

INTERIM REPORT
JANUARY-MARCH

Q1 2023

Exceptional items burdened
the good result

Etteplan Oyj, Interim Report, May 11, 2023, at 1:00 pm (EEST)

ETTEPLAN Q1 2023: Exceptional items burdened the good result

Key points January–March 2023

- The Group's revenue grew by 6.0 percent and was EUR 95.0 million (1–3/2022: EUR 89.6 million). At comparable exchange rates, revenue increased by 8.0 percent.
- Operating profit (EBITA) was EUR 7.6 (9.0) million, or 8.0 (10.0) percent of revenue.
- Operating profit (EBIT) was EUR 6.3 (7.6) million, or 6.6 (8.5) percent of revenue.
- The result was affected by non-recurring items and one-time salary payment in accordance with the collective labor agreement in Finland, which totaled EUR -2.0 (-0.3) million.
- Operating cash flow was EUR 7.2 (8.6) million.
- Basic earnings per share were EUR 0.17 (0.23).

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

Key figures

EUR 1,000	1-3/2023	1-3/2022	1-12/2022
Revenue	94,954	89,586	350,170
Operating profit (EBITA)	7,569	8,950	33,915
EBITA, %	8.0	10.0	9.7
Operating profit (EBIT)	6,259	7,622	28,622
EBIT, %	6.6	8.5	8.2
Basic earnings per share, EUR	0.17	0.23	0.73
Equity ratio, %	39.7	37.9	38.2
Operating cash flow	7,179	8,597	28,095
ROCE, %	13.2	16.5	15.9
Personnel at end of the period	3,949	3,877	3,951

President and CEO Juha Näkki:

The first quarter of the year went as expected. At comparable exchange rates, revenue grew by eight percent in a slightly softened market situation. The result was burdened by significant exceptional items consisting of one-time salary payment defined in the collective labor agreement in Finland, as well as organizational restructuring costs. During the review period, we carried out measures that were mainly directed at the company's management. The measures are aimed at ensuring that the company develops in the right direction in all of its businesses. Without the exceptional items, profitability would have been at our target level.

As expected, the market situation was slightly softer than at the end of the previous year. Inflation has remained high due to the war in Ukraine and geopolitical tensions. This has affected consumers' purchasing behavior, and several European countries have fallen into a slight recession. This is also reflected in industrial investments, and some of our customers have been slightly more cautious in starting for example new product development projects. This caution was apparent particularly in our Software and Embedded Solutions service area, where product development accounts for most of the business. The demand for delivery projects and plant engineering projects remained at a good level. This enabled our Engineering Solutions service area – which had very strong operational performance – achieve an excellent result, if

exceptional items are taken into account. The Technical Communication Solutions service area (formerly the Technical Documentation Solutions service area) performed well, but the weaker profitability of Cognitas continued to burden the result. During the review period, we took measures to improve the situation, and we expect the service area's profitability to return to a level that is in line with our expectations towards the end of the year.

Etteplan's strategy has proved its effectiveness in both good and weaker market conditions. In connection with the Annual General Meeting, we extended our strategy period and raised our financial targets slightly. Although there was slight softness in demand in the early months of the year, we also see opportunities and expect demand to pick up towards the end of the year. With strong implementation of our strategy, we can achieve the targets set also for this year, and we keep our financial guidance unchanged.

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 remains high, which raises prices and affects consumer behavior. Changes in consumer demand are reflected in industry, which has an impact on our customers' 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. There is still variation in demand, but we expect the general demand situation to remain fairly good throughout 2023.

Financial guidance 2023

Etteplan keeps its guidance for revenue and operating profit (EBIT) intact 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 growing need for highly competent employees. 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.

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 remains high, which raises prices and affects consumer behavior, and several European countries have drifted into a slight recession. Changes in consumer demand are reflected in industry, which has an impact on our customers' 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. Demand continues to vary and the market situation is slightly softened, but we, nevertheless, expect the general demand situation to remain fairly good throughout 2023.

