Despite the pandemic operating profit (EBITA) and cash flow hit new records

FINANCIAL STATEMENT REVIEW JANUARY–DECEMBER 2020

Etteplan

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ETTEPLAN 2020: Despite the pandemic operating profit (EBITA) and cash flow hit new records

Key points October-December 2020

- The Group's revenue decreased by 2.1 per cent and was EUR 70.3 million (10-12/2019: EUR 71.8 million). At comparable exchange rates, revenue decreased by 2.6 per cent.
- Operating profit (EBITA) improved and amounted to EUR 8.1 (6.5) million or 11.5 (9.0) per cent of revenue.
- Operating profit (EBIT) improved and was EUR 7.1 (5.6) million or 10.1 (7.7) per cent of revenue.
- Operating cash flow was EUR 17.5 (17.5) million.
- Basic earnings per share were EUR 0.23 (0.16).
- In December Etteplan released a positive profit warning and raised its guidance for 2020.

- Etteplan entered Denmark and acquired the software company TekPartner in January 2021.

Key points January-December 2020

- The Group's revenue decreased by 1.4 per cent and was EUR 259.7 million (1-12/2019: EUR 263.3 million). At comparable exchange rates, revenue decreased by 1.4 per cent.
- Operating profit (EBITA) improved and was EUR 26.2 (26.0) million or 10.1 (9.9) per cent of revenue.
- Operating profit (EBIT) declined and was EUR 22.4 (22.8) million or 8.6 (8.7) per cent of revenue.
- Operating cash flow improved significantly to EUR 38.0 (32.9) million.
- Basic earnings per share were EUR 0.69 (0.70).

- The Board of Directors' dividend proposal is EUR 0.34 (0.35) per share.

Etteplan also monitors non-IFRS performance measures, because they provide additional information on Etteplan's development. More information on performance measures is provided on pages 19-20.

Key figures

EUR 1,000	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Revenue	70,295	71,798	259,702	263,292
Operating profit (EBITA)	8,085	6,471	26,172	25,964
EBITA, %	11.5	9.0	10.1	9.9
Operating profit (EBIT)	7,092	5,553	22,380	22,819
EBIT, %	10.1	7.7	8.6	8.7
Basic earnings per share, EUR	0.23	0.16	0.69	0.70
Equity ratio, %	40.5	38.9	40.5	38.9
Operating cash flow	17,512	17,525	37,997	32,884
ROCE, %	20.3	19.1	16.0	19.9
Personnel at end of the period	3,267	3,447	3,267	3,447

President and CEO Juha Näkki:

To begin with, I want to thank our personnel for their excellent contribution throughout the year. It was a difficult year, and we were forced to make hard decisions as the pandemic progressed. We were successful in defending our market position and, thanks to good operational efficiency, we achieved excellent results in all of our service areas. In terms of results, the final quarter of the year was the best in the Group's history, and our full-year operating profit (EBITA) and cash flow also hit new records.

The pandemic had a significant impact on the demand situation during the year, and we had to adapt our operations accordingly. Toward the end of the year, however, the demand situation improved clearly thanks to the positive news about vaccines and the start of vaccinations. Investment decisions in product development and production were made, which creates confidence in the future development of the market. In particular, a large number of investments related to digitalization started, which was reflected in the strong performance of our Software and Embedded Solutions service area.

The improved market situation and good financial development also allowed us to continue our investments in the development of our business. We continued the development of our service offering during the latter part of the year and we also made two acquisitions despite the pandemic: The Netherlands-based Tegema strengthens our offering in production solutions, while TekPartner from Denmark opens up a new market for us, creating new growth opportunities.

Although the market situation has improved, the pandemic is still with us as we have entered the new year. It will undoubtedly influence the development of our business during the first half of the year. However, as vaccinations move forward, we believe the demand situation will develop favorably and we will return to the path of profitable growth in 2021.

Market outlook 2021

The prolongation of the global COVID-19 pandemic continues to have a significant impact on the global economy and market situation. The most important factor affecting Etteplan's business is the global development of the machinery and metal industry, and demand has weakened due to the pandemic. The start of vaccinations has, nevertheless, reduced uncertainty in the markets and boosted investments in product development and production. As vaccinations move forward, we believe that the demand situation will develop favorably during the year.

Financial guidance 2021

Etteplan changes its financial guidance practice and, going forward, issues guidance for revenue and operating profit (EBIT) as a numerical range:

Revenue in 2021 is estimated to be EUR 280-300 million.

Operating profit (EBIT) in 2021 is estimated to be EUR 23-26 million.

Financial guidance 2020

Revised Financial guidance 2020 (published on December 17, 2020)

Etteplan raised its previous guidance of the development of revenue and operating profit in 2020. According to the new estimate, the revenue is expected to be about on the same level as in the previous year and operating profit (EBIT) slightly decreasing or being on the same level than the previous year.

Positive development of the outlook is effected especially by the improved demand during the latter part of the year.

"According to our view the positive news of Corona vaccine and the start of the vaccinations have decreased uncertainty in the market and boosted investments in product development and production," said Etteplan President and CEO Juha Näkki in Etteplan's stock exchange release.

Previous Financial guidance 2020 (published on October 29, 2020)

Revenue for 2020 will decrease slightly or be at the same level as in the previous year, while operating profit (EBIT) will decrease clearly compared to 2019.

Operating environment

The majority of Etteplan's customers are industrial companies, with several global megatrends currently influencing the development of their operating environment. Structural changes in the global economy, disruptions in international trade, urbanization and climate change are all influencing companies, national economies and people's lives. In addition to these megatrends, the engineering industry is influenced primarily by three trends: digitalization, accelerating technological development and the lack of engineering resources. These trends are creating a need for intelligent and efficient engineering solutions in all industrial sectors. The trend of centralizing service purchasing continues as customer demand becomes increasingly international, presenting growth opportunities for global engineering companies. The continued trend of service outsourcing has a positive effect on the industry's development and it supports Etteplan's growth. Competition for employees and the limited availability of specialized experts in certain areas continues to affect the development of the sector as a whole in all market areas.

The prolongation of the global COVID-19 pandemic continues to have a significant impact on the global economy and market situation. The most important factor affecting Etteplan's business is the global development of the machinery and metal industry, and demand has weakened due to the pandemic. However, in the latter part of the year, the start of vaccinations reduced uncertainty in the markets and boosted investments in product development and production, which improved the demand situation even more than we anticipated.

Development of demand by customer industry

The pandemic affects demand in all customer industries. Customer-specific differences were again considerable in the review period. Demand in the Forest, Pulp and Paper industry was at a moderate level. Demand in the Energy industry was at a moderate level. Demand in the Mining industry is picking up. Demand in the Lifting and Hoisting industry was at a moderate level. Demand in the ICT industry remained good. In the Automotive and Transportation industry, demand was at a weak level. Demand in the Chemical industry improved to a good level.

Development of demand in Etteplan's operating countries

In Finland, the general market demand weakened in the second quarter and remained at a low level in the third quarter due to the effects of the pandemic. Market demand picked up in the final quarter of the year.

