INTERIM REPORT
JANUARY-SEPTEMBER

2024/
Q3

More difficult quarter than expected

etteplan

Etteplan Q3 2024: More difficult quarter than expected

KEY POINTS JULY-SEPTEMBER 2024

- The Group's revenue was at the same level as the previous year at EUR 80.0 million (7–9/2023: EUR 80.0 million). At comparable exchange rates, revenue decreased by 0.2 percent.
- Operating profit (EBITA) decreased by 53.8 percent and was EUR 2.9 (6.3) million, or 3.7 (7.9) percent of revenue.
- Operating profit (EBIT) decreased by 71.3 percent and was EUR 1.4 (5.0) million, or 1.8 (6.2) percent of revenue.
- Operating cash flow decreased and was EUR -0.3 (7.1) million.
- Basic earnings per share were EUR 0.00 (0.10).
- Etteplan released a profit warning on August 28, 2024, and a second profit warning on October 15, 2024. According to the new estimate, the revenue is estimated to be EUR 355–370 million and operating profit (EBIT) to be EUR 18–22 million. The factors behind the profit warnings are the sharper-than-expected weakening of market demand and significant non-recurring costs.

KEY POINTS JANUARY-SEPTEMBER 2024

- The Group's revenue increased by 1.9 percent and was EUR 269.7 million (1–9/2023: EUR 264.8 million). At comparable exchange rates, revenue increased by 1.6 percent.
- Operating profit (EBITA) decreased by 15.9 percent and was EUR 17.9 (21.3) million, or 6.6 (8.1) percent of revenue.
- Operating profit (EBIT) decreased by 22.4 percent and was EUR 13.5 (17.3) million, or 5.0 (6.5) percent of revenue.
- Operating cash flow decreased and was EUR 16.8 (23.0) million.
- Basic earnings per share were EUR 0.29 (0.43).

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

KEY FIGURES

EUR 1,000	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Revenue	79,964	79,961	269,705	264,763	359,951
Operating profit (EBITA)	2,923	6,332	17,935	21,322	30,883
EBITA, %	3.7	7.9	6.6	8.1	8.6
Operating profit (EBIT)	1,426	4,967	13,457	17,340	25,540
EBIT, %	1.8	6.2	5.0	6.5	7.1
Basic earnings per share, EUR	0.00	0.10	0.29	0.43	0.66
Equity ratio, %	40.2	39.3	40.2	39.3	40.9
Operating cash flow	-261	7,087	16,767	22,985	35,571
ROCE, %	3.3	10.0	9.2	12.2	13.3
Personnel at end of the period	3,870	4,010	3,870	4,010	3,902

PRESIDENT AND CEO JUHA NÄKKI:

Our business is suffering from the current investment slump, and the third quarter was very difficult for us. The market situation weakened throughout the review period, contrary to our expectations, and we had to lower our guidance twice: first at the end of August and again in mid-October. New investment projects were started at a very slow pace, and our customers focused mainly on cost-saving measures.

Our revenue remained at the same level as the previous year due to acquisitions, but in the difficult situation our revenue decreased organically. The market situation was particularly difficult in Finland and Germany, but the demand situation was also challenging elsewhere in Europe. In China, the trend of purchasing services developed favorably, and we managed to significantly increase the number of hours sold to the Chinese market.

As the market situation weakened, our operational efficiency declined and we had to implement new adaptation measures to improve efficiency. At the same time, we aimed to strengthen our ability to implement our new strategy for the strategic period of 2025–2027, which is currently being prepared. Adaptation measures were implemented in all of our service areas. In the Engineering Solutions service area, we also decided to discontinue the Building Technology business in Germany and focus on our core business. The adaptation measures caused significant non-recurring costs that had a negative effect on our result. The correction of an unfortunate accounting error in Sweden further lowered our profit level, and the result was weak.

In spite of the difficult situation, we continued to invest in the development of our business and service offering. The rapid development of technology, and artificial intelligence in particular, makes it essential to continue developing new solutions. We want to stay on the leading edge of development and help our customers benefit from new technologies through our service solutions. This will be a key part of our new strategy for 2025–2027, which is currently being prepared and will be published in December 2024.

We no longer believe that the market situation will improve substantially this year. We have implemented adaptation measures, and will implement new adaptation measures in the fourth quarter, if necessary. These measures are painful, but they help us ensure the restoration of profitability and, consequently, our ability to invest in continued profitable growth when the market situation improves.

MARKET OUTLOOK 2024

The most important factor affecting Etteplan's business is the global development of the machinery and metal industry. The expansion of the conflict in the Middle East has increased geopolitical tensions, which further increases uncertainty in the markets. In addition, interest rates decreasing slower than expected and generally declining order backlogs are affecting our customers' willingness to invest and have further weakened the demand situation. Investments related to the defense industry are continuing at a good level. However, investments related to energy efficiency and accelerating the green transition, which were previously at a good level, have also slowed slightly. We expect the market situation to remain challenging throughout the rest of the year.

FINANCIAL GUIDANCE 2024 (OCTOBER 15, 2024)

Etteplan lowered its guidance on October 15, 2024, and August 28, 2024.

According to the current estimate, issued on October 15, 2024:

Revenue in 2024 is estimated to be EUR 355–370 (2023: 360.0) million, and

operating profit (EBIT) in 2024 is estimated to be EUR 18–22 (2023: 25.5) million.

According to the estimate issued on August 28, 2024:

Revenue in 2024 is estimated to be EUR 360–375 (2023: 360.0) million, and

operating profit (EBIT) in 2024 is estimated to be EUR 24–27 (2023: 25.5) million.

According to the estimate issued in connection with the Q2 interim report on August 8, 2024:

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

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

OPERATING ENVIRONMENT

The most important factor affecting Etteplan's business is the global development of the machinery and metal industry. The conflict in the Middle East has increased geopolitical tensions, which further increases uncertainty in the markets. In addition, interest rates decreasing slower than expected and generally declining order backlogs are affecting our customers' willingness to invest and have further weakened the demand situation. Our customers' decision-making in the prevailing market situation is very slow, and very few new investment projects are being started. Decisions are mainly made on investments related to direct cost savings. Investments related to the defense industry are continuing at a good level. However, investments related to energy efficiency and accelerating the green transition, which were previously at a good level, have also slowed slightly. We expect the market situation to remain challenging throughout the rest of the year.