Development of demand by customer industry

The war started by Russia in Ukraine affects demand in all customer industries. Demand in the Forest, Pulp and Paper industry was at a moderate level. Demand in the Energy industry was at a good level, as was demand in the Defense industry. Demand in the Mining industry was at a very good level. Demand in the Lifting and Hoisting industry was at a moderate level. Demand in the ICT industry was at a moderate level. Demand in the Automotive and Transportation industry was at a good level. Demand in the Chemical industry was at a good level.

Development of demand in Etteplan's operating countries

The geopolitical tensions caused by Russia's invasion of Ukraine have increased uncertainty and accelerated inflation in all of our operating countries in Europe, and several European countries have drifted into a slight recession, which is reflected in demand. Based on the 2023 order development in Finland, it is estimated that the turnover growth of technology industry companies will slow down or completely stop during the current year. The demand situation on the market has continued to weaken, but the weakening of demand is still moderate. The war and geopolitical tensions are increasing uncertainty also in China and affecting Western investments and international trade.

Revenue

Etteplan's revenue grew by 6.0 percent in January–March and was EUR 95.0 (1–3/2022: 89.6) million. Revenue increased by 8.0 percent at comparable exchange rates. The organic growth of revenue was 4.9 percent. At comparable exchange rates, organic growth was 6.9 percent.

Etteplan's business is subject to periodic fluctuation due to the number of working days, holiday seasons and the timing of product development and investment projects in customer companies, which mainly take place in the spring and the latter part of the year. The revenue 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. The figures for the comparison period include companies acquired in 2022 as follows: Syncore Technologies AB starting from February 1, 2022, LCA Consulting Oy starting from May 1, 2022, and DDCom B.V. starting from June 1, 2022.

Result

Operating profit (EBITA) decreased by 15.4 percent in January–March and was EUR 7.6 (9.0) million, or 8.0 (10.0) percent of revenue.

Operating profit (EBIT) decreased by 17.9 percent in January–March and was EUR 6.3 (7.6) million, or 6.6 (8.5) percent of revenue.

The result was affected by non-recurring items and one-time salary payment in accordance with the collective labor agreement in Finland. Non-recurring items amounted to EUR -0.9 (-0.3) million, and mainly consisted of organizational restructuring costs. One-time salary payment in accordance with the collective labor agreement in Finland was EUR -1.1 million. Without these exceptional items, profitability would have been at the target level.

The net amount of financial income and financial expenses came to EUR -0.7 (-0.3) million in January–March.

Profit before taxes for January–March was EUR 5.6 (7.3) million. Taxes in the income statement amounted to 21.9 (20.5) percent of the result before taxes. The amount of taxes was EUR 1.2 (1.5) million.

The profit for January–March was EUR 4.3 (5.8) million.

Basic earnings per share were EUR 0.17 (0.23) in January–March. Equity per share was EUR 4.39 (4.25) at the end of March. Return on capital employed (ROCE) before taxes was 13.2 (16.5) percent in January–March.

Cash flow and financial position

Operating cash flow was EUR 7.2 (8.6) million in January–March. Operating cash flow was affected by exceptional items. Cash flow after investments was EUR 6.8 (-10.3) million in January–March.

Operating cash flow accrues unevenly over the four quarters of the year due to periodic fluctuation in business.

The Group's cash and cash equivalents stood at EUR 19.7 (28.5) million at the end of March.

The Group's interest-bearing liabilities amounted to EUR 85.7 (91.8) million at the end of March. Lease liabilities represented EUR 20.4 (24.4) million of interest-bearing liabilities.

The total of unused short-term credit facilities stood at EUR 14.2 (14.5) million.

Total assets on March 31, 2023, were EUR 281.7 (283.8) million. Goodwill on the balance sheet was EUR 104.9 (106.1) million.

At the end of March, the equity ratio was 39.7 (37.9) percent.

Capital expenditure

The Group's gross investments in January–March were EUR 2.9 (29.3) million. The gross investments mainly consisted of lease liabilities and equipment purchases.

Personnel

The number of personnel stood at 3,949 employees at the end of March 2023 (March 31, 2022: 3,877 employees). The number of personnel increased by 1.9 percent compared to the end of March 2022.