The combined revenue of technology industry companies in Finland increased by some two per cent in 2020 compared to 2019. All in all, the technology industry in Finland managed the Corona year with less damage than initially anticipated. In October-December, the euro-denominated value of new orders received by the technology industry companies was 60 per cent higher than in July-September, which was effected by a single long-term order in machinery and metal industry. The number of orders received by the technology industry companies in October-December increased by 21 per cent. The value of the order backlog was 10 higher than in the end of September 2020 and four per cent higher than in the end of 2019. Based on the orders during the latter part of 2020, it is estimated that revenue in the beginning of 2021 will be on the same level with the corresponding period last year.

The revenue of engineering and consulting companies in the technology industry declined by one per cent in 2020 compared to 2019. According to Technology Industries of Finland, new orders grew clearly in October-December compared to the previous quarter, while the order backlog was at the same level as previously. In October-December, the euro-denominated value of new orders received by the engineering and consulting companies was 31 per cent higher than in July-September but three per cent less than in the corresponding period in 2019. Based on the orders in the past few months, we estimate that the revenue of engineering and consulting companies in the beginning of 2021 will be approximately on the same level with the corresponding period last year.

In Sweden, the Netherlands, Germany and Poland, a slight turn for the better was seen in the general market demand in the third quarter, and that continued in the fourth quarter. The pandemic, nevertheless, creates continued uncertainty.

In China, demand recovered in the second quarter after being weakened by the pandemic and was at a good level in the third and fourth quarters.

Revenue

Etteplan's revenue decreased by 2.1 per cent in October-December and was EUR 70.3 million (10–12/2019: EUR 71.8 million). Revenue decreased by 2.6 per cent at comparable exchange rates. The organic decrease in revenue was 6.3 per cent. At comparable exchange rates, the decrease was 6.8 per cent.

Etteplan's revenue decreased by 1.4 per cent in January-December and was EUR 259.7 million (1-12/2019: EUR 263.3 million). Revenue decreased by 1.4 per cent at comparable exchange rates. The organic decrease in revenue was 8.3 per cent. At comparable exchange rates, the decrease was 8.3 per cent. Revenue from key accounts declined by 4.7 per cent in October-December and by 7.4 per cent in January-December.

Our revenue decreased due to the effects of the COVID-19 pandemic and we had to adapt our business to the prevailing market situation during the year. The start of the second wave of the pandemic slowed down project start-ups after the summer holidays and affected the accrual of revenue in the third quarter. We were cautious in recruitment during the year due to the uncertainty brought about by the pandemic. Once the demand situation improved in the latter part of the year, we called temporarily laid off employees back to work and also started recruitment. A strike in the engineering and consulting industry in Finland in the final quarter of 2019 affected revenue in the comparison period.

Etteplan's business is subject to periodic fluctuation due to the number of working days, holiday seasons and the timing of product development and investment projects in customer companies, which mainly take place in the spring and the latter part of the year. The revenue in the third quarter is typically lower than that of other quarters.

The revenue of acquired companies is not included in the organic growth of revenue for the 12 months following the acquisition. Devex Mekatronik AB increased Etteplan's revenue effective from June 1, 2019, EMP Engineering Alliance from July 1, 2019, Teknifo AB from October 1, 2019, Triview Technical Communication B.V. from November 1, 2019, and Tegema from September 1, 2020.

Result

The weakening of demand caused by the COVID-19 pandemic affected Etteplan's business during the year. However, profitability was at an excellent level due to the improvement of the demand situation in the latter part of the year, excellent operational efficiency as well as adaptation and cost saving measures. The result was also affected by COVID-19 support measures by various governments.

Operating profit (EBITA) improved by 24.9 per cent in October-December and was EUR 8.1 (6.5) million, or 11.5 (9.0) per cent of revenue.

In January-December, operating profit (EBITA) was at the previous year's level and amounted to EUR 26.2 (26.0) million or 10.1 (9.9) per cent of revenue.

Operating profit (EBIT) improved by 27.7 per cent in October-December and was EUR 7.1 (5.6) million, or 10.1 (7.7) per cent of revenue.

In January-December, operating profit (EBIT) was EUR 22.4 (22.8) million or 8.6 (8.7) per cent of revenue.

The combined effect of non-recurring items on operating profit (EBITA) and operating profit (EBIT) in October-December was EUR -0.3 (0.5) million. The non-recurring items were related to changes in the pre-measurements of contingent considerations, acquisitions and organizational restructuring. In January-December, non-recurring items had a combined effect of EUR -0.9 (1.1) million on operating profit.

Financial expenses amounted to EUR 1.7 (1.6) million in January-December.

Profit before taxes for January-December was EUR 21.1 (21,9) million. Taxes in the income statement amounted to 19.0 (20.7) per cent of the result before taxes. The amount of taxes was EUR 4.0 (4.5) million.

The profit for January-December was EUR 17.1 (17.4) million.

Basic earnings per share were EUR 0.23 (0.16) in October-December and EUR 0.69 (0.70) in January-December. Equity per share was EUR 3.50 (3.09) at the end of December. Return on capital employed (ROCE) before taxes was 20.3 (19.1) per cent in October-December and 16.0 (19.9) per cent in January-December.

Cash flow and financial position

Operating cash flow in October-December was EUR 17.5 (17.5) million. Cash flow after investments in October-December was EUR 17.2 (14.6) million.

In January-December, operating cash flow was EUR 38.0 (32.9) million. Cash flow after investments was EUR 30.5 (10.1) million in January-December.

Operating cash flow was excellent in the final quarter of the year. In the third quarter, cash flow was weaker than in the other quarters due to the summer holidays. In the second quarter, cash flow was exceptionally strong as operating expenses declined faster than cash flow from sales due to the adaptation and cost saving measures. When business returns to growth, the effect on cash flow will be the opposite. This means that, assessed over the longer term, cash flow will reflect our operating performance.

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 24.4 (15.9) million at the end of December.

The Group's interest-bearing debt amounted to EUR 65.0 (56.3) million. Debt increased due to a new loan arrangement and the growth of lease liabilities related to relocations. Lease liabilities represented EUR 24.5 (15.6) million of interest-bearing liabilities.

The total of unused short-term credit facilities stood at EUR 16.5 (14.2) million.

Etteplan has assessed the effects of the COVID-19 pandemic on assets and liabilities in accordance with the recommendation of the European Securities and Markets Authority ESMA. The assessment did not indicate differences compared to the situation at the end of the previous year.

Total assets on December 31, 2020 were EUR 217,9 (203.0) million. Goodwill on the balance sheet was EUR 83.7 (79.0) million.

At the end of December, the equity ratio was 40.5 (38.9) per cent.

Capital expenditure

The Group's gross investments in January-December were EUR 29.7 (36.9) million. The gross investments mainly consisted of an increase in lease liabilities, acquisition-related items, equipment purchases and license fees for engineering software.

Personnel

The number of personnel decreased slightly and stood at 3,267 employees at the end of December 2020 (December 31, 2019: 3,447). The number of personnel decreased by 5.2 per cent compared to the end of 2019 as recruitment was reduced due to the COVID-19 situation. The Group employed 3,320 (3,305) people on average in January-December. At the end of December, 1,351 (1,382) people were employed by the Group outside of Finland.

