

Q2

2021

HALF YEAR FINANCIAL REVIEW
JANUARY-JUNE

Strong and profitable growth

ETTEPLAN Q2 2021: Strong and profitable growth
Key points April-June 2021

- The Group's revenue grew by 19.3 per cent and was EUR 75.0 million (4-6/2020: EUR 62.9 million). At comparable exchange rates, revenue increased by 18.1 per cent.
- Operating profit (EBITA) improved by 24 per cent and was EUR 7.8 (6.3) million, or 10.4 (10.0) per cent of revenue.
- Operating profit (EBIT) improved by 25.6 per cent and was EUR 6.7 (5.4) million, or 9.0 (8.5) per cent of revenue.
- Operating cash flow was EUR 12.4 (18.0) million.
- Basic earnings per share were EUR 0.20 (0.16).

Key points January-June 2021

- The Group's revenue grew by 10.3 per cent and was EUR 148.0 million (1-6/2020: EUR 134.2 million). At comparable exchange rates, revenue increased by 9.2 per cent.
- Operating profit (EBITA) improved by 20.3 per cent and was EUR 15.5 (12.9) million, or 10.5 (9.6) per cent of revenue.
- Operating profit (EBIT) improved by 21 per cent and was EUR 13.3 (11.0) million, or 9.0 (8.2) per cent of revenue.
- Operating cash flow was EUR 13.7 (20.3) million.
- Basic earnings per share were EUR 0.41 (0.33).
- Etteplan updates its financial guidance concerning revenue for 2021: Revenue in 2021 is estimated to be EUR 295-315 million.

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

Key figures

EUR 1,000	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Revenue	75,043	62,895	147,993	134,187	259,702
Operating profit (EBITA)	7,794	6,285	15,473	12,865	26,172
EBITA, %	10.4	10.0	10.5	9.6	10.1
Operating profit (EBIT)	6,729	5,359	13,323	11,015	22,380
EBIT, %	9.0	8.5	9.0	8.2	8.6
Basic earnings per share, EUR	0.20	0.16	0.41	0.33	0.69
Equity ratio, %	40.3	37.7	40.3	37.7	40.5
Operating cash flow	12,421	18,033	13,710	20,279	37,997
ROCE, %	17.3	14.6	17.6	16.2	16.0
Personnel at end of the period	3,491	3,297	3,491	3,297	3,267

President and CEO Juha Näkki:

As expected, our growth accelerated in the second quarter of the year and our revenue grew to a new record level. The comparison period was fairly weak due to the COVID-19 pandemic, but despite that our growth of nearly 20 per cent and organic growth of more than 10 per cent were strong indications of our growth ambition and competitiveness in the improving market situation. We were particularly satisfied with the Software and Embedded Solutions service area's strong growth of more than 30 per cent.

Our growth was also profitable and, thanks to good operational efficiency, we once again exceeded our target level for EBITA of 10 per cent. Profitability was at a good level in all of our service areas. We were especially pleased with the excellent profitability of more than 12 per cent achieved by the Technical Documentation Solutions service area.

During the review period we accelerated our recruitment and continued our investments in strategy implementation, which had been suspended due to the pandemic. These factors had a slight impact on our cost structure. We also carried out two acquisitions in line with our growth strategy. We acquired the Germany-based F.I.T. for the Technical Documentation Solutions service area and the Poland-based Skyrise.tech for the Software and Embedded Solutions service area. F.I.T. strengthens our competence in the defense industry, while Skyrise.tech significantly increases our competence in cloud services and software applications. After the review period, we announced the acquisition of Adina Solutions Oy in Finland for the Technical Documentation Solutions service area.

We intend to continue to actively assess new acquisition opportunities and we strengthened our organization during the review period to support unorganic growth and reaching of our growth target. Going forward, our current CFO Per-Anders Gådin will be in charge of acquisition processes and business development. We have appointed Helena Kukkonen as our new CFO.

Due to the positive development in the first half of the year, we are upgrading our financial guidance for revenue. While the pandemic continues to affect our business and the virus variants maintain uncertainty, the orders received by our customers have grown substantially, which is why we believe that the good market situation will continue in the second half of the year.

Market outlook 2021

The most important factor affecting Etteplan's business is the global development of the machinery and metal industry. The prolongation of the global COVID-19 pandemic continues to have an impact on the global economy and market situation and is still causing uncertainty in the markets. Nevertheless, orders received by customers have grown substantially and investments in product development and production continue. Consequently, demand was at a good level and we expect this to continue during the remainder of the year.

Updated financial guidance 2021

Etteplan changed its financial guidance practice at the beginning of 2021. Going forward, Etteplan issues guidance for revenue and operating profit (EBIT) as a numerical range. Etteplan updates its previous guidance concerning revenue and issues the following estimates:

Revenue in 2021 is estimated to be EUR 295-315 million, and operating profit (EBIT) in 2021 is estimated to be EUR 25-28 million.

