INTERIM REPORT
JANUARY-MARCH

2024/ Q1

The year started as expected

etteplan

ETTEPLAN Q1 2024: The year started as expected

KEY POINTS JANUARY-MARCH 2024

- The Group's revenue increased by 2.3 percent and was EUR 97.1 million (1-3/2023: EUR 95.0 million). At comparable exchange rates, revenue increased by 2.3 percent.
- Operating profit (EBITA) increased by 8.1 percent and was EUR 8.2 (7.6) million, or 8.4 (8.0) percent of revenue.
- Operating profit (EBIT) increased by 7.0 percent and was EUR 6.7 (6.3) million, or 6.9 (6.6) percent of revenue.
- Operating cash flow improved and was EUR 8.1 (7.2) million.
- Basic earnings per share were EUR 0.16 (0.17).

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

KEY FIGURES

EUR 1,000	1-3/2024	1-3/2023	1-12/2023
Revenue	97,118	94,954	359,951
Operating profit (EBITA)	8,185	7,569	30,883
EBITA, %	8.4	8.0	8.6
Operating profit (EBIT)	6,695	6,259	25,540
EBIT, %	6.9	6.6	7.1
Basic earnings per share, EUR	0.16	0.17	0.66
Equity ratio, %	39.2	39.7	40.9
Operating cash flow	8,056	7,179	35,571
ROCE, %	13.3	13.2	13.3
Personnel at end of the period	3,847	3,949	3,902

PRESIDENT AND CEO JUHA NÄKKI:

As expected, the year began in an expectant mood. Uncertainty caused by geopolitical tensions, high interest rates and our customers' declining orderbooks slowed our customers' decision-making on new investments, and the demand situation was difficult. Demand related to the defense industry, the energy industry and electrification remained at a high level, but the demand situation in other areas was weak.

Under the prevailing conditions, our operational efficiency was at a moderate level thanks to the implemented adaptation measures. We achieved a moderate result and our cash flow was strong. Revenue increased slightly, supported by acquisitions. During the review period, we acquired Strongit, which strengthens our market position in Denmark. Nevertheless, our organic revenue decreased, partly due to Easter and the related holidays falling in the review period.

We continued to develop the company and launched Etteplan's renewed brand and values during the review period. The company has developed and changed significantly over the past years. With the renewal, we aim to update our brand to reflect the company's current position as a leading global technology service company in its field and create opportunities for the company to develop further with the support of the renewed brand. During the review period, we also continued to invest in the development of our service offering, in which artificial intelligence plays a significant role. We implemented the first service solutions utilizing AI for our customers in the Technical Communication Solutions service area during the review period. The results are very promising, and we expect AI to create significant opportunities, both in terms of increasing value for customers and improving our internal efficiency.

The mood in the market remained expectant at the start of the second quarter, but the first signs of improved investment activity can generally be seen in the European markets. There are no corresponding signs in Finland as of yet. Nevertheless, the European Central Bank's comments regarding interest rate cuts have improved the mood in the market, and we expect that the potential interest rate cuts would have a significant stimulating impact on industrial investment. Investments typically start with product development, and we expect this to lead to a clear improvement in the demand situation during the latter part of the year.

MARKET OUTLOOK 2024

The most important factor affecting Etteplan’s business is the global development of the machinery and metal industry. The uncertainty caused by geopolitical tensions and high interest rates are still affecting our customers' willingness to invest and keeping the demand situation at a low level in certain customer industries. Investments related to the defense industry, energy efficiency and accelerating the green transition are still at a good level. The markets expect interest rates to decrease in 2024, which we believe will accelerate investments. We have seen first signs of market improvement in Europe, and we expect the demand situation to improve to a good level during the rest of the year.

FINANCIAL GUIDANCE 2024

Etteplan keeps its guidance for revenue and operating profit (EBIT) intact and issues the following estimate:

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

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

OPERATING ENVIRONMENT

The majority of Etteplan’s customers are industrial companies with several global megatrends currently influencing the development of their operating environment. For example, structural changes in the global economy, urbanization, climate change and sustainability are all influencing companies, national economies and people’s lives. In addition to these megatrends, the engineering industry is influenced primarily by three trends: digitalization, accelerating technological development and the growing need for highly competent employees. In particular, the application of artificial intelligence in various applications is accelerating. These trends are creating a need for intelligent and energy-efficient solutions in all industrial sectors.

