

FINANCIAL STATEMENT REVIEW
JANUARY-DECEMBER

Q4 2022

**Profitable growth in a
changing market**

ETTEPLAN 2022: Profitable growth in a changing market
Key points October–December 2022

- The Group's revenue grew by 6.8 per cent and was EUR 91.0 million (10–12/2021: EUR 85.3 million). At comparable exchange rates, revenue increased by 8.6 per cent.
- Operating profit (EBITA) grew by 8.5 per cent and was EUR 9.7 (9.0) million, or 10.7 (10.5) per cent of revenue.
- Operating profit (EBIT) grew by 7.4 per cent and was EUR 8.4 (7.8) million, or 9.2 (9.2) per cent of revenue.
- Operating cash flow was EUR 11.0 (13.2) million.
- Basic earnings per share was EUR 0.30 (0.26). Earnings per share was improved by the realization of a currency hedge related to the public offer made for Semcon AB, compared to the third quarter valuations.

Key points January–December 2022

- The Group's revenue grew by 16.7 per cent and was EUR 350.2 million (1–12/2021: EUR 300.1 million). At comparable exchange rates, revenue increased by 17.7 per cent.
- Operating profit (EBITA) grew by 12.5 per cent and was EUR 33.9 (30.1) million, or 9.7 (10.0) per cent of revenue.
- Operating profit (EBIT) grew by 11.1 per cent and was EUR 28.6 (25.8) million, or 8.2 (8.6) per cent of revenue.
- Operating cash flow was EUR 28.1 (27.1) million.
- The combined effect of non-recurring items on operating profit (EBITA) and operating profit (EBIT) in January–December was EUR -1.0 (-0.7) million.
- Etteplan issued a public offer to the shareholders of Semcon AB on August 23, 2022. The offer subsequently lapsed. The expenses related to the offer and the realization of a currency hedge had a significant negative effect on the profit for the financial year and earnings per share.
- Basic earnings per share was EUR 0.73 (0.80).
- The Board of Directors' dividend proposal is EUR 0.36 (0.40) per share.

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	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Revenue	91,024	85,258	350,170	300,111
Operating profit (EBITA)	9,731	8,965	33,915	30,139
EBITA, %	10.7	10.5	9.7	10.0
Operating profit (EBIT)	8,417	7,834	28,622	25,754
EBIT, %	9.2	9.2	8.2	8.6
Basic earnings per share, EUR	0.30	0.26	0.73	0.80
Equity ratio, %	38.2	39.7	38.2	39.7
Operating cash flow	11,020	13,156	28,095	27,093
ROCE, %	18.6	19.7	15.9	16.0
Personnel at end of the period	3,951	3,629	3,951	3,629

President and CEO Juha Näkki:

The expectation was that 2022 would be a slightly more normal year after the COVID-19, but Russia's invasion of Ukraine and the resulting geopolitical tensions changed the situation dramatically. The outbreak of the war was followed by inflation, an energy crisis, interest rate hikes and other changes that affected everyone's life and caused changes in the market situation.

The first quarter of the year began with a good demand situation, and the outbreak of the war in February had only a small impact on demand. However, in the second quarter, changes in the demand situation began to appear and uncertainty increased. Our customers in different industries reacted to the changed situation in different ways. In certain industries, product development investments were slowed to start, while investments related to the defense industry and the green transition increased, for example. More differences in demand between industries and customers began to occur but, generally, demand remained at a fairly good level throughout the year.

In spite of the uncertainty and the changes in the market situation, we succeeded in growing our business significantly and our net sales exceeded the milestone of EUR 350 million. Our growth was also profitable, and we almost achieved our target level of profitability. We continued to execute our acquisition strategy by making four acquisitions, which helped to accelerate growth, but our organic growth was also strong. The public offer that we made in the third quarter for Semcon AB's shares did not lead to an acquisition, and the non-recurring costs related to the offer had a negative effect on our operating profit and earnings per share in the second half of the year. We slowed down our recruitment in the second quarter due to the uncertain market situation, which affected our growth. Sickness-related absences also increased significantly during the year as people moved more freely after the years of the COVID-19. Sickness-related absences were very high in the final quarter of the year particularly in China due to the lifting of COVID-19 restrictions, but the levels were also high in Europe. This had a negative effect on our growth and the development of our profitability.

We achieved good results in all of our service areas during the year. The Engineering Solutions service area's development was positive throughout the year and its operational performance was very strong. The profitability of the Software and Embedded Solutions service area fell slightly in the second quarter as the slowdown of product development investments and fluctuations in demand weakened our operational efficiency. However, we improved towards the end of the year and, in the final quarter, the profitability of the service area was again at a good level. In the Technical Documentation Solutions service area, our business otherwise developed positively, but the Cognitas acquisition we carried out in Germany at the beginning of the year did not meet our expectations and weakened the profitability of the service area throughout the year. We have taken corrective measures and the integration of Cognitas into Etteplan is progressing well. We expect the measures to have a positive impact on Cognitas' business and the profitability of the service area to return to a good level in 2023.

On the whole, we performed well in 2022 considering the circumstances, and I want to thank all of our employees for their excellent work. We were able to respond effectively to market changes, which puts us in an excellent position as we enter 2023. Forecasting market conditions and demand is still difficult as the war continues, and uncertainty is high, but the general market sentiment has recently turned to a more positive direction. We also see a lot of opportunities in the current market, which is why we expect our growth to continue and our profitability to develop favorably also in 2023.

Market outlook 2023

The most important factor affecting Etteplan's business is the global development of the machinery and metal industry. The war started by Russia in Ukraine and the subsequent elevation in geopolitical tensions have increased uncertainty globally. Inflation reduces the willingness to invest and affects demand in certain industries. At the same time, investments related to the defense industry, energy efficiency and accelerating the green transition are growing. Uncertainty remains high and the demand situation is characterized by variation. The restrictions related to the COVID-19 in China have eased, but the sharp increase in the number of infections towards the end of the year continues to affect the market situation. Nevertheless, we expect the general demand situation to remain fairly good throughout 2023.