Business review

Etteplan published its renewed strategy, *Increasing value for customers*, and updated financial targets in December 2019. Etteplan has engaged in preparations and planning related to the renewed strategy, but many projects have been suspended for the time being due to attention being shifted to the COVID-19 pandemic. Investments in the development of the service offering, nevertheless, continued in the third and fourth quarters. Other investments in the implementation of the strategy will continue as soon as the situation allows it, and we believe the renewed strategy will drive the success of the Company after the pandemic.

The key objective of the Company's strategy is to create even higher value for customers and support them in the industrial change. The three key elements of our strategy are customer value, service solutions and success with people.

The most important focus areas of growth are the continuous development of service solutions, digitalization and international growth. Etteplan's target is to achieve revenue of EUR 500 million by 2024 and increase the share of revenue earned outside Finland to 50 per cent. The Company targets an operating profit (EBITA) level of 10 per cent of revenue. A further target is to increase the share of revenue represented by Managed Services to 75 per cent.

The growth in the share of Managed Services enhances Etteplan's capacity management and improves profitability. The share of revenue represented by Managed Services stood at 61 (60) per cent in October-December and 61 (60) per cent in January-December. We continue the development of technology solutions as part of our service solutions. We are strengthening our expertise in areas such as additive manufacturing, digital twin solutions, artificial intelligence and other digital technologies.

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

Etteplan's goal is to grow internationally and provide solutions from all of the Company's service areas in all of its market areas. In October-December, revenue accumulated outside Finland amounted to EUR 28.7 (27.9) million, or 41 (39) per cent of the Group's total revenue. In January-December, revenue accumulated outside Finland amounted to EUR 100.4 (89.5) million, or 39 (35) per cent of the Group's total revenue.

The Chinese market developed well and the number of hours sold increased by 33.2 per cent in October-December. In January-December, the number of hours sold increased by 5.6 per cent as the pandemic slowed down growth during the first part of the year.

Impacts of the COVID-19 pandemic on Etteplan's operations

The COVID-19 pandemic has a significant impact on Etteplan's operations. Etteplan reacted quickly and successfully to the changed operating environment and nearly 85 per cent of Etteplan's employees quickly moved to remote work in the middle of March.

Remote work will increase at Etteplan in the future, and we have invested in the management and development of remote work. We aim to support employee well-being, even in the context of remote work, and we have signed a cooperation agreement with Isku to develop remote workstations.

The declining demand among customers directly affects Etteplan. Consequently, Etteplan implemented temporary layoffs in 2020 in Finland, Sweden and Germany. In Poland and the Netherlands, the local legislation does not permit temporary layoffs. At most 402 employees were temporarily laid off during the year. A large proportion of the temporary layoffs were implemented as part-time layoffs. When the demand situation improved toward the end of the year, we called temporarily laid off employees back to work. At the end of December, a total of 165 employees were temporarily laid off.

Acquisitions

In September 2020, Etteplan strengthened its production-related competences and know-how by acquiring Tegema in the Netherlands. Tegema provides production solutions, production cells and equipment for customers in the field of semiconductors, electronics, mobility, photonics and medical. The acquisition is a step forward in Etteplan's international growth and also marks the start for engineering services in the Netherlands. Previously, Etteplan has offered technical documentation services in the Netherlands. Tegema employs some 100 experts in Eindhoven and Arnhem. In 2019, the company's revenue was approximately EUR 11 million. The integration of Tegema into Etteplan has progressed according to plan.

After the end of the review period, in January 2021, Etteplan expanded its business in the Nordic region and opened up a new country, Denmark, by acquiring TekPartner, an engineering and IT company that specializes in electronics and software. Founded in 2009, TekPartner covers development of all core disciplines within embedded software, intelligent electronics, FPGA (field-programmable gate array) and IoT (Internet of Things). In 2019, TekPartner's revenue amounted to approximately EUR 8 million. TekPartner delivers its services through a combination of its own team of 19 highly qualified engineering professionals and a network of partners.

Development of the service areas

Engineering Solutions

Engineering Solutions 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	10-12/2020	10-12/2019	Change	1-12/2020	1-12/2019	Change
Revenue	40,592	40,848	-0.6%	148,884	147,037	1.3%
Operating profit (EBITA)	4,249	3,571	19.0%	14,679	14,464	1.5%
EBITA, %	10.5	8.7		9.9	9.8	
Managed Services index	59	55		59	55	
Personnel at end of the period*	1,922	2,046	-6.1%	1,922	2,046	-6.1%

*Comparison periods updated to be comparable after the integration of Devex AB into Etteplan Sweden AB on January 1, 2020.

The figures for Tegema, acquired in September 2020, are included in the Engineering Solutions service area's figures starting from September 1, 2020. The figures for Devex Mekatronik AB, acquired in June 2019, are included in the Engineering Solutions service area's figures starting from June 1, 2019. The figures for EMP Engineering Alliance, acquired in July 2019, are included in the Engineering Solutions service area's figures starting from July 1, 2019.

The share of Etteplan's revenue represented by Engineering Solutions was 58 (57) per cent in October-December and 57 (56) per cent in January-December.

The service area's revenue in October-December was at the previous year's level and amounted to EUR 40.6 (40.8) million. In January-December, revenue increased just over one per cent and was EUR 148.9 (147.0) million.

The COVID-19 pandemic weakened the Engineering Solutions service area's demand situation in China in the first quarter and in Europe starting from the second quarter. Acquisitions made in 2019 had a positive effect on the service area's development. The service area's demand situation is improving as customers started investments in product development and production.

The Engineering Solutions service area's operating profit (EBITA) in October-December was EUR 4.2 (3.6) million, or 10.5 (8.7) per cent of revenue. In January-December, operating profit (EBITA) was EUR 14.7 (14.5) million or 9.9 (9.8) per cent of revenue. Profitability was at an excellent level due to good operational efficiency as well as adaptation and cost saving measures.

The Engineering Solutions service area had 1,922 (2,046) employees at the end of December.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, amounted to 59 (55) per cent in October-December and 59 (55) per cent in January-December.

Etteplan and Kalmar, part of Cargotec, have agreed on the outsourcing of part of Kalmar's crane engineering operations in China to Etteplan. The deal covers Kalmar's crane engineering operations in Taicang and Shanghai and became effective on January 1, 2021. As a consequence of the deal, Etteplan will also open its ninth office in China.

Software and Embedded Solutions

Software and Embedded Solutions provides product development services as well as software and technology solutions that enable the digitalization of customers' business processes along with the intelligence and connectivity of machinery and equipment. A typical challenge involves the need to increase the efficiency of business processes or manufacturing or create new products for the market. Through system integration, we can ensure better customer service, cost-efficiency or the creation of new income streams through digitalization.

EUR 1,000	10-12/2020	10-12/2019	Change	1-12/2020	1-12/2019	Change
Revenue	17,680	17,686	0.0%	63,694	67,481	-5.6%
Operating profit (EBITA)	2,434	1,423	71.1%	7,101	6,263	13.4%
EBITA, %	13.8	8.0		11.1	9.3	
Managed Services index	51	58		51	58	
Personnel at end of the period*	628	662	-5.1%	628	662	-5.1%

**Comparison periods updated to be comparable after the integration of Devex AB into Etteplan Sweden AB on January 1, 2020.*

The figures for the Denmark-based TekPartner, acquired in January 2021, are included in the Software and Embedded Solutions service area's figures starting from January 1, 2021. The figures for Devex Mekatronik AB, acquired in June 2019, are included in the service area's figures starting from June 1, 2019.

