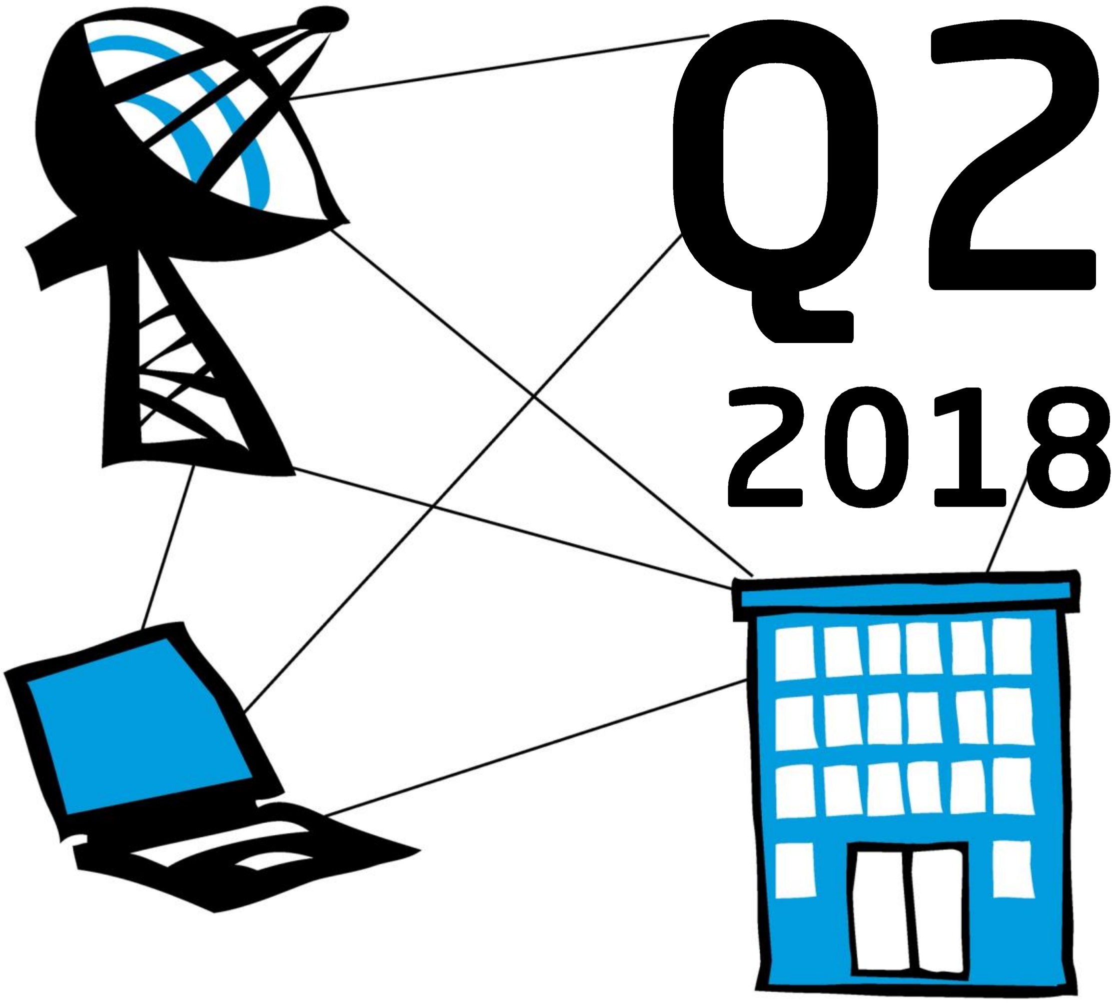
Half Year Financial Report January–June 2018



Growth accelerated and profitability close to the target level

Etteplan

ETTEPLAN Oyj Half Year Financial Report August 14, 2018 at 1:00 pm

ETTEPLAN Q2 2018: Growth accelerated and profitability close to the target level

Review period April-June 2018

- The Group's revenue grew by 14.2 per cent and was EUR 62.0 million (4-6/2017: EUR 54.3 million). At comparable currencies, growth was 16.2 per cent.
- Organic revenue growth was 9.6 per cent. At comparable currencies, organic growth was 11.5 per cent.
- EBIT from business operations* improved and amounted to EUR 6.0 (4.7) million or 9.7 (8.6) per cent of revenue. EBIT from business operations included exceptional items with a combined negative effect of EUR 0.3 (0.2) million.
- Operating profit (EBIT) was EUR 5.7 (4.2) million or 9.1 (7.8) per cent of revenue. Operating profit included exceptional items with a combined negative effect of EUR 0.1 (0.2) million.
- The profit for the review period was EUR 4.4 (3.2) million.
- Operating cash flow was EUR 4.5 (5.4) million.
- Undiluted earnings per share were EUR 0.18 (0.12).
- Etteplan continued to invest in growth by acquiring the software company Eatech Oy.
- Etteplan updates its financial guidance: We expect the revenue for the year 2018 to grow clearly and the operating profit for the year 2018 to grow significantly compared to 2017.

Review period January-June 2018

- The Group's revenue grew by 10.9 per cent and was EUR 121.0 million (1-6/2017: EUR 109.1 million). At comparable currencies, growth was 12.5 per cent.
- Organic revenue growth was 7.9 per cent. At comparable currencies, organic growth was 9.5 per cent.
- EBIT from business operations* improved and amounted to EUR 11.0 (9.0) million or 9.0 (8.2) per cent of revenue. EBIT from business operations included exceptional items with a combined negative effect of EUR 0.5 (0.6) million.
- Operating profit (EBIT) was EUR 10.1 (8.0) million or 8.3 (7.4) per cent of revenue. Operating profit included exceptional items with a combined negative effect of EUR 0.3 (0.6) million.
- The profit for the review period was EUR 7.6 (6.0) million.
- Operating cash flow improved and was EUR 7.7 (7.3) million.
- Undiluted earnings per share were EUR 0.31 (0.24).
- The number of personnel increased by 11.7 per cent and the Group had 3,051 (2,731) employees at the end of June 2018.

** EBIT from business operations is an alternative performance measure that is presented because it reflects the Company's operational performance better than operating profit (EBIT). EBIT from business operations does not include the amortization of fair value adjustments at acquisitions or premeasurements of contingent considerations. More information on page 17.*

Market outlook 2018

The most important factor affecting Etteplan's business is the global development of the machinery and metal industry. Our business environment is currently developing favorably in all market areas. The development of the Central European markets is expected to remain unchanged. The favorable situation in the Swedish market is expected to continue. The market situation in Finland is good. In Asia, the growth of the service market is expected to continue.

Financial guidance 2018, updated on August 14, 2018

We expect the revenue for the year 2018 to grow clearly and the operating profit for the year 2018 to grow significantly compared to 2017.

Financial guidance 2018, updated on May 3, 2018

We expect the revenue and operating profit for the year 2018 to grow clearly compared to 2017.

Key figures

(EUR 1,000)	4-6/2018	4-6/2017	1-6/2018	1-6/2017	1-12/2017
Revenue	62,031	54,314	120,995	109,116	214,768
EBIT from business operations	6,046 (9.7 %)	4,669 (8.6 %)	10,917 (9.0 %)	8,998 (8.2 %)	17,163 (8.0 %)
Operating profit (EBIT)	5,653 (9.1 %)	4,218 (7.8 %)	10,068 (8.3 %)	8,045 (7.4 %)	15,484 (7.2 %)
Basic earnings per share, EUR	0.18	0.12	0.31	0.24	0.47
Equity ratio, %	38.5	40.1	38.5	40.1	40.7
Operating cash flow	4,469	5,400	7,747	7,305	18,254
ROCE, %	24.4	19.3	22.1	18.6	17.8
Personnel at end of the period	3,051	2,731	3,051	2,731	2,802

President and CEO Juha Näkki:

'The market situation remained good in all of our market areas in the second quarter of the year. We accelerated organic growth for example by opening new operations in China and Poland. We also acquired Eatech Oy and significantly strengthened our position in software design and IoT solutions. Our strong operating performance also improved our EBIT from business operations close to our target level of 10 per cent. I am very satisfied with the development of our business and the results we have achieved, and I want to thank our people for a job well done.

