

HALF YEAR FINANCIAL REVIEW
JANUARY-JUNE

2024/ Q2

The market situation weakened further

Etteplan Q2 2024: The market situation weakened further

KEY POINTS APRIL-JUNE 2024

- The Group's revenue increased by 3.1 percent and was EUR 92.6 million (4-6/2023: EUR 89.8 million). At comparable exchange rates, revenue increased by 3.2 percent.
- Operating profit (EBITA) decreased by 8.0 percent and was EUR 6.8 (7.4) million, or 7.4 (8.3) percent of revenue.
- Operating profit (EBIT) decreased by 12.7 percent and was EUR 5.3 (6.1) million, or 5.8 (6.8) percent of revenue.
- Operating cash flow improved slightly and was EUR 9.0 (8.9) million.
- Basic earnings per share were EUR 0.13 (0.15).
- Etteplan specifies its financial guidance for revenue and operating profit (EBIT) within the previously communicated range and estimates: revenue in 2024 to be EUR 375-390 (previously 375-415) million, and operating profit (EBIT) in 2024 to be EUR 28-30 (previously 28-34) million.

KEY POINTS JANUARY-JUNE 2024

- The Group's revenue increased by 2.7 percent and was EUR 189.7 million (1-6/2023: EUR 184.8 million). At comparable exchange rates, revenue increased by 2.6 percent.
- Operating profit (EBITA) increased by 0.1 percent and was EUR 15.0 (15.0) million, or 7.9 (8.1) percent of revenue.
- Operating profit (EBIT) decreased by 2.8 percent and was EUR 12.0 (12.4) million, or 6.3 (6.7) percent of revenue.
- Operating cash flow improved and was EUR 17.0 (16.1) million.
- Basic earnings per share were EUR 0.29 (0.32).

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	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Revenue	92,623	89,849	189,741	184,803	359,951
Operating profit (EBITA)	6,826	7,422	15,012	14,991	30,883
EBITA, %	7.4	8.3	7.9	8.1	8.6
Operating profit (EBIT)	5,335	6,114	12,031	12,373	25,540
EBIT, %	5.8	6.8	6.3	6.7	7.1
Basic earnings per share, EUR	0.13	0.15	0.29	0.32	0.66
Equity ratio, %	38.2	37.3	38.2	37.3	40.9
Operating cash flow	8,973	8,916	17,028	16,095	35,571
ROCE, %	10.8	13.4	12.0	13.3	13.3
Personnel at end of the period	3,900	3,942	3,900	3,942	3,902

PRESIDENT AND CEO JUHA NÄKKI:

The market situation weakened further in the second quarter. The uncertainty of the operating environment, interest rates decreasing slower than expected and our customers' generally declining order backlogs slowed our customers' decision-making on new investments. Demand for delivery related project engineering also weakened as order backlogs declined.

Our revenue increased slightly, supported by acquisitions, and our cash flow remained strong, but profitability remained at a modest level for us in the difficult demand situation. We implemented adaptation measures in all of our service areas in order to improve operational efficiency and profitability in the coming quarters.

However, we were once again able to demonstrate the strength of our diverse service offering in a difficult market situation. We have won several outsourcing contracts, which will have a positive impact on our business in the future, and we have gained new customers outside our own market areas. During the review period, we announced a strategic partnership with Konoike, a Japanese provider of operational services. The strategic framework agreement proves the competitiveness of our service solutions and our expertise in the global operating environment.

We continued to develop our company despite the challenging market situation. We developed our service offering, in which artificial intelligence will play a significant role. We have already implemented our first AI projects in the Technical Communication Solutions service area, and we see a lot of opportunities there. We acquired AFFRA AB, a Gothenburg-based company that serves the automotive industry and strengthens our Software and Embedded Solutions service area. We also acquired a minority stake in BJIT, an IT services company based in Bangladesh.

BJIT will initially provide us with a flexible and highly cost-competitive option to support our customers' software development, digitalization and digital product data management. In the future, we will expand our co-operation with BJIT across all of our service areas, which will increase our competitiveness and create new growth opportunities for both Etteplan and BJIT. The unfortunate disorder in Bangladesh has had only a minor impact on BJIT's business. According to our discussions BJIT's employees are safe and we expect the situation to calm down in the next few weeks. We are actively monitoring the situation and expect the disorder to cause only a small delay in the start of our co-operation with BJIT.

Due to the difficult first half of the year, we specified our guidance towards the lower end of the specified range. Nevertheless, we still expect investments to start in the latter half of the year, boosted by decreasing interest rates, and we expect the demand situation to improve to a good level. When this happens, we will once again be ready to accelerate our profitable growth through our competitive service offering and service solutions.

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, interest rates decreasing slower than expected and our customers' generally declining order backlogs are 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. Decreasing interest rates have not yet had an impact on demand, but we expect that the decrease in interest rates will accelerate investments towards the end of the year. We also expect the demand situation to improve to a good level during the latter part of the year.

