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2021

FINANCIAL STATEMENT REVIEW
JANUARY-DECEMBER

**Revenue and operating profit
(EBITA) rose to a new level**

ETTEPLAN Oyj Financial Statement Review February 10, 2022, at 1:00 pm EET

ETTEPLAN 2021: Revenue and operating profit (EBITA) rose to a new level

Key points October-December 2021

- The Group's revenue grew by 21.3 per cent and was EUR 85.3 million (10-12/2020: EUR 70.3 million). At comparable exchange rates, revenue increased by 20.6 per cent.
- Operating profit (EBITA) increased by 10.9 per cent and was EUR 9.0 (8.1) million, or 10.5 (11.5) per cent of revenue.
- Operating profit (EBIT) increased by 10.5 per cent and was EUR 7.8 (7.1) million, or 9.2 (10.1) per cent of revenue.
- Operating cash flow was EUR 13.2 (17.5) million.
- Basic earnings per share were EUR 0.26 (0.23).

Key points January-December 2021

- The Group's revenue grew by 15.6 per cent and was EUR 300.1 million (1-12/2020: EUR 259.7 million). At comparable exchange rates, revenue increased by 14.7 per cent.
- Operating profit (EBITA) increased by 15.2 per cent and was EUR 30.1 (26.2) million, or 10.0 (10.1) per cent of revenue.
- Operating profit (EBIT) increased by 15.1 per cent and was EUR 25.8 (22.4) million, or 8.6 (8.6) per cent of revenue.
- Operating cash flow was EUR 27.1 (38.0) million.
- Basic earnings per share were EUR 0.80 (0.69).
- The Board of Directors' dividend proposal is EUR 0.40 (0.34) per share.

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

Key figures

EUR 1,000	10-12/2021	10-12/2020	1-12/2021	1-12/2020
Revenue	85,258	70,295	300,111	259,702
Operating profit (EBITA)	8,965	8,085	30,139	26,172
EBITA, %	10.5	11.5	10.0	10.1
Operating profit (EBIT)	7,834	7,092	25,754	22,380
EBIT, %	9.2	10.1	8.6	8.6
Basic earnings per share, EUR	0.26	0.23	0.80	0.69
Equity ratio, %	39.7	40.5	39.7	40.5
Operating cash flow	13,156	17,512	27,093	37,997
ROCE, %	19.7	20.3	16.0	16.0
Personnel at end of the period	3,629	3,267	3,629	3,267

President and CEO Juha Näkki:

As expected, we managed to accelerate our profitable growth in the fourth quarter and lifted our full-year revenue and operating profit (EBITA) to a new level: our revenue exceeded EUR 300 million and our operating profit (EBITA) exceeded EUR 30 million for the first time. During the year, we made a large number of various growth-oriented investments in accordance with our strategy. We invested in the development of our service solutions and new capabilities by establishing new teams in a number of different competence areas. We also made five acquisitions that support international growth. I am very satisfied with our performance during the past year and I want to take this opportunity to thank all of our personnel for their excellent work throughout the year.

The demand situation was good almost throughout the year in all of our market areas. After a slight downturn in the third quarter, the demand situation again recovered to a good level in the fourth quarter and we accelerated our growth. Growth was particularly strong in our Software and Embedded Solutions service area - which achieved over 30 per cent growth in the final quarter and over 25 per cent growth for the year as a whole - and in China, where hours sold in the local market grew by over 55 per cent during the year.

Our growth was also profitable and we were able to maintain our profitability (EBITA) at our target level of 10 per cent for the year. The development of profitability was the strongest in the Technical Documentation Solutions service area, where profitability (EBITA) rose to the level of 12 per cent already for the second time during the year.

Retaining and recruiting highly competent personnel is increasingly challenging in the prevailing good market condition. During the pandemic, we have continued to make significant investments in the development of our HR processes and recruitment as well as in supporting and managing remote work in accordance with the hybrid work model. These investments have supported our growth in all of our businesses, and our employee satisfaction has also continued to develop favorably throughout the pandemic. This puts us in a good position as we enter 2022.

Etteplan's target is to achieve revenue of EUR 500 million in 2024. The pandemic has created an additional challenge for achieving this target, and the pandemic continues to affect our operations in the form of increased sick leaves. However, we do not expect this to have a major impact on the overall market situation, and we expect demand to remain fairly good throughout 2022. We returned to strong profitable growth path in 2021 and started the year 2022 assertively by acquiring the Germany-based company Cognitas for our Technical Documentation Solutions service area and the Sweden-based Syncore for our Software and Embedded Solutions service area. We will continue our investments in organic and inorganic growth and our progress towards our goals in 2022.

Market outlook 2022

The most important factor affecting Etteplan's business is the global development of the machinery and metal industry. The prolongation of the COVID-19 pandemic continues to have an impact on the market situation and supply chains. Our customers have adapted to the effects of the pandemic, and their business is currently developing positively. The prevailing financial and geopolitical situation may affect the market development. However, we expect the demand situation to remain fairly good throughout 2022.

Financial guidance 2022

Etteplan issues guidance for revenue and operating profit (EBIT) as a numerical range and issues the following estimate:

Revenue in 2022 is estimated to be EUR 340-370 (2021: 300.1) million, and operating profit (EBIT) in 2022 is estimated to be EUR 28-32 (2021: 25.8) million.

Operating environment

The majority of Etteplan's customers are industrial companies, with several global megatrends currently influencing the development of their operating environment. For example, structural changes in the global economy, urbanization 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. As the market situation improves, competition for employees and specialized experts in certain areas is becoming tighter and affecting the development of the sector as a whole in all market areas.

The most important factor affecting Etteplan's business is the global development of the machinery and metal industry. The prolongation of the COVID-19 pandemic continues to have an impact on the market situation and supply chains. Travel restrictions in various countries, which can change quickly, influence business operations to some degree.

Our industrial customers have adapted to the prevailing situation and our customers' business operations are developing favorably. For this reason, we expect the demand situation to remain fairly good throughout 2022.

Development of demand by customer industry

The pandemic continues to affect demand in all customer industries, but the effects of the pandemic on different customer segments vary. Demand in the Forest, Pulp and Paper industry was at a fairly good level. Demand in the Energy industry was at a good level. Demand in the Mining industry was at a good level. Demand in the Lifting and Hoisting industry was at a good level. Demand in the ICT industry remained good. Demand in the Automotive and Transportation industry was at a moderate level. Demand in the Chemical industry was at a good level.

Development of demand in Etteplan's operating countries

The pandemic continued to affect the market situation in many European countries. In Finland, the overall market situation remained fairly good, although the pandemic affected demand and increased uncertainty.

