



**Strong  
profitability under  
exceptional  
circumstances**

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**HALF YEAR FINANCIAL REVIEW  
JANUARY-JUNE 2020**

 **Etteplan**

**ETTEPLAN Q2 2020: Strong profitability under exceptional circumstances**
**Key points April-June 2020**

- The Group's revenue decreased by 2.2 per cent and was EUR 62.9 million (4-6/2019: EUR 64.3 million). At comparable exchange rates, revenue decreased by 2.0 per cent.
- Operating profit (EBITA) amounted to EUR 6.3 (6.5) million or 10.0 (10.1) per cent of revenue.
- Operating profit (EBIT) was EUR 5.4 (5.8) million or 8.5 (9.0) per cent of revenue.
- Operating cash flow was EUR 18.0 (8.8) million.
- Basic earnings per share were EUR 0.16 (0.18).

**Key points January-June 2020**

- The Group's revenue grew by 3.3 per cent and was EUR 134.2 million (1-6/2019: EUR 130.0 million). At comparable exchange rates, growth was 3.7 per cent.
- Operating profit (EBITA) amounted to EUR 12.9 (12.9) million or 9.6 (9.9) per cent of revenue.
- Operating profit (EBIT) was EUR 11.0 (11.6) million or 8.2 (8.9) per cent of revenue.
- Operating cash flow was EUR 20.3 (14.2) million.
- Basic earnings per share were EUR 0.33 (0.35).
- Etteplan updates its market outlook and financial guidance: Our revenue will decrease slightly or be at the same level as in the previous year, our operating profit (EBIT) will decrease compared to 2019. (see page 2)

*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**

<b>EUR 1,000</b>	<b>4-6/2020</b>	<b>4-6/2019</b>	<b>1-6/2020</b>	<b>1-6/2019</b>	<b>1-12/2019</b>
Revenue	62,895	64,329	134,187	129,954	263,292
Operating profit (EBITA)	6,285	6,483	12,865	12,907	25,964
EBITA, %	10.0	10.1	9.6	9.9	9.9
Operating profit (EBIT)	5,359	5,801	11,015	11,572	22,819
EBIT, %	8.5	9.0	8.2	8.9	8.7
Basic earnings per share, EUR	0.16	0.18	0.33	0.35	0.70
Equity ratio, %	37.7	40.1	37.7	40.1	38.9
Operating cash flow	18,033	8,796	20,279	14,217	32,884
ROCE, %	14.6	22.2	16.2	22.1	19.9
Personnel at end of the period	3,297	3,301	3,297	3,301	3,447

**President and CEO Juha Näkki:**

“The effects of the COVID-19 pandemic were clearly reflected in demand in the second quarter. In Europe, our customers implemented various adaptation and cost saving measures, which led to temporary suspensions and cancellations of assignments. Consequently, our revenue decreased year-on-year for the first time since the second quarter of 2014. Demand in the Chinese market returned to a good level in the second quarter and the number of hours sold in the Chinese market returned to growth again. Nevertheless, the uncertainty caused by the pandemic in the global economy is continuing also in China, and future market development is difficult to predict.

As demand weakened, we focused on sales and found new opportunities in the changing circumstances. However, we were forced to implement adaptation measures and seek savings in operating costs throughout our organization. We also temporarily suspended some of our development programs. The timely measures enabled us to maintain good operating efficiency and our profitability was at an excellent level considering the circumstances. Strong profitability enables us to return back to implementing our growth strategy.

Operating cash flow was also exceptionally strong for the second quarter 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.

The uncertainty created by the pandemic is continuing and we are entering the second half of the year in a uncertain market situation. Nevertheless, for some of our customers, orders received are turning to a better direction after bottoming out in the second quarter. Some of our customers have also initiated new investments to be in a more competitive position when the demand situation improves. Investments focused on digitalization, in particular, have already started and we have won new projects. Accordingly, we are hopeful regarding a market recovery to some degree in the second half of the year despite the pandemic related uncertainty. Based on this assessment and our results for the first half of the year, we again issue a financial guidance for the full year 2020: our revenue will decrease slightly or be at the same level as in the previous year, our operating profit (EBIT) will decrease compared to 2019.”

**Market outlook 2020 (updated on August 11, 2020)**

The global COVID-19 pandemic has a significant impact on the global economy and market situation and it increases uncertainty in the market. 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 prolonging of the situation will have a negative impact on Etteplan’s business.

**Financial guidance 2020 (updated on August 11, 2020)**

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

**Withdrawal of the financial guidance 2020 (updated on March 30, 2020)**

Etteplan withdraws its financial guidance for the year 2020 for the time being due to the uncertainty caused by the COVID-19 pandemic. Etteplan will not provide any financial guidance for 2020 for the time being. The guidance will be issued when the Company is in a better position to assess the impact of the COVID-19 pandemic on Etteplan’s business.

**Previous financial guidance 2020 (updated on February 11, 2020):**

We expect the revenue for 2020 to increase clearly and operating profit (EBIT) to be at the same level or to improve 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 most important factor in Etteplan's development is the global development of the machinery and metal industry. Demand picked up during the first quarter of the year, but the situation changed quickly once the COVID-19 pandemic began. The pandemic affects the market situation and significantly increases uncertainty.

### ***Development of demand by customer industry***

The COVID-19 pandemic weakens demand in all customer industries. Customer-specific differences were again considerable. Demand in the Forest, Pulp and Paper industry remained at a good level. Demand in the Energy industry weakened from the previous good level. Demand in the Mining industry was at a moderate level. Demand in Lifting and Hoisting industry was at a moderate level. Demand in the ICT industry remained good. In the Automotive and Transportation industry, demand weakened further. Demand in the Chemical industry was at a moderate level.

### ***Development of demand in Etteplan's operating countries***

In Finland, the general market demand weakened in the second quarter due to the effects of the COVID-19 pandemic.