FINANCIAL GUIDANCE 2024 (AUGUST 8, 2024)

Etteplan specifies its financial guidance for revenue and operating profit (EBIT) within the previously communicated range and issues the following estimate:

Revenue in 2024 is estimated to be EUR 375–390 (2023: 360.0) million, and

operating profit (EBIT) in 2024 is estimated to be EUR 28–30 (2023: 25.5) million.

Previous financial guidance 2024 (May 8, 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: 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 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. Geopolitical tensions are maintaining uncertainty globally. The uncertainty, interest rates decreasing slower than expected and our customers' generally declining order backlogs are affecting our customers' willingness to invest, and the demand situation weakened further in certain customer industries. Investments related to the defense industry, energy efficiency and accelerating the green transition have remained at a good level. Decreasing interest rates have not yet had an impact on demand, but we expect that the decrease in interest rates will accelerate investments towards the end of the year, and we expect the demand situation to improve to a good level during the latter part of the year.

DEVELOPMENT OF DEMAND BY CUSTOMER INDUSTRY

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

DEVELOPMENT OF DEMAND IN ETTEPLAN'S OPERATING COUNTRIES

The uncertainty caused by geopolitical tensions and slower than expected decrease in interest rates have affected demand in all of our operating countries in Europe. Our customers' generally declining order backlogs are affecting their willingness to invest, and the demand situation weakened further in certain customer industries. Decreasing interest rates have not yet improved the demand situation, but we expect that the decrease in interest rates will accelerate investments towards the end of the year. Based on order developments in the first half of 2024, it is estimated that the revenue of technology industry companies in Finland will decrease during the second half of the year. 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. However, China's internal market is developing positively.

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. Acquisitions increased revenue.

Etteplan's revenue increased by 3.1 percent in April-June and amounted to EUR 92.6 million (4-6/2023: EUR 89.8 million). Revenue increased by 3.2 percent at comparable exchange rates. Organic revenue decreased by 3.3 percent. At comparable exchange rates, organic revenue decreased by 3.2 percent. Revenue from key accounts decreased by 6.9 percent in April-June.

In January-June, Etteplan's revenue increased by 2.7 percent and amounted to EUR 189.7 million (1-6/2023: EUR 184.8 million). Revenue increased by 2.6 percent at comparable exchange rates. Organic revenue decreased by 3.6 percent. At comparable exchange rates, organic revenue decreased by 3.7 percent. Revenue from key accounts decreased in January-June by 7.1 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, Strongit ApS from January 1, 2024, and AFFRA AB from June 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.

Operating profit (EBITA) decreased by 8.0 percent in April-June and was EUR 6.8 (7.4) million, or 7.4 (8.3) percent of revenue.

Operating profit (EBITA) increased by 0.1 percent in January-June and was EUR 15.0 (15.0) million, or 7.9 (8.1) percent of revenue.

Operating profit (EBIT) decreased by 12.7 percent in April-June and was EUR 5.3 (6.1) million, or 5.8 (6.8) percent of revenue.

Operating profit (EBIT) decreased by 2.8 percent in January-June and was EUR 12.0 (12.4) million, or 6.3 (6.7) percent of revenue.

The combined effect of non-recurring items on operating profit (EBITA) and operating profit (EBIT) was EUR -0.4 (-0.4) million in April-June and EUR -0.7 (-1.3) million in January-June. The non-recurring items mainly consisted of expenses related to organizational restructuring.

The net amount of financial income and financial expenses came to EUR -2.3 (-1.6) million in January-June.

Profit before taxes for January-June was EUR 9.7 (10.8) million. Taxes in the income statement amounted to 24.6 (24.4) percent of the result before taxes. The amount of taxes was EUR 2.4 (2.6) million.

Profit for January-June was EUR 7.3 (8.1) million.

Basic earnings per share were EUR 0.13 (0.15) in April-June and EUR 0.29 (0.32) in January-June. Equity per share was EUR 4.55 (4.10) at the end of June. Return on capital employed (ROCE) before taxes was 10.8 (13.4) percent in April-June and 12.0 (13.3) percent in January-June.

CASH FLOW AND FINANCIAL POSITION

Operating cash flow was EUR 9.0 (8.9) million in April–June. Cash flow after investments was EUR -0.1 (8.2) million in April–June.

Operating cash flow was EUR 17.0 (16.1) million in January–June. Cash flow after investments was EUR -3.4 (15.0) million in January–June. 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 23.5 (21.8) million at the end of June.

The Group's interest-bearing debt amounted to EUR 103.3 (93.1) million at the end of June. The amount of interest-bearing liabilities was affected by acquisitions made by the Group. Lease liabilities represented EUR 21.8 (22.2) million of interest-bearing liabilities.

The total of unused short-term credit facilities stood at EUR 14.3 (13.2) million.

Total assets on June 30, 2024, were EUR 306.6 (281.1) million. Goodwill on the balance sheet was EUR 117.5 (103.7) million.

At the end of June, the equity ratio was 38.2 (37.3) percent.

CAPITAL EXPENDITURE

The Group's gross investments in January–June were EUR 24.0 (7.6) million. The gross investments mainly consisted of acquisitions, the acquisition of a minority stake in BJIT, increases in lease liabilities and equipment purchases.

