FINANCIAL REVIEW

2023

etteplan

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Board of Directors' Review January 1–December 31, 2023

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.

The most important factor affecting Etteplan's business is the global development of the machinery and metal industry. Increased geopolitical tensions are maintaining 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.

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 China, 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.

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.

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.

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. The combined effect of non-recurring items on operating profit (EBITA) and operating profit (EBIT) was EUR -1.7 (-1.0) million. 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. The Semcon offer had an effect of EUR -5.1 million on financial expenses in the comparison period. The general increase in interest rates has affected financial costs.

Profit before taxes 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 was EUR 16.6 (18.2) million.

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 13.3 (15.9) percent.

CASH FLOW AND FINANCIAL POSITION

Operating cash flow improved and was EUR 35.6 (28.1) million. Cash flow after investments was EUR 28.7 (2.6) million. 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 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. In connection with this decision, the company updated its financial targets for 2023-2024. The targets will be achieved through strong execution of the strategy.

Updated 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 market areas and increase the share of revenue accumulated outside Finland to at least 55 percent.

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.

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 11.0 percent.

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. 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 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.

GOVERNANCE

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 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 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.

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.

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.

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).

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.

ANNUAL GENERAL MEETING 2024

Etteplan Oyj's Annual General Meeting will be held on Tuesday, April 9, 2024. The summons to the AGM is published as a separate release.

CORPORATE GOVERNANCE STATEMENT

Etteplan publishes the Corporate Governance Statement for 2023 separately from the Board of Directors' review. The statement is available on the Company's website www.etteplan.com.

STATEMENT OF NON-FINANCIAL INFORMATION

Etteplan publishes the Statement of non-financial information for 2023 separately from the Board of Directors' review. The statement is available on the Company's website www.etteplan.com.

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 that 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	2023	2022
Operating profit (EBIT)	**25,540**	**28,622**
Amortization on fair value adjustments at acquisitions	5,344	5,293
Operating profit (EBITA)	**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 Ser-vices 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.

Etteplan Oyj

Board of Directors

Consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	Note	2023		2022	
Revenue	7	**359,951**		**350,170**	
Other operating income	8	1,742		2,826	
Materials and services	10	-43,320		-40,395	
Employee benefits expenses	11	-233,736		-227,823	
Other operating expenses	12	-40,259		-36,140	
Depreciation and amortization	19, 20	-18,839		-20,018	
Operating profit (EBIT)		**25,540**	**7.1%**	**28,622**	**8.2%**
Financial income	14	803		1,044	
Financial expenses	15	-5,537		-7,280	
Profit before taxes		**20,805**		**22,386**	
Income taxes	17	-4,158		-4,235	
Profit for the financial year		**16,647**		**18,151**	
Other comprehensive income, that may be reclassified to profit or loss					
Currency translation differences		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		-30		-31	
Remeasurement of defined benefit plan	11	-157		1,359	
Other comprehensive income for the year, net of tax	17	**599**		**-2,900**	
Total comprehensive income for the year		**17,246**		**15,251**	

The notes are an integral part of the Financial Statements.

EUR 1,000	Note	2023	2022
Profit for the financial year attributable to			
Equity holders of the parent company		16,647	18,151
Total comprehensive income attributable to			
Equity holders of the parent company		17,246	15,251
Earnings per share calculated from the profit attributable to equity holders of the parent company			
Basic earnings per share, EUR	18	0.66	0.73
Diluted earnings per share, EUR	18	0.66	0.73

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR 1,000	Note	2023	2022
ASSETS			
Non-current assets			
Goodwill	22	109,737	105,385
Other intangible assets	19	30,250	32,745
Tangible assets	20	24,038	24,808
Investments at fair value through other comprehensive income	21	2,376	2,414
Other non-current receivables	21	973	1,016
Deferred tax assets	30	250	622
Non-current assets, total		**167,624**	**166,990**
Current assets			
Inventory	23	806	635
Work in progress	7	30,662	30,181
Trade and other receivables	24	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**

EUR 1,000	Note	2023	2022
EQUITY AND LIABILITIES			
Equity			
Share capital	25	5,000	5,000
Share premium account	25	6,701	6,701
Unrestricted equity fund	25	23,966	23,966
Own shares	25	-1,719	-1,059
Cumulative translation adjustment	25	-6,915	-7,702
Other reserves	25	73	103
Retained earnings	25	86,984	79,302
Equity, total		**114,091**	**106,311**
Non-current liabilities			
Deferred tax liabilities	30	9,550	9,758
Loans from financial institutions	27	40,167	47,852
Lease liabilities	27	8,560	8,478
Defined benefit pension liability	11	5,069	4,897
Other non-current liabilities	28	526	33
Non-current liabilities, total		**63,873**	**71,018**
Current liabilities			
Loans from financial institutions	27	25,012	21,139
Lease liabilities	27	12,843	13,114
Advances received	7	5,818	2,856
Trade and other payables	29	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**

The notes are an integral part of the Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1,000	Note	2023	2022
OPERATING CASH FLOW			
Cash receipts from customers		366,970	341,201
Operating expenses paid		-322,517	-306,220
Operating cash flow before financial items and taxes		**44,454**	**34,981**
Interests and other payments for financial expenses	15	-4,540	-1,721
Interest received	14	496	113
Income taxes paid	17	-4,839	-5,277
Operating cash flow (A)		**35,571**	**28,095**
INVESTING CASH FLOW			
Purchase of tangible and intangible assets	19, 20	-2,067	-1,711
Acquisition of subsidiaries, net of cash acquired	5	-5,496	-20,871
Purchase of investments	21	0	-2,033
Proceeds from sale of tangible and intangible assets		675	52
Loans granted	21	0	-963
Investing cash flow (B)		**-6,888**	**-25,526**
Cash flow after investments (A+B)		**28,683**	**2,570**

EUR 1,000	Note	2023	2022
FINANCING CASH FLOW			
Purchase of own shares		-486	0
Proceeds from current loans	27	83	13,144
Repayments of current loans*	27	-32,297	-32,534
Proceeds from non-current loans	27	28,500	27,999
Repayments of non-current loans	27	-35	-16
Payment of lease liabilities	20	-11,576	-12,657
Dividend paid	25	-9,015	-9,970
Financing cash flow (C)		**-24,826**	**-14,034**
Variation in cash (A+B+C) increase (+) / decrease (-)		**3,857**	**-11,464**
Assets at the beginning of the financial period		19,564	30,356
Exchange gains or losses on cash and cash equivalents		21	672
Assets at the end of the financial period		23,442	19,564

The notes are an integral part of the Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 1,000	Share capital	Share premium account	Unrestricted equity fund	Other reserves	Own shares	Cumulative translation adjustment	Retained earnings	Total
Equity Jan 1, 2022	**5,000**	**6,701**	**22,037**	**133**	**-1,245**	**-3,473**	**69,761**	**98,914**
Comprehensive income for the year								
Profit for the financial year	0	0	0	0	0	0	18,151	**18,151**
Other comprehensive income for the year								
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 for the year, net of tax	**0**	**0**	**0**	**-30**	**0**	**-4,229**	**1,358**	**-2,900**
Total comprehensive income for the year	**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	Share capital	Share premium account	Unrestricted equity fund	Other reserves	Own shares	Cumulative translation adjustment	Retained earnings	Total
Equity Jan 1, 2023	**5,000**	**6,701**	**23,966**	**103**	**-1,059**	**-7,702**	**79,302**	**106,311**
Comprehensive income for the year								
Profit for the financial year	0	0	0	0	0	0	16,647	**16,647**
Other comprehensive income for the year								
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 for the year, net of tax	**0**	**0**	**0**	**-30**	**0**	**787**	**-157**	**599**
Total comprehensive income for the year	**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**

The notes are an integral part of the Financial Statements.

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

The Parent Company of Etteplan Group is Etteplan Oyj. Etteplan Oyj is a Finnish public limited company established under Finnish law. The Company is domiciled in Espoo, Finland and its registered office is located in Tekniikantie 4, 02150 Espoo, Finland. The company's principal place of business is also located in Tekniikantie 4, 02150 Espoo. Etteplan's shares are listed on Nasdaq Helsinki Ltd's Medium Cap market capitalization group in the Industrials sector under the ETTE ticker.

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.

A copy of the Consolidated Financial Statements can be obtained from the Company's website www.etteplan.com or from the office of the Group's Parent Company at the address Askonkatu 9 E, 15100 Lahti, Finland.

The Etteplan Oyj Board of Directors approved these Financial Statements for publication at its meeting on February 8, 2024.

According to the Finnish Limited Liability Companies Act, the shareholders have the opportunity to approve or reject the Financial Statements at the Annual General Meeting held after the publication. Furthermore, the Annual General Meeting can decide on the modification of the Financial Statements.

2. A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Consolidated Financial Statements are set out in this section. These policies have been consistently applied to all the years presented, unless stated otherwise.

2.1 Basis for preparation

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS). They have been prepared in accordance with IAS and IFRS standards and SIC and IFRIC interpretations approved for implementation in EU directive N:o 1606/2002 at December 31, 2022. The notes to the Financial Statements are also prepared in accordance with the Finnish accounting and company regulation, which complements the IFRS requirements. The Consolidated Financial Statements have been prepared under the historical cost convention, except for certain financial assets and financial liabilities, which are recognized at fair value.

The preparation of the Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

Figures in the Financial Statements are presented in thousands of euros and are therefore rounded.

2.1.1 Changes in accounting policy and disclosures

New and amended standards adopted by the Group
The new standards, amendments and interpretations effective for the financial year beginning January 1, 2023, did not have a significant effect on the Consolidated Financial Statements of the Group.

Forthcoming requirements
The new standards, amendments and interpretations issued, but effective later than for the financial year beginning January 1, 2024, are not expected to have a significant effect on the Consolidated Financial Statements of the Group.

2.2 Consolidation
Subsidiaries are all such entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group applies the measurement period of the acquisition accounting allowed by IFRS 3, during which the acquisition is treated as preliminary.

2.3 Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Management Group is identified as the chief operating decision-maker. The chief operating decision-maker assesses the financial performance and position of the Group, and makes strategic decisions. The financial information, which the chief operating decision-maker uses as a basis for decision making, does not differ substantially from the information presented in the Consolidated Statement of Comprehensive Income and Statement of Financial Position.

2.4 Foreign currency translation
Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of subsidiaries is the currency of the economic environment in which the subsidiary operates. The Consolidated Financial Statements are presented in euro, which is the Group's presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions, or valuation, where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in other comprehensive income as a net investment hedge. Foreign exchange gains and losses that relate to loans and cash and cash equivalents are presented in the income statement within "Financial income" or "Financial expenses." All other foreign exchange gains and losses are presented in the income statement within "Other operating expenses."

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions) and
- all resulting exchange differences are recognized in other comprehensive income. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate. Exchange differences arising are recognized in equity.

2.5 Intangible assets
Intangible assets acquired in business combinations are recognized at fair value at the acquisition date. Other intangible assets are recorded in the balance sheet at historical cost considering accumulated amortizations. Assets with limited useful lives are amortized on a straight-line basis over their useful lives. The amortization periods of intangible assets are:

Intangible rights	3 to 7 years
Internally created intangible assets	3 to 5 years
Fair value adjustments in acquisitions	
Customer base	10 years
Non-competition agreements	3 years
Leased software	3 years

The residual value, useful life and amortization method of each asset is examined at the end of each financial year and adjusted, if necessary, to reflect the changes in expectations of the economic benefits to be gained from the asset.

Intangible assets are classified as follows:

Intangible rights mainly include software licenses owned by the Group.

Internally created intangible assets include activated development costs related to software products created by the Group. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs, which are capitalized as part of the software product include the software development employee costs and such overhead costs that are directly attributable to the development. Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Computer software development costs recognized as assets are amortized over their useful lives. Significant, unfinished intangible assets are tested for impairment annually. Research costs are recognized as an expense as incurred.

Fair value adjustments in acquisitions include intangible assets acquired in business combinations; customer base and non-competition agreements.

Leased software is activated as described in note 2.14.

Goodwill corresponds to that part of the acquisition cost which exceeds the Group's share of the fair value, on the date of purchase, for the net asset value of the acquired subsidiary. Goodwill is measured at historical cost less impairment. Goodwill is not amortized, but is tested for impairment annually and whenever there is objective evidence of goodwill impairment. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose, taking into account the current organization structure and level of reporting.

2.6 Tangible assets

Tangible assets are stated at historical cost less accumulated depreciation and impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they occur.

Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	50 years
Leased office premises	1.5 to 7 years
Computers	3 years
Vehicles	4 to 5 years
Office furniture	5 to 10 years
Renovation of premises	5 to 7 years

Land areas are not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.7). Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in other operating income or expenses in the income statement.

Tangible right-of-use assets consist of leased computers and cars as well as leased office premises activated as described in note 2.14.

2.7 Impairment of non-financial assets

The Group assesses at the end of each reporting period, whether there are indications of impairment of non-financial assets. Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization, as well as assets with unlimited useful life, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized through profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to dispose and value-in-use. Value-in-use is defined as the discounted estimated future net cash flows generated by the asset or cash-generating unit. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

The impairment loss recognized for non-financial assets other than goodwill is reversed, in case there has been a change in the estimates of recoverable amount. The impairment loss is only reversed to the amount of the book value of the asset before impairment. An impairment loss for goodwill is not reversed under any circumstances.

The essential assumptions for impairment tests are presented in note 22.

2.8 Financial instruments

Financial instruments and their fair values by measurement category are detailed in note 21.

Recognition

Regular purchases and sales of financial instruments are recognized on the trade-date – the date on which the Group commits to purchase or sell the instrument. At initial recognition, the Group measures a financial instrument at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial instrument. Transaction costs of financial instruments carried at FVPL are expensed in profit or loss.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the liability has ceased, that is, the obligation specified in the agreement is fulfilled or revoked or its validity has ended.

Classification

The Group classifies its financial instruments in the following subsequent measurement categories:

Categories of financial assets:
- measured at amortized cost
- measured at fair value through Other Comprehensive Income (FVOCI), and
- measured at fair value through profit or loss (FVPL).