Previous financial guidance 2021 (updated May 5, 2021)

Revenue in 2021 is estimated to be EUR 285-305 million, and operating profit (EBIT) in 2021 is estimated to be EUR 25-28 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, climate change and sustainable development 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 prolongation of the global COVID-19 pandemic continues to have an impact on the global economy and market situation and is still causing uncertainty in the markets. Travel restrictions also affect the development of demand to some degree.

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Development of demand by customer industry

The pandemic continues to affect demand in all customer industries but, now that vaccination coverage has improved, demand is at a good level. Customer-specific differences were again considerable in the review period. Demand in the Forest, Pulp and Paper industry was at a moderate level. Demand in the Energy industry was at a moderate level. Demand in the Mining industry was at a good level. Demand in the Lifting and Hoisting industry improved and was at a good level. Demand in the ICT industry remained good. Demand in the Automotive and Transportation industry improved and was at a moderate level. Demand in the Chemical industry was at a good level.

Development of demand in Etteplan's operating countries

In Finland, the general market situation continued to improve and demand was at a good level.

The value of new orders received by the companies in the technology industry in Finland increased by six per cent in April-June 2021 compared to January-March 2021, and by 21 per cent compared to the same period the previous year. Also the amount of requests for quotes continued to grow during the summer and were on a record level. In the end of June, the value of the order backlog was five per cent higher than in the end of March and nine per cent higher than in June 2020. 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 this year will be higher than in the same time last year.

In Sweden and Denmark, demand developed favorably. In the Netherlands, Germany and Poland, the general market demand continued to develop favorably.

In China, the pandemic did not affect demand in the first half of the year, and demand was at a good level.

Revenue

Etteplan's revenue grew by 19.3 per cent to a new record level in April-June and was EUR 75.0 million (4-6/2020: EUR 62.9 million). Revenue increased by 18.1 per cent at comparable exchange rates. The organic growth of revenue was 12.4 per cent. At comparable exchange rates, organic growth was 11.2 per cent. Revenue from key accounts grew by 8.8 per cent in April-June.

In January-June, Etteplan's revenue grew by 10.3 per cent and was EUR 148.0 million (1-6/2020: EUR 134.2 million). Revenue increased by 9.2 per cent at comparable exchange rates. Organic growth was 3.7 per cent. At comparable exchange rates, organic growth was 2.6 per cent. Revenue from key accounts in January-June was at the previous year's level.

The COVID-19 pandemic had a significant impact on our development in the second quarter of 2020, which means that the comparison period in this report was a fairly weak quarter. In the period under review, the demand situation was good although the pandemic continued to have an impact on Etteplan's development. We called temporarily laid off employees back to work and focused on new recruitment. Outsourcing and acquisitions had a positive effect on our revenue. The number of subcontractors also increased, particularly in the software business. Travel restrictions in various countries are slowing down the progress of projects to some degree.

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. Tegema increased revenue starting from September 1, 2020, TekPartner starting from January 1, 2021, F.I.T. Fahrzeug Ingenieurtechnik GmbH starting from May 1, 2021 and Skyrise.tech starting from June 1, 2021.

Result

Profitability was again at a good level due to good operational efficiency and the temporary changes to the cost structure resulting from the pandemic. The pandemic has reduced travel-related expenses, for example. We have, nevertheless, initiated development programs and invested in recruitment, which was also reflected in our cost structure. Operations and the cost structure are expected to settle into the new normal in the latter part of 2021.

Operating profit (EBITA) improved by 24 per cent in April-June and was EUR 7.8 (6.3) million, or 10.4 (10.0) per cent of revenue.

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Operating profit (EBIT) improved by 25.6 per cent in April-June and was EUR 6.7 (5.4) million, or 9.0 (8.5) per cent of revenue.

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The combined effect of non-recurring items on operating profit (EBITA) and operating profit (EBIT) was EUR -0.4 (-0.3) million in April-June and EUR -0.4 (-0.5) million in January-June. The non-recurring costs were related to acquisitions and organizational restructuring.

In January-June, financial expenses amounted to EUR 0.8 (0.7) million.

Profit before taxes for January-June was EUR 12.8 (10.5) million. Taxes in the income statement amounted to 19.9 (22.7) per cent of the result before taxes. The amount of taxes was EUR 2.6 (2.4) million.

The profit for January-June was EUR 10.2 (8.1) million.

Basic earnings per share were EUR 0.20 (0.16) in April-June and EUR 0.41 (0.33) in January-June. Equity per share was EUR 3.64 (3.06) at the end of June. Return on capital employed (ROCE) before taxes was 17.3 (14.6) per cent in April-June and 17.6 (16.2) per cent in January-June.

Cash flow and financial position

Operating cash flow was EUR 12.4 (18.0) million in April-June. Cash flow after investments was EUR 4.8 (15.9) million in April-June.

Operating cash flow was EUR 13.7 (20.3) million in January-June. Cash flow after investments was EUR 0.1 (17.7) million in January-June.

