

HALF YEAR
FINANCIAL REVIEW
JANUARY-JUNE

Q2 2023

Growth slowed down in a difficult market

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ETTEPLAN Q2 2023: Growth slowed down in a difficult market

Key points April-June 2023

- The Group's revenue grew by 0.7 percent and was EUR 89.8 million (4-6/2022: EUR 89.3 million). At comparable exchange rates, revenue increased by 3.2 percent.
- Operating profit (EBITA) decreased by 8.9 percent and was EUR 7.4 (8.1) million, or 8.3 (9.1) percent of revenue.
- Operating profit (EBIT) decreased by 10.3 percent and was EUR 6.1 (6.8) million, or 6.8 (7.6) percent of revenue.
- Operating cash flow was EUR 8.9 (4.4) million.
- Basic earnings per share were EUR 0.15 (0.22).
- Etteplan specifies its financial guidance for revenue and operating profit (EBIT) within the previously communicated range and estimates: revenue in 2023 to be EUR 360-380 (previously 360-390) million, and operating profit (EBIT) in 2023 to be EUR 28-31 (previously 28-33) million.

Key points January-June 2023

- The Group's revenue grew by 3.3 percent and was EUR 184.8 million (1-6/2022: EUR 178.8 million). At comparable exchange rates, revenue increased by 5.5 percent.
- Operating profit (EBITA) decreased by 12.3 percent and was EUR 15.0 (17.1) million, or 8.1 (9.6) percent of revenue.
- Operating profit (EBIT) decreased by 14.3 percent and was EUR 12.4 (14.4) million, or 6.7 (8.1) percent of revenue.
- Operating cash flow was EUR 16.1 (13.0) million.
- Basic earnings per share were EUR 0.32 (0.46).

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	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
Revenue	89,849	89,252	184,803	178,838	350,170
Operating profit (EBITA)	7,422	8,149	14,991	17,099	33,915
EBITA, %	8.3	9.1	8.1	9.6	9.7
Operating profit (EBIT)	6,114	6,817	12,373	14,438	28,622
EBIT, %	6.8	7.6	6.7	8.1	8.2
Basic earnings per share, EUR	0.15	0.22	0.32	0.46	0.73
Equity ratio, %	37.3	35.9	37.3	35.9	38.2
Operating cash flow	8,916	4,392	16,095	12,990	28,095
ROCE, %	13.4	15.5	13.3	16.1	15.9
Personnel at end of the period	3,942	3,972	3,942	3,972	3,951

President and CEO Juha Näkki:

The second quarter of the year was short and market uncertainty was reflected in customers' willingness to invest, weakening the demand situation. In particular, very few new product development projects were launched. April was exceptionally difficult, but more projects got underway towards the end of the quarter. Engineering-to-Order projects remained at a good level during the review period. In Europe, the demand situation was similar in all of our operating countries, while the market situation in China was weak as Western companies were transferring operations to other countries due to geopolitical tensions.

In the difficult market situation, our growth slowed down and profitability was modest for us. However, operating cash flow was at a good level. Operational efficiency weakened and we took measures to rectify the situation. The review period was shorter than the comparison period, and more holidays relative to the comparison period also had a slight impact on our development.

The market situation was particularly difficult in our product development-focused Software and Embedded Solutions service area, where revenue and profitability decreased. The profitability of the service area was also burdened by credit losses. During the review period, we took measures to improve our operational efficiency and also secured several major contracts late in the review period, which is an encouraging sign of the recovery of investment activity.

The Engineering Solutions service area continued to grow, and its profitability was at a good level. We also won several outsourcing contracts during the review period, which proves the functionality of our service offering in an uncertain market situation as well.

The growth of the Technical Communication Solutions service area stopped, especially as the situation of our customers manufacturing consumer products weakened. The weaker profit level of Cognitas continued to burden our profitability, but measures to improve profitability are progressing.

The first half of the year fell short of our expectations, as the market situation especially in the second quarter was weaker than expected, and we are specifying our guidance. However, inflation is expected to ease slightly, which should increase investments and improve the demand situation during the second half of the year. We also returned to the acquisition path at the beginning of the third quarter by acquiring LAE Engineering GmbH in Germany, so we expect growth to continue and profitability to develop in a better direction during the second half of the year.

Market outlook 2023

The most important factor affecting Etteplan's business is the global development of the machinery and metal industry. Russian aggression against Ukraine and the subsequent elevation in geopolitical tensions have increased uncertainty globally. Inflation remains high, but it is expected to decrease gradually. Slowing inflation should increase consumer demand and increase companies' willingness to invest. Investments related to the defense industry, energy efficiency and accelerating the green transition are continuing to grow. There is variation in demand, but we expect the general demand situation to be moderate throughout 2023.

Financial guidance 2023 (published on August 10, 2023)

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

Revenue in 2023 is estimated to be EUR 360-380 (2022: 350.2) million, and operating profit (EBIT) in 2023 is estimated to be EUR 28-31 (2022: 28.6) million.