Development was particularly strong in the Engineering Services service area. Our performance was excellent in all market areas and our operational profitability exceeded our target level of 10 per cent for the first time.

The Embedded Systems and IoT service area also developed positively. The Eatech acquisition in May accelerated growth. The measures taken to improve the efficiency of the project business began to show results and the profitability of the business continued to increase.

Technical documentation was burdened by further delays in deliveries for a project and challenges in Germany. In general, however, the service area saw positive development and interest in our outsourcing solutions, in particular, remained at a good level.

Our revenue has now grown for 16 consecutive quarters and our operating profit has improved for 9 consecutive quarters. While tension related to international trade has increased uncertainty in the markets, we will continue to invest in profitable growth of our business. As our operating profit for the first half of the year exceeded EUR 10 million, we updated our financial guidance regarding operating profit and we now expect that operating profit for the year 2018 will grow significantly compared to 2017.'

Operating environment

Etteplan's business is affected by global megatrends as well as industry-specific developments. The Internet of Things (IoT), digitalization, requirements concerning environmentally friendly products and shorter product life cycles are creating a need for intelligent and efficient engineering solutions in all industrial sectors. Companies continue to direct their investments to these areas, which creates opportunities for operators in the engineering industry. The continued trend of service outsourcing had a positive effect on the industry's development. The trend of centralizing service purchasing continued, presenting growth opportunities for global engineering companies.

The most important factor in Etteplan's development is the global development of the machinery and metal industry. Our operating environment developed favorably and the market situation was good in all of our market areas. The first half of the year nevertheless continued to be characterized by unpredictable changes in Etteplan's main markets and various customer industries.

There were no significant changes in the industry-specific demand for our services in the first half of the year, but customer-specific differences were substantial. Activity in the mining industry continued to increase. Demand in the paper industry remained strong. Demand among lifting and hoisting equipment manufacturers remained at a good level on average. Demand in the energy and power transmission industry continued at a relatively good level. Demand among forest industry equipment manufacturers remained at a good level. Demand from aerospace and defense equipment manufacturers was at a good level. In the transportation and vehicle industry, good demand for testing and analysis services requiring special expertise continued. Demand in the ICT industry has improved slightly from the end of the year.

Market development was positive in all of Etteplan's main markets. Competition for employees and the lower availability of specialized experts in certain areas due to the good market situation affected the development of the sector as a whole in all market areas. The prevailing political situation has increased uncertainty in the markets to some extent.

In Finland, the general market demand was good. The total revenue of companies in the technology industry grew by 6 per cent in January-April compared to the previous year.

Based on the development of orders in the past few months, the total revenue of companies in the technology industry is estimated to be somewhat higher this coming fall than at the corresponding time last year. The orders received an order backlogs of companies in the technology industry have remained at a good level, but the number of request for quotation has decreased to some extent. The number of orders received by Etteplan's customer base in January-June was at a higher level, on average, than in October-December.

In Sweden, market demand remained at a very good level. In Germany, the Netherlands and Poland, the demand for engineering services remained at a good level.

In China, demand was at a good level. Demand was high particularly in automated production systems and robotics. The opening up of the service market continued, presenting growth opportunities for operators in the engineering industry.

Revenue

Etteplan's revenue grew by 14.2 per cent in April-June and amounted to EUR 62.0 million (4-6/2017: EUR 54.3 million). Revenue increased by 16.2 per cent at comparable currencies. Organic growth was 9.6 (7.8) per cent. At comparable currencies, organic growth was 11.5 per cent.

In January-June, revenue grew by 10.9 per cent and amounted to EUR 121.0 (1-6/2017: EUR 109.1) million. Revenue increased by 12.5 per cent at comparable currencies. Organic growth was 7.9 (10.9) per cent. At comparable currencies, organic growth was 9.5 per cent.

Etteplan's organic growth continued at an excellent rate in the second quarter thanks to the good demand situation. Growth was supported by Etteplan's service offering and strong market position as well as the Eatech acquisition carried out in May. Easter falling partly in the second quarter had an effect on growth.

Etteplan's business is subject to periodic fluctuation. The periodic fluctuation is affected by the number of working days, holiday seasons and the timing of product development and investment projects in customer companies mainly 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.

Result

EBIT from business operations increased in April-June by 29.5 per cent and was EUR 6.0 million (4.7 million), or 9.7 (8.6) per cent of revenue. Exceptional items had a combined negative effect of EUR 0.3 (0.2) million on EBIT from business operations. The exceptional items were mainly related to acquisitions.

In January-June, EBIT from business operations increased by 21.3 per cent and was EUR 11.0 (9.0) million, or 9.0 (8.2) per cent of revenue. Exceptional items had a combined negative effect of EUR 0.5 (0.6) million on EBIT from business operations. Operational costs increased by 10.2 (19.3) per cent.

The utilization rate was high, which continued to improve Etteplan's profitability. The operational efficiency of Engineering Services produced an excellent result. In the Embedded Systems and IoT service area, measures taken to improve the efficiency of business operations and the Eatech acquisition had a positive effect on the service area's profitability. In the Technical Documentation service area, challenges in Germany continued to affect profitability.

In April-June, operating profit (EBIT) improved by 34.0 per cent and amounted to EUR 5.7 (4.2) million, or 9.1 (7.8) per cent of revenue. Exceptional items had a combined negative effect of EUR 0.1 (0.2) million on operating profit. The exceptional items were mainly related to acquisitions and changes in contingent considerations. In January-June, operating profit (EBIT) improved by 25.1 per cent and amounted to EUR 10.1 (8.0) million, or 8.3 (7.4) per cent of revenue. Exceptional items had a combined negative effect of EUR 0.3 (0.6) million on operating profit.

In January-June, financial expenses amounted to EUR 0.8 (0.6) million.

Profit before taxes for January-June was EUR 9.8 (7.7) million. Taxes in the income statement amounted to 22.0 (21.8) per cent of the result before taxes. The amount of taxes was EUR 2.2 (1.7) million.

The profit for January-June was EUR 7.6 (6.0) million.

Undiluted earnings per share were EUR 0.18 in April-June (0.12) and EUR 0.31 in January-June (0.24). At the end of June, equity per share was EUR 2.40 (2.20). Return on capital employed (ROCE) before taxes was 24.4 (19.3) per cent in April-June and 22.1 (18.6) per cent in January-June.

Financial position and cash flow

The Group's cash and cash equivalents stood at EUR 7.9 million at the end of June (4.3). The Group's interest-bearing debt amounted to EUR 40.3 (35.9) million. The total of unused short-term credit facilities stood at EUR 9.4 (4.7) million.

Operating cash flow declined slightly in April-June due to the distribution of customers' payment terms being worse than previously, amounting to EUR 4.5 (5.4) million. In January-June, operating cash flow improved thanks to the improved EBIT from business operations and amounted to EUR 7.7 (7.3) million. Cash flow after investments was EUR -0.5 (3.6) million in January-June.

Cash flow accrues unevenly over the four quarters of the year due to periodic fluctuation in business. Total assets on June 30, 2018 were EUR 156.9 (138.6). Goodwill on the balance sheet was EUR 66.2 (59.5) million.

