



**Good
defense
produced
results**

**INTERIM REPORT
JANUARY-SEPTEMBER 2020**

 **Etteplan**

ETTEPLAN Oyj Interim Report October 29, 2020, at 1:00 pm

ETTEPLAN Q3 2020: Good defense produced results

Key points July-September 2020

- The Group's revenue decreased by 10.3 per cent and was EUR 55.2 million (7-9/2019: EUR 61.5 million). At comparable exchange rates, revenue decreased by 10.7 per cent.
- Operating profit (EBITA) amounted to EUR 5.2 (6.6) million or 9.5 (10.7) per cent of revenue.
- Operating profit (EBIT) was EUR 4.3 (5.7) million or 7.7 (9.3) per cent of revenue.
- Operating cash flow was EUR 0.2 (1.1) million.
- Basic earnings per share were EUR 0.13 (0.19).
- Etteplan strengthened its production-related competence and know-how by acquiring Tegema in the Netherlands.

Key points January-September 2020

- The Group's revenue decreased by 1.1 per cent and was EUR 189.4 million (1-9/2019: EUR 191.5 million). At comparable exchange rates, revenue decreased by 1.0 per cent.
- Operating profit (EBITA) amounted to EUR 18.1 (19.5) million or 9.5 (10.2) per cent of revenue.
- Operating profit (EBIT) was EUR 15.3 (17.3) million or 8.1 (9.0) per cent of revenue.
- Operating cash flow was EUR 20.5 (15.4) million.
- Basic earnings per share were EUR 0.46 (0.54).
- Etteplan updated its financial guidance: Revenue for 2020 will decrease slightly or be at the same level as in the previous year, while operating profit (EBIT) will decrease clearly compared to 2019 (see page 2).

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

Key figures

EUR 1,000	7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019
Revenue	55,221	61,539	189,408	191,493	263,292
Operating profit (EBITA)	5,222	6,586	18,087	19,493	25,964
EBITA, %	9.5	10.7	9.5	10.2	9.9
Operating profit (EBIT)	4,274	5,693	15,289	17,265	22,819
EBIT, %	7.7	9.3	8.1	9.0	8.7
Basic earnings per share, EUR	0.13	0.19	0.46	0.54	0.70
Equity ratio, %	40.1	39.4	40.1	39.4	38.9
Operating cash flow	206	1,142	20,485	15,359	32,884
ROCE, %	12.6	20.1	14.9	20.3	19.9
Personnel at end of the period	3,291	3,440	3,291	3,440	3,447

President and CEO Juha Näkki:

Our customers' orders received and their order backlogs have declined as a result of the COVID-19 pandemic, which weakened demand in the third quarter. The start of the second wave of the pandemic also increased uncertainty in the markets, which was reflected in a slow start to projects and new investments, especially after the summer holidays. In this uncertain demand situation, we continued to implement the defensive approach that we were forced to adopt in the second quarter. This approach was again successful and our profitability was excellent for a third quarter considering the circumstances, in spite of a decrease in revenue.

In the prevailing market situation, we have had to slow down the execution of our strategy, but good defense of our market position and strong profitability also enabled investments in growth. We completed the acquisition of Tegema in the Netherlands in the third quarter. Tegema strengthens our expertise in production-related solutions and, combined with Etteplan's automation and software expertise, this acquisition makes us an even stronger Industry 4.0 operator. Going forward, we will be able to act as an integrator in increasingly demanding production solutions and also deliver our customers production cells, which brings an interesting addition to our Engineering Solutions service area. We have also continued to develop our service offering in other service areas to create more value for our customers and strengthen our competitiveness when demand starts to grow again.

As the final quarter of the year began, our operating environment varied from one country to the next. The Chinese market was active and there were small signs of a recovery in the Central European and Swedish markets, but demand in Finland remained at a low level. As the second wave of the pandemic gathers momentum, it is again very difficult to estimate the development of the market.

Nevertheless, during the year we have proven our ability to adapt to changes in demand, even in a difficult market situation, and we believe that the good profitability will continue, which is why we specified our financial guidance for 2020.

We were also able to continue investments in future growth and consequently, I believe that Etteplan will return to the path of profitable growth once the pandemic eases up and the market situation improves.

Market outlook 2020 (updated on August 11, 2020)

The global COVID-19 pandemic has a significant impact on the global economy and market situation and it increases uncertainty in the market. The most important factor affecting Etteplan's business is the global development of the machinery and metal industry, and demand has weakened due to the pandemic. The prolonging of the situation will have a negative impact on Etteplan's business.

Financial guidance 2020 (updated on October 29, 2020)

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

Previous financial guidance 2020 (updated on August 11, 2020):

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

Operating environment

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

growth. Competition for employees and the limited availability of specialized experts in certain areas continues to affect the development of the sector as a whole in all market areas.