Financial guidance 2023

Etteplan issues guidance for revenue and operating profit (EBIT) as a numerical range and issues the following estimate:

Revenue in 2023 is estimated to be 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 lack of engineering resources. These trends are creating a need for intelligent and energy-efficient engineering 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.

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Development of demand by customer industry

The war started by Russia in Ukraine affects demand in all customer industries, but the effects of the COVID-19 on different customer segments vary. Demand in the Forest, Pulp and Paper industry was at a good 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 very good level. Demand in the Lifting and Hoisting industry was at a moderate level. Demand in the ICT industry remained good. 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 and the energy crisis have increased uncertainty and accelerated inflation in all of our operating countries in Europe. In Finland, the revenue of companies in the technology industry in 2022 increased by approximately 16 per cent compared to the previous year, based on preliminary data. However, based on the order development at the end of 2022, it is estimated that the revenue growth of companies in the technology industry will slow down or completely stagnate during the beginning of 2023. The orders received by companies in the engineering and consulting industry in October-December were 1 per cent fewer than in the corresponding period in the previous year. The war and geopolitical tensions are also increasing uncertainty in China and affecting Western investments and international trade. In addition, the large number of COVID-19 infections affects the demand situation and market activity in China.

Revenue

In spite of the uncertain market situation, the demand for our services remained good during the review period, and our growth continued. Organic growth was good for the full year, and acquisitions supported revenue growth. Sickness-related absences were at a high level throughout the year, and their increase affected the accumulation of revenue particularly in the final quarter.

Etteplan's revenue grew by 6.8 per cent in October–December and was EUR 91.0 million (10–12/2021: EUR 85.3 million). Revenue increased by 8.6 per cent at comparable exchange rates. The organic growth of revenue was 1.0 per cent. At comparable exchange rates, organic growth was 2.8 per cent. Revenue from key accounts decreased by 0.7 per cent in October–December.

In January–December, Etteplan's revenue grew by 16.7 per cent and was EUR 350.2 million (1–12/2021: EUR 300.1 million). Revenue increased by 17.7 per cent at comparable exchange rates. The organic growth of revenue was 8.6 per cent. At comparable exchange rates, organic growth was 9.6 per cent. Revenue from key accounts grew by 6.9 per cent in January–December.

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 the organic growth of revenue for the 12 months following the acquisition. Adina Solutions Oy increased revenue starting from August 1, 2021, and BST Buck Systemtechnik GmbH starting from October 1, 2021. Cognitas GmbH, which was acquired at the beginning of 2022, is included in Etteplan's figures starting from January 1, 2022, Syncore Technologies AB starting from February 1, 2022, LCA Consulting Oy starting from May 1, 2022, and DDCom starting from June 1, 2022.

Result

Profitability for the full year was at a good level, although it declined slightly from the previous year. Etteplan recognized significant non-recurring costs related to the preparation of the offer made for Semcon AB in the third quarter of the year, which had a negative effect on profitability for the full year. The increase in sickness-related absences also affected profitability, particularly in the fourth quarter.

Operating profit (EBITA) grew by 8.5 per cent in October–December and was EUR 9.7 (9.0) million, or 10.7 (10.5) per cent of revenue.

Operating profit (EBITA) grew by 12.5 per cent in January–December and was EUR 33.9 (30.1) million, or 9.7 (10.0) per cent of revenue.

Operating profit (EBIT) grew by 7.4 per cent in October–December and was EUR 8.4 (7.8) million, or 9.2 (9.2) per cent of revenue.

Operating profit (EBIT) grew by 11.1 per cent in January–December and was EUR 28.6 (25.8) million, or 8.2 (8.6) per cent of revenue.

The combined effect of non-recurring items on operating profit (EBITA) and operating profit (EBIT) in October–December was EUR 0.3 (-0.1) million. In the fourth quarter, non-recurring items were affected particularly by changes in the valuation of contingent liabilities, which had a positive effect on profit, as well as expenses related to organizational restructuring and acquisitions.

The combined effect of non-recurring items on operating profit (EBITA) and operating profit (EBIT) in January–December was EUR -1.0 (-0.7) million. For the full year, non-recurring items were affected particularly by expenses related to the Semcon offer, expenses related to organizational restructuring and acquisitions, and changes in the valuation of contingent liabilities.

The net amount of financial income and financial expenses came to EUR -6.2 (-0.9) million in January–December. The Semcon offer had an effect of EUR -5.1 million on financial expenses.

Profit before taxes for January–December was EUR 22.4 (24.9) million. Taxes in the income statement amounted to 18.9 (19.4) percent of the result before taxes. The amount of taxes was EUR 4.2 (4.8) million.

The profit for January–December was EUR 18.2 (20.0) million.

Basic earnings per share was EUR 0.30 (0.26) in October–December. Earnings per share was improved by the realization of a currency hedge related to the public offer made for Semcon AB, compared to the third quarter valuations. Earnings per share were EUR 0.73 (EUR 0.80) in January–December. The expenses related to the preparation of the Semcon offer and the currency hedge had a significant negative effect on earnings per share for the full year. Equity per share was EUR 4.25 (3.97) at the end of December. Return on capital employed (ROCE) before taxes was 18.6 (19.7) per cent in October–December and 15.9 (16.0) per cent in January–December.

Cash flow and financial position

Operating cash flow decreased year-on-year in the fourth quarter and came to EUR 11.0 (13.2) million in October–December. Cash flow after investments in October–December was EUR 9.5 (12.5) million.

In January–December, operating cash flow was EUR 28.1 (27.1) million. Cash flow after investments was EUR 2.6 (10.8) million in January–December due to the acquisitions made in the first half of the year. 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 19.6 (30.4) million at the end of December.

The Group's interest-bearing liabilities amounted to EUR 90.6 (78.5) million at the end of December. The amount of interest-bearing liabilities was affected by acquisitions made by the Group. Lease liabilities represented EUR 21.6 (22.7) million of interest-bearing liabilities.