The share of the Group's total revenue represented by Software and Embedded Solutions was 25 (25) per cent in October-December and 25 (26) per cent in January-December.

The service area's revenue in October-December was at the previous year's level and amounted to EUR 17.7 (17.7) million. In January-December, revenue decreased by 5.6 per cent and was EUR 63.7 (67.5) million. Revenue decreased due to the COVID-19 pandemic and the recruitment of Etteplan's employees by certain customers in the first quarter and cautious recruitment during the pandemic. The reduced availability of competent professionals, particularly in the software business, continued to affect growth.

The demand for digitalization projects started to increase in the latter part of the year. Our customers are investing in digital solutions and have initiated new product development investments. For Etteplan, this represents a growth opportunity and an increased need for recruitment. We are also investing in increasingly incorporating new technologies into our service offering.

The Software and Embedded Solutions service area's operating profit (EBITA) improved in the fourth quarter and amounted to EUR 2.4 (1.4) million in October-December. Profitability also improved to 13.8 (8.0) per cent of revenue. Profitability improved thanks to excellent operational efficiency.

In January-December, operating profit (EBITA) improved and amounted to EUR 7.1 (6.3) million.

The Software and Embedded Solutions service area had 628 (662) employees at the end of December.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, amounted to 51 (58) per cent in October-December and 51 (58) per cent in January-December.

The cooperation between Posti and Etteplan continues with new self-service terminals for OmaPosti kiosks in Finland. As part of the pilot project, 20 next-generation OmaPosti kiosk self-service terminals will be delivered. Etteplan will produce important software components for the OmaPosti kiosks and oversee the full delivery of the project. This includes putting the kiosks into use and continuously maintaining the software and devices.

Technical Documentation Solutions

Technical Documentation Solutions refer to the user manuals for individual products or the documentation and information management of the technical attributes of production facilities, such as factories. The service also covers content production and distribution in print and digital form. For an industrial customer, good technical documentation can lift the value of their products and ensure their products are used in the right way. We provide customers ways to improve cost efficiency and lead times, increase quality, and decrease the environmental footprint.

EUR 1,000	10-12/2020	10-12/2019	Change	1-12/2020	1-12/2019	Change
Revenue	11,870	13,082	-9.3%	46,531	48,218	-3.5%
Operating profit (EBITA)	1,304	887	47.0%	4,583	4,093	12.0%
EBITA, %	11.0	6.8		9.8	8.5	
Managed Services index	80	79		80	79	
Personnel at end of the period	616	651	-5.4%	616	651	-5.4%

The figures for Teknifo AB, acquired in October 2019, are included in the Technical Documentation Solutions service area's figures starting from October 1, 2019. The figures for Triview Technical Communication BV, acquired in November 2019, are included in the Technical Documentation Solutions service area's figures starting from November 1, 2019.

The share of the Group's total revenue represented by Technical Documentation Solutions was 17 (18) per cent in October-December and 18 (18) per cent in January-December.

The service area's revenue decreased by 9.3 per cent in October-December and was EUR 11.9 (13.1) million. In January-December, revenue decreased by 3.5 per cent and was EUR 46.5 (48.2) million.

The COVID-19 pandemic weakened the Technical Documentation Solutions service area's demand situation. Acquisitions made in 2019 had a positive effect on the service area's development. The prevailing situation has also made many companies rethink their business models, which creates opportunities for new outsourcing agreements. Indeed, Etteplan is constantly in negotiations regarding new outsourcing agreements.

Service and outsourcing solutions play a significant role in the service area's development also in the more difficult market situation. In spite of the challenges in the market, we have been able to continue the development of new solutions as well as investments in new technology.

Etteplan's new cloud-based solution for the creation and distribution of technical information has been successfully implemented for the first customer. The solution combines the efficient multi-language production of technical information, secure cloud-based hosting and on-demand multi-channel distribution. This milestone confirms that the development work is progressing on schedule and the new solution is on track for its commercial launch by the end of the first quarter of 2021.

The SaaS version of the HyperSTE software, launched in late 2019, has attracted a lot of interest. However, the pandemic makes it more difficult to conclude deals, which meant that the actual sales were not in line with expectations.

The Technical Documentation Solutions service area's operating profit (EBITA) in October-December was EUR 1.3 (0.9) million, or 11.0 (6.8) per cent of revenue. In January-December, operating profit (EBITA) was EUR 4.6 (4.1) million or 9.8 (8.5) per cent of revenue. Profitability improved thanks to excellent operational efficiency as well as adaptation and cost saving measures.

The Technical Documentation Solutions service area had 616 (651) employees at the end of December.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, grew and amounted to 80 (79) per cent in October-December and 80 (79) per cent in January-December.

GENERAL MEETING

Etteplan Oyj's Annual General Meeting was held on April 2, 2020. 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 2019.

The Annual General Meeting resolved, in accordance with the proposal of the Board of Directors, to pay a dividend of EUR 0.35 per share for the financial year 2019 and to leave the remaining funds in unrestricted equity. The dividend decided on by the Annual General Meeting was paid to the shareholders registered on the record date in the shareholders' register maintained by Euroclear Finland Ltd. The record date for the dividend payout was April 6, 2020, and the date of dividend payout April 15, 2020.

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

In accordance with the proposal of the Nomination and Remuneration Committee of the Board of Directors, the Annual General Meeting re-elected Matti Huttunen, Robert Ingman, Leena Saarinen and Mikko Tepponen as members of the Board of Directors. The Annual General Meeting further elected Päivi Lindqvist as a new member 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 Leena Saarinen as members of the Nomination and Remuneration Committee of Etteplan Oyj.

Leena Saarinen was elected the Chairman and Päivi Lindqvist and Mikko Tepponen as members of the Audit Committee of Etteplan Oyj. The Board of Directors of Etteplan Oyj confirmed the central duties and operating principles of the Audit Committee, which are available on the Company's website at https://www.etteplan.com/investors/corporate-governance/audit-committee.

The Annual General Meeting resolved to change the domicile of the Company from Vantaa to Espoo and resolved to thus change the Articles of Association of the Company by updating article 1 Business name and domicile to read as follows:

1 § Business name and domicile
The Company's business name is Etteplan Oyj, and it is domiciled in Espoo.

In connection with this change, Etteplan's head office will move to the technology cluster of Keilaniemi and Otaniemi in Espoo, Finland.

Board authorizations

The Annual General Meeting 2020 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 its 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 2, 2020, and ending on October 2, 2021. The authorization replaces the corresponding previous authorization.

The Annual General Meeting 2019 decided to authorize the Board of Directors to resolve on the issuance of a maximum of 2,500,000 shares through issuance of shares, option rights or other special rights entitling to shares under Chapter 10, Section 1 of the Finnish Companies Act in one or more issues. The authorization includes the right to decide to issue either new shares or shares held by the Company.