Based on the order development in the early part of this year, it is estimated that the combined revenue of technology industry companies in Finland in the latter part of the year will be lower compared to last year. The value of the new orders received by the companies in the machinery and metal industry decreased in April-June by 26 per cent compared to the previous quarter. Compared to the same period last year, the value decreased by 34 per cent.

In the engineering and consulting industry, the value of new orders and the order backlog in April-June 2020 showed a clear decrease compared to the previous quarter. According to the Federation of Finnish Technology Industries, the euro-denominated value of new orders received by engineering and consulting companies in April-June in Finland was 22 per cent lower than in January-March 2020 but 4 per cent higher than in the corresponding period in 2019. The value of the order backlog at the end of June was five per cent lower than in the end of March but five per cent higher than in June 2019. Based on the orders in the past few months, we estimate that the revenue of engineering and consulting companies in the later part of 2020 will be approximately at the same level or slightly lower compared to the corresponding period last year.

In Sweden, the Netherlands, Germany and Poland, general market demand weakened due to the COVID-19 pandemic but turned to a slightly better direction toward the end of the review period.

In China, demand recovered in the second quarter after being weakened by the COVID-19 pandemic. Nevertheless, the uncertainty caused by the pandemic in the global economy is continuing also in China, and future market development is difficult to predict.

## **Revenue**

Etteplan's revenue decreased by 2.2 per cent in April-June and was EUR 62.9 million (4-6/2019: EUR 64.3 million). Revenue decreased by 2.0 per cent at comparable exchange rates. The organic decrease in revenue was 11.3 per cent. At comparable exchange rates, the decrease was 11.0 per cent.

In January-June, Etteplan's revenue grew by 3.3 per cent and was EUR 134.2 million (1-6/2019: EUR 130.0 million). Revenue increased by 3.7 per cent at comparable exchange rates. The organic decrease in revenue was 7.0 per cent. At comparable exchange rates, the decrease was 6.6 per cent. Revenue from key accounts declined by 10.6 per cent in April-June and by 5.7 per cent in January-June.

Our revenue decreased during the review period due to the effects of the COVID-19 pandemic. We remained cautious in recruitment due to the uncertainty brought about by the pandemic. The acquisitions made in 2019 had a positive effect on revenue.

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, and Triview Technical Communication B.V. from November 1, 2019.

## **Result**

The weakening of demand caused by the COVID-19 pandemic affected Etteplan's business. However, due to timely adaptation and cost saving measures, profitability remained at an excellent level considering the circumstances.

Operating profit (EBITA) weakened by 3.1 per cent in April-June and was EUR 6.3 (6.5) million, or 10.0 (10.1) per cent of revenue.

Operating profit (EBITA) weakened by 0.3 per cent in January-June and was EUR 12.9 (12.9) million, or 9.6 (9.9) per cent of revenue.

Operating profit (EBIT) weakened by 7.6 per cent in April-June and was EUR 5.4 (5.8) million, or 8.5 (9.0) per cent of revenue.

Operating profit (EBIT) weakened by 4.8 per cent in January-June and was EUR 11.0 (11.6) million, or 8.2 (8.9) per cent of revenue.

The combined effect of non-recurring items on operating profit (EBITA) and operating profit (EBIT) was EUR -0.3 (0.0) million in April-June and EUR -0.5 (-0.2) million in January-June. The non-recurring costs were related to organizational restructuring and anticipated credit loss allowances.

In January-June, financial expenses amounted to EUR 0.7 (0.7) million.

Profit before taxes for January-June was EUR 10.5 (11.3) million. Taxes in the income statement amounted to 22.7 (21.8) per cent of the result before taxes. The amount of taxes was EUR 2.4 (2.5) million.

The profit for January-June was EUR 8.1 (8.8) million.

Basic earnings per share were EUR 0.16 (0.18) in April-June and EUR 0.33 (0.35) in January-June. Equity per share was EUR 3.06 (2.74) at the end of June. Return on capital employed (ROCE) before taxes was 14.6 (22.2) per cent in April-June and 16.2 (22.1) per cent in January-June.

## **Cash flow and financial position**

Operating cash flow was EUR 18.0 (8.8) million in April-June. Cash flow after investments was EUR 15.9 (3.8) million in April-June.

Operating cash flow was EUR 20.3 (14.2) million in January-June. Cash flow after investments was EUR 17.7 (7.8) million in January-June.

Operating 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 26.2 (8.0) million at the end of June.

The Group's interest-bearing debt amounted to EUR 66.5 (44.3) million. Debt increased due to a new loan arrangement and lease liabilities related to relocations. The new loan arrangement secured financing under all circumstances.

The total of unused short-term credit facilities stood at EUR 16.2 (10.6) 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. The assessment did not indicate differences compared to the situation at the end of the previous year.

Total assets on June 30, 2020 were EUR 206.9 (173.6) million. Goodwill on the balance sheet was EUR 78.9 (67.1) million.

At the end of June, the equity ratio was 37.7 (40.1) per cent.

### **Capital expenditure**

The Group's gross investments in January-June were EUR 10.6 (10.3) million. The gross investments mainly consisted of an increase in lease liabilities, equipment purchases and license fees for engineering software.

### **Personnel**

The number of personnel remained at the previous year's level and stood at 3,297 (3,301) at the end of June 2020. The number of personnel decreased by 4.4 per cent compared to the end of 2019 as recruitment was reduced due to the COVID-19 situation. The decrease in the number of personnel was also attributable to the recruitment of Etteplan's employees by certain customers in the first quarter.

The Group employed 3,373 (3,212) people on average in January-June. International growth continued and, at the end of June, 1,303 (1,206) 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 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 COVID-19 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 Managed Services was 60 (59) per cent in April-June and 60 (59) per cent in January-June. We continue the development of technology solutions as part of our service solutions. We strengthen 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 our market areas. In April-June, revenue accumulated outside Finland amounted to EUR 23.8 (19.3) million, or 38 (30) per cent of the Group's total revenue. In January-June, revenue accumulated outside Finland amounted to EUR 50.1 (38.9) million, or 37 (31) per cent of the Group's total revenue.