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

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. The uncertainty, high interest rates and the declining orderbooks of our customers are affecting our customers' willingness to invest and keeping the demand situation at a low level in certain customer industries. Nevertheless, investments related to the defense industry, energy efficiency and accelerating the green transition are still at a good level. The markets expect interest rates to decrease in 2024, which we believe will accelerate investments. The first signs of improvement in the market have been seen in Europe, and we expect the demand situation to improve to a good level during the rest of the year.

DEVELOPMENT OF DEMAND BY CUSTOMER INDUSTRY

The elevated geopolitical tensions and the interest rate level affect demand in all customer industries. Customer-specific demand varies considerably. Demand in the Forest industry weakened slightly. Demand in the Energy industry was at a good level, as was demand in the Defense industry. In the Metal and Mining industry, demand weakened further. Demand in the ICT and Electronics industry was at a weak level. Demand in the Automotive industry was at a good level. Demand in the Chemical industry decreased slightly.

DEVELOPMENT OF DEMAND IN ETTEPLAN’S OPERATING COUNTRIES

Increased geopolitical tensions and the high interest rate level have increased uncertainty in all of our operating countries in Europe, which is still reflected in demand. However, in the first quarter of 2024, there have been indications of a slight improvement in market conditions in Europe. At the same time, there are no indications of positive development in Finland, and our customers' orderbooks are declining. Based on order development in late 2023, it is estimated that the revenue of technology industry companies in Finland will decrease. Geopolitical tensions have also increased uncertainty in China, as a result of which Western investments are at a low level, which affects Etteplan's demand.

REVENUE

The weakening of demand due to market uncertainty, the challenges in the operating environment and customers' slow decision-making affected the accrual of revenue during the review period. Easter falling in the end of the review period and the timing of holidays during the period under review also had an impact on revenue. Acquisitions increased revenue.

Etteplan’s revenue grew by 2.3 percent in January-March and was EUR 97.1 (1-3/2023: EUR 95.0 million). At comparable exchange rates, revenue increased by 2.3 percent. Organic revenue decreased by 3.8 percent. At comparable exchange rates, organic revenue decreased by 3.7 percent. Revenue from key accounts decreased in January-March by 7.6 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, High Vision Engineering Sweden AB starting from September 1, 2023, and Strongit ApS from January 1, 2024.

RESULT

The weakening of demand due to market uncertainty, the challenges in the operating environment and the customers' slow decision-making affected the result for the review period. In addition, expenses related to the brand renewal and the reassessment of certain other receivables weakened the result.

Operating profit (EBITA) increased by 8.1 percent in January-March and was EUR 8.2 (7.6) million, or 8.4 (8.0) percent of revenue.

Operating profit (EBIT) increased by 7.0 percent in January-March and was EUR 6.7 (6.3) million, or 6.9 (6.6) percent of revenue.

The combined effect of non-recurring items on operating profit (EBITA) and operating profit (EBIT) in January-March was EUR -0.2 (-0.9) 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 -1.1 (-0.7) million in January-March.

Profit before taxes for January-March was EUR 5.6 (5.6) million. Taxes in the income statement amounted to 29.6 (21.9) percent of the result before taxes. The higher tax rate was attributable to the tax accrual for the review period and an adjustment to the recognition of taxes in the previous financial year. The amount of taxes was EUR 1.7 (1.2) million.

The profit for January-March was EUR 4.0 (4.3) million.

Basic earnings per share were EUR 0.16 (0.17) in January-March. Equity per share was EUR 4.63 (4.39) at the end of March. Return on capital employed (ROCE) before taxes was 13.3 (13.2) percent in January-March.

CASH FLOW AND FINANCIAL POSITION

Operating cash flow improved and was EUR 8.1 (7.2) million in January-March. Cash flow after investments was EUR -3.3 (6.8) million in January-March. 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 28.1 (19.7) million at the end of March.

The Group's interest-bearing liabilities amounted to EUR 99.3 (85.7) million at the end of March. The amount of interest-bearing liabilities was affected by acquisitions made by the Group. Lease liabilities represented EUR 23.4 (20.4) million of interest-bearing liabilities.