At the end of June, the equity ratio was 38.5 (40.1) per cent. The equity ratio was affected by financing arrangements related to the Eatech acquisition.

Capital expenditure

The Group's gross investments in January-June were EUR 15.8 (5.5) million. The gross investments mainly consisted of acquisitions, growth-related equipment purchases and license fees for engineering software.

Personnel

The number of personnel increased by 11.7 per cent year-on-year and stood at 3,051 (2,731) at the end of June 2018. The Group employed 2,930 (2,638) people on average in January-June. International growth continued and, at the end of June, 1,049 (934) people were employed by the Group outside of Finland. A total of 3 employees were temporarily laid off at the end of June.

Business review

The success of the outsourcing business and acquisitions strengthen Etteplan's market position and support the Company's growth. The demand for Managed Services and services related to the digitalization of machinery and equipment remained at a good level. Etteplan's customers are investing in digitalization and intelligent devices, which presents significant growth opportunities.

The demand for Etteplan's services continued to develop favorably in all market areas. The lower availability of specialized experts in certain areas affected the development of our business. New product development and equipment engineering projects as well as plant engineering investments saw good demand. The demand situation in Finland remained at a good level. In Sweden, Etteplan strengthened its market position and business developed favorably. The demand for the Company's services remained good in the Netherlands, Germany and Poland. We established a unit focused on mechanical engineering in Poland.

Boosted by the improved market situation, the new offices opened in 2017 and the opening up of the service markets, the number of hours sold in the Chinese market increased by 46 per cent in April-June and by 44 per cent in January-June. During the review period, we opened new offices in Qingdao, Shandong province, and Wuhan, Hubei province. Etteplan now has seven offices in China. The expansion is a response to the growing demand for Etteplan's services among Chinese customers. Etteplan signed an agreement with a major state-owned Chinese corporation during the review period.

Key accounts grew by 7.7 per cent in April-June and by 5.7 per cent in January-June compared to the corresponding periods in 2017.

The share of revenue represented by Managed Services was 54 per cent in January-June (57). The share of Managed Services decreased slightly year-on-year due to measures taken to improve the profitability of the project business in the Embedded Systems and IoT service area. A further factor was that in the good market environment our customers were buying more individual resources to ensure their deliveries.

Etteplan's target is to achieve a share of 65 per cent of revenue for Managed Services by 2019. The growth in the share of Managed Services enhances Etteplan's capacity management and improves profitability.

Etteplan strengthened its digital services and software capabilities by acquiring Eatech Oy. The acquisition is a continuation to investments in digitalization and software development as well as to the acquisition of Soikea Solutions Oy two years ago and the acquisition of Koodain Solutions Oy earlier this year.

Etteplan continued to develop its service solutions and related technology solutions. We are strengthening our expertise in areas such as additive manufacturing, digital twin solutions and other digital technologies.

Engineering services

Engineering services refer to the innovation, engineering and calculations of the technical attributes of machinery or equipment for the purpose of product development and manufacturing. Assignments are typically 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 requirements and the market area's legislation.

(EUR 1,000)	4-6/2018	4-6/2017	Change to prev. year	1-6/2018	1-6/2017	Change to prev. year	1-12/2017
Revenue	35,000	30,790	13.7 %	68,643	61,850	11.0 %	120,868
EBIT from business operations	3,740	2,691	39.0 %	6,811	5,033	35.3 %	9,796
EBIT from business operations, %	10.7	8.7		9.9	8.1		8.1
Managed Services index	52	53		52	53		53

The share of Etteplan's revenue represented by Engineering Services in April-June was 56 (57) per cent. In January-June, the share was 56 (57) per cent.

The service area's revenue increased by 13.7 per cent in April-June and amounted to EUR 35.0 (30.8) million. In January-June, revenue increased by 11.0 per cent, amounting to EUR 68.6 (61.9) million.

The excellent development of the Engineering Services service area continued in the second quarter, strengthened by the favorable demand situation. Industrial investments remained at a good level: the demand for new product development and equipment engineering projects as well as plant engineering investments remained good.

In Engineering Services, EBIT from business operations in April-June was EUR 3.7 (2.7) million), or 10.7 (8.7) per cent of revenue. In January-June, EBIT from business operations was EUR 6.8 (5.0) million, or 9.9 (8.1) per cent of revenue. Profitability improved thanks to the excellent utilization rate and operational efficiency.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, was 52 (53) per cent in April-June. In January-June, the share was 52 (53) per cent.

We established a unit focused on mechanical engineering in Poland. In its early stages, the unit will primarily serve Valmet in Poland and other Central European countries.

Etteplan and Valmet also agreed that a significant part of the engineering of Valmet's mechanical wood handling equipment will transfer to Etteplan. Going forward, Etteplan will supply wood handling equipment engineering services to Valmet's power plant, biopower plant, pulp, paper and panel mill customers worldwide.

Embedded Systems and IoT

Embedded Systems and IoT refers to product development services and technology solutions that allow the controlling of machines and equipment and enable their digital connectivity as part of the Internet of Things. A common challenge faced by our customer is the need to develop a service based on a new business model that takes advantage of the opportunities presented by digitalization.

(EUR 1,000)	4-6/2018	4-6/2017	Change to prev. year	1-6/2018	1-6/2017	Change to prev. year	1-12/2017
Revenue	15,767	13,232	19.2 %	29,863	26,786	11.5 %	51,961
EBIT from business operations	1,361	1,169	16.4 %	2,481	2,500	-0.8 %	4,353
EBIT from business operations, %	8.6	8.8		8.3	9.3		8.4
Managed Services index	46	55		45	55		53

The figures for Eatech Oy, acquired in May 2018, are included in the Embedded Systems and IoT service area's figures as of May 1, 2018.

The share of Etteplan's revenue represented by Embedded Systems and IoT was 25 (24) per cent in April-June and also 25 (24) per cent in January-June.

The service area's revenue grew by 19.2 per cent in April-June, amounting to EUR 15.8 (13.2) million. In January-June, the rate of growth was 11.5 per cent and revenue amounted to EUR 29.9 (26.8) million.

Etteplan accelerated the growth of the service area and strengthened its digital services and software capabilities by acquiring Eatech Oy in May. Our know-how is strengthened especially in software solutions for digitalization, application development and cloud solutions.

Following acquisitions, Etteplan has a total of approximately 700 experts working in different fields of embedded systems and IoT, with 200 of them specializing in software-based digitalization solutions. Eatech's integration into Etteplan has started well.

The demand situation in the service area is generally good in all business areas, but the reduced availability of competent professionals, particularly in the software business, slowed growth.

In Embedded Systems and IoT, EBIT from business operations in April-June was EUR 1.4 (1.2), or 8.6 (8.8) per cent of revenue. In January-June, EBIT from business operations was EUR 2.5 (2.5) million, or 8.3 (9.3) per cent of revenue.

The Embedded Systems and IoT service area's project business is gradually recovering from the challenges that burdened it late last year and during the early part of this year. The effect of the measures taken to improve the efficiency of the project business started to become evident, and the service area's profitability improved during the review period.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, was 46 (55) per cent in April-June. MSI decreased slightly year-on-year due to measures taken to improve the profitability of the project business. In January-June, the share was 45 (55) per cent.

The utilization rate of the Embedded Systems and IoT service area was at a satisfactory level in the second quarter of the year.

Technical documentation

Technical documentation refers to the documentation of a product's technical attributes, such as manuals and service instructions for the users of a product, as well as related content management and distribution in print or digital form. For an industrial customer, technical documentation is typically a non-core operation that has a significant impact on the efficiency of the end customer's maintenance service operations.