Previous financial guidance 2023 (May 11, 2023)

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

Revenue in 2023 is estimated to be EUR 360-390 (2022: 350.2) million, and operating profit (EBIT) in 2023 is estimated to be EUR 28-33 (2022: 28.6) 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. Competition for employees and specialized experts in certain areas is continuing, which affects the development of the sector as a whole in all market areas.

The most important factor affecting Etteplan's business is the global development of the machinery and metal industry. Russian aggression against Ukraine and the subsequent elevation in geopolitical tensions maintain uncertainty globally. Inflation remains high, which raises prices and affects consumer behavior, and several European countries are in a slight recession. The decrease in consumer demand is reflected in industry, which has an impact on our customers' willingness to invest and affects demand in certain industries. Inflation is expected to gradually slow down, which should increase consumer demand and companies' willingness to invest. Investments related to the defense industry, energy efficiency and accelerating the green transition are continuing to grow. Demand continues to vary, but, nevertheless, we expect the general demand situation to be moderate throughout 2023.

Development of demand by customer industry

Russian aggression against Ukraine affects demand in all customer industries. Demand in the Forest, Pulp and Paper industry was at a moderate level. Demand in the Energy industry was at a good level, as was demand in the Defense industry. Demand in the Mining industry was at a good level. Demand in the Lifting and Hoisting industry was at a moderate level. Demand in the ICT industry was at a moderate level. Demand in the Automotive and Transportation industry was at a good level. Demand in the Chemical industry was at a good level.

Development of demand in Etteplan's operating countries

The geopolitical tensions caused by Russia's invasion of Ukraine have increased uncertainty and accelerated inflation in all of our operating countries in Europe, and several European countries are in a slight recession, which is reflected in demand. Based on the 2023 order development in Finland, it is estimated that the revenue growth of technology industry companies will slow down or completely stop during the current year. Market estimates predict slow growth, but slowing inflation should increase companies' willingness to invest and thereby increase the demand for product development services in particular. The war and geopolitical tensions are increasing uncertainty also in China, as a result of which Western investments are partly shifting elsewhere.

Revenue

Etteplan's revenue grew by 0.7 percent in April-June and was EUR 89.8 million (4-6/2022: EUR 89.3 million). Revenue increased by 3.2 percent at comparable exchange rates. The organic growth of revenue was 0.3 percent. At comparable exchange rates, organic growth was 2.7 percent. Revenue from key accounts decreased by 3.3 percent in April-June.

In January-June, Etteplan's revenue grew by 3.3 percent and was EUR 184.8 million (1-6/2022: EUR 178.8 million). Revenue increased by 5.5 percent at comparable exchange rates. The organic growth of revenue was 2.6 percent. At comparable exchange rates, organic growth was 4.8 percent. Revenue from key accounts decreased in January-June by 0.9 percent.

The review period was shorter than the comparison period, and more holidays relative to the comparison period also had a slight impact on our development.

Etteplan's business is subject to periodic fluctuation due to the number of working days, holiday seasons and the timing of product development and investment projects in customer companies, which mainly take place in the spring and the latter part of the year. The revenue in the third quarter is typically lower than that of other quarters.

Result

Profitability was at a moderate level.

Operating profit (EBITA) decreased by 8.9 percent in April-June and was EUR 7.4 (8.1) million, or 8.3 (9.1) percent of revenue.

Operating profit (EBITA) decreased by 12.3 percent in January-June and was EUR 15.0 (17.1) million, or 8.1 (9.6) percent of revenue.

Operating profit (EBIT) decreased by 10.3 percent in April-June and was EUR 6.1 (6.8) million, or 6.8 (7.6) percent of revenue.

Operating profit (EBIT) decreased by 14.3 percent in January-June and was EUR 12.4 (14.4) million, or 6.7 (8.1) percent of revenue.

The combined effect of non-recurring items on operating profit (EBITA) and operating profit (EBIT) was EUR -0.4 (-0.3) million in April-June and EUR -1.3 (-0.6) million in January-June. The non-recurring costs were related to organizational restructuring, acquisitions and credit losses. The January-June operating profit (EBITA) and operating profit (EBIT) were also affected by the one-time salary payment of EUR -1.1 million paid in the first quarter according to the collective labor agreement in Finland.

The net amount of financial income and financial expenses came to EUR -1.6 (-0.4) million in January-June.

Profit before taxes for January-June was EUR 10.8 (14.1) million. Taxes in the income statement amounted to 24.4 (19.0) percent of the result before taxes. The amount of taxes was EUR 2.6 (2.7) million.

The profit for January-June was EUR 8.1 (11.4) million.

Basic earnings per share were EUR 0.15 (0.22) in April-June and EUR 0.32 (0.46) in January-June. Equity per share was EUR 4.10 (4.00) at the end of June. The rise in interest rates had an impact on financing costs and earnings per share. Return on capital employed (ROCE) before taxes was 13.4 (15.5) percent in April-June and 13.3 (16.1) percent in January-June.

Cash flow and financial position

Operating cash flow was EUR 8.9 (4.4) million in April-June. Cash flow after investments was EUR 8.2 (1.3) million in April-June.