Operating cash flow decreased year-on-year in the second quarter. Operating expenses increased faster than the cash flow from sales as working capital was tied up by strong growth. Consequently, the effect on cash flow was the opposite compared to the beginning of the pandemic.

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 13.1 (26.2) million at the end of June.

The Group's interest-bearing debt amounted to EUR 65.7 (66.5) million at the end of June. Debt increased due to the growth of lease liabilities related to relocations. Lease liabilities represented EUR 23.2 (19.1) million of interest-bearing liabilities.

The total of unused short-term credit facilities stood at EUR 11.3 (16.2) million.

Total assets on June 30, 2021, were EUR 227.8 (206.9) million. Goodwill on the balance sheet was EUR 91.8 (78.9) million.

At the end of June, the equity ratio was 40.3 (37.7) per cent.

Capital expenditure

The Group's gross investments in January-June were EUR 22.2 (10.6) million. The gross investments mainly consisted of acquisition-related items, an increase in lease liabilities and equipment purchases.

Personnel

The number of personnel increased by 6.9 per cent from the end of 2020. Compared to the end of June 2020, the number of personnel increased by 5.9 per cent and the Group had 3,491 employees at the end of June 2021 (June 30, 2020: 3,297 employees). The Group employed 3,365 (3,373) people on average in January-June. At the end of June, 1,510 (1,303) people were employed by the Group outside Finland.

Approximately 85 per cent of Etteplan's personnel are still working remotely. As vaccination coverage improves, we expect our personnel to return partly to in-office work, 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.

Due to the pandemic, at most 402 people were temporarily laid off in 2020. At the end of 2020, 165 employees were temporarily laid off. Part of the temporary layoffs were implemented as part-time layoffs. As the demand situation improved at the end of the year and in the first half of 2021, we have called most of the temporarily laid off employees back to work. A total of 28 employees were temporarily laid off at the end of June 2021 in Finland and Germany.

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. However, investments in the development of the service offering continued in the second half of 2020. In the second quarter of 2021, other projects related to the implementation of the strategy have also been resumed, and we believe the renewed 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 target is to achieve revenue of EUR 500 million by 2024 and increase the share of revenue earned outside Finland to 50 per cent. We seek growth organically and by acquisitions. In the second quarter of the year, we accelerated recruitment and carried out two acquisitions.

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 improved in the first half of the year and was 63 (60) per cent in April-June and 63 (60) per cent in January-June.

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

Etteplan's customers are investing in digitalization and intelligent devices, which presents significant growth opportunities for the company. In 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. In the second quarter, Etteplan acquired the Polish software development company Skyrise.tech. Through the acquisition, we significantly strengthen our capability to deliver applications and cloud software solutions. At the same time, we are investing in organic growth as well as the development of our own business and increasing its rate of digitalization.

Etteplan's goal is to grow internationally and provide solutions from all of the company's service areas in all of its market areas. In April-June, revenue accumulated outside Finland amounted to EUR 31.8 (23.8) million, or 42 (38) per cent of the Group's total revenue. In January-June, revenue accumulated outside Finland amounted to EUR 63.2 (50.1) million, or 43 (37) per cent of the Group's total revenue.

The development of the Chinese market was excellent, with the number of hours sold increasing by 52 per cent in April-June and 61 per cent in January-June. The pandemic significantly slowed down growth during the early part of last year.

Acquisitions

Etteplan acquired the Polish software development company Skyrise.tech in June 2021. Through the acquisition, Etteplan significantly strengthens its capability to deliver applications and cloud software solutions. The acquisition is a continuation to the investments in digitalization and software development Etteplan has made during the recent years. Founded in 2008, Skyrise.tech is a fast-growing modern software development company working mostly with customers in the logistics, mobility, healthcare and enterprise industries. In 2020, Skyrise.tech's revenue amounted to approximately EUR 3.5 million. The acquired company has some 80 software specialists in Katowice and Gdansk in Poland. The acquisition involves a directed share issue to the owners of the acquired company. Read more on page 11.

In May 2021, Etteplan strengthened its position in the technical documentation market in Germany by acquiring F.I.T. Fahrzeug Ingenieurtechnik GmbH. 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.

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

In September 2020, Etteplan strengthened its production-related competences and know-how by acquiring Tegema in the Netherlands. Tegema, which employs some 100 people, provides production solutions, production cells and equipment. The acquisition was another step in Etteplan's international growth and also marked the start for engineering services in the Netherlands. Previously, Etteplan offered technical documentation services in the country. Tegema's integration into Etteplan has been slightly delayed from the original plans due to the pandemic.

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	4-6/2021	4-6/2020	Change	1-6/2021	1-6/2020	Change	1-12/2020
Revenue	42,026	35,924	17.0%	83,424	77,256	8.0%	148,884
Operating profit (EBITA)	4,179	3,710	12.6%	8,565	7,634	12.2%	14,679
EBITA, %	9.9	10.3		10.3	9.9		9.9
Managed Services index	63	57		63	57		59
Personnel at end of the period	1,995	1,925	3.6%	1,995	1,925	3.6%	1,922

The figures for Tegema, acquired in September 2020, are included in the Engineering Solutions service area's figures starting from September 1, 2020.