The Group employed 3,937 (3,858) people on average in January–March 2023. Due to the market situation and variation in demand, we have had to make temporary layoffs during the first months of the year. A total of 9 employees were temporarily laid off at the end of March 2023 in Finland. The availability of highly competent employees in certain fields has improved due to the slightly softened market situation.

The number of people employed by the Group outside of Finland increased and stood at 1,966 (1,865) at the end of March, representing 50 (48) percent of the total number of employees.

Business review

The implementation of Etteplan's strategy, which was published in December 2019 and titled *Increasing value for customers*, was delayed due to the COVID-19 pandemic. 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 implementation 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, artificial intelligence and other digital technologies.

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

In January–March, revenue accumulated outside Finland amounted to EUR 46.5 (42.2) million, or 49 (47) percent of the Group's total revenue. Growth was mainly derived from new and medium-sized customer accounts in Central Europe and Sweden. Revenue from key accounts grew by 1.2 percent in January–March.

The Chinese market slowed down slightly in the first quarter due to the pandemic and geopolitical tensions, and the number of hours sold in the Chinese market decreased by 5.9 percent in January–March.

Etteplan's target is to increase the share of revenue represented by Managed Services to 75 percent. The share of revenue represented by Managed Services was 66 (65) percent in January–March.

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

Acquisitions in 2023

No acquisitions were made during the review period.

Development of the service areas

Engineering Solutions

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

EUR 1,000	1-3/2023	1-3/2022	Change	1-12/2022
Revenue	51,711	46,699	10.7%	183,693
Operating profit (EBITA)	4,934	4,930	0.1%	19,388
EBITA, %	9.5	10.6		10.6
Managed Services index	64	62		64
Personnel at end of the period	2,152	2,088	3.1%	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.

The share of Etteplan's revenue represented by Engineering Solutions in January–March was 54 (52) percent.

Demand in the Engineering Solutions service area was at a good level. The demand for delivery and plant engineering projects remained at a good level, while product development investments slowed down slightly. Revenue increased by 10.7 percent in January–March and was EUR 51.7 (46.7) million. Uncertainty in the market has increased customers' interest in outsourcing solutions.

The Engineering Solutions service area's operating profit (EBITA) in January–March was EUR 4.9 (4.9) million, or 9.5 (10.6) percent of revenue. Exceptional items had a significant effect on profitability. Of the exceptional items, EUR -0.9 million was allocated to the Engineering Solutions service area, and mainly consisted of one-time salary payment in accordance with the collective labor agreement in Finland. Without these items, profitability would have been EUR 5.8 million, or 11.2 percent of revenue. Operational efficiency was at an excellent level, which contributed to profitability. The price increases implemented at the beginning of the year also had a positive effect.

The Engineering Solutions service area had 2,152 (2,088) employees at the end of March.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, was 64 (62) percent in January–March.

On March 29, 2023, Etteplan and Scania announced an agreement on the outsourcing of Scania's subsidiary SOE Busproduction Finland Oy's design unit. The design unit's 29 employees were transferred to Etteplan as existing employees effective from April 1, 2023.

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	1-3/2023	1-3/2022	Change	1-12/2022
Revenue	23,865	24,613	-3.0%	95,934
Operating profit (EBITA)	1,631	2,348	-30.6%	9,193
EBITA, %	6.8	9.5		9.6
Managed Services index	53	52		52
Personnel at end of the period	761	778	-2.2%	815

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

The share of the Group's total revenue represented by Software and Embedded Solutions was 26 (28) percent in January–March.

The demand situation in the Software and Embedded Solutions service area weakened. In the uncertain market situation, our customers were more cautious, and system and product development investments were slower to start. The service area's revenue decreased by -3.0 percent in January–March and was EUR 23.9 (24.6) million.

The Software and Embedded Solutions service area's operating profit (EBITA) decreased and was EUR 1.6 (2.3) million in January–March. Profitability declined and operating profit (EBITA) was 6.8 (9.5) percent of revenue. Exceptional items had a significant effect on profitability. The exceptional items mainly consisted of one-time salary payment in accordance with the collective labor agreement in Finland. Of the exceptional items, EUR -0.5 million was allocated to the Software and Embedded Solutions service area. Without these items, profitability would have been EUR 2.1 million, or 8.8 percent of revenue.