The classification of financial assets depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. The classification changes only if the business model changes.

Categories of financial liabilities:
- measured at amortized cost, and
- measured at fair value through profit or loss (FVPL).

Subsequent measurement

Gains and losses for assets and liabilities measured at fair value will either be recorded in profit or loss or OCI.

The Group measures all its equity investments at FVOCI, because the Group's management has made an irrevocable election to present fair value gains and losses on equity investments in OCI. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of these investments. Only the dividends from these investments are recognized in profit or loss when the Group's right to receive payments is established.

Trade receivables are recognized initially at fair value and are subsequently measured at amortized cost, less provision for impairment. Trade receivables are classified as current assets, if collection is expected in one year or less. Otherwise, they are classified as non-current assets. Expected credit losses are estimated as described in note 4.1.4. Trade receivables transferred to a financial institution in factoring arrangements are not included in the Consolidated Statement of Financial Position, because the Group has transferred substantially all risks and rewards of ownership of the transferred trade receivables.

Cash and cash equivalents include cash in hand and deposits held at call with banks. Items included under cash and cash equivalents have maturities of three months or less from the date of acquisition. Cash and cash equivalents are derecognized when the Group's contractual right to receive cash flows has expired or essentially all of the risks and rewards incident to ownership have been transferred from the Group.

Trade payables and other payables are obligations to pay for goods or services that have been acquired from suppliers in the ordinary course of business. They are classified as current liabilities unless payment is not due within one year or less after the reporting period.

Loans are recognized initially at fair value, net of transaction costs incurred. Loans are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. See note 4.1.4 for further details.

2.9 Inventory

Inventory is stated at the lower of cost and net realizable value. Cost is determined using the FIFO method. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.10 Current and deferred income tax

The taxes in the consolidated income statement include the current tax for the Group companies, corrections to taxes from previous financial periods, and the change in deferred taxes. Current tax is calculated on taxable income according to the tax rate in force in each country concerned. In the case of items entered directly in shareholders' equity, the tax effect is recognized in equity.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. The most significant temporary differences arise from the depreciation and amortization of assets and fair value adjustments (customer agreements and non-competition agreements) and the depreciation in excess of plan in Swedish subsidiaries. Deferred taxes are determined by using the tax base in force on the balance sheet date or the enacted tax base at the time of tax base transition.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. It is evaluated at the end of each financial period, whether the conditions for recognizing a deferred tax asset are met.

2.11 Employee benefits

Pension obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into an external entity managing pension insurances. The Group has no legal or constructive obligations to pay further contributions. The contributions are recognized as employee benefit expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available. A defined benefit plan is a pension plan that is not a defined contribution plan. Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, dependent on one or more factors such as age, years of service and compensation. Under a defined benefit pension plan, the Group's obligation includes the actuarial and investment risks related to the plan in addition to the payments made under the plan. The pension expenses related to defined benefits are calculated using the Projected Unit Credit Method. Pension expenses are recognized as expenses by distributing them over the estimated period of service of the personnel concerned. The amount of the pension obligation is the present value of the estimated future pensions payable (Note 11).

In Sweden and the Netherlands, the Group has multi-employer defined benefit plans, of which there is not sufficient information available to use benefit accounting. These plans are accounted as defined contribution plans.

Bonus plans

The Group recognizes a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognizes the expense and liability where contractually obliged or where there is a past practice that has created a constructive obligation.

Share-based incentive plans

Share-based incentive plans are treated as arrangements that are settled partly as shares and partly as cash. The part of a remuneration earned that the participants receive as Etteplan Oyj shares is treated as an arrangement that is fully settled as shares and recorded in shareholders' equity, the part of a remuneration earned that is paid in cash to pay off taxes and other levies is recorded in liabilities. The fair value of the employee services received in exchange for the grant of the shares is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the shares granted taking into account market performance conditions and non-vesting conditions. At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to vest based on the non-market vesting conditions and service conditions. The Group recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment in equity.

2.12 Revenue recognition

Etteplan's revenue streams consist mainly of the following three service areas:

Engineering Solutions refer to the innovation, engineering and calculations of the technical attributes of machinery or equipment for the purpose of product development and manufacturing. Assignments are typically 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 requirements and the market area's legislation.

Software and Embedded Solutions refer to product development services and technology solutions that allow the controlling of machines and equipment and enable their digital connectivity as part of the Internet of Things.

Technical Communication Solutions refer to the documentation of a product's technical attributes, such as manuals and service instructions for the users of a product, as well as related content management and distribution in print or digital form.

Revenue includes revenue from contracts with customers adjusted for indirect taxes and discounts. Revenue is recognized following a five-step model, on the basis of which the timing and amount of revenue to be recognized is determined. The model involves identifying the contract with the customer and its performance obligations, determining transaction prices, allocating transaction prices to performance obligations and recognizing revenue. Revenue is recognized when the customer obtains control of the promised service or product; either over time or at a point in time. The Group recognizes revenue in a way that represents the rendering of the promised services or goods to the customer, and to such an amount that represents the compensation the Group expects to be entitled to in exchange for the goods and services. Contracts with customers do not include a significant financial component.

Etteplan divides its services into the following categories according to the applied method of revenue recognition:

- Design and consultancy projects, where either a fixed price or a target price limiting the amount of revenue that can be recognized for the project is set in the agreement with the customer. In this type of projects, revenue is recognized over time based on the percentage of completion method, because the Group's performance creates an asset that has no alternative use for the Group and the Group has an enforceable right to payment for performance completed to date. The percentage of completion is measured as the costs of the project realized as a proportion to the total expected costs of the project, because it is seen as the most accurate way of measuring the transfer of control to the customer. If the agreement includes separately identifiable performance obligations, revenue for each performance obligation is recognized separately. Dealing with separate performance obligations does not involve significant considerations. In the case of contracts whose outcome cannot be assessed reliably, project expenditure is expensed and revenue is recognized to an amount not exceeding the expenditure. The total loss on a contract that will probably result in a loss is expensed immediately. Incentives, additional work and changes related to the project are recognized in the revenue and costs of the project to the extent that can be estimated reliably, or that is agreed upon with the customer. The revenue for additional work and changes are recognized separately when they comprise a separate performance obligation and are priced according to stand-alone transaction prices.
- Design and consultancy projects, where all costs incurred can be invoiced to the customer without other limitations than the agreed invoicing price. In this type of projects revenue is recognized over time as the service is being performed. The performance obligation in the agreement with the customer is most typically one working hour and it is considered to be fulfilled over time, because the customer simultaneously receives and consumes the benefits provided by the service.
- Arrangements, where the customer buys a license to software created by Etteplan and maintenance related to the license. Revenue for the license itself is recognized when the customer obtains access to the license. Revenue for maintenance related to the license is recognized over time as the service is rendered.

Transaction prices are based on customer agreements, where separate prices are set for separate performance obligations. Generally, the pricing of separate performance obligations equals their standalone transaction prices. Changes to customer agreements as well as additional work agreed on, are mainly recognized as separate customer agreements. The Group has enforceable right to payment for performance completed to date, in case the project is terminated, in essentially all of its projects.

Costs incurred from work performed and transferred to customer, but not yet invoiced, are activated as contract assets and included in the balance sheet line item "Work in progress." Contract assets are transferred to Trade payables upon invoicing, which is generally done on a monthly basis. Invoices are most typically payable within 30 days. Payments received from customers in advance of work being transferred are recorded as contract liabilities in the balance sheet line item "Advance payments." These amounts are recognized as revenue as the work is being transferred to the customer.

In applying IFRS 15 the Group uses the practical expedient permitted by the standard and does not disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied as at the end of the reporting period or the estimated timing of satisfaction, because the unsatisfied performance obligations are either part of contracts that have an original expected duration of one year or less or the Group has the right to invoice a customer at an amount that corresponds directly with its performance to date.

2.13 Interest and dividend income

Interest income is recognized using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired receivables is recognized using the original effective interest rate. Dividend income is recognized when the shareholder gains the right to receive payment.

2.14 Lease agreements

The Group leases various premises, equipment, software and cars. Rental contracts are typically made for fixed periods of 3 to 10 years but may have extension options as described below.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group.

Lease liabilities (note 27) include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The interest expenses related to leases are presented in note 15.

Right-of-use assets (notes 19 and 20) are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

After the commencement date the right-of-use asset is measured at amortized cost less impairment. It is adjusted with certain remeasurements of the lease liability. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The right-of-use asset is tested for impairment, when necessary, and the possible impairment is recognized through profit or loss.

The Group uses the practical expedient included in IFRS 16 standard and recognizes payments associated with leases of low-value assets on a straight-line basis as an expense in profit or loss. Low-value assets comprise IT equipment and items of office furniture (note 12).

Extension options are included in several of the Group's office premises rental agreements. These terms are used to maximize operational flexibility in terms of managing contracts. The Group's management uses judgment when determining the extent to which the extension options are used. The extension options are used in such a way that the lease term for lease agreements is at least 18 months also for lease agreements with non-cancelable term of under 18 months, unless the lease agreement in question is canceled or a decision for a specific timing of cancelation has been made. For lease agreements in which the original non-cancelable term is 18 months or more, extension options are used up to 18 months, when the remaining non-cancelable term is under 18 months. The management believes this gives the most accurate view of the Group's total lease liability. If the extension options were used up to 12 months instead of 18 months, the right-of-use assets and lease liability related to premises would decrease by approximately EUR 2.1 million. If the extension options were used up to 24 months the corresponding effect in balance sheet items would be an increase of approximately EUR 2.1 million.

2.15 Non-recurring items

Non-recurring items are disclosed separately in the Financial Statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income and expense that are shown separately due to the significance of their nature or amount. Non-recurring items can include, among other things, costs and income related to business combinations as well as certain reorganization costs.

2.16 Government grants

Government grants that are intended to compensate costs are recognized as income over the same period as the related costs are recognized.

3. CRITICAL ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENT BASED DECISIONS

When preparing the Consolidated Financial Statements, estimates and assessments must be made concerning the future. These may affect assets and liabilities at the time of balance sheet preparation, as well as income and expenses in the reporting period. Actual figures may differ from those used in the financial statements. The preparation of the Consolidated Financial Statements requires the management in certain respects to make judgements and assessments when choosing and applying the principles for the preparing the financial statements. This particularly concerns the cases when effective IFRSs allow alternative valuation, recording and presenting manners.

Judgments and estimates made in the preparation of the financial statements are based on the management's best judgment on the closing date. They are based on previous experience and future expectations considered to be most likely on the closing date. These include, in particular, factors related to the Group's financial operating environment affecting sales and the cost level. The Group monitors the realization of these estimates and assumptions. The effects of any changes in estimates and assumptions are recognized in the period in which they have been detected.

The assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Fair value measurement in connection with acquisitions

In business combinations, tangible assets have been compared with the market prices of equivalent assets, and decline in the value of acquired assets due to various factors has been estimated. The fair value measurement of intangible assets is based on estimates of asset-related cash flows. The management believes that the estimates and assumptions are sufficiently precise for use as the basis for fair value measurement. Any indications of impairment of tangible and intangible assets are reviewed annually.

Impairment testing

The Group tests goodwill and intangible assets with unlimited useful lives for impairment annually. Indications of impairment are evaluated in the manner described in note 2.7. Recoverable amounts for cash-generating units are based on value-in-use calculations. Estimates are required in making these calculations. Values recorded in the balance sheet at the end of the financial year were EUR 109,737 thousand (2022: EUR 105,385 thousand). Additional information on the sensitivity of the recoverable amounts to changes in assumptions used is disclosed in Note 22 Impairment testing.

Contingent considerations

The amount of a contingent consideration in a business combination is often dependent on the future economic development of the business acquired. The actual outcome may deviate from the assumptions made at initial recognition, which can lead to revaluation of the previously recognized contingent consideration.

Revenue recognition

Revenue recognized over time is based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The percentage of completion is measured as the costs of the project realized as a proportion to the total expected costs of the project. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change, and at each reporting date. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that trigger the revision become known by management.

4. MANAGEMENT OF FINANCIAL RISKS

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance.

4.1 Financial risk factors

In its business operations, the Group is exposed to several types of financial risks: foreign currency, interest, financing and liquidity, counterparty and credit risks. The objective of financial risk management is to protect the Group from unfavorable changes in the financial market and thus contribute as much as possible to guaranteeing the Group's profitability and equity, and to guarantee sufficient liquidity in a cost-efficient manner. Management of financial risks has been centralized with the Group's financial department, which is responsible for identification and evaluation of, and protection against, the Group's financial risks. Furthermore, the financial department is responsible, in a centralized fashion, for funding of the Group, and it provides the management with information about the financial situation of the Group and the business units.

4.1.1 Foreign currency risk

Foreign currency risk related to different currencies comes about as a result of foreign currency-denominated commercial transactions and from translation of foreign currency-denominated balance sheet items into the reporting currency.

Transaction risk

The majority of the Group's business operations are handled in the currency of the project country of the respective Group company. This means that both sales and costs are in the same currency.

Translation risk

The Group is exposed to a translation risk caused by fluctuations in foreign currency exchange rates, when it translates balance sheet items of subsidiaries based outside the euro area into its reporting currency. The main risk is with goodwill booked in Swedish Krona (SEK). The goodwill booked in SEK at the end of the financial year was EUR 31,366 thousand (2022: EUR 30,088 thousand).

A sensitivity analysis of the effect of reasonable potential changes in exchange rates on the Group's profit for the financial year, equity and goodwill at balance sheet date is presented in the table below. In the analysis, the change in exchange rates has been estimated to be +/-10 percent from reporting date, and other factors are estimated to remain unchanged.