The most important factor in Etteplan's development is the global development of the machinery and metal industry. Demand picked up during the first quarter of the year, but the situation changed quickly once the COVID-19 pandemic began. The pandemic continues to affect the market situation and significantly increases uncertainty. The start of the second wave of the pandemic slowed down project start-ups after the summer holidays.

Development of demand by customer industry

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

Development of demand in Etteplan's operating countries

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

Based on the order development in the early part of this year, it is estimated that the combined revenue of technology industry companies in Finland in the latter part of the year will be lower compared to last year. The value of the new orders received by the companies in the machinery and metal industry increased in July-September by 23 per cent compared to the previous quarter. Compared to the same period last year, the value decreased by 21 per cent.

In the engineering and consulting industry, the value of new orders and the order backlog in July-September 2020 showed decreased compared to the previous quarter. According to the Federation of Finnish Technology Industries, the euro-denominated value of new orders received by engineering and consulting companies in July-September in Finland was 19 per cent lower than in April-June 2020 and 2 per cent lower than in the corresponding period in 2019. The value of the order backlog at the end of June was two per cent lower than in the end of June but ten per cent higher than in September 2019. Based on the order development in the past few months, it is estimated that the combined revenue of engineering and consulting companies in Finland in the latter part of the year will be lower compared to the corresponding period last year.

In Sweden, the Netherlands, Germany and Poland, a slight turn for the better was seen in the general market demand in the third quarter, but the second wave of the pandemic increased uncertainty toward the end of the review period.

In China, demand recovered in the second quarter after being weakened by the pandemic and was at a good level in the third quarter. Nevertheless, the uncertainty caused by the pandemic in the global economy continues also in China, and future market development remains difficult to predict.

Revenue

Etteplan's revenue decreased by 10.3 per cent in July-September and was EUR 55.2 million (7-9/2019: EUR 61.5 million). Revenue decreased by 10.7 per cent at comparable exchange rates. The organic decrease in revenue was 13.3 per cent. At comparable exchange rates, the decrease was 13.7 per cent.

Etteplan's revenue decreased by 1.1 per cent in January-September and was EUR 189.4 million (1-9/2019: EUR 191.5 million). Revenue decreased by 1.0 per cent at comparable exchange rates. The organic decrease in revenue was 9.0 per cent. At comparable exchange rates, the decrease was 8.9 per cent. Revenue from key accounts declined by 14.0 per cent in July-September and by 8.1 per cent in January-September.

Our revenue decreased during the review period due to the effects of the COVID-19 pandemic. We remained cautious in recruitment due to the uncertainty brought about by the pandemic. The start of the second wave of the pandemic slowed down project start-ups after the summer holidays and affected the accrual of revenue in the third quarter.

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

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

Result

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

Operating profit (EBITA) weakened by 20.7 per cent in July-September and was EUR 5.2 (6.6) million, or 9.5 (10.7) per cent of revenue.

Operating profit (EBITA) weakened by 7.2 per cent in January-September and was EUR 18.1 (19.5) million, or 9.5 (10.2) per cent of revenue.

Operating profit (EBIT) weakened by 24.9 per cent in July-September and was EUR 4.3 (5.7) million, or 8.5 (9.0) per cent of revenue.

Operating profit (EBITA) weakened by 11.4 per cent in January-September and was EUR 15.3 (17.3) million, or 7.7 (9.3) per cent of revenue.

The combined effect of non-recurring items on operating profit (EBITA) and operating profit (EBIT) was EUR -0.1 (0.8) million in July-September and EUR -0.6 (0.6) million in January-September. The non-recurring items were related to a change in the measurement of a contingent liability, a write-down connected to a customer's bankruptcy, an acquisition and organizational restructuring.

In January-September, financial expenses amounted to EUR 1.1 (1.0) million.

Profit before taxes for January-September was EUR 14.5 (16.8) million. Taxes in the income statement amounted to 21.6 (19.8) per cent of the result before taxes. The amount of taxes was EUR 3.1 (3.3) million.

The profit for January-September was EUR 11.4 (13.5) million.

Basic earnings per share were EUR 0.13 (0.19) in July-September and EUR 0.46 (0.54) in January-September. Equity per share was EUR 3.18 (2.90) at the end of September. Return on capital employed (ROCE) before taxes was 12.6 (20.1) per cent in July-September and 14.9 (20.3) per cent in January-September.

Cash flow and financial position

Operating cash flow was EUR 0.2 (1.1) million in July-September. Cash flow after investments was EUR -4.5 (-12.3) million in July-September.

Operating cash flow was EUR 20.5 million (15.4) in January-September. Cash flow after investments was EUR 13.3 (-4.5) million in January-September.