The majority of Etteplan's customers are industrial companies with several global megatrends currently influencing the development of their operating environment. For example, structural changes in the global economy, urbanization, climate change and sustainability are all influencing companies, national economies and people's lives. In addition to these megatrends, the engineering industry is influenced primarily by three trends: digitalization, accelerating technological development and the growing need for highly competent employees. In particular, the application of artificial intelligence in various applications is accelerating. These trends are creating a need for intelligent and energy-efficient solutions in all industrial sectors.

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

DEVELOPMENT OF DEMAND BY CUSTOMER INDUSTRY

Geopolitical tensions and the interest rate level affect demand in all customer industries. Demand in the Defense industry was at a good level. Demand in the Energy industry decreased slightly. Demand in the Forest industry and demand in the Metal and Mining industry weakened further in the third quarter. Demand in the ICT and Electronics industry remained at a weak level. Demand in the Automotive industry was at a moderate level. Demand in the Chemical industry weakened further.

DEVELOPMENT OF DEMAND IN ETTEPLAN'S OPERATING COUNTRIES

The uncertainty caused by geopolitical tensions and the slower-than-expected decrease in interest rates have affected demand in all of our operating countries in Europe. Our customers' generally declining order backlogs are affecting their willingness to invest, and the demand situation weakened further. Decreasing interest rates have not improved the demand situation. The demand situation is particularly challenging in Finland and Germany. Based on order developments in the first half of 2024, it is estimated that the revenue of technology industry companies in Finland will decrease during the second half of the year. Geopolitical tensions have also increased uncertainty in China, as a result of which Western investments are at a low level.

However, China's internal market is developing positively with regard to engineering services. This development is influenced by the strengthening of the trend of companies purchasing services instead of hiring employees of their own.

REVENUE

The weakening of demand due to market uncertainty, the challenges in the operating environment and customers' slow decision-making had a negative effect on the accrual of revenue during the review period. Acquisitions increased revenue.

Etteplan's revenue in July–September was the same as in the comparison period at EUR 80.0 million (7–9/2023: EUR 80.0 million). Revenue decreased by 0.2 percent at comparable exchange rates. Organic revenue decreased by 4.2 percent. At comparable exchange rates, organic revenue decreased by 4.5 percent. Revenue from key accounts decreased by 10.1 percent in July–September.

In January–September, Etteplan's revenue increased by 1.9 percent and amounted to EUR 269.7 million (1–9/2023: EUR 264.8 million). Revenue increased by 1.6 percent at comparable exchange rates. Organic revenue decreased by 3.8 percent. At comparable exchange rates, organic revenue decreased by 4.0 percent. Revenue from key accounts decreased by 7.9 percent in January–September.

Etteplan's business is subject to periodic fluctuation due to the number of working days, holiday seasons and the timing of product development and investment projects in customer companies, which mainly take place in the spring and the latter part of the year.

The revenue of acquired companies is not included in organic revenue growth for 12 months following their acquisition. LAE Engineering GmbH is included in Etteplan's figures starting from July 1, 2023, High Vision Engineering Sweden AB starting from September 1, 2023, Strongit ApS from January 1, 2024, and AFFRA AB from June 1, 2024.

RESULT

The result for the review period was affected by the weakening of demand due to market uncertainty, the challenges in the operating environment and the customers' slow decision-making, as well as significant non-recurring costs.

Operating profit (EBITA) decreased by 53.8 percent in July–September and was EUR 2.9 (6.3) million, or 3.7 (7.9) percent of revenue.

Operating profit (EBITA) decreased by 15.9 percent in January–September and was EUR 17.9 (21.3) million, or 6.6 (8.1) percent of revenue.

Operating profit (EBIT) decreased by 71.3 percent in July–September and was EUR 1.4 (5.0) million, or 1.8 (6.2) percent of revenue.

Operating profit (EBIT) decreased by 22.4 percent in January–September and was EUR 13.5 (17.3) million, or 5.0 (6.5) percent of revenue.

The combined effect of non-recurring items on operating profit (EBITA) and operating profit (EBIT) was EUR -1.4 (-0.2) million in July–September and EUR -2.1 (-1.5) million in January–September. The non-recurring items consisted mainly of expenses related to organizational restructuring, costs related to the termination of the Building Technology business in Germany, and project write-downs. In addition, correction of an accounting error in Sweden had a negative effect of EUR -0.8 million on the result for the third quarter.

The net amount of financial income and financial expenses came to EUR -3.5 (-3.2) million in January–September.

Profit before taxes for January–September was EUR 10.0 (14.2) million. Taxes in the income statement amounted to 26.6 (24.4) percent of the result before taxes. The amount of taxes was EUR 2.7 (3.5) million.

The profit for January–September was EUR 7.3 (10.7) million.

Basic earnings per share were EUR 0.0 (0.10) in July–September and EUR 0.29 (0.43) in January–September. Equity per share was EUR 4.56 (4.21) at the end of September. Return on capital employed (ROCE) before taxes was 3.3 (10.0) percent in July–September and 9.2 (12.2) percent in January–September.

CASH FLOW AND FINANCIAL POSITION

Operating cash flow was EUR -0.3 (7.1) million in July–September. Cash flow after investments was EUR -1.1 (1.7) million in July–September. The accrual of cash flow was affected by non-recurring costs and an increase in trade receivables, which was due to a change in customers' payment behavior.

Operating cash flow was EUR 16.8 (23.0) million in January–September. Cash flow after investments was EUR -4.4 (16.6) million in January–September. Operating cash flow accrues unevenly over the four quarters of the year due to periodic fluctuation in business.

The Group's cash and cash equivalents stood at EUR 17.2 (18.6) million at the end of September.

The Group's interest-bearing debt amounted to EUR 98.8 (90.6) million at the end of September. The amount of interest-bearing liabilities was affected by acquisitions made by the Group. Lease liabilities represented EUR 19.6 (21.1) million of interest-bearing liabilities.