2023 EUR 1,000	Effect on profit for the financial year	Effect on other equity items	Effect on goodwill
EUR/SEK 10% increase	-392	-1,060	-2,851
EUR/SEK 10% decrease	479	1,295	3,485
EUR/PLN 10% increase	-160	-600	-400
EUR/PLN 10% decrease	196	733	489
EUR/CNY 10% increase	7	-317	-170
EUR/CNY 10% decrease	-9	388	207
EUR/DKK 10% increase	-9	-150	-283
EUR/DKK 10% decrease	11	183	346

2022 EUR 1,000	Effect on profit for the financial year	Effect on other equity items	Effect on goodwill
EUR/SEK 10% increase	-414	-1,110	-2,735
EUR/SEK 10% decrease	506	1,356	3,343
EUR/PLN 10% increase	-131	-401	-371
EUR/PLN 10% decrease	160	490	453
EUR/CNY 10% increase	-67	-346	-181
EUR/CNY 10% decrease	82	423	221
EUR/DKK 10% increase	-75	-165	-284
EUR/DKK 10% decrease	91	202	347

4.1.2 Interest risk

The Group is exposed to interest risk in two ways: because of changes in value for balance sheet items (i.e. price risk) and cash flow risk caused by changes in market interest rates.

On the balance sheet date, the total amount of interest-bearing debt excluding lease liabilities was EUR 65,180 thousand (2022: EUR 68,991 thousand) covered with contracts in which the interest range is between 4.17 and 5.39 percent (2022: between 0.55 and 3.21 percent). In addition Group has an undrawn loan of EUR 9,000 thousand on the balance sheet date. All of the Group's loans have variable interest rates.

The Group monitors the interest risk by calculating the effect of one percentage point change in interest rates on the Group's next twelve months' interest expenses. The sensitivity of the interest position to changes in interest rates is determined by calculating how much an equal one percentage point change in interest rates throughout the Group's interest rate range would change yearly interest expenses. Only interest bearing loans from financial institutions are included in the calculation. Lease liabilities are not included in the calculation. At the balance sheet date, the Group's sensitivity to an increase in interest rates of one percentage point was approximately EUR 550 thousand (2022: EUR 549 thousand).

4.1.3 Financing and liquidity risk

The Group aims to guarantee solid liquidity in all market conditions through efficient cash management. Credit limits tied to cash pool arrangements are used for short-term financing. On the balance sheet date, the Group had EUR 14,055 thousand (2022: EUR 14,238 thousand) of available credit limits, of which none (2022: 1,632) was in use. Refinancing risk is attempted to be minimized by applying a balanced maturity schedule to the loan portfolio, ensuring sufficient maturity of loans, and using several banks as sources of financing. The level of financing is increased through additional loans when necessary.

The Group has financial covenants, which are tied to the equity ratio of the Group and to the debt/EBITDA ratio of the Group, and these mainly apply to all the group loans. In case the Group's equity ratio at the time of the Financial Statement is below 25 percent or the debt/EBITDA ratio is higher than 3.5, the financer has the right to demand immediate payment of all the Group's loans. According to the Consolidated Financial Statements in 2023, the terms of these covenants were not breached.

To balance the cash effect of the long payment terms typical to design business, the Group sells a part of its key customer receivables to a finance institution. There is no credit risk related to the sold receivables and these receivables are not included in the Consolidated Statement of Financial Position.

Maturity analysis of financial liabilities

2023 EUR 1,000	Less than 1 year	1–5 years
Borrowings	25,012	40,167
Lease liabilities	12,843	8,560
Interest payments	2,871	2,069
Liabilities from acquisitions	100	500
Trade and other payables	13,576	526
Total	**54,403**	**51,823**

2022 EUR 1,000	Less than 1 year	1–5 years
Borrowings	21,139	47,852
Lease liabilities	13,114	8,478
Interest payments	841	981
Liabilities from acquisitions	52	0
Trade and other payables	14,209	26
Total	**49,354**	**57,337**

Liabilities from acquisitions in December 31, 2023 consist of LAE Engineering GmbH earn out liability EUR 100 thousand and purchase price EUR 500 thousand which will be paid on 4th of September, 2025.

Non-monetary changes in interest-bearing liabilities

EUR 1,000	2023	2022
Interest-bearing liabilities Jan 1	**90,583**	**78,474**
Financing cash flow	-15,325	830
Non-monetary changes		
Changes in lease agreements	10,206	10,344
Loans and lease liabilities assumed in business combinations	772	1,295
Translation differences and other changes	348	-360
Non-monetary changes, total	11,325	11,279
Interest-bearing liabilities Dec 31	**86,583**	**90,583**

4.1.4 Counterparty and credit risk

Financing contracts have the associated risk of the counterparty being unable to fulfill its obligations under the contract. To minimize the counterparty risk financing contracts are concluded with leading Nordic banks that have a good credit rating.

Credit risk related to business operations arises out of a customer's inability to perform its contractual obligations. A considerable proportion of the Group's business operations focus on large, financially solid companies that operate internationally. Credit risk is also reduced by the customer companies being divided among several different sectors of operation. The Group aims to ensure that services are sold only to such customers that have an appropriate credit rating. Credit risk is controlled systematically, and overdue sales receivables are assessed on a weekly basis. The Company strives to control the effects of increased financial uncertainty by actively monitoring its receivables and by an efficient debt collection process. The maximum customer credit risk exposure at the end of the financial year is the book value of accounts receivable.

Expected credit loss allowance

To measure expected credit losses the Group applies the IFRS 9 simplified approach which uses a lifetime expected loss allowance for all trade receivables and contract assets ("Work in progress") including amounts not due.

As described in the table below, trade receivables and contract assets are grouped based on shared credit risk characteristics and the days past due. The measurement of the expected credit losses includes forward-looking information in the form of the estimated growth of the EU gross domestic product. In addition to the lifetime expected credit loss allowance, the Group's management estimates expected credit losses case-by-case , generally the Group recognizes a 50 percent provision for impairment for receivables that are more than 60 days past due and a 100 percent provision for receivables that are more than 90 days past due.

2023		Past due				
EUR 1,000	Not due	1-30 d	31-60 d	61-90 d	> 90 d	Total
Expected loss rate	0.1%	0.1%	1.3%	4.4%	6.9%	
Trade receivables	47,618	5,361	1,120	79	937	55,115
Work in progress	30,662	0	0	0	0	30,662
Lifetime expected credit loss allowance	57	5	15	4	65	145
Case-by-case credit loss allowance					-59	-59
Expected credit loss allowance						**85**

2022		Past due				
EUR 1,000	Not due	1-30 d	31-60 d	61-90 d	> 90 d	Total
Expected loss rate	0.0%	0.1%	1.9%	5.2%	6.3%	
Trade receivables	48,641	5,097	629	56	746	55,169
Work in progress	30,181	0	0	0	0	30,181
Lifetime expected credit loss allowance	7	5	12	3	47	74
Case-by-case credit loss allowance					320	320
Expected credit loss allowance						**394**

Movements of the allowance for impairment

EUR 1,000	2023	2022
Expected credit loss allowance Jan 1	-394	-359
Net reduction (+) / (-) increase in credit loss allowance	308	-35
Expected credit loss allowance Dec 31	**-85**	**-394**

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

4.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

Consistent with other companies in the industry, the Group monitors capital on the basis of the net gearing ratio. This ratio is calculated as net debt divided by equity. Net debt is calculated as total gross interest-bearing debt less cash and cash equivalents. To ensure sufficient flexibility, the goal is to keep the net gearing ratio within 30-100 percent. The following table sets out the Group's net gearing ratio:

EUR 1,000	2023	2022
Gross interest-bearing debt	86,582	90,583
Less: Cash and cash equivalents	-23,442	-19,564
Net debt	63,140	71,019
Total equity	114,091	106,311
Net gearing ratio	**55,3,%**	**66,8,%**

5. BUSINESS COMBINATIONS

Business combinations in 2023

LAE Engineering GmbH (100%)
Etteplan acquired the German LAE Engineering GmbH, an 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 on September 4, 2023 acquired High Vision Engineering Sweden AB. High Vision Engineering is an advanced engineering service company that provides services across various phases of product development for the Swedish automotive and manufacturing industry. As a result of the deal, 40 High Vision 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.

The revenue included in the income statement contributed by the acquired companies was EUR 6,608 thousand profit for the financial year EUR 644 thousand. Had all the companies been consolidated from January 1, 2023, the income statement would show revenue of EUR 367,833 thousand and profit for the financial year of EUR 15,252 thousand.

Changes in contingent considerations in 2023

A loss of EUR 197 thousand in total was recognized in the income statement from premeasurements of contingent considerations related to previous acquisitions.

Business combinations in 2022

Cognitas GmbH (100%)

Etteplan acquired Cognitas GmbH, a German technical information lifecycle management company from Canon Deutschland GmbH on January 13, 2022. The acquisition strengthens Etteplan´s position in Germany and continues our strategic investments in Central Europe. Cognitas is a leading German consulting and services company with 200 professionals in consulting and technical information authoring and management.

The goodwill of EUR 8,446 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.

Syncore technologies AB (100%)

Etteplan strengthened its position in Sweden and on February 2, 2022 acquired Syncore Technologies AB, a technology services company focusing on embedded systems. Founded in 2000, Syncore is specialized in advanced embedded systems projects such as design, hardware and software development, and product lifecycle services, especially for customers in the industrial systems, aerospace and defense industries. Syncore employs 46 embedded systems experts in Linköping, Sweden.

The goodwill of EUR 5,880 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.

LCA Consulting Oy (100%)

Etteplan strengthened its position as an expert in sustainable development and acquired LCA Consulting Oy, a provider of high-quality expert services, on April 29, 2022. Founded in 2013 as a spin-off at LUT University, LCA Consulting focuses on life cycle assessment of companies, products and production, carbon footprinting and expert training. LCA Consulting, based in Lappeenranta, Finland, employs 11 experts and its customer base consists especially of customers in industrial production and manufacturing, construction industry and public sector.

The goodwill of EUR 521 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.

DDCom B.V. (100%)

Etteplan continued to expand its operations in the Netherlands through the acquisition of DDCom B.V. (Van Dulmen CAD-Illustraties B.V.) on May 30,2022. The acquisition strengthens Etteplan's capabilities in 3D content-based animation and visualization services related to technical documentation. The company is located in the Eindhoven area and employs some 15 specialist. DDCom B.V.'s customers operate in automotive, high tech, med tech and product manufacturing industries and include high profile companies such as DAF Trucks, ASML, VDL, Philips & Shimano.

The goodwill of EUR 723 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 values of acquisition considerations, assets acquired and liabilities assumed for the acquisitions in total.

Consideration transferred:	EUR 1,000
Cash payment	24,357
Directed share issue	1,929
Contingent consideration	19
Total consideration transferred	**26,305**
Assets and liabilities	
Tangible assets	1,609
Intangible assets	129
Customer relationships (intangible assets)	10,618
Non-competition agreements (intangible assets)	327
Trade and other receivables	14,333
Cash and cash equivalents	3,506
Total assets	**30,521**
Non-current pension liabilities	6,902
Other non-current liabilities	482
Current dividend liabilities	6,500
Other current liabilities	3,112
Deferred tax liability	2,791
Total liabilities	**19,787**
Total identifiable net assets	**10,734**
Formation of Goodwill:	
Consideration transferred	26,305
Total identifiable net assets	-10,734
Goodwill	**15,571**

Costs related to the acquisitions, EUR 297 thousand, are included in other operating expenses in the consolidated statement of comprehensive income.

The revenue included in the income statement contributed by the acquired companies was EUR 20,130 thousand profit for the financial year EUR 688 thousand. Had all the companies been consolidated from January 1, 2022, the income statement would show revenue of EUR 351,393 thousand and profit for the financial year of EUR 18,198 thousand.

Changes in contingent considerations in financial year 2022

A profit of EUR 767 thousand in total was recognized in the income statement from premeasurements of contingent considerations related to previous acquisitions.

6. SEGMENT REPORTING

The Group has three reportable segments, the revenue of which consist mainly of rendering of services.

Engineering Solutions refer to the innovation, engineering and calculations of the technical attributes of machinery or equipment for the purpose of product development and manufacturing. Assignments are typically 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 requirements and the market area's legislation.

Software and Embedded Solutions refer to product development services and technology solutions that allow the controlling of machines and equipment and enable their digital connectivity as part of the Internet of Things.

Technical Communication Solutions refer to the documentation of a product's technical attributes, such as manuals and service instructions for the users of a product, as well as related content management and distribution in print or digital form.

2023 EUR 1,000	Engineering Solutions	Software and Embedded Solutions	Technical Commu-nication Solutions	Reportable segments total	Eliminations and other	Total
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**

2022 EUR 1,000	Engineering Solutions	Software and Embedded Solutions	Technical Commu-nication Solutions	Reportable segments total	Eliminations and other	Total
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**

No customer represents 10% or more of the external revenue.

Reconciliation of Operating profit (EBITA) and Profit before taxes

EUR 1,000	2023	2022
Operating profit (EBITA)	**30,883**	**33,915**
Amortization on fair value adjustments at acquisitions	-5,344	-5,293
Operating profit (EBIT)	**25,540**	**28,622**
Financial income	803	1,044
Financial expenses	-5,537	-7,280
Profit before taxes	**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.

EUR 1,000	2023	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**

Disaggregation of revenue by geographical area is presented in note 7.

7. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue

The table below presents the disaggregation of revenue by geographical area and 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. Revenue by service area is presented in note 6.

EUR 1,000	2023	2022
Primary geographical location		
Finland	182,320	181,114
Scandinavia	87,306	88,346
Central Europe	80,222	68,242
China	10,104	12,468
Total	**359,951**	**350,170**
Timing of revenue recognition		
Transferred at a point in time	4,604	2,288
Transferred over time	355,347	347,882
Total	**359,951**	**350,170**

Assets and liabilities related to contracts with customers

The Group recognized the following contract assets and liabilities related to contracts with customers. For details on impairment loss allowance, please see note 4.1.4. Trade receivables are specified in note 24.