The number of hours sold in the Chinese market turned to an increase. In April-June, the number of hours increased by 0.4 per cent. In January-June, the number of hours declined by 10.4 per cent year-on-year due to the COVID-19 pandemic. The uncertainty caused by the pandemic in the global economy is continuing also in China, and future market development is difficult to predict.

### ***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 work remotely in the middle of March.

The declining demand among customer companies directly affects Etteplan. Etteplan initiated cooperation negotiations concerning all of its personnel in Finland on March 18, 2020. As a result of the negotiations, Etteplan could lay off a maximum of 700 employees for at most 90 days over a period of six months. When the COVID-19 situation was prolonged beyond 90 days, Etteplan initiated new cooperation negotiations on June 3, 2020, concerning all of the Company's personnel in Finland. As a result of the negotiations, at most 556 employees can be laid off indefinitely, temporarily or part-time during the six-month period following the conclusion of the negotiations. Layoffs have also been implemented in Sweden and Germany. In Poland and the Netherlands, the local legislation does not permit temporary layoffs. At the end of June, a total of 335 employees were temporarily laid off.

### ***Acquisitions***

Etteplan strengthened its international business with four acquisitions in 2019. In Sweden, Etteplan acquired the engineering company Devex Mekatronik AB in June and the technical documentation company Teknifo AB in October. Both companies have been fully integrated into Etteplan, and they operate under the Etteplan brand.

In early July 2019, Etteplan announced it is expanding its operations in Germany to engineering services and acquiring EMP Engineering Alliance, a company specializing in industrial automation and process engineering. The company currently operates under the name EMP-Etteplan. The integration process is moving ahead, but it has been slowed down slightly due to the COVID-19 pandemic.

In November, Etteplan acquired Triview Technical Communication B.V., a Dutch company specializing in technical documentation. The integration of the company's operations into Etteplan's existing business in the Netherlands is progressing according to plan. The plans are for the company to move under the Etteplan brand at the end of 2020. More information on the acquisitions is provided in the Financial Review 2019.

## 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	4-6/2020	4-6/2019	Change	1-6/2020	1-6/2019	Change	1-12/2019
Revenue	35,924	35,269	1.9%	77,256	70,876	9.0%	147,037
Operating profit (EBITA)	3,710	3,842	-3.4%	7,634	7,518	1.5%	14,464
EBITA, %	10.3	10.9		9.9	10.6		9.8
Managed Services index	57	57		57	56		55
Personnel at end of the period*	1,925	1,922	0.2%	1,925	1,922	0.2%	1,995

\*Comparison periods updated to comparable number after integration of Devex AB into Etteplan Sweden AB Jan 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 57 (55) per cent in April-June and 58 (55) per cent in January-June.

The service area's revenue grew by 1.9 per cent in April-June and was EUR 35.9 (35.3) million. In January-June, revenue increased by 9.0 per cent and was EUR 77.3 (70.9) million.

The COVID-19 pandemic weakened the Engineering Solutions service area's demand situation in China in the first quarter and in Europe in the second quarter. Revenue, nevertheless, grew due to the acquisitions made in 2019.

The Engineering Solutions service area's operating profit (EBITA) in April-June was EUR 3.7 (3.8) million, or 10.3 (10.9) per cent of revenue. In January-June, operating profit (EBITA) was EUR 7.6 (7.5) million, or 9.9 (10.6) per cent of revenue. Profitability was at a good level due to excellent operational efficiency as well as the timely implementation of adaptation and cost saving measures. The business of the acquired companies has also developed positively, and they supported the service area's profitability.

The Engineering Solutions service area had 1,925 (1,922) employees at the end of June.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, was 57 (57) per cent in April-June and 57 (56) per cent in January-June.

Redsense Medical has selected Etteplan to further develop their hose clamp used in hemodialysis treatment. The project includes the industrialization of a prototype previously developed by Etteplan in order to launch the product on the market.

### 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	4-6/2020	4-6/2019	Change	1-6/2020	1-6/2019	Change	1-12/2019
Revenue	15,238	17,105	-10.9%	32,200	34,419	-6.4%	67,481
Operating profit (EBITA)	1,695	1,594	6.4%	3,226	3,283	-1.7%	6,263
EBITA, %	11.1	9.3		10.0	9.5		9.3
Managed Services index	52	55		52	55		58
Personnel at end of the period*	642	675	-4.9%	642	675	-4.9%	683

\*Comparison periods updated to comparable number after integration of Devex AB into Etteplan Sweden AB Jan 1, 2020.

*The figures for Devex Mekatronik AB, acquired in June 2019, are included in the Software and Embedded Solutions service area's figures starting from June 1, 2019.*

The share of the Group's total revenue represented by Software and Embedded Solutions was 24 (27) per cent in April-June and 24 (26) per cent in January-June.

The service area's revenue decreased by 10.9 per cent in April-June and was EUR 15.2 (17.1) million. In January-June, revenue decreased by 6.4 per cent and was EUR 32.2 (34.4) million. Revenue decreased due to the COVID-19 pandemic and the recruitment of Etteplan's employees by certain customers in the first quarter. The reduced availability of competent professionals, particularly in the software business, continued to affect growth.

Our customers are still investing in digital solutions, but the COVID-19 situation is temporarily weakening demand. Nevertheless, some of our customers have initiated new investments; related to digitalization, for example; to be in a more competitive position when the demand situation improves. We have found new opportunities and won several new projects. Our service solutions and our expertise related to 5G technology, for example, have attracted wide interest.

The Software and Embedded Solutions service area's operating profit (EBITA) improved in the second quarter and amounted to EUR 1.7 (1.6) million, or 11.1 (9.3) per cent of revenue, in April-June. Profitability was at a good level due to good operational efficiency as well as the timely implementation of adaptation and cost saving measures.

In January-June, operating profit (EBITA) decreased by 1.7 per cent and was EUR 3.2 (3.3) million.