Operating cash flow was EUR 16.1 (13.0) million in January-June. Cash flow after investments was EUR 15.0 (-9.0) 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 21.8 (20.2) million at the end of June.

The Group's interest-bearing liabilities amounted to EUR 93.1 (93.9) million at the end of June. The interest-bearing liabilities include the financing of the acquisition of LAE Engineering GmbH completed after the review period. Lease liabilities represented EUR 22.2 (23.5) million of interest-bearing liabilities.

The total of unused short-term credit facilities stood at EUR 13.2 (13.5) million.

Total assets on June 30, 2023, were EUR 281.1 (283.3) million. Goodwill on the balance sheet was EUR 103.7 (106.8) million.

At the end of June, the equity ratio was 37.3 (35.9) percent.

Capital expenditure

The Group's gross investments in January-June were EUR 7.6 (35.7) million. The gross investments mainly consisted of acquisitions, increases in lease liabilities and equipment purchases.

Personnel

The number of personnel stood at 3,942 (3,972) employees at the end of June 2023. The number of personnel decreased by 0.8 percent compared to the end of June 2022.

The Group employed 3,949 (3,913) people on average in January-June 2023. Due to the market situation and variation in demand, we have had to slow down recruitment and make temporary layoffs during the beginning of the year. A total of 16 employees in Finland were temporarily laid off at the end of June 2023. The availability of experts in certain fields has slightly improved due to the current market situation.

The number of people employed by the Group outside of Finland stood at 1,938 (1,923) at the end of June, representing 49 (48) percent of the total number of employees.

Business review

The implementation of Etteplan's strategy, which was published in December 2019 and titled *Increasing value for customers*, was delayed. The strategy established for 2020-2022 has, nevertheless, proved its effectiveness, and the targets have steered Etteplan in the right direction. Consequently, the Board of Directors decided on April 5, 2023, to extend the strategy period to 2023-2024. In connection with this decision, the company updated its financial targets for 2023-2024. The targets will be achieved through strong execution of the strategy.

Updated financial targets for 2023-2024:

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

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

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

Etteplan's customers are investing in digitalization and intelligent devices, which presents significant growth opportunities for the company. In recent years, Etteplan has also invested in digitalization and software development with the aim of expanding its service offering and competence capital in order to respond to the digitalization needs of customers. At the same time, we are investing in organic growth as well as the development of our own business and increasing its rate of digitalization.

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

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

In April-June, revenue accumulated outside Finland amounted to EUR 42.6 (43.0) million, or 47 (48) percent of the Group's total revenue. In January-June, revenue accumulated outside Finland amounted to EUR 89.0 (85.2) million, or 48 (48) percent of the Group's total revenue. Revenue from key accounts decreased in January-June by 0.9 percent.

The Chinese market slowed down in the second quarter due to geopolitical tensions, and the number of hours sold in the Chinese market decreased by 11.1 percent in April-June.

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 67 (64) percent in April-June. This was attributable to success in outsourcing solutions.

The growth in the share of Managed Services enhances Etteplan's capacity management and improves profitability. Etteplan's operating profit (EBITA) target is over 10 percent of revenue.

Acquisitions in 2022-2023

No acquisitions were made during the review period January-June 2023.

Immediately after the end of the review period on July 4, 2023, Etteplan acquired the German LAE Engineering GmbH, an engineering company with approximately 70 employees that offers specialized expertise across electrical engineering planning, power generation, building and industrial automation, as well as information management systems, and industrial IT. Going forward, LAE Engineering will be part of our Engineering Solutions service area.

Acquisitions in 2022:

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

Development of the service areas

Engineering Solutions

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

EUR 1,000	4-6/2023	4-6/2022	Change	1-6/2023	1-6/2022	Change	1-12/2022
Revenue	51,026	46,219	10.4%	102,737	92,918	10.6%	183,693
Operating profit (EBITA)	5,236	4,888	7.1%	10,170	9,819	3.6%	19,388
EBITA, %	10.3	10.6		9.9	10.6		10.6
Managed Services index	66	63		65	63		64
Personnel at end of the period	2,177	2,125	2.4%	2,177	2,125	2.4%	2,092

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

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

The service area's revenue grew by 10.4 percent in April-June and was EUR 51.0 (46.2) million. In January-June, revenue increased by 10.6 percent and was EUR 102.7 (92.9) million.

The operating profit (EBITA) of Engineering Solutions grew in April-June and amounted to EUR 5.2 (4.9) million, or 10.3 (10.6) percent of revenue. In January-June, operating profit (EBITA) was EUR 10.2 (9.8) million, or 9.9 (10.6) percent of revenue. Profitability was at a good level thanks to good operational efficiency. The weakened market situation in China had a slight impact on operational efficiency.

The service area's demand situation remained good, and investments in growing the business yielded results. The demand for Engineering-to-Order services related to customer projects remained at a good level, but new investments were slightly slower to start due to general market uncertainty. Weakened market situation in China burdened operational efficiency slightly. We signed several outsourcing contracts during the review period, which proves the functionality of our service offering also in an uncertain market situation.