The total of unused short-term credit facilities stood at EUR 12.6 (14.5) million.

Total assets on December 31, 2022, were EUR 281.1 (253.0) million. Goodwill on the balance sheet was EUR 105.4 (92.4) million.

At the end of December, the equity ratio was 38.2 (39.7) per cent.

Capital expenditure

The Group's gross investments in January–December were EUR 40.9 (30.6) million. The gross investments mainly consisted of acquisitions, increases in lease liabilities and equipment purchases.

Personnel

The number of personnel stood at 3,951 (3,629) employees at the end of December 2022. The number of personnel increased by 8.9 per cent compared to the end of 2021. Due to the unpredictable market situation, we slowed down recruitment in all service areas in the second half of the year.

The Group employed 3,945 (3,480) people on average in January–December 2022.

The number of people employed by the Group outside of Finland increased and stood at 1,963 (1,624) at the end of December, representing 50 (47) per cent of the total number of employees.

Business review

The key objective of the company's strategy - Increasing value for customers - is to create even higher value for customers and support them in the industrial change. 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, 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, artificial intelligence and other digital technologies. In July, we made a strategic investment in the Swedish start-up company Ekono Solutions AB, a developer of machine learning and artificial intelligence technology, by acquiring a stake of approximately 20 per cent in the company.

We have also invested in industrial digitalization and strengthened our smart industrial production offering to help our customers digitalize their production facilities and business operations. Etteplan's new Smart Factory offering consists of a wide range of expertise ranging from engineering to piping, automation, information systems and technical documentation.

Etteplan's target is to achieve revenue of 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 50 per cent. In October–December, revenue accumulated outside Finland amounted to EUR 44.2 (37.2) million, or 49 (44) per cent of the Group's total revenue. In January–December, revenue accumulated outside Finland amounted to EUR 169.1 (130.1) million, or 48 (43) per cent of the Group's total revenue.

The COVID-19 and thereto related restrictions and shutdown measures continued to affect demand in China. The lifting of restrictions in the fourth quarter significantly increased sickness-related absences. The number of hours sold in the Chinese market decreased by 8.3 per cent in October–December and by 5.4 per cent in January–December.

Etteplan's target is to increase the share of revenue represented by Managed Services to 75 per cent. The share of revenue represented by Managed Services stood at 66 (63) per cent in October–December and 66 (63) per cent in January–December. The growth in the share of Managed Services enhances Etteplan's capacity management and improves profitability. Etteplan's operating profit (EBITA) target is 10 per cent of revenue.

Acquisitions in 2022

Etteplan issued a public offer to the shareholders of Semcon AB on August 23, 2022. The acceptance period stipulated by the offer began on September 1, 2022, and ended on October 6, 2022. The conditions of Etteplan's offer were not fulfilled due to a competing purchase offer. Etteplan did not raise its offer, and the offer consequently lapsed on October 6, 2022. Etteplan issued several stock exchange releases related to the offer between August 23 and October 7, 2022. The releases and more details on the offer are available on Etteplan's website at www.etteplan.com.

Etteplan continued its expansion in the Netherlands in June 2022 by acquiring DDCom. The acquisition strengthened Etteplan's capabilities in 3D content-based animation and visualization services related to technical documentation. DDCom is located in the Eindhoven area and employs approximately 15 technical documentation specialists. Its customers operate in automotive, high tech, med-tech and product manufacturing industries and include high-profile companies such as DAF Trucks, ASML, VDL, Philips & Shimano.

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

Etteplan strengthened its position in Sweden and acquired Syncore Technologies AB, a technology services company focusing on advanced embedded systems, in February 2022. Syncore employs 46 embedded systems experts in Linköping, Sweden. The acquisition involved a directed share issue to the owners of the acquired company. More information is provided under Shares.

In January 2022, Etteplan acquired Cognitas GmbH, a German technical information life cycle management company, from Canon Deutschland GmbH. With the acquisition, Etteplan became a market-leading company in technical documentation in Germany and reinforces its leading position in Europe. 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	10-12/2022	10-12/2021	Change	1-12/2022	1-12/2021	Change
Revenue	48,899	47,107	3.8%	183,693	167,433	9.7%
Operating profit (EBITA)	5,260	4,983	5.6%	19,388	16,555	17.1%
EBITA, %	10.8	10.6		10.6	9.9	
Managed Services index	65	64		64	64	
Personnel at end of the period	2,092	2,062	1.5%	2,092	2,062	1.5%

The figures for BST Buck Systemtechnik GmbH, acquired in September 2021, are included in the service area's figures starting from October 1, 2021, and the figures for LCA Consulting Oy, acquired in May 2022, starting from May 1, 2022.

The share of Etteplan's revenue represented by Engineering Solutions was 54 (55) per cent in October–December and 52 (56) per cent in January–December.

The service area's revenue increased by 3.8 per cent in October–December and amounted to EUR 48.9 (47.1) million. In January–December, revenue increased by 9.7 per cent and was EUR 183.7 (167.4) million. The significant increase in sickness-related absences, particularly in the fourth quarter, slowed down revenue growth in the service area.

The operating profit (EBITA) of Engineering Solutions improved in October–December and amounted to EUR 5.3 (5.0) million, or 10.8 (10.6) per cent of revenue. Success in the project business improved the profitability of the service area. In January–December, operating profit (EBITA) was EUR 19.4 (16.6) million or 10.6 (9.9) per cent of revenue. The profitability of Engineering Solutions was at an excellent level throughout the year, which was due to good operational efficiency in particular.

The Engineering Solutions service area had 2,092 (2,062) employees at the end of December.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, amounted to 65 (64) per cent in October–December and 64 (64) per cent in January–December.

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 utilization of digitalization, we can ensure better customer service, cost-efficiency, or the creation of new income streams.

