

INTERIM REPORT  
JANUARY-SEPTEMBER

# Q3 2023

Forward in an uncertain market situation

ETTEPLAN Oyj, Interim Report, October 31, 2023, at 1:00 pm

## ETTEPLAN Q3 2023: Forward in an uncertain market situation

### Key points July-September 2023

- The Group's revenue decreased by 0.4 percent and was EUR 80.0 million (7-9/2022: EUR 80.3 million). At comparable exchange rates, revenue increased by 2.1 percent.
- Operating profit (EBITA) decreased by 10.6 percent and was EUR 6.3 (7.1) million, or 7.9 (8.8) percent of revenue.
- Operating profit (EBIT) decreased by 13.9 percent and was EUR 5.0 (5.8) million, or 6.2 (7.2) percent of revenue.
- Operating cash flow improved and was EUR 7.1 (4.1) million.
- Basic earnings per share improved and were EUR 0.10 (-0.03).
- Etteplan released a profit warning on September 18, 2023, updating and specifying its previous estimate of 2023 revenue and operating profit (EBIT) due to the weaker-than-expected business development in the third quarter. According to the new estimate, the revenue is estimated to be EUR 355-370 (previously 360-380) million and operating profit (EBIT) to be EUR 26-28.5 (previously 28-31) million.

### Key points January-September 2023

- The Group's revenue grew by 2.2 percent and was EUR 264.8 million (1-9/2022: EUR 259.1 million). At comparable exchange rates, revenue increased by 4.4 percent.
- Operating profit (EBITA) decreased by 11.8 percent and was EUR 21.3 (24.2) million, or 8.1 (9.3) percent of revenue.
- Operating profit (EBIT) decreased by 14.2 percent and was EUR 17.3 (20.2) million, or 6.5 (7.8) percent of revenue.
- Operating cash flow improved and was EUR 23.0 (17.1) million.
- Basic earnings per share were EUR 0.43 (0.43).

*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	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Revenue	79,961	80,308	264,763	259,146	350,170
Operating profit (EBITA)	6,332	7,085	21,322	24,184	33,915
EBITA, %	7.9	8.8	8.1	9.3	9.7
Operating profit (EBIT)	4,967	5,766	17,340	20,204	28,622
EBIT, %	6.2	7.2	6.5	7.8	8.2
Basic earnings per share, EUR	0.10	-0.03	0.43	0.43	0.73
Equity ratio, %	39.3	36.7	39.3	36.7	38.2
Operating cash flow	7,087	4,085	22,985	17,075	28,095
ROCE, %	10.0	13.2	12.2	15.4	15.9
Personnel at end of the period	4,010	3,979	4,010	3,979	3,951

**President and CEO Juha Näkki:**

The third quarter of the year was challenging, and the development of demand was twofold. On one hand, the slowing of consumption and customers' declining delivery volumes weakened demand in Europe during the review period. On the other hand, we saw a slight recovery in product development towards the end of the review period, and some production investments were started. Nevertheless, uncertainty remains high, customers are slow to make decisions on starting new projects, and there are significant differences in demand between different customer industries. In China, the market situation remains challenging due to geopolitical tensions. In the prevailing circumstances, our revenue growth halted and our operating profit decreased, and we had to update our guidance during the review period. We implemented new adaptation and efficiency improvement measures to safeguard our profitability and our capacity to make investments in business development even in the prevailing market situation. Due to the adaptation and efficiency improvement measures and the halting of growth, less capital was employed in our business operations and our operating cash flow improved substantially.

Software and Embedded Solutions was our most successful service area. After a difficult period earlier in the year, we saw small signs of a recovery in product development towards the end of the review period, but the number of software project starts was still low. The significant orders we received in the summer improved the situation in the service area, and the adaptation measures we implemented improved the operational efficiency of the service area, which helped profitability return to a good level. We also invested in the service area's growth by acquiring High Vision Engineering Sweden AB, a Swedish company serving the automotive industry, near the end of the review period.

In the Engineering Solutions service area, the demand situation was moderate. Engineering work related to customers' deliveries was reduced as customers' delivery volumes decreased, but some investment projects were started. Project challenges in Central Europe had a slight negative effect on profitability, but operational efficiency remained fairly good. At the beginning of the review period, we invested in the service area's growth by acquiring LAE Engineering GmbH, a German company specializing in industrial automation projects.

The Technical Communication Solutions service area did not develop as we had expected. Demand slowed as our customers' delivery volumes decreased, particularly in Central Europe, where we have more customers manufacturing consumer products. The service area's profitability was modest especially in Central Europe, where operational efficiency was weak and the large number of sickness-related absences also affected the result. We have taken measures to address the situation and expect profitability to improve during the remainder of the year.