The Software and Embedded Solutions service area had 642 (675) employees at the end of June.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, was 52 (55) per cent in April-June and 52 (55) per cent in January-June.

Etteplan has implemented a product management solution and a service that integrates the product picking and identification system into the payment system for Europe's first Easy Deli self-service store launched by Neste.

Etteplan has designed and implemented a software solution for managing and reserving electric cars that are in shared use by the housing companies at the Mall of Tripla in Helsinki. The cars are supplied by NF Fleet, a joint venture of ALD Automotive and Nordea Rahoitus. The solution is also used to make payments, predict the need for maintenance and open the vehicle's doors.

Danfoss has started piloting a private LTE network provided by Etteplan at its factory in Vaasa. By deploying the highly reliable wireless private network, Danfoss aims to improve productivity and workplace safety, expand the services the company offers to its customers and help enable the smart factory of the future. The pilot project utilizes Etteplan's private network as a service, in which the customer gets a 5G-ready LTE private network on a turnkey principle in exchange for a start-up fee and a monthly payment. Etteplan's service is delivered as an end-to-end solution that includes network design, base stations, the management server, terminal devices with SIM cards and network maintenance. Etteplan partners with Nokia and Edzcom (formerly Ukkoverkot) in the provision of private LTE networks. As the solution provider, Etteplan is responsible for all of the necessary hardware and software integration.

### 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	4-6/2020	4-6/2019	Change	1-6/2020	1-6/2019	Change	1-12/2019
Revenue	11,604	11,845	-2.0%	24,439	24,354	0.3%	48,218
Operating profit (EBITA)	1,029	1,048	-1.8%	2,324	2,291	1.4%	4,093
EBITA, %	8.9	8.8		9.5	9.4		8.5
Managed Services index	79	75		79	75		79
Personnel at end of the period	635	611	3.9%	635	611	3.9%	651

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 19 (18) per cent in April-June and 18 (19) per cent in January-June.

The service area's revenue decreased by 2.0 per cent in April-June and was EUR 11.6 (11.8) million. In January-June, revenue was on par with the previous year at EUR 24.4 (24.4) 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.

Service and outsourcing solutions play a significant role in the service area's development also in the more difficult market situation. The SaaS version of the HyperSTE software, launched in late 2019, has attracted a lot of interest and the sales outlook was good in the early part of the year. However, the COVID-19 pandemic makes it more difficult to conclude deals, which meant that the actual sales were not in line with expectations.

In April-June, the Technical Documentation Solutions service area's operating profit (EBITA) was EUR 1.0 (1.0) million, or 8.9 (8.8) per cent of revenue. In January-June, operating profit (EBITA) was EUR 2.3 (2.3) million, or 9.5 (9.4) per cent of revenue. Profitability was at a good level due to good operational efficiency as well as the timely implementation of adaptation and cost saving measures.

The Technical Documentation Solutions service area had 635 (611) employees at the end of June.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, was 79 (75) per cent in April-June and 79 (75) per cent in January-June.

### 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 June 30, 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-June was 880,548 (1-6/2019: 672,331), for a total value of EUR 7.85 (5.64) million. The share price low was EUR 6.50, the high EUR 12.05, the average EUR 8.92 and the closing price EUR 8.94. Market capitalization on June 30, 2020, was EUR 222.47 (225.92) million. On June 30, 2020, Etteplan had 3,386 shareholders (June 30, 2019: 2,708).

The Company held 79,046 of its own shares on June 30, 2020 (June 30, 2019: 136,654), which corresponds to 0.32 per cent of all shares and voting rights.

## **Flaggings**

Etteplan Oyj received no flagging notices in January-June 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 will pay 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, continued 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 reported annually in Etteplan's Financial Review.

#### **Financial information in 2020**

Etteplan Oyj will publish financial information as follows:

- Interim Report 1-9/2020: Thursday October 29, 2020

Espoo, August 11, 2020

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](http://www.etteplan.com).

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

<b>EUR 1,000</b>	<b>4-6/2020</b>	<b>4-6/2019</b>	<b>1-6/2020</b>	<b>1-6/2019</b>	<b>1-12/2019</b>
<b>Revenue</b>	<b>62,895</b>	<b>64,329</b>	<b>134,187</b>	<b>129,954</b>	<b>263,292</b>
Other operating income	748	667	953	806	2,582
Materials and services	-5,097	-5,809	-11,369	-11,539	-26,550
Staff costs	-43,744	-42,618	-92,564	-86,930	-172,520
Other operating expenses	-4,936	-7,421	-11,620	-14,186	-29,273
Depreciation and amortization	-4,507	-3,347	-8,572	-6,532	-14,712
<b>Operating profit (EBIT)</b>	<b>5,359</b>	<b>5,801</b>	<b>11,015</b>	<b>11,572</b>	<b>22,819</b>
Financial income	-313	192	168	381	695
Financial expenses	-21	-321	-651	-672	-1,590
<b>Profit before taxes</b>	<b>5,025</b>	<b>5,671</b>	<b>10,532</b>	<b>11,282</b>	<b>21,924</b>
Income taxes	-1,085	-1,153	-2,395	-2,461	-4,536
<b>Profit for the review period</b>	<b>3,940</b>	<b>4,517</b>	<b>8,137</b>	<b>8,821</b>	<b>17,387</b>
<b>Other comprehensive income, that may be reclassified to profit or loss</b>					
Currency translation differences	1,880	-511	-263	-794	-398
<b>Other comprehensive income, that will not be reclassified to profit or loss</b>					
Change in fair value of equity investments at fair value through other comprehensive income	5	-107	5	-95	-75
<b>Other comprehensive income, net of tax</b>	<b>1,885</b>	<b>-618</b>	<b>-258</b>	<b>-889</b>	<b>-473</b>
<b>Total comprehensive income for the review period</b>	<b>5,825</b>	<b>3,899</b>	<b>7,879</b>	<b>7,931</b>	<b>16,915</b>
<b>Profit for the review period attributable to</b>					
Equity holders of the parent company	3,940	4,517	8,137	8,821	17,387
<b>Total comprehensive income for the review period attributable to</b>					
Equity holders of the parent company	5,825	3,899	7,879	7,931	16,915
<b>Earnings per share calculated from the profit attributable to equity holders of the parent company</b>					
Basic earnings per share, EUR	0.16	0.18	0.33	0.35	0.70
Diluted earnings per share, EUR	0.16	0.18	0.33	0.35	0.70