The total of unused short-term credit facilities stood at EUR 14.0 (14.2) million.

Total assets on March 31, 2024, were EUR 301.0 (281.7) million. Goodwill on the balance sheet was EUR 113.9 (104.9) million.

At the end of March, the equity ratio was 39.2 (39.7) percent.

CAPITAL EXPENDITURE

The Group's gross investments in January-March were EUR 18.0 (2.9) million. The gross investments mainly consisted of acquisitions, increases in lease liabilities and equipment purchases.

PERSONNEL

The number of personnel stood at 3,847 (3,949) employees at the end of March 2024. The number of personnel decreased by 2.6 percent compared to the end of March 2023. Due to the unpredictable market situation, we have slowed down recruitment and implemented temporary layoffs during the review period. A total of 106 employees in Finland were temporarily laid off at the end of March 2024.

The Group employed 3,858 (3,937) people on average in January-March 2024.

The number of people employed by the Group outside of Finland decreased and stood at 1,947 (1,966) at the end of March. The proportion of people employed by the Group outside of Finland increased and was 51 (50) percent of the total number of employees.

BUSINESS REVIEW

Etteplan's board of directors decided on April 5, 2023, to continue the implementation of the *Increasing value for customers* strategy, established for 2020-2022, also during the strategy period 2023-2024. The implementation was delayed by the pandemic.

Financial targets for 2023-2024:

- Growth: revenue more than EUR 500 million
- International growth: the share of revenue coming from outside Finland is at least 55 percent
- Managed Services: the share of revenue from Managed Services is 75 percent (Managed Services Index, MSI)
- Profitability: operating profit (EBITA) over 10 percent of revenue

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. Artificial intelligence will have an impact on Etteplan's business, and the company launched an AI development program in 2023. We have now achieved the first concrete results of using AI in our business, and we will accelerate the implementation of development projects in all of our service areas and the company's support functions.

We published Etteplan's renewed brand and values at the beginning of 2024. The company has developed and changed over the years from a traditional engineering company to a modern technology service company. With the renewed brand, the company is being developed to reflect its current status as a leading global technology service company in its field.

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.

In January-March, revenue accumulated outside Finland amounted to EUR 50.9 (46.5) million, or 52 (49) percent of the Group's total revenue. Revenue from key accounts decreased in January-March by 7.6 percent.

The Chinese market slowed down further in the first 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 9.0 percent in January-March.

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 was 65 (66) percent in January-March. The decrease was mainly due to Strongit acquisition and the company's service model. 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 2023-2024

On January 8, 2024, Etteplan acquired Danish Strongit ApS, which is a technology service company focused on product development solutions. Strongit delivered its services with a team of 13 highly qualified engineering professionals and a network of around 70 freelancers in Copenhagen, Århus, and Gråsten in Denmark.

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.

DEVELOPMENT OF THE SERVICE AREAS

ENGINEERING SOLUTIONS

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

EUR 1,000	1-3/2024	1-3/2023	Change	1-12/2023
Revenue	52,301	51,711	1.1%	202,441
Operating profit (EBITA)	4,697	4,934	-4.8%	19,940
EBITA, %	9.0	9.5		9.8
Managed Services index	65	64		66
Personnel at end of the period	2,145	2,152	-0.3%	2,190

The figures for LAE Engineering GmbH, acquired in July 2023, are included in the service area’s figures starting from July 1, 2023.

The share of Etteplan’s revenue represented by Engineering Solutions in January-March was 54 (54) percent.

The service area’s revenue increased by 1.1 percent in January-March and was EUR 52.3 (51.7) million.

The operating profit (EBITA) of Engineering Solutions decreased in January-March and amounted to EUR 4.7 (4.9) million, or 9.0 (9.5) percent of revenue.

The demand for customers’ delivery related project engineering remained fairly weak during the review period, and we had to implement certain adaptation measures. Demand slowed particularly in Finland and Germany. With the exception of Germany, operational efficiency was at a good level and the service area's result was good. Our service offering has proven its strength even in an uncertain market situation, and we have won several outsourcing contracts. After the review period, we signed a partnership agreement with Škoda Transtech, and 21 employees joined Etteplan as existing employees.

The Engineering Solutions service area had 2,145 (2,152) employees at the end of March.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, was 65 (64) percent in January-March.