Russian aggression against Ukraine and the rising tensions in the Middle East maintain uncertainty in the markets and make it even more difficult to predict future development. Nevertheless, our diverse service offering has proven its strength even in an uncertain market situation, and we have won several outsourcing contracts, for example. We are now increasingly focusing our operations on the customer industries in which we expect the demand situation to remain good. By doing so, we seek to keep our overall demand situation at a moderate level. We are also continuing to invest in growth so that we can continue on the path of profitable growth even in the prevailing market conditions.

**Market outlook 2023**

The most important factor affecting Etteplan's business is the global development of the machinery and metal industry. Continued Russian aggression against Ukraine and the further elevation of geopolitical tensions due to the conflict in the Middle East have increased uncertainty globally. Uncertainty, continued high inflation and rising interest rates have reduced our customers' willingness to invest and weakened the demand situation in certain customer industries. However, 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 remain moderate through the remainder of 2023.

**Financial guidance 2023 (published on September 18, 2023)**

Etteplan updated and specified its financial guidance for revenue and operating profit (EBIT) and issued the following estimates:

Revenue in 2023 is estimated to be EUR 355-370 (2022: 350.2) million, and operating profit (EBIT) in 2023 is estimated to be EUR 26-28.5 (2022: 28.6) million.

**Previous financial guidance 2023 (published on August 10, 2023)**

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

Revenue in 2023 was estimated to be EUR 360-380 (2022: 350.2) million, and operating profit (EBIT) in 2023 was estimated to be EUR 28-31 (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 utilization of artificial intelligence in various applications is accelerating. These trends are creating a need for intelligent and energy-efficient solutions in all industrial sectors.

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

The most important factor affecting Etteplan's business is the global development of the machinery and metal industry. Elevated geopolitical tensions have increased uncertainty globally. Inflation remains high, which has raised prices and affects consumer behavior, and several European countries are in a slight recession. The decrease in consumer demand and rising interest rates have an impact on our customers' willingness to invest and affect demand in certain industries. 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 remain moderate through the remainder of 2023.

***Development of demand by customer industry***

The elevated geopolitical tensions affect 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 moderate level. Demand in the Lifting and Hoisting industry decreased slightly. Demand in the ICT industry was at a weak level. Demand in the Automotive and Transportation industry was at a good level. Demand in the Chemical industry was at a moderate level.

***Development of demand in Etteplan's operating countries***

Growing geopolitical tensions 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 order development in 2023, it is estimated that the revenue growth of technology industry companies in Finland will stop or even decrease during the remainder of 2023. Geopolitical tensions have also increased uncertainty in China, as a result of which Western investments are partly shifting elsewhere.

## Revenue

The demand situation weakened slightly during the review period. Increased uncertainty, the challenges in the operating environment and the slowing of customers' decision-making affected revenue, and growth stopped.

Etteplan's revenue decreased by 0.4 percent in July-September and was EUR 80.0 million (7-9/2022: EUR 80.3 million). Revenue increased by 2.1 percent at comparable exchange rates. Organically, revenue decreased by 4.1 percent. At comparable exchange rates, the decrease was 1.6 percent. Revenue from key accounts decreased by 5.8 percent in July-September.

Etteplan's revenue grew by 2.2 percent in January-September and was EUR 264.8 million (1-9/2022: EUR 259.1 million). Revenue increased by 4.4 percent at comparable exchange rates. The organic growth of revenue was 0.5 percent. At comparable exchange rates, organic growth was 2.7 percent. Revenue from key accounts decreased by 1.6 percent in January-September.

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.

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

## Result

Profitability was at a moderate level in the third quarter.

Operating profit (EBITA) decreased by 10.6 percent in July-September and was EUR 6.3 (7.1) million, or 7.9 (8.8) percent of revenue.

Operating profit (EBITA) decreased by 11.8 percent in January-September and was EUR 21.3 (24.2) million, or 8.1 (9.3) percent of revenue.

Operating profit (EBIT) decreased by 13.9 percent in July-September and was EUR 5.0 (5.8) million, or 6.2 (7.2) percent of revenue.

Operating profit (EBIT) decreased by 14.2 percent in January-September and was EUR 17.3 (20.2) million, or 6.5 (7.8) percent of revenue.

The combined effect of non-recurring items on operating profit (EBITA) and operating profit (EBIT) was EUR -0.2 (-0.7) million in July-September and EUR -1.5 (-1.3) million in January-September. The non-recurring items consisted of expenses related to organizational restructuring and acquisitions.

The net amount of financial income and financial expenses came to EUR -3.2 (-6.6) million in January-September. In the comparison period in 2022, the fair value measurement of the currency hedge related to the preparation of the Semcon bid had a significant negative impact on financing items and, consequently, earnings per share in the third quarter.

Profit before taxes for January-September was EUR 14.2 (13.6) million. Taxes in the income statement amounted to 24.4 (21.0) percent of the result before taxes. The amount of taxes was EUR 3.5 (2.9) million.

The profit for January-September was EUR 10.7 (10.7) million.