EUR 1,000	10-12/2022	10-12/2021	Change	1-12/2022	1-12/2021	Change
Revenue	24,236	23,369	3.7%	95,934	80,123	19.7%
Operating profit (EBITA)	2,800	2,418	15.8%	9,193	8,316	10.5%
EBITA, %	11.6	10.3		9.6	10.4	
Managed Services index	52	47		52	47	
Personnel at end of the period	815	771	5.7%	815	771	5.7%

The figures for Syncore Technologies AB, acquired in February 2022, are included in the service area's figures starting from February 1, 2022.

The share of the Group's total revenue represented by Software and Embedded Solutions was 27 (28) per cent in October–December and 28 (27) per cent in January–December.

The market situation in the Software and Embedded Solutions service area remained generally good. Our acquisitions and increased subcontracting had a positive effect on the development of revenue. The significant increase in sickness-related absences, particularly in the fourth quarter, slowed down revenue growth in the service area.

The service area's revenue increased by 3.7 per cent in October–December and amounted to EUR 24.2 (23.4) million. In January–December, revenue increased by 19.7 per cent and was EUR 95.9 (80.1) million.

The Software and Embedded Solutions service area's operating profit (EBITA) improved by 15.8 per cent in October–December and was EUR 2.8 (2.4) million, or 11.6 (10.3) per cent of revenue. In January–December, operating profit (EBITA) improved by 10.5 per cent and amounted to EUR 9.2 (8.3) million. Profitability, in turn, declined to 9.6 (10.4) per cent of revenue.

We took measures to improve the service area's profitability and operational efficiency throughout the year and began to see results in the second half of the year. Success in the project business had a positive effect on profitability in the fourth quarter.

The number of personnel in the Software and Embedded Solutions service area increased year-on-year due to acquisitions and recruitment and stood at 815 (771) at the end of December. 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, amounted to 52 (47) per cent in October–December and 52 (47) per cent in January–December.

Technical Documentation 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	10-12/2022	10-12/2021	Change	1-12/2022	1-12/2021	Change
Revenue	17,682	14,338	23.3%	69,808	51,650	35.2%
Operating profit (EBITA)	1,359	1,714	-20.7%	6,060	5,879	3.1%
EBITA, %	7.7	12.0		8.7	11.4	
Managed Services index	89	82		89	82	
Personnel at end of the period	886	669	32.4%	886	669	32.4%

The figures for Adina Solutions, acquired in August 2021, are included in the service area's figures starting from August 1, 2021, the figures for Cognitas GmbH, acquired in January 2022, starting from January 1, 2022, and the figures for DDCOM, acquired in June 2022, starting from June 1, 2022.

The share of the Group's total revenue represented by Technical Documentation Solutions was 19 (17) per cent in October–December and 20 (17) per cent in January–December.

The Technical Documentation Solutions service area's demand situation remained good, and revenue increased by 23.3 per cent in October–December, amounting to EUR 17.7 (14.3) million. In January–December, revenue increased by 35.2 per cent and was EUR 69.8 (51.7) million. Acquisitions and the success of the outsourcing business contributed to the growth figures. However, the significant increase in sickness-related absences, particularly in the fourth quarter, slowed down revenue growth in the service area.

In January 2022, we acquired Cognitas GmbH, a German technical information life cycle management company, from Canon. With the acquisition, Etteplan becomes a market-leading company in technical documentation in Germany and reinforces its leading position in Europe.

The Technical Documentation Solutions service area's operating profit (EBITA) declined in October–December and amounted to EUR 1.4 (1.7) million. Profitability declined to 7.7 (12.0) per cent of revenue. The service area's profitability was negatively affected in the fourth quarter by a non-recurring adjustment to the recognition of revenue from Cognitas' projects. In January–December, operating profit (EBITA) was EUR 6.1 (5.9) million. Profitability declined to 8.7 (11.4) per cent of revenue. The profitability and operational efficiency of the Technical Documentation Solutions service area fell short of our targets. In particular, Cognitas' profitability was weaker than expected. We have taken measures to remedy the situation and are making progress with the integration of Cognitas. We expect the profitability of the service area to return to a good level in 2023.

The Technical Documentation Solutions service area had 886 (669) employees at the end of December. The Cognitas acquisition contributed to the increase in the number of employees.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, amounted to 89 (82) per cent in October–December and 89 (82) per cent in January–December.

GOVERNANCE

GENERAL MEETING

Etteplan Oyj's Annual General Meeting was held on April 6, 2022. 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 2021.

The Annual General Meeting resolved, in accordance with the proposal of the Board of Directors, to pay a dividend of EUR 0.40 per share for the financial year 2021 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 8, 2022, and the date of dividend payout was April 19, 2022.

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 five 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 Saarenen and Mikko Tepponen as members of the Board of Directors. KPMG Oy Ab, Authorized Public Accountants, with Authorized Public Accountant Kim Järvi as the main responsible auditor, was elected as the Company's auditor.

In its organization meeting subsequent to the Annual General Meeting, the Board of Directors of Etteplan Oyj elected Robert Ingman as Chairman of the Board of Directors. Matti Huttunen was elected the Chair-

man and Robert Ingman and Leena Saarinen as members of the Nomination and Remuneration Committee of Etteplan Oyj. Päivi Lindqvist was elected as the Chairman and Leena Saarinen and Mikko Tepponen as members of the Audit Committee of Etteplan Oyj.

Board authorizations

The Annual General Meeting held on April 6, 2022 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 6, 2022, and ending on October 5, 2023.

The Annual General Meeting 2021 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 two (2) years from the date of the resolution of the Annual General Meeting, starting on April 8, 2021, and ending on April 7, 2023.

SHARES

Etteplan's shares are listed in Nasdaq Helsinki Ltd's Mid Cap market capitalization group in the Industrials sector under the ETTE ticker. The company has one series of shares. All shares confer an equal right to a dividend and the company's funds. The company's share capital on December 31, 2022, was EUR 5,000,000.00 and the total number of shares was 25,200,793.