EUR 1,000	2023	2022
Contract assets (Work in progress)		
Work in progress Jan 1	30,181	26,810
Business combinations	2,255	785
Additions	338,158	304,791
Invoicing	-344,044	-301,957
Netting work in progress and advances received	4,139	-134
Other changes	-28	-114
Contract assets Dec 31	**30,661**	**30,181**
Contract liabilities (Advances received)		
Advances received Jan 1	2,856	3,891
Business combinations	1,306	0
Additions	54,837	45,904
Revenue recognized that was included in the contract liability at the beginning of the period	-57,411	-46,831
Netting work in progress and advances received	4,139	-134
Other changes	91	26
Contract liabilities Dec 31	**5,818**	**2,856**

8. OTHER OPERATING INCOME

EUR 1,000	2023	2022
Premeasurement of contingent considerations in business combinations	0	767
Covid compensations received	0	249
Rental income	124	376
Gain on disposal of tangible assets	150	3
Other operating income	1,467	1,430
Total	**1,742**	**2,826**

9. 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. These items are presented within the line items to which they best relate, and are not deducted from other items in the income statement. The amount of non-recurring items and the line items in which they are included are specified in the table below as additional information. Non-recurring items relate to acquisitions and restructuring.

EUR 1,000	2023	2022
Other operating income	0	767
Employee benefits expenses and other operating expenses	-1,717	-1,807
Operating profit (EBIT)	**-1,717**	**-1,040**
Financial income and expenses	0	-5,133
Profit for the financial year	**-1,717**	**-6,173**

10. MATERIALS AND SERVICES

EUR 1,000	2023	2022
Materials	11,924	9,010
Services from others	31,396	31,384
Total	**43,320**	**40,395**

11. NUMBER OF PERSONNEL AND EMPLOYEE BENEFITS EXPENSES

	2023	2022
Personnel		
Personnel at year-end	3,902	3,929
Personnel, average	3,949	3,936
Personnel by category		
Design personnel	3,690	3,710
Administrative personnel	212	219
Total	**3,902**	**3,929**

Specification of employee benefits expenses

EUR 1,000	2023	2022
Wages and salaries	189,820	184,926
Pension costs - defined contribution plans	20,949	21,318
Pension costs - defined benefit plans	244	212
Other indirect employee benefits expenses	22,682	21,366
Total	**233,696**	**227,823**

Compensation of the Board of Directors and top management are disclosed in note 32 Related party transactions.

Defined Employee Benefits

In Sweden and the Netherlands, a part of the pension arrangements are multi-employer defined benefit plans, which are secured through an insurance. The plans pool the assets contributed by various entities that are not under common control. The assets provide benefits to employees of more than one entity. Sufficient information for the calculation of obligations and asset by employer is not available from the insurers. Therefore, these plans are treated in accounting as defined contribution plans. Etteplan's share of the total premiums paid to the arrangement and the share of employees participating in the arrangements is minor. Total amount paid to the insurer in 2023 in Sweden was EUR 1,083 thousand (2022: EUR 1,248 thousand) and in the Netherlands EUR 961 thousand (2022: EUR 779 thousand). The payment level is not expected to change materially in the next financial period compared to the period under review.

Cognitas GmbH, acquired in 2022, has a defined benefit pension plan. Cognitas GmbH merged to Etteplan Germany GmbH and defined benefit plan also transferred to Etteplan Germany GmbH. The expenses related to the plan are recognized as described in note 2.11. The defined benefit pension plan is unfunded. The average duration of arrangement is approximately 15 years. The payments were in financial year 2023 EUR 0.3 million. The payments to be made under the plan in the financial year 2024 are expected to be approximately EUR 0.3 million.

Net defined benefit liability

EUR 1,000	2023	2022
Present value of funded obligations	5,069	4,897
Fair value of plan assets	0	0
Deficit/surplus	0	0
Net liability (+) / net asset (-)	**5,069**	**4,897**

Change in defined benefit obligation and plan assets

EUR 1,000	Present value of funded obligation
Jan 1, 2023	**4,897**
Current service cost	14
Interest cost or income	176
Actuarial gains (-) and losses (+) arising from changes in financial assumptions	214
Experience profits (-) or losses (+)	12
Contributions from plan participants	0
Benefits paid	-244
Dec 31, 2023	**5,069**

EUR 1,000	Present value of funded obligation
Jan 1, 2022	**0**
Acquisition of Cognitas GmbH Jan 13, 2022	6,902
Current service cost	26
Interest cost or income	76
Actuarial gains (-) and losses (+) arising from changes in financial assumptions	-1,701
Experience profits (-) or losses (+)	-168
Contributions from plan participants	0
Benefits paid	-238
Dec 31, 2022	**4,897**

Significant actuarial assumptions Dec 31

	2023	2022
Discount rate, %	3.3	3.7
Salary increases, %	2.0	2.0
Pension increases, %	2.0	2.0

The table below presents a sensitivity analysis of the most significant actuarial assumptions. The effect of change in each assumption is calculated expecting the other assumptions to remain unchanged. In reality, the changes in assumptions may correlate with each other.

Sensitivity of the defined benefit obligation to changes in the most significant assumptions

	Effect on obligation	
Change in assumption	2023	2022
Decrease of discount rate by 0.5 percentage points	increase of 5.74 per cent	increase of 5.74 per cent
Increase of discount rate by 0.5 percentage points	decrease of 5.23 per cent	decrease of 5.27 per cent
Increase in salaries by 0.5 percentage points	n.a	n.a
Increase in benefits by 0.5 percentage points	increase of 4.28 per cent	increase of 4.21 per cent

12. OTHER OPERATING EXPENSES

EUR 1,000	2023	2022
Software and telecommunication expenses	13,177	10,952
Travel expenses	6,519	5,245
Premises expenses	2,128	1,314
Epenses related to leases of low-value assets	1,575	1,181
Other personnel expenses	6,601	6,699
Change in credit loss allowance	232	86
Loss on disposals of fixed assets	20	0
Insurances	652	548
Costs related to acquisitions	104	297
Earn-out payments	197	0
Legal services	285	582
Other expenses	8,767	9,235
Total	**40,259**	**36,140**

13. AUDIT FEES

EUR 1,000	2023	2022
Auditing, KPMG-network	148	124
Auditor's statements based on laws and regulations, KPMG Oy Ab	5	7
Other services (tax services), KPMG Oy Ab	43	55
Other services (other services), KPMG-network	9	13
Total	**205**	**199**

14. FINANCIAL INCOME

EUR 1,000	2023	2022
Dividend income from investments	11	13
Interest income from investments	46	0
Interest income from loans and other receivables	487	100
Foreign exchange gain	259	931
Total	**803**	**1,044**

15. FINANCIAL EXPENSES

EUR 1,000	2023	2022
Interest on borrowings	3,860	1,150
Leasing interest expenses	695	407
Losses on foreign currency derivatives	0	4,878
Other foreign exchange loss	777	267
Other financial expenses	205	578
Total	**5,537**	**7,280**

In 2022, in connection with the Semcon public offer, the group took a currency hedge for hedging purposes to protect the possible purchase price from exchange rate fluctuations. The derivative was valued at its fair value before realization. However, the Semcon public offer were not fulfilled due to a competing purchase offer, and the currency hedge contract was already realized in the financial year, so at the time of the financial year end date, the group has no derivative contracts in effect. Therefore, IFRS 9 standard on hedge accounting has not been applied.

16. TRANSLATION DIFFERENCES RECOGNIZED IN INCOME STATEMENT

EUR 1,000	2023	2022
Foreign exchange gain included in financial income	259	931
Foreign exchange loss included in financial expenses	-777	-5,146
Total	**-518**	**-4,215**

17. INCOME TAXES

EUR 1,000	2023	2022
Tax on income from operations	-4,581	-4,978
Taxes for prior years	21	-1
Change in deferred tax asset	-467	-69
Change in deferred tax liability	869	812
Total	**-4,158**	**-4,235**

Reconciliation between income taxes in the income statement and the theoretical amount of tax that would arise using the Group's domestic tax rate (2023: 20.0%, 2022: 20.0%)

EUR 1,000	2023	2022
Accounting profit before tax	**20,805**	**22,386**
Theoretical amount of tax that would arise using the Group's domestic tax rate	-4,161	-4,477
Effect of different tax rates in Group companies	-168	616
Effect of change in tax rate on deferred taxes	0	-9
Calculated tax based on non-deductible items on unit's tax rate	-458	-526
Calculated tax based on non-taxable items on unit's tax rate	926	342
Taxes for prior years	21	-1
Use of previously unrecognized tax on confirmed losses	122	3
Use of recognized tax on confirmed losses	0	-36
Unrecognized tax on loss for the period	-439	-326
Other tax difference	0	179
Income tax expense	**-4,158**	**-4,235**

Tax charge (-) / credit (+) relating to components of other comprehensive income

2023	Before tax	Tax charge / credit	After tax
Change in fair value of equity investments at fair value through other comprehensive income	7	-1	5
Currency translation differences	-772	0	-772
Deferred tax on remeasurement of defined benefit	67	-67	0
Other comprehensive income for the year, net of tax	**-698**	**-69**	**-767**

2022	Before tax	Tax charge / credit	After tax
Change in fair value of equity investments at fair value through other comprehensive income	-37	7	-30
Currency translation differences	-4,229	0	-4,229
Deferred tax on remeasurement of defined benefit	1,942	-583	1,359
Other comprehensive income for the year, net of tax	**-2,324**	**-575**	**-2,899**

18. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the financial year attributable to equity holders of the parent company by the weighted average number of externally owned shares during the financial year. The shares to be paid out as rewards of the share-based incentive plan 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.

	2023	2022
Profit attributable to equity holders of the parent company (EUR 1,000)	16,647	18,151
Issue-adjusted weighted average number of shares (1,000 pcs) Jan 1	25,032	24,904
Effect of acquired own shares	-30	0
Effect of granted own shares	88	0
Effect of shares issued	0	128
Issue-adjusted weighted average number of shares (1,000 pcs) Dec 31	25,090	25,032
Basic earnings per share (EUR/share)	**0.66**	**0.73**
Diluted earnings per share (EUR/share)	**0.66**	**0.73**

19. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

EUR 1,000	2023	2022
Acquisition cost Jan 1	105,385	92,380
Translation difference	297	-2,466
Acquisition of subsidiaries (note 5)	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	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	13,951	3,116	58,953	8,229	266	84,515
Cumulative amortization Jan 1	-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	-12,603	-2,954	-31,165	-7,544	0	-54,264
Book value Dec 31	**1,349**	**162**	**27,788**	**686**	**266**	**30,250**

2022 EUR 1,000	Intangible rights	Internally created intangible assets	Fair value adjustments in acquisitions*	Leased software	Advance payments	Total
Acquisition cost Jan 1	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
Disposals	0	0	0	0	0	0
Reclassifications	200	86	0	0	-193	93
Acquisition cost Dec 31	13,175	3,060	56,374	7,698	89	80,396
Cumulative amortization Jan 1	-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
Disposals	0	0	0	0	0	0
Amortization for the financial year	-761	-178	-5,293	-996	0	-7,227
Cumulative amortization Dec 31	-12,004	-2,868	-25,753	-7,027	0	-47,652
Book value Dec 31	**1,171**	**192**	**30,621**	**672**	**89**	**32,745**

*Valuations of the fair value adjustments in acquisitions EUR 27,788 consist of acquired customer bases of EUR 27,478 thousand (EUR 30,182 thousand) and non-competition agreements of EUR 309 thousand (EUR 439 thousand).

20. TANGIBLE ASSETS

2023					Right-of-use assets		
EUR 1,000	Land and water	Buildings	Machinery and equipment	Other tangible assets	Machinery and equipment	Premises	Total
Acquisition cost Jan 1	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	0	0	-4	0	0	0	-5
Acquisition cost Dec 31	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 year	0	-16	-1,221	-116	-3,626	-7,240	-12,218
Cumulative depreciation Dec 31	0	0	-15,471	-1,604	-24,337	-36,759	-78,171
Book value Dec 31	**19**	**0**	**3,013**	**370**	**5,470**	**15,166**	**24,038**

2023					Right-of-use assets		
EUR 1,000	Land and water	Buildings	Machinery and equipment	Other tangible assets	Machinery and equipment	Premises	Total
Acquisition cost Jan 1	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	-861
Reclassifications	0	0	0	0	0	0	0
Acquisition cost Dec 31	19	495	17,417	1,834	26,011	45,059	90,837
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
Disposals	0	0	4	0	0	0	3
Depreciation for the financial year	0	-3	-1,133	-289	-3,443	-8,160	-13,028
Cumulative depreciation Dec 31	0	-25	-14,303	-1,491	-20,690	-29,519	-66,030
Book value Dec 31	**19**	**471**	**3,114**	**343**	**5,321**	**15,539**	**24,808**

Tangible and intangible 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**

The total cash outflow for leases in financial year 2023 was EUR 13,351 thousand (2022: EUR 13,986 thousand). Additional information on right-of-use assets and lease liabilities in note 2.14.

21. FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY

Financial assets 2023

EUR 1,000	Note	Amortized cost	Fair value through OCI	Book value total
Quoted and unquoted shares	21		2,376	**2,376**
Trade and other receivables	24	56,500		**56,500**
Cash and cash equivalents		23,442		**23,442**
Financial assets Dec 31		**79,942**	**2,376**	**82,318**

Financial liabilities 2023

EUR 1,000	Note	Amortized cost	Fair value through profit and loss	Book value total
Loans from financial institutions	27	65,180		**65,180**
Lease liabilities	27	21,404		**21,404**
Liabilities from acquisitions	5, 28		600	**600**
Trade and other payables	29	13,602		**13,602**
Financial liabilities Dec 31		**100,186**	**600**	**100,786**

Financial assets 2022

EUR 1,000	Note	Amortized cost	Fair value through OCI	Book value total
Quoted and unquoted shares	21		2,414	**2,414**
Trade and other receivables	24	57,994		**57,994**
Cash and cash equivalents		19,564		**19,564**
Financial assets Dec 31		**77,558**	**2,414**	**79,972**

Financial liabilities 2022

EUR 1,000	Note	Amortized cost	Fair value through profit and loss	Book value total
Loans from financial institutions	27	68,991		**68,991**
Lease liabilities	27	21,592		**21,592**
Liabilities from acquisitions	5, 28		52	**52**
Trade and other payables	29	14,235		**14,235**
Financial liabilities Dec 31		**104,818**	**52**	**104,870**

The fair values of financial instruments materially correspond to their book values.