The Engineering Solutions service area had 2,177 (2,125) employees at the end of June.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, was 66 (63) percent in April-June and 65 (63) percent in January-June. Won outsourcing contracts increased the share of Managed Services.

Etteplan's technical expertise plays a key role in our cooperation with Metsä Tissue in its Mariestad mill expansion and modernization project. Etteplan will perform the Balance of Plant (BoP) engineering part of the project. The close cooperation between our teams in Finland and Sweden has turned out to be a significant advantage.

Following an outsourcing agreement signed during the review period, 12 experts of SVP Worldwide, one of the world's largest consumer sewing machine companies, will join our Engineering Solutions service area in Jönköping, Sweden.

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 machin-

ery and equipment. Our customers have a need to increase the efficiency of business processes or manufacturing, or create entirely new products for the market. Through system integration and utilization of digitalization, we can ensure better customer service, cost-efficiency, or the creation of new income streams.

EUR 1,000	4-6/2023	4-6/2022	Change	1-6/2023	1-6/2022	Change	1-12/2022
Revenue	21,248	25,128	-15.4%	45,113	49,742	-9.3%	95,934
Operating profit (EBITA)	1,131	1,868	-39.5%	2,761	4,216	-34.5%	9,193
EBITA, %	5.3	7.4		6.1	8.5		9.6
Managed Services index	54	51		53	51		52
Personnel at end of the period	729	817	-10.8%	729	817	-10.8%	815

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

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

The market situation in the Software and Embedded Solutions service area was particularly difficult. The service area's revenue decreased by 15.4 percent in April-June and was EUR 21.2 (25.1) million. In January-June, revenue decreased by 9.3 percent and amounted to EUR 45.1 (49.7) million.

The Software and Embedded Solutions service area's operating profit (EBITA) decreased by 39.5 percent in April-June and amounted to EUR 1.1 (1.9) million, or 5.3 (7.4) percent of revenue. In January-June, operating profit (EBITA) was EUR 2.8 (4.2) million, or 6.1 (8.5) percent of revenue.

Profitability and operational efficiency were at a modest level. Due to the uncertain market situation, the number of customers' development projects launched during the review period was low and some projects were suspended. The profitability of the service area was also burdened by credit losses. Due to the market situation, several measures were taken in the service area to enhance operational efficiency. Towards the end of the review period, customers' willingness to invest showed signs of a recovery and we secured several major deals.

The number of personnel in the Software and Embedded Solutions service area decreased and stood at 729 (817) at the end of June. In addition to our own personnel, we currently have more than 200 subcontractors and partners.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, was 54 (51) percent in April-June and 53 (51) percent in January-June.

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	4-6/2023	4-6/2022	Change	1-6/2023	1-6/2022	Change	1-12/2022
Revenue	17,437	17,704	-1.5%	36,615	35,803	2.3%	69,808
Operating profit (EBITA)	1,408	1,547	-9.0%	2,569	3,372	-23.8%	6,060
EBITA, %	8.1	8.7		7.0	9.4		8.7
Managed Services index	89	88		89	87		89
Personnel at end of the period	872	892	-2.2%	872	892	-2.2%	886

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

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

The Technical Communication Solutions service area's demand situation weakened as the situation of our customers that manufacture consumer products in particular weakened, and revenue decreased by 1.5 percent in April-June, amounting to EUR 17.4 (17.7) million. In January-June, revenue increased by 2.3 percent and was EUR 36.6 (35.8) million.

The Technical Communication Solutions service area's operating profit (EBITA) decreased in April-June and was EUR 1.4 (1.5) million, or 8.1 (8.7) percent of revenue. In January-June, operating profit (EBITA) was EUR 2.6 (3.4) million, or 7.0 (9.4) percent of revenue. Operational efficiency was at a moderate level, while the weakened market situation in China burdened operational efficiency slightly. The weaker profit level of Cognitas continued to burden our profitability, but measures to improve profitability are progressing.

The Technical Communication Solutions service area had 872 (892) employees at the end of June.

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

GOVERNANCE

GENERAL MEETING

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

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

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

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

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

Board authorizations

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

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

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

The repurchase of the company's own shares will reduce the non-restricted equity of the company.

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

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

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

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

SHARES

Etteplan's shares are listed in Nasdaq Helsinki Ltd's Mid Cap market capitalization group in the Industrials sector under the ETTE ticker. The company has one series of shares. All shares confer an equal right to a dividend and the company's funds. The company's share capital on June 30, 2023, was EUR 5,000,000.00 and the total number of shares was 25,200,793.

Trading in shares

The number of Etteplan Oyj shares traded in January-June was 212,347 (1-6/2022: 328,443), for a total value of EUR 3.47 (5.27) million. The share price low was EUR 13.80, the high EUR 18.65, the average EUR 16.35 and the closing price EUR 16.85. Market capitalization on June 30, 2023, was EUR 423.32 (394.41) million. On June 30, 2023, Etteplan had 3,630 (3,667) shareholders.

