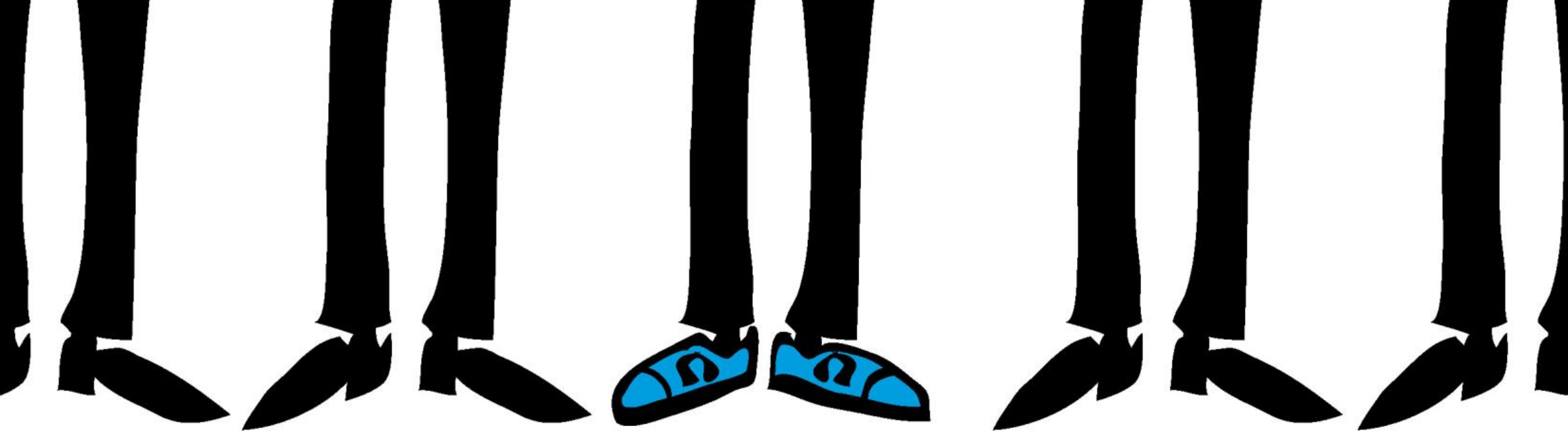

Q4

Financial Statement Review
January-December 2017

Record results achieved through strong organic growth

Etteplan

ETTEPLAN Oyj Financial Statement Review 2017 February 8, 2018, at 1:00 pm

ETTEPLAN 2017: Record results achieved through strong organic growth

Review period October-December 2017

- The Group's revenue increased by 10.1 per cent and was EUR 58.5 million (10-12/2016: EUR 53.1 million). At comparable exchange rates, revenue increased by 11.1 per cent.
- Organic growth was 9.0 (2.7) per cent. At comparable exchange rates, organic growth was 9.9 per cent.
- EBIT from business operations* amounted to EUR 4.8 (4.6) million, or 8.2 (8.6) per cent of revenue. EBIT from business operations did not include any exceptional items (Q4/2016: EUR -0.2 million).
- Operating profit (EBIT) was EUR 4.6 (4.0) million, or 7.8 (7.6) per cent of revenue. Operating profit included exceptional items with a combined effect of EUR 0.2 (-0.2) million.
- The profit for the review period was EUR 3.5 million (EUR 2.9 million).
- Operating cash flow improved and was EUR 12.2 (9.8) million.
- Undiluted earnings per share were EUR 0.14 (0.12).

Review period January-December 2017

- The Group's revenue increased by 16.8 per cent and was EUR 214.8 million (1-12/2016: EUR 183.9 million). At comparable exchange rates, revenue increased by 17.3 per cent.
- Organic revenue growth was 10.4 (2.5) per cent. At comparable exchange rates, organic growth was 10.9 per cent.
- EBIT from business operations* improved and amounted to EUR 17.2 (12.1) million, or 8.0 (6.6) per cent of revenue. EBIT from business operations included exceptional items with a combined negative effect of EUR 0.7 (1.7) million.
- Operating profit (EBIT) was EUR 15.5 (10.1) million, or 7.2 (5.5) per cent of revenue. Operating profit included exceptional items with a combined negative effect of EUR 0.4 (1.7) million.
- The profit for the financial year was EUR 11.6 (7.6) million.
- Operating cash flow improved and was EUR 18.3 (5.7) million.
- Undiluted earnings per share were EUR 0.47 (0.33).
- The number of personnel increased and the Group had 2,802 employees at the end of the review period (2,545).

- The Board of Directors' dividend proposal is EUR 0.23 (0.16) per share.

** EBIT from business operations is an alternative performance measure, which is presented, because it reflects the Company'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. More information on page 21.*

Espotel Oy and Soikea Solutions Oy, which were acquired in spring 2016, are included in the figures for the comparison period starting from the second quarter of 2017.

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

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

Key figures

(EUR 1,000)	10-12/2017		10-12/2016		1-12/2017		1-12/2016	
Revenue	58,520		53,137		214,768		183,938	
EBIT from business operations	4,801	(8.2 %)	4,557	(8.6 %)	17,163	(8.0 %)	12,071	(6.6 %)
Operating profit (EBIT)	4,552	(7.8 %)	4,017	(7.6 %)	15,484	(7.2 %)	10,131	(5.5 %)
Basic earnings per share, EUR	0.14		0.12		0.47		0.33	
Equity ratio, %	40.7		40.0		40.7		40.0	
Operating cash flow	12,158		9,835		18,254		5,661	
ROCE, %	21.2		21.6		17.8		14.8	
Personnel at end of the period	2,802		2,545		2,802		2,545	

President and CEO Juha Näkki:

Etteplan had a very good year in 2017. The work we have done in recent years to implement our strategy produced results in the improved market situation. Revenue, operating profit and cash flow reached new record highs. We exceeded our 15 per cent growth target and our organic growth was at an excellent level. The number of personnel increased throughout the year and Etteplan employed more than 2,800 experts at the turn of the year. In 2017, we also implemented several internal development projects that will help us make progress toward our goals in the coming years.

The market situation in Finland improved in the first quarter and demand remained at a good level for the rest of the year. In Sweden and Central Europe, the market situation was good throughout the year. In China, the development of the engineering services market continued and we were able to increase our working hours in the Chinese market by 50 per cent. The number of our personnel in China exceeded 300 experts and we opened new offices in Xian and Beijing. We will continue to invest in the Chinese market in 2018.