PERSONNEL

The number of personnel stood at 3,900 (3,942) employees at the end of June 2024. The number of personnel decreased by 1.1 percent when compared to the end of June 2023. Due to the unpredictable market situation, we have slowed down recruitment and implemented temporary layoffs during the review period. A total of 111 employees in Finland were temporarily laid off at the end of June 2024.

The Group employed 3,868 (3,949) people on average in January–June 2024.

The number of people employed by the Group outside of Finland increased and stood at 1,963 (1,938) at the end of June. The share of the Group's personnel employed outside of Finland increased and represented 50 (49) 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. In June 2024, Etteplan acquired a minority stake of 19.99% in BJIT, a globally operating IT consulting enterprise that is the largest in its industry in Bangladesh. The acquisition is in line with Etteplan's growth strategy and enables an even broader and more competitive array of services to support digitalization. BJIT's strengths include, in particular, software and digitalization in product data management and product lifecycle management. At the same time, Etteplan is investing in organic growth as well as the development of the company's 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 has 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 have implemented the first customer projects. We will accelerate the implementation of AI related 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 was to achieve revenue of over EUR 500 million in 2024. This target was set in 2019 before the COVID pandemic and Russia's invasion of Ukraine. The target was kept unchanged in 2023 in connection with the extension of the strategy period, but we will not achieve this target. However, we continue to seek strong growth organically and through acquisitions. Etteplan's goal is to 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 April-June, revenue accumulated outside Finland amounted to EUR 48.4 (42.6) million, or 52 (47) percent of the Group's total revenue. In January-June, revenue accumulated outside Finland amounted to EUR 99.2 (89.0) million, or 52 (48) percent of the Group's total revenue. Revenue from key accounts decreased in January-June by 7.1 percent.

There were continued challenges in the Chinese market in the second quarter due to geopolitical tensions. Nevertheless, we were also able to find opportunities among customers serving the Chinese market, and we increased the number of hours sold in the Chinese market by 7.4 percent in April-June. Going forward, we will focus even more heavily on serving the internal market in China.

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 64 (67) percent in April-June and 65 (67) percent in January-June. The decrease was mainly due to the Strongit acquisition, the company's service model and the declining number of project deliveries. 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 May 27, 2024, Etteplan acquired AFFRA AB, a Swedish consulting company specializing in testing. Based in Gothenburg, AFFRA is a consulting company that specializes in software testing and, in particular, Hardware in the Loop (HIL) testing for the automotive and transport industry. All 23 of AFFRA's professionals in testing, software development and embedded solutions were immediately transferred to Etteplan.

On January 8, 2024, Etteplan acquired Strongit ApS, a Danish technology service company that focuses on product development solutions. Strongit delivers 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	4-6/2024	4-6/2023	Change	1-6/2024	1-6/2023	Change	1-12/2023
Revenue	49,629	51,026	-2.7%	101,930	102,737	-0.8%	202,441
Operating profit (EBITA)	3,916	5,236	-25.2%	8,613	10,170	-15.3%	19,940
EBITA, %	7.9	10.3		8.5	9.9		9.8
Managed Services index	65	66		65	65		66
Personnel at end of the period	2,164	2,177	-0.6%	2,164	2,177	-0.6%	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 the Engineering Solutions service area was 54 (57) percent in April-June and 54 (56) percent in January-June.

The service area's revenue decreased by 2.7 percent in April-June and was EUR 49.6 (51.0) million. In January-June, revenue decreased by 0.8 percent and amounted to EUR 101.9 (102.7) million.

The operating profit (EBITA) of Engineering Solutions decreased in April-June and amounted to EUR 3.9 (5.2) million, or 7.9 (10.3) percent of revenue. In January-June, operating profit (EBITA) was EUR 8.6 (10.2) million, or 8.5 (9.9) percent of revenue.

Customers' decision-making on new investments was still slow and the demand for customers' delivery related project engineering weakened further during the review period, particularly in Finland. In Germany, investments by chemical industry customers that are important to the service area were at a low level and few new projects were started. The service area's operational efficiency was at a moderate level, and the service area's result was modest in relation to our expectations. We implemented additional adaptation measures during the review period to improve operational efficiency. Nevertheless, our service offering has proven its strength even in an uncertain market situation, and we have won several outsourcing contracts that will have a positive impact on our business in the latter part of the year.

The Engineering Solutions service area had 2,164 (2,177) employees at the end of June.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, was 65 (66) percent in April-June and 65 (65) percent in January-June.

During the review period, we signed a partnership agreement with Škoda Transtech, and 21 employees joined Etteplan as existing employees. In addition, under a cooperation agreement signed with Boliden Harjavalta, 26 Metso employees working at the Harjavalta production facility will be transferred to Etteplan on September 1, 2024. During the review period, we also signed an agreement on a business transfer with Elomatic, and 13 employees from Elomatic were transferred to Etteplan.

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	4-6/2024	4-6/2023	Change	1-6/2024	1-6/2023	Change	1-12/2023
Revenue	24,937	21,248	17.4%	51,205	45,113	13.5%	86,886
Operating profit (EBITA)	1,889	1,131	67.1%	4,273	2,761	54.7%	6,924
EBITA, %	7.6	5.3		8.3	6.1		8.0
Managed Services index	47	54		47	53		54
Personnel at end of the period	720	729	-1.2%	720	729	-1.2%	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 figures for Strongit ApS, acquired in January 2024, from January 1, 2024, and the figures for AFFRA AB, acquired in May 2024, starting from June 1, 2024.