Fair value hierarchy

The tables below analyze financial instruments carried at fair value, by valuation method. The different levels are 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 assets recognized at fair value through OCI (level 3) consists of an investment in Ekkono Solutions AB in the 2022 financial year, which is a Swedish start-up company developing machine learning and artificial intelligence technology. The investment supports Etteplan strategy and goal of bringing modern technology into Etteplan's service solutions. The valuation method for shares and loan receivables is based on completed transactions or the present value of discounted cash flows.

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**

Additional information regarding contingent liabilities in acquisitions is provided in note 5 Business combinations.

22. IMPAIRMENT TESTING

Goodwill is allocated to cash-generating units (CGUs) for determination of impairment. In impairment testing, the recoverable amount is defined as value-in-use. Value-in-use is defined as the discounted estimated future net cash flows generated by the asset or cash-generating unit.

The Group's management has defined the CGUs to be the three service areas in which the Group's operations are organized.

The impairment test is done in the fourth quarter after budgets for the next year were done and it is based on goodwill as per September 30. Cash flows after tax are based on budget figures for year one and financials approved by management for the next five-year period. The management makes estimations on the market demand and market environment, which are checked against external information sources. When defining the cash flow, attention is paid to anticipated price and margin development as well as costs, net working capital and investment needs. The management determines these based on past performance and expectations for market development.

The discount rate applied to cash flow projections is determined based on the post-tax weighted average cost of capital (WACC) that depicts the overall costs of shareholders' equity and liabilities. The discount rate is based on the weighted average of 30-year government bond rates in the countries where the CGUs operate. The bond rates are adjusted for the general market risk and the business risk of the CGUs.

The recoverable amount is compared with the book value of the cash-generating unit. An impairment loss is booked as cost in the income statement, if the recoverable amount is lower than the book value. No impairment loss has been booked during the financial year or the comparison year. No impairment losses have been recorded during the financial period or the comparison period.

Goodwill Sep 30

MEUR	2023	2022
Engineering Solutions	56.3	55.3
Software and Embedded Solutions	36.8	35.8
Technical Communication Solutions	15.3	15.4
Total	**108.5**	**106.5**

Key assumptions used for value-in-use calculations		
Aggregate growth percentage year 2-5	1.0%	1.0%
Growth rate after 5 years	2.0%	1.0%
Discount rate before tax		
Engineering Solutions	11.6%	11.5%
Software and Embedded Solutions	12.6%	11.7%
Technical Communication Solutions	11.8%	10.9%
Discount rate after tax		
Engineering Solutions	9.4%	9.1%
Software and Embedded Solutions	10.4%	9.5%
Technical Communication Solutions	9.5%	8.7%

The recoverable amount exceeds the book value as follows:

MEUR		
Engineering Solutions	127.1	122.6
Software and Embedded Solutions	55.6	63.5
Technical Communication Solutions	48.4	57.3
Total	**231.1**	**243.4**

Sensitivity analysis

In connection with impairment testing, sensitivity analyses were performed using the following variables:

- Zero growth in net sales
- Decrease of profitability (EBIT) by 4 percentage points
- Increase of discount rate by 4 percentage points

According to the management's understanding, realization of the variables used in the sensitivity analysis would not lead to impairment losses in cash-generating units.

23. INVENTORY

EUR 1,000	2023	2022
Inventory at the beginning of the financial year	635	376
Additions/Deductions	172	258
Total	**806**	**635**

24. TRADE AND OTHER RECEIVABLES

EUR 1,000	2023	2022
Trade receivables	55,115	55,169
Credit loss allowance	-85	-394
Other receivables	498	2,203
Prepayments and accrued income	5,620	5,428
Total	**61,148**	**62,405**

Main items included in prepayments and accrued income		
Interest receivables	46	0
Accruals of employee benefits expenses	116	53
Prepaid rents	713	497
Other prepayments and accrued income on expenses	4,745	4,877
Total	**5,620**	**5,428**

Analysis of receivables by currency		
EUR	41,832	41,028
SEK	14,052	14,286
CNY	2,288	3,321
PLN	514	1,094
DKK	1,775	2,504
Other currencies	688	171
Total	**61,148**	**62,405**

25. EQUITY

Shareholder's equity

Ohareholders' equity consists of share capital, share premium account, unrestricted equity fund, own shares, cumulative translation adjustment, other reserves and retained earnings.

Share premium account contains the emission gain from the original stock listing as well as funds raised in bonus issues. Unrestricted equity fund includes funds raised in share issues and decided to be recorded in the Unrestricted equity fund. Translation differences contain translation differences arising from the conversion of financial statements of foreign units and the foreign subsidiary net investment hedge. The aggregate amount of the net investment hedge (EUR 149 thousand) related to the Swedish unit is recorded in the profit and loss statement upon disposal of the unit. Other reserves include the fair value reserve, which consists of fair value adjustments of investments at fair value through other comprehensive income amounting to EUR 73 thousand (2022: EUR 103 thousand). The aggregate amount of fair value adjustments are recorded in Retained earnings upon disposal of the investments.

Share and share capital

Etteplan Oyj has one series of shares. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

The fully paid and registered share capital of the Company at the end of the financial year was EUR 5,000,000 and the number of shares was 25,200,793 (2022: 25,200,793). No changes in share capital occurred during the financial year. The Company has one series of shares. Each share entitles its holder to one vote in the shareholders' meeting and gives an equal right to dividends.

Shares are listed on Nasdaq Helsinki Ltd under the ETTE ticker. The share has no nominal value and there is no maximum number of shares. All issued shares are fully paid.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are canceled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the equity holders of the Parent Company.

The number of company-held shares at the end of the financial year was 100,921 (2022: 159,046). The Board of Directors' authorization to acquire and dispose own shares and to increase the share capital through a rights issue is disclosed in the Board of directors' review.

A liability is recognized for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

The Board of Directors has proposed to the Annual General Meeting a dividend of EUR 0.30 to be paid per share for the financial year 2023. For the financial year 2022 dividend of EUR 0.36 was paid.

26. SHARE-BASED PAYMENTS

Performance Share Plan 2020–2022

The Board of Directors of Etteplan Oyj resolved on February 5, 2020 to establish a new share-based incentive plan for the Group key personnel. The aim of the plan is to combine the objectives of the shareholders and the key personnel in order to increase the value of the Company, to commit the key personnel to the Company, and to offer them a competitive reward plan based on holding the Company shares. The plan included one earning period which included the calendar years 2020–2022. The earning period covered the same years as Etteplan's strategy update published in December 2019. The plan is in line with Etteplan's strategy and supports the achievement of the Company's financial targets. The earnings criteria were the Group's revenue increase and the development of Total Shareholder Return (TSR). The plan vested and the rewards were paid in April 2023.

Performance Share Plan 2023–2025

The Board of Directors of Etteplan Oyj resolved on April 19, 2023 to establish a new share-based incentive plan for the Group key personnel. The aim of the plan is to combine the objectives of the shareholders and the key personnel in order to increase the value of the Company, to commit the key personnel to the Company, and to offer them a competitive reward plan based on holding the Company shares. The plan includes one earning period which includes the calendar years 2023–2025. Approximately 37 people belong to the plan, including the Management Group of Etteplan. The reward is settled in shares, in addition to which Etteplan pays the taxes and tax-related fees related to the reward. The cash proportion of the payable reward corresponds to the value of the Shares, in the maximum. The reward corresponds to a maximum total of 300,000 shares including also the cash portion. The earnings criteria are the Group's revenue increase and the earnings per share development. The potential reward will be paid after the earning period depending on the achievement of the earning criteria and service condition. 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.

Plan	Performance Share Plan 2020–2022	Performance Share Plan 2023–2025	Total
Instrument	Performance Share Plan 2020-2022	Performance Share Plan 2023-2025	Tot/Wa
Initial amount, pcs*	195,000	150,000	345,000
Initial allocation date	5.2.2020	16.5.2023	
Vesting date	28.4.2023	30.4.2026	
Maximum contractual life, yrs	2.4	3	2.7
Remaining contractual life, yrs	0	2.3	1.2
Number of persons at the end of reporting year	0	37	
Payment method	Equity and cash	Equity and cash	

*The amounts are presented in net amount of shares. In addition Etteplan pays the taxes and tax-relates fees related to the potential reward. The cash proportion of the payable reward corresponds to the value of the Shares, in the maximum.

Changes during the period 2023	Performance Share Plan 2020–2022	Performance Share Plan 2023–2025	Total
1.1.2023			
Outstanding in the period*	85,131	0	**85,131**
Changes during period			
Granted*	2,994	140,500	**143,494**
Forfeited*	0	0	
Exercised*	88,125	0	**88,125**
31.12.2023			
Outstanding in the period*	0	140,500	**140,500**

*The amounts are presented in net amount of shares. In addition Etteplan pays the taxes and tax-relates fees related to the potential reward. The cash proportion of the payable reward corresponds to the value of the Shares, in the maximum.

Fair value determination

The fair value of share based incentives have been determined at grant date and the fair value is expensed until the end of the performance period. The pricing of the share based incentives granted during the period was determined by the following inputs and had the following effect:

Valuation parameters for instruments granted during period 2023

Instrument	Performance Share Plan 2023–2025
Share price at grant, €	16.45
Share price at reporting period end, €	13.8
Maturity, years	3
Risk-free rate, %	2.57
Expected dividends, €	1.47
Fair value per share, €	15.05

Effect of Share-based Incentives on the result and financial position during period

EUR 1,000	2023
Expenses for the financial year, share-based payments, €	2,819
Expenses for the financial year, share-based payments, equity-settled, €	1,040
Liabilities arising from share-based payments 31.12.2023, €	0
Estimated amount of cash to be paid for the tax withholding within the ongoing plans, €	0

Effect of Share-based Incentives on the result and financial position during period

EUR 1,000	2022
Expenses for the financial year, share-based payments, €	0
Expenses for the financial year, share-based payments, equity-settled, €	0
Liabilities arising from share-based payments 31.12.2022, €	2,383
Estimated amount of cash to be paid for the tax withholding within the ongoing plans, €	1,257

27. INTEREST-BEARING LIABILITIES

Loans from financial institutions

Analysis by currency

EUR 1,000	2023	2022
Non-current loans from financial institutions		
EUR	40,167	47,852
Total	**40,167**	**47,852**
Current loans from financial institutions		
EUR	24,720	19,720
CNY	293	1,419
Total	**25,012**	**21,139**

In addition Group has an undrawn loan of MEUR 9,0 on the balance sheet date.

Lease liabilities

Analysis by currency

EUR 1,000	2023	2022
Non-current lease liabilities		
EUR	5,481	6,355
SEK	2,427	1,766
CNY	183	357
PLN	429	0
DKK	41	0
Total	**8,560**	**8,478**
Current lease liabilities		
EUR	10,609	10,836
SEK	1,599	1,984
CNY	260	293
PLN	300	0
DKK	75	0
Total	**12,843**	**13,114**

28. OTHER NON-CURRENT LIABILITIES

EUR 1,000	2023	2022
Liability from acquisitions	500	0
Other non-current liabilities	26	33
Total	**526**	**33**

29. TRADE AND OTHER PAYABLES

EUR 1,000	2023	2022
Trade payables	13,576	14,209
Accrued liabilities	32,053	33,713
Tax payables	15,112	15,532
Liability from acquisitions	100	52
Other payables	8	2
Total	**60,849**	**63,508**
Main items included in accrued expenses and income		
Interest liabilities	573	307
Accrued employee benefits expenses	28,435	30,132
Other accrued expenses and income	3,045	3,274
Total	**32,053**	**33,713**
Analysis by currency		
EUR	45,668	46,266
SEK	12,282	12,942
CNY	853	1,913
PLN	1,510	1,344
DKK	474	954
Other	60	89
Total	**60,849**	**63,508**

30. DEFERRED TAXES

Deferred taxes 2023

Deferred tax assets

EUR 1,000	Jan 1, 2023	Translation difference	In income statement	In equity	Acquisitions	Dec 31, 2023
Confirmed loss	101	4	2	0	0	107
Leases						
Lease liabilities	787	0	-16	0	0	771
Right-of-use assets	-775	0	20	0	0	-755
Leases total	12	0	4	0	0	17
Share-based incentive plan	376	0	-376	0	0	0
Other timing differences	134	90	-97	0	0	126
Total	**622**	**95**	**-467**	**0**	**0**	**250**

Deferred tax liabilities

EUR 1,000	Jan 1, 2023	Translation difference	In income statement	In equity	Acquisitions	Dec 31, 2023
Discretionary provisions	1,656	13	257	0	0	1,926
Fair value adjustments in acquisitions	6,935	37	-1,219	0	686	6,438
Other timing differences	1,167	0	94	-75	0	1,186
Total	**9,758**	**50**	**-869**	**-75**	**686**	**9,550**

Deferred taxes 2022

Deferred tax assets

EUR 1,000	Jan 1, 2022	Translation difference	In income statement	In equity	Acquisitions	Dec 31, 2022
Confirmed loss	134	0	-34	0	0	101
Leases	12	0	0	0	0	12
Share-based incentive plan	345	0	31	0	0	376
Other timing differences	240	-40	-67	0	0	134
Total	**731**	**-40**	**-69**	**0**	**0**	**622**

Deferred tax liabilities

EUR 1,000	Jan 1, 2022	Translation difference	In income statement	In equity	Acquisitions	Dec 31, 2022
Discretionary provisions	1,282	-121	325	0	169	1,656
Fair value adjustments in acquisitions	5,596	-84	-1,199	0	2,622	6,935
Other timing differences	531	0	62	575	0	1,167
Total	**7,409**	**-204**	**-812**	**575**	**2,791**	**9,758**

At the end of the financial year the Group had gross losses carried forward of EUR 3,989 thousand (2022: EUR 2,705 thousand) of which a deferred tax asset has not been recognized. These losses are usable to offset future taxable gains a minimum of five years.

31. PLEDGES, MORTGAGES AND GUARANTEES

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

32. RELATED-PARTY TRANSACTIONS

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.