In the Engineering services and Technical documentation service areas, development was strong throughout the year. The growth of technical documentation, in particular, was at an excellent level. Successful sales of outsourcing solutions contributed to the positive development of both service areas. We also continued to develop our service solutions and we invested in incorporating new technologies into our service offering.

The Embedded systems and IoT service area saw positive development early in the year and the service area's demand situation is generally good, but growth is affected by the reduced availability of competent professionals, particularly in the software business. The challenges that began in the project business in the second and third quarters of the year continued in the final quarter. In addition, a sudden decline in the demand situation of certain customers affected the development of the Embedded systems and IoT business, and the service area's profitability fell short of our expectations. We have continued to implement measures to improve the efficiency of the project business and we expect the service area's profitability to improve in the coming quarters.

I would like to thank all of our personnel for their strong contribution during the year. We enter 2018 buoyed by strong growth, in a good market situation. We will continue to invest in growth and we expect to pass the milestone of employing 3,000 professionals in 2018.

Operating environment

Etteplan's business is affected by global megatrends as well as industry-specific developments. The Internet of Things, 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. While uncertainty decreased, the fourth quarter nevertheless continued to be characterized by unpredictable changes in Etteplan's main markets and various customer industries.

There were no significant industry-specific changes in the demand for our services in the final quarter 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 became weaker.

In plant engineering, demand had picked up in the previous quarter and remained at a good level. Demand for embedded systems and IoT solutions remained good in all customer industries.

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.

In Finland, the general market demand was good. The total revenue of companies in the technology industry increased by 10 per cent in 2017 compared to the previous year. In October-December 2017, new orders received by technology industry companies and their order books grew substantially in value, but the growth in the latter part of the year was particularly attributable to two large new orders for ships. Excluding their effect, new orders and the order book increased slightly after spring 2017.

Based on the development of orders in the past few months, the total revenue of companies in the technology industry is estimated to be higher this coming spring than at the corresponding time last year. The number of orders received by Etteplan's customer base in October-December was at a higher level, on average, than in July-September. The total revenue of engineering services in Finland grew by 8 per cent in 2017 compared to the previous year.

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 increased by 10.1 per cent in October-December and was EUR 58.5 million (10-12/2016: EUR 53.1 million). Revenue increased by 11.1 per cent at comparable exchange rates. Organic growth was 9.0 (2.7) per cent. At comparable exchange rates, organic growth was 9.9 per cent.

In January-December, revenue increased by 16.8 per cent and was EUR 214.8 million (1-12/2016: EUR 183.9 million). Revenue increased by 17.3 per cent at comparable exchange rates. Organic growth was 10.4 (2.5) per cent. At comparable exchange rates, organic growth was 10.9 per cent.

Etteplan's strong organic growth continued in the final quarter thanks to Etteplan's good service offering and strong market position. The good general market situation continued to support growth. Revenue growth was slowed down by the challenges of the Embedded Systems and IoT service area as well as a significant project delivery in technical documentation being postponed to 2018.

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 included in inorganic growth for the 12 months following the acquisition.

Result

EBIT from business operations increased by 5.4 per cent in October-December and amounted to EUR 4.8 million (10-12/2015: EUR 4.6 million), or 8.2 (8.6) per cent of revenue. EBIT from business operations did not include any exceptional items (Q4/2016: EUR -0.2 million).

EBIT from business operations increased by 42.2 per cent in January-December and amounted to EUR 17.2 million (1-12/2016: EUR 12.1 million), or 8.0 (6.6) per cent of revenue. EBIT from business operations included exceptional items with a combined negative effect of EUR 0.7 (1.7) million. Operational costs increased by 14.7 (30.6) per cent.

The good demand situation and the growth in the share of Managed Services enhanced Etteplan's capacity management and improved profitability. Profitability was weakened by the challenges of the Embedded Systems and IoT service area as well as a significant project delivery in technical documentation being postponed to 2018.

EBIT from business operations is an alternative performance measure, which is presented, because it reflects the Company'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.

In October-December, operating profit (EBIT) increased by 13.3 per cent and was EUR 4.6 million (10-12/2016: EUR 4.0 million), or 7.8 per cent (7.6 per cent) of revenue. Operating profit included exceptional items with a combined effect of EUR 0.2 (-0.2) million.

In January-December, operating profit (EBIT) increased by 52.8 per cent and amounted to EUR 15.5 million (1-12/2016: EUR 10.1 million), or 7.2 per cent (5.5 per cent) of revenue. Operating profit included exceptional items with a combined negative effect of EUR 0.4 (1.7) million.

Financial expenses were EUR 1.3 million in January-December (1-12/2016: EUR 1.2 million).

Profit before taxes for January-December was EUR 14.7 million (1-12/2016: EUR 9.4 million). Taxes in the income statement amounted to 21.4 (19.5) per cent of the result before taxes. The amount of taxes was EUR 3.2 million (EUR 1.8 million).

The profit for January-December was EUR 11.6 million (1-12/2016: EUR 7.6 million).

In January-December, undiluted earnings per share were EUR 0.47 (1-12/2016: EUR 0.33). Equity per share was EUR 2.34 (December 31, 2016: EUR 2.14). Return on capital employed (ROCE) before taxes was 17.8 (14.8) per cent.

Financial position and cash flow

The Group's cash and cash equivalents stood at EUR 10.1 million (December 31, 2016: EUR 4.8 million). The Group's interest-bearing debt amounted to EUR 35.0 million (EUR 34.3 million). The total of unused short-term credit facilities stood at EUR 8.7 million (EUR 7.8 million).

Operating cash flow improved significantly and was EUR 12.2 million in October-December (10-12/2016: EUR 9.8 million) and EUR 18.3 million in January-December (1-12/2016: EUR 5.7 million). In January-December, cash flow after investments was EUR 13.1 million (1-12/2016: EUR -18.2 million). Cash flow improved further due to the optimization of working capital and a better distribution of customers' payment terms. Cash flow accrues unevenly over the four quarters of the year due to periodic fluctuation in business.

Total assets on December 31, 2017 were EUR 144.4 million (December 31, 2016: EUR 134.5 million). Goodwill on the balance sheet was EUR 59.0 million (EUR 58.1 million).

At the end of December, the equity ratio was 40.7 per cent (December 31, 2016: 40.0 per cent).

Capital expenditures

The Group's gross investments in January-December were EUR 7.6 million (1-12/2016: EUR 30.2 million). The gross investments mainly consisted of acquisitions, license fees for engineering software and growth-related equipment purchases.