The total of unused short-term credit facilities stood at EUR 15.1 (12.6) million.

Total assets on September 30, 2024, were EUR 294.6 (274.4) million. Goodwill on the balance sheet was EUR 117.8 (108.5) million.

At the end of September, the equity ratio was 40.2 (39.3) percent.

CAPITAL EXPENDITURE

The Group's gross investments in January–September were EUR 26.6 (17.5) million. The gross investments mainly consisted of acquisitions, the acquisition of a minority stake in BJIT, increases in lease liabilities and equipment purchases.

PERSONNEL

The number of personnel stood at 3,870 (4,010) employees at the end of September 2024. The number of personnel decreased by 3.5 percent when compared to the end of September 2023. Due to the unpredictable market situation, we have slowed down recruitment and implemented temporary layoffs during the review period. A total of 158 employees in Finland were temporarily laid off at the end of September 2024.

The Group employed 3,871 (3,954) people on average in January–September 2024.

The number of people employed by the Group outside of Finland decreased and stood at 1,940 (2,025) at the end of September. The share of the Group's personnel employed outside of Finland remained unchanged at 50 (50) percent of the total number of employees.

BUSINESS REVIEW

Etteplan's Board of Directors decided on April 5, 2023, to continue the implementation of the *Increasing value for customers* strategy, established for 2020–2022, also during the strategy period 2023–2024. The implementation was delayed by the pandemic.

Financial targets for 2023–2024:

- Growth: revenue more than EUR 500 million
- International growth: the share of revenue coming from outside Finland is at least 55 percent
- Managed Services: the share of revenue from Managed Services is 75 percent (Managed Services Index, MSI)
- Profitability: operating profit (EBITA) over 10 percent of revenue

The market situation is very challenging at present. In spite of the challenging market situation, we have sought to continue the implementation of the strategy and investments to develop our business. In Europe, we have had to implement adaptation measures to improve operational efficiency in almost all of our operating countries, which has affected our ability to implement our strategy. We are prepared to continue reorganization and adaptation measures during the rest of the year if necessary. The adaptation measures also strengthen our ability to implement our new strategy for the strategic period of 2025–2027, which is currently being prepared. The new strategy for the period 2025–2027 will be published in December 2024.

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.

Etteplan’s customers are investing in digitalization and intelligent devices, which presents significant growth opportunities for the company. In recent years, Etteplan has also invested in digitalization and software development with the aim of expanding its service offering and competence capital in order to respond to the digitalization needs of customers. In June 2024, Etteplan acquired a minority stake of 19.99% in BJIT, a globally operating IT consulting enterprise that is the largest in its industry in Bangladesh. The acquisition is in line with Etteplan's growth strategy and enables an even broader and more competitive array of services to support digitalization. BJIT’s strengths include, in particular, software and digitalization in product data management and product lifecycle management. At the same time, Etteplan is investing in organic growth as well as the development of the company's own business and increasing its rate of digitalization.

We have continued the development of technology solutions as part of our service solutions. We are strengthening our expertise in areas such as additive manufacturing, digital twin solutions, and other digital technologies. The use of artificial intelligence in various applications is accelerating. Artificial intelligence has an impact on Etteplan’s business, and the company launched an AI development program in 2023. We have now achieved the first concrete results of using AI in our business, and we have implemented the first customer projects. We will accelerate the implementation of AI related development projects in all of our service areas and the company's support functions.

We published Etteplan's renewed brand and values at the beginning of 2024. The company has developed and changed over the years from a traditional engineering company to a modern technology service company. With the renewed brand, the company is being developed to reflect its current status as a leading global technology service company in its field.

Etteplan’s target was to achieve revenue of over EUR 500 million in 2024. This target was set in 2019 before the COVID pandemic and Russia’s invasion of Ukraine. The target was kept unchanged in 2023 in connection with the extension of the strategy period, but we will not achieve this target. Nevertheless, we continue to seek strong growth organically and through acquisitions. Etteplan’s goal is to grow internationally, provide solutions from all of the company’s service areas in all of its market areas and increase the share of revenue accumulated outside Finland to at least 55 percent. In order to accelerate our international growth, we have made acquisitions mainly outside Finland.

In July–September, revenue accumulated outside Finland amounted to EUR 42.8 (40.2) million, or 54 (50) percent of the Group’s total revenue. In January–September, revenue accumulated outside Finland amounted to EUR 142.0 (129.1) million, or 53 (49) percent of the Group’s total revenue.

Geopolitical tensions have also increased uncertainty in China, as a result of which Western investments are at a low level. However, China's internal market is developing positively with regard to engineering services. This development is influenced by the strengthening of the trend of companies purchasing services instead of hiring employees of their own. Etteplan’s customer base in China has traditionally consisted of Western companies, but we have managed to increase the share of Chinese customers. The number of hours sold in the Chinese market increased by 20.9 percent in July–September. Going forward, we will focus even more heavily on serving the internal market in China.

Etteplan's target is to increase the share of revenue represented by Managed Services to 75 percent. The share of Managed Services stood at 65 (70) percent in July-September and 65 (68) percent in January-September. The decrease was mainly due to the Strongit acquisition and the company's service model, as well as the declining number of project deliveries. The growth in the share of Managed Services enhances Etteplan's capacity management and improves profitability. Etteplan's operating profit (EBITA) target is over 10 percent of revenue.

ACQUISITIONS IN 2023-2024

On May 27, 2024, Etteplan acquired AFFRA AB, a Swedish consulting company specializing in testing. Based in Gothenburg, AFFRA is a consulting company that specializes in software testing and, in particular, Hardware in the Loop (HIL) testing for the automotive and transport industry. All 23 of AFFRA's professionals in testing, software development and embedded solutions were immediately transferred to Etteplan.

On January 8, 2024, Etteplan acquired Strongit ApS, a Danish technology service company that focuses on product development solutions. Strongit delivers its services with a team of 13 highly qualified engineering professionals and a network of around 70 freelancers in Copenhagen, Århus, and Gråsten in Denmark.