Group companies Dec 31, 2023

Company	Domicile	Group's / Parent company's holding
Parent company Etteplan Oyj	Espoo, Finland	
Etteplan Germany GmbH	Leverkusen, Germany	100% / 100%
Etteplan Deutschland GmbH	Neukirchen-Vlyun, Germany	100% / 0%
Etteplan Defense GmbH[1]	Koblenz, Germany	100% / 0%
LAE Engineering GmbH	Wiesloch, Germany	100% / 0%
LAE Anlagenbau GmbH	Cuxhaven, Germany	100% / 0%
Etteplan Finland Oy	Lahti, Finland	100% / 100%
Etteplan Poland sp.z.o.o.	Wroclaw, Poland	100% / 0%
Etteplan Sweden AB	Västerås, Sweden	100% / 100%
Etteplan Technology Center Ltd.	Kunshan, China	100% / 0%
Etteplan Consulting (Shanghai) Co., Ltd.	Shanghai, China	100% / 100%
Etteplan B.V.	Eindhoven, the Netherlands	100% / 100%
Etteplan Netherlands B.V.	Eindhoven, the Netherlands	100% / 0%
Etteplan USA Inc.	Austin (TX), USA	100% / 0%
Syncore technologies AB	Linköping, Sweden	100% / 100%
Etteplan Denmark A/S	Herlev, Denmark	100% / 100%
High Vision Engineering Sweden AB	Göteborg, Sweden	100% / 100%

[1] Company´s name changed 13th of January 2023 from F.I.T. Fahrzeug Ingenieurtechnik GmbH to Etteplan Defense GmbH.

The following group companies have been merged in 2023:

Company	Domicile	Merged to
Etteplan Tech Poland S.A.	Katowice, Poland	Etteplan Poland sp.z.o.o.
Cognitas GmbH	Ottobrunn, Germany	Etteplan Germany GmbH
Etteplan Engineering Solutions Netherlands B.V.	Eindhoven, the Netherlands	Etteplan Netherlands B.V.
MA3 solutions B.V.	Eindhoven, the Netherlands	Etteplan Netherlands B.V.
LCA Consulting Oy	Lappeenranta, Finland	Etteplan Finland Oy

The following transactions were carried out with related parties

EUR 1,000	2023	2022
Sales and purchases of services and related receivables and payables		
Sales of services to other related parties	42	30
Purchases of services from other related parties	37	36

Key management compensation

Key management of Etteplan Oyj includes the Board of Directors, CEO and Management Group.

Salaries, fees and fringe benefits paid to key management

EUR 1,000	2023	2022
Members of the Board		
Robert Ingman, Chairman of the Board	85	83
Matti Huttunen	45	44
Päivi Lindqvist	47	45
Leena Saarinen	46	46
Mikko Tepponen	43	43
Sonja Sarasvuo	32	0
Tomi Ristimäki	32	0
CEO and other members of the Management Group		
Juha Näkki, salaries and fees paid	1,567	749
Juha Näkki, statutory pension costs	112	124
Other members of the Management Group, salaries and fees paid	3,591	2,324
Other members of the Management Group, statutory pension costs	419	434
Management compensation total	**6,019***	**3,892**

* Fees paid to management in 2023 include nonrecurring payments of rewards of share-based incentive plans accumulated over years 2020-2023, of which EUR 1,175 thousand were share-based payments.

The Annual General Meeting annually resolves the remuneration for the members of the Board of Directors.

33. EVENTS AFTER THE BALANCE SHEET DATE

Etteplan, strengthened its market position in Denmark by acquiring STRONGIT on January 8, 2024, which focuses on product development solutions. The successful acquisition marks a continuation in Etteplan's strategic growth journey as it complements our expertise and further expands our international operations. STRONGIT employs a team of 13 highly qualified engineering professionals and a vast network of about 70 freelancers working across Copenhagen, Århus and Gråsten. In 2023, STRONGIT's revenue was approximately 13 million euros.

The initial accounting for this business combination is incomplete and therefore the other disclosures required by IFRS 3 standard cannot yet be made.

34. KEY FIGURES FOR FINANCIAL TRENDS

EUR 1,000	2023	2022	2021
Revenue	359,951	350,170	300,111
Change in revenue, %	2.80	16.7	15.6
Operating profit (EBITA)	30,883	33,915	30,139
% of revenue	8.6	9.7	10.0
Operating profit (EBIT)	25,540	28,622	25,754
% of revenue	7.1	8.2	8.6
Profit before taxes	20,805	22,386	24,867
% of revenue	5.8	6.4	8.3
Profit for the financial year	16,647	18,151	20,044
Return on equity, %	15.1	17.7	21.6
ROCE, %	13.3	15.9	16.0
Equity ratio, %	40.9	38.2	39.7
Gross investments	21,077	40,940	30,582
% of revenue	5.9	11.7	10.2
Net gearing, %	55.3	66.8	48.6
Personnel, average	3,949	3,936	3,480
Personnel at year end	3,902	3,929	3,629
Employee benefits expenses	233,736	227,823	197,596

35. KEY FIGURES FOR SHARES

	2023	2022	2021
Earnings per share, EUR	0.66	0.73	0.80
Equity per share, EUR	4.55	4.25	3.97
Dividend per share, EUR (Proposal by the Board of Directors)	0.30	0.36	0.40
Dividend per earnings per share, %	45	49	50
Effective dividend return, %	2.2	2.5	2.4
P/E-ratio, EUR	20.8	20.0	21.1
Share price, EUR:			
lowest	12.40	11.65	12.95
highest	18.65	18.75	19.45
average for the year	15.84	15.46	16.33
closing	13.80	14.60	16.90
Market capitalization, EUR 1,000	346,380	365,610	421,220
Number of shares traded, 1,000 pcs	384	518	1,540
Shares traded, %	2	2	6
Adjusted average number of externally owned shares during the financial year, 1,000 pcs	25,090	25,032	24,904
Adjusted number of externally owned shares at year end, 1,000 pcs	25,100	25,050	24,924

36. FORMULAS FOR THE KEY FIGURES

IFRS Key Figures

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

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

Non-IFRS Key Figures

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

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

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

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

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

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

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

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

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

Equity per share =
$$\frac{\text{Equity, total}}{\text{Adjusted number of shares at the end of the year}} \times 100$$

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

Dividend per share =
$$\frac{\text{Dividend for the financial year}}{\text{Adjusted number of shares during the financial year}}$$

Dividend as percentage of earnings =
$$\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$$

Effective dividend yield, % =
$$\frac{\text{Dividend per share}}{\text{Adjusted last traded share price}} \times 100$$

Price/earnings ratio (P/E) =
$$\frac{\text{Adjusted last traded share price}}{\text{Earnings per share}}$$

Share price trend = For each financial year, the adjusted low and high actual traded prices are given as well as the average price for the financial year adjusted for share issues.

Average price =
$$\frac{\text{Total turnover of shares in euros}}{\text{Number of shares traded during the financial year}}$$

Trend in share turnover, in volume and percentage figures = The trend in turnover of shares is given as the number of shares traded during the financial year and as the percentage of traded shares relative to issued stock during the year.

Parent Company's Financial Statements

PARENT COMPANY'S INCOME STATEMENT

EUR, financial period Jan 1–Dec 31 (FAS)	Note	2023	2022
Revenue	1	**18,863,945.10**	**17,992,393.03**
Other operating income	2	31,237.59	144,871.78
Staff costs	3	-5,800,734.65	-6,163,925.54
Depreciation and amortization	10, 11	-379,920.41	-451,578.11
Other operating expenses	5	-10,034,910.33	-13,557,723.87
Operating profit/loss		**2,679,617.30**	**-2,035,962.71**
Financial income and expenses	6, 7	12,580,472.23	-1,354,725.10
Profit/loss before appropriations and taxes		**15,260,089.53**	**-3,390,687.81**
Appropriations	8	15,129,171.74	14,922,315.44
Income taxes	9	-2,660,574.27	-2,158,396.50
Profit for the financial year		**27,728,687.00**	**9,373,231.13**

PARENT COMPANY'S BALANCE SHEET

EUR, Dec 31 (FAS)	Note	2023	2022
ASSETS			
Non-current assets			
Intangible assets	10	595,985.09	913,174.75
Tangible assets	11	159,891.69	180,319.30
Shares in group companies	12	158,690,119.73	156,916,843.53
Other investments	12	2,052,397.84	2,052,397.84
Non-current receivables	13	14,815,837.87	7,667,757.27
Non-current assets, total		**176,314,232.22**	**167,730,492.69**
Current assets			
Current receivables	14	21,610,629.06	21,286,525.70
Cash and cash equivalents	15	14,893,172.87	11,241,985.24
Current assets, total		**36,503,801.93**	**32,528,510.94**
TOTAL ASSETS		**212,818,034.15**	**200,259,003.63**

EUR, Dec 31 (FAS)	Note	2023	2022
EQUITY AND LIABILITIES			
Equity			
Share capital	16	5,000,000.00	5,000,000.00
Share premium account	16	6,701,187.41	6,701,187.41
Unrestricted equity fund	16	24,079,413.43	24,079,413.43
Own Shares	16	-1,718,906.02	-2,064,007.96
Retained earnings	16	28,254,785.78	27,688,036.68
Profit for the financial year	16	27,728,687.00	9,373,231.13
Equity, total		**90,045,167.60**	**70,777,860.69**
APPROPRIATIONS	17	**230,097.14**	**359,268.88**
Liabilities			
Non-current liabilities	18	39,850,000.00	47,500,000.00
Current liabilities	19	82,692,769.41	81,621,874.06
Liabilities, total		**122,542,769.41**	**129,121,874.06**
TOTAL EQUITY AND LIABILITIES		**212,818,034.15**	**200,259,003.63**

PARENT COMPANY'S CASH FLOW STATEMENTS

EUR, financial period Jan 1–Dec 31 (FAS)	2023	2022
OPERATING CASH FLOW		
Cash receipts from Group companies	18,350,710.68	18,155,530.23
Operating expenses paid	-17,960,437.50	-16,470,022.95
Operating cash flow before financial items and taxes	390,273.18	1,685,507.28
Interest and payment paid for financial expenses	-3,519,476.10	-987,642.08
Dividends and interest received	16,296,386.74	4,253,993.05
Income taxes paid	-2,156,377.20	-2,790,188.81
Operating cash flow (A)	**11,010,806.62**	**2,161,669.44**
INVESTING CASH FLOW		
Purchase of tangible and intangible assets	-75,121.14	-167,759.07
Acquisition of subsidiaries	-1,773,276.20	-22,951,411.44
Sale of subsidiaries	0.00	4,117,079.00
Purchase of investments	0.00	-2,032,813.73
Loans granted to Group companies	-7,800,000.00	-2,250,000.00
Loans granted to others	0.00	-962,757.27
Repayment of loans granted to Group companies	635,000.00	0.00
Change of internal bank account receivables	0.00	2,777,444.46
Investing cash flow (B)	**-9,013,397.34**	**-21,470,217.99**

EUR, financial period Jan 1–Dec 31 (FAS)	2023	2022
FINANCING CASH FLOW		
Purchase of own shares	-486,226.17	0.00
Issue of new current loans	0.00	12,587,886.33
Repayments of current loans*	-31,131,563.44	-31,833,642.74
Change of internal bank account liabilities	-1,124,657.45	-5,361,566.04
Issue of new non-current loans	28,500,000.00	28,000,000.00
Dividend paid	-9,015,028.92	-9,969,704.80
Group contribution	15,000,000.00	13,000,000.00
Financing cash flow (C)	**1,742,524.02**	**6,422,972.75**
Variation in cash (A+B+C) increase (+) / decrease (-)	**3,739,933.30**	**-12,885,575.80**
Assets at the beginning of the period	11,241,985.24	23,717,649.78
Exchange gains or losses on cash and cash equivalents	-88,745.67	409,846.80
Assets at the end of the period	14,893,172.87	11,241,920.78

* In the fiscal year of 2022, the item also includes a realized currency hedging loss of EUR 4.9 million.

Notes to the Financial Statements of the Parent Company

PARENT COMPANY'S ACCOUNTING POLICIES

The financial statements of the parent company, Etteplan Oyj, are prepared in accordance with Finnish accounting and company legislation (FAS).

Etteplan Oyj's revenue consists of software and management fees from Group companies.

Activated development costs

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use
- management intends to complete the software product and use or sell it
- there is an ability to use or sell the software product
- it can be demonstrated how the software product will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available, and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs, which are capitalized as part of the software product, include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures, that do not meet these criteria, are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Computer software development costs recognized as assets are amortized over their estimated useful lives.

Measurement of non-current assets

Non-current assets are capitalized in the balance sheet at historical cost less depreciation according to plan and possible impairment loss. Depreciation according to plan is based on the estimated useful life of the asset. Land areas are considered to have an unlimited useful life.

The useful lives of other non-current assets are:

software	5 years
computers	3 years
office furniture	5 to 10 years
renovation of premises	5 years
goodwill	5 to 10 years
internally created software	3 to 5 years

Maintenance and repair costs are expensed. Major basic improvement investments are capitalized and depreciated over their useful life. Capital gains and losses arising on the retirement and sale of non-current assets are included either in other operating income or under other operating expenses.

Income taxes

Taxes in the income statement include taxes based on taxable earnings for the financial period as well as corrections to taxes for previous periods. Taxes based on taxable earnings are calculated using the tax rate in force at the time of the financial statement.

Pension agreements

Pension security for the employees of the parent company is arranged with external pension insurance companies. Pension expenses are recorded as expenses in the year in which they are incurred.

Lease agreements

Contractual lease payments are expensed over the lease period.

Notes to the Income Statement, parent company

1. REVENUE

EUR	2023	2022
Finland	18,863,945.10	17,992,393.03

Revenue consists of software and management fees from Etteplan Group companies.

2. OTHER OPERATING INCOME

EUR	2023	2022
Other operating income	31,237.59	144,871.78
Total	**31,237.59**	**144,871.78**

3. NUMBER OF PERSONNEL AND STAFF COSTS

	2023	2022
Personnel		
Personnel at year-end	71	69
Personnel, average	69	69
Personnel by category		
Administration personnel	71	69
Total	**71**	**69**

EUR	2023	2022
Staff costs		
Wages and salaries	4,791,127.73	5,231,046.50
Pension costs - defined contribution plans	858,100.18	789,778.56
Other indirect employee costs	151,506.74	143,100.48
Total	**5,800,734.65**	**6,163,925.54**

Employee benefits of the Board of Directors and top management are disclosed in point *32 Related party transactions* of the notes to the consolidated financial statements.