Personnel

The average number of personnel increased by 12.6 per cent compared to the corresponding period in the previous year. The Group employed 2,711 (1-12/2016: 2,407) people on average and 2,802 (December 31, 2016: 2,545) people at the end of December. At the end of December, 988 people were employed by the Group outside of Finland (December 31, 2016: 839). A total of 10 employees were temporarily laid off at the end of December.

Business review

The success of the outsourcing business and the significant acquisitions carried out in 2016 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.

The general market demand continued to develop favorably. New product development and equipment engineering projects saw good demand. Etteplan's strong organic growth continued in the final quarter of the year.

The market situation in Finland remained at a good level. The lower availability of specialized experts in certain areas affected the development of our business to some extent.

In Sweden, the demand situation and Etteplan's market position remained good. Attrition and the competition for experts continued to burden the business in Sweden.

Demand has developed favorably in the Netherlands and Germany. In Poland, the demand situation remained good.

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 45.0 per cent in October-December and 50.0 per cent in January-December. The demand for engineering services is expanding from Western companies operating in China to also include Chinese companies. Etteplan is in discussions with significant Chinese corporations regarding potential cooperation.

In August, Etteplan strengthened its position in China and acquired from Vataple Group full ownership of Etteplan Vataple Technology Centre, Ltd, which had previously operated as a joint venture.

Key accounts grew by 19,2 per cent in January-December compared to the previous year, thanks to the improved general market situation and Etteplan's comprehensive service offering.

Etteplan's target is to achieve a share of 65 per cent of revenue for Managed Services (Managed Services Index, MSI) by 2019. In January-December, the share of revenue represented by Managed Services was 57 per cent (1-12/2016: 53 per cent). The growth in the share of Managed Services enhances Etteplan's capacity management and improves profitability.

The demand for our services related to the digitalization of machinery and equipment continued to develop very well. Etteplan's customers are investing in digitalization and intelligent devices, which presents significant growth opportunities for the Company.

We developed the Company's operational efficiency in 2017 and implemented several internal development projects. We revised our business processes and several of our systems, which will help us move toward our goals in the coming years.

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)	10-12/2017	10-12/2016	Change to prev. year	1-12/2017	1-12/2016*	Change to prev. year
Revenue	33,152	29,927	10.8 %	120,868	112,823	7.1 %
EBIT from business operations	2,930	2,061	42.2 %	9,796	6,493	50.9 %
EBIT from business operations, %	8.8	6.9		8.1	5.8	
Managed Services index	53	50		53	49	

*Embedded systems and IoT was included in Engineering services in Q1 2016.

The Embedded systems competence area, which was previously part of the Engineering services service area, was transferred to the Embedded systems and IoT service area in the second quarter of 2016. Etteplan's revenue from embedded systems was approximately EUR 11 million in 2015 and the competence area employed a total of approximately 130 people. The Embedded systems competence area is included in the Engineering services service area's comparison figures for the first quarter of 2016.

Engineering services accounted for 57 per cent of Etteplan's revenue in October-December (10-12/2016: 56 per cent). In January-December, their share was 56 per cent (1-12/2016: 61 per cent).

The service area's revenue increased by 10.8 per cent in October-December and was EUR 33.2 million (10-12/2016: EUR 29.9 million). In January-December, revenue increased by 7.1 per cent and was EUR 120.9 million (1-12/2016: EUR 112.8 million).

The Engineering services service area developed very well in 2017. Outsourcing agreements signed in 2016 improved revenue growth. Industrial investments were 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 was EUR 2.9 million (10-12/2016: EUR 2.1 million), or 8.8 (6.9) per cent of revenue. In January-December, EBIT from business operations was EUR 9.8 million (1-12/2016: EUR 6.5 million), or 8.1 per cent (5.8 per cent) of revenue. Growth in the share of Managed Services and the good utilization rate improved profitability.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, rose to 53 per cent in October-December (10-12/2016: 50 per cent). In January-December, their share was 53 per cent (1-12/2016: 49 per cent). Etteplan continued to develop its service solutions and related technology solutions.

The utilization rate of Engineering services was generally at a good level in the final quarter of 2017.

In China, Etteplan began cooperation with WEIR, BOBST (Shanghai) Ltd, and Danieli Metallurgical Equipment & Service (China) Co., Ltd. among others.

The integration of SDS Aura Oy into Etteplan has gone according to plan. Acquired in June, SDS Aura Oy is a Finnish company that specializes in shipbuilding strength calculations and steel structure engineering.

Embedded systems and IoT

Embedded systems and IoT refer 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)	10-12/2017	10-12/2016	Change to prev. year	1-12/2017	1-12/2016*	Change to prev. year
Revenue	13,706	13,406	2.2 %	51,961	35,400	46.8 %
EBIT from business operations	1,006	1,495	-32.7 %	4,353	3,956	10.0 %
EBIT from business operations, %	7.3	11.2		8.4	11.2	
Managed Services index	53	55		53	54	

*Embedded systems and IoT was included in Engineering services in Q1 2016.

Etteplan acquired Espotel Oy and Soikea Solutions Oy in April 2016 and expanded its business operations in Embedded systems and into the Internet of Things (IoT). Embedded systems and IoT is Etteplan's third service area and the Company began reporting on it in the half year financial report for 2016. The acquired companies are included in Etteplan's figures starting from April 1, 2016.

The Embedded systems competence area, which was previously part of the Engineering services service area, was transferred to the Embedded systems and IoT service area in the second quarter of 2016. Etteplan's revenue from embedded systems was approximately EUR 11 million in 2015 and the competence area employed a total of approximately 130 people. The Embedded systems competence area is included in the Engineering services service area's comparison figures for the first quarter of 2016.

The share of Etteplan's revenue represented by Embedded systems and IoT was 23 (10-12/2016: 25) per cent in October-December and 25 (1-12/2016: 20) per cent in January-June. The service area's revenue increased by 2.2 per cent in October-December and was EUR 13.7 million (10-12/2016: EUR 13.4 million). In January-December, the rate of growth was 46.8 per cent and revenue amounted to EUR 52.0 million (1-12/2016: EUR 35.4 million).

The demand situation in the service area is generally good, but the reduced availability of competent professionals, particularly in the software business, slowed growth. In addition, a sudden decline in the demand situation of some customers affected the development of revenue and profitability late in the year.

In Embedded systems and IoT, EBIT from business operations decreased in October-December to EUR 1.0 million (10-12/2016: EUR 1.5 million), or 7.3 (11.2) per cent of revenue. In January-December, EBIT from business operations was EUR 4.4 million (1-12/2016: EUR 4.0 million), or 8.4 per cent (11.2 per cent) of revenue.