SOFTWARE AND EMBEDDED SOLUTIONS

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

EUR 1,000	1-3/2024	1-3/2023	Change	1-12/2023
Revenue	26,268	23,865	10.1%	86,886
Operating profit (EBITA)	2,384	1,631	46.2%	6,924
EBITA, %	9.1	6.8		8.0
Managed Services index	47	53		54
Personnel at end of the period	707	761	-7.1%	704

The figures for High Vision Engineering Sweden AB, acquired in September 2023, are included in the service area's figures starting from September 1, 2023.

The share of the Group’s total revenue represented by Software and Embedded Solutions was 27 (26) percent in January-March.

The service area’s revenue increased by 10.1 percent in January-March and was EUR 26.3 (23.9) million. Growth was driven by acquisitions.

The operating profit (EBITA) of Software and Embedded Solutions increased in January-March by 46.2 percent and came to EUR 2.4 (1.6) million. Profitability improved and operating profit was 9.1 (6.8) percent of revenue.

The market situation in the Software and Embedded Solutions service area remained weak. Customers’ decision-making was cautious, which affected the demand for product development projects. Software and system development were slow to get started, but we were able to take advantage of our global service model, which improved our competitiveness in the difficult market situation. However, we had to implement certain adaptation measures during the review period, which improved operational efficiency, and the service area's profitability was at a moderate level. Profitability was negatively affected by the reassessment of certain other receivables.

The number of personnel in the Software and Embedded Solutions service area decreased and stood at 707 (761) at the end of March. In addition to our own personnel, we currently have about 300 (200) subcontractors and partners. The acquisition of Strongit contributed to the increase in the number of subcontractors.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, was 47 (53) percent in January-March. The decrease was mainly due to Strongit acquisition and the company’s service model.

The Strongit acquisition completed in 2024 marks the continuation of Etteplan’s strategic growth journey as it complements the company's product development expertise in Software and Embedded Solutions and further expands Etteplan's international operations. The integration of the company into Etteplan is progressing as planned.

TECHNICAL COMMUNICATION SOLUTIONS

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

EUR 1,000	1-3/2024	1-3/2023	Change	1-12/2023
Revenue	18,472	19,178	-3.7%	69,965
Operating profit (EBITA)	1,353	1,160	16.6%	4,946
EBITA, %	7.3	6.1		7.1
Managed Services index	89	89		89
Personnel at end of the period	832	875	-4.9%	842

The share of the Group’s total revenue represented by Technical Communication Solutions was 19 (20) percent in January-March.

The Technical Communication Solutions service area’s demand situation weakened further as customer delivery volumes declined, and revenue decreased by 3.7 percent in January-March, amounting to EUR 18.5 (19.2) million.

The Technical Communication Solutions service area’s operating profit (EBITA) increased in January-March and came to EUR 1.4 (1.2) million. Profitability improved to 7.3 (6.1) percent of revenue.

The service area's operational efficiency and profitability were at a moderate level in the first quarter relative to the market situation. We implemented measures during the review period to improve the service area's operational efficiency and profitability.

Our offering in the service area has proven its strength even in an uncertain market situation, and interest in outsourcing solutions has increased. Artificial intelligence will have a significant impact on the service area. We have continued to develop AI solutions as part of our service offering and have implemented our first customer projects that make use of AI. The results achieved with AI are promising and we will continue our development efforts.

The Technical Communication Solutions service area had 832 (875) employees at the end of March.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, was 89 (89) percent in January-March.

GOVERNANCE

GENERAL MEETING

The Annual General Meeting of Etteplan Oyj was held on April 9, 2024. 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 2023.

The Annual General Meeting resolved, in accordance with the proposal of the Board of Directors, to pay a dividend of EUR 0.30 per share for the financial year 2023 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 of the payment of dividend was April 11, 2024, and the dividend was paid on April 18, 2024.

In accordance with the proposal of the Nomination and Remuneration Committee of the Board of Directors, the Annual General Meeting resolved that the Board of Directors shall consist of six (6) members. In accordance with the proposal of the Nomination and Remuneration Committee of the Board of Directors, the Annual General Meeting resolved on the remuneration of the members of the Board of Directors, the Chairman of the Board as well as the Chairman 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, Tomi Ristimäki, Sonja Sarasvuo and Mikko Tepponen as 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 the Chairman and Tomi Ristimäki and Sonja Sarasvuo as members of the Audit Committee of Etteplan Oyj.