In final quarter of 2021, the euro-denominated value of new orders received by the technology industry companies was 40 per cent higher than in the third quarter and four per cent higher than in the corresponding period the previous year. Based on the orders during the latter part of 2021, it is estimated that revenue in the beginning of 2022 will be higher compared to the corresponding period last year.

Market uncertainty also affected demand slightly in Sweden, Denmark, the Netherlands, Germany and Poland. The demand situation in China remained good in spite of uncertainty in the construction industry.

Revenue

Etteplan's revenue grew by 21.3 per cent in October-December and was EUR 85.3 million (10-12/2020: EUR 70.3 million). Revenue increased by 20.6 per cent at comparable exchange rates. The organic growth of revenue was 15.2 per cent. At comparable exchange rates, organic growth was 14.6 per cent. Revenue from key accounts grew by 13.0 per cent in October-December.

In January-December, Etteplan's revenue grew by 15.6 per cent and was EUR 300.1 million (1-12/2020: EUR 259.7 million). At comparable exchange rates, revenue increased by 14.7 per cent. Organic growth was 8.9 per cent. At comparable exchange rates, organic growth was 8.0 per cent. Revenue from key accounts grew by 6.6 per cent in January-December.

After a slight downturn in the third quarter, the demand situation again recovered to a good level in the fourth quarter and we made good progress with our projects. Holidays and increased sick leaves affected revenue particularly during the final quarter of the year.

During the year, we continued our investments in organic growth by recruiting personnel and establishing new teams. The use of subcontractors increased especially in the software business. Previously completed acquisitions and outsourcing agreements had a positive effect on our development.

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. TekPartner A/S increased revenue starting from January 1, 2021, F.I.T. Fahrzeug Ingenieurtechnik GmbH starting from May 1, 2021, Skyrise.tech S.A. starting from June 1, 2021, Adina Solutions Oy starting from August 1, 2021, and BST Buck Systemtechnik GmbH starting from October 1, 2021. Cognitas GmbH and Syncore Technologies AB, which were acquired at the beginning of 2022, will be included in Etteplan's figures starting from January 1, 2022 and February 1, 2022 respectively.

Result

Profitability for the full year was at a good level, in line with our targets, thanks to good operational efficiency. Investments in organic growth, such as establishing new teams, had an effect on profitability. Holidays and increased sick leaves affected profitability to some extent during the final quarter of the year.

Operating profit (EBITA) improved by 10.9 per cent in October-December and was EUR 9.0 (8.1) million, or 10.5 (11.5) per cent of revenue.

Operating profit (EBITA) improved by 15.2 per cent in January-December and was EUR 30.1 (26.2) million, or 10.0 (10.1) per cent of revenue.

Operating profit (EBIT) improved by 10.5 per cent in October-December and was EUR 7.8 (7.1) million, or 9.2 (10.1) per cent of revenue.

Operating profit (EBIT) improved by 15.1 per cent in January-December and was EUR 25.8 (22.4) million, or 8.6 (8.6) per cent of revenue.

The combined effect of non-recurring items on operating profit (EBITA) and operating profit (EBIT) was EUR -0.1 (-0.3) million in October-December and EUR -0.7 (-0.9) million in January-December. The non-recurring costs were related to acquisitions and organizational restructuring.

Financial expenses amounted to EUR 1.5 (1.7) million in January-December.

Profit before taxes for January-December was EUR 24.9 (21.1) million. Taxes in the income statement amounted to 19.4 (19.0) per cent of the result before taxes. The amount of taxes was EUR 4.8 (4.0) million.

The profit for January-December was EUR 20.0 (17.1) million.

Basic earnings per share were EUR 0.26 (0.23) in October-December and EUR 0.80 (0.69) in January-December. Equity per share was EUR 3.97 (3.50) at the end of December. Return on capital employed (ROCE) before taxes was 19.7 (20.3) per cent in October-December and 16.0 (16.0) per cent in January-December.

Cash flow and financial position

Operating cash flow decreased year-on-year in the fourth quarter and came to EUR 13.2 (17.5) million in October-December. Cash flow after investments in October-December was EUR 12.5 (17.2) million.

In January-December, operating cash flow was EUR 27.1 (38.0) million. Cash flow after investments was EUR 10.8 (30.5) million in January-December. Operating cash flow was exceptionally strong in 2020 due to pandemic-related adjustment measures. In 2021, growth tied up capital and affected the accrual of operating cash flow.

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 30.4 (24.4) million at the end of December.

The Group's interest-bearing liabilities amounted to EUR 78.5 (65.0) million at the end of December. A loan withdrawn in December 2021 for the purpose of the Cognitas GmbH acquisition carried out at the beginning of 2022 contributed to the increase in interest-bearing liabilities. Lease liabilities represented EUR 22.7 (24.5) million of interest-bearing liabilities.

The total of unused short-term credit facilities stood at EUR 14.5 (16.5) million.

Total assets on December 31, 2021, were EUR 253.0 (217.9) million. Goodwill on the balance sheet was EUR 92.4 (83.7) million.

At the end of December, the equity ratio was 39.7 (40.5) per cent.

Capital expenditure

The Group's gross investments in January-December were EUR 30.6 (29.7) million. The gross investments mainly consisted of acquisition-related items, increases in lease liabilities and equipment purchases.

Personnel

The number of personnel stood at 3,629 employees at the end of December 2021 (December 31, 2020: 3,267 employees). The number of personnel increased by 11.1 per cent compared to the end of 2020.

The Group employed 3,480 (3,320) people on average in January-December 2021.

The number of people employed by the Group outside of Finland increased and stood at 1,624 (1,351) at the end of December.

At the end of December 2021, 13 employees were temporarily laid off. The number of temporarily laid off employees in Finland, Sweden and Germany was 165 at the end of 2020. Part of the temporary layoffs were implemented as part-time layoffs.

At this stage of the pandemic, the new year began with employees mostly working remotely in all of our operating countries. We expect our personnel to return partly to in-office work when the pandemic stabilizes, but remote work will remain a part of our flexible work model. We have invested in the management and development of remote work and we will benefit from these investments as business settles into the new normal when the pandemic abates.

Business review

Etteplan published its renewed strategy, *Increasing value for customers*, and updated its financial targets in December 2019. Etteplan began preparations and planning related to the renewed strategy, but many projects were suspended due to attention being shifted to the COVID-19 pandemic. Measures aimed at implementing the strategy have continued again after the pandemic eased up slightly starting from late 2020. In 2021, investments in organic growth were continued by developing the service offering and by establishing several new teams. We believe that our strategy will drive the success of the company also after the pandemic.

The key objective of the company's strategy is to create even higher value for customers and support them in the industrial change. The three key elements of our strategy are customer value, service solutions and success with people. The most important focus areas of growth are the continuous development of service solutions, digitalization and international growth.