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<b>EUR 1,000</b>	<b>Jun 30, 2020</b>	<b>Jun 30, 2019</b>	<b>Dec 31, 2019</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	78,901	67,116	79,044
Other intangible assets	26,472	22,067	27,472
Tangible assets	19,820	16,193	17,264
Investments at fair value through other comprehensive income	393	576	387
Other non-current receivables	54	54	54
Deferred tax assets	198	237	259
<b>Non-current assets, total</b>	<b>125,838</b>	<b>106,243</b>	<b>124,480</b>
<b>Current assets</b>			
Inventory	343	409	313
Work in progress	24,447	26,023	22,498
Trade and other receivables	29,920	32,860	39,332
Current tax assets	222	45	401
Cash and cash equivalents	26,162	7,995	15,878
<b>Current assets, total</b>	<b>81,094</b>	<b>67,332</b>	<b>78,421</b>
<b>TOTAL ASSETS</b>	<b>206,931</b>	<b>173,575</b>	<b>202,901</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	5,000	5,000	5,000
Share premium account	6,701	6,701	6,701
Unrestricted equity fund	20,101	20,101	20,101
Own shares	-459	-547	-700
Cumulative translation adjustment	-4,562	-4,696	-4,299
Other reserves	113	136	108
Retained earnings	41,101	32,392	32,441
Profit for the review period	8,137	8,821	17,387
<b>Equity, total</b>	<b>76,132</b>	<b>67,910</b>	<b>76,740</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	6,172	4,840	6,481
Interest-bearing liabilities	24,531	27,084	33,116
Other non-current liabilities	27	27	27
<b>Non-current liabilities, total</b>	<b>30,731</b>	<b>31,951</b>	<b>39,624</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	41,989	17,195	23,139
Advances received	4,988	4,221	5,378
Trade and other payables	51,254	50,407	55,588
Current income tax liabilities	1,838	1,892	2,433
<b>Current liabilities, total</b>	<b>100,068</b>	<b>73,714</b>	<b>86,537</b>
<b>Liabilities, total</b>	<b>130,799</b>	<b>105,665</b>	<b>126,161</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>206,931</b>	<b>173,575</b>	<b>202,901</b>



**CONSOLIDATED STATEMENT OF CASH FLOWS**

<b>EUR 1,000</b>	<b>4-6/2020</b>	<b>4-6/2019</b>	<b>1-6/2020</b>	<b>1-6/2019</b>	<b>1-12/2019</b>
<b>Operating cash flow</b>					
Cash receipts from customers	73,476	65,726	142,072	127,510	263,365
Operating expenses paid	-54,024	-55,932	-118,118	-110,571	-225,189
<b>Operating cash flow before financial items and taxes</b>	<b>19,452</b>	<b>9,793</b>	<b>23,954</b>	<b>16,939</b>	<b>38,176</b>
Interest and payment paid for financial expenses	-586	-236	-663	-476	-1,192
Interest received	16	28	32	121	162
Income taxes paid	-849	-789	-3,045	-2,368	-4,262
<b>Operating cash flow (A)</b>	<b>18,033</b>	<b>8,796</b>	<b>20,279</b>	<b>14,217</b>	<b>32,884</b>
<b>Investing cash flow</b>					
Purchase of tangible and intangible assets	-529	-550	-975	-1,135	-2,063
Acquisition of subsidiaries, net of cash acquired	-1,626	-4,479	-1,626	-5,303	-21,049
Proceeds from sale of tangible and intangible assets	10	15	36	17	81
Proceeds from sale of investments	0	0	0	0	215
<b>Investing cash flow (B)</b>	<b>-2,146</b>	<b>-5,014</b>	<b>-2,565</b>	<b>-6,421</b>	<b>-22,816</b>
<b>Cash flow after investments (A+B)</b>	<b>15,887</b>	<b>3,782</b>	<b>17,713</b>	<b>7,796</b>	<b>10,068</b>
<b>Financing cash flow</b>					
Purchase of own shares	0	-190	0	-345	-519
Issue of new current loans	10,010	520	10,857	729	2,020
Repayments of current loans	-308	-4,695	-4,015	-4,702	-8,440
Issue of new non-current loans	0	0	0	0	13,500
Payment of lease liabilities	-3,047	-2,151	-5,706	-4,222	-9,624
Dividend paid	-8,682	-7,454	-8,682	-7,454	-7,454
<b>Financing cash flow (C)</b>	<b>-2,028</b>	<b>-13,970</b>	<b>-7,547</b>	<b>-15,994</b>	<b>-10,517</b>
<b>Variation in cash (A+B+C) increase (+) / decrease (-)</b>	<b>13,860</b>	<b>-10,187</b>	<b>10,167</b>	<b>-8,197</b>	<b>-449</b>
Assets at the beginning of the period	11,933	18,178	15,878	16,115	16,115
Exchange gains or losses	369	4	118	77	212
Assets at the end of the period	26,162	7,995	26,162	7,995	15,878

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**Legends for table columns**

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

EUR 1,000	A	B	C	D	E	F	G	H
<b>Equity Jan 1, 2019</b>	<b>5,000</b>	<b>6,701</b>	<b>20,101</b>	<b>231</b>	<b>-452</b>	<b>-3,901</b>	<b>39,846</b>	<b>67,527</b>
<b>Comprehensive income</b>								
Profit for the review period	0	0	0	0	0	0	17,387	17,387
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
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-123</b>	<b>0</b>	<b>-398</b>	<b>17,436</b>	<b>16,915</b>
<b>Transactions with owners</b>								
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
<b>Transactions with owners, total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-248</b>	<b>0</b>	<b>-7,454</b>	<b>-7,702</b>
<b>Equity Dec 31, 2019</b>	<b>5,000</b>	<b>6,701</b>	<b>20,101</b>	<b>108</b>	<b>-700</b>	<b>-4,299</b>	<b>49,829</b>	<b>76,740</b>