Basic earnings per share were EUR 0.10 (-0.03) in July-September and EUR 0.43 (0.43) in January-September. Equity per share was EUR 4.21 (3.93) at the end of September. Return on capital employed (ROCE) before taxes was 10.0 (13.2) percent in July-September and 12.2 (15.4) percent in January-September.

### **Cash flow and financial position**

Operating cash flow improved and was EUR 7.1 (4.1) million in July-September. Cash flow after investments was EUR 1.7 (2.1) million in July-September.

Operating cash flow improved and was EUR 23.0 (17.1) million in January-September. Cash flow after investments was EUR 16.7 (-7.0) million in January-September. 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 18.6 (14.1) million at the end of September.

The Group's interest-bearing debt amounted to EUR 90.6 (87.7) million at the end of September. The amount of interest-bearing liabilities was affected by acquisitions made by the Group. Lease liabilities represented EUR 21.1 (22.4) million of interest-bearing liabilities.

The total of unused short-term credit facilities stood at EUR 12.6 (10.9) million.

Total assets on September 30, 2023, were EUR 274.4 (272.1) million. Goodwill on the balance sheet was EUR 108.5 (106.5) million.

At the end of September, the equity ratio was 39.3 (36.7) percent.

### **Capital expenditure**

The Group's gross investments in January-September were EUR 17.5 (38.7) million. The gross investments mainly consisted of acquisitions, increases in lease liabilities and equipment purchases.

### **Personnel**

The number of personnel stood at 4,010 (3,979) employees at the end of September 2023. The number of personnel increased by 0.8 percent compared to the end of September 2022. Due to the unpredictable market situation, we have slowed down recruitment and implemented temporary layoffs during the review period. A total of 57 employees in Finland were temporarily laid off at the end of September 2023.

The Group employed 3,954 (3,932) people on average in January-September 2023.

The number of people employed by the Group outside of Finland increased and stood at 2,025 (1,966) at the end of September, representing 50 (49) percent of the total number of employees.

### **Business review**

The implementation of Etteplan's strategy, which was published in December 2019 and titled *Increasing value for customers*, was delayed due to COVID-19. The strategy established for 2020-2022 has, nevertheless, proved its effectiveness, and the targets have steered Etteplan in the right direction. Consequently, the Board of Directors decided on April 5, 2023, to extend the strategy period to 2023-2024. In connection with this decision, the company updated its financial targets for 2023-2024. The targets will be achieved through strong execution of the strategy.

Updated financial targets for 2023-2024:

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

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

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

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

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

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

In July-September, revenue accumulated outside Finland amounted to EUR 40.2 (39.7) million, or 50 (49) percent of the Group's total revenue. In January-September, revenue accumulated outside Finland amounted to EUR 129.1 (124.9) million, or 49 (48) percent of the Group's total revenue. Revenue from key accounts decreased by 1.6 percent in January-September.

The Chinese market slowed down in the third quarter due to geopolitical tensions, and we have had to adapt our business due to the uncertain situation. The number of hours sold in the Chinese market decreased by 13.4 percent in July-September.

Etteplan's target is to increase the share of revenue represented by Managed Services to 75 percent. The share of Managed Services stood at 70 (67) percent in July-September.

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

### **Acquisitions in 2022-2023**

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

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

Acquisitions in 2022:

- June 2022 - DDCom B.V., the Netherlands, 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. Syncore employs 46 experts in embedded systems.

- January 2022 - Cognitas GmbH, a German technical information life cycle management company. Cognitas employs 200 professionals in consulting and technical information authoring and management.

## Development of the service areas

### Engineering Solutions

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

EUR 1,000	7-9/2023	7-9/2022	Change	1-9/2023	1-9/2022	Change	1-12/2022
Revenue	45,077	41,876	7.6%	147,814	134,793	9.7%	183,693
Operating profit (EBITA)	3,882	4,309	-9.9%	14,052	14,128	-0.5%	19,388
EBITA, %	8.6	10.3		9.5	10.5		10.6
Managed Services index	67	66		66	64		64
Personnel at end of the period	2,244	2,124	5.6%	2,244	2,124	5.6%	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, and the figures for LAE Engineering GmbH, acquired in July 2023, starting from July 1, 2023. Annual revenue of approximately EUR 5 million and 33 employees were transferred to the Engineering Solutions service area from the Software and Embedded Solutions service area.*

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

The service area's demand situation was moderate. Revenue increased by 7.6 percent in July-September and amounted to EUR 45.1 (41.9) million. In January-September, revenue increased by 9.7 percent and was EUR 147.8 (134.8) million.

The Engineering Solutions service area's operating profit (EBITA) was at a moderate level in July-September, amounting to EUR 3.9 (4.3) million, or 8.6 (10.3) percent of revenue. In January-September, operating profit (EBITA) was EUR 14.1 (14.1) million, or 9.5 (10.5) percent of revenue.