On February 2, 2022, Etteplan issued a stock exchange release announcing the acquisition of Syncore Technologies AB. As part of the financing of the transaction, Etteplan Oyj's Board of Directors, at its meeting held on February 1, 2022, made a conditional decision on a share issue based on the share issue authorization given to the Board of Directors by the Annual General Meeting on April 8, 2021. In accordance with the terms of the transaction, the purchase price was paid through a share issue to the sellers and cash. The contract of sale, which was a condition of the decision, was signed on February 2, 2022, and at the same time, the sellers subscribed for 117,485 new Etteplan shares as a part payment for the purchase amount. The subscription price per share paid for the shares was EUR 16.42. The new shares carry the right to dividends starting from the financial year 2022. The new shares subscribed for in the directed share issue were registered in the Trade Register on April 19, 2022, and in the book-entry system maintained by Euroclear Finland Oy on April 29, 2022. The shares were listed for trading on Nasdaq Helsinki on May 3, 2022. However, trading in the new shares will only be possible after three years, when the transfer restriction agreed upon in connection with the transaction has expired.

Trading in shares

The number of Etteplan Oyj shares traded in January–December was 517,686 (1–12/2021: 1,539,757), for a total value of EUR 8.0 (25.15) million. The share price low was EUR 11.65, the high EUR 18.75, the average EUR 15.46 and the closing price EUR 14.60. Market capitalization on December 31, 2022, was EUR 365.61 (421.22) million. On December 31, 2022, Etteplan had 3,696 (3,604) shareholders.

Own shares

Etteplan did not purchase any of its own shares in January–December 2022. The company held 159,046 of its own shares at the end of December 2022 (December 31, 2021: 159,046), which corresponded to 0.63 percent of all shares and voting rights.

Flaggings

Etteplan Oyj received no flagging notices in January–December 2022.

Etteplan Oyj's incentive plan for key personnel 2020–2022

On February 5, 2020, Etteplan's Board of Directors resolved to establish a new share-based incentive plan for the Group's key personnel. The aim of the plan is to combine the objectives of the shareholders and the key personnel in order to increase the value of the company, to commit the key personnel to the company, and to offer them a competitive reward plan based on holding the company shares.

The plan includes one earning period which comprises calendar years 2020–2022. The earning period covers the same years as Etteplan's strategy update published in March 2019. The plan is in line with Etteplan's strategy and supports the achievement of the company's financial targets.

The earning criteria are Etteplan Group's revenue increase and the development of Total Shareholder Return (TSR). The potential reward will be paid partly in the company's shares and partly in cash after the end of the earning period. The proportion to be paid in cash is intended to cover taxes and tax-related costs arising from the reward to the key personnel.

Approximately 25 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 an approximate maximum total of 390,000

Etteplan Oyj shares (including also the proportion 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 increased difficulties in recruiting professional staff, particularly in certain expert disciplines, continues to present a business risk.

COVID-19 continues to have an impact on Etteplan's business, and the associated sickness-related absences have a negative impact on the company's development. The war started by Russia in Ukraine increases uncertainty in the markets, drives inflation and interest rates higher and has a negative impact on customers' operations and supply chains. Rising costs and interest rates have an impact on Etteplan's business and financial position. 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.

The Board's proposal for distribution of 2022 profits

The parent company's distributable shareholders' equity according to the balance sheet on December 31, 2022, is EUR 59,076,673.28. The Board of Directors will propose to the Annual General Meeting, which will convene on April 5, 2023, that on the dividend payout date a dividend of EUR 0.36 per share be paid on the company's externally owned shares, for a total amount of EUR 9,072,285.48 at most, and that the remaining profit be transferred to retained earnings.

Financial information in 2023

Financial Statements and Annual Report: week 11/2023 at the latest

Annual General Meeting 2023: Wednesday, April 5, 2023

Interim Report for January-March 2023: Thursday, May 11, 2023

Half Year Financial Report for January-June 2023: Thursday, August 10, 2023

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

Espoo, February 17, 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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Revenue	91,024	85,258	350,170	300,111
Other operating income	961	448	2,826	1,289
Materials and services	-10,413	-9,602	-40,395	-31,685
Employee benefits expenses	-58,104	-54,713	-227,823	-197,596
Other operating expenses	-10,033	-9,017	-36,140	-28,527
Depreciation and amortization	-5,018	-4,540	-20,018	-17,839
Operating profit (EBIT)	8,417	7,834	28,622	25,754
Financial income	288	291	1,044	593
Financial expenses	83	-464	-7,280	-1,480
Profit before taxes	8,788	7,660	22,386	24,867
Income taxes	-1,373	-1,292	-4,235	-4,823
Profit for the review period	7,415	6,369	18,151	20,044
Other comprehensive income, that may be reclassified to profit or loss				
Currency translation differences	-967	-102	-4,229	-589
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	12	3	-31	32
Remeasurement of defined benefit plan	1,359	0	1,359	0
Other comprehensive income, net of tax	404	-99	-2,900	-557
Total comprehensive income for the review period	7,819	6,270	15,251	19,487
Profit for the review period attributable to				
Equity holders of the parent company	7,415	6,369	18,151	20,044
Total comprehensive income for the review period attributable to				
Equity holders of the parent company	7,819	6,270	15,251	19,487
Earnings per share calculated from the profit attributable to equity holders of the parent company				
Basic earnings per share, EUR	0.30	0.26	0.73	0.80
Diluted earnings per share, EUR	0.30	0.26	0.73	0.80