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

The authorization is valid for two (2) years from the date of the resolution of the Annual General Meeting, starting on April 4, 2019, and ending on April 4, 2021.

SHARES

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

The Company's share capital on December 31, 2020, was EUR 5,000,000.00 and the total number of shares was 24,963,308.

The number of Etteplan Oyj shares traded in January-December was 1,564,244 (1-12/2019: 1,471,517), for a total value of EUR 14.80 (13.23) million. The share price low was EUR 6.50, the high EUR 13.30, the average EUR 9.46 and the closing price EUR 12.95. Market capitalization on December 31, 2020, was

EUR 322.25 (251.79) million. On December 31, 2020, Etteplan had 3,323 shareholders (December 31, 2019: 2,914).

The Company held 79,046 of its own shares on December 31, 2020 (December 31, 2019: 156,203), which corresponds to 0.32 per cent of all shares and voting rights.

Flaggings

Etteplan Oyj received no flagging notices in January-December 2020.

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

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

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

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 after the end of the earning period. The proportion to be paid in cash is intended to cover taxes and tax-related costs arising from the reward to the key personnel.

Approximately 25 people belong to the plan, including the Management Group of Etteplan. The rewards to be paid on the basis of the plan will correspond to the value of an approximate maximum total of 390,000 Etteplan Oyj shares (including also the proportion to be paid in cash). The shares to be paid out as potential rewards will be transferred from the shares held by the Company or shares acquired from the market, and therefore the incentive plan will have no diluting effect on the share value.

Payment of the share rewards based on the share-based incentive program 2017-2019 intended for the key personnel

On February 11, 2020, Etteplan's Board of Directors confirmed the maximum number of shares, 84,124, earned based on the earning period 2017-2019 of the share-based incentive program for the Company's key personnel, and resolved on the payment of the share rewards from the shares held by the Company. In addition, Etteplan paid in cash a proportion to cover taxes and tax-related costs arising from the reward to some 20 people belonging to the target group of the incentive plan. The share rewards were paid on April 15, 2020. Etteplan Oyj announced the establishment of this share-based incentive program with a Stock Exchange Release published on May 31, 2017:

"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 also the proportion to be paid in cash). The shares to be paid out as potential rewards will be transferred from the shares held by the Company or shares acquired from the market and, therefore, the incentive plan will have no diluting effect on the value of the share."

On April 15, 2020, Etteplan Oyj transferred a total of 77,157 of its own shares to Group key personnel in accordance with the terms of the share-based incentive plan for the Group key personnel, and the decision made by the Board of Directors on February 11, 2020. The amount of shares differs from the previously communicated amount due to a change in Etteplan's Management Group. After the transfer, Etteplan holds a total of 79,046 own shares.

Operating risks and uncertainty factors

Etteplan's financial results are exposed to a number of strategic, operational and financial risks. The uncertainties caused by the general economic development continue to constitute risks for Etteplan's business. The possibility of changes in customers' business operations is a significant risk to Etteplan's operations. The Company's operations are based on skilled staff. The availability of competent professionals is an important factor for ensuring profitable growth and operations. The increased difficulties in recruiting professional staff, particularly in certain expert disciplines, continues to present a business risk. The COVID-19 pandemic has a significant impact on Etteplan's business and the prolonging of the situation will have a negative impact on the Company's financial development.

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

The Board's proposal for distribution of 2020 profits

The parent company's distributable shareholders' equity according to the balance sheet on December 31, 2020, is EUR 53,795,022.60. The Board of Directors will propose to the Annual General Meeting, which will convene on April 8, 2021, that on the dividend payout date a dividend of EUR 0.34 per share be paid on the Company's externally owned shares, for a total amount of EUR 8,487,524.72 at most, and that the remaining profit be transferred to retained earnings.

Financial information in 2021

Etteplan Oyj will publish financial information as follows:

- Financial Statements and Annual Review: week 11/2021
- Annual General Meeting 2021: Thursday, April 8, 2021
- Interim Report January-March 2021: Wednesday, May 5, 2021
- Half Year Financial Report January-June 2021: Wednesday, August 11, 2021
- Interim Report January-September 2021: Thursday, October 28, 2021

Espoo, February 11, 2021

Etteplan Oyj

Board of Directors

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

The information presented herein has not been audited.
Releases and other corporate information are available on Etteplan's website at www.etteplan.com.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Revenue	**70,295**	**71,798**	**259,702**	**263,292**
Other operating income	1,485	394	3,622	2,582
Materials and services	-6,940	-8,315	-23,317	-26,550
Staff costs	-46,802	-45,746	-177,301	-172,520
Other operating expenses	-6,334	-8,228	-22,300	-29,273
Depreciation and amortization	-4,611	-4,350	-18,026	-14,712
Operating profit (EBIT)	**7,092**	**5,553**	**22,380**	**22,819**
Financial income	136	112	422	695
Financial expenses	-669	-554	-1,722	-1,590
Profit before taxes	**6,560**	**5,111**	**21,080**	**21,924**
Income taxes	-868	-1,206	-4,003	-4,536
Profit for the review period	**5,692**	**3,905**	**17,077**	**17,387**
Other comprehensive income, that may be reclassified to profit or loss				
Currency translation differences	2,014	833	1,415	-398
Other comprehensive income, that will not be reclassified to profit or loss				
Change in fair value of equity investments at fair value through other comprehensive income	-5	10	-7	-75
Other comprehensive income, net of tax	**2,009**	**843**	**1,409**	**-473**
Total comprehensive income for the review period	**7,701**	**4,748**	**18,486**	**16,915**
Profit for the review period attributable to				
Equity holders of the parent company	5,692	3,905	17,077	17,387
Total comprehensive income for the review period attributable to				
Equity holders of the parent company	7,701	4,748	18,486	16,915
Earnings per share calculated from the profit attributable to equity holders of the parent company				
Basic earnings per share, EUR	0.23	0.16	0.69	0.70
Diluted earnings per share, EUR	0.23	0.16	0.69	0.70

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR 1,000	Dec 31, 2020	Dec 31, 2019
ASSETS		
Non-current assets		
Goodwill	83,685	79,044
Other intangible assets	26,011	27,472
Tangible assets	25,698	17,264
Investments at fair value through other comprehensive income	378	387
Other non-current receivables	54	54
Deferred tax assets	493	259
Non-current assets, total	**136,320**	**124,480**
Current assets		
Inventory	336	313
Work in progress	17,764	22,498
Trade and other receivables	38,883	39,332
Current tax assets	208	401
Cash and cash equivalents	24,407	15,878
Current assets, total	**81,598**	**78,421**
TOTAL ASSETS	**217,918**	**202,901**
EQUITY AND LIABILITIES		
Equity		
Share capital	5,000	5,000
Share premium account	6,701	6,701
Unrestricted equity fund	20,101	20,101
Own shares	-124	-700
Cumulative translation adjustment	-2,884	-4,299
Other reserves	101	108
Retained earnings	58,178	49,829
Equity, total	**87,074**	**76,740**
Non-current liabilities		
Deferred tax liabilities	6,502	6,481
Loans from financial institutions	12,900	24,900
Lease liabilities	8,608	8,216
Other non-current liabilities	27	27
Non-current liabilities, total	**28,038**	**39,624**
Current liabilities		
Loans from financial institutions	27,583	15,757
Lease liabilities	15,883	7,381
Advances received	2,770	5,378
Trade and other payables	54,608	55,588
Current income tax liabilities	1,962	2,433
Current liabilities, total	**102,806**	**86,537**
Liabilities, total	**130,844**	**126,161**
TOTAL EQUITY AND LIABILITIES	**217,918**	**202,901**