The demand for customers' delivery related project engineering has decreased slightly and, due to the general uncertainty in the market, we have had to implement adaptation measures. Nevertheless, our service offering has proven its strength even in an uncertain market situation, and we have won several outsourcing contracts. Operational efficiency has been successfully maintained at a fairly good level, and profitability was moderate for that reason. Challenges in certain projects in Central Europe had a slight negative impact on profitability. The weakened market situation in China remains challenging.

The Engineering Solutions service area had 2,244 (2,124) employees at the end of September.

The Managed Services Index (MSI), which reflects the share of the service area's revenue represented by Managed Services, was 67 (66) percent in July-September and 66 (64) percent in January-September.

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

### Software and Embedded Solutions

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



EUR 1,000	7-9/2023	7-9/2022	Change	1-9/2023	1-9/2022	Change	1-12/2022
Revenue	19,202	21,956	-12.5%	64,315	71,698	-10.3%	95,934
Operating profit (EBITA)	1,995	2,176	-8.3%	4,757	6,392	-25.6%	9,193
EBITA, %	10.4	9.9		7.4	8.9		9.6
Managed Services index	56	53		54	52		52
Personnel at end of the period	741	815	-9.1%	741	815	-9.1%	815

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

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

The service area's revenue decreased by 12.5 percent in July-September and was EUR 19.2 (22.0) million. In January-September, revenue decreased by 10.3 percent and was EUR 64.3 (71.7) million.

The Software and Embedded Solutions service area's operating profit (EBITA) decreased by 8.3 percent in July-September and was EUR 2.0 (2.2) million, or 10.4 (9.9) percent of revenue. In January-September, operating profit (EBITA) decreased and was EUR 4.8 (6.4) million, or 7.4 (8.9) percent of revenue.

The market situation in the Software and Embedded Solutions service area remained challenging during the review period, and the rise in the general cost level and uncertainty slowed the start of software development projects in particular. There were small signs of a recovery in product development towards the end of the review period. The service area's operational efficiency improved, and profitability was at a good level. Profitability was improved by the significant orders received during the review period and by organizational adaptation measures.

The Software and Embedded Solutions service area had 741 (815) employees at the end of September. In addition to our own personnel, we currently have about 230 (250) subcontractors and partners.

The Managed Services Index (MSI), which reflects the share of the service area's revenue represented by Managed Services, was 56 (53) percent in July-September and 54 (52) percent in January-September.

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

### 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	7-9/2023	7-9/2022	Change	1-9/2023	1-9/2022	Change	1-12/2022
Revenue	15,513	16,323	-5.0%	52,129	52,126	0.0%	69,808
Operating profit (EBITA)	699	1,329	-47.4%	3,268	4,701	-30.5%	6,060
EBITA, %	4.5	8.1		6.3	9.0		8.7
Managed Services index	91	91		90	88		89
Personnel at end of the period	862	894	-3.6%	862	894	-3.6%	886

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

The share of Etteplan's total revenue represented by Technical Communication Solutions was 20 (20) percent in July-September and 20 (20) percent in January-September.

The service area's revenue decreased by 5.0 percent in July-September and was EUR 15.5 (16.3) million. In January-September, revenue amounted to EUR 52.1 (52.1) million.

The Technical Communication Solutions service area's operating profit (EBITA) decreased in July-September and came to EUR 0.7 (1.3) million, or 4.5 (8.1) percent of revenue. In January-September, operating profit (EBITA) was EUR 3.3 (4.7) million, or 6.3 (9.0) percent of revenue.

The demand for technical communication services slowed as our customers' delivery volumes decreased particularly in Central Europe, where we have more customers manufacturing consumer products. Operational efficiency was not at our targeted level. The service area's profitability was weak especially in Central Europe, where the large number of sickness-related absences and weak operational efficiency also affected the result. We have taken measures and expect the situation to improve.

The Technical Communication Solutions service area had 862 (894) employees at the end of September.

The Managed Services Index (MSI), which reflects the share of the service area's revenue represented by Managed Services, was 91 (91) percent in July-September and 90 (88) percent in January-September.

## **GOVERNANCE**

### **GENERAL MEETING**

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

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

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

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

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

### ***Board authorizations***

The Annual General Meeting held on April 5, 2023, decided to authorize the Board of Directors to resolve on the repurchase of the company's own shares in one or more tranches using the company's unrestricted equity. A maximum of 2,000,000 shares in the company may be repurchased. The company may deviate

from the obligation to repurchase shares in proportion to the shareholders' current holdings, i.e. the Board has the right to decide on a directed repurchase of the company's own shares.