Operational efficiency was at a moderate level. The use of subcontractors affects profitability.

The Software and Embedded Solutions service area had 761 (778) employees at the end of March. In addition to our own personnel, we currently have about 200 (250) subcontractors and partners.

The Managed Services Index (MSI), which reflects the share of the service area's revenue represented by Managed Services, was on par with the previous year at 53 (52) percent in January–March.

Technical Communication Solutions

The Technical Documentation Solutions service area has been renamed. Starting from the interim report for the first quarter, it is referred to as Technical Communication Solutions. We produce user manuals for individual products as well as the documentation of technical attributes and information management for entire production facilities, such as factories. The service includes content creation and distribution in print and digital form. For an industrial customer, good technical documentation can increase the value of their products and ensure their products are used in the right way. Our solutions enable our customers to improve their cost-efficiency, reduce delivery times and decrease their environmental footprint.

EUR 1,000	1-3/2023	1-3/2022	Change	1-12/2022
Revenue	19,178	18,099	6.0%	69,808
Operating profit (EBITA)	1,160	1,825	-36.4%	6,060
EBITA, %	6.1	10.1		8.7
Managed Services index	89	86		89
Personnel at end of the period	875	878	-0.3%	886

The figures for DDCom, acquired in June 2022, are included in the Technical Communication Solutions service area's figures starting from June 1, 2022.

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

The Technical Communication Solutions service area's demand situation remained good, and revenue increased by 6.0 percent in January–March, amounting to EUR 19.2 (18.1) million.

The Technical Communication Solutions service area's operating profit (EBITA) decreased in January–March by 36.4 percent and came to EUR 1.2 (1.8) million. Operational efficiency was at a fairly good level. Profitability declined to 6.1 (10.1) percent of revenue. Exceptional items had a significant effect on profitability. Of the exceptional items, EUR -0.7 million was allocated to the Technical Communication Solutions service area and mainly consisted of management reorganization costs. Without these items, profitability would have been EUR 1.9 million, or 9.7 percent of revenue.

Cognitas' profitability has remained weak, and we have taken measures to address this issue, including the reorganization of management. We expect the profitability of the service area to return to a good level in 2023.

The Technical Communication Solutions service area had 875 (878) employees at the end of March.

The Managed Services Index (MSI), which reflects the share of the service area's revenue represented by Managed Services, was 89 (86) percent in January–March.

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. The remaining funds shall be left to the unrestricted equity. The dividend 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 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 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 March 31, 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–March was 78,310 (1–3/2022: 157,979), for a total value of EUR 1.16 (2.45) million. The share price low was EUR 13.80, the high EUR 16.15, the average EUR 14.83 and the closing price EUR 15.50. Market capitalization on March 31, 2023, was EUR 388.15 (404.42) million. On March 31, 2023, Etteplan had 3,678 (3,597) shareholders.

Own shares

Etteplan did not purchase its own shares in January–March 2023. On March 31, 2023, the company held a total of 159,046 (March 31, 2022: 159,046) of its own shares, corresponding to 0.63 percent of all shares and voting rights.

Flaggings

Etteplan Oyj received no flagging notices in January–March 2023.

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

On March 24, 2023, Etteplan's Board of Directors confirmed the maximum number of shares, 88,125, earned on the basis of the earning period 2020–2022 of the share-based incentive program for the company's key personnel, and resolved on the payment of the share rewards from the shares held by the company. In addition, Etteplan will pay in cash a proportion to cover taxes and tax-related costs arising from the reward to some 25 people belonging to the target group of the incentive plan. The share rewards were paid on April 28, 2023.

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.

Russia's attack on Ukraine increases uncertainty in the markets, drives higher inflation and may have a negative impact on customers' operations and supply chains. The unstable geopolitical situation makes the future more difficult to predict.