Profitability was burdened to some extent by investments in organic growth made in the first quarter.

The challenges that began in the project business in the second and third quarters of the year continued in the final quarter. Profitability was also weighed down by a mistake in the records of a certain project during the beginning of the year, which was corrected in the fourth quarter.

Etteplan has continued to take measures to improve the profitability of the project business, implemented organizational changes and enhanced monitoring and reporting.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, was 53 per cent in October-December (10-12/2016: 55 per cent). In January-December, their share was 53 per cent (1-12/2016: 54 per cent). The utilization rate of the Embedded systems and IoT service area was at a satisfactory level in the final 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)	10-12/2017	10-12/2016	Change to prev. year	1-12/2017	1-12/2016	Change to prev. year
Revenue	11,627	9,839	18.2 %	41,796	35,714	17.0 %
EBIT from business operations	1,209	1,046	15.6 %	3,809	2,838	34.2 %
EBIT from business operations, %	10.4	10.6		9.1	7.9	
Managed Services index	77	71		77	70	

Technical documentation accounted for 20 per cent of Etteplan's revenue in October-December (10-12/2016: 19 per cent). In January-December, it accounted for 19 per cent (1-12/2016: 19 per cent).

The service area's revenue grew by 18.2 per cent in October-December, amounting to EUR 11.6 million (10-12/2016: EUR 9.8 million). In January-December, the rate of growth was 17.0 per cent and revenue amounted to EUR 41.8 million (1-12/2016: EUR 35.7 million). The service area continued to develop well. Organic growth was strong due to the success of the outsourcing business. A significant project delivery being postponed to 2018 affected the development of revenue.

In technical documentation, EBIT from business operations was EUR 1.2 million (10-12/2016: EUR 1.0 million) in October-December, or 10.4 (10.6) per cent of revenue. In January-December, EBIT from business operations was EUR 3.8 million (1-12/2016: EUR 2.8 million), or 9.1 per cent (7.9 per cent) of revenue. Profitability was weighed down by a significant project delivery being postponed to 2018.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, was 77 per cent in October-December (10-12/2016: 71 per cent). In January-December, they accounted for 77 per cent (1-12/2016: 70 per cent). The utilization rate of technical documentation was generally at a good level in the final quarter of 2017.

The integration into Etteplan of Sorona Innovations AB, a Swedish company specializing in technical documentation solutions, has gone according to plan. Sorona Innovations AB was acquired in June.

In December, Etteplan and Merivaara expanded their long-term cooperation, which had previously covered the design of hospital products, to also include technical documentation.

GOVERNANCE

Annual General Meeting

The Annual General Meeting of Shareholders of Etteplan Oyj (the "Company") was held on April 4, 2017, at the premises of the Company 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 2016.

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 **Patrick von Essen, Matti Huttunen, Robert Ingman,** and **Leena Saarinen** as members of the Board of Directors. The Annual General Meeting further elected **Cristina Andersson** and **Mikko Tepponen** as new members of the Board of Directors.

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

Board authorizations

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 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 4, 2017 and ending on October 4, 2018. The authorization replaces the corresponding previous authorization.

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

The authorization includes the right to deviate from the existing shareholders' pre-emptive subscription right as set forth in Chapter 9, Article 3 of the Companies Act. Therefore, the Board of Directors has the right to direct the share issue, or issuance of the option rights or other special rights conferring entitlement to shares. The authorization also includes the right to decide on all the terms of share issue, option rights or other special rights conferring entitlement to shares. The authorization therefore includes the right to determine share subscription prices, persons entitled to subscribe the shares and other terms and conditions applicable to the subscription. In order to deviate from the shareholders' pre-emptive subscription right, the Company must have a weighty financial reason such as financing of a company acquisition, other arrangement in connection with the development of the Company's business or equity or an incentive scheme to the personnel. In connection with the share issuance, the Board of Directors is entitled to decide that the shares may be subscribed against contribution in kind or otherwise under special terms and conditions. The authorization includes the right to determine whether the subscription price will be entered into the share capital or into the 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, 2017 and ending on April 4, 2019.

Shares

Etteplan's shares are listed in Nasdaq Helsinki Ltd's Small Cap market capitalization group in the Industrials sector under the ETTE ticker. Etteplan changed its ticker in February 2017. The old ticker was ETT1V.

The Company's share capital on December 31, 2017 was EUR 5,000,000.00, and the total number of shares was 24,771,492. The Company has one series of shares. All shares confer an equal right to a dividend and the Company's funds.

The number of Etteplan Oyj shares traded in January-December was 1,659,974 (1-12/2016: 1,863,476) for a total value of EUR 12.3 (9.4) million. The share price low was EUR 5.56, the high EUR 9.49, the average EUR 7.40 and the closing price EUR 7.78. Market capitalization on December 31, 2017, was EUR 192.45 million (EUR 136.91 million).

Treasury shares

Etteplan Oyj's Board of Directors decided on June 21, 2017 to initiate a share repurchase program of Etteplan's own shares in accordance with the authorization given to it at the Annual General Meeting on April 4, 2017. According to the authorization, the number of repurchased shares was not to exceed 30,000 shares and the corresponding number of voting rights, which represents approximately 0.12 per cent of the total number of Etteplan's shares. Etteplan completed the share repurchase program in question on September 7, 2017. The shares were repurchased in public trading on Nasdaq Helsinki Ltd at the market price quoted at the time of the repurchase, as provided by the regulations on public trading of shares. The shares were repurchased for use in fulfilling obligations pertaining to the company's share-based incentive plan for the Group's key personnel.

On December 11, 2017, Etteplan transferred a total of 35,000 of its own shares to Vataple Ltd. The transfer was related to a transaction, published in August 2017, in which Etteplan acquired full ownership of Etteplan Vataple Technology Centre, Ltd, which previously operated as a joint venture. The shares were transferred to the seller when the registration of the acquisition in China was confirmed. The transferred shares were purchased by Etteplan Oyj based on the Board of Directors' decision on June 21, 2016. For the transfer, the Board of Directors used the authorization granted by the Annual General Meeting on April 4, 2017.

Etteplan Oyj's Board of Directors decided on December 19, 2017 to initiate a share repurchase program of Etteplan's own shares in accordance with the authorization given to it at the Annual General Meeting on April 4, 2017. The shares will be repurchased for use in fulfilling obligations pertaining to the share-based incentive plan for the Group's key personnel.