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

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

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

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

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

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

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

## **SHARES**

Etteplan's shares are listed in Nasdaq Helsinki Ltd's Mid Cap market capitalization group in the Industrials sector under the ETTE ticker. The company has one series of shares. All shares confer an equal right to a dividend and the company's funds. The company's share capital on September 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-September was 295,865 (1-9/2022: 436,077), for a total value of EUR 4.85 (6.87) million. The share price low was EUR 13.80, the high EUR 18.65, the average EUR 16.38 and the closing price EUR 15.00. Market capitalization on September 30, 2023, was EUR 376.60 (315.53) million. On September 30, 2023, Etteplan had 3,611 (3,713) shareholders.

### **Own shares**

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 in June and it will end on December 31, 2023, at the latest.

Etteplan repurchased a total of 22,962 of the company's own shares in January-September 2023. The company held 93,883 of its own shares at the end of September 2023 (September 30, 2022: 159,046), which corresponds to 0.37 percent of all shares and voting rights.

### **Flaggings**

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

### **Etteplan Oyj's incentive plan for key personnel 2023-2025**

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

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

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

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

### **Operating risks and uncertainty factors**

Etteplan's financial results are exposed to a number of strategic, operational and financial risks. The uncertainties caused by the general economic development continue to constitute risks for Etteplan's business. The possibility of changes in customers' business operations is a significant risk to Etteplan's operations. The company's operations are based on skilled staff. The availability of competent professionals is

an important factor for ensuring profitable growth and operations. The availability of personnel, particularly in certain expert disciplines, continues to present a business risk.

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

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

### **Financial information in 2024**

Financial Statement Review: Thursday, February 8, 2024

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

Annual General Meeting 2024: Tuesday, April 9, 2024

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

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

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

Espoo, October 31, 2023

Etteplan Oyj

Board of Directors

Additional information:

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

Outi Torniainen, 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](http://www.etteplan.com).

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

EUR 1,000	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
<b>Revenue</b>	<b>79,961</b>	<b>80,308</b>	<b>264,763</b>	<b>259,146</b>	<b>350,170</b>
Other operating income	439	825	1,129	1,865	2,826
Materials and services	-10,473	-9,526	-30,801	-29,982	-40,395
Employee benefits expenses	-51,088	-51,685	-174,205	-169,718	-227,823
Other operating expenses	-9,359	-9,067	-29,608	-26,107	-36,140
Depreciation and amortization	-4,512	-5,088	-13,939	-14,999	-20,018
<b>Operating profit (EBIT)</b>	<b>4,967</b>	<b>5,766</b>	<b>17,340</b>	<b>20,204</b>	<b>28,622</b>
Financial income and expenses	-1,540	-6,238	-3,152	-6,606	-6,235
<b>Profit before taxes</b>	<b>3,427</b>	<b>-472</b>	<b>14,188</b>	<b>13,598</b>	<b>22,386</b>
Income taxes	-834	-192	-3,465	-2,862	-4,235
<b>Profit for the review period</b>	<b>2,593</b>	<b>-664</b>	<b>10,724</b>	<b>10,737</b>	<b>18,151</b>
<b>Other comprehensive income, that may be reclassified to profit or loss</b>					
Currency translation differences	698	-1,096	-1,833	-3,262	-4,229
<b>Other comprehensive income, that will not be reclassified to profit or loss</b>					
Change in fair value of equity investments at fair value through other comprehensive income	-13	-16	-25	-43	-31
Remeasurement of defined benefit plan	0	0	0	0	1,359
<b>Other comprehensive income, net of tax</b>	<b>685</b>	<b>-1,113</b>	<b>-1,858</b>	<b>-3,304</b>	<b>-2,900</b>
<b>Total comprehensive income for the review period</b>	<b>3,278</b>	<b>-1,777</b>	<b>8,865</b>	<b>7,432</b>	<b>15,251</b>
<b>Profit for the review period attributable to</b>					
Equity holders of the parent company	2,593	-664	10,724	10,737	18,151
<b>Total comprehensive income for the review period attributable to</b>					
Equity holders of the parent company	3,278	-1,777	8,865	7,432	15,251
<b>Earnings per share calculated from the profit attributable to equity holders of the parent company</b>					
Basic earnings per share, EUR	0.10	-0.03	0.43	0.43	0.73
Diluted earnings per share, EUR	0.10	-0.03	0.43	0.43	0.73