Operating cash flow in the third quarter is weaker than in the other quarters due to the summer holidays. In the second quarter, cash flow was exceptionally strong as operating expenses declined faster than cash flow from sales due to the adaptation and cost saving measures. When business returns to growth,

the effect on cash flow will be the opposite. This means that, assessed over the longer term, cash flow will reflect our operating performance.

Operating cash flow accrues unevenly over the four quarters of the year due to periodic fluctuation in business.

The Group's cash and cash equivalents stood at EUR 15.4 (6.6) million at the end of September.

The Group's interest-bearing debt amounted to EUR 66.9 (58.5) million. Debt increased due to a new loan arrangement made in the second quarter and the growth of lease liabilities related to relocations.

The total of unused short-term credit facilities stood at EUR 13.0 (10.0) million.

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

Total assets on September 30, 2020 were EUR 201.3 (187.3) million. Goodwill on the balance sheet was EUR 82.0 (75.7) million.

At the end of September, the equity ratio was 40.1 (39.4) per cent.

Capital expenditure

The Group's gross investments in January-September were EUR 22.3 (29.4) million. The gross investments mainly consisted of an increase in lease liabilities, acquisition-related items, equipment purchases and license fees for engineering software.

Personnel

The number of personnel decreased slightly and stood at 3,291 employees at the end of September 2020 (September 30, 2019: 3,440). The number of personnel decreased by 4.5 per cent compared to the end of 2019 as recruitment was reduced due to the COVID-19 situation. The Group employed 3,337 (3,254) people on average in January-September. At the end of September, 1,340 (1,353) people were employed by the Group outside of Finland.

Business review

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

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

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

The growth in the share of Managed Services enhances Etteplan's capacity management and improves profitability. The share of Managed Services stood at 60 (62) per cent in July-September and 60 (61) per cent in January-September. We continue the development of technology solutions as part of our service solutions. We are strengthening our expertise in areas such as additive manufacturing, digital twin solutions, artificial intelligence and other digital technologies.

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

Etteplan's goal is to grow internationally and provide solutions from all of the Company's service areas in all of its market areas. In July-September, revenue accumulated outside Finland amounted to EUR 21.6 (22.7) million, or 39 (37) per cent of the Group's total revenue. In January-September, revenue accumulated outside Finland amounted to EUR 71.7 (61.6) million, or 38 (32) per cent of the Group's total revenue.

The Chinese market developed well and the number of hours sold increased by 12.1 per cent in July-September. In January-September, the number of hours declined by 2.5 per cent year-on-year due to the pandemic.

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

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

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

Our customers' declining demand has direct effects on Etteplan. Etteplan initiated its second cooperation negotiations of the year on June 3, 2020, concerning all of the Company's personnel in Finland. As a result of the negotiations, at most 556 employees can be laid off indefinitely, temporarily or part-time during the six-month period following the conclusion of the negotiations. Layoffs have also been implemented in Sweden and Germany. In Poland and the Netherlands, the local legislation does not permit temporary layoffs. At the end of September, a total of 286 employees were temporarily laid off.

Acquisitions

In September 2020, Etteplan strengthened its production-related competences and know-how by acquiring Tegema in the Netherlands. Tegema provides production solutions, production cells and equipment for customers in the field of semiconductors, electronics, mobility, photonics and medical. The acquisition is another step in Etteplan's international growth and also marks the start for engineering services in the Netherlands. Previously, Etteplan has offered technical documentation services in the country.

Tegema will bring new service components to Etteplan. Tegema is a production system integrator specializing in customized precision mechanics and mechatronics. It combines this experience with the latest robotics, software and assembly technologies. Tegema employs some 100 experts in Eindhoven and Arnhem. In 2019, the company's revenue was approximately EUR 11 million.

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

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

In November 2019, Etteplan acquired Triview Technical Communication B.V., a Dutch company specializing in technical documentation. The integration of the company's operations into Etteplan's existing business in the Netherlands is progressing according to plan.

More information on the acquisitions is provided in the Financial Review 2019.

Development of the service areas

Engineering Solutions

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

EUR 1,000	7-9/2020	7-9/2019	Change	1-9/2020	1-9/2019	Change	1-12/2019
Revenue	31,036	35,314	-12.1%	108,292	106,189	2.0%	147,037
Operating profit (EBITA)	2,797	3,375	-17.1%	10,430	10,893	-4.2%	14,464
EBITA, %	9.0	9.6		9.6	10.3		9.8
Managed Services index	58	59		58	59		55
Personnel at end of the period*	1,946	2,059	-5.5%	1,946	2,059	-5.5%	1,995

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

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

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

The service area's revenue decreased by 12.1 per cent in July-September and was EUR 31.0 (35.3) million. After the summer holidays uncertainty slowed down start-up of projects. In January-September, revenue increased by 2.0 per cent and was EUR 108.3 (106.2) million.