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR 1,000	Dec 31, 2022	Dec 31, 2021
ASSETS		
Non-current assets		
Goodwill	105,385	92,380
Other intangible assets	32,745	28,807
Tangible assets	24,808	24,759
Investments at fair value through other comprehensive income	2,414	418
Other non-current receivables	1,016	54
Deferred tax assets	622	731
Non-current assets, total	166,990	147,150
Current assets		
Inventory	635	376
Work in progress	30,181	26,810
Trade and other receivables	62,405	47,988
Current tax assets	1,364	273
Cash and cash equivalents	19,564	30,356
Current assets, total	114,149	105,803
TOTAL ASSETS	281,138	252,953
EQUITY AND LIABILITIES		
Capital attributable to equity holders		
Equity		
Share capital	5,000	5,000
Share premium account	6,701	6,701
Unrestricted equity fund	23,966	22,037
Own shares	-1,059	-1,245
Cumulative translation adjustment	-7,702	-3,473
Other reserves	103	133
Retained earnings	79,302	69,761
Equity, total	106,311	98,914
Non-current liabilities		
Deferred tax liabilities	9,758	7,408
Loans from financial institutions	47,852	30,350
Lease liabilities	8,478	8,777
Defined benefit pension liability	4,897	0
Other non-current liabilities	33	827
Non-current liabilities, total	71,018	47,362
Current liabilities		
Loans from financial institutions	21,139	25,453
Lease liabilities	13,114	13,894
Advances received	2,856	3,891
Trade and other payables	63,532	61,673
Current income tax liabilities	3,168	1,766
Current liabilities, total	103,809	106,677
Liabilities, total	174,828	154,039
TOTAL EQUITY AND LIABILITIES	281,138	252,953

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1,000	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Operating cash flow				
Cash receipts from customers	83,374	78,422	341,201	287,564
Operating expenses paid	-70,733	-62,728	-306,220	-253,056
Operating cash flow before financial items and taxes	12,640	15,694	34,981	34,508
Interests and other payments for financial expenses	-363	-449	-1,721	-1,289
Interest received	56	10	113	80
Income taxes paid	-1,314	-2,098	-5,277	-6,205
Operating cash flow (A)	11,020	13,156	28,095	27,093
Investing cash flow				
Purchase of tangible and intangible assets	-566	-651	-1,711	-2,157
Acquisition of subsidiaries, net of cash acquired	-6	0	-20,871	-14,255
Purchase of investments	0	0	-2,033	0
Proceeds from sale of tangible and intangible assets	34	-47	52	17
Loans granted	-963		-963	0
Proceeds from repayment of loans	0	0	0	73
Investing cash flow (B)	-1,500	-699	-25,526	-16,321
Cash flow after investments (A+B)	9,520	12,457	2,570	10,772
Financing cash flow				
Proceeds from directed share issue	0	0	0	1,936
Purchase of own shares	0	-297	0	-1,382
Proceeds from current loans	8,995	-13	13,144	6,941
Repayments of current loans*	-9,847	-14,885	-32,534	-30,060
Proceeds from non-current loans	-1	26,503	27,999	37,503
Repayments of non-current loans	-3	-6	-16	-6
Payment of lease liabilities	-3,268	-2,812	-12,657	-11,478
Dividend paid	1	0	-9,970	-8,461
Financing cash flow (C)	-4,124	8,489	-14,034	-5,007
Variation in cash (A+B+C) increase (+) / decrease (-)	5,397	20,946	-11,464	5,765
Assets at the beginning of the period	14,106	9,215	30,356	24,407
Exchange gains or losses	61	195	672	184
Assets at the end of the period	19,564	30,356	19,564	30,356

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

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, 2021	5,000	6,701	20,101	101	-124	-2,884	58,178	87,074
Comprehensive income								
Profit for the review period	0	0	0	0	0	0	20,044	20,044
Other comprehensive income								
Change in fair value of equity investments at fair value through other comprehensive income	0	0	0	32	0	0	0	32
Cumulative translation adjustment	0	0	0	0	0	-589	0	-589
Other comprehensive income, net of tax	0	0	0	32	0	-589	0	-557
Total comprehensive income for the review period	0	0	0	32	0	-589	20,044	19,487
Transactions with owners								
Dividends	0	0	0	0	0	0	-8,461	-8,461
Directed share issue	0	0	1,936	0	0	0	0	1,936
Purchase of own shares	0	0	0	0	-1,382	0	0	-1,382
Share-based incentive plan	0	0	0	0	260	0	0	260
Transactions with owners, total	0	0	1,936	0	-1,122	0	-8,461	-7,647
Equity Dec 31, 2021	5,000	6,701	22,037	133	-1,245	-3,473	69,761	98,914

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	0	-30
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	0	0	0	0	0	0	-1	-1
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

NOTES

General

Etteplan provides solutions for software and embedded solutions, industrial equipment and plant engineering and technical documentation 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 million. The company currently has 3,951 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 Financial Statement Release at its meeting on February 16, 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 Financial Statement Release has been prepared in accordance with the requirements in IAS 34 (Interim Financial Reporting) standard. The Financial Statement Release has been prepared according to the recognition and valuation principles presented in the 2021 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	1-12/2022	1-12/2021	Change
Revenue	350,170	300,111	16.7%
Operating profit (EBITA)	33,915	30,139	12.5%
EBITA, %	9.7	10.0	
Operating profit (EBIT)	28,622	25,754	11.1%
EBIT, %	8.2	8.6	
Profit before taxes	22,386	24,867	-10.0%
Profit before taxes, %	6.4	8.3	
Return on equity, %	17.7	21.6	
ROCE, %	15.9	16.0	
Equity ratio, %	38.2	39.7	
Gross interest-bearing debt	90,583	78,474	15.4%
Net gearing, %	66.8	48.6	
Balance sheet, total	281,138	252,953	11.1%
Gross investments	40,940	30,582	33.9%
Operating cash flow	28,095	27,093	3.7%
Basic earnings per share, EUR	0.73	0.80	-8.8%
Diluted earnings per share, EUR	0.73	0.80	-8.8%
Equity per share, EUR	4.25	3.97	7.0%
Personnel, average	3,945	3,480	13.4%
Personnel at end of the period	3,951	3,629	8.9%