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

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

DEVELOPMENT OF THE SERVICE AREAS

ENGINEERING SOLUTIONS

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

EUR 1,000	7-9/2024	7-9/2023	Change	1-9/2024	1-9/2023	Change	1-12/2023
Revenue	41,957	45,077	-6.9%	143,886	147,814	-2.7%	202,441
Operating profit (EBITA)	1,216	3,882	-68.7%	9,829	14,052	-30.1%	19,940
EBITA, %	2.9	8.6		6.8	9.5		9.8
Managed Services index	65	67		65	66		66
Personnel at end of the period	2,160	2,244	-3.7%	2,160	2,244	-3.7%	2,190

The figures for LAE Engineering GmbH, acquired in July 2023, are included in the service area's figures starting from July 1, 2023.

The share of Etteplan's revenue represented by the Engineering Solutions service area was 52 (56) percent in July-September and 53 (56) percent in January-September.

The service area's revenue decreased by 6.9 percent in July-September and amounted to EUR 42.0 (45.1) million. In January-September, revenue decreased by 2.7 percent and was EUR 143.9 (147.8) million.

The operating profit (EBITA) of Engineering Solutions decreased in July-September and was EUR 1.2 (3.9) million, or 2.9 (8.6) percent of revenue. In January-September, operating profit (EBITA) was EUR 9.8 (14.1) million, or 6.8 (9.5) percent of revenue.

Customers' decision-making on new investments remained slow, and the demand for engineering solutions related to customers' project deliveries continued to decline in all operating countries, especially Germany, during the review period. In Germany, investments by chemical industry customers that are important to the service area were at a low level and few new projects were started. The service area's operational efficiency was at a weak level and we had to implement further adaptation measures during the review period to improve operational efficiency. Due to the continued weakening of the demand situation in Germany, we have decided to discontinue the Building Technology business. This causes non-recurring costs and project write-downs.

The service area's result was weak. The result was negatively affected during the review period by significant non-recurring costs and the correction of an accounting error in Sweden. Their combined effect on the result was EUR -1.7 million.

The Engineering Solutions service area had 2,160 (2,244) employees at the end of September.

The Managed Services Index (MSI), which reflects the share of the service area's revenue represented by Managed Services, was 65 (67) percent in July–September and 65 (66) percent in January–September.

Interest in our outsourcing solutions remains at a good level in the prevailing market situation as customers seek cost savings and look to increase the efficiency of their operations. During the review period, 26 employees working at the Harjavalta production facility were transferred from Metso to Etteplan as a result of a cooperation agreement signed with Boliden Harjavalta in the second quarter.

SOFTWARE AND EMBEDDED SOLUTIONS

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

EUR 1,000	7-9/2024	7-9/2023	Change	1-9/2024	1-9/2023	Change	1-12/2023
Revenue	21,703	19,202	13.0%	72,908	64,315	13.4%	86,886
Operating profit (EBITA)	1,467	1,995	-26.5%	5,740	4,757	20.7%	6,924
EBITA, %	6.8	10.4		7.9	7.4		8.0
Managed Services index	50	56		48	54		54
Personnel at end of the period	712	741	-3.9%	712	741	-3.9%	704

The figures for High Vision Engineering Sweden AB, acquired in September 2023, are included in the service area's figures starting from September 1, 2023, the figures for Strongit ApS, acquired in January 2024, are included starting from January 1, 2024, and the figures for AFFRA AB, acquired in May 2024, are included starting from June 1, 2024.

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

The service area's revenue increased by 13.0 percent in July–September and amounted to EUR 21.7 (19.2) million. In January–September, revenue increased by 13.4 percent and was EUR 72.9 (64.3) million. Acquisitions increased revenue.

The Software and Embedded Solutions service area's operating profit (EBITA) decreased by 26.5 percent in July–September and was EUR 1.5 (2.0) million, or 6.8 (10.4) percent of revenue. In January–September, operating profit (EBITA) was EUR 5.7 (4.8) million, or 7.9 (7.4) percent of revenue.

The market situation in the Software and Embedded Solutions service area remained weak. Customers' decision-making was cautious and few new product development projects were started. However, we were able to take advantage of our global service model, which improved our competitiveness. In the difficult market situation, our profit performance was modest and we had to implement certain adaptation measures during the review period. The result was negatively affected during the review period by non-recurring costs and the correction of an accounting error in Sweden. Their combined effect on the result was EUR -0.2 million.

The Software and Embedded Solutions service area had 712 (741) employees at the end of September. In addition to our own personnel, we currently have about 300 (230) subcontractors and partners. The acquisition of Strongit contributed to the increase in the number of subcontractors.

The Managed Services Index (MSI), which reflects the share of the service area's revenue represented by Managed Services, was 50 (56) percent in July–September and 48 (54) percent in January–September. The decrease was mainly due to the Strongit acquisition and the company's service model.

TECHNICAL COMMUNICATION SOLUTIONS

We produce user manuals for individual products as well as the documentation of technical attributes and information management for entire production facilities, such as factories. The service includes content creation and distribution in print and digital form. For an industrial customer, good technical documentation can increase the value of their products and ensure their products are used in the right way. Our solutions enable our customers to improve their cost-efficiency, reduce delivery times and decrease their environmental footprint.

EUR 1,000	7-9/2024	7-9/2023	Change	1-9/2024	1-9/2023	Change	1-12/2023
Revenue	16,227	15,513	4.6%	52,639	52,129	1.0%	69,965
Operating profit (EBITA)	638	699	-8.7%	3,236	3,268	-1.0%	4,946
EBITA, %	3.9	4.5		6.1	6.3		7.1
Managed Services index	88	91		88	90		89
Personnel at end of the period	833	862	-3.4%	833	862	-3.4%	842

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

The Technical Communication Solutions service area's revenue increased by 4.6 percent in July–September and amounted to EUR 16.2 (15.5) million. In January–September, revenue increased by 1.0 percent and amounted to EUR 52.6 (52.1) million.

The Technical Communication Solutions service area's operating profit (EBITA) decreased by 8.7 percent in July–September and was EUR 0.6 (0.7) million, or 3.9 (4.5) percent of revenue. In January–September, operating profit (EBITA) was EUR 3.2 (3.3) million, or 6.1 (6.3) percent of revenue.