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

Etteplan's Annual Report 2022, Remuneration Report, Corporate Governance Statement and Statement of non-financial information

Etteplan has published a Remuneration Report, Corporate Governance Statement and Statement of non-financial information separately from the Board of Directors' Review. Etteplan has also published its Annual Report for 2022, consisting of two parts. Our Annual Review is called Sustainable Solutions. It introduces our strategy and operations. It also includes a sustainability report, which is prepared in accordance with GRI Standards. The Financial Review 2022 contains the Financial Statements and other investor information. We published our Financial Statements also in the European Single Electronic Format (ESEF). The reports and statements are available on Etteplan's website at www.etteplan.com.

Events after the review period

5.4.2023 Etteplan Oyj published a dividend policy aligned with its growth strategy

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

The targets of Etteplan's dividend policy are:

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

20.4.2023 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-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 Etteplan, and to offer them a competitive reward plan based on holding the company's shares.

The plan includes one earning period which comprises the calendar years 2023–2025. 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 growth and the development of earnings per share. 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 35 key employees are within the scope of the plan, including the members of the Management Group. The rewards to be paid on the basis of the plan will correspond to the value of at most 300,000 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.

28.4.2023 Transfer of Etteplan's own shares

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

Trading code: ETTE
Number of shares: 88,125
Price/share: gratuitous

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

Financial information in 2023

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

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

Espoo, May 11, 2023

Etteplan Oyj

Board of Directors

Additional information:

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

The information presented herein has not been audited.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	1-3/2023	1-3/2022	1-12/2022
Revenue	94,954	89,586	350,170
Other operating income	281	350	2,826
Materials and services	-10,145	-10,211	-40,395
Employee benefits expenses	-64,163	-59,366	-227,823
Other operating expenses	-9,968	-7,788	-36,140
Depreciation and amortization	-4,700	-4,949	-20,018
Operating profit (EBIT)	6,259	7,622	28,622
Financial income and expenses	-705	-344	-6,235
Profit before taxes	5,554	7,277	22,386
Income taxes	-1,217	-1,489	-4,235
Profit for the review period	4,337	5,788	18,151
Other comprehensive income, that may be reclassified to profit or loss			
Currency translation differences	-772	-254	-4,229
Other comprehensive income, that will not be reclassified to profit or loss			
Change in fair value of equity investments at fair value through other comprehensive income	5	-16	-31
Remeasurement of defined benefit plan	0	0	1,359
Other comprehensive income, net of tax	-767	-271	-2,900
Total comprehensive income for the review period	3,570	5,518	15,251
Profit for the review period attributable to			
Equity holders of the parent company	4,337	5,788	18,151
Total comprehensive income for the review period attributable to			
Equity holders of the parent company	3,570	5,518	15,251
Earnings per share calculated from the profit attributable to equity holders of the parent company			
Basic earnings per share, EUR	0.17	0.23	0.73
Diluted earnings per share, EUR	0.17	0.23	0.73

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR 1,000	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
ASSETS			
Non-current assets			
Goodwill	104,934	106,120	105,385
Other intangible assets	31,128	36,668	32,745
Tangible assets	23,807	27,081	24,808
Investments at fair value through other comprehensive income	2,420	398	2,414
Other non-current receivables	964	54	1,016
Deferred tax assets	652	681	622
Non-current assets, total	163,905	171,002	166,990
Current assets			
Inventory	707	561	635
Work in progress	37,514	33,764	30,181
Trade and other receivables	58,637	49,817	62,405
Current tax assets	1,262	221	1,364
Cash and cash equivalents	19,688	28,479	19,564
Current assets, total	117,809	112,841	114,149
TOTAL ASSETS	281,714	283,843	281,138
EQUITY AND LIABILITIES			
Equity			
Share capital	5,000	5,000	5,000
Share premium account	6,701	6,701	6,701
Unrestricted equity fund	23,966	23,966	23,966
Own shares	-898	-1,143	-1,059
Cumulative translation adjustment	-8,474	-3,727	-7,702
Other reserves	109	117	103
Retained earnings	83,638	75,549	79,302
Equity, total	110,042	106,463	106,311
Non-current liabilities			
Deferred tax liabilities	9,451	9,569	9,758
Loans from financial institutions	46,350	40,346	47,852
Lease liabilities	8,507	8,728	8,478
Defined benefit pension liability	4,893	6,966	4,897
Other non-current liabilities	33	827	33
Non-current liabilities, total	69,234	66,436	71,018
Current liabilities			
Loans from financial institutions	18,924	27,053	21,139
Lease liabilities	11,914	15,662	13,114
Advances received	4,611	3,116	2,856
Trade and other payables	64,572	62,696	63,532
Current income tax liabilities	2,417	2,417	3,168
Current liabilities, total	102,438	110,944	103,809
Liabilities, total	171,672	177,380	174,828
TOTAL EQUITY AND LIABILITIES	281,714	283,843	281,138