The repurchasing of shares began on January 2, 2018, and it will end on June 30, 2018, at the latest. 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 sum of EUR 890,000 can be spent on the repurchase program.

The Company held 34,690 of its own shares on December 31, 2017, which corresponds to 0.14 per cent of all shares and voting rights (December 31, 2016: 235,892 shares, 0.95 per cent).

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 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.

Flaggings

Etteplan Oyj received no flagging notices in January-December 2017.

Events after the report period

Etteplan has reinforced its software design expertise by purchasing Koodain Solutions Oy, a Finland based software development and technology consultancy company on February 5, 2018. The acquisition is in line with Etteplan's growth strategy, which has at its heart organic growth and the strengthening of expertise through acquisitions. The Android expertise and software solution company will be included in Etteplan's figures as of February 1, 2018. Its 11 employees will transfer to Etteplan as existing employees and co-operation with subcontractors will also continue.

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 2016.

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

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

The Board's proposal for distribution of 2017 profits

The parent company's distributable shareholders' equity according to the balance sheet on December 31, 2017, is EUR 37,922,171.12. The Board of Directors will propose to the Annual General Meeting, which will convene on April 5, 2018, that on the dividend payout date a dividend of EUR 0.23 per share be paid on the company's externally owned shares, for a total amount of EUR 5,697,443.16 at most, and that the remaining profit be transferred to retained earnings. It is the Board's opinion that the proposed distribution of dividends will not endanger the Company's solvency.

In accordance with the Board's proposal, the record date for the dividend payout is April 9, 2018, and the date of dividend payout is April 16, 2018.

Financial information in 2018

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

Interim report 1-3/2018: Thursday, May 3, 2018

Half Year Financial Report 1-6/2018: Tuesday, August 14, 2018

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

Annual General Meeting 2018

Etteplan Oyj's Annual General Meeting will be held in Vantaa, Finland, on Thursday, April 5, 2018, starting at 10:00 a.m. The summons to the AGM will be published as a separate release.

Vantaa, February 8, 2018

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

APPENDICES:

Financial Statement Summary and Notes

- Consolidated Statement of Comprehensive Income
- Consolidated Statement of Financial Position
- Consolidated Statement of Cash Flows
- Consolidated Statement of Changes in Equity
- Notes to the Financial Statement Summary

The information presented herein has not been audited.

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

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR 1,000)	10-12/2017	10-12/2016	1-12/2017	1-12/2016
Revenue	**58,520**	**53,137**	**214,768**	**183,938**
Other operating income	283	150	446	517
Materials and services	-6,397	-4,953	-20,429	-13,893
Staff costs	-38,593	-35,731	-144,965	-129,172
Other operating expenses	-7,921	-7,354	-29,021	-26,440
Depreciation and amortization	-1,339	-1,233	-5,315	-4,818
Operating profit (EBIT)	**4,552**	**4,017**	**15,484**	**10,131**
Financial income	207	-104	538	555
Financial expenses	-470	-122	-1,277	-1,245
Profit before taxes	4,289	3,791	14,745	9,441
Income taxes	-821	-878	-3,160	-1,838
Profit for the review period	**3,468**	**2,913**	**11,586**	**7,604**
Other comprehensive income, that may be subsequently reclassified to profit or loss				
Foreign subsidiary net investment hedge	0	24	0	82
Currency translation differences	-480	161	-727	-1,157
Change in fair value of investments available-for-sale	-6	0	9	-6
Other comprehensive income, net of tax	-486	184	-718	-1,080
Total comprehensive income for the review period	**2,982**	**3,097**	**10,868**	**6,524**
Profit for the review period attributable to				
Equity holders of the parent company	3,468	2,882	11,470	7,436
Non-controlling interest	-1	31	115	168
	3,468	2,913	11,586	7,604
Total comprehensive income for the review period attributable to				
Equity holders of the parent company	2,983	3,063	10,759	6,356
Non-controlling interest	-2	34	108	168
	2,982	3,097	10,868	6,524
Earnings per share calculated from the profit attributable to equity holders of the parent company				
Basic earnings per share, EUR	0.14	0.12	0.47	0.33
Diluted earnings per share, EUR	0.14	0.12	0.47	0.33

Etteplan

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(EUR 1,000)	Dec 31, 2017	Dec 31, 2016
ASSETS		
Non-current assets		
Tangible assets	3,524	2,910
Goodwill	59,014	58,128
Other intangible assets	17,875	18,036
Investments available-for-sale	691	680
Other non-current receivables	88	41
Deferred tax assets	79	365
Non-current assets, total	**81,270**	**80,159**
Current assets		
Inventory	250	255
Trade and other receivables	52,507	49,180
Current tax assets	326	139
Cash and cash equivalents	10,074	4,750
Current assets, total	**63,157**	**54,324**
TOTAL ASSETS	**144,427**	**134,483**
EQUITY AND LIABILITIES		
Capital attributable to equity holders of the parent company		
Share capital	5,000	5,000
Share premium account	6,701	6,701
Unrestricted equity fund	18,524	18,524
Own shares	-80	-386
Cumulative translation adjustment	-2,701	-1,981
Other reserves	228	219
Retained earnings	18,780	17,099
Profit for the review period	11,470	7,436
Capital attributable to equity holders of the parent company, total	**57,923**	**52,613**
Non-controlling interest	0	165
Equity, total	**57,923**	**52,777**
Non-current liabilities		
Deferred tax liabilities	3,442	3,293
Interest-bearing liabilities	19,634	23,807
Other non-current liabilities	700	649
Non-current liabilities, total	**23,776**	**27,750**
Current liabilities		
Interest-bearing liabilities	15,329	10,461
Trade and other payables	45,724	42,513
Current income tax liabilities	1,675	982
Current liabilities, total	**62,728**	**53,956**
Liabilities, total	**86,504**	**81,706**
TOTAL EQUITY AND LIABILITIES	**144,427**	**134,483**

