE), before taxes, % =
$$\frac{(\text{Profit before taxes} + \text{Financial expenses}) \times 100}{(\text{Total equity and liabilities} - \text{non-interest bearing liabilities}) \text{ average}}$$

Equity ratio, % =
$$\frac{\text{Equity, total} \times 100}{\text{Total equity and liabilities} - \text{Advances received}}$$

Gross investments = Total investments made to non-current assets including acquisitions and capitalized development costs

Net gearing, % =
$$\frac{(\text{Interest-bearing liabilities} - \text{Cash and cash equivalents}) \times 100}{\text{Equity, total}}$$

Equity per share =
$$\frac{\text{Equity, total}}{\text{Adjusted number of shares at the end of the review period}}$$

Market capitalization = Number of outstanding shares at the end of the review period x last traded share price of the review period