Flaggings

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

Share repurchase program

In its meeting on May 11, 2023, Etteplan Oyj's Board of Directors decided to initiate a share repurchase program of Etteplan's own shares in accordance with the authorization given to it at the Annual General Meeting on April 5, 2023. The shares repurchased may be used for carrying out incentive schemes for its key personnel, as consideration in potential acquisitions or in other structural arrangements. The number of repurchased shares will not exceed 30,000 shares and the corresponding number of voting rights, which corresponds to approximately 0.12 percent of the current total number of Etteplan's shares and votes. According to the Board's decision, the maximum repurchase price is EUR 18.00 per share. The shares will be acquired at market price on NASDAQ OMX Helsinki, in public trading and at the quoted price on the date of purchase, in accordance with the regulations concerning the purchase of shares in public trading.

The repurchasing of shares began on June 2, 2023, and it will end on October 12, 2023, at the latest.

In January-June 2023, Etteplan repurchased a total of 6,746 of the company's own shares. The company held 77,667 of its own shares at the end of June 2023 (June 30, 2022: 159,046), which corresponds to 0.31 percent of all shares and voting rights.

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.

Transfer of Etteplan's share rewards based on the share incentive plan for the Group key personnel 2020–2022

Etteplan Oyj transferred a total of 88,125 of its own shares to Group key personnel in accordance with the terms of the share-based incentive plan for the Group key personnel, and the decision made by the Board of Directors on March 24, 2023. The shares were transferred on April 28, 2023, from the shares held by the company.

After the transfer, Etteplan held a total of 70,921 of its own shares.

Etteplan Oyj published a dividend policy aligned with its growth strategy

Etteplan's Board of Directors resolved on the company's dividend policy on April 5, 2023. Etteplan has previously not had a published dividend policy, but the company has mainly paid a dividend of 50 percent of earnings per share, which has been rounded down.

The targets of Etteplan's dividend policy are:

- Etteplan aims to pay an increasing dividend, taking into account the company's strong growth strategy
- A dividend of 35-60 percent of earnings per share
- Dividend payout once a year

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 increased difficulties in recruiting professional staff, particularly in certain expert disciplines, continues to present a business risk.

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

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.

Events after the review period

July 4, 2023 Etteplan acquired LAE Engineering GmbH, an engineering company for automation technology in Germany

Etteplan expanded its presence in the German market by acquiring LAE Engineering GmbH, an engineering company that offers specialized expertise across electrical engineering planning, power generation, building and industrial automation, as well as information management systems, and industrial IT.

With the acquisition of LAE Engineering, Etteplan continues on its international growth journey with the strategy and ambition to grow our full service offering to all current markets. After the acquisition, Etteplan employs over 500 people in Germany in 15 different locations. LAE Engineering became part of Etteplan on July 4, 2023.

Financial information in 2023

Interim Report for January-September 2023: Tuesday, October 31, 2023

Espoo, August 10, 2023

Etteplan Oyj

Board of Directors

Additional information:

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

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

The information presented herein has not been audited.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
Revenue	89,849	89,252	184,803	178,838	350,170
Other operating income	409	690	690	1,040	2,826
Materials and services	-10,183	-10,244	-20,328	-20,455	-40,395
Employee benefits expenses	-58,954	-58,667	-123,117	-118,033	-227,823
Other operating expenses	-10,280	-9,252	-20,249	-17,040	-36,140
Depreciation and amortization	-4,727	-4,962	-9,426	-9,911	-20,018
Operating profit (EBIT)	6,114	6,817	12,373	14,438	28,622
Financial income and expenses	-907	-24	-1,612	-368	-6,235
Profit before taxes	5,207	6,793	10,761	14,070	22,386
Income taxes	-1,414	-1,180	-2,631	-2,669	-4,235
Profit for the review period	3,794	5,613	8,131	11,401	18,151
Other comprehensive income, that may be reclassified to profit or loss					
Currency translation differences	-1,759	-1,911	-2,531	-2,165	-4,229
Other comprehensive income, that will not be reclassified to profit or loss					
Change in fair value of equity investments at fair value through other comprehensive income	-18	-10	-12	-26	-31
Remeasurement of defined benefit plan	0	0	0	0	1,359
Other comprehensive income, net of tax	-1,777	-1,921	-2,543	-2,191	-2,900
Total comprehensive income for the review period	2,017	3,692	5,587	9,210	15,251
Profit for the review period attributable to					
Equity holders of the parent company	3,794	5,613	8,131	11,401	18,151
Total comprehensive income for the review period attributable to					
Equity holders of the parent company	2,017	3,692	5,587	9,210	15,251
Earnings per share calculated from the profit attributable to equity holders of the parent company					
Basic earnings per share, EUR	0.15	0.22	0.32	0.46	0.73
Diluted earnings per share, EUR	0.15	0.22	0.32	0.46	0.73