Etteplan's customers are investing in digitalization and intelligent devices, which presents significant growth opportunities for the company. In recent years, Etteplan has also invested in digitalization and software development with the aim of expanding its service offering and competence capital in order to respond to the digitalization needs of customers. 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.

We continue the development of technology solutions as part of our service solutions. We are strengthening our expertise in areas such as additive manufacturing, digital twin solutions, artificial intelligence and other digital technologies.

Etteplan's target is to achieve revenue of EUR 500 million in 2024. We seek growth organically and by acquisitions. Etteplan's goal is to also grow internationally, provide solutions from all of the company's service areas in all of its market areas and increase the share of revenue accumulated outside Finland to 50 per cent.

In October-December, revenue accumulated outside Finland amounted to EUR 37.2 (28.7) million, or 44 (41) per cent of the Group's total revenue. In January-December, revenue accumulated outside Finland amounted to EUR 130.1 (100.4) million, or 43 (39) per cent of the Group's total revenue.

The development of the Chinese market was excellent, with the number of hours sold increasing by 36.0 per cent in October-December and by 57.0 per cent in January-December. Etteplan strengthened its presence in the Chinese market and opened its tenth office in the megacity of Nanjing. Nanjing is the capital of Jiangsu province and the second-largest city in the East China region in terms of population. Expansion in East China responds to the growing demand for Etteplan's services among local customers in the region in particular.

Etteplan's target is to increase the share of revenue represented by Managed Services to 75 per cent. The share of revenue represented by Managed Services remained unchanged and stood at 63 (61) per cent in October-December and 63 (61) per cent in January-December.

The growth in the share of Managed Services enhances Etteplan's capacity management and improves profitability. Etteplan has achieved its operating profit (EBITA) target, 10 per cent of revenue, for two consecutive years now.

Acquisitions in 2021

In September 2021, Etteplan acquired the Germany-based company BST Buck Systemtechnik GmbH. The company specializes in Software Development, Process Automatization & Hardware Engineering and employs slightly more than 30 specialists.

In August 2021, Etteplan strengthened its know-how in the technical documentation of software by acquiring Adina Solutions Oy from Finland. Adina Solutions Oy employs a total of 13 content producers and technical communications professionals.

In June 2021, Etteplan acquired the Polish software development company Skyrise.tech. S.A. In 2020, Skyrise.tech's revenue amounted to approximately EUR 3.5 million and it employs approximately 80 specialists and partners. The acquisition involves a directed share issue to the owners of the acquired company. Read more under the topic Shares.

In May 2021, Etteplan strengthened its position in the technical documentation market in Germany by acquiring F.I.T. Fahrzeug Ingenieurtechnik GmbH. The company employs approximately 15 specialists.

In January 2021, Etteplan acquired the Denmark-based software development company TekPartner A/S. The company's revenue in 2019 amounted to approximately EUR 8 million and it delivers its services through a combination of its own team of 19 highly qualified professionals and a network of partners.

Development of the service areas

Engineering Solutions

Engineering Solutions refer to the innovation, engineering and calculations of the technical attributes of machinery or equipment for the purpose of product development and manufacturing. Assignments are typically product development projects for a new product, plant engineering projects or Engineering-to-Order projects, involving the customization of the product in accordance with end customer requirements and the market area's legislation.

EUR 1,000	10-12/2021	10-12/2020	Change	1-12/2021	1-12/2020	Change
Revenue	47,107	40,592	16.0%	167,433	148,884	12.5%
Operating profit (EBITA)	4,983	4,249	17.3%	16,555	14,679	12.8%
EBITA, %	10.6	10.5		9.9	9.9	
Managed Services index	64	59		64	59	
Personnel at end of the period	2,062	1,922	7.3%	2,062	1,922	7.3%

The figures for BST Buck Systemtechnik GmbH, acquired in September 2021, are included in the service area's figures starting from October 1, 2021.

The share of Etteplan's revenue represented by Engineering Solutions was 55 (58) per cent in October-December and 56 (57) per cent in January-December.

The service area's revenue increased by 16.0 per cent in October-December and amounted to EUR 47.1 (40.6) million. In January-December, revenue increased by 12.5 per cent and was EUR 167.4 (148.9) million.

The Engineering Solutions service area's demand situation was at a good level in all markets in the final quarter and a good number of new projects were started. Our outsourcing business performed well during the year and had a positive impact on our development. In September, we acquired the Germany-based company BST Buck Systemtechnik GmbH, which specializes in software development, process automation and hardware engineering.

The Engineering Solutions service area's operating profit (EBITA) in October-December was EUR 5.0 (4.2) million, or 10.6 (10.5) per cent of revenue. Operational efficiency was at a good level and contributed to profit performance. In January-December, operating profit (EBITA) was EUR 16.6 (14.7) million or 9.9 (9.9) per cent of revenue.

The Engineering Solutions service area had 2,062 (1,922) employees at the end of December.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, developed positively and was 64 (59) per cent in October-December and 64 (59) per cent in January-December.

Freemelt and Etteplan have entered into a strategic partnership in 3D printing to jointly develop Freemelt's upcoming industrial 3D printer. The partnership combines Freemelt's capabilities in designing and building 3D printers and Etteplan's capabilities in engineering and software development.

Software and Embedded Solutions

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

EUR 1,000	10-12/2021	10-12/2020	Change	1-12/2021	1-12/2020	Change
Revenue	23,369	17,680	32.2%	80,123	63,694	25.8%
Operating profit (EBITA)	2,418	2,434	-0.7%	8,316	7,101	17.1%
EBITA, %	10.3	13.8		10.4	11.1	
Managed Services index	47	51		47	51	
Personnel at end of the period	771	628	22.8%	771	628	22.8%

The figures for TekPartner A/S, acquired in January 2021, are included in the Software and Embedded Solutions service area's figures starting from January 1, 2021. The figures for Skyrise.tech S.A., acquired in June 2021, are included in the service area's figures starting from June 1, 2021.

The share of the Group's total revenue represented by Software and Embedded Solutions was 28 (25) per cent in October-December and 27 (25) per cent in January-December.

The service area's revenue increased by 32.2 per cent in October-December and was EUR 23.4 (17.7) million. In January-December, revenue increased by 25.8 per cent and was EUR 80.1 (63.7) million.

The demand situation in the Software and Embedded Solutions service area remained good and we continued to recruit new personnel.

We acquired the Polish software development company Skyrise.tech in June 2021. The acquisition significantly strengthened our capability to deliver applications and cloud software solutions and opens up many interesting growth opportunities. The integration of Skyrise.tech into Etteplan is progressing as planned. TekPartner, which we acquired in Denmark in January, now operates under the Etteplan brand and the other aspects of integration are progressing as planned.