BOARD AUTHORIZATIONS

The Annual General Meeting held on April 9, 2024, authorized 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 eighteen (18) months from the date of the resolution of the Annual General Meeting starting on April 9, 2024, and ending on October 8, 2025. The authorization replaces the corresponding previous authorization.

The Annual General Meeting held on April 9, 2024, authorized 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 eighteen (18) months from the date of the resolution of the Annual General Meeting starting on April 9, 2024, and ending on October 8, 2025. The authorization replaces the corresponding previous authorization.

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 March 31, 2024, 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-March was 70,386 (1-3/2023: 78,310), for a total value of EUR 0.94 (1.16) million. The share price low was EUR 12.65, the high EUR 14.35, the average EUR 13.34 and the closing price EUR 13.50. Market capitalization on March 31, 2023, was EUR 388.85 (388.15) million. On March 31, 2024, Etteplan had 3,556 (3,678) shareholders.

OWN SHARES

Etteplan did not purchase any of its own shares in January-March 2024. The company held 100,921 of its own shares at the end of March 2024 (March 31, 2023: 159,046), corresponding to 0.40 percent of all shares and voting rights.

FLAGGINGS

Etteplan Oyj received no flagging notices in January-March 2024.

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

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

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

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

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

OPERATING RISKS AND UNCERTAINTY FACTORS

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

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

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

ETTEPLAN'S ANNUAL REPORT 2023, REMUNERATION REPORT, CORPORATE GOVERNANCE STATEMENT AND STATEMENT OF NON-FINANCIAL INFORMATION

Etteplan has published a Remuneration Report, Corporate Governance Statement and Statement of non-financial information separately from the Board of Directors' Review. Etteplan has also published its Annual Report for 2023, consisting of two parts. Our Annual Review called Smarter together introduces our strategy and operations. It also includes a sustainability report, which is prepared in accordance with GRI Standards. The Financial Review 2023 includes the financial statements and other investor information. We published our financial statements also in the European Single Electronic Format (ESEF). The reports and statements are available on Etteplan's website at www.etteplan.com.

ETTEPLAN OYJ'S UPDATED REMUNERATION POLICY PUBLISHED

Etteplan Oyj has published its updated Remuneration policy. The updated policy clarifies and describes the reward strategy principles and targets related to, i.e., the company's growth, strategy and sustainability agenda. The Remuneration policy has been published on the company's website www.etteplan.com. The Remuneration policy is available in Finnish and in English.

EVENTS AFTER THE REVIEW PERIOD

26.4.2024 REGISTRATION OF ETTEPLAN OYJ'S NEW SHARES WITH THE TRADE REGISTER AND INTO BOOK-ENTRY SYSTEM

Etteplan Oyj's 150, 000 new shares subscribed in the directed share issue have been registered with the Trade Register on April 26, 2024 and will be entered into the book-entry system kept by Euroclear Finland Ltd without delay, at the latest on May 10, 2024.

The Directed Share Issue is related to the acquisition of Strongit ApS. The stock exchange release concerning the acquisition and the key terms and conditions of thereto related directed share issue was published on January 8, 2024.

Following the registration of the new shares, the total number of shares in Etteplan Oyj is 25, 350, 793.

The trading with the new shares is possible only after three years when the lock-up period is no longer valid.

FINANCIAL DISCLOSURES IN 2024

Half Year Financial Report for January-June 2024: Thursday, August 8, 2024
Interim Report for January-September 2024: Thursday, October 31, 2024

Espoo, May 8, 2024

Etteplan Oyj

Board of Directors

Additional information:
Juha Näkki, President and CEO, tel. +358 10 307 2077
Outi Torniainen, SVP, Marketing and Communications, tel. +358 10 307 3302