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR 1,000	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
ASSETS			
Non-current assets			
Goodwill	103,724	106,752	105,385
Other intangible assets	29,631	36,298	32,745
Tangible assets	25,624	26,434	24,808
Investments at fair value through other comprehensive income	2,398	385	2,414
Other non-current receivables	923	54	1,016
Deferred tax assets	282	682	622
Non-current assets, total	162,581	170,605	166,990
Current assets			
Inventory	517	788	635
Work in progress	36,466	35,832	30,181
Trade and other receivables	58,487	55,649	62,405
Current tax assets	1,221	250	1,364
Cash and cash equivalents	21,799	20,185	19,564
Current assets, total	118,489	112,704	114,149
TOTAL ASSETS	281,071	283,309	281,138
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	-1,140	-1,134	-1,059
Cumulative translation adjustment	-10,233	-5,638	-7,702
Other reserves	91	107	103
Retained earnings	78,626	71,192	79,302
Equity, total	103,011	100,195	106,311
Non-current liabilities			
Deferred tax liabilities	9,093	9,511	9,758
Loans from financial institutions	58,339	52,342	47,852
Lease liabilities	8,524	8,678	8,478
Defined benefit pension liability	4,889	7,030	4,897
Other non-current liabilities	89	27	33
Non-current liabilities, total	80,934	77,588	71,018
Current liabilities			
Loans from financial institutions	12,531	18,096	21,139
Lease liabilities	13,666	14,787	13,114
Advances received	4,927	4,217	2,856
Trade and other payables	63,229	65,540	63,532
Current income tax liabilities	2,772	2,886	3,168
Current liabilities, total	97,126	105,527	103,809
Liabilities, total	178,060	183,114	174,828
TOTAL EQUITY AND LIABILITIES	281,071	283,309	281,138

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1,000	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
Operating cash flow					
Cash receipts from customers	91,886	84,724	186,026	172,554	341,201
Operating expenses paid	-80,909	-79,012	-165,319	-156,086	-306,220
Operating cash flow before financial items and taxes	10,977	5,712	20,706	16,468	34,981
Interests and other payments for financial expenses	-1,321	-399	-1,807	-773	-1,721
Interest received	82	32	147	43	113
Income taxes paid	-822	-953	-2,951	-2,749	-5,277
Operating cash flow (A)	8,916	4,392	16,095	12,990	28,095
Investing cash flow					
Purchase of tangible and intangible assets	-539	-456	-966	-918	-1,711
Acquisition of subsidiaries, net of cash acquired	-197	-2,688	-197	-21,115	-20,871
Purchase of investments	0	0	0	0	-2,033
Proceeds from sale of tangible and intangible assets	45	9	45	9	52
Loans granted	0	0	0	0	-963
Investing cash flow (B)	-691	-3,135	-1,118	-22,024	-25,526
Cash flow after investments (A+B)	8,225	1,257	14,977	-9,034	2,570
Financing cash flow					
Purchase of own shares	-117	0	-117	0	0
Proceeds from current loans	-2	1,027	84	1,518	13,144
Repayments of current loans	-11,337	-13,002	-15,123	-14,927	-32,534
Proceeds from non-current loans	17,000	15,000	17,000	28,000	27,999
Repayments of non-current loans	-11	-4	-13	-8	-16
Payment of lease liabilities	-2,868	-2,936	-5,840	-6,160	-12,657
Dividend paid	-9,015	-9,992	-9,015	-9,992	-9,970
Financing cash flow (C)	-6,350	-9,907	-13,023	-1,569	-14,034
Variation in cash (A+B+C) increase (+) / decrease (-)	1,875	-8,650	1,954	-10,603	-11,464
Assets at the beginning of the period	19,688	28,479	19,564	30,356	30,356
Exchange gains or losses	236	356	281	432	672
Assets at the end of the period	21,799	20,185	21,799	20,185	19,564

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Legends for table columns

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

EUR 1,000	A	B	C	D	E	F	G	H
Equity Jan 1, 2022	5,000	6,701	22,037	133	-1,245	-3,473	69,761	98,914
Comprehensive income								
Profit for the review period	0	0	0	0	0	0	18,151	18,151
Other comprehensive income								
Change in fair value of equity investments at fair value through other comprehensive income	0	0	0	-30	0	0	-1	-31
Cumulative translation adjustment	0	0	0	0	0	-4,229	0	-4,229
Remeasurement of defined benefit plan	0	0	0	0	0	0	1,359	1,359
Other comprehensive income, net of tax	0	0	0	-30	0	-4,229	1,358	-2,900
Total comprehensive income for the review period	0	0	0	-30	0	-4,229	19,510	15,251
Transactions with owners								
Dividends	0	0	0	0	0	0	-9,970	-9,970
Directed share issue	0	0	1,929	0	0	0	0	1,929
Share-based incentive plan	0	0	0	0	186	0	0	186
Transactions with owners, total	0	0	1,929	0	186	0	-9,970	-7,855
Equity Dec 31, 2022	5,000	6,701	23,966	103	-1,059	-7,702	79,302	106,311
EUR 1,000	A	B	C	D	E	F	G	H
Equity Jan 1, 2023	5,000	6,701	23,966	103	-1,059	-7,702	79,302	106,311
Comprehensive income								
Profit for the review period	0	0	0	0	0	0	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
EUR 1,000	A	B	C	D	E	F	G	H
Equity Jan 1, 2022	5,000	6,701	22,037	133	-1,245	-3,473	69,761	98,914
Comprehensive income								
Profit for the review period	0	0	0	0	0	0	11,401	11,401
Other comprehensive income								
Change in fair value of equity investments at fair value through other comprehensive income	0	0	0	-26	0	0	0	-26
Cumulative translation adjustment	0	0	0	0	0	-2,165	0	-2,165
Other comprehensive income, net of tax	0	0	0	-26	0	-2,165	0	-2,191
Total comprehensive income for the review period	0	0	0	-26	0	-2,165	11,401	9,210
Transactions with owners								
Dividends	0	0	0	0	0	0	-9,970	-9,970
Directed share issue	0	0	1,929	0	0	0	0	1,929
Share-based incentive plan	0	0	0	0	112	0	0	112
Transactions with owners, total	0	0	1,929	0	112	0	-9,970	-7,929
Equity Jun 30, 2022	5,000	6,701	23,966	107	-1,134	-5,638	71,192	100,195