EUR 1,000	A	B	C	D	E	F	G	H
<b>Equity Jan 1, 2020</b>	<b>5,000</b>	<b>6,701</b>	<b>20,101</b>	<b>108</b>	<b>-700</b>	<b>-4,299</b>	<b>49,829</b>	<b>76,740</b>
<b>Comprehensive income</b>								
Profit for the review period	0	0	0	0	0	0	8,137	8,137
Change in fair value of equity investments at fair value through other comprehensive income	0	0	0	5	0	0	0	5
Cumulative translation adjustment	0	0	0	0	0	-263	0	-263
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>-263</b>	<b>8,137</b>	<b>7,879</b>
<b>Transactions with owners</b>								
Dividends	0	0	0	0	0	0	-8,682	-8,682
Share-based incentive plan	0	0	0	0	241	0	-45	196
<b>Transactions with owners, total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>241</b>	<b>0</b>	<b>-8,728</b>	<b>-8,487</b>
<b>Equity Jun 30, 2020</b>	<b>5,000</b>	<b>6,701</b>	<b>20,101</b>	<b>113</b>	<b>-459</b>	<b>-4,562</b>	<b>49,238</b>	<b>76,132</b>

EUR 1,000	A	B	C	D	E	F	G	H
<b>Equity Jan 1, 2019</b>	<b>5,000</b>	<b>6,701</b>	<b>20,101</b>	<b>231</b>	<b>-452</b>	<b>-3,901</b>	<b>39,846</b>	<b>67,527</b>
<b>Comprehensive income</b>								
Profit for the review period	0	0	0	0	0	0	8,821	8,821
Change in fair value of equity investments at fair value through other comprehensive income	0	0	0	-95	0	0	0	-95
Cumulative translation adjustment	0	0	0	0	0	-794	0	-794
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-95</b>	<b>0</b>	<b>-794</b>	<b>8,821</b>	<b>7,931</b>
<b>Transactions with owners</b>								
Dividends	0	0	0	0	0	0	-7,454	-7,454
Purchase of own shares	0	0	0	0	-345	0	0	-345
Share-based incentive plan	0	0	0	0	250	0	0	250
<b>Transactions with owners, total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-95</b>	<b>0</b>	<b>-7,454</b>	<b>-7,549</b>
<b>Equity Jun 30, 2019</b>	<b>5,000</b>	<b>6,701</b>	<b>20,101</b>	<b>136</b>	<b>-547</b>	<b>-4,696</b>	<b>41,213</b>	<b>67,910</b>

## 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 2019, Etteplan had a turnover of approximately EUR 263 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 Half Year Financial Report for publication at its meeting on August 11, 2020.

### Basis for preparation

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

This Half Year Financial Report has been prepared in accordance with the requirements in IAS 34 (Interim Financial Reporting) standard. The Half Year Financial Statement Report has been prepared according to the recognition and valuation principles presented in the 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 than Operating profit (EBIT). Operating profit (EBITA) does not include amortization of fair value adjustments at acquisitions. EBITA, % presents Operating profit (EBITA) as a percentage share of revenue. The table below shows a reconciliation between Operating profit (EBITA) and Operating profit (EBIT).

EUR 1,000	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
<b>Operating profit (EBIT)</b>	<b>5,359</b>	<b>5,801</b>	<b>11,015</b>	<b>11,572</b>	<b>22,819</b>
Amortization on fair value adjustments at acquisitions	926	683	1,850	1,335	3,146
<b>Operating profit (EBITA)</b>	<b>6,285</b>	<b>6,483</b>	<b>12,865</b>	<b>12,907</b>	<b>25,964</b>

#### **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**

<b>EUR 1,000</b>	<b>1-6/2020</b>	<b>1-6/2019</b>	<b>1-12/2019</b>	<b>Change</b>
Revenue	134,187	129,954	263,292	3.3%
Operating profit (EBITA)	12,865	12,907	25,964	-0.3%
EBITA, %	9.6	9.9	9.9	
Operating profit (EBIT)	11,015	11,572	22,819	-4.8%
EBIT, %	8.2	8.9	8.7	
Profit before taxes	10,532	11,282	21,924	-6.6%
Profit before taxes, %	7.8	8.7	8.3	
Return on equity, %	21.3	26.1	24.1	
ROCE, %	16.2	22.1	19.9	
Equity ratio, %	37.7	40.1	38.9	
Gross interest-bearing debt	66,520	44,278	56,255	50.2%
Net gearing, %	53.0	53.4	52.6	
Balance sheet, total	206,931	173,575	202,901	19.2%
Gross investments	10,617	10,309	36,908	3.0%
Operating cash flow	20,279	14,217	32,884	42.6%
Basic earnings per share, EUR	0.33	0.35	0.70	-5.7%
Diluted earnings per share, EUR	0.33	0.35	0.70	-5.7%
Equity per share, EUR	3.06	2.74	3.09	11.8%
Personnel, average	3,373	3,212	3,305	5.0%
Personnel at end of the period	3,297	3,301	3,447	-0.1%