(EUR 1,000)	4-6/2018	4-6/2017	Change to prev. year	1-6/2018	1-6/2017	Change to prev. year	1-12/2017
Revenue	11,272	10,268	9.8 %	22,485	20,391	10.3 %	41,796
EBIT from business operations	1,074	972	10.5 %	1,923	1,774	8.4 %	3,809
EBIT from business operations, %	9.5	9.5		8.6	8.7		9.1
Managed Services index	73	78		74	77		77

The share of Etteplan's revenue represented by technical documentation in April-June was 19 (19) per cent. In January-June, the share was 19 (19) per cent.

The service area's revenue grew by 9.8 per cent in April-June, amounting to EUR 11.3 (10.3) million. In January-June, the rate of growth was 10.3 per cent and revenue amounted to EUR 22.5 (20.4) million. The service area continued to develop well, particularly due to the success of the outsourcing business. Delays in a significant project delivery continued to affect the development of revenue. We expect the project delivery to begin during the third quarter.

The technical documentation service area's EBIT from business operations in April-June was EUR 1.1 (1.0) million, or 9.5 (9.5) per cent of revenue. In January-June, EBIT from business operations was EUR 1.9 (1.8) million, or 8.6 (8.7) per cent of revenue. Profitability continued to be burdened by delays in a significant project delivery and challenges related to certain customers in Germany. We estimate these effects to decrease during the third quarter due to the start of project deliveries and the measures taken.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, was 73 (78) per cent in April-June. In January-June, the share was 74 (77) per cent of revenue.

We continued to invest in the development of our service offering and released a new version of HyperSTE, a software product that enhances technical writing.

The utilization rate of technical documentation was generally at a good level in the second quarter of 2018.

GOVERNANCE

Annual General Meeting

Etteplan Oyj's Annual General Meeting was held on April 5, 2018, at the Company's premises in Vantaa. 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 2017.

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 members. In accordance with the proposal of the Nomination and Remuneration Committee of the Board of Directors, the Annual General Meeting re-elected **Cristina Andersson, Matti Huttunen, Robert Ingman, Leena Saarinen, Mikko Tepponen** and **Patrick von Essen** as members of the Board of Directors.

KPMG Oy Ab, Authorized Public Accountants, with Authorized Public Accountant **Ari Eskelinen** as the main responsible auditor. Certified Auditor **Olli Wesamaa** was elected as the other auditor. The auditors' fees were resolved to be paid according to invoices approved by the Company.

Board authorization

The Annual General Meeting 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 OMX 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) per cent 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, 2018 and ending on October 5, 2019. The authorization replaces the corresponding previous authorization.

Shares and directed share issue

Etteplan's shares are listed in Nasdaq Helsinki Ltd's Small Cap market capitalization group in the Industrials sector under the ETTE ticker. The Company has one series of shares. All shares confer an equal right to a dividend and the Company's funds.

The Company's share capital on June 30, 2018 was EUR 5,000,000.00. A total of 191,816 new shares were subscribed in a directed share issue related to the acquisition of Eatech Oy. The shares were entered in the Trade Register on June 6, 2018 and registered in the book-entry system maintained by Euroclear Finland Oy on June 14, 2018. The total number of Etteplan Oyj shares after the directed share issue is 24,963,308.

The number of Etteplan Oyj shares traded in January-June was 541,153 (1,124,344), for a total value of EUR 4.4 (7.8) million. The share price low was EUR 7.20, the high EUR 9.14, the average EUR 8.04 and the closing price EUR 8.40. Market capitalization on June 30, 2018, was EUR 209.13 (225.26) million.

Treasury shares

Etteplan Oyj's Board of Directors decided on May 28, 2018 to continue to repurchase the Company's own shares based on the authorization given by the Annual General Meeting (AGM) held on April 5, 2018. The repurchases are part of the share repurchase program initiated on December 19, 2017.

Based on the decision made by the Board of Directors, the repurchasing of shares continued on May 29, 2018 and it will end on December 31, 2018 at the latest. As part of the share repurchase program initiated on December 19, 2017, a total of 76,551 shares can still be repurchased at the maximum price of EUR 9 per share.

On December 19, 2017, the Board of Directors decided to utilize the authorization given by the AGM 2017 held on April 4, 2017 to repurchase the Company's own shares. The number of repurchased shares will not exceed 100,000 shares and the corresponding number of voting rights, which corresponds to approximately 0.4 per cent of the current total number of Etteplan's shares. A maximum total sum of EUR 890,000 can be spent on the repurchase program. A total of 23,449 shares were repurchased during the period between January 2, 2018 and March 29, 2018, corresponding to about 0.09 per cent of the total number of shares and votes. The shares will be repurchased for use in fulfilling obligations pertaining to the share-based incentive plan for the Group's key personnel.

In January-June 2018, Etteplan repurchased a total of 32,259 (5,599) of the Company's own shares.
The Company held 66,949 of its own shares on June 30, 2018 (June 30, 2017: 45,285), which corresponds to 0.27 (June 30, 2017: 0.18) per cent of all shares and voting rights.

Incentive plan for key personnel

The Board of Directors of Etteplan Oyj decided on May 31, 2017, to establish a new share-based incentive plan for the Group's key personnel. The incentive plan includes one earning period comprising the calendar years 2017-2019. The earnings criteria are Etteplan Group's revenue increase and the development of Total Shareholder Return (TSR). The potential reward will be paid partly in the Company's shares and partly in cash. 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 20 people belong to the target group of the incentive plan. The rewards to be paid on the basis of the plan will correspond to the value of an approximate maximum total of 260,000 Etteplan Oyj shares (including 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 value of the share.

Flaggings

Etteplan Oyj received no flagging notices in January-June 2018.

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, continued to present a business risk.

Etteplan’s risk management review was published on pages 80-83 of the Financial Review 2017.

Financial information in 2018

Etteplan Oyj’s interim reports will be published as follows:

Interim report 1-9/2018: Tuesday, October 30, 2018

Vantaa, August 14, 2018

Etteplan Oyj

Board of Directors

Additional information:
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Outi Torniainen, SVP, Communications and Marketing, tel. +358 10 307 3302

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR 1,000)	4-6/2018	4-6/2017	1-6/2018	1-6/2017	1-12/2017
Revenue	**62,031**	**54,314**	**120,995**	**109,116**	**214,768**
Other operating income	348	80	410	133	446
Materials and services	-5,767	-5,112	-10,940	-9,711	-20,429
Staff costs	-40,672	-36,463	-81,128	-74,630	-144,965
Other operating expenses	-8,862	-7,293	-16,548	-14,212	-29,021
Depreciation and amortization	-1,425	-1,309	-2,722	-2,651	-5,315
Operating profit (EBIT)	**5,653**	**4,218**	**10,068**	**8,045**	**15,484**
Financial income	220	61	572	229	538
Financial expenses	-342	-164	-849	-550	-1,277
Profit before taxes	**5,531**	**4,115**	**9,791**	**7,725**	**14,745**
Income taxes	-1,178	-942	-2,157	-1,684	-3,160
Profit for the review period	**4,352**	**3,173**	**7,634**	**6,041**	**11,586**
Other comprehensive income, that may be reclassified to profit or loss					
Currency translation differences	-528	-359	-1,706	-234	-727
Change in fair value of investments available-for-sale	0	6	0	12	9
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	8	0	14	0	0
Other comprehensive income, net of tax	**-520**	**-353**	**-1,692**	**-222**	**-718**
Total comprehensive income for the review period	**3,832**	**2,820**	**5,942**	**5,819**	**10,868**
Profit for the review period attributable to					
Equity holders of the parent company	4,352	3,090	7,634	5,941	11,470
Non-controlling interest	0	83	0	100	115
	4,352	3,173	7,634	6,041	11,586
Total comprehensive income for the review period attributable to					
Equity holders of the parent company	3,825	2,748	5,942	5,731	10,759
Non-controlling interest	0	71	0	88	108
	3,825	2,820	5,942	5,819	10,868
Earnings per share calculated from the profit attributable to equity holders of the parent company					
Basic earnings per share, EUR	0.18	0.12	0.31	0.24	0.47
Diluted earnings per share, EUR	0.18	0.12	0.31	0.24	0.47