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 2022, Etteplan had a turnover of approximately EUR 350,2 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.

The Etteplan Oyj Board of Directors has approved this Half Year Financial Report on August 10, 2023.

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 been prepared in accordance with 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 2022 Annual Financial Statements.

Accounting policies requiring management's judgment and key sources of uncertainty concerning estimates

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

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

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

Key Figures

EUR 1,000	1-6/2023	1-6/2022	1-12/2022	Change
Revenue	184,803	178,838	350,170	3.3%
Operating profit (EBITA)	14,991	17,099	33,915	-12.3%
EBITA, %	8.1	9.6	9.7	
Operating profit (EBIT)	12,373	14,438	28,622	-14.3%
EBIT, %	6.7	8.1	8.2	
Profit before taxes	10,761	14,070	22,386	-23.5%
Profit before taxes, %	5.8	7.9	6.4	
Return on equity, %	15.5	22.9	17.7	
ROCE, %	13.3	16.1	15.9	
Equity ratio, %	37.3	35.9	38.2	
Gross interest-bearing debt	93,061	93,902	90,583	-0.9%
Net gearing, %	69.2	73.6	66.8	
Balance sheet, total	281,071	283,309	281,138	-0.8%
Gross investments	7,644	35,670	40,940	-78.6%
Operating cash flow	16,095	12,990	28,095	23.9%
Basic earnings per share, EUR	0.32	0.46	0.73	-30.4%
Diluted earnings per share, EUR	0.32	0.46	0.73	-30.4%
Equity per share, EUR	4.10	4.00	4.25	2.5%
Personnel, average	3,949	3,913	3,945	0.9%
Personnel at end of the period	3,942	3,972	3,951	-0.8%

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
4-6/2023						
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
4-6/2022						
External revenue	46,219	25,128	17,704	89,051	201	89,252
Operating profit (EBITA)	4,888	1,868	1,547	8,303	-154	8,149
Personnel at end of the period	2,125	817	892	3,834	138	3,972
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
1-6/2022						
External revenue	92,918	49,742	35,803	178,463	375	178,838
Operating profit (EBITA)	9,819	4,216	3,372	17,407	-308	17,099
Personnel at end of the period	2,125	817	892	3,834	138	3,972

Reconciliation of Operating profit (EBITA) and Profit before taxes

EUR 1,000	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
Operating profit (EBITA)	7,422	8,149	14,991	17,099	33,915
Amortization on fair value adjustments at acquisitions	-1,308	-1,332	-2,618	-2,661	-5,293
Operating profit (EBIT)	6,114	6,817	12,373	14,438	28,622
Financial income and expenses	-907	-24	-1,612	-368	-6,235
Profit before taxes	5,207	6,793	10,761	14,070	22,386

Segments' non-current assets

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

EUR 1,000	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Finland	59,361	63,211	61,329
Scandinavia	43,473	47,307	45,017
China	2,500	2,965	2,805
Central Europe	54,567	56,054	54,802
Total	159,901	169,537	163,953

Revenue

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

EUR 1,000	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
Primary geographical location					
Finland	47,275	46,232	95,771	93,617	181,114
Scandinavia	21,341	23,248	45,300	45,428	88,346
Central Europe	18,647	16,456	38,473	33,370	68,242
China	2,586	3,317	5,259	6,422	12,468
Total	89,849	89,252	184,803	178,838	350,170
Timing of revenue recognition					
Transferred at a point in time	1,143	619	1,834	1,190	2,288
Transferred over time	88,706	88,633	182,968	177,648	347,882
Total	89,849	89,252	184,803	178,838	350,170

Revenue and Operating profit (EBIT) by quarter

EUR 1,000	1-3/2023	1-3/2022	4-6/2023	4-6/2022
Revenue	94,954	89,586	89,849	89,252
Operating profit (EBIT)	6,259	7,622	6,114	6,817
EBIT, %	6.6	8.5	6.8	7.6

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	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
Other operating income	0	0	0	0	767
Employee benefits expenses and other operating expenses	-435	-348	-1,346	-600	-1,807
Operating profit (EBIT)	-435	-348	-1,346	-600	-1,040
Financial income and expenses	0	0	0	0	-5,133
Profit for the review period	-435	-348	-1,346	-600	-6,173

Acquisitions

No acquisitions were made during the review period 2023.