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

The service area's revenue grew by 17.0 per cent in April-June and was EUR 42.0 (35.9) million. In January-June, revenue increased by 8.0 per cent and was EUR 83.4 (77.3) million.

The Engineering Solutions service area's demand situation was good in the second quarter. Our success in the sales of outsourcing solutions continued and we have signed several outsourcing agreements. We are also in discussions with several different customers regarding potential new agreements.

Stora Enso's subsidiary Efora Oy outsourced its Veitsiluoto Mill Engineering operations to Etteplan. The outsourcing is related to Stora Enso's decision to close the production of paper and pulp at Veitsiluoto Mill in Kemi, Finland by the end of September 2021. According to the contract, which entered into effect in the beginning of August 2021, a maximum of 21 Efora project managers and project engineers will transfer to Etteplan.

The Engineering Solutions service area's operating profit (EBITA) in April-June was EUR 4.2 (3.7) million, or 9.9 (10.3) per cent of revenue. Profitability was slightly affected by challenges in one project. In January-June, operating profit (EBITA) was EUR 8.6 (7.6) million, or 10.3 (9.9) per cent of revenue.

Profitability was at a good level due to good operational efficiency.

The Engineering Solutions service area had 1,995 (1,925) employees at the end of June.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, was 63 (57) per cent in April-June and 63 (57) per cent in January-June.

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	4-6/2021	4-6/2020	Change	1-6/2021	1-6/2020	Change	1-12/2020
Revenue	19,858	15,238	30.3%	38,675	32,200	20.1%	63,694
Operating profit (EBITA)	2,169	1,695	28.0%	4,260	3,226	32.0%	7,101
EBITA, %	10.9	11.1		11.0	10.0		11.1
Managed Services index	50	52		50	52		51
Personnel at end of the period	721	642	12.3%	721	642	12.3%	628

The figures for TekPartner, acquired in January 2021, are included in the Software and Embedded Solutions service area's figures starting from January 1, 2021. The figures for Skyrise.tech, 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 27 (24) per cent in April-June and 26 (24) per cent in January-June.

The service area's revenue increased by 30.3 per cent in April-June and was EUR 19.9 (15.2) million. In January-June, revenue increased by 20.1 per cent and was EUR 38.7 (32.2) million.

We acquired the Polish software development company Skyrise.tech in June 2021. The acquisition significantly strengthens our capability to deliver applications and cloud software solutions and opens up many interesting growth opportunities. The integration of the Denmark-based TekPartner, which we acquired in January, into Etteplan is progressing well.

The demand situation in the Software and Embedded Solutions service area is very good and our customers are investing in digital solutions. For Etteplan, this represents a growth opportunity and an increased need for recruitment as the reduced availability of competent professionals influences the service area's business operations. For this reason, we have increased the use of subcontractors. We currently have over 200 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) improved by 28.0 per cent in the second quarter and amounted to EUR 2.2 (1.7) million, or 10.9 (11.1) per cent of revenue, in April-June. Profitability was affected by investments in recruitment and the increased use of subcontracting. Operational efficiency was at a good level.

In January-June, operating profit (EBITA) improved by 32.0 per cent and amounted to EUR 4.3 (3.2) million.

The Software and Embedded Solutions service area had 721 (642) employees at the end of June.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, was 50 (52) per cent in April-June and 50 (52) per cent in January-June.

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	4-6/2021	4-6/2020	Change	1-6/2021	1-6/2020	Change	1-12/2020
Revenue	12,975	11,604	11.8%	25,520	24,439	4.4%	46,531
Operating profit (EBITA)	1,625	1,029	57.9%	3,009	2,324	29.5%	4,583
EBITA, %	12.5	8.9		11.8	9.5		9.8
Managed Services index	82	79		82	79		80
Personnel at end of the period	644	635	1.4%	644	635	1.4%	616

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.

The share of the Group's total revenue represented by Technical Documentation Solutions was 17 (19) per cent in April-June and 17 (18) per cent in January-June.

The service area's revenue increased by 11.8 per cent in April-June and was EUR 13.0 (11.6) million. In January-June, revenue increased by 4.4 per cent and was EUR 25.5 (24.4) million.

The demand situation in the Technical Documentation Solutions service area was good. The demand for outsourcing agreements was good and Etteplan is constantly in negotiations regarding new outsourcing agreements, also regarding technical documentation. In May 2021, we strengthened our position in the technical documentation market in Germany by acquiring F.I.T. Fahrzeug Ingenieurtechnik GmbH.

The Etteplan HowTo service we launched at the beginning of March has attracted widespread interest and we are in discussions with several customers regarding the deployment of the service. This completely new cloud-based solution 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.

Etteplan and Husqvarna Group have agreed on the extension of their outsourcing agreement concerning the production and maintenance of technical information for all of Husqvarna's products and brands. The collaboration began in 2015. During the collaboration, Etteplan has implemented global processes and solutions to improve the productivity and quality of the technical information.