Our customers are investing in digital solutions, and this presents a growth opportunity for Etteplan. The increased need for recruitment and the reduced availability of highly competent professionals affect the service area's business. For this reason, we have increased the use of subcontractors. We currently have over 250 people as subcontractors and partners. The operating models of TekPartner and Skyrise.tech have also increased the share of subcontracting of the service area's revenue.

The Software and Embedded Solutions service area's operating profit (EBITA) was on a par with the previous year, amounting to EUR 2.4 (2.4) million in October-December. Profitability declined and operating profit (EBITA) was 10.3 (13.8) per cent of revenue. Profitability was affected by our investments in growth, especially in Sweden, and the increased use of subcontracting. Operational efficiency was at a moderate level.

In January-December, operating profit (EBITA) improved by 17.1 per cent and was EUR 8.3 (7.1) million, or 10.4 (11.1) per cent of revenue.

The number of personnel in the Software and Embedded Solutions service area increased due to acquisitions and recruitment and stood at 771 (628) at the end of December.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, decreased and amounted to 47 (51) per cent in October-December and 47 (51) per cent in January-December. The decreased share of revenue represented by Managed Services had a slight negative effect on profitability.

Technical Documentation Solutions

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

EUR 1,000	10-12/2021	10-12/2020	Change	1-12/2021	1-12/2020	Change
Revenue	14,338	11,870	20.8%	51,650	46,531	11.0%
Operating profit (EBITA)	1,714	1,304	31.5%	5,879	4,583	28.3%
EBITA, %	12.0	11.0		11.4	9.8	
Managed Services index	82	80		82	80	
Personnel at end of the period	669	616	8.6%	669	616	8.6%

The figures for F.I.T. Fahrzeug Ingenieurtechnik GmbH, acquired in May 2021, are included in the Technical Documentation Solutions service area's figures starting from May 1, 2021, and the figures for Adina Solutions Oy, acquired in August 2021, are included starting from August 1, 2021.

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

The Technical Documentation Solutions service area's demand situation was good and revenue increased by 20.8 per cent in October-December, amounting to EUR 14.3 (11.9) million. In January-December, revenue increased by 11.0 per cent and was EUR 51.6 (46.5) million. Acquisitions and the success of the outsourcing business contributed to the growth figures.

The Technical Documentation Solutions service area's operating profit (EBITA) improved by 31.5 per cent in October-December and was EUR 1.7 (1.3) million, or 12.0 (11.0) per cent of revenue. In January-December, operating profit (EBITA) improved by 28.3 per cent and was EUR 5.9 (4.6) million, or 11.4 (9.8) per cent of revenue. Profitability was at a good level thanks to excellent operational efficiency.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, grew and amounted to 82 (80) per cent in October-December and 82 (80) per cent in January-December. The increased share of revenue represented by Managed Services had a positive effect on profitability.

Etteplan's integration of both Adina Solutions Oy, a Finnish company specializing in technical documentation acquired in August, and F.I.T. Fahrzeug Ingenieurtechnik GmbH, a German company specializing in technical documentation acquired in May, is progressing as planned.

We invested in the development of our service offering. One example of this is Etteplan HowTo, a cloud-based solution that enables the efficient creation, secure hosting and on-demand multi-channel global distribution of technical information for industrial equipment and other needs of the manufacturing industry.

The Technical Documentation Solutions service area had 669 (616) employees at the end of December.

Etteplan has won the Finnish Transport Infrastructure Agency's competitive tender for structural content production and expert technical communication services. The duration of the agreement is 3+2 years. The expert work to be procured includes information planning, technical writing and illustration, as well as content publication. Etteplan will also oversee the related tools and processes.

GOVERNANCE

Simplifying the Group structure

As a result of acquisitions made in the past few years, Etteplan has several legal entities in different countries. We aim to improve the efficiency of our operations by simplifying the Group's legal structure. We started projects in 2021 in the Netherlands, Germany and Finland. The changes will improve the efficiency of our internal operations, simplify the implementation of our customer projects and ensure equal treatment for our personnel.

GENERAL MEETING

Etteplan Oyj's Annual General Meeting was held on April 8, 2021. 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 2020.

The Annual General Meeting resolved, in accordance with the proposal of the Board of Directors, to pay a dividend of EUR 0.34 per share for the financial year 2020 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 12, 2021, and the date of dividend payout was April 19, 2021.

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, Päivi Lindqvist, Leena Saarinen and Mikko Tepponen as members of the Board of Directors. KPMG Oy Ab, Authorized Public Accountants, with Authorized Public Accountant Kim Järvi as the main responsible auditor, was elected as the Company's auditor.

In its organization meeting subsequent to the Annual General Meeting, the Board of Directors of Etteplan Oyj elected Robert Ingman as Chairman of the Board of Directors. Matti Huttunen was elected the Chairman and Robert Ingman and 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.

Board authorizations

The Annual General Meeting 2021 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 8, 2021, and ending on October 7, 2022. The authorization replaces the corresponding previous authorization.

The Annual General Meeting 2021 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 unrestricted equity fund.

The authorization is valid for two (2) years from the date of the resolution of the Annual General Meeting, starting on April 8, 2021, and ending on April 7, 2023.

SHARES

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

The company's share capital on December 31, 2021, was EUR 5,000,000.00 and the total number of shares was 25,083,308.

In a stock exchange release published on June 14, 2021, Etteplan announced it had acquired the Polish software development company Skyrise.tech S.A. and would carry out a directed share issue to the owners of the acquired company. In accordance with the terms of the share issue, Etteplan offered 120,000 new Etteplan shares for subscription to the owners of Skyrise.tech.

In its meeting on June 17, 2021, Etteplan's Board of Directors resolved on the final terms of the directed share issue pursuant to the share issue authorization granted to it by the Annual General Meeting of Shareholders held on April 8, 2021. The key terms of the share issue were announced in a stock exchange release on June 17, 2021.

The shares were entered in the trade register on August 18, 2021, and issued in the form of book-entry securities in the book-entry securities system maintained by Euroclear Finland Oy in the beginning of September.

The shares were conveyed and they bear all shareholder rights starting from their entry into the trade register. However, trading in the new shares will only be possible after the expiration of the three-year lock-up period agreed upon at the time of the transaction.

After the directed share issue, Etteplan's Board of Directors may, based on the authorization granted by the Annual General Meeting 2021, decide on the issuance of a maximum of 2,380,000 more shares through issuance of shares or in another manner specified in the authorization. The Annual General Meeting 2021 decided to authorize the Board of Directors to resolve on the issuance of a maximum of 2,500,000 shares through issuance of shares or option rights.