The COVID-19 pandemic weakened the Engineering Solutions service area's demand situation in China in the first quarter and in Europe in the second and third quarter. Nevertheless, revenue grew in January-September due to the acquisitions made in 2019. The second wave of the pandemic will affect demand during the remaining part of the year.

The Engineering Solutions service area's operating profit (EBITA) in July-September was EUR 2.8 (3.4) million, or 9.0 (9.6) per cent of revenue. In January-September, operating profit (EBITA) was EUR 10.4 (10.9) million, or 9.6 (10.3) per cent of revenue. Profitability remained at a good level due to good operational efficiency as well as adaptation and cost saving measures.

The Engineering Solutions service area had 1,946 (2,059) employees at the end of September.

The Managed Services Index (MSI), which reflects the share of the service area's revenue represented by Managed Services, was 58 (59) per cent in July-September and 58 (59) per cent in January-September.

Etteplan has developed a globally groundbreaking browser-based tool, Etteplan AMOTool, which eliminates the risks and obstacles related to the implementation of production technology. The tool which was launched in September allows companies to calculate the production costs of an object manufactured using a well-established metal 3D printing method quickly, risk-free and at no cost. The algorithm behind the tool has been developed and used by Etteplan's AMO (Additive Manufacturing & Optimization) team for years now. The goal, however, was to achieve a user-friendly tool that could be used by a wider group

of users. The final online tool was created with support from Business Finland in collaboration with Etteplan's software unit.

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	7-9/2020	7-9/2019	Change	1-9/2020	1-9/2019	Change	1-12/2019
Revenue	13,814	15,376	-10.2%	46,014	49,795	-7.6%	67,481
Operating profit (EBITA)	1,441	1,557	-7.5%	4,667	4,841	-3.6%	6,263
EBITA, %	10.4	10.1		10.1	9.7		9.3
Managed Services index	52	55		52	55		58
Personnel at end of the period*	627	683	-8.2%	627	683	-8.2%	683

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

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

The share of the Group's total revenue represented by Software and Embedded Solutions was 25 (25) per cent in July-September and 24 (26) per cent in January-September.

The service area's revenue decreased by 10.2 per cent in July-September and was EUR 13.8 (15.4) million. After the summer holidays uncertainty slowed down start-up of projects. In January-September, revenue decreased by 7.6 per cent and was EUR 46.0 (49.8) million.

Revenue decreased due to the COVID-19 pandemic and the recruitment of Etteplan's employees by certain customers in the first quarter and cautious recruitment during the pandemic. The reduced availability of competent professionals, particularly in the software business, continued to affect growth.

The second wave of the pandemic will affect demand during the remaining part of the year. Our customers are, nevertheless, still investing in digital solutions and have initiated new investments to be in a more competitive position when the demand situation improves. We invest in increasingly incorporating new technologies into our service offering.

The Software and Embedded Solutions service area's operating profit (EBITA) decreased in the third quarter and amounted to EUR 1.4 (1.6) million in July-September. However, profitability improved to 10.4 (10.1) per cent of revenue. Profitability improved thanks to good operational efficiency as well as adaptation and cost saving measures. Profitability was weakened by a write-down recognized in connection to a customer's bankruptcy.

In January-September, operating profit (EBITA) decreased by 3.6 per cent and was EUR 4.7 (4.8) million.

The Software and Embedded Solutions service area had 627 (683) employees at the end of September.

The Managed Services Index (MSI), which reflects the share of the service area's revenue represented by Managed Services, was 52 (55) per cent in July-September and 52 (55) per cent in January-September.

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

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	7-9/2020	7-9/2019	Change	1-9/2020	1-9/2019	Change	1-12/2019
Revenue	10,222	10,707	-4.5%	34,661	35,061	-1.1%	48,218
Operating profit (EBITA)	955	839	13.8%	3,279	3,131	4.7%	4,093
EBITA, %	9.3	7.8		9.5	8.9		8.5
Managed Services index	80	78		80	78		79
Personnel at end of the period	620	610	1.6%	620	610	1.6%	651

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

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

The service area's revenue decreased by 4.5 per cent in July-September and was EUR 10.2 (10.7) million. After the summer holidays uncertainty slowed down start-up of projects. In January-September, revenue decreased by 1.1 per cent and was EUR 34.7 (35.1) million.

The COVID-19 pandemic weakened the Technical Documentation Solutions service area's demand situation. Acquisitions made in 2019 had a positive effect on the service area's development. The second wave of the pandemic will affect demand during the remaining part of the year.

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

In July-September, the Technical Documentation Solutions service area's operating profit (EBITA) was EUR 1.0 (0.8) million, or 9.3 (7.8) per cent of revenue. In January-September, operating profit (EBITA) was EUR 3.3 (3.1) million, or 9.5 (8.9) per cent of revenue. Profitability improved thanks to good operational efficiency as well as timely adaptation and cost saving measures.