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1,000	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Operating cash flow				
Cash receipts from customers	67,120	71,668	267,784	263,365
Operating expenses paid	-47,980	-52,818	-223,600	-225,189
Operating cash flow before financial items and taxes	**19,140**	**18,850**	**44,184**	**38,176**
Interest and payment paid for financial expenses	-387	-363	-1,257	-1,192
Interest received	19	21	79	162
Income taxes paid	-1,261	-983	-5,010	-4,262
Operating cash flow (A)	**17,512**	**17,525**	**37,997**	**32,884**
Investing cash flow				
Purchase of tangible and intangible assets	-267	-391	-1,639	-2,063
Acquisition of subsidiaries, net of cash acquired	0	-2,671	-5,885	-21,049
Proceeds from sale of tangible and intangible assets	-6	54	30	81
Proceeds from sale of investments	0	75	0	215
Investing cash flow (B)	**-273**	**-2,933**	**-7,494**	**-22,816**
Cash flow after investments (A+B)	**17,239**	**14,592**	**30,503**	**10,068**
Financing cash flow				
Purchase of own shares	0	0	0	-519
Issue of new current loans	-1,641	552	11,698	2,020
Repayments of current loans	-3,630	-2,731	-12,217	-8,440
Issue of new non-current loans	0	0	0	13,500
Repayments of non-current loans	0	0	-695	0
Payment of lease liabilities	-3,054	-3,016	-12,131	-9,624
Dividend paid	0	0	-8,682	-7,454
Financing cash flow (C)	**-8,326**	**-5,195**	**-22,028**	**-10,517**
Variation in cash (A+B+C) increase (+) / decrease (-)	**8,913**	**9,397**	**8,475**	**-449**
Assets at the beginning of the period	15,353	6,567	15,878	16,115
Exchange gains or losses	141	-86	55	212
Assets at the end of the period	24,407	15,878	24,407	15,878

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, 2019	**5,000**	**6,701**	**20,101**	**231**	**-452**	**-3,901**	**39,846**	**67,527**
Comprehensive income								
Profit for the review period	0	0	0	0	0	0	17,387	17,387
Other comprehensive income								
Change in fair value of equity investments at fair value through other comprehensive income	0	0	0	-75	0	0	0	-75
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	0	0	0	-49	0	0	49	0
Cumulative translation adjustment	0	0	0	0	0	-398	0	-398
Other comprehensive income, net of tax	**0**	**0**	**0**	**-122**	**0**	**-398**	**49**	**-473**
Total comprehensive income for the review period	**0**	**0**	**0**	**-123**	**0**	**-398**	**17,436**	**16,915**
Transactions with owners								
Dividends	0	0	0	0	0	0	-7,454	-7,454
Purchase of own shares	0	0	0	0	-519	0	0	-519
Share-based incentive plan	0	0	0	0	271	0	0	271
Transactions with owners, total	**0**	**0**	**0**	**0**	**-248**	**0**	**-7,454**	**-7,702**
Equity Dec 31, 2019	**5,000**	**6,701**	**20,101**	**108**	**-700**	**-4,299**	**49,829**	**76,740**

EUR 1,000	A	B	C	D	E	F	G	H
Equity Jan 1, 2020	**5,000**	**6,701**	**20,101**	**108**	**-700**	**-4,299**	**49,829**	**76,740**
Comprehensive income								
Profit for the review period	0	0	0	0	0	0	17,077	17,077
Other comprehensive income								
Change in fair value of equity investments at fair value through other comprehensive income	0	0	0	-7	0	0	0	-7
Cumulative translation adjustment	0	0	0	0	0	1,415	0	1,415
Other comprehensive income, net of tax	**0**	**0**	**0**	**-7**	**0**	**1,415**	**0**	**1,409**
Total comprehensive income for the review period	**0**	**0**	**0**	**-7**	**0**	**1,415**	**17,077**	**18,486**
Transactions with owners								
Dividends	0	0	0	0	0	0	-8,682	-8,682
Share-based incentive plan	0	0	0	0	576	0	-45	531
Transactions with owners, total	**0**	**0**	**0**	**0**	**576**	**0**	**-8,728**	**-8,152**
Equity Dec 31, 2020	**5,000**	**6,701**	**20,101**	**101**	**-124**	**-2,884**	**58,178**	**87,074**

NOTES

General

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

In 2020, Etteplan had a turnover of approximately EUR 260 million. The company currently has some 3,300 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 Financial Statement Release for publication at its meeting on February 11, 2021.

Basis for preparation

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

This Financial Statement Release has been prepared in accordance with the requirements in IAS 34 (Interim Financial Reporting) standard. The Financial Statement Release has been prepared according to the recognition and valuation principles presented in the 2019 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.

COVID-19 pandemic will have significant effects on our business and the prolonging of the situation will have a negative impact on our financial development. The other key sources of estimation uncertainty, as well as areas requiring judgment-based decisions, were the same as those that applied to the 2019 consolidated financial statements. Etteplan has assessed the effects of the COVID-19 pandemic on assets and liabilities in accordance with the recommendation of the European Securities and Markets Authority. The assessment did not indicate differences compared to the situation at the end of the previous year.

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

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 that Operating profit (EBIT). Operating profit (EBITA) does not include amortization of fair value adjustments at acquisitions. EBITA, % presents Operating profit (EBITA) as a percentage share of revenue. The table below shows a reconciliation between Operating profit (EBITA) and Operating profit (EBIT).

EUR 1,000	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Operating profit (EBIT)	**7,092**	**5,553**	**22,380**	**22,819**
Amortization on fair value adjustments at acquisitions	993	918	3,791	3,146
Operating profit (EBITA)	**8,085**	**6,471**	**26,172**	**25,964**

Organic/un-organic growth and growth in comparable currencies

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

The share of revenue represented by Managed Services

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

Key Figures

EUR 1,000	1-12/2020	1-12/2019	Change
Revenue	259,702	263,292	-1.4%
Operating profit (EBITA)	26,172	25,964	0.8%
EBITA, %	10.1	9.9	
Operating profit (EBIT)	22,380	22,819	-1.9%
EBIT, %	8.6	8.7	
Profit before taxes	21,080	21,924	-3.8%
Profit before taxes, %	8.1	8.3	
Return on equity, %	20.8	24.1	
ROCE, %	16.0	19.9	
Equity ratio, %	40.5	38.9	
Gross interest-bearing debt	64,974	56,255	15.5%
Net gearing, %	46.6	52.6	
Balance sheet, total	217,918	202,901	7.4%
Gross investments	29,697	36,908	-19.5%
Operating cash flow	37,997	32,884	15.5%
Basic earnings per share, EUR	0.69	0.70	-1.4%
Diluted earnings per share, EUR	0.69	0.70	-1.4%
Equity per share, EUR	3.50	3.09	13.1%
Personnel, average	3,320	3,305	0.5%
Personnel at end of the period	3,267	3,447	-5.2%

Segment information

The Group’s business operations are divided in three service areas, each of which forms a reportable segment of its own. The revenue of the reportable segments consist mainly of rendering of services.