4. AUDIT FEES

EUR	2023	2022
Auditing, KPMG Oy Ab	57,077.19	49,865.00
Auditor's statements based on laws and regulations, KPMG Oy Ab	5,177.72	7,220.00
Other services (tax services), KPMG Oy Ab	43,110.97	54,531.00
Other services (other services), KPMG Oy Ab	8,606.25	0.00
Total	**113,972.13**	**111,616.00**

5. OTHER OPERATING EXPENSES

EUR	2023	2022
Leasing and rents	1,618,145.34	1,897,367.41
IT costs	5,366,373.02	4,557,941.41
Services from Group companies	774,501.08	941,097.84
Loss on disposal of subsidiary shares	0.00	3,183,643.80
Other operating expenses	2,275,890.89	2,977,673.41
Total	**10,034,910.33**	**13,557,723.87**

During the fiscal year of 2022, the company has sold the shares of Etteplan Tech Poland s.a. to the subsidiary Etteplan Finland Oy. The sale of the shares resulted in a sales loss or EUR 3,184 thousand.

6. FINANCIAL INCOME

EUR	2023	2022
Intra-Group dividend income	15,773,375.58	4,205,452.42
Dividend and interest income from others	474,262.26	47,070.63
Interest and other financial income, Intra-Group	210,545.29	48,428.95
Foreign exchange changes	-52,227.00	428,618.28
Total	**16,405,956.13**	**4,729,570.28**

7. FINANCIAL EXPENSES

EUR	2023	2022
Intra-Group interest expense	932,433.24	140,342.02
Interest expense on borrowings from others	2,826,417.06	1,026,939.49
Foreign exchange loss	66,633.60	4,917,013.87
Total	**3,825,483.90**	**6,084,295.38**

The realized currency hedging loss related to the preparation of the Semcon deal, EUR 4.9 million, had a significant negative impact on financing items in the fiscal year of 2022.

8. APPROPRIATIONS

EUR	2023	2022
Group contributions received	15,000,000.00	15,000,000.00
Increase (-) / decrease (+) in depreciation in excess of plan	129,171.74	-77,684.56
Total	**15,129,171.74**	**14,922,315.44**

9. INCOME TAXES

EUR	2023	2022
Tax on income from operations	2,663,187.33	2,158,982.85
Tax corrections for previous accounting periods	-2,613.06	-586.35
Total	**2,660,574.27**	**2,158,396.50**

Notes to the Balance Sheet, parent company

10. INTANGIBLE ASSETS

2023 EUR	Intangible rights	Other intangible assets	Advance payments	Goodwill	Total
Acquisition cost Jan 1	5,821,961.67	153,010.00	0.00	2,499,728.53	8,474,700.20
Additions	12,912.62	0.00	0.00	0.00	12,912.62
Acquisition cost Dec 31	5,834,874.29	153,010.00	0.00	2,499,728.53	8,487,612.82
Cumulative amortization Jan 1	-5,457,821.64	-153,010.00	0.00	-1,950,693.81	-7,561,525.45
Amortization for the financial year	-118,021.23	0.00	0.00	-212,081.05	-330,102.28
Cumulative amortization Dec 31	-5,575,842.87	-153,010.00	0.00	-2,162,774.86	-7,891,627.73
Book value Dec 31	**259,031.42**	**0.00**	**0.00**	**336,953.67**	**595,985.09**

2022 EUR	Intangible rights	Other intangible assets	Advance payments	Goodwill	Total
Acquisition cost Jan 1	5,630,786.76	153,010.00	76,550.00	2,499,728.53	8,360,075.29
Additions	114,624.91	0.00	0.00	0.00	114,624.91
Reclassifications between items	76,550.00	0.00	-76,550.00	0.00	0.00
Acquisition cost Dec 31	5,821,961.67	153,010.00	0.00	2,499,728.53	8,474,700.20
Cumulative amortization Jan 1	-5,259,653.13	-153,010.00	0.00	-1,738,612.75	-7,151,275.88
Amortization for the financial year	-198,168.51	0.00	0.00	-212,081.06	-410,249.57
Cumulative amortization Dec 31	-5,457,821.64	-153,010.00	0.00	-1,950,693.81	-7,561,525.45
Book value Dec 31	**364,140.03**	**0.00**	**0.00**	**549,034.72**	**913,174.75**

11. TANGIBLE ASSETS

2023 EUR	Machinery and equipment	Other tangible assets	Total
Acquisition cost Jan 1	1,402,643.25	64,986.64	1,467,629.89
Additions	28,272.98	1,117.54	29,390.52
Acquisition cost Dec 31	1,430,916.23	66,104.18	1,497,020.41
Cumulative depreciation Jan 1	-1,229,024.95	-58,285.64	-1,287,310.59
Depreciation for the financial year	-47,834.45	-1,983.68	-49,818.13
Cumulative depreciation Dec 31	-1,276,859.40	-60,269.32	-1,337,128.72
Book value Dec 31	**154,056.83**	**5,834.86**	**159,891.69**

2022 EUR	Machinery and equipment	Other tangible assets	Total
Acquisition cost Jan 1	1,350,058.59	64,437.14	1,414,495.73
Additions	52,584.66	549.50	53,134.16
Acquisition cost Dec 31	1,402,643.25	64,986.64	1,467,629.89
Cumulative depreciation Jan 1	-1,189,597.08	-56,384.97	-1,245,982.05
Depreciation for the financial year	-39,427.87	-1,900.67	-41,328.54
Cumulative depreciation Dec 31	-1,229,024.95	-58,285.64	-1,287,310.59
Book value Dec 31	**173,618.30**	**6,701.00**	**180,319.30**

12. INVESTMENTS, PARENT COMPANY

2023 EUR	Shares in Group companies	Other investments	Total
Acquisition cost Jan 1	156,916,843.53	2,052,397.84	158,969,241.37
Increases	1,773,276.20	0.00	1,773,276.20
Acquisition cost Dec 31	158,690,119.73	2,052,397.84	160,742,517.57
Book value Dec 31	**158,690,119.73**	**2,052,397.84**	**160,742,517.57**

2022 EUR	Shares in Group companies	Other investments	Total
Acquisition cost Jan 1	140,104,233.19	19,584.11	140,123,817.30
Increases	24,880,515.14	2,032,813.73	26,913,328.87
Decreases	-8,067,904.80	0.00	-8,067,904.80
Acquisition cost Dec 31	156,916,843.53	2,052,397.84	158,969,241.37
Book value Dec 31	**156,916,843.53**	**2,052,397.84**	**158,969,241.37**

The parent company's direct holdings in Group companies are listed in point *32 Related party transactions* of the notes to the consolidated financial statements.

13. NON-CURRENT RECEIVABLES

EUR	2023	2022
Non-current receivables		
Loan receivables from Group companies	13,870,000.00	6,705,000.00
Loan receivables from Others	945,837.87	962,757.27
Non-current receivables, total	**14,815,837.87**	**7,667,757.27**

14. CURRENT RECEIVABLES

EUR	2023	2022
Current receivables from Group companies		
Trade receivables	2,691,972.66	2,192,259.74
Group contribution receivables	15,000,000.00	15,000,000.00
Other receivables	1,648,724.78	1,493,228.78
Current receivables from others		
Current prepayments and accrued income	2,017,219.81	1,845,011.90
Tax receivables	251,811.81	756,008.88
Other short-term receivables	900.00	16.40
Current receivables, total	**21,610,629.06**	**21,286,525.70**
Main items included in prepayments and accrued income		
Prepayments of IT costs	1,803,945.61	1,699,619.55
Other prepayments and accrued income on expenses	213,274.20	145,392.35
Total	**2,017,219.81**	**1,845,011.90**

15. CASH AND CASH EQUIVALENTS

EUR	2023	2022
Bank accounts and cash	14,893,172.87	11,241,985.24
Total	**14,893,172.87**	**11,241,985.24**

Cash and cash equivalents in the balance sheet correspond with the financial assets in the cash flow statement.

16. EQUITY

EUR	2023	2022
Restricted equity		
Share capital Jan 1	5,000,000.00	5,000,000.00
Share capital Dec 31	**5,000,000.00**	**5,000,000.00**
Share premium account Jan 1	6,701,187.41	6,701,187.41
Share premium account Dec 31	**6,701,187.41**	**6,701,187.41**
Restricted equity, total	**11,701,187.41**	**11,701,187.41**
Unrestricted equity		
Unrestricted equity fund Jan 1	24,079,413.43	22,150,309.73
Share issue	0.00	1,929,103.70
Unrestricted equity fund Dec 31	**24,079,413.43**	**24,079,413.43**
Treasury shares Jan 1	-2,064,007.96	-2,064,007.96
Additions	-486,226.17	0.00
Share-based incentive plan	831,328.11	0.00
Treasury shares Dec 31	**-1,718,906.02**	**-2,064,007.96**
Retained earnings Jan 1	37,061,267.81	37,657,741.48
Dividends paid	-9,015,028.92	-9,969,704.80
Share-based incentive plan	208,546.89	0.00
Retained earnings Dec 31	**28,254,785.78**	**27,688,036.68**
Profit for the financial year	**27,728,687.00**	**9,373,231.13**
Unrestricted equity total	**78,343,980.19**	**59,076,673.28**
Shareholders' equity, total	**90,045,167.60**	**70,777,860.69**
Distributable funds Dec 31		
Retained earnings	28,254,785.78	27,688,036.68
Treasury shares	-1,718,906.02	-2,064,007.96

EUR	2023	2022
Unrestricted equity fund	24,079,413.43	24,079,413.43
Profit for the financial year	27,728,687.00	9,373,231.13
Distributable funds Dec 31	**78,343,980.19**	**59,076,673.28**
Number of shares Jan 1	25,200,793	25,200,793
Number of shares Dec 31	**25,200,793**	**25,200,793**

Additional information regarding the shares is presented in point *25 Shares and share capital* of the notes to the consolidated financial statements.

17. ACCUMULATED APPROPRIATIONS

EUR	2023	2022
Depreciation in excess of plan	230,097.14	359,268.88
Total	**230,097.14**	**359,268.88**

18. NON-CURRENT LIABILITIES

EUR	2023	2022
Loans from financial institutions	39,850,000.00	47,500,000.00
Total	**39,850,000.00**	**47,500,000.00**

19. CURRENT LIABILITIES

EUR	2023	2022
Current liabilities to group companies		
Trade payables	150,486.60	112,095.42
Other payables	320.00	0.00
Internal bank account liabilities	54,215,022.60	55,339,680.05
Current liabilities to others		
Trade payables	913,752.82	1,693,188.72
Other liabilities	522,012.27	375,163.44
Accrued expenses	2,240,202.68	4,436,392.55
Accrued liability on acquisitions	0.00	32,818.00
Loans from financial institutions	24,650,972.44	19,632,535.88
Current liabilities total	**82,692,769.41**	**81,621,874.06**
Main items included in accrued expenses		
Interest liabilities	492,367.33	239,665.22
Accrued employee expenses	1,156,933.35	3,628,902.15
Other accrued expenses	590,902.00	567,825.18
Total	**2,240,202.68**	**4,436,392.55**

20. PLEDGED, MORTGAGES AND GUARANTEES

EUR	2023	2022
Guarantees given		
Other contingencies	319,557.04	319,557.04
Guarantees for Group companies	193,635.82	186,074.65
Finance Lease liabilities		
For payment in next financial year	2,513,389.19	2,500,609.19
For payment later	2,315,734.58	2,284,554.58
Operating Lease liabilities		
For payment in next financial year	442,520.00	596,800.00
For payment later	1,103,690.00	173,165.00
Credit limits		
Total credit limit available	8,253,064.17	6,615,668.18
Pledges, mortgages and guarantees total	**15,141,590.80**	**12,676,428.64**

Loan guarantees on behalf of subsidiaries

Etteplan Oyj has given a Parent Company guarantee totalling EUR 152 thousand for loans, of which EUR 0 is in use, for Etteplan Poland sp.z.o.o.

21. EVENTS AFTER THE BALANCE SHEET DATE

Etteplan, strengthened its market position in Denmark by acquiring STRONGIT on January 8, 2024, which focuses on product development solutions. The successful acquisition marks a continuation in Etteplan's strategic growth journey as it complements our expertise and further expands our international operations. STRONGIT employs a team of 13 highly qualified engineering professionals and a vast network of about 70 freelancers working across Copenhagen, Århus and Gråsten. In 2023, STRONGIT's revenue was approximately 13 million euros.

The initial accounting for this business combination is incomplete and therefore the other disclosures required by IFRS 3 standard cannot yet be made.

Shares and shareholders

SHARE CAPITAL AND SHARES

On December 31, 2022, Etteplan Oyj's share capital, entered in the Trade Register and paid in full, was EUR 5,000,000 and the number of shares was 25,200,793. The Company has one series of shares. Each share confers the right to one vote at the General Meeting and the same right to a dividend.

SHARE QUOTE

Etteplan's shares are listed on Nasdaq Helsinki Ltd's Mid Cap market capitalization Group in the Industrials sector under the ETTE ticker (FI0009008650).

SHARE PRICE TREND AND TURNOVER

The number of Etteplan Oyj shares traded in 2023 was 383,929 (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.

Etteplan Oyj and Lago Kapital Ltd have a market making agreement in compliance with the Liquidity Providing (LP) requirements issued by Nasdaq Helsinki Ltd. The liquidity providing in accordance with the agreement commenced on February 17, 2020. According to the agreement, Lago Kapital Ltd will provide Etteplan's share with bids and offers so that the maximum spread is 4 per cent, calculated from the bid quotation. Both the bid and offer side shall include a number of shares corresponding to the value of at least EUR 3,000. Lago Kapital Ltd undertakes to submit bids and offers for the share of Etteplan Oyj on the trading system maintained by Nasdaq Helsinki Ltd on each trading day for at least 85 per cent of the time of continuous trading. The market making agreement aims at increasing the share's liquidity and decreasing the share price volatility, thus facilitating trading for private investors in particular.