Trading in shares

The number of Etteplan Oyj shares traded in January-December was 1,539,757 (1-12/2020: 1,564,244), for a total value of EUR 25.15 (14.80) million. The share price low was EUR 12.95, the high EUR 19.45, the average EUR 16.33 and the closing price EUR 16.90. Market capitalization on December 31, 2021, was EUR 421.22 (322.25) million. On December 31, 2021, Etteplan had 3,604 shareholders (December 31, 2020: 3,323).

Share repurchase program

In its meeting on May 21, 2021, Etteplan Oyj's Board of Directors decided to initiate a share repurchase program of Etteplan's own shares in accordance with the authorization given to it by the Annual General Meeting on April 8, 2021. The shares are repurchased in order to be used to fulfill obligations pertaining to the share-based incentive plan for the Group's key personnel. The number of repurchased shares will not exceed 80,000 shares and the corresponding number of voting rights, which corresponds to approximately 0.32 per cent of the current total number of Etteplan's shares. According to the Board's decision, the maximum repurchase price is EUR 19.00 per share. Shares will be repurchased on NASDAQ OMX Helsinki at the market price quoted at the time of the repurchase, as provided by the regulations on public trading of shares.

The repurchasing of shares began on May 21, 2021, and ended on October 12, 2021, when the maximum amount of repurchased shares was reached.

In January-December 2021, Etteplan repurchased a total of 80,000 of the company's own shares. The company held 159,046 of its own shares on December 31, 2021 (December 31, 2020: 79,046), which corresponds to 0.63 per cent of all shares and voting rights.

Flaggings

Etteplan Oyj received no flagging notices in January-December 2021.

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 March 2019. The plan is in line with Etteplan's strategy and supports the achievement of the company's financial targets.

The earning 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.

Event after the review period: Change in Etteplan's Management Group

Tero Leppänen, M.Sc. (Computer Science), has been appointed Senior Vice President, Software and Embedded Solutions and a member of Etteplan's Management Group effective from January 3, 2022. Leppänen has worked at Etteplan since 2016 in various leadership positions, most recently as Vice President, Testing and Product Verification Business Unit and member of the Software and Embedded Solutions service area's management team. Leppänen joined Etteplan through the acquisition of Espotel Oy in 2016 and, prior to that, he worked at Efore Oyj. Tom Leskinen, the former Senior Vice President, Software and Embedded Solutions, will continue his career outside of Etteplan.

Event after the review period: Etteplan acquired Cognitas from Canon and becomes a market-leading company in technical documentation in Germany

Etteplan has on January 17, 2022 acquired Cognitas GmbH, a German technical information lifecycle management company, from Canon Germany GmbH. The acquisition strengthens Etteplan's position in Germany and continues our strategic investments in Central Europe. With the acquisition, Etteplan becomes a market-leading company in technical documentation in Germany and reinforces its leading position in Europe.

Founded by Siemens in 2000, Cognitas has been owned by Canon Germany since 2014. Cognitas is a leading German consulting and services company in the field of technical documentation, with annual revenue of approximately EUR 15 million. Cognitas employs 200 professionals in consulting and technical information authoring and management. The parties have agreed not to publish the purchase price.

Event after the review period: Etteplan acquired Syncore, an embedded system specialist in Sweden - a directed share issue to the owners of the acquired company

Etteplan strengthens its position in Sweden and on February 2, 2022 acquired Syncore Technologies AB, a technology services company focusing on embedded systems. The acquisition is in line with Etteplan's growth strategy as it complements our expertise and increases our international presence.

Founded in 2000, Syncore is specialized in advanced embedded systems projects such as design, hardware and software development, and product lifecycle services, especially for customers in the industrial systems, aerospace and defense industries. In 2020, Syncore's net sales were approximately EUR 5 million and it employs 46 embedded systems experts in Linköping, Sweden. The parties have agreed not to publish the purchase price.

As part of the financing of the transaction, Etteplan Oyj's Board of Directors, at its meeting held on February 1, 2022, made a conditional decision on the share issue based on the share issue authorization given to the Board of Directors by the Annual General Meeting on April 8, 2021. The directed share issue is related to the acquisition of Syncore Technologies AB. In accordance with the terms of the transaction, the purchase price will be paid through a share issue to the sellers and cash. The contract of sale, which was a condition of the decision, was signed today, February 2, 2022, and at the same time the sellers subscribed for 117 485 Etteplan new shares as a part payment for the purchase amount. The subscription price per share to be paid for the shares is EUR 16.42.

Operating risks and uncertainty factors

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

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

The Board's proposal for distribution of 2021 profits

The parent company's distributable shareholders' equity according to the balance sheet on December 31, 2021, is EUR 57,744,043.25. The Board of Directors will propose to the Annual General Meeting, which will convene on April 6, 2022, that on the dividend payout date a dividend of EUR 0.40 per share be paid on the company's externally owned shares, for a total amount of EUR 10,033,323.20 at most, and that the remaining profit be transferred to retained earnings.

Financial information in 2022

Financial Statements and Annual Report: week 11/2022 at the latest

Annual General Meeting 2022: Wednesday, April 6, 2022

January-March 2022 Interim Report: Thursday, May 5, 2022

January-June 2022 Half Year Financial Report: Wednesday, August 10, 2022

January-December 2022 Interim Report: Friday, October 28, 2022

Espoo, February 10, 2022

Etteplan Oyj

Board of Directors

Additional information:

Juha Näkki, President and CEO, tel. +358 10 307 2077

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

The information presented herein has not been audited.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	10-12/2021	10-12/2020	1-12/2021	1-12/2020
Revenue	85,258	70,295	300,111	259,702
Other operating income	448	1,485	1,289	3,622
Materials and services	-9,602	-6,940	-31,685	-23,317
Employee benefits expenses	-54,713	-46,802	-197,596	-177,301
Other operating expenses	-9,017	-6,334	-28,527	-22,300
Depreciation and amortization	-4,540	-4,611	-17,839	-18,026
Operating profit (EBIT)	7,834	7,092	25,754	22,380
Financial income	291	136	593	422
Financial expenses	-464	-669	-1,480	-1,722
Profit before taxes	7,660	6,560	24,867	21,080
Income taxes	-1,292	-868	-4,823	-4,003
Profit for the review period	6,369	5,692	20,044	17,077
Other comprehensive income, that may be reclassified to profit or loss				
Currency translation differences	-102	2,014	-589	1,415
Other comprehensive income, that will not be reclassified to profit or loss				
Change in fair value of equity investments at fair value through other comprehensive income	3	-5	32	-7
Other comprehensive income, net of tax	-99	2,009	-557	1,409
Total comprehensive income for the review period	6,270	7,701	19,487	18,486
Profit for the review period attributable to				
Equity holders of the parent company	6,369	5,692	20,044	17,077
Total comprehensive income for the review period attributable to				
Equity holders of the parent company	6,270	7,701	19,487	18,486
Earnings per share calculated from the profit attributable to equity holders of the parent company				
Basic earnings per share, EUR	0.26	0.23	0.80	0.69
Diluted earnings per share, EUR	0.26	0.23	0.80	0.69