The Technical Documentation Solutions service area's operating profit (EBITA) improved by 57.9 per cent in April-June and was EUR 1.6 (1.0) million, or 12.5 (8.9) per cent of revenue. In January-June, operating profit (EBITA) improved by 29.5 per cent and was EUR 3.0 (2.3) million, or 11.8 (9.5) per cent of revenue. Profitability improved to an excellent level due to good operational efficiency.

The Technical Documentation Solutions service area had 644 (635) employees at the end of June.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, was 82 (79) per cent in April-June and 82 (79) per cent in January-June.

GOVERNANCE

Changes in Etteplan's Management Group

Helena Kukkonen, M.Sc. (Econ.), has been appointed CFO of Etteplan Oyj as well as a member of Etteplan's Management Group. Kukkonen will join Etteplan from Oriola Corporation, where she currently serves as CFO and member of Oriola Corporation's Group Management Team. In her well-established career, Kukkonen has held various CFO and financial management positions at Oriola, Nokia, Microsoft and SSH Communications Security. Kukkonen will start in her new position on August 30, 2021, reporting to President and CEO Juha Näkki.

In accordance with the stock exchange published on March 29, 2021 by Etteplan Oyj, **Per-Anders Gådin**, the current CFO of Etteplan, will take on responsibility for acquisition processes and business development as Senior Vice President, Mergers & Acquisitions and Business Development. In his new position, Gådin will continue as a member of Etteplan's Management Group. This change will take effect when the new CFO takes office.

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 the 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 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 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 June 30, 2021, was EUR 5,000,000.00 and the total number of shares was 24,963,308.

In a stock exchange release published on June 14, 2021, Etteplan announced it had acquired the Polish software development company Skyrise.tech 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. 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 key terms of the share issue were announced in a stock exchange release on June 17, 2021.

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.

The shares shall be assigned and generate all shareholders' rights from the entry to the Trade Register. The new shares will be issued in the form of a book-entry security operated by Euroclear Finland Ltd. We estimate that the new shares will be registered during August 2021.

Trading in shares

The number of Etteplan Oyj shares traded in January-June was 767,948 (1-6/2020: 880,548), for a total value of EUR 11.98 (7.85) million. The share price low was EUR 12.95, the high EUR 17.70, the average EUR 15.60 and the closing price EUR 16.35. Market capitalization on June 30, 2021, was EUR 406.53 (222.47) million. On June 30, 2021, Etteplan had 3,635 shareholders (June 30, 2020: 3,386).

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 at 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 repurchasing of shares began on May 21, 2021, and it will end on December 31, 2021, at the latest. 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 company held 99,010 of its own shares on June 30, 2021 (June 30, 2020: 79,046), which corresponds to 0.40 per cent of all shares and voting rights.

Flaggings

Etteplan Oyj received no flagging notices in January-June 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.

Events after the review period: Etteplan strengthens its know-how in technical documentation of software by acquiring Adina Solutions Oy from Finland

On August 2, 2021 Etteplan strengthened its know-how in technical documentation of software by acquiring Adina Solutions Oy from Finland. 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.

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 pandemic has an impact on Etteplan's business and prolonging of the situation will have a negative impact on the company's development.

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

Financial information in 2021

Etteplan Oyj will publish its Interim Report for January-September 2021 on Thursday, October 28, 2021.

Espoo, August 11, 2021

Etteplan Oyj

Board of Directors

Additional information:

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

Outi Torniainen, SVP, Marketing and Communications, 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	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Revenue	75,043	62,895	147,993	134,187	259,702
Other operating income	222	748	531	953	3,622
Materials and services	-7,311	-5,097	-14,699	-11,369	-23,317
Employee benefits expenses	-50,006	-43,744	-98,838	-92,564	-177,301
Other operating expenses	-6,853	-4,936	-12,890	-11,620	-22,300
Depreciation and amortization	-4,366	-4,507	-8,774	-8,572	-18,026
Operating profit (EBIT)	6,729	5,359	13,323	11,015	22,380
Financial income	-55	-313	225	168	422
Financial expenses	-354	-21	-765	-651	-1,722
Profit before taxes	6,320	5,025	12,783	10,532	21,080
Income taxes	-1,385	-1,085	-2,550	-2,395	-4,003
Profit for the review period	4,935	3,940	10,233	8,137	17,077
Other comprehensive income, that may be reclassified to profit or loss					
Currency translation differences	571	1,880	-155	-263	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	1	5	18	5	-7
Other comprehensive income, net of tax	571	1,885	-137	-258	1,409
Total comprehensive income for the review period	5,506	5,825	10,097	7,879	18,486
Profit for the review period attributable to					
Equity holders of the parent company	4,935	3,940	10,233	8,137	17,077
Total comprehensive income for the review period attributable to					
Equity holders of the parent company	5,506	5,825	10,097	7,879	18,486
Earnings per share calculated from the profit attributable to equity holders of the parent company					
Basic earnings per share, EUR	0.20	0.16	0.41	0.33	0.69
Diluted earnings per share, EUR	0.20	0.16	0.41	0.33	0.69