The information presented herein has not been audited.
Releases and other corporate information are available on Etteplan's Web site at www.etteplan.com.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	1-3/2024	1-3/2023	1-12/2023
Revenue	**97,118**	**94,954**	**359,951**
Other operating income	118	281	1,742
Materials and services	-13,389	-10,145	-43,320
Employee benefits expenses	-61,812	-64,163	-233,736
Other operating expenses	-10,469	-9,968	-40,259
Depreciation and amortization	-4,871	-4,700	-18,839
Operating profit (EBIT)	**6,695**	**6,259**	**25,540**
Financial income	216	228	803
Financial expenses	-1,303	-933	-5,537
Profit before taxes	**5,609**	**5,554**	**20,805**
Income taxes	-1,659	-1,217	-4,158
Profit for the review period	**3,950**	**4,337**	**16,647**
Other comprehensive income, that may be reclassified to profit or loss			
Currency translation differences	-1,808	-772	787
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	2	5	-30
Remeasurement of defined benefit plan	0	0	-157
Other comprehensive income, net of tax	**-1,806**	**-767**	**599**
Total comprehensive income for the review period	**2,144**	**3,570**	**17,246**
Profit for the review period attributable to			
Equity holders of the parent company	3,950	4,337	16,647
Total comprehensive income for the review period attributable to			
Equity holders of the parent company	2,144	3,570	17,246
Earnings per share calculated from the profit attributable to equity holders of the parent company			
Basic earnings per share, EUR	0.16	0.17	0.66
Diluted earnings per share, EUR	0.16	0.17	0.66

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR 1,000	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
ASSETS			
Non-current assets			
Goodwill	113,942	104,934	109,737
Other intangible assets	34,467	31,128	30,250
Tangible assets	25,872	23,807	24,038
Investments at fair value through other comprehensive income	2,378	2,420	2,376
Other non-current receivables	937	964	973
Deferred tax assets	214	652	250
Non-current assets, total	**177,810**	**163,905**	**167,624**
Current assets			
Inventory	665	707	806
Work in progress	36,479	37,514	30,662
Trade and other receivables	57,223	58,637	61,148
Current tax assets	672	1,262	933
Cash and cash equivalents	28,107	19,688	23,442
Current assets, total	**123,146**	**117,809**	**116,991**
TOTAL ASSETS	**300,956**	**281,714**	**284,615**
EQUITY AND LIABILITIES			
Equity			
Share capital	5,000	5,000	5,000
Share premium account	6,701	6,701	6,701
Unrestricted equity fund	23,966	23,966	23,966
Own shares	-1,719	-898	-1,719
Cumulative translation adjustment	-8,722	-8,474	-6,915
Other reserves	75	109	73
Retained earnings	90,934	83,638	86,984
Equity, total	**116,235**	**110,042**	**114,091**
Non-current liabilities			
Deferred tax liabilities	10,401	9,451	9,550
Loans from financial institutions	46,656	46,350	40,167
Lease liabilities	8,504	8,507	8,560
Defined benefit pension liability	5,047	4,893	5,069
Other non-current liabilities	541	33	526
Non-current liabilities, total	**71,149**	**69,234**	**63,873**
Current liabilities			
Loans from financial institutions	29,308	18,924	25,012
Lease liabilities	14,858	11,914	12,843
Advances received	4,109	4,611	5,818
Trade and other payables	63,313	64,572	60,849
Current income tax liabilities	1,985	2,417	2,128
Current liabilities, total	**113,573**	**102,438**	**106,651**
Liabilities, total	**184,721**	**171,672**	**170,524**
TOTAL EQUITY AND LIABILITIES	**300,956**	**281,714**	**284,615**

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1,000	1-3/2024	1-3/2023	1-12/2023
Operating cash flow			
Cash receipts from customers	95,725	94,140	366,970
Operating expenses paid	-85,439	-84,411	-322,517
Operating cash flow before financial items and taxes	**10,286**	**9,730**	**44,454**
Interests and other payments for financial expenses	-633	-486	-4,540
Interest received	163	65	496
Income taxes paid	-1,760	-2,129	-4,839
Operating cash flow (A)	**8,056**	**7,179**	**35,571**
Investing cash flow			
Purchase of tangible and intangible assets	-443	-427	-2,067
Acquisition of subsidiaries, net of cash acquired	-10,914	0	-5,496
Proceeds from sale of tangible and intangible assets	33	1	675
Investing cash flow (B)	**-11,324**	**-427**	**-6,888**
Cash flow after investments (A+B)	**-3,269**	**6,753**	**28,683**
Financing cash flow			
Purchase of own shares	0	0	-486
Proceeds from loans	12,309	86	28,583
Repayments of loans	-1,526	-3,788	-32,332
Payment of lease liabilities	-2,965	-2,972	-11,576
Dividend paid	0	0	-9,015
Financing cash flow (C)	**7,818**	**-6,673**	**-24,826**
Variation in cash (A+B+C) increase (+) / decrease (-)	**4,549**	**79**	**3,857**
Assets at the beginning of the period	23,442	19,564	19,564
Exchange gains or losses	115	45	21
Assets at the end of the period	28,107	19,688	23,442