The Technical Documentation Solutions service area had 620 (610) employees at the end of September.

The Managed Services Index (MSI), which reflects the share of the service area's revenue represented by Managed Services, grew and amounted to 80 (78) per cent in July-September and 80 (78) per cent in January-September.

GENERAL MEETING

Etteplan Oyj's Annual General Meeting was held on April 2, 2020. The Annual General Meeting approved the financial statements and discharged the members of the Board of Directors and the President and CEO from liability for the financial year 2019.

The Annual General Meeting resolved, in accordance with the proposal of the Board of Directors, to pay a dividend of EUR 0.35 per share for the financial year 2019 and to leave the remaining funds in unre-

stricted equity. The dividend decided on by the Annual General Meeting was paid to the shareholders registered on the record date in the shareholders' register maintained by Euroclear Finland Ltd. The record date for the dividend payout was April 6, 2020, and the date of dividend payout April 15, 2020.

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

In accordance with the proposal of the Nomination and Remuneration Committee of the Board of Directors, the Annual General Meeting re-elected Matti Huttunen, Robert Ingman, Leena Saarinen and Mikko Tepponen as members of the Board of Directors. The Annual General Meeting further elected Päivi Lindqvist as a new member of the Board of Directors. KPMG Oy Ab, Authorized Public Accountants, with Authorized Public Accountant Kim Järvi as the main responsible auditor, was elected as the Company's auditor.

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

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

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

1 § Business name and domicile

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

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

Board authorizations

The Annual General Meeting 2020 authorized the Board of Directors to resolve on the repurchase of the Company's own shares in one or more tranches using the Company's unrestricted equity. A maximum of 2,000,000 shares in the Company may be repurchased. The Company may deviate from the obligation to repurchase shares in proportion to the shareholders' current holdings, i.e. the Board has the right to decide on a directed repurchase of the Company's own shares.

The authorization includes the right for the Board to resolve on the repurchase of the Company's own shares through a tender offer made to all shareholders on equal terms and conditions and at the price determined by the Board, or in public trading organized by the Nasdaq Helsinki Ltd at the market price valid at any given time, so that the Company's total holding of its own shares does not exceed ten (10) per cent of all the shares in the Company. The minimum price for the shares to be repurchased is the lowest market price quoted for the shares in the Company in public trading and, correspondingly, the maximum price is the highest market price quoted for the shares in the Company in public trading during the validity of the authorization.

Should the shares in the Company be repurchased in public trading, such shares will not be purchased in proportion to the shareholders' current holdings. In that case, there must be a weighty financial reason for the Company to repurchase its own shares. The shares may be repurchased in order to be used as consideration in potential acquisitions or in other structural arrangements. The shares may also be used for carrying out the Company's incentive schemes for its personnel. The repurchased shares may be retained by the Company, invalidated or transferred further.

The repurchase of the Company's own shares will reduce the non-restricted equity of the Company.

The authorization is valid for 18 months from the date of the resolution of the Annual General Meeting starting on April 2, 2020, and ending on October 2, 2021. The authorization replaces the corresponding previous authorization.

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

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

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

SHARES

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

The Company's share capital on September 30, 2020, was EUR 5,000,000.00 and the total number of shares was 24,963,308.

The number of Etteplan Oyj shares traded in January-September was 1,112,119 (1-9/2019: 995,378), for a total value of EUR 9.92 (8.69) million. The share price low was EUR 6.50, the high EUR 12.05, the average EUR 8.92 and the closing price EUR 9.26. Market capitalization on September 30, 2020, was EUR 230.43 (223.26) million. On September 30, 2020, Etteplan had 3,319 shareholders (September 30, 2019: 2,693).

The Company held 79,046 of its own shares on September 30, 2020 (September 30, 2019: 156,203), which corresponds to 0.32 per cent of all shares and voting rights.

Flaggings

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

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

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

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

The earnings criteria are Etteplan Group's revenue increase and the development of Total Shareholder Return (TSR). The potential reward will be paid partly in the Company's shares and partly in cash after the end of the earning period. The proportion to be paid in cash is intended to cover taxes and tax-related costs arising from the reward to the key personnel.

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

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

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

"The Board of Directors of Etteplan Oyj decided on May 31, 2017, to establish a new share-based incentive plan for the Group's key personnel. The incentive plan includes one earning period comprising the calendar years 2017-2019. The earnings criteria are Etteplan Group's revenue increase and the development of Total Shareholder Return (TSR). The potential reward will be paid partly in the Company's shares and partly in cash. The proportion to be paid in cash is intended to cover taxes and tax-related costs arising from the reward to the key personnel. Approximately 20 people belong to the target group of the incentive plan. The rewards to be paid on the basis of the plan will correspond to the value of an approximate maximum total of 260,000 Etteplan Oyj shares (including also the proportion to be paid in cash). The shares to be paid out as potential rewards will be transferred from the shares held by the Company or shares acquired from the market and, therefore, the incentive plan will have no diluting effect on the value of the share.