### 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	Other segments	Total
<b>4-6/2020</b>						
External revenue	35,924	15,238	11,604	<b>62,767</b>	128	<b>62,895</b>
Operating profit (EBITA)	3,710	1,695	1,029	<b>6,435</b>	-150	<b>6,285</b>
Personnel at end of the period	1,925	642	635	<b>3,202</b>	95	<b>3,297</b>
<b>4-6/2019</b>						
External revenue	35,269	17,105	11,845	<b>64,219</b>	110	<b>64,329</b>
Operating profit (EBITA)	3,842	1,594	1,048	<b>6,483</b>	0	<b>6,483</b>
Personnel at end of the period	1,922	675	611	<b>3,208</b>	93	<b>3,301</b>
<b>1-6/2020</b>						
External revenue	77,256	32,200	24,439	<b>133,895</b>	292	<b>134,187</b>
Operating profit (EBITA)	7,634	3,226	2,324	<b>13,183</b>	-319	<b>12,865</b>
Personnel at end of the period	1,925	642	635	<b>3,202</b>	95	<b>3,297</b>
<b>1-6/2019</b>						
External revenue	70,876	34,419	24,354	<b>129,649</b>	305	<b>129,954</b>
Operating profit (EBITA)	7,518	3,283	2,291	<b>13,093</b>	-185	<b>12,907</b>
Personnel at end of the period	1,922	675	611	<b>3,208</b>	93	<b>3,301</b>

### Reconciliation of Operating profit (EBITA) and Profit before taxes

EUR 1,000	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
<b>Operating profit (EBITA)</b>	<b>6,285</b>	<b>6,483</b>	<b>12,865</b>	<b>12,907</b>	<b>25,964</b>
Amortization on fair value adjustments at acquisitions	-926	-683	-1,850	-1,335	-3,146
<b>Operating profit (EBIT)</b>	<b>5,359</b>	<b>5,801</b>	<b>11,015</b>	<b>11,572</b>	<b>22,819</b>
Financial income	-313	192	168	381	695
Financial expenses	-21	-321	-651	-672	-1,590
<b>Profit before taxes</b>	<b>5,025</b>	<b>5,671</b>	<b>10,532</b>	<b>11,282</b>	<b>21,924</b>

### 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	Jun 30, 2020	Jun 30, 2019	Dec 31, 2019
Finland	65,354	65,697	63,498
Sweden	33,250	29,984	32,805
China	2,294	2,512	2,386
Central Europe	24,350	7,237	25,145
<b>Total</b>	<b>125,247</b>	<b>105,430</b>	<b>123,834</b>

## 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.

<b>EUR 1,000</b>	<b>4-6/2020</b>	<b>4-6/2019</b>	<b>1-6/2020</b>	<b>1-6/2019</b>	<b>1-12/2019</b>
<b>Primary geographical location</b>					
Finland	39,113	45,044	84,070	91,090	173,789
Sweden	14,450	13,656	31,116	27,457	57,123
China	1,838	1,801	3,087	3,487	7,116
Central Europe	7,493	3,828	15,914	7,920	25,264
<b>Total</b>	<b>62,895</b>	<b>64,329</b>	<b>134,187</b>	<b>129,954</b>	<b>263,292</b>
<b>Timing of revenue recognition</b>					
Transferred at a point in time	440	623	924	1,265	2,339
Transferred over time	62,455	63,706	133,263	128,688	260,953
<b>Total</b>	<b>62,895</b>	<b>64,329</b>	<b>134,187</b>	<b>129,954</b>	<b>263,292</b>

## Revenue and Operating profit (EBIT) by quarter

<b>EUR 1,000</b>	<b>1-3/2020</b>	<b>1-3/2019</b>	<b>4-6/2020</b>	<b>4-6/2019</b>
Revenue	71,292	65,625	62,895	64,329
Operating profit (EBIT)	5,656	5,772	5,359	5,801
EBIT, %	7.9	8.8	8.5	9.0

## 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.

<b>EUR 1,000</b>	<b>4-6/2020</b>	<b>4-6/2019</b>	<b>1-6/2020</b>	<b>1-6/2019</b>	<b>1-12/2019</b>
Other operating income	0	500	0	536	1,636
Staff costs and other operating expenses	-324	-468	-506	-708	-539
<b>Operating profit (EBIT)</b>	<b>-324</b>	<b>32</b>	<b>-506</b>	<b>-171</b>	<b>1,097</b>

**Intangible assets**
**Goodwill**

<b>EUR 1,000</b>	<b>2020</b>	<b>2019</b>
Acquisition cost Jan 1	79,044	65,165
Translation difference	-144	-650
Acquisition of subsidiaries	0	2,601
<b>Book value Jun 30</b>	<b>78,901</b>	<b>67,116</b>

**Other intangible assets**

<b>2020</b>		<b>Internally created intangible assets</b>	<b>Fair value adjustments in acquisitions</b>	<b>Intangible right-of-use assets</b>	<b>Advance payments</b>	<b>Total</b>
<b>EUR 1,000</b>	<b>Intangible rights</b>					
Acquisition cost Jan 1	11,460	2,858	36,210	4,818	113	55,460
Translation difference	-18	0	-25	-1	0	-44
Additions	292	28	0	1,559	27	1,907
Reclassifications between items	72	0	0	0	-35	38
Acquisition cost Jun 30	11,807	2,886	36,186	6,376	105	57,361
Cumulative amortization Jan 1	-9,440	-2,110	-12,454	-3,985	0	-27,988
Translation difference	17	0	4	1	0	23
Amortization for the financial year	-424	-170	-1,850	-480	0	-2,923
Cumulative amortization Jun 30	-9,846	-2,280	-14,300	-4,463	0	-30,888
<b>Book value Jun 30, 2020</b>	<b>1,961</b>	<b>607</b>	<b>21,886</b>	<b>1,913</b>	<b>105</b>	<b>26,472</b>