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

The service area's revenue increased by 17.4 percent in April-June and was EUR 24.9 (21.2) million. In January-June, revenue increased by 13.5 percent and was EUR 51.2 (45.1) million.

The Software and Embedded Solutions service area's operating profit (EBITA) increased by 67.1 percent in April-June and amounted to EUR 1.9 (1.1) million, or 7.6 (5.3) percent of revenue. In January-June, operating profit (EBITA) was EUR 4.3 (2.8) million, or 8.3 (6.1) 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. Customer-specific demand varied considerably. Some customers started new projects, while some customers slowed down their investments. In the difficult market situation, we had to implement certain adaptation measures during the review period, which slightly improved operational efficiency, but the service area's profitability was at a modest level. However, we were able to take advantage of our global service model, which improved our competitiveness in the difficult market situation.

The Software and Embedded Solutions service area had 720 (729) employees at the end of June. 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 the service area's revenue represented by Managed Services, was 47 (54) percent in April-June and 47 (53) percent in January-June. The decrease was mainly due to the Strongit acquisition and the company's service model.

The AFFRA acquisition completed in May 2024 strengthens the product development expertise of Software and Embedded Services, especially in testing and the development of embedded systems, and further expands 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

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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	4-6/2024	4-6/2023	Change	1-6/2024	1-6/2023	Change	1-12/2023
Revenue	17,941	17,437	2.9%	36,413	36,615	-0.6%	69,965
Operating profit (EBITA)	1,244	1,408	-11.6%	2,598	2,569	1.1%	4,946
EBITA, %	6.9	8.1		7.1	7.0		7.1
Managed Services index	87	89		88	89		89
Personnel at end of the period	848	872	-2.8%	848	872	-2.8%	842

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

The Technical Communication Solutions service area's revenue increased by 2.9 percent in April-June, amounting to EUR 17.9 (17.4) million. In January-June, revenue decreased by 0.6 percent and was EUR 36.4 (36.6) million.

The Technical Communication Solutions service area's operating profit (EBITA) decreased by 11.6 percent in April-June and was EUR 1.2 (1.4) million, or 6.9 (8.1) percent of revenue. In January-June, operating profit (EBITA) was EUR 2.6 (2.6) million, or 7.1 (7.0) percent of revenue.

The service area's demand is significantly affected by the number of customers' delivery projects. As customers' order backlogs declined, the service area's demand situation was weak. The service area's operational efficiency and profitability were at a modest level in the second quarter, especially in the Netherlands, where customer projects ended and where we also had operational challenges. We implemented measures during the review period to improve the service area's operational efficiency and profitability. The measures implemented previously in Germany have had a positive impact on the development of the business. 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 has 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 for customers including Valmet and Kuopion Energia. The results achieved with the help of AI are promising. The use of AI already plays a role in all of our new service solutions, and we will continue our development efforts.

The Technical Communication Solutions service area had 848 (872) employees at the end of June.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, was 87 (89) percent in April-June and 88 (89) percent in January-June.

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 June 30, 2024, was EUR 5,000,000.00 and the total number of shares was 25,350,793.

TRADING IN SHARES

The number of Etteplan Oyj shares traded in January-June was 255,552 (1-6/2023: 212,347), for a total value of EUR 3.38 (3.47) million. The share price low was EUR 12.65, the high EUR 14.35, the average EUR 13.24 and the closing price EUR 12.80. Market capitalization on June 30, 2024, was EUR 323.20 (423.32) million. On June 30, 2024, Etteplan had 3,533 (3,630) shareholders.

OWN SHARES

Etteplan did not purchase any of its own shares in January-June 2024. The company held 100,921 of its own shares at the end of June 2024 (June 30, 2023: 77,667), corresponding to 0.40 percent of all shares and voting rights.

FLAGGING

Etteplan Oyj received no flagging notices in January-June 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.

Changes in legislation and regulations may have an impact on Etteplan. Reforms to labor market legislation that will enter into force in Sweden in the fall of 2024 may have an impact on our business.

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 2023.

FINANCIAL DISCLOSURES IN 2024

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

Espoo, August 8, 2024

Etteplan Oyj

Board of Directors

Additional information:

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

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

The information presented herein has not been audited.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Revenue	92,623	89,849	189,741	184,803	359,951
Other operating income	118	409	236	690	1,742
Materials and services	-12,847	-10,183	-26,235	-20,328	-43,320
Employee benefits expenses	-59,250	-58,954	-121,062	-123,117	-233,736
Other operating expenses	-10,946	-10,280	-21,416	-20,249	-40,259
Depreciation and amortization	-4,362	-4,727	-9,233	-9,426	-18,839
Operating profit (EBIT)	5,335	6,114	12,031	12,373	25,540
Financial income	321	490	538	717	803
Financial expenses	-1,540	-1,396	-2,843	-2,329	-5,537
Profit before taxes	4,116	5,207	9,725	10,761	20,805
Income taxes	-735	-1,414	-2,394	-2,631	-4,158
Profit for the review period	3,382	3,794	7,331	8,131	16,647
Other comprehensive income, that may be reclassified to profit or loss					
Currency translation differences	630	-1,759	-1,177	-2,531	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	-18	-1	-12	-30
Remeasurement of defined benefit plan	0	0	0	0	-157
Other comprehensive income, net of tax	628	-1,777	-1,178	-2,543	599
Total comprehensive income for the review period	4,009	2,017	6,153	5,587	17,246
Profit for the review period attributable to					
Equity holders of the parent company	3,382	3,794	7,331	8,131	16,647
Total comprehensive income for the review period attributable to					
Equity holders of the parent company	4,009	2,017	6,153	5,587	17,246
Earnings per share calculated from the profit attributable to equity holders of the parent company					
Basic earnings per share, EUR	0.13	0.15	0.29	0.32	0.66
Diluted earnings per share, EUR	0.13	0.15	0.29	0.32	0.66

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR 1,000	Jun 30, 2024	Jun 30, 2023	Dec 31, 2023
ASSETS			
Non-current assets			
Goodwill	117,473	103,724	109,737
Other intangible assets	33,849	29,631	30,250
Tangible assets	24,276	25,624	24,038
Investments at fair value through other comprehensive income	9,342	2,398	2,376
Other non-current receivables	928	923	973
Deferred tax assets	211	282	250
Non-current assets, total	186,079	162,581	167,624
Current assets			
Inventory	834	517	806
Work in progress	36,628	36,466	30,662
Trade and other receivables	58,882	58,487	61,148
Current tax assets	600	1,221	933
Cash and cash equivalents	23,537	21,799	23,442
Current assets, total	120,481	118,489	116,991
TOTAL ASSETS	306,560	281,071	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	26,073	23,966	23,966
Own shares	-1,719	-1,140	-1,719
Cumulative translation adjustment	-8,092	-10,233	-6,915
Other reserves	72	91	73
Retained earnings	86,785	78,626	86,984
Equity, total	114,821	103,011	114,091
Non-current liabilities			
Deferred tax liabilities	10,237	9,093	9,550
Loans from financial institutions	50,081	58,339	40,167
Lease liabilities	8,495	8,524	8,560
Defined benefit pension liability	5,023	4,889	5,069
Other non-current liabilities	541	89	526
Non-current liabilities, total	74,378	80,934	63,873
Current liabilities			
Loans from financial institutions	31,441	12,531	25,012
Lease liabilities	13,260	13,666	12,843
Advances received	6,047	4,927	5,818
Trade and other payables	64,436	63,229	60,849
Current income tax liabilities	2,177	2,772	2,128
Current liabilities, total	117,361	97,126	106,651
Liabilities, total	191,739	178,060	170,524
TOTAL EQUITY AND LIABILITIES	306,560	281,071	284,615

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1,000	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Operating cash flow					
Cash receipts from customers	95,348	91,886	191,073	186,026	366,970
Operating expenses paid	-83,278	-80,909	-168,717	-165,319	-322,517
Operating cash flow before financial items and taxes	12,070	10,977	22,356	20,706	44,454
Interests and other payments for financial expenses	-2,407	-1,321	-3,040	-1,807	-4,540
Interest received	238	82	400	147	496
Income taxes paid	-928	-822	-2,688	-2,951	-4,839
Operating cash flow (A)	8,973	8,916	17,028	16,095	35,571
Investing cash flow					
Purchase of tangible and intangible assets	-778	-539	-1,221	-966	-2,067
Acquisition of subsidiaries, net of cash acquired	-1,363	-197	-12,277	-197	-5,496
Purchase of investments	-6,954	0	-6,954	0	0
Proceeds from sale of tangible and intangible assets	33	45	65	45	675
Investing cash flow (B)	-9,062	-691	-20,386	-1,118	-6,888
Cash flow after investments (A+B)	-89	8,225	-3,358	14,977	28,683
Financing cash flow					
Purchase of own shares	0	-117	0	-117	-486
Proceeds from loans	8,745	16,998	21,054	17,084	28,583
Repayments of loans	-3,189	-11,348	-4,715	-15,136	-32,332
Payment of lease liabilities	-2,436	-2,868	-5,401	-5,840	-11,576
Dividend paid	-7,530	-9,015	-7,530	-9,015	-9,015
Financing cash flow (C)	-4,410	-6,350	3,408	-13,023	-24,826
Variation in cash (A+B+C) increase (+) / decrease (-)	-4,500	1,875	50	1,954	3,857
Assets at the beginning of the period	28,107	19,688	23,442	19,564	19,564
Exchange gains or losses	-70	236	46	281	21
Assets at the end of the period	23,537	21,799	23,537	21,799	23,442