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1,000	1-3/2023	1-3/2022	1-12/2022
Operating cash flow			
Cash receipts from customers	94,140	87,830	341,201
Operating expenses paid	-84,411	-77,074	-306,220
Operating cash flow before financial items and taxes	9,730	10,756	34,981
Interests and other payments for financial expenses	-486	-374	-1,721
Interest received	65	11	113
Income taxes paid	-2,129	-1,796	-5,277
Operating cash flow (A)	7,179	8,597	28,095
Investing cash flow			
Purchase of tangible and intangible assets	-427	-462	-1,711
Acquisition of subsidiaries, net of cash acquired	0	-18,427	-20,871
Purchase of investments	0	0	-2,033
Proceeds from sale of tangible and intangible assets	1	0	52
Loans granted	0	0	-963
Investing cash flow (B)	-427	-18,889	-25,526
Cash flow after investments (A+B)	6,753	-10,292	2,570
Financing cash flow			
Proceeds from current loans	86	491	13,144
Repayments of current loans	-2,286	-1,925	-32,534
Proceeds from non-current loans	0	13,000	27,999
Repayments of non-current loans	-1,502	-4	-16
Payment of lease liabilities	-2,972	-3,223	-12,657
Dividend paid	0	0	-9,970
Financing cash flow (C)	-6,673	8,338	-14,034
Variation in cash (A+B+C) increase (+) / decrease (-)	79	-1,954	-11,464
Assets at the beginning of the period	19,564	30,356	30,356
Exchange gains or losses	45	76	672
Assets at the end of the period	19,688	28,479	19,564

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Legends for table columns

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

EUR 1,000	A	B	C	D	E	F	G	H
Equity Jan 1, 2022	5,000	6,701	22,037	133	-1,245	-3,473	69,761	98,914
Comprehensive income								
Profit for the review period	0	0	0	0	0	0	18,151	18,151
Other comprehensive income								
Change in fair value of equity investments at fair value through other comprehensive income	0	0	0	-30	0	0	-1	-31
Cumulative translation adjustment	0	0	0	0	0	-4,229	0	-4,229
Remeasurement of defined benefit plan	0	0	0	0	0	0	1,359	1,359
Other comprehensive income, net of tax	0	0	0	-30	0	-4,229	1,358	-2,900
Total comprehensive income for the review period	0	0	0	-30	0	-4,229	19,510	15,251
Transactions with owners								
Dividends	0	0	0	0	0	0	-9,970	-9,970
Directed share issue	0	0	1,929	0	0	0	0	1,929
Share-based incentive plan	0	0	0	0	186	0	0	186
Transactions with owners, total	0	0	1,929	0	186	0	-9,970	-7,855
Equity Dec 31, 2022	5,000	6,701	23,966	103	-1,059	-7,702	79,302	106,311
EUR 1,000	A	B	C	D	E	F	G	H
Equity Jan 1, 2023	5,000	6,701	23,966	103	-1,059	-7,702	79,302	106,311
Comprehensive income								
Profit for the review period	0	0	0	0	0	0	4,337	4,337
Other comprehensive income								
Change in fair value of equity investments at fair value through other comprehensive income	0	0	0	5	0	0	0	5
Cumulative translation adjustment	0	0	0	0	0	-772	0	-772
Other comprehensive income, net of tax	0	0	0	5	0	-772	0	-767
Total comprehensive income for the review period	0	0	0	5	0	-772	4,337	3,570
Transactions with owners								
Share-based incentive plan	0	0	0	0	161	0	0	161
Transactions with owners, total	0	0	0	0	161	0	0	161
Equity Mar 31, 2023	5,000	6,701	23,966	109	-898	-8,474	83,638	110,042
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	5,788	5,788
Other comprehensive income								
Change in fair value of equity investments at fair value through other comprehensive income	0	0	0	-16	0	0	0	-16
Cumulative translation adjustment	0	0	0	0	0	-254	0	-254
Other comprehensive income, net of tax	0	0	0	-16	0	-254	0	-271
Total comprehensive income for the review period	0	0	0	-16	0	-254	5,788	5,518
Transactions with owners								
Directed share issue	0	0	1,929	0	0	0	0	1,929
Share-based incentive plan	0	0	0	0	102	0	0	102
Transactions with owners, total	0	0	1,929	0	102	0	0	2,031
Equity Mar 31, 2022	5,000	6,701	23,966	117	-1,143	-3,727	75,549	106,463