<b>2019</b>		<b>Internally created intangible assets</b>	<b>Fair value adjustments in acquisitions</b>	<b>Intangible right-of-use assets</b>	<b>Advance payments</b>	<b>Total</b>
<b>EUR 1,000</b>	<b>Intangible rights</b>					
Acquisition cost Jan 1	10 992	2 265	26 419	3 966	657	44 299
Translation difference	0	0	-68	-9	0	-77
Acquisition of subsidiaries	0	0	2 567	0	0	2 567
Additions	354	21	0	514	4	893
Reclassifications between items	38	581	0	0	-581	38
Disposals	-114	0	0	0	0	-114
Acquisition cost Jun 30	11 269	2 867	28 918	4 472	80	47 605
Cumulative amortization Jan 1	-9 079	-1 834	-9 314	-3 216	0	-23 443
Translation difference	2	0	17	8	0	27
Cumulative amortization on disposals and reclassifications	114	0	0	0	0	114
Amortization for the financial period	-410	-137	-1 335	-356	0	-2 237
Cumulative amortization Jun 30	-9 372	-1 971	-10 632	-3 564	0	-25 538
<b>Book value Jun 30, 2019</b>	<b>1 897</b>	<b>896</b>	<b>18 286</b>	<b>907</b>	<b>80</b>	<b>22 067</b>



## Tangible assets

2020 EUR 1,000	Right-of-use assets						Total
	Land and water	Buildings	Machinery and equipment	Other tangible assets	Machinery and equipment	Premises	
Acquisition cost Jan 1	19	495	12,426	979	15,855	16,017	45,792
Translation difference	0	0	-17	0	-6	0	-23
Additions	0	0	580	47	1,437	6,647	8,710
Disposals	0	0	-88	0	-261	-227	-576
Acquisition cost Jun 30	19	495	12,901	1,026	17,025	22,437	53,904
Cumulative depreciation Jan 1	0	0	-10,496	-878	-11,321	-5,833	-28,528
Translation difference	0	0	13	1	4	0	18
Cumulative depreciation on disposals and reclassifications	0	0	75	0	0	0	75
Depreciation for the financial year	0	-5	-391	-29	-1,524	-3,700	-5,649
Cumulative depreciation Jun 30	0	-5	-10,798	-906	-12,841	-9,533	-34,083
<b>Book value Jun 30, 2020</b>	<b>19</b>	<b>490</b>	<b>2,103</b>	<b>120</b>	<b>4,184</b>	<b>12,904</b>	<b>19,820</b>

2019 EUR 1,000	Right-of-use assets						Total
	Land and water	Machinery and equipment	Other tangible assets	Machinery and equipment	Premises		
Acquisition cost Dec 31	19	13,580	923	10,673	0	25,196	
IFRS 16 implementation	0	0	0	1,835	10,502	12,337	
Acquisition cost Jan 1	19	13,580	924	12,508	10,502	37,533	
Translation difference	0	-62	0	-44	0	-106	
Acquisition of subsidiaries	0	3	0	142	329	474	
Additions	0	737	19	1,050	1,970	3,775	
Reclassifications between items	0	-48	48	0	0	0	
Disposals	0	-38	-8	-23	-101	-170	
Acquisition cost Jun 30	19	14,171	983	13,632	12,699	41,505	
Cumulative depreciation Jan 1	0	-11,841	-833	-8,457	0	-21,131	
Translation difference	0	60	0	30	0	90	
Cumulative depreciation on acquisitions	0	-2	0	0	0	-2	
Cumulative depreciation on disposals and reclassifications	0	25	0	0	0	25	
Depreciation for the financial year	0	-404	-22	-1,164	-2,706	-4,295	
Cumulative depreciation Jun 30	0	-12,161	-855	-9,591	-2,706	-25,312	
<b>Book value Jun 30, 2019</b>	<b>19</b>	<b>2,010</b>	<b>128</b>	<b>4,041</b>	<b>9,994</b>	<b>16,193</b>	

## Intangible and tangible right-of-use assets in total

EUR 1,000	2020	2019
<b>Book value Jan 1</b>	<b>15,552</b>	<b>15,302</b>
Translation difference	-2	-14
Acquisition of subsidiaries	0	471
Additions	9,642	3,534
Disposals and reclassifications	-488	-125
Depreciation for the financial year	-5,704	-4,226
<b>Book value Jun 30</b>	<b>19,001</b>	<b>14,943</b>

**Interest-bearing liabilities**

<b>EUR 1,000</b>	<b>Jun 30, 2020</b>	<b>Jun 30, 2019</b>	<b>Dec 31, 2019</b>
<b>Non-current</b>			
Loans	15,900	18,800	24,900
Lease liabilities	8,631	8,284	8,216
<b>Non-current total</b>	<b>24,531</b>	<b>27,084</b>	<b>33,116</b>
<b>Current</b>			
Loans	31,567	10,491	15,757
Lease liabilities	10,422	6,703	7,381
<b>Current total</b>	<b>41,989</b>	<b>17,195</b>	<b>23,139</b>
<b>Interest-bearing liabilities total</b>	<b>66,520</b>	<b>44,278</b>	<b>56,255</b>

**Pledges, mortgages guarantees**

<b>EUR 1,000</b>	<b>Jun 30, 2020</b>	<b>Jun 30, 2019</b>	<b>Dec 31, 2019</b>
Business mortgages	320	320	320
Pledged shares	120	120	120
Other contingencies	373	531	591
<b>Total</b>	<b>812</b>	<b>971</b>	<b>1,031</b>

**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:***

<b>EUR 1,000</b>	<b>1-6/2020</b>	<b>1-6/2019</b>	<b>1-12/2019</b>
Sales of services to other related parties	247	52	137
Purchases of services from other related parties	29	21	41
<b>EUR 1,000</b>	<b>Jun 30, 2020</b>	<b>Jun 30, 2019</b>	<b>Dec 30, 2019</b>
Trade receivables from other related parties	170	4	2
Trade payables to other related parties	0	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	0	5
<b>Closing balance Jun 30</b>	<b>241</b>	<b>120</b>	<b>30</b>	<b>393</b>

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	26	-145	0	-119
<b>Closing balance Jun 30</b>	<b>211</b>	<b>335</b>	<b>30</b>	<b>576</b>

#### *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	663
Revaluation	0	-536
Payment	-1,626	-824
<b>Closing balance Jun 30</b>	<b>804</b>	<b>2,163</b>

## Formulas for key figures

### *IFRS key figures*

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

### *Non-IFRS key figures*

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