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Legends for table columns

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

EUR 1,000	A	B	C	D	E	F	G	H
Equity Jan 1, 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	7,331	7,331
Other comprehensive income								
Change in fair value of equity investments at fair value through other comprehensive income	0	0	0	7	0	0	0	7
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	0	0	0	-8	0	0	0	-8
Cumulative translation adjustment	0	0	0	0	0	-1,177	0	-1,177
Other comprehensive income, net of tax	0	0	0	-1	0	-1,177	0	-1,178
Total comprehensive income for the review period	0	0	0	-1	0	-1,177	7,331	6,153
Transactions with owners								
Dividends	0	0	0	0	0	0	-7,530	-7,530
Acquisition of a subsidiary paid in shares	0	0	2,107	0	0	0	0	2,107
Transactions with owners, total	0	0	2,107	0	0	0	-7,530	-5,423
Equity Jun 30, 2024	5,000	6,701	26,073	72	-1,719	-8,092	86,785	114,821

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	8,131	8,131
Other comprehensive income								
Change in fair value of equity investments at fair value through other comprehensive income	0	0	0	-12	0	0	0	-12
Cumulative translation adjustment	0	0	0	0	0	-2,531	0	-2,531
Other comprehensive income, net of tax	0	0	0	-12	0	-2,531	0	-2,543
Total comprehensive income for the review period	0	0	0	-12	0	-2,531	8,131	5,587
Transactions with owners								
Dividends	0	0	0	0	0	0	-9,015	-9,015
Purchase of own shares	0	0	0	0	-117	0	0	-117
Share-based incentive plan	0	0	0	0	36	0	209	245
Transactions with owners, total	0	0	0	0	-81	0	-8,806	-8,887
Equity Jun 30, 2023	5,000	6,701	23,966	91	-1,140	-10,233	78,626	103,011

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 August 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 Half-Year Financial Report has not been prepared in accordance with all the requirements in IAS 34 (Interim Financial Reporting) standard. The Half-Year Financial Statement Report 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 reflected in such forward-looking statements are

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

The key sources of estimation uncertainty, as well as areas requiring judgment-based decisions, were the same as those that applied to the 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	1-6/2024	1-6/2023	1-12/2023	Change
Revenue	189,741	184,803	359,951	2.7%
Operating profit (EBITA)	15,012	14,991	30,883	0.1%
EBITA, %	7.9	8.1	8.6	
Operating profit (EBIT)	12,031	12,373	25,540	-2.8%
EBIT, %	6.3	6.7	7.1	
Profit before taxes	9,725	10,761	20,805	-9.6%
Profit before taxes, %	5.1	5.8	5.8	
Return on equity, %	12.8	15.5	15.1	
ROCE, %	12.0	13.3	13.3	
Equity ratio, %	38.2	37.3	40.9	
Gross interest-bearing debt	103,278	93,061	86,583	11.0%
Net gearing, %	69.4	69.2	55.3	
Balance sheet, total	306,560	281,071	284,615	9.1%
Gross investments	23,992	7,644	21,077	213.9%
Operating cash flow	17,028	16,095	35,571	5.8%
Basic earnings per share, EUR	0.29	0.32	0.66	-9.4%
Diluted earnings per share, EUR	0.29	0.32	0.66	-9.4%
Equity per share, EUR	4.55	4.10	4.55	10.9%
Personnel, average	3,868	3,949	3,949	-2.0%
Personnel at end of the period	3,900	3,942	3,902	-1.1%

SEGMENT INFORMATION

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

EUR 1,000	Engineering Solutions	Software and Embedded Solutions	Technical Communication Solutions	Reportable segments total	Eliminations and other	Total
4-6/2024						
External revenue	49,629	24,937	17,941	92,506	117	92,623
Operating profit (EBITA)	3,916	1,889	1,244	7,050	-224	6,826
Personnel at end of the period	2,164	720	848	3,732	168	3,900
4-6/2023						
External revenue	51,026	21,248	17,437	89,711	137	89,849
Operating profit (EBITA)	5,236	1,131	1,408	7,775	-354	7,422
Personnel at end of the period	2,177	729	872	3,778	164	3,942
1-6/2024						
External revenue	101,930	51,205	36,413	189,547	194	189,741
Operating profit (EBITA)	8,613	4,273	2,598	15,484	-472	15,012
Personnel at end of the period	2,164	720	848	3,732	168	3,900
1-6/2023						
External revenue	102,737	45,113	36,615	184,465	337	184,803
Operating profit (EBITA)	10,170	2,761	2,569	15,500	-509	14,991
Personnel at end of the period	2,177	729	872	3,778	164	3,942

RECONCILIATION OF OPERATING PROFIT (EBITA) AND PROFIT BEFORE TAXES

EUR 1,000	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Operating profit (EBITA)	6,826	7,422	15,012	14,991	30,883
Amortization on fair value adjustments at acquisitions	-1,491	-1,308	-2,981	-2,618	-5,344
Operating profit (EBIT)	5,335	6,114	12,031	12,373	25,540
Financial income and expenses	-1,219	-907	-2,306	-1,612	-4,735
Profit before taxes	4,116	5,207	9,725	10,761	20,805

SEGMENTS'S 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	Jun 30, 2024	Jun 30, 2023	Dec 31, 2023
Finland	68,100	59,361	68,017
Scandinavia	55,185	43,473	42,248
China	1,931	2,500	1,930
Central Europe	51,311	54,567	52,804
Total	176,526	159,901	164,998