Intangible assets

Goodwill

EUR 1,000	2023	2022
Acquisition cost Jan 1	105,385	92,380
Translation difference	-1,661	-1,356
Acquisition of subsidiaries	0	15,727
Book value Dec 31	103,724	106,752

Other intangible assets

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

2022 EUR 1,000	Intangible rights	Internally created intangible assets	Fair value adjust- ments in acquisitions	Leased software	Advance payments	Total
Acquisition cost Jan 1, 2022	12,674	2,965	46,056	7,547	273	69,516
Translation difference	36	0	-346	-20	-1	-331
Acquisition of subsidiaries	155	0	10,940	0	0	11,095
Additions	78	0	0	127	80	286
Reclassifications	51	0	0	0	-4	47
Acquisition cost Jun 30, 2022	12,995	2,965	56,650	7,654	349	80,613
Cumulative amortization Jan 1, 2022	-11,278	-2,690	-20,679	-6,060	0	-40,709
Translation difference	-36	0	106	17	0	86
Acquisition of subsidiaries	-24	0	0	0	0	-24
Amortization for the financial year	-387	-86	-2,661	-535	0	-3,669
Cumulative amortization Jun 30, 2022	-11,725	-2,777	-23,234	-6,579	0	-44,315
Book value Jun 30, 2022	1,270	188	33,416	1,075	349	36,298

Tangible assets

2023 EUR 1,000	Right-of-use assets						Total
	Land and water	Buildings	Machinery and equipment	Other tangible assets	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

2022 EUR 1,000	Right-of-use assets						Total
	Land and water	Buildings	Machinery and equipment	Other tangible assets	Machinery and equipment	Premises	
Acquisition cost Jan 1, 2022	19	495	15,860	1,597	22,061	37,832	77,864
Translation difference	0	0	-10	2	-117	0	-125
Acquisition of subsidiaries	0	0	513	0	69	1,177	1,759
Additions	0	0	636	66	1,679	4,574	6,954
Disposals	0	0	0	0	-63	-555	-619
Acquisition cost Jun 30, 2022	19	495	17,000	1,665	23,629	43,027	85,834
Cumulative depreciation Jan 1, 2022	0	-22	-13,111	-1,204	-17,408	-21,360	-53,105
Translation difference	0	0	-11	-2	86	0	74
Acquisition of subsidiaries	0	0	-127	0	0	0	-127
Depreciation for the financial year	0	-5	-529	-64	-1,527	-4,116	-6,242
Cumulative depreciation Jun 30, 2022	0	-27	-13,778	-1,269	-18,849	-25,476	-59,400
Book value Jun 30, 2022	19	468	3,221	395	4,779	17,551	26,434

Intangible and tangible right-of-use assets in total

EUR 1,000	2023	2022
Book value Jan 1	21,532	22,611
Translation difference	-46	-34
Acquisition of subsidiaries	0	1,246
Additions	6,715	6,380
Disposals and reclassifications	-284	-619
Depreciation for the financial year	-5,794	-6,179
Book value Jun 30	22,123	23,405

Pledges, mortgages guarantees

EUR 1,000	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Business mortgages	320	320	320
Pledged shares	120	120	120
Other contingencies	363	534	363
Total	803	973	803

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	1-6/2023	1-6/2022	1-12/2022
Sales of services to other related parties	1	4	30
Purchases of services from other related parties	19	18	36
EUR 1,000	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Trade receivables from other related parties	1	4	0
Trade payables to other related parties	1	0	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

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
Ekkono AB loan exchange rate difference	0	0	-74	-74
Closing balance Jun 30	222	120	2,945	3,287

2022 EUR 1,000	Quoted shares (Level 1)	Premises shares (Level 2)	Unquoted shares (Level 3)	Total
Opening balance at Jan 1	275	120	24	418
Gain/loss recognized in other comprehensive income	-33	0	0	-33
Closing balance Jun 30	242	120	24	385

Financial liabilities recognized at fair value through profit or loss

Contingent liability in acquisitions (Level 3) EUR 1,000	2022	2021
Opening balance at Jan 1	33	800
Additions	0	525
Revaluation	197	0
Payment	-230	0
Closing balance Jun 30	0	1,325

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	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
Operating profit (EBIT)	6,114	6,817	12,373	14,438	28,622
Amortization on fair value adjustments at acquisitions	1,308	1,332	2,618	2,661	5,293
Operating profit (EBITA)	7,422	8,149	14,991	17,099	33,915

Organic/un-organic 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 un-organic growth. Revenue growth in comparable currencies is presented, because it improves the comparability of revenue growth between periods by presenting the revenue growth with comparable exchange rates. For the calculation of growth in comparable currencies, revenue for the current period is calculated by using the comparable period's exchange rates. The figure is presented for Group revenue and organic growth.

The share of revenue represented by Managed Services

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

Formulas for key figures

IFRS key figures

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

Non-IFRS key figures

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