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

EUR 1,000	Sep 30, 2023	Sep 30, 2022	Dec 31, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	108,451	106,485	105,385
Other intangible assets	31,153	34,422	32,745
Tangible assets	23,851	25,487	24,808
Investments at fair value through other comprehensive income	2,382	2,398	2,414
Other non-current receivables	944	54	1,016
Deferred tax assets	187	646	622
<b>Non-current assets, total</b>	<b>166,968</b>	<b>169,491</b>	<b>166,990</b>
<b>Current assets</b>			
Inventory	434	517	635
Work in progress	39,363	39,466	30,181
Trade and other receivables	47,874	48,267	62,405
Current tax assets	1,177	252	1,364
Cash and cash equivalents	18,619	14,106	19,564
<b>Current assets, total</b>	<b>107,467</b>	<b>102,607</b>	<b>114,149</b>
<b>TOTAL ASSETS</b>	<b>274,434</b>	<b>272,099</b>	<b>281,138</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
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	-1,620	-1,041	-1,059
Cumulative translation adjustment	-9,535	-6,734	-7,702
Other reserves	78	90	103
Retained earnings	81,219	70,528	79,302
<b>Equity, total</b>	<b>105,809</b>	<b>98,510</b>	<b>106,311</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	9,519	9,170	9,758
Loans from financial institutions	56,828	50,837	47,852
Lease liabilities	8,537	8,576	8,478
Defined benefit pension liability	4,873	7,064	4,897
Other non-current liabilities	589	0	33
<b>Non-current liabilities, total</b>	<b>80,346</b>	<b>75,647</b>	<b>71,018</b>
<b>Current liabilities</b>			
Loans from financial institutions	12,757	14,474	21,139
Lease liabilities	12,517	13,847	13,114
Advances received	5,053	3,759	2,856
Trade and other payables	55,509	63,765	63,532
Current income tax liabilities	2,443	2,096	3,168
<b>Current liabilities, total</b>	<b>88,280</b>	<b>97,941</b>	<b>103,809</b>
<b>Liabilities, total</b>	<b>168,625</b>	<b>173,588</b>	<b>174,828</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>274,434</b>	<b>272,099</b>	<b>281,138</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