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(EUR 1,000)	Jun 30, 2018	Jun 30, 2017	Dec 31, 2017
ASSETS			
Non-current assets			
Goodwill	66,236	59,515	59,014
Other intangible assets	21,936	18,906	17,875
Tangible assets	3,936	3,120	3,524
Investments available-for-sale	0	695	691
Investments at fair value through other comprehensive income	709	0	0
Other non-current receivables	88	91	88
Deferred tax assets	135	188	79
Non-current assets, total	**93,039**	**82,513**	**81,270**
Current assets			
Inventory	334	307	250
Work in progress	23,347	23,276	19,246
Trade and other receivables	32,348	28,053	33,260
Current tax assets	25	145	326
Cash and cash equivalents	7,852	4,273	10,074
Current assets, total	**63,905**	**56,054**	**63,157**
TOTAL ASSETS	**156,944**	**138,567**	**144,427**
EQUITY AND LIABILITIES			
Capital attributable to equity holders of the parent company			
Share capital	5,000	5,000	5,000
Share premium account	6,701	6,701	6,701
Unrestricted equity fund	20,101	18,524	18,524
Own shares	-188	-139	-80
Cumulative translation adjustment	-4,407	-2,202	-2,701
Other reserves	243	231	228
Retained earnings	24,567	20,452	18,780
Profit for the review period	7,634	5,941	11,470
Capital attributable to equity holders of the parent company, total	**59,651**	**54,507**	**57,923**
Non-controlling interest	0	252	0
Equity, total	**59,651**	**54,759**	**57,923**
Non-current liabilities			
Deferred tax liabilities	4,415	3,487	3,442
Interest-bearing liabilities	26,250	19,856	19,634
Other non-current liabilities	3,840	726	700
Non-current liabilities, total	**34,505**	**24,068**	**23,776**
Current liabilities			
Interest-bearing liabilities	14,097	16,029	15,329
Advances received	2,127	1,940	2,057
Trade and other payables	44,958	40,683	43,667
Current income tax liabilities	1,607	1,087	1,675
Current liabilities, total	**62,788**	**59,740**	**62,728**
Liabilities, total	**97,293**	**83,808**	**86,504**
TOTAL EQUITY AND LIABILITIES	**156,944**	**138,567**	**144,427**

CONSOLIDATED STATEMENT OF CASH FLOWS

(EUR 1,000)	4-6/2018	4-6/2017	1-6/2018	1-6/2017	1-12/2017
Operating cash flow					
Cash receipts from customers	60,124	53,176	120,596	106,897	211,280
Operating expenses paid	-54,984	-47,123	-110,465	-97,902	-189,949
Operating cash flow before financial items and taxes	5,140	6,052	10,132	8,995	21,331
Interest and payment paid for financial expenses	-124	-105	-399	-331	-773
Interest received	22	15	32	25	55
Income taxes paid	-570	-561	-2,017	-1,384	-2,359
Operating cash flow (A)	**4,469**	**5,400**	**7,747**	**7,305**	**18,254**
Investing cash flow					
Purchase of tangible and intangible assets	-325	-564	-693	-961	-2,105
Acquisition of subsidiaries, net of cash acquired	-6,630	-1,657	-7,602	-2,750	-3,108
Proceeds from sale of tangible and intangible assets	4	0	4	3	26
Proceeds from sale of investments	0	0	1	0	0
Investing cash flow (B)	**-6,950**	**-2,220**	**-8,290**	**-3,707**	**-5,187**
Cash flow after investments (A+B)	**-2,482**	**3,180**	**-543**	**3,598**	**13,067**
Financing cash flow					
Purchase of own shares	-75	-50	-259	-50	-262
Expenses paid for directed share issue	-7	0	-7	0	0
Acquisition of non-controlling interest	0	0	0	0	-1,696
Issue of new current loans	2,398	2,521	2,514	3,278	607
Repayments of current loans	-2,805	-844	-5,398	-2,552	-5,855
Issue of new non-current loans	8,000	0	8,000	0	5,000
Repayments of non-current loans	0	109	0	0	0
Payment of finance lease liabilities	-422	-421	-845	-796	-1,642
Dividend paid and other profit distribution	-5,684	-3,930	-5,684	-3,930	-3,930
Financing cash flow (C)	**1,405**	**-2,615**	**-1,680**	**-4,051**	**-7,777**
Variation in cash (A+B+C) increase (+) / decrease (-)	**-1,077**	**565**	**-2,222**	**-453**	**5,290**
Assets at the beginning of the period	8,968	3,728	10,074	4,750	4,750
Exchange gains or losses on cash and cash equivalents	-39	-20	1	-25	35
Assets at the end of the period	7,852	4,273	7,852	4,273	10,074

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
I) Non-controlling Interest
J) Equity total

(EUR 1,000)	A	B	C	D	E	F	G	H	I	J
Equity Jan 1, 2017	**5,000**	**6,701**	**18,524**	**219**	**-386**	**-1,981**	**24,535**	**52,613**	**165**	**52,777**
Comprehensive income										
Profit for the review period	0	0	0	0	0	0	11,470	11,470	115	11,586
Fair value reserve, available-for-sale assets	0	0	0	9	0	0	0	9	0	9
Cumulative translation adjustment	0	0	0	0	0	-720	0	-720	-7	-727
Total comprehensive income for the year	**0**	**0**	**0**	**9**	**0**	**-720**	**11,470**	**10,759**	**108**	**10,868**
Transactions with owners										
Dividends	0	0	0	0	0	0	-3,930	-3,930	0	-3,930
Acquisition of NCI without change in control	0	0	0	0	0	0	-1,671	-1,671	-273	-1,945
Purchase of own shares	0	0	0	0	-262	0	0	-262	0	-262
Share-based incentive plan	0	0	0	0	567	0	-154	413	0	413
Transactions with owners, total	**0**	**0**	**0**	**0**	**306**	**0**	**-5,755**	**-5,449**	**-273**	**-5,723**
Equity Dec 31, 2017	**5,000**	**6,701**	**18,524**	**228**	**-80**	**-2,701**	**30,251**	**57,923**	**0**	**57,923**

(EUR 1,000)	A	B	C	D	E	F	G	H	I	J
Equity Jan 1, 2018	**5,000**	**6,701**	**18,524**	**228**	**-80**	**-2,701**	**30,251**	**57,923**	**0**	**57,923**
Comprehensive income										
Profit for the review period	0	0	0	0	0	0	7,634	7,634	0	7,634
Change in fair value of equity investments at fair value through other comprehensive income	0	0	0	14	0	0	0	14	0	14
Cumulative translation adjustment	0	0	0	0	0	-1,706	0	-1,706	0	-1,706
Total comprehensive income for the year	**0**	**0**	**0**	**14**	**0**	**-1,706**	**7,634**	**5,942**	**0**	**5,942**
Transactions with owners										
Dividends	0	0	0	0	0	0	-5,684	-5,684	0	-5,684
Directed share issue	0	0	1,577	0	0	0	0	1,577	0	1,577
Purchase of own shares	0	0	0	0	-259	0	0	-259	0	-259
Share-based incentive plan	0	0	0	0	152	0	0	152	0	152
Transactions with owners, total	**0**	**0**	**1,577**	**0**	**-107**	**0**	**-5,684**	**-4,214**	**0**	**-4,214**
Equity Jun 30, 2018	**5,000**	**6,701**	**20,101**	**243**	**-188**	**-4,407**	**32,201**	**59,651**	**0**	**59,651**