EUR 1,000	Engineering Solutions	Software and Embedded Solutions	Technical Documentation Solutions	Reportable segments total	Eliminations and other	Total
10-12/2020						
External revenue	40,592	17,680	11,870	**70,143**	152	**70,295**
Operating profit (EBITA)	4,249	2,434	1,304	**7,987**	97	**8,085**
Personnel at end of the period	1,922	628	616	**3,166**	101	**3,267**
10-12/2019						
External revenue	40,848	17,686	13,082	**71,616**	182	**71,798**
Operating profit (EBITA)	3,571	1,423	887	**5,881**	590	**6,471**
Personnel at end of the period	2,046	662	651	**3,359**	88	**3,447**
1-12/2020						
External revenue	148,884	63,694	46,531	**259,110**	593	**259,702**
Operating profit (EBITA)	14,679	7,101	4,583	**26,363**	-192	**26,172**
Personnel at end of the period	1,922	628	616	**3,166**	101	**3,267**
1-12/2019						
External revenue	147,037	67,481	48,218	**262,736**	555	**263,292**
Operating profit (EBITA)	14,464	6,263	4,093	**24,820**	1,144	**25,964**
Personnel at end of the period	2,046	662	651	**3,359**	88	**3,447**

Reconciliation of Operating profit (EBITA) and Profit before taxes

EUR 1,000	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Operating profit (EBITA)	**8,085**	**6,471**	**26,172**	**25,964**
Amortization on fair value adjustments at acquisitions	-993	-918	-3,791	-3,146
Operating profit (EBIT)	**7,092**	**5,553**	**22,380**	**22,819**
Financial income	136	112	422	695
Financial expenses	-669	-554	-1,722	-1,590
Profit before taxes	**6,560**	**5,111**	**21,080**	**21,924**

Segments’s non-current assets

Segments' non-current assets exclude financial instruments and deferred tax assets. Non-current assets are presented according to the location of the asset, because the Group’s chief operating decision-maker follows asset items at country level.

EUR 1,000	Dec 31, 2020	Dec 31, 2019
Finland	66,989	63,498
Sweden	34,185	32,805
China	2,565	2,386
Central Europe	31,710	25,145
Total	**135,449**	**123,834**

Revenue

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

EUR 1,000	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Primary geographical location				
Finland	41,599	43,864	159,277	173,789
Sweden	15,344	16,716	57,519	57,123
China	2,128	1,793	7,201	7,116
Central Europe	11,224	9,425	35,705	25,264
Total	**70,295**	**71,798**	**259,702**	**263,292**
Timing of revenue recognition				
Transferred at a point in time	590	540	2,044	2,339
Transferred over time	69,704	71,259	257,658	260,953
Total	**70,295**	**71,798**	**259,702**	**263,292**

Revenue and Operating profit (EBIT) by quarter

EUR 1,000	1-3/2020	1-3/2019	4-6/2020	4-6/2019	7-9/2020	7-9/2019	10-12/2020	10-12/2019
Revenue	71,292	65,625	62,895	64,329	55,221	61,539	70,295	71,798
Operating profit (EBIT)	5,656	5,772	5,359	5,801	4,274	5,693	7,092	5,553
EBIT, %	7.9	8.8	8.5	9.0	7.7	9.3	10.1	7.7

Non-recurring items

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

EUR 1,000	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Other operating income	334	0	652	1,636
Staff costs and other operating expenses	-678	487	-1,568	-539
Operating profit (EBIT)	**-344**	**487**	**-916**	**1,097**

Business combinations

Etteplan strengthened its production related competences and know-how by acquiring Tegema from the Netherlands on September 9, 2020. Tegema provides production solutions, production cells and equipment for customers in the field of semiconductors, electronics, mobility, photonics and medical. Tegema is a production system integrator specializing in customized precision mechanics and mechatronics. It combines this experience with the latest robotics, software and assembly technologies. 100 experts work for Tegema in Eindhoven and Arnhem. In 2019 the company's revenue was approximately EUR 11 million.

The acquisition is another step in Etteplan's international growth and also marks the start for engineering services in the Netherlands. Previously Etteplan was offering services for technical documentation in the country.

The acquisition consideration recognized at the time of the acquisition, paid in cash, was EUR 4,730 thousand in total.

The provisional goodwill of EUR 3,613 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.

The following table summarizes the provisional values of acquisition consideration, assets acquired and liabilities assumed for the acquisition.

Consideration transferred:	**EUR 1,000**
Cash payment	4,730
Total consideration transferred	**4,730**
Assets and liabilities	
Tangible assets	2,682
Intangible assets	255
Customer relationships (intangible assets)	1,750
Contractual intangible assets	220
Trade and other receivables	1,710
Cash and cash equivalents	492
Total assets	**7,108**
Non-current liabilities	3,171
Current liabilities	2,328
Deferred tax liability	492
Total liabilities	**5,991**
Total identifiable net assets	**1,117**
Formation of Goodwill:	
Consideration transferred	4,730
Total identifiable net assets	-1,117
Goodwill	**3,613**

Trade and other receivables comprise gross contractual amounts of EUR 1,710 thousand, none of which was expected to be uncollectible at time of acquisition.

Costs related to acquisition, EUR 148 thousand, are included in other operating expenses in the consolidated statement of comprehensive income.

The revenue included in the income statement contributed by the acquired company was EUR 3,450 thousand and profit for the financial year EUR 191 thousand. Had the company been consolidated from January 1, 2020, the income statement would show revenue of EUR 266,114 thousand and profit for the financial year of EUR 17,237 thousand.

Changes in contingent considerations

A profit of EUR 652 thousand in total was recognized in the income statement from premeasurements of contingent considerations related to previous acquisitions.