EUR 1,000	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
<b>Operating cash flow</b>					
Cash receipts from customers	87,712	85,273	273,738	257,827	341,201
Operating expenses paid	-78,719	-79,401	-244,235	-235,487	-306,220
<b>Operating cash flow before financial items and taxes</b>	<b>8,993</b>	<b>5,872</b>	<b>29,503</b>	<b>22,341</b>	<b>34,981</b>
Interests and other payments for financial expenses	-1,011	-586	-2,818	-1,359	-1,721
Interest received	77	13	224	56	113
Income taxes paid	-973	-1,214	-3,924	-3,963	-5,277
<b>Operating cash flow (A)</b>	<b>7,087</b>	<b>4,085</b>	<b>22,985</b>	<b>17,075</b>	<b>28,095</b>
<b>Investing cash flow</b>					
Purchase of tangible and intangible assets	-1,026	-227	-1,993	-1,145	-1,711
Acquisition of subsidiaries, net of cash acquired	-5,446	249	-5,446	-20,866	-20,871
Purchase of investments	0	-2,033	0	-2,033	-2,033
Proceeds from sale of tangible and intangible assets	1,053	9	1,099	18	52
Loans granted	0	0	0	0	-963
<b>Investing cash flow (B)</b>	<b>-5,419</b>	<b>-2,002</b>	<b>-6,340</b>	<b>-24,026</b>	<b>-25,526</b>
<b>Cash flow after investments (A+B)</b>	<b>1,667</b>	<b>2,084</b>	<b>16,645</b>	<b>-6,951</b>	<b>2,570</b>
<b>Financing cash flow</b>					
Purchase of own shares	-270	0	-388	0	0
Proceeds from current loans	-1	2,631	83	4,150	13,144
Repayments of current loans	-1,290	-7,760	-16,413	-22,687	-32,534
Proceeds from non-current loans	0	0	17,000	28,000	27,999
Repayments of non-current loans	-11	-4	-24	-13	-16
Payment of lease liabilities	-3,067	-3,230	-8,907	-9,389	-12,657
Dividend paid	0	21	-9,015	-9,971	-9,970
<b>Financing cash flow (C)</b>	<b>-4,640</b>	<b>-8,341</b>	<b>-17,663</b>	<b>-9,910</b>	<b>-14,034</b>
<b>Variation in cash (A+B+C) increase (+) / decrease (-)</b>	<b>-2,972</b>	<b>-6,257</b>	<b>-1,019</b>	<b>-16,860</b>	<b>-11,464</b>
Assets at the beginning of the period	21,801	20,185	19,564	30,356	30,356
Exchange gains or losses	-210	179	74	611	672
Assets at the end of the period	18,619	14,106	18,619	14,106	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
<b>Equity Jan 1, 2022</b>	<b>5,000</b>	<b>6,701</b>	<b>22,037</b>	<b>133</b>	<b>-1,245</b>	<b>-3,473</b>	<b>69,761</b>	<b>98,914</b>
<b>Comprehensive income</b>								
Profit for the review period	0	0	0	0	0	0	18,151	18,151
<b>Other comprehensive income</b>								
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
<b>Other comprehensive income, net of tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-30</b>	<b>0</b>	<b>-4,229</b>	<b>1,358</b>	<b>-2,900</b>
<b>Total comprehensive income for the review period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-30</b>	<b>0</b>	<b>-4,229</b>	<b>19,510</b>	<b>15,251</b>
<b>Transactions with owners</b>								
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
<b>Transactions with owners, total</b>	<b>0</b>	<b>0</b>	<b>1,929</b>	<b>0</b>	<b>186</b>	<b>0</b>	<b>-9,970</b>	<b>-7,855</b>
<b>Equity Dec 31, 2022</b>	<b>5,000</b>	<b>6,701</b>	<b>23,966</b>	<b>103</b>	<b>-1,059</b>	<b>-7,702</b>	<b>79,302</b>	<b>106,311</b>
<b>EUR 1,000</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
<b>Equity Jan 1, 2023</b>	<b>5,000</b>	<b>6,701</b>	<b>23,966</b>	<b>103</b>	<b>-1,059</b>	<b>-7,702</b>	<b>79,302</b>	<b>106,311</b>
<b>Comprehensive income</b>								
Profit for the review period	0	0	0	0	0	0	10,724	10,724
<b>Other comprehensive income</b>								
Change in fair value of equity investments at fair value through other comprehensive income	0	0	0	-25	0	0	0	-25
Cumulative translation adjustment	0	0	0	0	0	-1,833	0	-1,833
<b>Other comprehensive income, net of tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-25</b>	<b>0</b>	<b>-1,833</b>	<b>0</b>	<b>-1,858</b>
<b>Total comprehensive income for the review period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-25</b>	<b>0</b>	<b>-1,833</b>	<b>10,724</b>	<b>8,865</b>
<b>Transactions with owners</b>								
Dividends	0	0	0	0	0	0	-9,015	-9,015
Purchase of own shares	0	0	0	0	-388	0	0	-388
Share-based incentive plan	0	0	0	0	-173	0	209	35
<b>Transactions with owners, total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-561</b>	<b>0</b>	<b>-8,806</b>	<b>-9,367</b>
<b>Equity Sep 30, 2023</b>	<b>5,000</b>	<b>6,701</b>	<b>23,966</b>	<b>78</b>	<b>-1,620</b>	<b>-9,535</b>	<b>81,219</b>	<b>105,809</b>
<b>EUR 1,000</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
<b>Equity Jan 1, 2022</b>	<b>5,000</b>	<b>6,701</b>	<b>22,037</b>	<b>133</b>	<b>-1,245</b>	<b>-3,473</b>	<b>69,761</b>	<b>98,914</b>
<b>Comprehensive income</b>								
Profit for the review period	0	0	0	0	0	0	10,737	10,737
<b>Other comprehensive income</b>								
Change in fair value of equity investments at fair value through other comprehensive income	0	0	0	-43	0	0	0	-43
Cumulative translation adjustment	0	0	0	0	0	-3,262	0	-3,262
<b>Other comprehensive income, net of tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-43</b>	<b>0</b>	<b>-3,262</b>	<b>0</b>	<b>-3,304</b>
<b>Total comprehensive income for the review period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-43</b>	<b>0</b>	<b>-3,262</b>	<b>10,737</b>	<b>7,432</b>
<b>Transactions with owners</b>								
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	205	0	0	205
<b>Transactions with owners, total</b>	<b>0</b>	<b>0</b>	<b>1,929</b>	<b>0</b>	<b>205</b>	<b>0</b>	<b>-9,970</b>	<b>-7,836</b>
<b>Equity Sep 30, 2022</b>	<b>5,000</b>	<b>6,701</b>	<b>23,966</b>	<b>90</b>	<b>-1,041</b>	<b>-6,734</b>	<b>70,528</b>	<b>98,510</b>

## 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's revenue amounted to approximately EUR 350.2 million. The company has some 4,000 professionals in Finland, Sweden, the Netherlands, Germany, Poland, Denmark and China. Etteplan's shares are listed on Nasdaq Helsinki Ltd under the ETTE ticker.

Etteplan Oyj's Board of Directors has approved this Interim Report for publication on October 31, 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 Interim Report has not been prepared in accordance with all the requirements in IAS 34 (Interim Financial Reporting) standard. The Interim Report has been prepared according to the recognition and valuation principles presented in the 2022 Annual Financial Statements.

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

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

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

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

**Key figures**

EUR 1,000	1-9/2023	1-9/2022	1-12/2022	Change
Revenue	264,763	259,146	350,170	2.2%
Operating profit (EBITA)	21,322	24,184	33,915	-11.8%
EBITA, %	8.1	9.3	9.7	
Operating profit (EBIT)	17,340	20,204	28,622	-14.2%
EBIT, %	6.5	7.8	8.2	
Profit before taxes	14,188	13,598	22,386	4.3%
Profit before taxes, %	5.4	5.2	6.4	
Return on equity, %	13.5	14.5	17.7	
ROCE, %	12.2	15.4	15.9	
Equity ratio, %	39.3	36.7	38.2	
Gross interest-bearing debt	90,639	87,734	90,583	3.3%
Net gearing, %	68.1	74.7	66.8	
Balance sheet, total	274,434	272,099	281,138	0.9%
Gross investments	17,495	38,655	40,940	-54.7%
Operating cash flow	22,985	17,075	28,095	34.6%
Basic earnings per share, EUR	0.43	0.43	0.73	0.0%
Diluted earnings per share, EUR	0.43	0.43	0.73	0.0%
Equity per share, EUR	4.21	3.93	4.25	7.1%
Personnel, average	3,954	3,932	3,945	0.6%
Personnel at end of the period	4,010	3,979	3,951	0.8%