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	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Primary geographical location					
Finland	44,241	47,275	90,507	95,771	182,320
Scandinavia	25,959	21,341	53,266	45,300	87,306
Central Europe	19,860	18,647	41,274	38,473	80,222
China	2,562	2,586	4,694	5,259	10,104
Total	92,623	89,849	189,741	184,803	359,951
Timing of revenue recognition					
Transferred at a point in time	1,178	1,143	2,315	1,834	4,604
Transferred over time	91,446	88,706	187,426	182,968	355,347
Total	92,623	89,849	189,741	184,803	359,951

REVENUE AND OPERATING PROFIT (EBIT) BY QUARTER

EUR 1,000	1-3/2024	1-3/2023	4-6/2024	4-6/2023
Revenue	97,118	94,954	92,623	89,849
Operating profit (EBIT)	6,695	6,259	5,335	6,114
EBIT, %	6.9	6.6	5.8	6.8

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	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Employee benefits expenses and other operating expenses	-448	-435	-677	-1,346	-1,717
Operating profit (EBIT)	-448	-434	-677	-1,346	-1,717
Profit for the review period	-448	-434	-677	-1,346	-1,717

ACQUISITIONS

AFFRA AB (100%)

Etteplan reinforced its position in Sweden by acquiring Gothenburg based AFFRA AB on May 27, 2024, which is a consulting company specializing in software testing and in particular Hardware in the Loop (HIL) testing for the automotive and transport industry. HIL testing ensures that quality assurance during software and hardware development is implemented efficiently and safely. With immediate effect all 23 AFFRA employees with competencies in testing, software development and embedded solutions transferred to Etteplan. The provisional goodwill of EUR 735 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.

Strongit ApS (100%)

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 provisional goodwill of EUR 7,517 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 105 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	13,496
Directed share issue	2,107
Total consideration transferred	15,603
Assets and liabilities	
Tangible assets	37
Customer relationships (intangible assets)	5,995
Non-competition agreements (intangible assets)	320
Trade and other receivables	3,465
Cash and cash equivalents	1,216
Total assets	11,032
Other non-current liabilities	16
Other current liabilities	2,248
Deferred tax liability	1,417
Total liabilities	3,681
Total identifiable net assets	7,351
Formation of Goodwill:	
Consideration transferred	15,603
Total identifiable net assets	-7,351
Goodwill	8,252

Changes in contingent considerations

An addition of EUR 150 thousand in total was added during the second quarter of the year in the goodwill from premeasurements of contingent considerations related to previous acquisitions.

GOODWILL

EUR 1,000	2024	2023
Acquisition cost Jan 1	109,737	105,385
Translation difference	-680	-1,661
Acquisition of subsidiaries	8,416	0
Book value Dec 31	117,473	103,724

INTANGIBLE ASSETS

2024 EUR 1,000	Intangible rights	Internally created intangible assets	Fair value adjustments in acquisitions	Leased software	Advance payments	Total
Acquisition cost Jan 1, 2024	13,951	3,116	58,953	8,229	266	84,515
Translation difference	9	0	-149	-10	0	-150
Acquisition of subsidiaries	0	0	6,325	0	0	6,325
Additions	23	0	0	383	522	928
Reclassifications	11	-11	0	0	-27	-27
Acquisition cost Jun 30, 2024	13,995	3,104	65,130	8,602	761	91,592
Cumulative amortization Jan 1, 2024	-12,603	-2,954	-31,165	-7,544	0	-54,264
Translation difference	-9	0	73	9	0	74
Amortization for the financial year	-228	-24	-2,981	-320	0	-3,552
Cumulative amortization Jun 30, 2024	-12,839	-2,977	-34,073	-7,854	0	-57,743
Book value Jun 30, 2024	1,156	127	31,057	748	761	33,849

2023 EUR 1,000	Intangible rights	Internally created intangible assets	Fair value adjust-ments in acquisitions	Leased software	Advance payments	Total
Acquisition cost Jan 1, 2023	13,175	3,060	56,374	7,698	89	80,396
Translation difference	-121	0	-275	-24	0	-420
Additions	133	11	0	123	0	268
Disposals	0	0	0	0	-45	-45
Reclassifications	39	45	0	0	-45	39
Acquisition cost Jun 30, 2023	13,227	3,116	56,099	7,797	0	80,238
Cumulative amortization Jan 1, 2023	-12,004	-2,868	-25,753	-7,027	0	-47,652
Translation difference	121	0	160	22	0	303
Amortization for the financial year	-349	-45	-2,618	-247	0	-3,259
Cumulative amortization Jun 30, 2023	-12,232	-2,913	-28,210	-7,252	0	-50,608
Book value Jun 30, 2023	995	203	27,888	545	0	29,631