The service area's demand is significantly affected by the number of customers' delivery projects. As customers' orderbooks declined, the service area's demand situation was weak. The service area's operational efficiency and profitability were at a modest level in the third quarter, especially in the Netherlands, where customer projects ended, and we still had operational challenges. During the review period, we implemented adaptation measures to improve profitability. The result was negatively affected during the review period by non-recurring costs and the correction of an accounting error in Sweden. Their combined effect on the result was EUR -0.3 million.

In the prevailing market situation, interest in our service solutions – particularly those that improve efficiency – is at a good level as customers seek cost savings and look to increase the efficiency of their operations. Artificial intelligence has a significant impact on the service area. We have continued to develop AI solutions as part of our service offering and have implemented customer projects that make use of AI for SFS, among other customers. The results achieved with the help of AI are promising. The use of AI already plays a role in all of our new service solutions, and we will continue our development efforts.

The Technical Communication Solutions service area had 833 (862) employees at the end of September.

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

GOVERNANCE

GENERAL MEETING

The Annual General Meeting of Etteplan Oyj was held on April 9, 2024. The Annual General Meeting approved the financial statements and discharged the members of the Board of Directors and the President and CEO from liability for the financial year 2023.

The Annual General Meeting resolved, in accordance with the proposal of the Board of Directors, to pay a dividend of EUR 0.30 per share for the financial year 2023 and to leave the remaining funds in unrestricted equity. The dividend decided on by the Annual General Meeting was paid to the shareholders registered on the record date in the shareholders' register maintained by Euroclear Finland Ltd. The record date of the payment of dividend was April 11, 2024, and the dividend was paid on April 18, 2024.

In accordance with the proposal of the Nomination and Remuneration Committee of the Board of Directors, the Annual General Meeting resolved that the Board of Directors shall consist of six (6) members. In accordance with the proposal of the Nomination and Remuneration Committee of the Board of Directors, the Annual General Meeting resolved on the annual remuneration of the members of the Board of Directors, the Chairman of the Board and the chairmen and members of the Nomination and Remuneration Committee and the Audit Committee.

In accordance with the proposal of the Nomination and Remuneration Committee of the Board of Directors, the Annual General Meeting re-elected Matti Huttunen, Robert Ingman, Päivi Lindqvist, Tomi Ristimäki, Sonja Sarasvuo and Mikko Tepponen as members of the Board of Directors.

KPMG Oy Ab, Authorized Public Accountants, with Authorized Public Accountant Kim Järvi as the main responsible auditor, was elected as the company's auditor.

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

BOARD AUTHORIZATIONS

The Annual General Meeting held on April 9, 2024, authorized the Board of Directors to resolve on the repurchase of the company's own shares in one or more tranches using the company's unrestricted equity. A maximum of 2,000,000 shares in the company may be repurchased. The company may deviate from the obligation to repurchase shares in proportion to the shareholders' current holdings, i.e. the Board has the right to decide on a directed repurchase of the company's own shares.

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

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

The authorization is valid for eighteen (18) months from the date of the resolution of the Annual General Meeting starting on April 9, 2024, and ending on October 8, 2025. The authorization replaces the corresponding previous authorization.

The Annual General Meeting held on April 9, 2024, authorized the Board of Directors to resolve on the issuance of a maximum of 2,500,000 shares through issuance of shares, option rights or other special rights entitling to shares under Chapter 10, Section 1 of the Finnish Companies Act in one or more issues. The authorization includes the right to decide to issue either new shares or shares held by the company.

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

The authorization is valid for eighteen (18) months from the date of the resolution of the Annual General Meeting starting on April 9, 2024, and ending on October 8, 2025. The authorization replaces the corresponding previous authorization.

SHARES

Etteplan's shares are listed in Nasdaq Helsinki Ltd's Mid Cap market capitalization group in the Industrials sector under the ETTE ticker. The company has one series of shares. All shares confer an equal right to a dividend and the company's funds. The company's share capital on September 30, 2024, was EUR 5,000,000.00 and the total number of shares was 25,350,793.

On January 8, 2024, Etteplan issued a stock exchange release announcing the acquisition of Strongit ApS. As part of the financing of the transaction, Etteplan Oyj's Board of Directors, in its meeting held on January 8, 2024, 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 5, 2023. 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 January 8, 2024, and at the same time, the sellers subscribed for 150,000 new Etteplan shares as a part payment for the purchase amount. The subscription price per share paid for the shares was EUR 14.048. The new shares carry the right to dividend starting from the financial year 2024.

The new shares subscribed for in the directed share issue were registered in the Trade Register on April 26, 2024, and in the book-entry system maintained by Euroclear Finland Oy on May 10, 2024. The shares were listed for trading on Nasdaq Helsinki on May 10, 2024. The total number of Etteplan shares after the issue is 25,350,793. 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–September was 331,616 (1–9/2023: 295,865), for a total value of EUR 4.31 (4.85) million. The share price low was EUR 11.30, the high EUR 14.35, the average EUR 13.01 and the closing price EUR 11.35. Market capitalization on September 30, 2024, was EUR 286.59 (376.60) million. On September 30, 2024, Etteplan had 3,494 (3,611) shareholders.

OWN SHARES

Etteplan did not purchase any of its own shares in January–September 2024. The company held 100,921 of its own shares at the end of September 2024 (September 30, 2023: 93,883), corresponding to 0.40 percent of all shares and voting rights.

FLAGGINGS

Etteplan Oyj received no flagging notices in January–September 2024.

ETTEPLAN OYJ'S INCENTIVE PLAN FOR KEY PERSONNEL 2023–2025

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

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

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

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

OPERATING RISKS AND UNCERTAINTY FACTORS

Etteplan's financial results are exposed to a number of strategic, operational and financial risks. The uncertainties caused by the general economic development continue to constitute risks for Etteplan's business. The possibility of changes in customers' business operations is a significant risk to Etteplan's operations. The company's operations are based on skilled staff. The availability of competent professionals is an important factor for ensuring profitable growth and operations. The availability of personnel, particularly in certain expert disciplines, continues to present a business risk.