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR 1,000	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
ASSETS			
Non-current assets			
Goodwill	91,771	78,901	83,685
Other intangible assets	30,081	26,472	26,011
Tangible assets	25,323	19,820	25,698
Investments at fair value through other comprehensive income	401	393	378
Other non-current receivables	54	54	54
Deferred tax assets	660	198	493
Non-current assets, total	148,291	125,838	136,320
Current assets			
Inventory	396	343	336
Work in progress	29,377	24,447	17,764
Trade and other receivables	36,614	29,920	38,883
Current tax assets	44	222	208
Cash and cash equivalents	13,105	26,162	24,407
Current assets, total	79,536	81,094	81,598
TOTAL ASSETS	227,826	206,931	217,918
EQUITY AND LIABILITIES			
Equity			
Share capital	5,000	5,000	5,000
Share premium account	6,701	6,701	6,701
Unrestricted equity fund	22,037	20,101	20,101
Own shares	-287	-459	-124
Cumulative translation adjustment	-3,039	-4,562	-2,884
Other reserves	119	113	101
Retained earnings	59,950	49,238	58,178
Equity, total	90,482	76,132	87,074
Non-current liabilities			
Deferred tax liabilities	7,436	6,172	6,502
Loans from financial institutions	14,100	15,900	12,900
Lease liabilities	8,621	8,631	8,608
Other non-current liabilities	1,236	27	27
Non-current liabilities, total	31,393	30,731	28,038
Current liabilities			
Loans from financial institutions	28,324	31,567	27,583
Lease liabilities	14,628	10,422	15,883
Advances received	3,171	4,988	2,770
Trade and other payables	57,792	51,254	54,608
Current income tax liabilities	2,036	1,838	1,962
Current liabilities, total	105,951	100,068	102,806
Liabilities, total	137,344	130,799	130,844
TOTAL EQUITY AND LIABILITIES	227,826	206,931	217,918

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1,000	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Operating cash flow					
Cash receipts from customers	73,668	73,476	142,688	142,072	267,784
Operating expenses paid	-59,873	-54,024	-125,440	-118,118	-223,600
Operating cash flow before financial items and taxes	13,795	19,452	17,248	23,954	44,184
Interest and financial expenses paid	-317	-586	-510	-663	-1,257
Interest received	39	16	55	32	79
Income taxes paid	-1,097	-849	-3,084	-3,045	-5,010
Operating cash flow (A)	12,421	18,033	13,710	20,279	37,997
Investing cash flow					
Purchase of tangible and intangible assets	-527	-529	-1,145	-975	-1,639
Acquisition of subsidiaries, net of cash acquired	-7,199	-1,626	-12,631	-1,626	-5,885
Proceeds from sale of tangible and intangible assets	59	10	63	36	30
Proceeds from repayment of loans	74	0	74	0	0
Investing cash flow (B)	-7,594	-2,146	-13,640	-2,565	-7,494
Cash flow after investments (A+B)	4,826	15,887	71	17,713	30,503
Financing cash flow					
Purchase of own shares	-331	0	-331	0	0
Proceeds from directed share issue	1,936	0	1,936	0	0
Issue of new current loans	3,104	10,010	3,454	10,857	11,698
Repayments of current loans	-11,001	-308	-12,902	-4,015	-12,217
Issue of new non-current loans	11,000	0	11,000	0	0
Repayments of non-current loans	0	0	0	0	-695
Payment of lease liabilities	-3,159	-3,047	-6,063	-5,706	-12,131
Dividend paid	-8,461	-8,682	-8,461	-8,682	-8,682
Financing cash flow (C)	-6,912	-2,028	-11,367	-7,547	-22,028
Variation in cash (A+B+C) increase (+) / decrease (-)	-2,086	13,860	-11,296	10,167	8,475
Assets at the beginning of the period	15,325	11,933	24,407	15,878	15,878
Exchange gains or losses	-134	369	-6	118	55
Assets at the end of the period	13,105	26,162	13,105	26,162	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	10,233	10,233
Other comprehensive income								
Change in fair value of equity investments at fair value through other comprehensive income	0	0	0	18	0	0	0	18
Cumulative translation adjustment	0	0	0	0	0	-155	0	-155
Other comprehensive income, net of tax	0	0	0	18	0	-155	0	-137
Total comprehensive income for the review period	0	0	0	18	0	-155	10,233	10,097
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	-331	0	0	-331
Share-based payments	0	0	0	0	167	0	0	167
Transactions with owners, total	0	0	1,936	0	-163	0	-8,461	-6,688
Equity Jun 30, 2021	5,000	6,701	22,037	119	-287	-3,039	59,950	90,482

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	8,137	8,137
Other comprehensive income								
Cumulative translation adjustment	0	0	0	0	0	-263	0	-263
Other comprehensive income, net of tax	0	0	0	5	0	-263	0	-258
Total comprehensive income for the review period	0	0	0	5	0	-263	8,137	7,879
Transactions with owners								
Share-based incentive plan	0	0	0	0	241	0	-45	196
Transactions with owners, total	0	0	0	0	241	0	-8,728	-8,487
Equity Jun 30, 2020	5,000	6,701	20,101	113	-459	-4,562	49,238	76,132

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 2020, Etteplan had a turnover of approximately EUR 260 million. The company currently has over 3,500 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 Half Year Financial Report for publication at its meeting on August 11, 2021.