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 Documentation Solutions	Reportable segments total	Eliminations and other	Total
10-12/2022						
External revenue	48,899	24,236	17,682	90,818	206	91,024
Operating profit (EBITA)	5,260	2,800	1,359	9,419	312	9,731
Personnel at end of the period	2,092	815	886	3,793	158	3,951
10-12/2021						
External revenue	47,107	23,369	14,338	84,814	444	85,258
Operating profit (EBITA)	4,983	2,418	1,714	9,116	-151	8,965
Personnel at end of the period	2,062	771	669	3,502	127	3,629
1-12/2022						
External revenue	183,693	95,934	69,808	349,436	734	350,170
Operating profit (EBITA)	19,388	9,193	6,060	34,641	-726	33,915
Personnel at end of the period	2,092	815	886	3,793	158	3,951
1-12/2021						
External revenue	167,433	80,123	51,650	299,206	905	300,111
Operating profit (EBITA)	16,555	8,316	5,879	30,750	-611	30,139
Personnel at end of the period	2,062	771	669	3,502	127	3,629

Reconciliation of Operating profit (EBITA) and Profit before taxes

EUR 1,000	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Operating profit (EBITA)	9,731	8,965	33,915	30,139
Amortization on fair value adjustments at acquisitions	-1,314	-1,131	-5,293	-4,385
Operating profit (EBIT)	8,417	7,834	28,622	25,754
Financial income and expenses	371	-174	-6,235	-888
Profit before taxes	8,788	7,660	22,386	24,867

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	Dec 31, 2022	Dec 31, 2021
Finland	61,329	63,609
Scandinavia	45,017	39,820
China	2,805	2,931
Central Europe	54,802	39,640
Total	163,953	146,001

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	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Primary geographical location				
Finland	46,857	48,043	181,114	169,996
Scandinavia	24,208	20,401	88,346	70,153
Central Europe	17,163	13,412	68,242	47,747
China	2,796	3,402	12,468	12,216
Total	91,024	85,258	350,170	300,111
Timing of revenue recognition				
Transferred at a point in time	558	575	2,288	2,241
Transferred over time	90,466	84,683	347,882	297,871
Total	91,024	85,258	350,170	300,111

Revenue and Operating profit (EBIT) by quarter

EUR 1,000	1-3/2022	4-6/2022	7-9/2022	10-12/2022
Revenue	89,586	89,252	80,308	91,024
Operating profit (EBIT)	7,622	6,817	5,766	8,417
EBIT, %	8.5	7.6	7.2	9.2

EUR 1,000	1-3/2021	4-6/2021	7-9/2021	10-12/2021
Revenue	72,950	75,043	66,860	85,258
Operating profit (EBIT)	6,594	6,729	4,597	7,834
EBIT, %	9.0	9.0	6.9	9.2

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	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Other operating income	467	0	767	0
Employee benefits expenses and other operating expenses	-172	-84	-1,807	-656
Operating profit (EBIT)	295	-84	-1,040	-656
Financial income and expenses	870	0	-5,133	0
Profit for the review period	1,165	-84	-6,173	-656

Business combinations

Cognitas GmbH (100%)

Etteplan acquired Cognitas GmbH, a German technical information lifecycle management company from Canon Deutschland GmbH on January 13, 2022. The acquisition strengthens Etteplan's position in Germany and continues our strategic investments in Central Europe. Cognitas is a leading German consulting and services company with 200 professionals in consulting and technical information authoring and management. The provisional goodwill of EUR 8,446 thousand arising from the acquisition is attributable to the technical know-how of the acquiree's personnel, and the expected synergies arising from the acquisition. None of the goodwill recognized is expected to be deductible for income tax purposes.

Syncore technologies AB (100%)

Etteplan strengthened its position in Sweden and on February 2, 2022 acquired Syncore Technologies AB, a technology services company focusing on embedded systems. Founded in 2000, Syncore is specialized in advanced embedded systems projects such as design, hardware and software development, and product lifecycle services, especially for customers in the industrial systems, aerospace and defense industries. Syncore employs 46 embedded systems experts in Linköping, Sweden. The provisional goodwill of EUR 5,880 thousand arising from the acquisition is attributable to the technical know-how of the acquiree's personnel, and the expected synergies arising from the acquisition. None of the goodwill recognized is expected to be deductible for income tax purposes.

LCA Consulting Oy (100%)

Etteplan strengthened its position as an expert in sustainable development and acquired LCA Consulting Oy, a provider of high-quality expert services, on April 29, 2022. Founded in 2013 as a spin-off at LUT University, LCA Consulting focuses on life cycle assessment of companies, products and production, carbon footprint calculation and expert training. LCA Consulting, based in Lappeenranta, Finland, employs 11 experts and its customer base consists especially of customers in industrial production and manufacturing, construction industry and public sector. The provisional goodwill of EUR 521 thousand arising from the acquisition is attributable to the technical know-how of the acquiree's personnel, and the expected synergies arising from the acquisition. None of the goodwill recognized is expected to be deductible for income tax purposes.

DDCom (100%)

Etteplan continued to expand its operations in the Netherlands through the acquisition of DDCom (Van Dulmen CAD-Illustraties B.V.) on May 30, 2022. The acquisition strengthens Etteplan's capabilities in 3D content-based animation and visualization services related to technical documentation. The company is located in the Eindhoven area and employs some 15 specialists. DDCom's customers operate in automotive, high tech, med tech and product manufacturing industries and include high profile companies such as DAF Trucks, ASML, VDL, Philips & Shimano. The provisional goodwill of EUR 723 thousand arising from the acquisition is attributable to the technical know-how of the acquiree's personnel, and the expected synergies arising from the acquisition. None of the goodwill recognized is expected to be deductible for income tax purposes.

Acquisitions in total

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

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

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

Changes in contingent considerations

A profit of EUR 767 thousand in total was recognized in the income statement from premeasurement of a contingent consideration related to a previous acquisition.