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Legends for table columns

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

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

EUR 1,000	A	B	C	D	E	F	G	H
Equity Jan 1, 2024	**5,000**	**6,701**	**23,966**	**73**	**-1,719**	**-6,915**	**86,984**	**114,091**
Comprehensive income								
Profit for the review period	0	0	0	0	0	0	3,950	3,950
Other comprehensive income								
Change in fair value of equity investments at fair value through other comprehensive income	0	0	0	2	0	0	0	2
Cumulative translation adjustment	0	0	0	0	0	-1,808	0	-1,808
Other comprehensive income, net of tax	**0**	**0**	**0**	**2**	**0**	**-1,808**	**0**	**-1,806**
Total comprehensive income for the review period	**0**	**0**	**0**	**2**	**0**	**-1,808**	**3,950**	**2,144**
Equity Mar 31, 2024	**5,000**	**6,701**	**23,966**	**75**	**-1,719**	**-8,722**	**90,934**	**116,235**

EUR 1,000	A	B	C	D	E	F	G	H
Equity Jan 1, 2023	**5,000**	**6,701**	**23,966**	**103**	**-1,059**	**-7,702**	**79,302**	**106,311**
Comprehensive income								
Profit for the review period	0	0	0	0	0	0	4,337	4,337
Other comprehensive income								
Change in fair value of equity investments at fair value through other comprehensive income	0	0	0	5	0	0	0	5
Cumulative translation adjustment	0	0	0	0	0	-772	0	-772
Other comprehensive income, net of tax	**0**	**0**	**0**	**5**	**0**	**-772**	**0**	**-767**
Total comprehensive income for the review period	**0**	**0**	**0**	**5**	**0**	**-772**	**4,337**	**3,570**
Transactions with owners								
Share-based incentive plan	0	0	0	0	161	0	0	161
Transactions with owners, total	**0**	**0**	**0**	**0**	**161**	**0**	**0**	**161**
Equity Mar 31, 2023	**5,000**	**6,701**	**23,966**	**109**	**-898**	**-8,474**	**83,638**	**110,042**

NOTES

GENERAL

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

In 2023, Etteplan had a turnover of approximately EUR 360 million. The company currently has some 4,000 professionals in Finland, Sweden, the Netherlands, Germany, Poland, Denmark and China. Etteplan's shares are listed on Nasdaq Helsinki Ltd under the ETTE ticker.

Etteplan Oyj's Board of Directors has approved this Interim Report for publication at its meeting on May 8, 2024.

BASIS FOR PREPARATION

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

This Interim Report has not been prepared in accordance with all the requirements in IAS 34 (Interim Financial Reporting) standard. The Financial Statement Release has been prepared according to the recognition and valuation principles presented in the 2023 Annual Financial Statements.

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

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

The key sources of estimation uncertainty, as well as areas requiring judgment-based decisions, were the same as those that applied to the 2023 consolidated financial statements.

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

KEY FIGURES

EUR 1,000	1-3/2024	1-3/2023	1-12/2023	Change
Revenue	97,118	94,954	359,951	2.3%
Operating profit (EBITA)	8,185	7,569	30,883	8.1%
EBITA, %	8.4	8.0	8.6	
Operating profit (EBIT)	6,695	6,259	25,540	7.0%
EBIT, %	6.9	6.6	7.1	
Profit before taxes	5,609	5,554	20,805	1.0%
Profit before taxes, %	5.8	5.8	5.8	
Return on equity, %	13.7	16.0	15.1	
ROCE, %	13.3	13.2	13.3	
Equity ratio, %	39.2	39.7	40.9	
Gross interest-bearing debt	99,326	85,695	86,583	15.9%
Net gearing, %	61.3	60.0	55.3	
Balance sheet, total	300,956	281,714	284,615	6.8%
Gross investments	17,958	2,893	21,077	520.7%
Operating cash flow	8,056	7,179	35,571	12.2%
Basic earnings per share, EUR	0.16	0.17	0.66	-5.9%
Diluted earnings per share, EUR	0.16	0.17	0.66	-5.9%
Equity per share, EUR	4.63	4.39	4.55	5.4%
Personnel, average	3,858	3,937	3,949	-2.0%
Personnel at end of the period	3,847	3,949	3,902	-2.6%