Basis for preparation

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

This 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 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	1-6/2021	1-6/2020	1-12/2020	Change
Revenue	147,993	134,187	259,702	10.3%
Operating profit (EBITA)	15,473	12,865	26,172	20.3%
EBITA, %	10.5	9.6	10.1	
Operating profit (EBIT)	13,323	11,015	22,380	21.0%
EBIT, %	9.0	8.2	8.6	
Profit before taxes	12,783	10,532	21,080	21.4%
Profit before taxes, %	8.6	7.8	8.1	
Return on equity, %	23.1	21.3	20.8	
ROCE, %	17.6	16.2	16.0	
Equity ratio, %	40.3	37.7	40.5	
Gross interest-bearing debt	65,673	66,520	64,974	-1.3%
Net gearing, %	58.1	53.0	46.6	
Balance sheet, total	227,826	206,931	217,918	10.1%
Gross investments	22,205	10,617	29,697	109.1%
Operating cash flow	13,710	20,279	37,997	-32.4%
Basic earnings per share, EUR	0.41	0.33	0.69	24.2%
Diluted earnings per share, EUR	0.41	0.33	0.69	24.2%
Equity per share, EUR	3.64	3.06	3.50	18.9%
Personnel, average	3,365	3,373	3,320	-0.2%
Personnel at end of the period	3,491	3,297	3,267	5.9%

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
4-6/2021						
External revenue	42,026	19,858	12,975	74,858	184	75,043
Operating profit (EBITA)	4,179	2,169	1,625	7,973	-179	7,794
Personnel at end of the period	1,995	721	644	3,360	131	3,491
4-6/2020						
External revenue	35,924	15,238	11,604	62,767	128	62,895
Operating profit (EBITA)	3,710	1,695	1,029	6,435	-150	6,285
Personnel at end of the period	1,925	642	635	3,202	95	3,297
1-6/2021						
External revenue	83,424	38,675	25,520	147,618	375	147,993
Operating profit (EBITA)	8,565	4,260	3,009	15,833	-360	15,473
Personnel at end of the period	1,995	721	644	3,360	131	3,491
1-6/2020						
External revenue	77,256	32,200	24,439	133,895	292	134,187
Operating profit (EBITA)	7,634	3,226	2,324	13,183	-319	12,865
Personnel at end of the period	1,925	642	635	3,202	95	3,297

Reconciliation of Operating profit (EBITA) and Profit before taxes

EUR 1,000	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Operating profit (EBITA)	7,794	6,285	15,473	12,865	26,172
Amortization on fair value adjustments at acquisitions	-1,065	-926	-2,150	-1,850	-3,791
Operating profit (EBIT)	6,729	5,359	13,323	11,015	22,380
Financial income	-55	-313	225	168	422
Financial expenses	-354	-21	-765	-651	-1,722
Profit before taxes	6,320	5,025	12,783	10,532	21,080

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, 2021	Jun 30, 2020	Dec 31, 2020
Finland	64,090	65,354	66,989
Scandinavia	41,061	33,250	34,185
China	2,784	2,294	2,565
Central Europe	39,295	24,350	31,710
Total	147,229	125,247	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	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Primary geographical location					
Finland	43,208	39,113	84,755	84,070	159,277
Scandinavia	18,028	14,450	35,325	31,116	57,519
Central Europe	10,936	7,493	22,348	15,914	35,705
China	2,871	1,838	5,566	3,087	7,201
Total	75,043	62,895	147,993	134,187	259,702
Timing of revenue recognition					
Transferred at a point in time	499	440	1,106	924	2,044
Transferred over time	74,544	62,455	146,887	133,263	257,658
Total	75,043	62,895	147,993	134,187	259,702

Revenue and Operating profit (EBIT) by quarter

EUR 1,000	1-3/2021	1-3/2020	4-6/2021	4-6/2020
Revenue	72,950	71,292	75,043	62,895
Operating profit (EBIT)	6,594	5,656	6,729	5,359
EBIT, %	9.0	7.9	9.0	8.5

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	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Other operating income	0	0	0	0	652
Employee benefits expenses and other operating expenses	-413	-324	-393	-506	-1,568
Operating profit (EBIT)	-413	-324	-393	-506	-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.

The provisional goodwill of EUR 3,530 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 193 thousand, are included in other operating expenses in the consolidated statement of comprehensive income.