Intangible assets

Goodwill

EUR 1,000	2020	2019
Acquisition cost Jan 1	79,044	65,165
Translation difference	1,028	-344
Acquisition of subsidiaries	3,613	14,224
Book value Dec 31, 2020	**83,685**	**79,044**

Other intangible assets

2020 EUR 1,000	Intangible rights	Internally created intangible assets	Fair value adjustments in acquisitions	Intangible right-of-use assets	Advance payments	Total
Acquisition cost Jan 1	11,460	2,858	36,210	4,818	113	55,460
Translation difference	-21	0	182	14	0	174
Acquisition of subsidiaries	601	298	1,970	0	0	2,869
Additions	401	87	0	1,828	51	2,368
Disposals	-435	-861	0	0	0	-1,296
Reclassifications between items	109	562	0	0	-35	637
Acquisition cost Dec 31, 2020	12,114	2,945	38,362	6,661	129	60,211
Cumulative amortization Jan 1	-9,440	-2,110	-12,454	-3,985	0	-27,988
Translation difference	21	0	-60	-13	0	-52
Cumulative amortization on acquisitions	-599	-45	0	0	0	-644
Cumulative amortization on disposals	435	522	0	0	0	957
Cumulative amortization on reclassifications	0	-562	0	0	0	-562
Amortization for the financial year	-835	-308	-3,791	-977	0	-5,911
Cumulative depreciation Dec 31, 2020	-10,417	-2,504	-16,306	-4,974	0	-34,200
Book value Dec 31, 2020	**1,697**	**442**	**22,056**	**1,687**	**129**	**26,011**

2019 EUR 1,000	Intangible rights	Internally created intangible assets	Fair value adjustments in acquisitions	Intangible right-of-use assets	Advance payments	Total
Acquisition cost Jan 1	10,992	2,265	26,419	3,966	657	44,299
Translation difference	2	0	2	-5	0	-1
Acquisition of subsidiaries	12	0	9,790	0	0	9,802
Additions	836	49	0	857	37	1,778
Disposals	-489	-36	0	0	0	-525
Reclassifications between items	107	581	0	0	-581	107
Acquisition cost Dec 31	11,460	2,858	36,210	4,818	113	55,460
Cumulative amortization Jan 1	-9,079	-1,834	-9,314	-3,216	0	-23,443
Translation difference	0	0	6	5	0	10
Cumulative amortization on disposals and reclassifications	489	33	0	0	0	522
Amortization for the financial year	-849	-309	-3,146	-773	0	-5,077
Cumulative amortization Dec 31	-9,440	-2,110	-12,454	-3,985	0	-27,988
Book value Dec 31, 2019	**2,020**	**749**	**23,756**	**834**	**113**	**27,472**

Tangible assets

2020 EUR 1,000	Land and water	Buildings	Machinery and equipment	Other tangible assets	Right-of-use assets Machinery and equipment	Right-of-use assets Premises	Total
Acquisition cost Jan 1	19	495	12,426	979	15,855	16,017	45,792
Translation difference	0	0	-2	0	82	0	80
Acquisition of subsidiaries	0	0	1,145	211	495	1,968	3,819
Additions	0	0	1,030	70	2,442	15,267	18,809
Disposals	0	0	-211	0	-251	-698	-1,161
Acquisition cost Dec 31, 2020	19	495	14,386	1,261	18,623	32,554	67,339
Cumulative depreciation Jan 1	0	0	-10,496	-878	-11,321	-5,833	-28,528
Translation difference	0	0	13	1	-62	0	-47
Cumulative depreciation on acquisitions	0	0	-966	-171	0	0	-1,137
Cumulative depreciation on disposals	0	0	186	0	0	0	186
Depreciation for the financial year	0	-11	-826	-63	-3,053	-8,162	-12,115
Cumulative depreciation Dec 31, 2020	0	-11	-12,089	-1,110	-14,436	-13,995	-41,641
Book value Dec 31, 2020	**19**	**484**	**2,297**	**150**	**4,187**	**18,559**	**25,698**

2019 EUR 1,000	Land and water	Buildings	Machinery and equipment	Other tangible assets	Right-of-use assets Machinery and equipment	Right-of-use assets Premises	Total
Acquisition cost Dec 31, 2018	19	0	13,580	923	10,673	0	25,196
IFRS 16 implementation	0	0	0	0	1,835	10,502	12,337
Acquisition cost Jan 1	19	0	13,580	923	12,508	10,502	37,532
Translation difference	0	0	-53	0	-24	0	-78
Acquisition of subsidiaries	0	501	185	0	686	1,470	2,842
Additions	0	0	1,011	54	2,873	4,352	8,290
Reclassifications between items	0	0	-81	50	0	0	-31
Disposals	0	-5	-2,216	-48	-188	-306	-2,763
Acquisition cost Dec 31	19	495	12,426	979	15,855	16,017	45,792
Cumulative depreciation Jan 1	0	0	-11,841	-832	-8,457	0	-21,131
Translation difference	0	0	57	0	16	0	72
Cumulative depreciation on acquisitions	0	0	-28	0	0	0	-28
Cumulative depreciation on disposals and reclassifications	0	0	2,194	0	0	0	2,194
Depreciation for the financial year	0	0	-877	-45	-2,880	-5,833	-9,635
Cumulative depreciation Dec 31	0	0	-10,496	-878	-11,321	-5,833	-28,528
Book value Dec 31, 2019	**19**	**495**	**1,930**	**101**	**4,534**	**10,184**	**17,264**

Intangible and tangible right-of-use assets in total

EUR 1,000	2020	2019
Book value Jan 1	**15,552**	**15,302**
Translation difference	22	-8
Acquisition of subsidiaries	2,463	2,156
Additions	19,538	8,082
Disposals and reclassifications	-949	-494
Depreciation for the financial year	-12,192	-9,486
Book value Dec 31	**24,434**	**15,552**

Pledges, mortgages guarantees

EUR 1,000	Dec 31, 2020	Dec 31, 2019
Business mortgages	320	320
Pledged shares	120	120
Other contingencies	379	591
Total	**818**	**1,031**

Related party transactions

The Group's related party includes such persons that have control, joint control or significant influence over the Group. Also, the Group's key management personnel is included in the related party. Key management personnel refers to persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group. Spouses, wards and companies in control or joint control of the before mentioned persons are considered as other related parties. The ultimate controlling party, Ingman Group Oy Ab, and its group companies are also included in related parties.

Related party transactions are priced according to Group's normal pricing basis and purchase conditions, which are equivalent to those that prevail in arm's length transactions.

The following transactions were carried out with related parties:

EUR 1,000	1-12/2020	1-12/2019
Sales of services to other related parties	226	137
Purchases of services from other related parties	155	41
EUR 1,000	**Dec 31, 2020**	**Dec 31, 2019**
Trade receivables from other related parties	92	2
Trade payables to other related parties	0	11

Fair values of financial instruments

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly as prices or indirectly, derived from prices.

Level 3: Unobservable inputs that are not based on observable market data.

Financial assets recognized at fair value through OCI

2020 **EUR 1,000**	**Quoted shares (Level 1)**	**Premises shares (Level 2)**	**Unquoted shares (Level 3)**	**Total**
Opening balance at Jan 1	237	120	30	**387**
Gain/loss recognized in other comprehensive income	-5	0	-3	**-8**
Reclassification (stock listing)	3	0	-3	**0**
Closing balance Dec 31	**235**	**120**	**24**	**378**

2019 **EUR 1,000**	**Quoted shares (Level 1)**	**Premises shares (Level 2)**	**Unquoted shares (Level 3)**	**Total**
Opening balance at Jan 1	185	480	30	**695**
Gain/loss recognized in other comprehensive income	52	-145	0	**-93**
Disposals	0	-215	0	**-215**
Closing balance Dec 31	**237**	**120**	**30**	**387**

Financial liabilities recognized at fair value through profit or loss

Contingent liability in acquisitions (Level 3) **EUR 1,000**	**2020**	**2019**
Opening balance at Jan 1	2,430	2,860
Additions	0	2,030
Revaluation	-652	-1,636
Payment	-1,646	-824
Closing balance Dec 31	**132**	**2,430**

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