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR 1,000	Dec 31, 2021	Dec 31, 2020
ASSETS		
Non-current assets		
Goodwill	92,380	83,685
Other intangible assets	28,807	26,011
Tangible assets	24,759	25,698
Investments at fair value through other comprehensive income	418	378
Other non-current receivables	54	54
Deferred tax assets	731	493
Non-current assets, total	147,150	136,320
Current assets		
Inventory	376	336
Work in progress	26,810	17,764
Trade and other receivables	47,988	38,883
Current tax assets	273	208
Cash and cash equivalents	30,356	24,407
Current assets, total	105,803	81,598
TOTAL ASSETS	252,953	217,918
EQUITY AND LIABILITIES		
Equity		
Share capital	5,000	5,000
Share premium account	6,701	6,701
Unrestricted equity fund	22,037	20,101
Own shares	-1,245	-124
Cumulative translation adjustment	-3,473	-2,884
Other reserves	133	101
Retained earnings	69,761	58,178
Equity, total	98,914	87,074
Non-current liabilities		
Deferred tax liabilities	7,408	6,502
Loans from financial institutions	30,350	12,900
Lease liabilities	8,777	8,608
Other non-current liabilities	827	27
Non-current liabilities, total	47,362	28,038
Current liabilities		
Loans from financial institutions	25,453	27,583
Lease liabilities	13,894	15,883
Advances received	3,891	2,770
Trade and other payables	61,673	54,608
Current income tax liabilities	1,766	1,962
Current liabilities, total	106,677	102,806
Liabilities, total	154,039	130,844
TOTAL EQUITY AND LIABILITIES	252,953	217,918

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1,000	10-12/2021	10-12/2020	1-12/2021	1-12/2020
Operating cash flow				
Cash receipts from customers	78,422	67,120	287,564	267,784
Operating expenses paid	-62,728	-47,980	-253,056	-223,600
Operating cash flow before financial items and taxes	15,694	19,140	34,508	44,184
Interests and other payments for financial expenses	-449	-387	-1,289	-1,257
Interest received	10	19	80	79
Income taxes paid	-2,098	-1,261	-6,205	-5,010
Operating cash flow (A)	13,156	17,512	27,093	37,997
Investing cash flow				
Purchase of tangible and intangible assets	-651	-267	-2,157	-1,639
Acquisition of subsidiaries, net of cash acquired	0	0	-14,255	-5,885
Proceeds from sale of tangible and intangible assets	-47	-6	17	30
Proceeds from repayment of loans	0	0	73	0
Investing cash flow (B)	-699	-273	-16,321	-7,494
Cash flow after investments (A+B)	12,457	17,239	10,772	30,503
Financing cash flow				
Proceeds from directed share issue	0	0	1,936	0
Purchase of own shares	-297	0	-1,382	0
Proceeds from current loans	-13	-1,641	6,941	11,698
Repayments of current loans	-14,885	-3,630	-30,060	-12,217
Proceeds from non-current loans	26,503	0	37,503	0
Repayments of non-current loans	-6	0	-6	-695
Payment of lease liabilities	-2,812	-3,054	-11,478	-12,131
Dividend paid	0	0	-8,461	-8,682
Financing cash flow (C)	8,489	-8,326	-5,007	-22,028
Variation in cash (A+B+C) increase (+) / decrease (-)	20,946	8,913	5,765	8,475
Assets at the beginning of the period	9,215	15,353	24,407	15,878
Exchange gains or losses	195	141	184	55
Assets at the end of the period	30,356	24,407	30,356	24,407

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

EUR 1,000	A	B	C	D	E	F	G	H
Equity Jan 1, 2021	5,000	6,701	20,101	101	-124	-2,884	58,178	87,074
Comprehensive income								
Profit for the review period	0	0	0	0	0	0	20,044	20,044
Other comprehensive income								
Change in fair value of equity investments at fair value through other comprehensive income	0	0	0	32	0	0	0	32
Cumulative translation adjustment	0	0	0	0	0	-589	0	-589
Other comprehensive income, net of tax	0	0	0	32	0	-589	0	-557
Total comprehensive income for the review period	0	0	0	32	0	-589	20,044	19,487
Transactions with owners								
Dividends	0	0	0	0	0	0	-8,461	-8,461
Directed share issue	0	0	1,936	0	0	0	0	1,936
Purchase of own shares	0	0	0	0	-1,382	0	0	-1,382
Share-based incentive plan	0	0	0	0	260	0	0	260
Transactions with owners, total	0	0	1,936	0	-1,122	0	-8,461	-7,647
Equity Dec 31, 2021	5,000	6,701	22,037	133	-1,245	-3,473	69,761	98,914

NOTES

General

Etteplan provides solutions for software and embedded solutions, industrial equipment and plant engineering 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 2021, Etteplan had a turnover of approximately EUR 300 million. The company currently has over 3,800 professionals in Finland, Sweden, the Netherlands, Germany, Poland, Denmark 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 at its meeting on February 10, 2022.

Basis for preparation

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

This Financial Statement Release has been prepared in accordance with the requirements in IAS 34 (Interim Financial Reporting) standard. The Financial Statement Release has been prepared according to the recognition and valuation principles presented in the 2020 Annual Financial Statements.

Accounting policies requiring management's judgment and key sources of uncertainty concerning estimates

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

The key sources of estimation uncertainty, as well as areas requiring judgment-based decisions, were the same as those that applied to the 2020 consolidated financial statements.