Etteplan

CONSOLIDATED STATEMENT OF CASH FLOWS

(EUR 1,000)	10-12/2017	10-12/2016	1-12/2017	1-12/2016
Operating cash flow				
Cash receipts from customers	56,207	47,780	211,280	174,644
Operating expenses paid	-43,281	-36,967	-189,949	-165,607
Operating cash flow before financial items and taxes	12,926	10,813	21,331	9,037
Interest and payment paid for financial expenses	-285	-219	-773	-813
Interest received	17	9	55	44
Income taxes paid	-500	-768	-2,359	-2,606
Operating cash flow (A)	**12,158**	**9,835**	**18,254**	**5,661**
Investing cash flow				
Purchase of tangible and intangible assets	-551	-566	-2,105	-1,879
Acquisition of subsidiaries, net of cash acquired	-300	0	-3,108	-22,262
Proceeds from contingent asset	0	0	0	215
Proceeds from sale of tangible and intangible assets	21	1	26	24
Purchase of investments	0	-10	0	-10
Loan receivables, decrease	0	0	0	45
Investing cash flow (B)	**-831**	**-574**	**-5,187**	**-23,866**
Cash flow after investments (A+B)	**11,327**	**9,261**	**13,067**	**-18,204**
Financing cash flow				
Share issue net of cost	0	0	0	13,937
Purchase of own shares	0	-221	-262	-693
Acquisition of non-controlling interest	0	0	-1,696	0
Short-term loans, increase	-4,224	-3,650	607	11,685
Short-term loans, decrease	-1,318	-4,007	-5,855	-22,547
Long-term loans, increase	0	0	5,000	20,601
Long-term loans, decrease	0	-11	0	-4,569
Payment of finance lease liabilities	-421	-302	-1,642	-1,184
Dividend paid and other profit distribution	0	0	-3,930	-3,046
Financing cash flow (C)	**-5,963**	**-8,191**	**-7,777**	**14,184**
Variation in cash (A+B+C) increase (+) / decrease (-)	**5,364**	**1,070**	**5,290**	**-4,020**
Assets at the beginning of the period	4,620	3,772	4,750	8,807
Exchange gains or losses on cash and cash equivalents	89	-92	35	-37
Assets at the end of the period	10,074	4,750	10,074	4,750

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) Total
I) Non-controlling Interest
J) Equity total

(EUR 1,000)	A	B	C	D	E	F	G	H	I	J
Equity Jan 1, 2016	**5,000**	**6,701**	**4,406**	**225**	**-949**	**-863**	**20,101**	**34,621**	**-3**	**34,618**
Comprehensive income										
Profit for the review period	0	0	0	0	0	0	7,436	7,436	168	7,604
Fair value reserve available-for-sale assets	0	0	0	-6	0	0	0	-6	0	-6
Foreign subsidiary net investment hedge	0	0	0	0	0	82	0	82	0	82
Cumulative translation adjustment	0	0	0	0	0	-1,200	44	-1,157	0	-1,157
Total comprehensive income for the year	**0**	**0**	**0**	**-6**	**0**	**-1,118**	**7,480**	**6,356**	**168**	**6,524**
Transactions with owners										
Dividends	0	0	0	0	0	0	-3,046	-3,046	0	-3,046
Share issue net of cost	0	0	13,937	0	0	0	0	13,937	0	13,937
Directed share issue	0	0	181	0	928	0	0	1,109	0	1,109
Purchase of own shares	0	0	0	0	-693	0	0	-693	0	-693
Share-based incentive plan	0	0	0	0	328	0	0	328	0	328
Transactions with owners, total	**0**	**0**	**14,118**	**0**	**563**	**0**	**-3,046**	**11,635**	**0**	**11,635**
Equity Dec 31, 2016	**5,000**	**6,701**	**18,524**	**219**	**-386**	**-1,981**	**24,535**	**52,613**	**165**	**52,777**

(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**

NOTES TO THE FINANCIAL STATEMENT SUMMARY

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 EUR 214.8 million. The company currently has some 2,800 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 2, 2018.

Basis for Preparation

The 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 2016 Annual Financial Statements. Changes in standards and interpretations in effect in 2017 did not have material effect to the Consolidated Financial Statements.

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 standard is effective for annual periods beginning on or after January 1, 2018.

The implementation of the new standard will not have a material effect neither on the amount nor timing of revenue recognition. The Group's revenue is mainly consistent of services, the revenue for which will be recognized over time where permitted by IFRS 15 criteria. Identifying separate performance obligations in customer agreements and recognizing revenue according to standalone transaction prices will not affect the timing of revenue recognition. There are no material variable considerations or financing components involved in determining the Group's transaction prices. The Group has not identified incremental costs of obtaining a contract or costs to fulfill a contract to be activated. The Group will adopt the standard fully retrospectively on January 1, 2018.

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 expected impacts are not material to the Group. The Group will adopt the standard on January 1, 2018.

IFRS 16 'Leases' requires the lessees to recognize the lease agreements on the balance sheet as a right-of-use assets and lease liabilities. The accounting model is similar to current finance lease accounting according to IAS 17. There are two exceptions available, these relate to either short term contacts 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 Group will adopt the standard on January 1, 2019.

The Annual Financial Statements 2016 are available at www.etteplan.com with the accounting policies detailed on pages 14-22.

Formulas for the key figures are detailed at the end of this release.

Use of 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.

Key Figures

(EUR 1,000)	1-12/2017	1-12/2016	Change to prev. year
Revenue	214,768	183,938	16.8 %
EBIT from business operations	17,163	12,071	42.2 %
EBIT from business operations, %	8.0	6.6	
Operating profit (EBIT)	15,484	10,131	52.8 %
EBIT, %	7.2	5.5	
Profit before taxes	14,745	9,441	56.2 %
Profit before taxes, %	6.9	5.1	
Return on equity, %	20.9	17.4	
ROCE, %	17.8	14.8	
Equity ratio, %	40.7	40.0	
Gross interest-bearing debt	34,963	34,269	2.0 %
Net gearing, %	43.0	55.9	
Balance sheet, total	144,427	134,483	7.4 %
Gross investments	7,589	30,186	-74.9 %
Operating cash flow	18,254	5,661	222.4 %
Basic earnings per share, EUR	0.47	0.33	42.4 %
Diluted earnings per share, EUR	0.47	0.33	42.4 %
Equity per share, EUR	2.34	2.14	9.4 %
Personnel, average	2,711	2,407	12.6 %
Personnel at end of the period	2,802	2,545	10.1 %

Revenue and operating profit (EBIT) quarterly

(EUR 1,000)	1-3/2017	1-3/2016	4-6/2017	4-6/2016	7-9/2017	7-9/2016	10-12/2017	10-12/2016
Revenue	54,802	38,603	54,314	50,211	47,132	41,986	58,520	53,137
Operating profit (EBIT)	3,827	1,896	4,218	2,352	2,887	1,866	4,552	4,017
EBIT, %	7.0	4.9	7.8	4.7	6.1	4.4	7.8	7.6

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)	10-12/2017	10-12/2016	1-12/2017	1-12/2016
Other operating income	219	0	224	215
Staff costs and other operating expenses	0	-180	-660	-1,886
Operating profit (EBIT)	**219**	**-180**	**-436**	**-1,671**

Reconciliation of EBIT from Business Operations

EBIT from business operations is an alternative performance measure, which is presented, because it reflects the Company'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)	10-12/2017	10-12/2016	1-12/2017	1-12/2016
EBIT	4,552	4,017	15,484	10,131
Amortization on fair value adjustments at acquisitions	467	540	1,903	1,939
Premeasurements of contingent considerations	-219	0	-224	0
EBIT from business operations	**4,801**	**4,557**	**17,163**	**12,071**

Business combinations

SDS Aura Oy

On June 1, 2017 Etteplan reinforced its engineering expertise by buying SDS Aura Oy, a company specializing in shipbuilding strength calculations and steel structure engineering, based in Turku, Finland. The acquisition further reinforced Etteplan's growth strategy, which has at its heart organic growth and the expansion of expertise through acquisitions. SDS Aura employed a total of 16 people at the time of the acquisition.