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

Operating risks and uncertainty factors

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

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

Financial information in 2021

Etteplan Oyj will publish financial information as follows:

- Financial Statement Review 2020: Thursday, February 11, 2021
- Financial Statements and Annual Review: week 11/2021
- Annual General Meeting 2021: Thursday, April 8, 2021
- Interim Report January-March 2021: Wednesday, May 5, 2021
- Half Year Financial Report January-June 2021: Wednesday, August 11, 2021
- Interim Report January-September 2021: Thursday, October 28, 2021

Espoo, October 29, 2020

Etteplan Oyj

Board of Directors

Additional information:

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

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

The information presented herein has not been audited.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019
Revenue	55,221	61,539	189,408	191,493	263,292
Other operating income	1,184	1,383	2,138	2,188	2,582
Materials and services	-5,009	-6,696	-16,378	-18,235	-26,550
Staff costs	-37,935	-39,844	-130,499	-126,774	-172,520
Other operating expenses	-4,345	-6,859	-15,966	-21,045	-29,273
Depreciation and amortization	-4,842	-3,830	-13,415	-10,362	-14,712
Operating profit (EBIT)	4,274	5,693	15,289	17,265	22,819
Financial income	118	202	286	583	695
Financial expenses	-403	-364	-1,053	-1,036	-1,590
Profit before taxes	3,989	5,531	14,521	16,813	21,924
Income taxes	-740	-870	-3,135	-3,330	-4,536
Profit for the review period	3,249	4,662	11,386	13,483	17,387
Other comprehensive income, that may be reclassified to profit or loss					
Currency translation differences	-336	-437	-599	-1,231	-398
Other comprehensive income, that will not be reclassified to profit or loss					
Change in fair value of equity investments at fair value through other comprehensive income	-7	10	-2	-85	-75
Other comprehensive income, net of tax	-343	-426	-601	-1,316	-473
Total comprehensive income for the review period	2,906	4,235	10,785	12,167	16,915
Profit for the review period attributable to					
Equity holders of the parent company	3,249	4,662	11,386	13,483	17,387
Total comprehensive income for the review period attributable to					
Equity holders of the parent company	2,906	4,235	10,785	12,167	16,915
Earnings per share calculated from the profit attributable to equity holders of the parent company					
Basic earnings per share, EUR	0.13	0.19	0.46	0.54	0.70
Diluted earnings per share, EUR	0.13	0.19	0.46	0.54	0.70

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR 1,000	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
ASSETS			
Non-current assets			
Goodwill	82,002	75,651	79,044
Other intangible assets	27,206	27,103	27,472
Tangible assets	22,365	17,374	17,264
Investments at fair value through other comprehensive income	384	449	387
Other non-current receivables	54	54	54
Deferred tax assets	305	257	259
Non-current assets, total	132,315	120,887	124,480
Current assets			
Inventory	345	429	313
Work in progress	25,555	29,225	22,498
Trade and other receivables	27,460	29,810	39,332
Current tax assets	272	331	401
Cash and cash equivalents	15,353	6,567	15,878
Current assets, total	68,985	66,362	78,421
TOTAL ASSETS	201,300	187,249	202,901
EQUITY AND LIABILITIES			
Equity			
Share capital	5,000	5,000	5,000
Share premium account	6,701	6,701	6,701
Unrestricted equity fund	20,101	20,101	20,101
Own shares	-347	-661	-700
Cumulative translation adjustment	-4,898	-5,133	-4,299
Other reserves	106	115	108
Retained earnings	41,101	32,424	32,441
Profit for the review period	11,386	13,483	17,387
Equity, total	79,149	72,031	76,740
Non-current liabilities			
Deferred tax liabilities	6,457	6,125	6,481
Interest-bearing liabilities	23,260	34,747	33,116
Other non-current liabilities	27	27	27
Non-current liabilities, total	29,744	40,899	39,624
Current liabilities			
Interest-bearing liabilities	43,684	23,733	23,139
Advances received	3,777	4,468	5,378
Trade and other payables	42,847	43,905	55,588
Current income tax liabilities	2,098	2,212	2,433
Current liabilities, total	92,406	74,319	86,537
Liabilities, total	122,150	115,218	126,161
TOTAL EQUITY AND LIABILITIES	201,300	187,249	202,901