(EUR 1,000)	A	B	C	D	E	F	G	H	I	J
Equity Jan 1, 2017	**5,000**	**6,701**	**18,524**	**219**	**-386**	**-1,981**	**24,535**	**52,613**	**165**	**52,777**
Comprehensive income										
Profit for the review period	0	0	0	0	0	0	5,941	5,941	100	6,041
Fair value reserve available-for-sale assets	0	0	0	12	0	0	0	12	0	12
Cumulative translation adjustment	0	0	0	0	0	-221	0	-221	-12	-234
Total comprehensive income for the year	**0**	**0**	**0**	**12**	**0**	**-221**	**5,941**	**5,731**	**88**	**5,819**
Transactions with owners										
Dividends	0	0	0	0	0	0	-3,930	-3,930	0	-3,930
Purchase of own shares	0	0	0	0	-50	0	0	-50	0	-50
Share-based incentive plan	0	0	0	0	297	0	-154	143	0	143
Transactions with owners, total	**0**	**0**	**0**	**0**	**247**	**0**	**-4,084**	**-3,837**	**0**	**-3,837**
Equity Jun 30, 2017	**5,000**	**6,701**	**18,524**	**231**	**-139**	**-2,202**	**26,392**	**54,507**	**252**	**54,759**

NOTES

General

Etteplan provides industrial equipment and plant engineering, embedded systems, IoT (Internet of Things), and technical documentation solutions to the world's leading companies in the manufacturing industry. Our services are geared to improve the competitiveness of our customers' products 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 2017, Etteplan had a turnover of approximately EUR 215 million. The company currently has over 3,000 professionals in Finland, Sweden, the Netherlands, Germany, Poland and China. Etteplan's shares are listed on Nasdaq Helsinki Ltd under the ETTE ticker.

The Etteplan Oyj Board of Directors has approved this Half Year Financial Statement report for publication at its meeting on August 14, 2018.

Basis for preparation

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

This Half Year Financial Report has been prepared in accordance with the requirements in IAS 34 (Interim Financial Reporting) standard. The Half Year Financial Statement Report has been prepared according to the recognition and valuation principles presented in the 2017 Annual Financial Statements, except for the following changes in standards, effective from January 1, 2018 onwards:

IFRS 15, 'Revenue from contracts with customers' establishes principles for recognizing revenue from the entity's contracts with customers and for the related disclosures. Recognition of revenue can happen over time or at a certain point in time depending on when a customer obtains control of a good or service. The Group has implemented the standard fully retrospectively on January 1, 2018.

The implementation of the new standard does not have an effect neither on the amount nor timing of revenue recognition. The Group's revenue is mainly consistent of services, the revenue for which is recognized over time as the service is being performed. Identifying separate performance obligations in customer agreements and recognizing revenue according to standalone transaction prices does not affect the timing of revenue recognition. There are no material financing components involved in the Group's transaction prices. The Group's previous accounting policies regarding accounting for variable considerations have been in line with IFRS 15. The Group has not identified incremental costs of obtaining a contract or costs to fulfill a contract to be activated. Contract assets are presented in the statement of financial position in line item 'Work in progress' and contract liabilities in line item 'Advances received'.

IFRS 9 'Financial Instruments' includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets.

The Group has implemented the standard on January 1, 2018, but does not present restated comparatives. The Group uses the simplified approach included in the standard, under which the expected credit losses of receivables are measured over the entire lifetime of the receivables. The implementation of the standard does not have a material impact on the Group's figures. Investments in quoted and unquoted shares, previously classified as available-for-sale (AFS) under IFRS 39 are classified at fair value through other comprehensive income (FVTOCI) under IFRS 9. The main difference between AFS and FVTOCI is that gains and losses resulting from changes in the fair value of equity investments accounted for under FVTOCI are not recycled to the income statement upon impairment or disposal, with only the dividend income recognized in the income statement.

Hedge accounting principles have also been renewed in the new standard. The Group does not have derivatives or hedged items, for which the accounting would have been changed.

Future changes in standards, which are published, but not effective yet in 2018 will not have material impact on the Group's figures, except for the following:

IFRS 16 'Leases' -standard requires the lessees to recognize lease agreements on the balance sheet as a right-of-use assets and related lease liabilities. The accounting model is similar to current finance lease accounting according to IAS 17. There are two exceptions available, which relate to either short term contracts in which the lease term is 12 months or less, or to low value items i.e. assets of value USD 5,000 or less.

The new standard will have a material effect on the Group's balance sheet and key figures, as at the moment the rental agreements for the Groups offices are classified as operating leases, which are not recognized in the balance sheet. The exact impact of applying IFRS 16 will depend on future economic conditions, including the Group's borrowing rates and the composition of the Group's lease portfolio at transition date, the Group's latest assessment of whether it will exercise any lease renewal options and the extent to which the Group chooses to use practical expedients. As at June 30, 2018, the Group's minimum lease payments under non-cancellable operating leases amounted to EUR 8,261 thousand, on an undiscounted basis.

The Group will adopt the standard on January 1, 2019.

Non-IFRS measures

The Group's key non-IFRS performance metric is EBIT from business operations, which is presented, because it reflects the Group's operational performance better that Operating profit (EBIT). EBIT from business operations does not include amortization of fair value adjustments at acquisitions or premeasurements of contingent considerations. The table below shows a reconciliation between EBIT from business operations and Operating profit (EBIT).

(EUR 1,000)	4-6/2018	4-6/2017	1-6/2018	1-6/2017	1-12/2017
EBIT	5,653	4,218	10,068	8,045	15,484
Amortization on fair value adjustments at acquisitions	593	451	1,066	968	1,903
Premeasurements of contingent considerations	-200	0	-218	-15	-224
EBIT from business operations	**6,046**	**4,669**	**10,917**	**8,998**	**17,163**

In addition, the Group presents non-IFRS measure organic growth, where the growth created by companies acquired within 12 months of the reporting period is deducted from the total growth of revenue.

Formulas for key figures (IFRS and Non-IFRS) are presented at the end of this release.

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 key sources of estimation uncertainty were the same as those that applied to the 2017 consolidated financial statements. Management pays special attention to fair value measurements in connection with acquisitions and revenue recognition for fixed price projects.

The Group's management may have to make judgement-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 Group's management has exercised judgment in implementing the new IFRS standards effective in 2018. Management judgment is exercised, among other things, in determining timing of the transfer of control when recognizing revenue under IFRS 15 and in determining the amount of expected credit losses under IFRS 9.

Key figures

(EUR 1,000)	1-6/2018	1-6/2017	1-12/2017	Change to prev. year
Revenue	120,995	109,116	214,768	10.9 %
EBIT from business operations	10,917	8,998	17,163	21.3 %
EBIT from business operations, %	9.0	8.2	8.0	
Operating profit (EBIT)	10,068	8,045	15,484	25.1 %
EBIT, %	8.3	7.4	7.2	
Profit before taxes	9,791	7,725	14,745	26.7 %
Profit before taxes, %	8.1	7.1	6.9	
Return on equity, %	26.0	22.5	20.9	
ROCE, %	22.1	18.6	17.8	
Equity ratio, %	38.5	40.1	40.7	
Gross interest-bearing debt	40,347	35,885	34,963	12.4 %
Net gearing, %	54.5	57.7	43.0	
Balance sheet, total	156,944	138,567	144,427	13.3 %
Gross investments	15,844	5,477	7,589	189.3 %
Operating cash flow	7,747	7,305	18,254	6.1 %
Basic earnings per share, EUR	0.31	0.24	0.47	29.2 %
Diluted earnings per share, EUR	0.31	0.24	0.47	29.2 %
Equity per share, EUR	2.40	2.20	2.34	8.7 %
Personnel, average	2,930	2,638	2,711	11.1 %
Personnel at end of the period	3,051	2,731	2,802	11.7 %

Revenue and segment information

The Group has one operating segment, the revenue of which consists mainly of rendering of services. The tables below present the division of external revenue and non-current assets by geographical area and the disaggregation of revenue by timing of revenue recognition. The external revenue of each geographical area is presented according to the location of the seller. Non-current assets are presented according to the location of the asset. Etteplan China operations sell their services both locally and through other Group companies thus this revenue is partly included in the revenue from other countries.