REVENUE

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

EUR 1,000	1-3/2024	1-3/2023	1-12/2023
Primary geographical location			
Finland	46,265	48,496	182,320
Scandinavia	27,307	23,959	87,306
Central Europe	21,414	19,826	80,222
China	2,132	2,673	10,104
Total	**97,118**	**94,954**	**359,951**
Timing of revenue recognition			
Transferred at a point in time	1,137	691	4,604
Transferred over time	95,980	94,263	355,347
Total	**97,118**	**94,954**	**359,951**

NON-RECURRING ITEMS

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

EUR 1,000	1-3/2024	1-3/2023	1-12/2023
Employee benefits expenses and other operating expenses	-228	-911	-1,717
Operating profit (EBIT)	**-228**	**-911**	**-1,717**
Profit for the review period	**-228**	**-911**	**-1,717**

ACQUISITIONS

Strongit ApS (100%)

Etteplan, strengthened its market position in Denmark by acquiring Strongit on January 8, 2024, which focuses on prod-uct 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 provisional goodwill of EUR 5,335 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. Costs related to the acquisitions, EUR 69 thousand, are included in other operating expenses in the consolidated statement of comprehensive income.

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	11,973
Total consideration transferred	**11,973**
Assets and liabilities	
Tangible assets	21
Customer relationships (intangible assets)	5,587
Non-competition agreements (intangible assets)	214
Trade and other receivables	2,898
Cash and cash equivalents	1,058
Total assets	**9,778**
Other non-current liabilities	11
Other current liabilities	1,853
Deferred tax liability	1,276
Total liabilities	**3,140**
Total identifiable net assets	**6,638**
Formation of Goodwill:	
Consideration transferred	11,973
Total identifiable net assets	-6,638
Goodwill	**5,335**

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	1-3/2024	1-3/2023	1-12/2023
Operating profit (EBIT)	**6,695**	**6,259**	**25,540**
Amortization on fair value adjustments at acquisitions	1,490	1,310	5,344
Operating profit (EBITA)	**8,185**	**7,569**	**30,883**

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 PRESENTED 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.

FORMULAS FOR KEY FIGURES

IFRS KEY FIGURES

Basic earnings per share =	(Profit for the review period attributable to equity holders of the parent company) x 100 / Issue adjusted average number of shares during the review period
Diluted earnings per share =	(Profit for the review period attributable to equity holders of the parent company adjusted with dilutive effect) x 100 / Issue adjusted average number of shares during the review period adjusted with dilutive effect

NON-IFRS KEY FIGURES

Operating profit (EBITA) =	Operating profit (EBIT) + amortization on fair value adjustments in acquisitions
Organic growth =	(Revenue current year - Revenue comparison year - Revenue from acquirees current year) x 100 / Revenue comparison year
Revenue growth from key accounts =	(Revenue from key accounts current year - Revenue from key accounts comparison year) x 100 / Revenue from key accounts comparison year
The share of revenue represented by Managed Services =	Revenue from Managed Services x 100 / Revenue
Return on equity (ROE), % =	Profit for the review period x 100 / (Equity, total) average
Return on capital employed (ROCE), before taxes, % =	(Profit before taxes + Financial expenses) x 100 / (Total equity and liabilities - non-interest bearing liabilities) average
Equity ratio, % =	Equity, total x 100 / Total equity and liabilities - Advances received
Gross investments =	Total investments made to non-current assets including acquisitions and capitalized development costs
Net gearing, % =	(Interest-bearing liabilities - Cash and cash equivalents) x 100 / Equity, total
Equity per share =	Equity, total / Adjusted number of shares at the end of the review period
Market capitalization =	Number of outstanding shares at the end of the review period x last traded share price of the review period