TANGIBLE ASSETS

2024 EUR 1,000	Land and water	Buildings	Machinery and equipment	Other tangible assets	Right-of-use assets		Total
					Machinery and equipment	Premises	
Acquisition cost Jan 1, 2024	19	0	18,484	1,974	29,807	51,925	102,209
Translation difference	0	0	-21	0	-78	0	-98
Acquisition of subsidiaries	0	0	0	1	150	184	335
Additions	0	0	583	73	2,030	5,300	7,987
Disposals	0	0	-64	-1	-500	-1,849	-2,415
Reclassifications between items	0	0	72	-25	0	0	46
Acquisition cost Jun 30, 2024	19	0	19,054	2,022	31,409	55,560	108,064
Cumulative depreciation Jan 1, 2024	0	0	-15,471	-1,604	-24,337	-36,759	-78,171
Translation difference	0	0	5	0	59	0	64
Depreciation for the financial year	0	0	-597	-66	-1,847	-3,171	-5,681
Cumulative depreciation Jun 30, 2024	0	0	-16,063	-1,671	-26,125	-39,930	-83,789
Book value Jun 30, 2024	19	0	2,991	351	5,285	15,630	24,276

2023 EUR 1,000	Land and water	Buildings	Machinery and equipment	Other tangible assets	Right-of-use assets		Total
					Machinery and equipment	Premises	
Acquisition cost Jan 1, 2023	19	495	17,417	1,834	26,011	45,059	90,836
Translation difference	0	0	-142	-4	-173	0	-319
Additions	0	0	717	67	1,651	4,942	7,376
Disposals	0	0	0	0	-48	-237	-284
Reclassifications between items	0	0	-10	0	0	0	-11
Acquisition cost Jun 30, 2023	19	495	17,982	1,896	27,442	49,764	97,598
Cumulative depreciation Jan 1, 2023	0	-25	-14,303	-1,491	-20,690	-29,519	-66,029
Translation difference	0	0	100	3	129	0	233
Depreciation for the financial year	0	0	-565	-66	-1,744	-3,803	-6,178
Cumulative depreciation Jun 30, 2023	0	-25	-14,768	-1,553	-22,305	-33,322	-71,974
Book value Jun 30, 2023	19	471	3,214	343	5,137	16,441	25,624

INTANGIBLE AND TANGIBLE RIGHT-OF-USE ASSETS IN TOTAL

EUR 1,000	2024	2023
Book value Jan 1	21,322	21,532
Translation difference	-19	-46
Acquisition of subsidiaries	334	0
Additions	7,713	6,715
Disposals and reclassifications	-2,349	-284
Depreciation for the financial year	-5,338	-5,794
Book value Jun 30	21,663	22,123

PLEDGES, MORTGAGES AND GUARANTEES

EUR 1,000	Jun 30, 2024	Jun 30, 2023	Dec 31, 2023
Business mortgages	320	320	320
Pledged shares	120	120	120
Other contingencies	834	363	599
Total	1,274	803	1,039

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.

The following transactions were carried out with related parties:

EUR 1,000	1-6/2024	1-6/2023	1-12/2023
Sales of services to other related parties	0	1	42
Purchases of services from other related parties	19	19	37
EUR 1,000	Jun 30, 2024	Jun 30, 2023	Dec 31, 2023
Trade receivables from other related parties	0	1	0
Trade payables to other related parties	0	1	0

FAIR VALUES OF FINANCIAL INSTRUMENTS

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

2024 EUR 1,000	Quoted shares (Level 1)	Premises shares (Level 2)	Unquoted shares (Level 3)	Total
Opening balance at Jan 1	199	120	3 019	3 339
Investments in shares ¹⁾	0	0	7 007	7 007
Gain/loss recognized in other comprehensive income	9	0	-8	1
Translation differences	0	0	-42	-42
Closing balance Jun 30	208	120	9 977	10 305

¹⁾ Investment in the shares of BJIT. The shares are unquoted and therefore the fair value is defined as level 3. The fair value is based on the acquisition cost as of June 30, 2024.

2023 EUR 1,000	Quoted shares (Level 1)	Premises shares (Level 2)	Unquoted shares (Level 3)	Total
Opening balance at Jan 1	237	120	3,019	3,376
Gain/loss recognized in other comprehensive income	-15	0	0	-15
Translation differences	0	0	-74	-74
Closing balance Jun 30	222	120	2,945	3,287

FINANCIAL LIABILITIES RECOGNIZED AT FAIR VALUE THROUGH PROFIT OR LOSS

Contingent liability in acquisitions (Level 3) EUR 1,000	2024	2023
Opening balance at Jan 1	100	33
Revaluation	150	197
Payment	0	-230
Closing balance Jun 30	250	0

NON-IFRS KEY FIGURES

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

OPERATING PROFIT (EBITA) AND EBITA, %

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

EUR 1,000	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Operating profit (EBIT)	5,335	6,114	12,031	12,373	25,540
Amortization on fair value adjustments at acquisitions	1,491	1,308	2,981	2,618	5,344
Operating profit (EBITA)	6,826	7,422	15,012	14,991	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 Services are service solutions, such as projects and continuous services, where the customer pays for results instead of resources. The share of revenue represented by Managed Services is presented, because it describes Etteplan's strategy implementation and explains, in part, the changes in profitability.

FORMULAS FOR KEY FIGURES

IFRS KEY FIGURES

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

NON-IFRS KEY FIGURES

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