## 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	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
<b>Primary geographical location</b>					
Finland	39,798	40,640	135,569	134,257	181,114
Scandinavia	17,971	18,710	63,271	64,138	88,346
Central Europe	19,654	17,709	58,127	51,079	68,242
China	2,538	3,250	7,797	9,672	12,468
<b>Total</b>	<b>79,961</b>	<b>80,308</b>	<b>264,763</b>	<b>259,146</b>	<b>350,170</b>
<b>Timing of revenue recognition</b>					
Transferred at a point in time	1,172	541	3,006	1,730	2,288
Transferred over time	78,789	79,768	261,757	257,416	347,882
<b>Total</b>	<b>79,961</b>	<b>80,308</b>	<b>264,763</b>	<b>259,146</b>	<b>350,170</b>

## Revenue and Operating profit (EBIT) by quarter

EUR 1,000	1-3/2023	1-3/2022	4-6/2023	4-6/2022	7-9/2023	7-9/2022
Revenue	94,954	89,586	89,849	89,252	79,961	80,308
Operating profit (EBIT)	6,259	7,622	6,114	6,817	4,967	5,766
EBIT, %	6.6	8.5	6.8	7.6	6.2	7.2

## Non-recurring items

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

EUR 1,000	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Other operating income	0	300	0	300	767
Employee benefits expenses and other operating expenses	-189	-1,035	-1,535	-1,635	-1,807
<b>Operating profit (EBIT)</b>	<b>-189</b>	<b>-735</b>	<b>-1,535</b>	<b>-1,335</b>	<b>-1,040</b>
Financial income and expenses	0	-6,003	0	-6,003	-5,133
<b>Profit for the review period</b>	<b>-189</b>	<b>-6,738</b>	<b>-1,535</b>	<b>-7,338</b>	<b>-6,173</b>

## Acquisitions

### LAE Engineering GmbH (100%)

On July 4, 2023, Etteplan acquired LAE Engineering GmbH, a German engineering company with approximately 70 employees that offers specialized expertise across electrical engineering planning, power generation, building and industrial automation, as well as information management systems, and industrial IT. The provisional goodwill of EUR 3,087 thousand arising from the acquisition is attributable to the technical know-how of the acquiree's personnel, and the expected synergies arising from the acquisition. None of the goodwill recognized is expected to be deductible for income tax purposes.

### High Vision Engineering Sweden AB (100%)

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

The provisional goodwill of EUR 1,076 thousand arising from the acquisition is attributable to the technical know-how of the acquiree's personnel, and the expected synergies arising from the acquisition. None of the goodwill recognized is expected to be deductible for income tax purposes.

### Acquisitions in total

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

<b>Consideration transferred:</b>	<b>EUR 1,000</b>
Cash payment	7,904
Directed share issue	0
Contingent consideration	300
<b>Total consideration transferred</b>	<b>8,204</b>
<b>Assets and liabilities</b>	
Tangible assets	1,014
Intangible assets	80
Customer relationships (intangible assets)	2,167
Non-competition agreements (intangible assets)	160
Trade and other receivables	4,850
Cash and cash equivalents	1,951
<b>Total assets</b>	<b>10,222</b>
Non-current pension liabilities	154
Other non-current liabilities	310
Other current liabilities	5,030
Deferred tax liability	686
<b>Total liabilities</b>	<b>6,181</b>
<b>Total identifiable net assets</b>	<b>4,041</b>
<b>Formation of Goodwill:</b>	
Consideration transferred	8,204
Total identifiable net assets	-4,041
<b>Goodwill</b>	<b>4,163</b>

The costs related to the acquisitions, EUR 89 thousand, are included in other operating expenses in the consolidated statement of comprehensive income.

### Changes in contingent considerations

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

### 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	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
<b>Operating profit (EBIT)</b>	<b>4,967</b>	<b>5,766</b>	<b>17,340</b>	<b>20,204</b>	<b>28,622</b>
Amortization on fair value adjustments at acquisitions	1,364	1,319	3,982	3,979	5,293
<b>Operating profit (EBITA)</b>	<b>6,332</b>	<b>7,085</b>	<b>21,322</b>	<b>24,184</b>	<b>33,915</b>

#### **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*

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

### *Non-IFRS key figures*

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