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1,000	7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019
Operating cash flow					
Cash receipts from customers	58,592	64,187	200,664	191,697	263,365
Operating expenses paid	-57,502	-61,800	-175,620	-172,371	-225,189
Operating cash flow before financial items and taxes	1,090	2,386	25,044	19,326	38,176
Interest and payment paid for financial expenses	-206	-353	-869	-829	-1,192
Interest received	27	20	60	141	162
Income taxes paid	-704	-911	-3,749	-3,280	-4,262
Operating cash flow (A)	206	1,142	20,485	15,359	32,884
Investing cash flow					
Purchase of tangible and intangible assets	-397	-538	-1,372	-1,672	-2,063
Acquisition of subsidiaries, net of cash acquired	-4,258	-13,075	-5,885	-18,378	-21,049
Proceeds from sale of tangible and intangible assets	0	10	36	27	81
Proceeds from sale of investments	0	140	0	140	215
Investing cash flow (B)	-4,656	-13,462	-7,221	-19,883	-22,816
Cash flow after investments (A+B)	-4,450	-12,320	13,264	-4,524	10,068
Financing cash flow					
Purchase of own shares	0	-174	0	-519	-519
Issue of new current loans	2,482	739	13,339	1,467	2,020
Repayments of current loans	-4,572	-1,007	-8,587	-5,708	-8,440
Issue of new non-current loans	0	13,500	0	13,500	13,500
Repayments of non-current loans	-695	0	-695	0	0
Payment of lease liabilities	-3,370	-2,386	-9,077	-6,608	-9,624
Dividend paid	0	0	-8,682	-7,454	-7,454
Financing cash flow (C)	-6,155	10,672	-13,702	-5,322	-10,517
Variation in cash (A+B+C) increase (+) / decrease (-)	-10,605	-1,648	-439	-9,846	-449
Assets at the beginning of the period	26,162	7,995	15,878	16,115	16,115
Exchange gains or losses	-204	220	-86	297	212
Assets at the end of the period	15,353	6,567	15,353	6,567	15,878

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Legends for table columns

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

EUR 1,000	A	B	C	D	E	F	G	H
Equity Jan 1, 2019	5,000	6,701	20,101	231	-452	-3,901	39,846	67,527
Comprehensive income								
Profit for the review period	0	0	0	0	0	0	17,387	17,387
Change in fair value of equity investments at fair value through other comprehensive income	0	0	0	-75	0	0	0	-75
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	0	0	0	-49	0	0	49	0
Cumulative translation adjustment	0	0	0	0	0	-398	0	-398
Total comprehensive income for the year	0	0	0	-123	0	-398	17,436	16,915
Transactions with owners								
Dividends	0	0	0	0	0	0	-7,454	-7,454
Purchase of own shares	0	0	0	0	-519	0	0	-519
Share-based incentive plan	0	0	0	0	271	0	0	271
Transactions with owners, total	0	0	0	0	-248	0	-7,454	-7,702
Equity Dec 31, 2019	5,000	6,701	20,101	108	-700	-4,299	49,829	76,740

EUR 1,000	A	B	C	D	E	F	G	H
Equity Jan 1, 2020	5,000	6,701	20,101	108	-700	-4,299	49,829	76,740
Comprehensive income								
Profit for the review period	0	0	0	0	0	0	11,386	11,386
Change in fair value of equity investments at fair value through other comprehensive income	0	0	0	-2	0	0	0	-2
Cumulative translation adjustment	0	0	0	0	0	-599	0	-599
Total comprehensive income for the year	0	0	0	-2	0	-599	11,386	10,785
Transactions with owners								
Dividends	0	0	0	0	0	0	-8,682	-8,682
Share-based incentive plan	0	0	0	0	353	0	-45	307
Transactions with owners, total	0	0	0	0	353	0	-8,728	-8,375
Equity Sep 30, 2020	5,000	6,701	20,101	106	-347	-4,898	52,486	79,149

(EUR 1,000)	A	B	C	D	E	F	G	H
Equity Jan 1, 2019	5,000	6,701	20,101	231	-452	-3,901	39,846	67,527
Comprehensive income								
Profit for the review period	0	0	0	0	0	0	13,483	13,483
Change in fair value of equity investments at fair value through other comprehensive income	0	0	0	-85	0	0	0	-85
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	0	0	0	-32	0	0	32	0
Cumulative translation adjustment	0	0	0	0	0	-1,231	0	-1,231
Total comprehensive income for the year	0	0	0	-116	0	-1,231	13,515	12,167
Transactions with owners								
Dividends	0	0	0	0	0	0	-7,454	-7,454
Purchase of own shares	0	0	0	0	-519	0	0	-519
Share-based incentive plan	0	0	0	0	310	0	0	310
Transactions with owners, total	0	0	0	0	-209	0	-7,454	-7,663
Equity Sep 30, 2019	5,000	6,701	20,101	115	-661	-5,133	45,907	72,031

NOTES

General

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

In 2019, Etteplan had a turnover of approximately EUR 263 million. The company currently has some 3,300 professionals in Finland, Sweden, the Netherlands, Germany, Poland and China. Etteplan's shares are listed on Nasdaq Helsinki Ltd under the ETTE ticker.