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

Key Figures

EUR 1,000	1-12/2021	1-12/2020	Change
Revenue	300,111	259,702	15.6%
Operating profit (EBITA)	30,139	26,172	15.2%
EBITA, %	10.0	10.1	
Operating profit (EBIT)	25,754	22,380	15.1%
EBIT, %	8.6	8.6	
Profit before taxes	24,867	21,080	18.0%
Profit before taxes, %	8.3	8.1	
Return on equity, %	21.6	20.8	
ROCE, %	16.0	16.0	
Equity ratio, %	39.7	40.5	
Gross interest-bearing debt	78,474	64,974	20.8%
Net gearing, %	48.6	46.6	
Balance sheet, total	252,953	217,918	16.1%
Gross investments	30,582	29,697	3.0%
Operating cash flow	27,093	37,997	-28.7%
Basic earnings per share, EUR	0.80	0.69	15.9%
Diluted earnings per share, EUR	0.80	0.69	15.9%
Equity per share, EUR	3.97	3.50	13.4%
Personnel, average	3,480	3,320	4.8%
Personnel at end of the period	3,629	3,267	11.1%

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	Eliminations and other	Total
10-12/2021						
External revenue	47,107	23,369	14,338	84,814	444	85,258
Operating profit (EBITA)	4,983	2,418	1,714	9,116	-151	8,965
Personnel at end of the period	2,062	771	669	3,502	127	3,629
10-12/2020						
External revenue	40,592	17,680	11,870	70,143	152	70,295
Operating profit (EBITA)	4,249	2,434	1,304	7,987	97	8,085
Personnel at end of the period	1,922	628	616	3,166	101	3,267
1-12/2021						
External revenue	167,433	80,123	51,650	299,206	905	300,111
Operating profit (EBITA)	16,555	8,316	5,879	30,750	-611	30,139
Personnel at end of the period	2,062	771	669	3,502	127	3,629
1-12/2020						
External revenue	148,884	63,694	46,531	259,110	593	259,702
Operating profit (EBITA)	14,679	7,101	4,583	26,363	-192	26,172
Personnel at end of the period	1,922	628	616	3,166	101	3,267

Reconciliation of Operating profit (EBITA) and Profit before taxes

EUR 1,000	10-12/2021	10-12/2020	1-12/2021	1-12/2020
Operating profit (EBITA)	8,965	8,085	30,139	26,172
Amortization on fair value adjustments at acquisitions	-1,131	-993	-4,385	-3,791
Operating profit (EBIT)	7,834	7,092	25,754	22,380
Financial income	291	136	593	422
Financial expenses	-464	-669	-1,480	-1,722
Profit before taxes	7,660	6,560	24,867	21,080

Segments' non-current assets

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

EUR 1,000	Dec 31, 2021	Dec 31, 2020
Finland	63,609	66,989
Scandinavia	39,820	34,185
China	2,931	2,565
Central Europe	39,640	31,710
Total	146,001	135,449

Revenue

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

EUR 1,000	10-12/2021	10-12/2020	1-12/2021	1-12/2020
Primary geographical location				
Finland	48,043	41,599	169,996	159,277
Scandinavia	20,401	15,344	70,153	57,519
Central Europe	13,412	11,224	47,747	35,705
China	3,402	2,128	12,216	7,201
Total	85,258	70,295	300,111	259,702
Timing of revenue recognition				
Transferred at a point in time	575	590	2,241	2,044
Transferred over time	84,683	69,704	297,871	257,658
Total	85,258	70,295	300,111	259,702

Revenue and Operating profit (EBIT) by quarter

EUR 1,000	1-3/2021	4-6/2021	7-9/2021	10-12/2021
Revenue	72,950	75,043	66,860	85,258
Operating profit (EBIT)	6,594	6,729	4,597	7,834
EBIT, %	9.0	9.0	6.9	9.2
EUR 1,000	1-3/2020	4-6/2020	7-9/2020	10-12/2020
Revenue	71,292	62,895	55,221	70,295
Operating profit (EBIT)	5,656	5,359	4,274	7,092
EBIT, %	7.9	8.5	7.7	10.1

Non-recurring items

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

EUR 1,000	10-12/2021	10-12/2020	1-12/2021	1-12/2020
Other operating income	0	334	0	652
Employee benefits expenses and other operating expenses	-84	-678	-656	-1,568
Operating profit (EBIT)	-84	-344	-656	-916

Business combinations

TekPartner A/S

Etteplan expanded its business in the Nordics and opened up a new country, Denmark, by acquiring TekPartner, an engineering and IT company specialized in electronics and software on January 7, 2021. TekPartner, founded 2009, covers development of all core disciplines within embedded software, intelligent electronics, FPGA (field-programmable gate array) and IoT (Internet of things). In 2019 TekPartner's revenue was approximately 8 million euros. TekPartner delivers its services through a combination of its own team of 19 highly qualified engineering professionals and a vast network of international project partners and over 30 freelancers working in Denmark. TekPartner is located in Herlev and Odense in Denmark.

The acquisition consideration recognized at the time of the acquisition, paid in cash, was EUR 5,833 thousand in total. In addition to this payment a contingent consideration of EUR 0-1,900 thousand (undiscounted amount) is agreed upon. The contingent consideration will be paid in full provided that TekPartner A/S's result in the financial years 2021 and 2022 reaches the thresholds set in the share transfer agreement. The fair value of the contingent consideration is estimated by applying the income approach. At the time of the acquisition the fair value of the contingent consideration was EUR 800 thousand.

The goodwill of EUR 3,121 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.

Costs related to the acquisition, EUR 99 thousand, were included in other operating expenses in the consolidated statement of comprehensive income for the financial year 2020.

F.I.T. Fahrzeug Ingenieurtechnik GmbH

Etteplan strengthened its position in technical documentation in Germany through the acquisition of F.I.T. Fahrzeug Ingenieurtechnik GmbH on May 17, 2021. Founded in 1972, F.I.T. specializes in technical documentation solutions for governmental utility vehicles and the defense industry. It is located in Koblenz and employs some 15 technical documentation specialists.

The acquisition consideration recognized at the time of the acquisition, paid in cash, was EUR 560 thousand in total.

The provisional goodwill of EUR 456 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.

Costs related to the acquisition, EUR 16 thousand, are included in other operating expenses in the consolidated statement of comprehensive income.

Skyrise.tech Sp. z o.o. sp.k.

Etteplan acquired Skyrise.tech, a Polish software development company on June 14, 2021. Through the acquisition, Etteplan will significantly strengthen its capability to deliver applications and cloud software solutions. Skyrise.tech, founded in 2008, is a fast-growing modern software development company working mostly with customers in logistics, mobility, healthcare and enterprise industries. In 2020 Skyrise.tech's revenue was some EUR 3.5 million. The acquired company has some 80 software specialists in Katowice and Gdansk in Poland.

The acquisition consideration recognized at the time of the acquisition, paid in cash, was EUR 7,105 thousand in total.

The provisional goodwill of EUR 4,226 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.

Costs related to the acquisition, EUR 196 thousand, are included in other operating expenses in the consolidated statement of comprehensive income.

Adina Solutions Oy

Etteplan strengthened its know-how in technical documentation of software by acquiring Adina Solutions Oy from Finland on August 2, 2021. Adina Solutions Oy, founded in 2016 specializes on planning and implementation of technical documentation of software, localization of the content as well as consulting and training. Originating from Tampere, Finland, Adina Solutions Oy employs a total of 13 content producers and technical communications professionals. Its clientele consists of software companies and equipment manufacturers.