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 at its meeting on May 11, 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	1-3/2023	1-3/2022	1-12/2022	Change
Revenue	94,954	89,586	350,170	6.0%
Operating profit (EBITA)	7,569	8,950	33,915	-15.4%
EBITA, %	8.0	10.0	9.7	
Operating profit (EBIT)	6,259	7,622	28,622	-17.9%
EBIT, %	6.6	8.5	8.2	
Profit before taxes	5,554	7,277	22,386	-23.7%
Profit before taxes, %	5.8	8.1	6.4	
Return on equity, %	16.0	22.5	17.7	
ROCE, %	13.2	16.5	15.9	
Equity ratio, %	39.7	37.9	38.2	
Gross interest-bearing debt	85,695	91,788	90,583	-6.6%
Net gearing, %	60.0	59.5	66.8	
Balance sheet, total	281,714	283,843	281,138	-0.7%
Gross investments	2,893	29,340	40,940	-90.1%
Operating cash flow	7,179	8,597	28,095	-16.5%
Basic earnings per share, EUR	0.17	0.23	0.73	-26.1%
Diluted earnings per share, EUR	0.17	0.23	0.73	-26.1%
Equity per share, EUR	4.39	4.25	4.25	3.4%
Personnel, average	3,937	3,858	3,945	2.0%
Personnel at end of the period	3,949	3,877	3,951	1.9%

Revenue

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

EUR 1,000	1-3/2023	1-3/2022	1-12/2022
Primary geographical location			
Finland	48,496	47,385	181,114
Scandinavia	23,959	22,180	88,346
Central Europe	19,826	16,914	68,242
China	2,673	3,106	12,468
Total	94,954	89,586	350,170
Timing of revenue recognition			
Transferred at a point in time	691	570	2,288
Transferred over time	94,263	89,015	347,882
Total	94,954	89,586	350,170

Non-recurring items

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

EUR 1,000	1-3/2023	1-3/2022	1-12/2022
Other operating income	0	0	767
Employee benefits expenses and other operating expenses	-911	-252	-1,807
Operating profit (EBIT)	-911	-252	-1,040
Financial income and expenses	0	0	-5,133
Profit for the review period	-911	-252	-6,173

Acquisitions

No acquisitions were made during the review period.

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	1-3/2023	1-3/2022	1-12/2022
Operating profit (EBIT)	6,259	7,622	28,622
Amortization on fair value adjustments at acquisitions	1,310	1,328	5,293
Operating profit (EBITA)	7,569	8,950	33,915

Organic/un-organic growth and growth in comparable currencies

Organic (revenue) growth is presented in addition to total revenue growth, because it improves the comparability of revenue growth between periods by presenting the revenue growth without the effects of the last 12 months' acquisitions. Organic growth is calculated by comparing revenue between comparison periods excluding revenue from acquisitions that have taken place in the past 12 months. The revenue growth created by the last 12 months' acquisitions is presented as un-organic growth. Revenue growth in comparable currencies is presented, because it improves the comparability of revenue growth between periods by presenting the revenue growth with comparable exchange rates. For the calculation of growth in comparable currencies, revenue for the current period is calculated by using the comparable period's exchange rates. The figure is presented for Group revenue and organic growth.

The share of revenue represented by Managed Services

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

Formulas for key figures

IFRS key figures

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

Non-IFRS key figures

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