Disaggregation of revenue

(EUR 1,000)	4-6/2018	4-6/2017	1-6/2018	1-6/2017	1-12/2017
Primary geographical location					
Finland	42,147	37,319	82,047	75,785	146,506
Sweden	13,298	11,329	26,596	22,871	45,512
China	1,994	1,384	3,549	2,524	5,688
Central Europe	4,591	4,282	8,803	7,936	17,062
Total	**62,031**	**54,314**	**120,995**	**109,116**	**214,768**
Timing of revenue recognition					
Transferred at a point in time	428	433	825	748	1,588
Transferred over time	61,603	53,881	120,170	108,368	213,180
Total	**62,031**	**54,314**	**120,995**	**109,116**	**214,768**

Non-current assets* by segment

(EUR 1,000)	Jun 30, 2018	Jun 30, 2017	Dec 31, 2017
Finland	61,442	48,399	48,060
Sweden	23,089	25,108	24,529
China	2,233	2,395	2,293
Central Europe	5,431	5,729	5,618
Total	**92,195**	**81,631**	**80,500**

*Other non-current assets excluding financial instruments and deferred tax assets.

Revenue and operating profit (EBIT) quarterly

(EUR 1,000)	1-3/2018	1-3/2017	4-6/2018	4-6/2017
Revenue	58,964	54,802	62,031	54,314
Operating profit (EBIT)	4,415	3,827	5,653	4,218
EBIT, %	7.5	7.0	9.1	7.8

Exceptional items

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

(EUR 1,000)	4-6/2018	4-6/2017	1-6/2018	1-6/2017	1-12/2017
Other operating income	200	0	218	15	224
Staff costs and other operating expenses	-347	-196	-524	-579	-660
Operating profit (EBIT)	**-147**	**-196**	**-306**	**-564**	**-436**

Business combinations

Eatech Oy

Etteplan strengthened its digital services and software capabilities by acquiring Eatech Oy on May 15, 2018. Eatech, founded in 2006, specializes in software and mobile solutions, service design, testing services and also offers continues services for maintaining business critical systems. Eatech currently employes more than 100 experts. Eatech is included in Etteplan's figures as of May 1, 2018.

The acquisition consideration recognized at the time of the acquisition is EUR 13,660 thousand in total. The acquisition consideration consists of cash payments, a directed share issue and a contingent consideration. The cash consideration amounts to EUR 8,075 thousand. The fair value of the consideration transferred as a directed share issue, calculated using the closing price on date of acquisition, is EUR 1,584 thousand. In addition to these payments, a contingent consideration of EUR 0 - 4,000 thousand (undiscounted amount) is agreed upon. The contingent consideration will be paid in full provided that the thresholds set in the share transfer agreement for revenue and operating profit in years 2018 and 2019 are met. The fair value of the contingent consideration is estimated by applying the income approach. At the time of acquisition the fair value of the contingent consideration was EUR 4,000 thousand.

The goodwill of EUR 7,694 thousand arising from the acquisition is attributable to the technical know-how of the acquiree's personnel, and the company's operating model. None of the goodwill recognized is expected to be deductible for income tax purposes.

Koodain Solutions Oy

Etteplan reinforced its software design expertise on February 5, 2018, by acquiring Koodain Solutions Oy, a Finnish software development and technology consultancy company. Koodain, which specializes in Android software design and solutions, is included in Etteplan's figures as of February 1, 2018. Koodain Solutions' 11 experts were transferred to Etteplan as existing employees.

The acquisition consideration was EUR 1,300 thousand consisting of a cash payment and a contingent consideration. The cash consideration amounted to EUR 1,000 thousand in total. In addition to this payment, a contingent consideration of EUR 0 - 600 thousand (undiscounted amount) is agreed upon. The contingent consideration will be paid in full provided that Koodain Solutions Oy's result in the financial year 2018 reaches the thresholds set in the share transfer agreement. The fair value of the contingent consideration is estimated by applying the income approach. At the time of acquisition the fair value of the contingent consideration was EUR 300 thousand.

The goodwill of EUR 843 thousand arising from the acquisition is attributable to the technical know-how of the acquiree's personnel, and the company's operating model. None of the goodwill recognized is expected to be deductible for income tax purposes.

Acquisitions total

The following table summarizes the consideration paid for the acquisitions and the provisional amounts of assets acquired and liabilities assumed recognized at the time of acquisition.

Consideration transferred:	(EUR 1,000)
Cash payments	9,075
Directed share issue	1,584
Contingent consideration	4,300
Total consideration transferred	**14,960**
Assets and liabilities	
Tangible assets	164
Customer relationships (intangible assets)	4,419
Contractual intangible assets	928
Trade and other receivables	2,366
Cash and cash equivalents	1,481
Total assets	**9,357**
Current liabilities	1,866
Deferred tax liability	1,069
Total liabilities	**2,935**
Total identifiable net assets	**6,422**
Formation of Goodwill:	
Consideration transferred	14,960
Total identifiable net assets	-6,422
Goodwill	**8,537**

Trade and other receivables comprise gross contractual amounts of EUR 2,366 thousand, none of which was expected to be uncollectible at time of acquisition.

Costs related to acquisitions, EUR 322 thousand, are included in other operating expenses in the consolidated statement of comprehensive income.

The revenue included in the consolidated statement of comprehensive income contributed by the acquired companies was EUR 2,401 thousand and profit EUR 389 thousand. Had the companies been consolidated from January 1, 2018, the consolidated statement of comprehensive income would show revenue of EUR 123,978 thousand and profit of EUR 7,846 thousand.

Changes in contingent considerations

A profit of EUR 218 thousand was recognized in the income statement from premeasurements of contingent considerations related to previous' years' acquisitions.