Intangible assets
Goodwill

EUR 1,000	2022	2021
Acquisition cost Jan 1	92,380	83,685
Translation difference	-2,466	-387
Acquisition of subsidiaries	15,470	9,082
Book value Dec 31	105,385	92,380

Other intangible assets

2022 EUR 1,000	Intangible rights	Internally created intangible assets	Fair value adjustments 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	-59	0	-572	-35	-1	-667
Acquisition of subsidiaries	154	0	10,890	0	0	11,044
Additions	206	9	0	186	9	411
Reclassifications	200	86	0	0	-193	93
Acquisition cost Dec 31, 2022	13,175	3,060	56,374	7,698	89	80,396
Cumulative amortization Jan 1, 2022	-11,278	-2,690	-20,679	-6,060	0	-40,709
Translation difference	58	0	220	30	0	308
Acquisition of subsidiaries	-24	0	0	0	0	-24
Amortization for the financial year	-761	-178	-5,293	-996	0	-7,227
Cumulative amortization Dec 31, 2022	-12,004	-2,868	-25,753	-7,027	0	-47,652
Book value Dec 31, 2022	1,171	192	30,621	672	89	32,745

2021 EUR 1,000	Intangible rights	Internally created intangible assets	Fair value adjustments in acquisitions	Leased software	Advance payments	Total
Acquisition cost Jan 1, 2021	12,114	2,945	38,362	6,661	129	60,211
Translation difference	141	0	-88	-9	0	44
Acquisition of subsidiaries	7	0	7,782	0	0	7,789
Additions	373	20	0	895	188	1,475
Disposals	-50	0	0	0	0	-50
Reclassifications	90	0	0	0	-44	46
Acquisition cost Dec 31, 2021	12,674	2,965	46,056	7,547	273	69,516
Cumulative amortization Jan 1, 2021	-10,417	-2,504	-16,306	-4,974	0	-34,200
Translation difference	-139	0	11	7	0	-121
Disposals	41	0	0	0	0	41
Amortization for the financial year	-762	-187	-4,385	-1,094	0	-6,428
Cumulative amortization Dec 31, 2021	-11,278	-2,690	-20,679	-6,060	0	-40,709
Book value Dec 31, 2021	1,396	274	25,377	1,487	273	28,807

Tangible assets

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	-113	-1	-215	0	-330
Acquisition of subsidiaries	0	0	509	0	118	1,177	1,804
Additions	0	0	1,185	239	4,157	6,779	12,360
Disposals	0	0	-23	0	-109	-729	-861
Acquisition cost Dec 31, 2022	19	495	17,418	1,834	26,011	45,059	90,837
Cumulative depreciation Jan 1, 2022	0	-22	-13,111	-1,204	-17,408	-21,360	-53,105
Translation difference	0	0	62	1	161	0	225
Acquisition of subsidiaries	0	0	-125	0	0	0	-125
Depreciation for the financial year	0	-3	-1,133	-289	-3,443	-8,160	-13,028
Cumulative depreciation Dec 31, 2022	0	-25	-14,304	-1,491	-20,690	-29,519	-66,030
Book value Dec 31, 2022	19	471	3,114	343	5,321	15,539	24,808

2021 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, 2021	19	495	14,386	1,261	18,623	32,554	67,339
Translation difference	0	0	94	5	-47	0	51
Acquisition of subsidiaries	0	0	7	86	23	754	870
Additions	0	0	1,331	245	3,840	5,951	11,366
Disposals	0	0	-1	0	-378	-1,427	-1,806
Reclassifications between items	0	0	44	0	0	0	44
Acquisition cost Dec 31, 2021	19	495	15,860	1,597	22,061	37,832	77,864
Cumulative depreciation Jan 1, 2021	0	-11	-12,089	-1,110	-14,436	-13,995	-41,641
Translation difference	0	0	-85	-5	36	0	-55
Disposals	0	0	1	0	0	0	1
Depreciation for the financial year	0	-11	-938	-88	-3,008	-7,365	-11,410
Cumulative depreciation Dec 31, 2021	0	-22	-13,111	-1,204	-17,408	-21,360	-53,105
Book value Dec 31, 2021	19	473	2,749	394	4,652	16,472	24,759

Intangible and tangible right-of-use assets in total

EUR 1,000	2022	2021
Book value Jan 1	22,611	24,434
Translation difference	-60	-13
Acquisition of subsidiaries	1,295	777
Additions	11,123	10,685
Disposals and reclassifications	-838	-1,805
Depreciation for the financial year	-12,599	-11,467
Book value Dec 31	21,532	22,611

Pledges, mortgages guarantees

EUR 1,000	Dec 31, 2022	Dec 31, 2021
Business mortgages	320	320
Pledged shares	120	120
Other contingencies	363	418
Total	803	858

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	1-12/2022	1-12/2021
Sales of services to other related parties	30	94
Purchases of services from other related parties	36	36
EUR 1,000	Dec 31, 2022	Dec 31, 2021
Trade receivables from other related parties	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

2022 EUR 1,000	Quoted shares (Level 1)	Premises shares (Level 2)	Unquoted	Total
			shares and loan receivables (Level 3)	
Opening balance at Jan 1	275	120	24	418
Ekkono AB investment	0	0	2,034	2,034
Loan given to Ekkono AB	0	0	963	963
Gain/loss recognized in other comprehensive income	-37	0	0	-37
Disposals	0	0	-1	-1
Closing balance Dec 31	237	120	3,019	3,376

2021 EUR 1,000	Quoted shares (Level 1)	Premises shares (Level 2)	Unquoted	Total
			shares and loan receivables (Level 3)	
Opening balance at Jan 1	235	120	24	378
Gain/loss recognized in other comprehensive income	40	0	0	40
Closing balance Dec 31	275	120	24	418

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

Financial liabilities recognized at fair value through profit or loss

Contingent liability in acquisitions (Level 3)		2022	2021
EUR 1,000			
Opening balance at Jan 1		800	132
Additions		0	1,209
Revaluation		-767	-409
Payment		0	-132
Closing balance Dec 31		33	800

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	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Operating profit (EBIT)	8,417	7,834	28,622	25,754
Amortization on fair value adjustments at acquisitions	1,314	1,131	5,293	4,385
Operating profit (EBITA)	9,731	8,965	33,915	30,139

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