The acquisition consideration was EUR 1,100 thousand consisting of a cash payment and contingent considerations. The cash consideration amounted to EUR 550 thousand in total. In addition to this payment contingent considerations of EUR 0-550 thousand (undiscounted amount) were agreed upon. The contingent considerations will be paid in full provided that SDS Aura Oy’s result in the financial year 2017 and 2018 reaches the thresholds set in the share transfer agreement and certain attrition related terms are fulfilled. The fair value of the contingent considerations is estimated by applying the income approach. At the time of acquisition the fair value of the contingent considerations was EUR 550 thousand.

The goodwill of EUR 794 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.

Sorona Innovation AB

On June 12, 2017 Etteplan expanded its Swedish operations by acquiring Sorona Innovation AB which specializes in technical documentation solutions. The transaction will bolster Etteplan's position as one of the leading suppliers of technical documentation and create new growth opportunities, not only in Sweden, but also globally. Sorona Innovation AB employed a total of 9 people at the time of acquisition.

The acquisition consideration was EUR 1,616 thousand in total consisting of a cash payment and contingent considerations. The contingent considerations, EUR 0-412 thousand (undiscounted amount), will be paid in full provided that the Sorona Innovation AB's result in the financial year 2017 reaches the treshold set in the purchase agreement and other terms of the contingent considerations, related to integration of the company to Etteplan group, are met. The fair value of the contingent considerations is estimated by applying the income approach. At the time of acquisition the fair value of the contingent considerations was EUR 412 thousand.

The goodwill of EUR 907 thousand arising from the acquisition is attributable to the knowledge and competence acquired as well as the synergies expected from combining the operations of the Group and the acquired company. None of the goodwill recognized is expected to be deductible for income tax purposes.

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Acquisitions total

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

Consideration transferred:	**(EUR 1,000)**
Cash payment	1,754
Contingent consideration	962
Total consideration transferred	**2,716**
Assets and liabilities	
Tangible assets	54
Intangible assets	21
Customer relationships (intangible assets)	975
Trade and other receivables	567
Cash and cash equivalents	97
Total assets	**1,714**
Current liabilities	490
Deferred tax liability	208
Total liabilities	**698**
Total identifiable net assets	**1,015**
Formation of Goodwill:	
Consideration transferred	2,716
Total identifiable net assets	-1,015
Goodwill	**1,701**

Trade and other receivables comprise gross contractual amounts of EUR 567 thousand, none of which was expected to be uncollectible at time of acquisition.

Costs related to acquisitions, EUR 75 thousand, are included in other operating expenses in the consolidated statement of comprehensive income.

Changes in contingent considerations

A profit of EUR 224 thousand was recognized in the income statement from premeasurements of contingent considerations related to previous' years' acquisitions.

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Tangible assets

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	21,455
Translation difference	0	-116	-32	-3	-151
Acquisition of subsidiaries	0	54	0	0	54
Additions	0	831	1,368	53	2,253
Reclassifications between items	0	17	0	0	17
Disposals	0	-31	-8	0	-39
Acquisition cost Dec 31	19	13,710	8,967	892	23,589
Cumulative depreciation Jan 1	0	-11,250	-6,551	-743	-18,545
Translation difference	0	107	26	2	135
Cumulative depreciation on reclassifications	0	3	8	0	11
Depreciation for the financial period	0	-711	-921	-35	-1,667
Cumulative depreciation Dec 31	0	-11,851	-7,438	-776	-20,065
Book value Dec 31, 2017	**19**	**1,860**	**1,529**	**116**	**3,524**

TANGIBLE ASSETS 2016 (EUR 1,000)	Land and water	Machinery and equipment	Machinery and equipment, finance lease	Other tangible assets	Total
Acquisition cost Jan 1	19	11,760	7,022	832	19,633
Translation difference	0	-125	-33	-2	-160
Acquisition of subsidiaries	0	722	0	0	722
Additions	0	709	691	18	1,418
Reclassifications between items	0	-89	0	0	-89
Disposals	0	-21	-41	-6	-69
Acquisition cost Dec 31	19	12,954	7,639	842	21,454
Cumulative depreciation Jan 1	0	-10,910	-5,832	-713	-17,454
Translation difference	0	114	25	1	140
Cumulative depreciation on acquisitions	0	-38	0	0	-38
Cumulative depreciation on reclassifications	0	150	0	0	150
Cumulative depreciation on disposals	0	23	41	0	64
Depreciation for the financial period	0	-589	-786	-31	-1,406
Cumulative depreciation Dec 31	0	-11,250	-6,551	-743	-18,544
Book value Dec 31, 2016	**19**	**1,705**	**1,087**	**98**	**2,910**

Intangible assets

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	-80	0	-66	-9	0	-811	-965
Acquisition of subsidiaries	21	0	0	0	0	0	21
Additions	615	405	975	1,364	201	1,697	5,257
Reclassifications between items	29	0	0	0	-34	0	-5
Disposals	-5	-18	0	0	0	0	-23
Acquisition cost Dec 31	12,270	2,968	21,146	3,649	240	59,014	99,286
Cumulative amortization Jan 1	-10,374	-1,480	-5,093	-1,891	0	0	-18,839
Translation difference	59	0	32	8	0	0	99
Amortization for the financial period	-683	-361	-1,903	-711	0	0	-3,659
Cumulative amortization Dec 31	-10,998	-1,841	-6,964	-2,595	0	0	-22,398
Book value Dec 31, 2017	**1,271**	**1,127**	**14,181**	**1,055**	**240**	**59,014**	**76,888**