The Etteplan Oyj Board of Directors has approved this Interim Report for publication at its meeting on October 29, 2020.

Basis for preparation

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

This Interim Report has not been prepared in accordance with all the requirements in IAS 34 (Interim Financial Reporting) standard. The Interim Report has been prepared according to the recognition and valuation principles presented in the 2019 Annual Financial Statements.

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

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

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

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

Non-IFRS key figures

Etteplan presents non-IFRS key figures to supplement its consolidated financial statements which are prepared in accordance with IFRS. These key figures are designed to measure growth and provide insight into the company's underlying operational performance. This section describes the most important non-IFRS key figures used by the Group. Formulas for key figures (IFRS and Non-IFRS) are presented at the end of this release.

Operating profit (EBITA) and EBITA, %

Operating profit (EBITA) is presented, because it reflects the Group's operational performance better than Operating profit (EBIT). Operating profit (EBITA) does not include amortization of fair value adjustments at acquisitions. EBITA, % presents Operating profit (EBITA) as a percentage share of revenue. The table below shows a reconciliation between Operating profit (EBITA) and Operating profit (EBIT).

EUR 1,000	7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019
Operating profit (EBIT)	4,274	5,693	15,289	17,265	22,819
Amortization on fair value adjustments at acquisitions	949	893	2,799	2,228	3,146
Operating profit (EBITA)	5,222	6,586	18,087	19,493	25,964

Organic/un-organic growth and growth in comparable currencies

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

The share of revenue represented by Managed Services

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

Key Figures

EUR 1,000	1-9/2020	1-9/2019	1-12/2019	Change
Revenue	189,408	191,493	263,292	-1.1%
Operating profit (EBITA)	18,087	19,493	25,964	-7.2%
EBITA, %	9.5	10.2	9.9	
Operating profit (EBIT)	15,289	17,265	22,819	-11.4%
EBIT, %	8.1	9.0	8.7	
Profit before taxes	14,521	16,813	21,924	-13.6%
Profit before taxes, %	7.7	8.8	8.3	
Return on equity, %	19.5	25.8	24.1	
ROCE, %	14.9	20.3	19.9	
Equity ratio, %	40.1	39.4	38.9	
Gross interest-bearing debt	66,944	58,480	56,255	14.5%
Net gearing, %	65.2	72.1	52.6	
Balance sheet, total	201,300	187,249	202,901	7.5%
Gross investments	22,333	29,396	36,908	-24.0%
Operating cash flow	20,485	15,359	32,884	33.4%
Basic earnings per share, EUR	0.46	0.54	0.70	-14.8%
Diluted earnings per share, EUR	0.46	0.54	0.70	-14.8%
Equity per share, EUR	3.18	2.90	3.09	9.5%
Personnel, average	3,337	3,254	3,305	2.6%
Personnel at end of the period	3,291	3,440	3,447	-4.3%

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	7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019
Primary geographical location					
Finland	33,608	38,835	117,678	129,925	173,789
Sweden	11,059	12,949	42,174	40,406	57,123
China	1,987	1,836	5,073	5,323	7,116
Central Europe	8,567	7,920	24,482	15,839	25,264
Total	55,221	61,539	189,408	191,493	263,292
Timing of revenue recognition					
Transferred at a point in time	530	533	1,454	1,799	2,339
Transferred over time	54,691	61,006	187,954	189,694	260,953
Total	55,221	61,539	189,408	191,493	263,292

Revenue and Operating profit (EBIT) by quarter

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

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	7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019
Other operating income	318	1,100	318	1,636	1,636
Staff costs and other operating expenses	-384	-318	-890	-1,026	-539
Operating profit (EBIT)	-66	782	-572	610	1,097

Business combinations

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

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

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

The goodwill of EUR 3,301 thousand arising from the acquisition is attributable to the technical know-how of the acquiree's personnel, and the company's operating model. None of the goodwill recognized is expected to be deductible for income tax purposes.

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

Consideration transferred:	EUR 1,000
Cash payment	4,730
Total consideration transferred	4,730
Assets and liabilities	
Tangible assets	2,682
Intangible assets	255
Customer relationships (intangible assets)	1,750
Contractual intangible assets	220
Trade and other receivables	2,022
Cash and cash equivalents	492
Total assets	7,420
Non-current liabilities	3,171
Current liabilities	2,328
Deferred tax liability	492
Total liabilities	5,991
Total identifiable net assets	1,429
Formation of Goodwill:	
Consideration transferred	4,730
Total identifiable net assets	-1,429
Goodwill	3,301

Costs related to acquisition, EUR 141 thousand, are included in other operating expenses in the consolidated statement of comprehensive income.

Changes in contingent considerations

A profit of EUR 318 thousand was recognized in the income statement from a premeasurement of a contingent consideration related to a previous acquisition.

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