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	13,498
Contingent consideration	1,209
Total consideration transferred	14,707
Assets and liabilities	
Tangible assets	584
Intangible assets	7
Customer relationships (intangible assets)	6,632
Contractual intangible assets	219
Trade and other receivables	1,968
Cash and cash equivalents	1,000
Total assets	10,409
Non-current liabilities	394
Current liabilities	2,073
Deferred tax liability	1,447
Total liabilities	3,914
Total identifiable net assets	6,495
Formation of Goodwill:	
Consideration transferred	14,707
Total identifiable net assets	-6,495
Goodwill	8,212

Intangible assets

Goodwill

EUR 1,000	2021	2020
Acquisition cost Jan 1	83,685	79,044
Translation difference	-98	-144
Acquisition of subsidiaries	8,184	0
Book value Jun 30	91,771	78,901

Other intangible assets

2021 EUR 1,000	Intangible rights	Internally created intangible assets	Fair value adjustments in acquisitions	Intangible right-of-use assets	Advance payments	Total
Acquisition cost Jan 1, 2021	12,114	2,945	38,362	6,661	129	60,211
Translation difference	54	0	-4	-3	0	48
Acquisition of subsidiaries	7	0	6,829	0	0	6,835
Additions	147	16	0	190	26	379
Disposals	-6	0	0	0	0	-6
Reclassifications	36	0	0	0	-44	-8
Acquisition cost Jun 30, 2021	12,352	2,961	45,186	6,848	111	67,459
Cumulative amortization Jan 1, 2021	-10,417	-2,504	-16,306	-4,974	0	-34,200
Translation difference	-54	0	-1	2	0	-52
Amortization for the financial year	-372	-93	-2,150	-511	0	-3,126
Cumulative amortization Jun 30, 2021	-10,843	-2,597	-18,456	-5,482	0	-37,378
Book value Jun 30, 2021	1,510	364	26,731	1,366	111	30,081

2020 EUR 1,000	Intangible rights	Internally created intangible assets	Fair value adjustments in acquisitions	Intangible right-of-use assets	Advance payments	Total
Acquisition cost Jan 1, 2020	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	72	0	0	0	-35	38
Acquisition cost Jun 30, 2020	11,807	2,886	36,186	6,376	105	57,361
Cumulative amortization Jan 1, 2020	-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, 2020	-9,846	-2,280	-14,300	-4,463	0	-30,888
Book value Jun 30, 2020	1,961	607	21,886	1,913	105	26,472

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	37	2	-15	0	24
Acquisition of subsidiaries	0	0	7	60	23	494	584
Additions	0	0	954	2	1,986	3,282	6,224
Disposals	0	0	-64	0	-118	-1,413	-1,595
Acquisition cost Jun 30, 2021	19	495	15,364	1,324	20,500	34,918	72,620
Cumulative depreciation Jan 1, 2021	0	-11	-12,089	-1,110	-14,436	-13,995	-41,641
Translation difference	0	0	-34	-2	11	0	-24
Disposals	0	0	16	0	0	0	16
Depreciation for the financial year	0	-5	-432	-38	-1,506	-3,667	-5,648
Cumulative depreciation Jun 30, 2021	0	-16	-12,538	-1,150	-15,931	-17,662	-47,297
Book value Jun 30, 2021	19	479	2,826	174	4,569	17,256	25,323

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	-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, 2020	19	495	12,901	1,026	17,025	22,437	53,904
Cumulative depreciation Jan 1, 2020	0	0	-10,496	-878	-11,321	-5,833	-28,528
Translation difference	0	0	13	1	4	0	18
Disposals	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, 2020	0	-5	-10,798	-906	-12,841	-9,533	-34,083
Book value Jun 30, 2020	19	490	2,103	120	4,184	12,904	19,820

Intangible and tangible right-of-use assets in total

EUR 1,000	2021	2020
Book value Jan 1	24,434	15,552
Translation difference	-4	-2
Acquisition of subsidiaries	517	0
Additions	5,458	9,642
Disposals and reclassifications	-1,530	-488
Depreciation for the financial year	-5,684	-5,704
Book value Jun 30	23,190	19,001

Pledges, mortgages guarantees

EUR 1,000	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
Business mortgages	320	320	320
Pledged shares	120	120	120
Other contingencies	253	373	379
Total	693	812	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	1-6/2021	1-6/2020	1-12/2020
Sales of services to other related parties	217	247	226
Purchases of services from other related parties	18	29	155
EUR 1,000	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
Trade receivables from other related parties	45	170	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	23	0	0	23
Closing balance Jun 30	258	120	24	401

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	0	5
Closing balance Jun 30	241	120	30	393

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
Payment	-131	-1,626
Closing balance Jun 30	1,210	804

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	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Operating profit (EBIT)	6,729	5,359	13,323	11,015	22,380
Amortization on fair value adjustments at acquisitions	1,065	926	2,150	1,850	3,791
Operating profit (EBITA)	7,794	6,285	15,473	12,865	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