The acquisition consideration recognized at the time of the acquisition, paid in cash, was EUR 941 thousand in total.

The provisional goodwill of EUR 457 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.

Costs related to the acquisition, EUR 20 thousand, are included in other operating expenses in the consolidated statement of comprehensive income.

BST Buck Systemtechnik GmbH

Etteplan acquired BST Buck Systemtechnik GmbH in Brunsbüttel in the Northern part of Germany on September 29, 2021. The company specializes in Software Development, Process Automatization & Hardware Engineering and employs slightly more than 30 specialists. BST Buck Systemtechnik GmbH 's customers operate in Chemical, Pharmaceutical, Energy and Food & beverage industries. The acquisition of BST Buck Systemtechnik GmbH complements our current operations in industrial automation and process engineering and creates a stronger and wider growth platform for us in the important engineering market in Germany.

The acquisition consideration recognized at the time of the acquisition, paid in cash, was EUR 990 thousand.

The provisional goodwill of EUR 873 thousand arising from the acquisition is attributable to the technical know-how of the acquiree's personnel, and the expected synergies arising from the acquisition. None of the goodwill recognized is expected to be deductible for income tax purposes.

Costs related to the acquisition, EUR 63 thousand, are included in other operating expenses in the consolidated statement of comprehensive income.

Acquisitions in total

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

Consideration transferred:	EUR 1,000
Cash payment	15,428
Contingent consideration	800
Total consideration transferred	16,228
Assets and liabilities	
Tangible assets	858
Intangible assets	7
Customer relationships (intangible assets)	7,466
Non-competition agreements (intangible assets)	355
Trade and other receivables	2,818
Cash and cash equivalents	1,249
Total assets	12,753
Non-current liabilities	917
Current liabilities	3,020
Deferred tax liability	1,720
Total liabilities	5,657
Total identifiable net assets	7,096
Formation of Goodwill:	
Consideration transferred	16,228
Total identifiable net assets	-7,096
Goodwill	9,132

Trade and other receivables comprise gross contractual amounts and equal fair value amounts of EUR 2,818 thousand.

The revenue included in the income statement contributed by the acquired companies was EUR 10,238 thousand and profit for the financial year EUR 1,450 thousand. Had all the companies been consolidated from January 1, 2021, the income statement would show revenue of EUR 302,873 thousand and profit for the financial year of EUR 19,581 thousand.

Intangible assets
Goodwill

EUR 1,000	2021	2020
Acquisition cost Jan 1	83,685	79,044
Translation difference	-387	1,028
Acquisition of subsidiaries	9,082	3,613
Book value Dec 31	92,380	83,685

Other intangible assets

2021 EUR 1,000	Intangible rights	Internally created intangible assets	Fair value adjustments in acquisitions	Leased software	Advance payments	Total
Acquisition cost Jan 1, 2021	12,114	2,945	38,362	6,661	129	60,211
Translation difference	141	0	-88	-9	0	44
Acquisition of subsidiaries	7	0	7,782	0	0	7,789
Additions	373	20	0	895	188	1,475
Disposals	-50	0	0	0	0	-50
Reclassifications	90	0	0	0	-44	46
Acquisition cost Dec 31, 2021	12,674	2,965	46,056	7,547	273	69,516
Cumulative amortization Jan 1, 2021	-10,417	-2,504	-16,306	-4,974	0	-34,200
Translation difference	-139	0	11	7	0	-121
Disposals	41	0	0	0	0	41
Amortization for the financial year	-762	-187	-4,385	-1,094	0	-6,428
Cumulative amortization Dec 31, 2021	-11,278	-2,690	-20,679	-6,060	0	-40,709
Book value Dec 31, 2021	1,396	274	25,377	1,487	273	28,807

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

Tangible assets

2021 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, 2021	19	495	14,386	1,261	18,623	32,554	67,339
Translation difference	0	0	94	5	-47	0	51
Acquisition of subsidiaries	0	0	7	86	23	754	870
Additions	0	0	1,331	245	3,840	5,951	11,366
Disposals	0	0	-1	0	-378	-1,427	-1,806
Reclassifications between items	0	0	44	0	0	0	44
Acquisition cost Dec 31, 2021	19	495	15,860	1,597	22,061	37,832	77,864
Cumulative depreciation Jan 1, 2021	0	-11	-12,089	-1,110	-14,436	-13,995	-41,641
Translation difference	0	0	-85	-5	36	0	-55
Disposals	0	0	1	0	0	0	1
Depreciation for the financial year	0	-11	-938	-88	-3,008	-7,365	-11,410
Cumulative depreciation Dec 31, 2021	0	-22	-13,111	-1,204	-17,408	-21,360	-53,105
Book value Dec 31, 2021	19	473	2,749	394	4,652	16,472	24,759

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

Intangible and tangible right-of-use assets in total

EUR 1,000	2021	2020
Book value Jan 1	24,434	15,552
Translation difference	-13	22
Acquisition of subsidiaries	777	2,463
Additions	10,685	19,538
Disposals and reclassifications	-1,805	-949
Depreciation for the financial year	-11,467	-12,192
Book value Dec 31	22,611	24,434

Pledges, mortgages guarantees

EUR 1,000	Dec 31, 2021	Dec 31, 2020
Business mortgages	320	320
Pledged shares	120	120
Other contingencies	418	379
Total	858	818

Related party transactions

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

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

The following transactions were carried out with related parties:

EUR 1,000	1-12/2021	1-12/2020
Sales of services to other related parties	94	226
Purchases of services from other related parties	36	155
EUR 1,000	Dec 31, 2021	Dec 31, 2020
Trade receivables from other related parties	0	92

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

2021	Quoted shares	Premises shares	Unquoted shares	
EUR 1,000	(Level 1)	(Level 2)	(Level 3)	Total
Opening balance at Jan 1	235	120	24	378
Gain/loss recognized in other comprehensive income	40	0	0	40
Closing balance Dec 31	275	120	24	418

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

Financial liabilities recognized at fair value through profit or loss

Contingent liability in acquisitions (Level 3)

EUR 1,000	2021	2020
Opening balance at Jan 1	132	2,430
Additions	1,209	0
Revaluation	-409	-652
Payment	-132	-1,646
Closing balance Dec 31	800	132

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	10-12/2021	10-12/2020	1-12/2021	1-12/2020
Operating profit (EBIT)	7,834	7,092	25,754	22,380
Amortization on fair value adjustments at acquisitions	1,131	993	4,385	3,791
Operating profit (EBITA)	8,965	8,085	30,139	26,172

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 the 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.

Formulas for key figures

IFRS key figures

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

Non-IFRS key figures

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