Increased geopolitical tensions make the future more difficult to predict and increase uncertainty in the markets, which has an impact on our customers' operations and supply chains and, consequently, Etteplan's demand.

Changes in legislation and regulations may have an impact on Etteplan. The reforms to labor market legislation that entered into force in Sweden in October 2024 may have an impact on our business.

Etteplan assesses business risks annually and actively monitors their development during the year. The focus of the assessment is particularly on monitoring changes in already identified risks, identifying new business risks and developing proactive risk management. The results of the assessment are presented in Etteplan's Corporate Governance Statement 2023.

EVENTS AFTER THE REVIEW PERIOD

OCTOBER 15, 2024: ETTEPLAN RELEASED A PROFIT WARNING AND LOWERED ITS GUIDANCE FOR 2024

Etteplan lowered its previous estimate of revenue and operating profit. According to the new estimate, the revenue is estimated to be EUR 355-370 million and operating profit (EBIT) to be EUR 18-22 million.

In its profit warning published on August 28, 2024, Etteplan estimated its revenue for 2024 to be EUR 360-375 (2023: 360.0) million and the operating profit (EBIT) to be EUR 24-27 (2023: 25.5) million.

FINANCIAL DISCLOSURES IN 2025

Financial Statement Review 2024: Wednesday, February 12, 2025

Financial Statements and Annual Report: week 12/2025

Annual General Meeting 2025: Tuesday, April 8, 2025

Interim Report for January-March 2025: Monday, May 5, 2025

Half Year Financial Report for January-June 2025: Wednesday, August 6, 2025

Interim Report for January-September 2025: Wednesday, October 29, 2025

Espoo, October 31, 2024

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	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Revenue	**79,964**	**79,961**	**269,705**	**264,763**	**359,951**
Other operating income	222	439	458	1,129	1,742
Materials and services	-11,258	-10,473	-37,494	-30,801	-43,320
Employee benefits expenses	-52,968	-51,088	-174,030	-174,205	-233,736
Other operating expenses	-9,902	-9,359	-31,317	-29,608	-40,259
Depreciation and amortization	-4,632	-4,512	-13,865	-13,939	-18,839
Operating profit (EBIT)	**1,426**	**4,967**	**13,457**	**17,340**	**25,540**
Financial income	268	-43	805	674	803
Financial expenses	-1,424	-1,497	-4,267	-3,826	-5,537
Profit before taxes	**270**	**3,427**	**9,995**	**14,188**	**20,805**
Income taxes	-267	-834	-2,660	-3,465	-4,158
Profit for the review period	**4**	**2,593**	**7,335**	**10,724**	**16,647**
Other comprehensive income, that may be reclassified to profit or loss					
Currency translation differences	308	698	-869	-1,833	787
Other comprehensive income, that will not be reclassified to profit or loss					
Change in fair value of equity investments at fair value through other comprehensive income	13	-13	12	-25	-30
Remeasurement of defined benefit plan	0	0	0	0	-157
Other comprehensive income, net of tax	**321**	**685**	**-857**	**-1,858**	**599**
Total comprehensive income for the review period	**325**	**3,278**	**6,478**	**8,865**	**17,246**
Profit for the review period attributable to					
Equity holders of the parent company	4	2,593	7,335	10,724	16,647
Total comprehensive income for the review period attributable to					
Equity holders of the parent company	325	3,278	6,478	8,865	17,246
Earnings per share calculated from the profit attributable to equity holders of the parent company					
Basic earnings per share, EUR	0.00	0.10	0.29	0.43	0.66
Diluted earnings per share, EUR	0.00	0.10	0.29	0.43	0.66

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR 1,000	Sep 30, 2024	Sep 30, 2023	Dec 31, 2023
ASSETS			
Non-current assets			
Goodwill	117,809	108,451	109,737
Other intangible assets	32,832	31,153	30,250
Tangible assets	22,028	23,851	24,038
Investments at fair value through other comprehensive income	9,483	2,382	2,376
Other non-current receivables	933	944	973
Deferred tax assets	208	187	250
Non-current assets, total	**183,292**	**166,968**	**167,624**
Current assets			
Inventory	764	434	806
Work in progress	41,223	39,363	30,662
Trade and other receivables	51,461	47,874	61,148
Current tax assets	635	1,177	933
Cash and cash equivalents	17,209	18,619	23,442
Current assets, total	**111,292**	**107,467**	**116,991**
TOTAL ASSETS	**294,584**	**274,434**	**284,615**
EQUITY AND LIABILITIES			
Equity			
Share capital	5,000	5,000	5,000
Share premium account	6,701	6,701	6,701
Unrestricted equity fund	26,073	23,966	23,966
Own shares	-1,719	-1,620	-1,719
Cumulative translation adjustment	-7,784	-9,535	-6,915
Other reserves	85	78	73
Retained earnings	86,789	81,219	86,984
Equity, total	**115,146**	**105,809**	**114,091**
Non-current liabilities			
Deferred tax liabilities	9,938	9,519	9,550
Loans from financial institutions	35,070	56,828	40,167
Lease liabilities	8,403	8,537	8,560
Defined benefit pension liability	4,999	4,873	5,069
Other non-current liabilities	673	589	526
Non-current liabilities, total	**59,084**	**80,346**	**63,873**
Current liabilities			
Loans from financial institutions	44,065	12,757	25,012
Lease liabilities	11,244	12,517	12,843
Advances received	8,239	5,053	5,818
Trade and other payables	55,009	55,509	60,849
Current income tax liabilities	1,798	2,443	2,128
Current liabilities, total	**120,354**	**88,280**	**106,651**
Liabilities, total	**179,438**	**168,625**	**170,524**
TOTAL EQUITY AND LIABILITIES	**294,584**	**274,434**	**284,615**