Intangible assets

INTANGIBLE ASSETS 2018 (EUR 1,000)	Intangible rights	Internally created intangible assets	Other intangible assets	Other intangible assets, finance lease	Advance payments	Goodwill	Total
Acquisition cost Jan 1	12,270	2,968	21,146	3,649	240	59,014	99,286
Translation difference	-4	0	-99	-17	0	-1,315	-1,436
Acquisition of subsidiaries	0	0	5,346	0	0	8,537	13,883
Additions	150	45	0	176	253	0	625
Reclassifications between items	75	0	0	0	-79	0	-4
Disposals	-581	-217	0	0	0	0	-798
Acquisition cost Jun 30	11,910	2,796	26,393	3,808	414	66,236	111,556
Cumulative amortization Jan 1	-10,998	-1,841	-6,965	-2,595	0	0	-22,399
Translation difference	7	0	27	15	0	0	50
Cumulative amortization on reclassifications	562	217	0	0	0	0	779
Amortization for the financial period	-323	-109	-1,066	-317	0	0	-1,815
Cumulative amortization Jun 30	-10,752	-1,733	-8,004	-2,897	0	0	-23,385
Book value Jun 30, 2018	**1,158**	**1,064**	**18,389**	**911**	**414**	**66,236**	**88,172**

INTANGIBLE ASSETS 2017 (EUR 1,000)	Intangible rights	Internally created intangible assets	Other intangible assets	Other intangible assets, finance lease	Advance payments	Goodwill	Total
Acquisition cost Jan 1	11,689	2,581	20,237	2,293	73	58,128	95,002
Translation difference	-64	0	-30	-3	0	-315	-411
Acquisition of subsidiaries	21	0	978	0	0	1,701	2,700
Additions	122	138	0	1,285	198	0	1,743
Reclassifications between items	-1	0	0	0	-15	0	-16
Acquisition cost Jun 30	11,766	2,719	21,185	3,576	256	59,515	99,018
Cumulative amortization Jan 1	-10,374	-1,480	-5,093	-1,891	0	0	-18,839
Translation difference	46	0	19	2	0	0	68
Amortization for the financial period	-332	-175	-968	-352	0	0	-1,827
Cumulative amortization Jun 30	-10,659	-1,655	-6,042	-2,241	0	0	-20,597
Book value Jun 30, 2017	**1,107**	**1,065**	**15,144**	**1,335**	**256**	**59,515**	**78,421**

Tangible assets

TANGIBLE ASSETS 2018 (EUR 1,000)	Land and water	Machinery and equipment	Machinery and equipment, finance lease	Other tangible assets	Total
Acquisition cost Jan 1	19	13,710	8,967	892	23,589
Translation difference	0	-135	-69	0	-203
Acquisition of subsidiaries	0	120	0	44	164
Additions	0	229	923	20	1,172
Reclassifications between items	0	4	0	0	4
Disposals	0	-162	0	0	-162
Acquisition cost Jun 30	19	13,766	9,821	956	24,563
Cumulative depreciation Jan 1	0	-11,851	-7,438	-776	-20,065
Translation difference	0	130	54	0	183
Cumulative depreciation on reclassifications	0	162	0	0	162
Depreciation for the financial period	0	-346	-535	-25	-907
Cumulative depreciation Jun 30	0	-11,905	-7,919	-802	-20,627
Book value Jun 30, 2018	**19**	**1,861**	**1,902**	**154**	**3,936**

TANGIBLE ASSETS 2017 (EUR 1,000)	Land and water	Machinery and equipment	Machinery and equipment, finance lease	Other tangible assets	Total
Acquisition cost Jan 1	19	12,954	7,639	842	21,454
Translation difference	0	-62	-9	-3	-73
Acquisition of subsidiaries	0	54	0	0	54
Additions	0	428	518	30	976
Reclassifications between items	0	16	0	0	16
Disposals	0	-5	0	0	-5
Acquisition cost Jun 30	19	13,386	8,148	869	22,422
Cumulative depreciation Jan 1	0	-11,250	-6,551	-743	-18,544
Translation difference	0	54	7	2	64
Cumulative depreciation on reclassifications	0	2	0	0	2
Depreciation for the financial period	0	-364	-443	-17	-824
Cumulative depreciation Jun 30	0	-11,558	-6,987	-758	-19,303
Book value Jun 30, 2017	**19**	**1,828**	**1,162**	**111**	**3,120**

Interest-bearing liabilities

(EUR 1,000)	Jun 30, 2018	Jun 30, 2017	Dec 31, 2017
Non-current	26,250	19,856	19,634
Current	14,097	16,029	15,329
Total	**40,347**	**35,885**	**34,963**

Pledges, mortgages and guarantees

(EUR 1,000)	30.6.2018	30.6.2017	31.12.2017
For own debts			
Business mortgages	320	320	320
Pledged shares	120	120	120
Other contingencies	122	100	100
For own debts total	**562**	**540**	**540**
Operating Lease liabilities			
For payment under one year	3,712	3,161	3,382
For payment 1-5 years	4,549	4,210	3,815
Operating Lease liabilities total	**8,261**	**7,371**	**7,197**
Pledges, mortgages and guarantees total	**8,823**	**7,911**	**7,736**

Related-party transactions

The Group's related-party includes such persons that have control, joint control or significant influence over the Group. Also the Group's key personnel, that is, the members of the Board of Directors and Management Group including the CEO are included in the related-party. Spouses, wards and companies in control or joint control of the before mentioned persons are considered as other related parties. The ultimate controlling party, Ingman Group Oy Ab, and its group companies are also included in related-parties.

Related-party transactions are priced according to Group's normal pricing basis and sales conditions.

The following transactions were carried out with related parties:

(EUR 1,000)	Jun 30, 2018	Jun 30, 2017	Dec 31, 2017
Sales and purchases of services and related receivables and payables			
Sales of services to other related parties	641	306	479
Purchases of services from other related parties	44	40	202
Trade receivables from other related parties	294	108	82
Trade payables to other related parties	26	0	105

Fair values of financial instruments

The tables below analyze financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3: Inputs that are not based on observable market data (that is, unobservable inputs).

Financial assets recognized at fair value through other comprehensive income

	2018				2017			
(EUR 1,000)	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Quoted shares	199	0	0	**199**	185	0	0	**185**
Premises shares	0	480	0	**480**	0	480	0	**480**
Unlisted shares	0	0	30	**30**	0	0	30	**30**
Total Jun 30	**199**	**480**	**30**	**709**	**185**	**480**	**30**	**695**

Reconciliation of financial assets recognized at fair value through other comprehensive income

	2018				2017			
(EUR 1,000)	**Quoted shares**	**Premises shares**	**Unquoted shares**	**Total**	**Unquoted shares**	**Premises shares**	**Unquoted shares**	**Total**
Opening balance at Jan 1	181	480	30	**691**	170	480	30	**680**
Gain/loss recognized in other comprehensive income	18	0	0	**18**	15	0	0	**15**
Closing balance Jun 30	**199**	**480**	**30**	**709**	**185**	**480**	**30**	**695**

Financial liabilities recognized at fair value through profit or loss

	2018				2017			
(EUR 1,000)	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Contingent liability in acquisitions	0	0	5,433	**5,433**	0	0	1,643	**1,643**
Total Jun 30	**0**	**0**	**5,433**	**5,433**	**0**	**0**	**1,643**	**1,643**

Reconciliation of financial liabilities recognized at fair value through profit or loss

	2018		2017	
(EUR 1,000)	**Contingent liability**	**Total**	**Contingent liability**	**Total**
Opening balance at Jan 1	1,368	**1,368**	1,568	**1,568**
Additions	4,875	**4,875**	962	**962**
Revaluation	-218	**-218**	-15	**-15**
Translation difference	-10	**-10**	0	**0**
Payment	-583	**-583**	-871	**-871**
Closing balance Jun 30	**5,433**	**5,433**	**1,643**	**1,643**

Formulas for key figures

Organic growth

(Revenue in review period – Revenue in comparison period – Revenue from acquiree in review period) x 100

Revenue comparison period

EBIT from business operations

Operating profit (EBIT) + amortization on fair value adjustments at acquisitions +/- premeasurements of contingent considerations

Return on equity (ROE)

Profit for the review period x 100

(Equity, total) average

Return on capital employed (ROCE), before taxes

(Profit before taxes + Financial expenses) x 100

(Total equity and liabilities – non-interest bearing liabilities) average

Equity ratio, %

Equity, total x 100

Total equity and liabilities – Advances received

Net gearing, %

(Interest-bearing liabilities – Cash and cash equivalents) x 100

Equity, total

Earnings per share

(Profit for the review period attributable to equity holders of the parent company) x 100

Adjusted average number of shares during the review period

Equity per share

Equity, total

Adjusted number of shares at the end of the review period