INTANGIBLE ASSETS 2016 (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	11,212	1,799	9,610	2,000	106	42,734	67,461
Translation difference	-48	0	-56	-10	0	-971	-1,085
Acquisition of subsidiaries	189	175	10,682	0	0	0	11,046
Additions	513	393	0	304	73	16,365	17,648
Reclassifications between items	-177	222	0	0	-106	0	-60
Disposals	0	-8	0	-1	0	0	-9
Acquisition cost Dec 31	11,689	2,581	20,237	2,293	73	58,128	95,002
Cumulative amortization Jan 1	-9,485	-1,130	-3,176	-1,519	0	0	-15,311
Translation difference	31	0	21	9	0	0	60
Cumulative amortization on acquisitions	-114	-27	0	0	0	0	-142
Cumulative amortization on reclassifications	-37	0	0	0	0	0	-37
Amortization for the financial period	-768	-322	-1,938	-381	0	0	-3,409
Cumulative amortization Dec 31	-10,374	-1,480	-5,093	-1,891	0	0	-18,839
Book value Dec 31, 2016	**1,315**	**1,101**	**15,144**	**402**	**73**	**58,128**	**76,163**

Interest-bearing liabilities

(EUR 1,000)	Jun 30, 2017	Dec 31, 2016
Non-current	19,634	23,807
Current	15,329	10,461
Total	**34,963**	**34,269**

Pledges, mortgages and guarantees

(EUR 1,000)	Dec 31, 2017	Dec 31, 2016
For own debts		
Business mortgages	320	320
Pledged shares	120	120
Other contingencies	100	0
Operating Lease liabilities		
For payment under one year	3,382	3,499
For payment 1-5 years	3,815	4,603
Pledges, mortgages and guarantees total	**7,736**	**8,542**

Segment reporting

The Group has one operating segment, the revenue of which consists mainly of rendering of services. The Group operates mainly in seven geographical areas. The table below presents the division of external revenue and non-current assets by geographical area. 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.

(EUR 1,000)	10-12/2017	10-12/2016	1-12/2017	1-12/2016
Revenue				
Finland	38,776	37,240	146,506	125,749
Sweden	13,312	11,344	45,512	41,778
Holland	1,951	2,113	7,960	7,960
China	1,619	1,061	5,688	3,863
Poland	1,588	550	4,886	1,558
Germany	1,103	620	3,519	2,631
USA	172	210	697	398
Total	**58,520**	**53,137**	**214,768**	**183,938**

(EUR 1,000)	Dec 31, 2017	Dec 31, 2016
Non-current assets *		
Finland	48,060	46,643
Sweden	24,529	23,800
Holland	4,447	4,894
China	2,293	2,575
Germany	1,081	1,099
Poland	90	103
USA	0	0
Total	**80,500**	**79,114**

*Other non-current assets excluding financial instruments, deferred tax assets and assets related to compensation after termination of employment contract.

Fair value of financial instruments

Fair value hierarchy

The tables below analyse 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).

Available-for-sale financial assets recognized at fair value through profit or loss

	2017				2016			
(EUR 1,000)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Listed shares	181	0	0	**181**	170	0	0	**170**
Premises shares	0	480	0	**480**	0	480	0	**480**
Unlisted shares	0	0	30	**30**	0	0	30	**30**
Total Dec 31	**181**	**480**	**30**	**691**	**170**	**480**	**30**	**680**

Reconciliation of available-for-sale financial assets recognized at fair value through profit or loss

	2017				2016			
(EUR 1,000)	Listed shares	Premises shares	Unlisted shares	Total	Listed shares	Premises shares	Unlisted shares	Total
Opening balance at Jan 1	170	480	30	**680**	177	480	30	**687**
Gain/loss recognized in other comprehensive income	11	0	0	**11**	-7	0	0	**-7**
Closing balance Dec 31	**181**	**480**	**30**	**691**	**170**	**480**	**29**	**680**

Financial liabilities recognized at fair value through profit or loss

	2017				2016			
(EUR 1,000)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Contingent liability in acquisitions	0	0	1,368	**1,368**	0	0	1,568	**1,568**
Total Dec 31	**0**	**0**	**1,368**	**1,368**	**0**	**0**	**1,568**	**1,568**

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

	2017		2016	
(EUR 1,000)	Contingent liability in acquisitions	Total	Contingent liability in acquisitions	Total
Opening balance at Jan 1	1,568	**1,568**	0	**0**
Additions	954	**954**	1,568	**1,568**
Gain/loss recognized in income statement	-224	**-224**	0	**0**
Payment	-929	**-929**	0	**0**
Closing balance Dec 31	**1,368**	**1,368**	**1,568**	**1,568**

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. 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.

The following transactions were carried out with related parties:

(EUR 1,000)	Dec 31, 2017	Dec 31, 2016
Sales and purchases of services and related receivables and payables		
Sales of services to other related parties	479	217
Purchases of services from other related parties	202	36
Trade receivables from other related parties	82	152
Trade payables to other related parties	105	5

(EUR 1,000)	Dec 31, 2017	Dec 31, 2016
Loans received from other related parties		
At the beginning of period	0	0
Loan from Ingman Group Oy Ab	0	10 000
Interest	0	28
Conversion to shares	0	-9 807
Repayments	0	-221
At the end of period	**0**	**0**

Major Shareholders Dec 31, 2017

Name	Number of shares	Proportion of shares and votes, %
Ingman Group Oy Ab	16,500,000	66.61
Oy Fincorp Ab	2,479,705	10.01
Varma Mutual Pension Insurance Company	985,593	3.98
VAS Invest Oy	562,573	2.27
Tuori Klaus Tapani	421,200	1.70
Taaleritehdas Mikro Markka Fund	351,808	1.42
Tuori Aino Mirjami	308,275	1.24
Kempe Anna Carita	135,804	0.55
Näkki Juha Antti Ilmari	104,947	0.42
Kempe Pia Pauliina	75,000	0.30
Kempe Lasse	73,900	0.30
Kylänpää Osmo Olavi	53,200	0.21
Tapper Teemu Petteri	48,503	0.20
Vesterinen Atso Ilmari	48,502	0.20
Kurra Jorma	43,751	0.18
Ingman Carl Robert	40,000	0.16
Etteplan Oyj	34,690	0.14
Burmeister Dorrit Elisabeth	32,313	0.13
Hemholmen Oy Ab	31,200	0.13
Noksuset Oy	31,200	0.13
Other shareholders	2,061,683	8.32
Nominee-registrated shares	347,645	1.40
Total	**24,771,492**	**100.00**

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