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1,000	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Operating cash flow					
Cash receipts from customers	83,273	87,712	274,346	273,738	366,970
Operating expenses paid	-82,194	-78,719	-250,911	-244,235	-322,517
Operating cash flow before financial items and taxes	**1,079**	**8,993**	**23,435**	**29,503**	**44,454**
Interests and other payments for financial expenses	-511	-1,011	-3,551	-2,818	-4,540
Interest received	178	77	578	224	496
Income taxes paid	-1,007	-973	-3,695	-3,924	-4,839
Operating cash flow (A)	**-261**	**7,087**	**16,767**	**22,985**	**35,571**
Investing cash flow					
Purchase of tangible and intangible assets	-857	-1,026	-2,078	-1,993	-2,067
Acquisition of subsidiaries, net of cash acquired	-23	-5,446	-12,299	-5,446	-5,496
Purchase of investments	-80	0	-7,034	0	0
Proceeds from sale of tangible and intangible assets	148	1,053	214	1,099	675
Investing cash flow (B)	**-811**	**-5,419**	**-21,197**	**-6,340**	**-6,888**
Cash flow after investments (A+B)	**-1,072**	**1,667**	**-4,431**	**16,645**	**28,683**
Financing cash flow					
Purchase of own shares	0	-270	0	-388	-486
Proceeds from loans	-705	-1	20,349	17,083	28,583
Repayments of loans	-1,679	-1,301	-6,394	-16,437	-32,332
Payment of lease liabilities	-2,739	-3,067	-8,140	-8,907	-11,576
Dividend paid	0	0	-7,530	-9,015	-9,015
Financing cash flow (C)	**-5,123**	**-4,640**	**-1,715**	**-17,663**	**-24,826**
Variation in cash (A+B+C) increase (+) / decrease (-)	**-6,195**	**-2,972**	**-6,145**	**-1,019**	**3,857**
Assets at the beginning of the period	23,588	21,801	23,442	19,564	19,564
Exchange gains or losses	-184	-210	-88	74	21
Assets at the end of the period	17,209	18,619	17,209	18,619	23,442

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Legends for table columns

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

EUR 1,000	A	B	C	D	E	F	G	H
Equity Jan 1, 2023	**5,000**	**6,701**	**23,966**	**103**	**-1,059**	**-7,702**	**79,302**	**106,311**
Comprehensive income								
Profit for the review period	0	0	0	0	0	0	16,647	16,647
Other comprehensive income								
Change in fair value of equity investments at fair value through other comprehensive income	0	0	0	-30	0	0	0	-30
Cumulative translation adjustment	0	0	0	0	0	787	0	787
Remeasurement of defined benefit plan	0	0	0	0	0	0	-157	-157
Other comprehensive income, net of tax	**0**	**0**	**0**	**-30**	**0**	**787**	**-157**	**599**
Total comprehensive income for the review period	**0**	**0**	**0**	**-30**	**0**	**787**	**16,489**	**17,246**
Transactions with owners								
Dividends	0	0	0	0	0	0	-9,015	-9,015
Purchase of own shares	0	0	0	0	-486	0	0	-486
Share-based incentive plan	0	0	0	0	-173	0	209	35
Transactions with owners, total	**0**	**0**	**0**	**0**	**-659**	**0**	**-8,806**	**-9,466**
Equity Dec 31, 2023	**5,000**	**6,701**	**23,966**	**73**	**-1,719**	**-6,915**	**86,984**	**114,091**

EUR 1,000	A	B	C	D	E	F	G	H
Equity Jan 1, 2024	**5,000**	**6,701**	**23,966**	**73**	**-1,719**	**-6,915**	**86,984**	**114,091**
Comprehensive income								
Profit for the review period	0	0	0	0	0	0	7,335	7,335
Other comprehensive income								
Change in fair value of equity investments at fair value through other comprehensive income	0	0	0	20	0	0	0	20
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	0	0	0	-8	0	0	0	-8
Cumulative translation adjustment	0	0	0	0	0	-869	0	-869
Other comprehensive income, net of tax	**0**	**0**	**0**	**12**	**0**	**-869**	**0**	**-857**
Total comprehensive income for the review period	**0**	**0**	**0**	**12**	**0**	**-869**	**7,335**	**6,478**
Transactions with owners								
Dividends	0	0	0	0	0	0	-7,530	-7,530
Acquisition of a subsidiary paid in shares	0	0	2,107	0	0	0	0	2,107
Transactions with owners, total	**0**	**0**	**2,107**	**0**	**0**	**0**	**-7,530**	**-5,423**
Equity Sep 30, 2024	**5,000**	**6,701**	**26,073**	**85**	**-1,719**	**-7,784**	**86,789**	**115,146**

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	10,724	10,724
Other comprehensive income								
Change in fair value of equity investments at fair value through other comprehensive income	0	0	0	-25	0	0	0	-25
Cumulative translation adjustment	0	0	0	0	0	-1,833	0	-1,833
Other comprehensive income, net of tax	**0**	**0**	**0**	**-25**	**0**	**-1,833**	**0**	**-1,858**
Total comprehensive income for the review period	**0**	**0**	**0**	**-25**	**0**	**-1,833**	**10,724**	**8,865**
Transactions with owners								
Dividends	0	0	0	0	0	0	-9,015	-9,015
Purchase of own shares	0	0	0	0	-388	0	0	-388
Share-based incentive plan	0	0	0	0	-173	0	209	35
Transactions with owners, total	**0**	**0**	**0**	**0**	**-561**	**0**	**-8,806**	**-9,367**
Equity Sep 30, 2023	**5,000**	**6,701**	**23,966**	**78**	**-1,620**	**-9,535**	**81,219**	**105,809**

NOTES

GENERAL

Etteplan provides solutions for software and embedded solutions, industrial equipment and plant engineering and technical communication solutions to the world’s leading companies in the manufacturing industry. Our services are geared to improve the competitiveness of our customers’ products, services and engineering processes throughout the product life-cycle. The results of Etteplan’s innovative engineering can be seen in numerous industrial solutions and everyday products.

In 2023, Etteplan’s revenue amounted to approximately EUR 360.0 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 October 31, 2024.

BASIS FOR PREPARATION

Figures are presented in thousands or millions of euros as described in connection with each figure. The figures presented are rounded from exact figures and consequently, the sum of figures presented individually can deviate from the presented sum figure. Key figures have been calculated using exact figures.

This 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 2023 Annual Financial Statements.