SHAREHOLDERS

At the end of 2023, the Company had 3,584 (3,696) registered shareholders. In total, 1,052,332 shares, or 4.176 (4.29) per cent of all shares, were nominee-registered.

FLAGGINGS

Etteplan Oyj received no flagging notices in 2023.

TREASURY 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 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. The Company does not currently have a share repurchase program in effect.

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.

OPTION RIGHTS

The Company does not currently have a share option program.

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.

BREAKDOWN OF SHAREHOLDINGS, DECEMBER 31, 2023

Breakdown of shareholdings by size class, December 31, 2023

Number of shares, pcs	Number of shareholders	Proportion of shareholders, %	Number of shares	Proportion of shares and votes, %
1-100	1,812	50.57	63,363	0.25
101-1,000	1,410	39.35	528,038	2.10
1,001-10,000	318	8.88	892,367	3.54
10,001-100,000	30	0.84	809,394	3.21
100,001-1,000,000	11	0.31	3,699,648	14.68
> 1,000,000	2	0.06	19,207,983	76.22
Total	**3,583**	**100.00**	**25,200,793**	**100.00**

Breakdown of shareholdings by owner group, December 31, 2023

Name of the sector	Number of shareholders	Number of shares	Proportion of shares and votes, %
National economy total (domestic sector)			
Companies	106	17,168,652	68.13
Financial and insurance institutions	22	2,950,970	11.71
Public sector entities	5	1,549,617	6.15
Households	3,414	2,419,034	9.60
Non-profit institutions	14	24,208	0.10
Foreigners	22	35,980	0.14
Nominee-registered shares		1,052,332	4.18
Total	**3,583**	**25,200,793**	**100.00**

Major shareholders, December 31, 2023

Nimi	Number of shares	Proportion of shares and votes, %
Ingman Group Oy Ab	16,670,000	66.15
Oy Fincorp Ab	2,537,983	10.07
Keskinäinen työeläkevakuutusyhtiö Varma	985,593	3.91
Tuori Klaus Tapani	309,134	1.23
Tuori Aino Mirjami	308,275	1.22
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	298,311	1.18
Keskinäinen Työeläkevakuutusyhtiö Elo	262,000	1.04
VAS Invest Oy	194,035	0.77
Sr Taaleritehdas Mikro Markka	154,048	0.61
OP-Suomi Pienyhtiöt	111,436	0.44
Näkki Juha Antti Ilmari	107,739	0.43
Etteplan Oyj	100,921	0.40
Ingman Robert	60,000	0.24
Kylänpää Osmo Olavi	53,200	0.21
Sr Säästöpankki Pienyhtiöt	49,241	0.20
Kurra Jorma	41,841	0.17
Mäkelä Esa Tapio	40,285	0.16
Fondita Equity Spice Sijoitusrahasto	36,002	0.14
Burmeister Dorrit Elisabeth	32,313	0.13
Hemholmen Oy Ab	31,200	0.12
Other shareholders	1,764,904	7.00
Nominee-registrated shares	1,052,332	4.18
Total	**25,200,793**	**100.00**

Board of Directors' dividend proposal

On December 31, 2023, the parent company's distributable shareholders' equity amounted to EUR 78.3 million, of which the net profit for the financial year was EUR 27.7 million.

The Board of Directors proposes that from the distributable funds at the disposal of the Annual General Meeting, a dividend of EUR 0.30 per share be paid on the Company's externally owned shares, for a maximum amount of EUR 7.6 million. Dividend will not be paid out to shares that are company-held on the record date of dividend payout, April 11, 2024.

No substantial changes have occurred in the financial position of the Company since the end of the financial year. The Company's liquidity is good and the Board of Directors judges that the proposed distribution of dividend will not endanger the Company's solvency.

It is proposed that the dividend be paid on April 18, 2024.

Espoo, February 8, 2024

Robert Ingman Chairman of the Board	Matti Huttunen Member of the Board	Päivi Lindqvist Member of the Board	
Leena Saarinen Member of the Board	Mikko Tepponen Member of the Board	Sonja Sarasvuo Member of the Board	Tomi Ristimäki Member of the Board
Juha Näkki CEO			

Auditor's Report

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

To the Annual General Meeting of Etteplan Oyj

Report on the Audit of the Financial Statements

OPINION

We have audited the financial statements of Etteplan Oyj (business identity code 0545456-2) for the year ended December 31, 2023. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Board of Directors.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 13 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

The Key Audit Matter	How the matter was addressed in the audit
Valuation of goodwill – Accounting Policies and Note 22 to the Consolidated Financial Statements	
▪ Goodwill, totaling EUR 109.7 million, has increased by EUR 4.4 million during the financial period as a result of acquisitions, and is a significant individual item in the consolidated balance sheet. ▪ Goodwill is tested for impairment when indicators of impairment exist, or at least annually. Goodwill impairment testing is conducted by comparing the carrying value with the recoverable amount using a discounted cash flow model. Estimating future cash flows underlying the impairment tests involves a significant element of management judgment, particularly in respect of growth in net sales, profitability and discount rates. ▪ Valuation of goodwill is considered a key audit matter due to the significant carrying value and high level of management judgement involved.	▪ We critically analyzed the management's assumptions that form the basis on which the cash flow projections for future years are prepared. ▪ We assessed the appropriateness of the discount rate used and the technical integrity of calculations as well as for comparison of the assumptions used to the market and industry-specific data. ▪ In addition, we assessed the adequacy of the sensitivity analyses and the appropriate presentation of notes related to impairment tests in the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in the audit
Revenue Recognition – Accounting Policies and Note 7 to the Consolidated Financial Statements	
▪ Revenue recognition consists mainly of revenue from rendering of services. Total revenue amounted to EUR 360.0 million. ▪ Revenue recognition is a key audit matter due to the significance of revenue when assessing the size of business, growth and profitability of Etteplan. Revenue recognition involves a risk of revenue being recognized in the incorrect period and at inaccurate amount due to related management estimates and large volumes of transaction data. ▪ For projects, where either a fixed price or a target price has been determined, revenue is recognized over time based on the percentage of completion method. The percentage of completion is determined as the proportion of actual costs to the total estimated project costs. Inaccurate cost estimates lead to erroneous revenue recognition.	▪ We evaluated the company's revenue recognition and accounting policies by reference to the principles of revenue recognition determined under IFRS. ▪ We tested the effectiveness of key internal controls in place over the completeness and accuracy of revenue. We also assessed the operative effectiveness of relevant IT systems for financial reporting purposes. ▪ We compared total revenue estimates to customer contracts for projects where revenue is recognized over time based on the project's percentage of completion. In addition, we analyzed working hours recorded for work in progress projects in comparison to total hours estimated by the management. We also considered the appropriateness of the process for updating estimated project costs and percentages of completion. ▪ In addition, we performed substantive audit procedures to evaluate the completeness and accuracy of revenue recorded and assessed the effect of other events which require management judgment.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER REPORTING REQUIREMENTS

Information on our audit engagement

KPMG Oy Ab was first appointed as auditors by the Annual General Meeting on April 4, 2017, and our appointment represents a total period of uninterrupted engagement of 7 years.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements or our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 28 February 2024

KPMG OY AB

Kim Järvi
Authorized Public Accountant, KHT

Investor information

Etteplan's shares are listed in Nasdaq Helsinki Ltd's Mid Cap market capitalization group in the Industrials sector under the ETTE ticker.

ETTEPLAN'S INVESTOR RELATIONS PRINCIPLES

According to the Disclosure Policy approved by Etteplan's Board of Directors, Etteplan is committed to active and open communication with all parties, regardless of whether the information in question is positive or negative for the Company. The Company's communications are transparent, credible, proactive and consistent under all circumstances. The principle is to be open, truthful and quick in all communications. The aim is to provide truthful, sufficient and up-to-date information on the Company's strategy, businesses, markets and financial situation to provide the capital markets with relevant information on Etteplan as an investment. Etteplan's Disclosure Policy is available on the Company's website at www.etteplan.com.

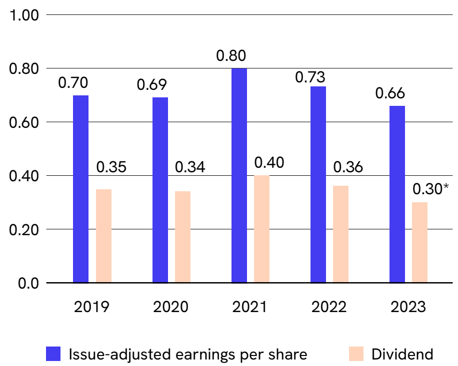
Investor relations are always part of the Company's other communications. Investor relations are based on the same core messages and values as the Company's other operations and communications. In all of its communications, Etteplan emphasizes consistency and a high standard of ethics and complies with the guidelines and regulations concerning listed companies.

A STABLE DIVIDEND PAYER

Etteplan's aim is to increase shareholder value and to be a stable dividend payer. The dividend has been approximately 50 per cent of earnings per share. 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 was paid to the shareholders registered on the record date, April 11, 2023, in the shareholders' register maintained by Euroclear Finland Ltd. The dividend was paid on April 18, 2023.

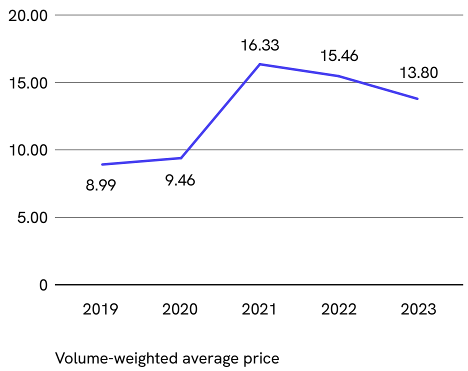
The Board of Directors proposes to the Annual General Meeting of April 9, 2024, that a dividend of EUR 0.30 per share be paid for the financial year 2023. If the Annual General Meeting approves the Board's proposal on the payment of dividend, the dividend shall be paid to the shareholders registered on the record date of the payment of dividend, April 11, 2024, in the shareholders' register maintained by Euroclear Finland Ltd. The dividend payment date proposed by the Board of Directors is April 18, 2024.

EARNINGS PER SHARE AND DIVIDEND



*Board's dividend proposal

SHARE PRICE DEVELOPMENT 2019–2023



OUTLOOK

Etteplan may issue estimates of its market outlook and the development of the Company's revenue and result in its Financial Statement Review, Half Year Financial Report and Interim Reports. Outlook statements are approved by Etteplan's Board of Directors. Etteplan does not publish quarterly forecasts. Future outlook statements and result estimates may be numerical or verbal and they may concern the development of revenue, the result, the balance sheet or cash flow. The estimates published by the Company are based on the views of future development at the time of publication and they are generally issued for the current financial year.

PERIODIC FLUCTUATION

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 in the third quarter is typically lower than that of other quarters. Only the key figures in the Financial Statements for the entire year provide an appropriate description of the Company's financial situation.

SILENT PERIOD

Etteplan observes a silent period of 30 days prior to the announcement of financial results. During this period, the Company's representatives do not meet or otherwise make contact with shareholders, investors, analysts, other market participants or the financial media. The Company's representatives do not comment on financial development, the market situation or the future outlook during the silent period. At other times, we are pleased to respond to inquiries and arrange meetings.

ANALYSTS FOLLOWING ETTEPLAN

Evli Bank Plc, Atte Jortikka, tel. +358 400 543 725
Inderes Oy, Juha Kinnunen, tel. +358 40 778 1368
Carnegie Investment Bank AB, Robin Nyberg, tel. +358 9 6187 1237

Upon request, the Company will review analyses or reports compiled by an analyst for factual errors, insofar as the reports and analyses are based on materials released by the Company. Etteplan does not comment on or take any responsibility for estimates or forecasts published by capital market representatives.

INVESTOR RELATIONS CONTACTS

Juha Näkki, President and CEO, tel. +358 10 307 2077
Helena Kukkonen, CFO, tel. +358 10 307 2003
Outi Torniainen, Senior Vice President, Communications and Marketing, tel. +358 10 307 3302

IMPORTANT DATES IN 2024

Financial Statement Review: February 8, 2024
Record date for participation in the General Meeting: March 26, 2024
Publication of the Financial Statements and Annual Review: week 12/2024 at the latest
Deadline for registration for the General Meeting: April 4, 2024 at 10 a.m.
Annual General Meeting 2024: Tuesday, April 9, 2024 at 1 p.m.
Record date for the payment of dividend: April 11, 2024
Dividend payment date: April 18, 2024
Interim Report for January–March 2024: May 8, 2024
Half Year Financial Report for January–June 2024: August 8, 2024
Interim Report for January–September 2024: October 31, 2024

Etteplan Oyj publishes its Annual Review and other financial reports and stock exchange releases in Finnish and English. Financial reports, webcasts of the announcement of financial results and releases are made available at www.etteplan.com immediately after their publication.

GENERAL MEETING OF SHAREHOLDERS

Etteplan Oyj's Annual General Meeting will be held on Tuesday, April 9, 2024, starting at 1 p.m. in Espoo, Finland at Innopoli 1 (Leonardo auditorium), Tekniikantie 12, 02150 Espoo. The invitation to the General Meeting of shareholders shall be published according to Etteplan Oyj's Articles of Association on the Company website www.etteplan.com.

Right to attend

Every shareholder who, on March 26, 2024, is registered as a shareholder on the list of shareholders maintained by Euroclear Finland Ltd has the right to participate in the Annual General Meeting.

Notification of attendees

To be able to participate in the Annual General Meeting, the shareholder must register for this no later than 10 a.m. on April 4, 2024 either by e-mail to registration@etteplan.com or by telephone at +358 10 307 3222. Shareholders may also register by sending a registration letter to Etteplan Oyj, Yhtiökokous 2024, Tekniikantie 4, 02150 Espoo, Finland. The letter must arrive before the registration deadline. Any proxy documents, identified and dated, must be delivered to the Company for inspection to the address mentioned above prior to the expiry of the registration period.

SHAREHOLDER REGISTER INFORMATION

Shareholders should notify the bank, brokerage firm or other account operator with which they have a bookentry securities account about changes in address or account numbers for the payment of dividends and other matters related to their holdings in the share.

etteplan

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