ACCOUNTING POLICIES REQUIRING MANAGEMENT’S JUDGMENT AND KEY SOURCES OF UNCERTAINTY CONCERNING ESTIMATES

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

The key sources of estimation uncertainty, as well as areas requiring judgment-based decisions, were the same as those that applied to the 2023 consolidated financial statements.

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

KEY FIGURES

EUR 1,000	1-9/2024	1-9/2023	1-12/2023	Change
Revenue	269,705	264,763	359,951	1.9%
Operating profit (EBITA)	17,935	21,322	30,883	-15.9%
EBITA, %	6.6	8.1	8.6	
Operating profit (EBIT)	13,457	17,340	25,540	-22.4%
EBIT, %	5.0	6.5	7.1	
Profit before taxes	9,995	14,188	20,805	-29.6%
Profit before taxes, %	3.7	5.4	5.8	
Return on equity, %	8.5	13.5	15.1	
ROCE, %	9.2	12.2	13.3	
Equity ratio, %	40.2	39.3	40.9	
Gross interest-bearing debt	98,782	90,639	86,583	9.0%
Net gearing, %	70.8	68.1	55.3	
Balance sheet, total	294,584	274,434	284,615	7.3%
Gross investments	26,613	17,495	21,077	52.1%
Operating cash flow	16,767	22,985	35,571	-27.1%
Basic earnings per share, EUR	0.29	0.43	0.66	-32.6%
Diluted earnings per share, EUR	0.29	0.43	0.66	-32.6%
Equity per share, EUR	4.56	4.21	4.55	8.2%
Personnel, average	3,871	3,954	3,949	-2.1%
Personnel at end of the period	3,870	4,010	3,902	-3.5%

REVENUE

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

EUR 1,000	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Primary geographical location					
Finland	37,182	39,798	127,688	135,569	182,320
Scandinavia	21,187	17,971	74,453	63,271	87,306
Central Europe	18,525	19,654	59,799	58,127	80,222
China	3,070	2,538	7,764	7,797	10,104
Total	**79,964**	**79,961**	**269,705**	**264,763**	**359,951**
Timing of revenue recognition					
Transferred at a point in time	877	1,172	3,192	3,006	4,604
Transferred over time	79,087	78,789	266,513	261,757	355,347
Total	**79,964**	**79,961**	**269,705**	**264,763**	**359,951**

REVENUE AND OPERATING PROFIT (EBIT) BY QUARTER

EUR 1,000	1-3/2024	1-3/2023	4-6/2024	4-6/2023	7-9/2024	7-9/2023
Revenue	97,118	94,954	92,623	89,849	79,964	79,961
Operating profit (EBIT)	6,695	6,259	5,335	6,114	1,426	4,967
EBIT, %	6.9	6.6	5.8	6.8	1.8	6.2

NON-RECURRING ITEMS

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

EUR 1,000	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Revenue	-447	0	-447	0	0
Employee benefits expenses and other operating expenses	-953	-189	-1,629	-1,535	-1,717
Operating profit (EBIT)	**-1,399**	**-189**	**-2,076**	**-1,535**	**-1,717**
Profit for the review period	**-1,399**	**-189**	**-2,076**	**-1,535**	**-1,717**

ACQUISITIONS

AFFRA AB (100%)
Etteplan reinforced its position in Sweden by acquiring Gothenburg based AFFRA AB on May 27, 2024. AFFRA AB is a consulting company specializing in software testing and, in particular, Hardware in the Loop (HIL) testing for the automotive and transport industry. HIL testing ensures that quality assurance during software and hardware development is implemented efficiently and safely. All 23 AFFRA employees with competencies in testing, software development and embedded solutions were transferred to Etteplan with immediate effect. The provisional goodwill of EUR 758 thousand arising from the acquisition is attributable to the technical know-how of the acquiree's personnel, and the expected synergies arising from the acquisition. None of the goodwill recognized is expected to be deductible for income tax purposes. Costs related to the acquisition, EUR 9 thousand, are included in other operating expenses in the consolidated statement of comprehensive income.

Strongit ApS (100%)
Etteplan strengthened its market position in Denmark on January 8, 2024, by acquiring Strongit ApS, a technology service company that focuses on product development solutions. The acquisition marks a continuation in Etteplan's strategic growth journey as it complements Etteplan's expertise and further expands the company's international operations. Established in 2010, Strongit focuses on product development in software and embedded services. Strongit delivers its services with a team of 13 highly qualified engineering professionals and a network of around 70 freelancers in Copenhagen, Århus, and Gråsten in Denmark. In 2023, Strongit's revenue was approximately EUR 13 million. The provisional goodwill of EUR 7,517 thousand arising from the acquisition is attributable to the technical know-how of the acquiree's personnel, and the expected synergies arising from the acquisition. None of the goodwill recognized is expected to be deductible for income tax purposes. Costs related to the acquisition, EUR 105 thousand, are included in other operating expenses in the consolidated statement of comprehensive income.

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

Consideration transferred:	EUR 1,000
Cash payment	13,518
Directed share issue	2,107
Total consideration transferred	**15,625**
Assets and liabilities	
Tangible assets	37
Customer relationships (intangible assets)	5,995
Non-competition agreements (intangible assets)	320
Trade and other receivables	3,465
Cash and cash equivalents	1,216
Total assets	**11,032**
Other non-current liabilities	16
Other current liabilities	2,248
Deferred tax liability	1,417
Total liabilities	**3,681**
Total identifiable net assets	**7,351**
Formation of Goodwill:	
Consideration transferred	15,625
Total identifiable net assets	-7,351
Goodwill	**8,274**

NON-IFRS KEY FIGURES

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

OPERATING PROFIT (EBITA) AND EBITA, %

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

EUR 1,000	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Operating profit (EBIT)	**1,426**	**4,967**	**13,457**	**17,340**	**25,540**
Amortization on fair value adjustments at acquisitions	1,497	1,364	4,478	3,982	5,344
Operating profit (EBITA)	**2,923**	**6,332**	**17,935**	**21,322**	**30,883**

ORGANIC/INORGANIC GROWTH AND GROWTH IN COMPARABLE CURRENCIES

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

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

Non-IFRS key figures

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