

HALF YEAR FINANCIAL REVIEW
JANUARY-JUNE

Q2 2022

**Strong growth in spite of
uncertainty**

ETTEPLAN Q2 2022: Strong growth in spite of uncertainty
Key points April-June 2022

- The Group's revenue grew by 18.9 percent and was EUR 89.3 million (4-6/2021: EUR 75.0 million). At comparable exchange rates, revenue increased by 19.5 percent.
- Operating profit (EBITA) grew by 4.6 percent and was EUR 8.1 (7.8) million, or 9.1 (10.4) percent of revenue.
- Operating profit (EBIT) grew by 1.3 percent and was EUR 6.8 (6.7) million, or 7.6 (9.0) percent of revenue.
- Operating cash flow was EUR 4.4 (12.4) million.
- Basic earnings per share were EUR 0.22 (0.20).

Key points January-June 2022

- The Group's revenue grew by 20.8 percent and was EUR 178.8 million (1-6/2021: EUR 148.0 million). At comparable exchange rates, revenue increased by 21.4 percent.
- Operating profit (EBITA) grew by 10.5 percent and was EUR 17.1 (15.5) million, or 9.6 (10.5) percent of revenue.
- Operating profit (EBIT) grew by 8.4 percent and was EUR 14.4 (13.3) million, or 8.1 (9.0) percent of revenue.
- Operating cash flow was EUR 13.0 (13.7) million.
- Basic earnings per share were EUR 0.46 (0.41).

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

Key figures

EUR 1,000	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Revenue	89,252	75,043	178,838	147,993	300,111
Operating profit (EBITA)	8,149	7,794	17,099	15,473	30,139
EBITA, %	9.1	10.4	9.6	10.5	10.0
Operating profit (EBIT)	6,817	6,729	14,438	13,323	25,754
EBIT, %	7.6	9.0	8.1	9.0	8.6
Basic earnings per share, EUR	0.22	0.20	0.46	0.41	0.80
Equity ratio, %	35.9	40.3	35.9	40.3	39.7
Operating cash flow	4,392	12,421	12,990	13,710	27,093
ROCE, %	15.5	17.3	16.1	17.6	16.0
Personnel at end of the period	3,993	3,491	3,993	3,491	3,629

President and CEO Juha Näkki:

Our strong growth continued in the second quarter. Also the number of personnel grew reaching a new level and exceeding 4,000 soon after the end of the review period. Acquisitions supported growth but also organic growth was on a good level despite the market uncertainties.

We continued to develop our service offering and capabilities through two acquisitions. We strengthened our sustainability know-how and acquired LCA Consulting Oy in Finland. The acquisition of DDCOM B.V. in the Netherlands widened our capabilities in 3D content-based animation and visualization services related to technical documentation. After the review period we made a strategic investment in Swedish start-up company Ekkono Solutions AB, a developer of machine learning and artificial intelligence technology. We see great potential for utilizing the technology as part of our service solutions

Once the pandemic related restrictions were halted in Europe, we were finally able to organize different types of personnel events. A backlog of employee training and social events accumulated during the pandemic, and took measures to release the backlog during the review period. This increased personnel, training and travel expenses in the review period and affected profitability. Going forward, we expect these costs to normalize at a level that corresponds to the new hybrid work model. In addition, profitability was affected by sickness-related absences, more holidays falling in the second quarter, and organizational restructuring costs in the software business due to which our profitability fell slightly short of our target level.

During the review period, the demand situation remained good but there were fluctuations in the demand. The war Russia started in Ukraine accelerates inflation and increases uncertainty. This affects our customers' willingness to invest in some industries, and postponed the start of development projects to some extent. The demand fluctuations were visible especially in Software and Embedded Solutions and Technical Documentation Solutions service areas. Operational efficiency was cut short from our expectations in Software and Embedded Solutions service area, and during the review period we implemented actions to fix the situation. In Engineering Solutions service area good level of demand was maintained by Engineering-to-Order services related to customer projects and operational efficiency was on good level.

Despite the uncertainty and fluctuations in demand we will start the second half of the year with a relatively good demand situation. Though investments in some customer industries have been postponed, investments in defense industry and accelerating the green transition are growing and our customers' orderbooks have continued to develop mainly positively. Therefore, we estimate that growth and positive development will continue also in the latter part of the year and keep our financial guidance intact.

Market outlook 2022

The most important factor affecting Etteplan's business is the global development of the machinery and metal industry. The prolongation of the COVID-19 pandemic continues to have an impact on the market situation and supply chains. The war Russia started in Ukraine increases uncertainty in the markets and accelerates inflation, which slows down investments and affects the demand situation. On the other hand, the unstable geopolitical climate increases demand in the defense industry and for investments related to the green transition. Forecasting remains difficult and the demand situation is fluctuating. We, nevertheless, expect the general demand situation to remain fairly good throughout 2022.

Financial guidance 2022

Etteplan keeps its guidance for revenue and operating profit (EBIT) intact and issues the following estimate:

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

Operating environment

The majority of Etteplan's customers are industrial companies, with several global megatrends currently influencing the development of their operating environment. For example, structural changes in the global economy, urbanization, climate change and sustainability 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 specialized experts in certain areas is continuing, which affects the development of the sector as a whole in all market areas.

The most important factor affecting Etteplan's business is the global development of the machinery and metal industry. The prolongation of the COVID-19 pandemic continues to have an impact on the market situation and supply chains. The war Russia started in Ukraine and the subsequent elevation in geopolitical tensions have increased uncertainty. Investments related to the defense industry and accelerating the green transition are growing, while rising inflation reduces willingness to invest and affects demand in some industries which is why there are differences in the customer specific demand situation. Forecasting remains difficult and the demand situation is fluctuating. We, nevertheless, expect the demand situation to remain fairly good throughout 2022.

Development of demand by customer industry

The COVID-19 pandemic continues to affect demand in all customer industries, but the effects of the pandemic on different customer segments vary. Demand in the Forest, Pulp and Paper industry was at a fairly good level. Demand in the Energy industry was at a good level. Demand in the Mining industry was at a good level. Demand in the Lifting and Hoisting industry was at a moderate level. Demand in the ICT industry remained good. Demand in the Automotive and Transportation industry was at a good level. Demand in the Chemical industry was at a good level.

Development of demand in Etteplan's operating countries

The pandemic continued to affect the market situation in Europe, and the higher geopolitical tensions due to the war Russia started in Ukraine have increased uncertainty and is accelerating inflation in all of our operating countries in Europe.

A new wave of the COVID-19 pandemic and related shutdown measures affected the demand situation in China in the early part of the review period.

Revenue

Etteplan's revenue grew by 18.9 percent in April-June and was EUR 89.3 million (4-6/2021: EUR 75.0 million). Revenue increased by 19.5 percent at comparable exchange rates. The organic growth of revenue was 9.7 percent. At comparable exchange rates, organic growth was 10.3 percent. Revenue from key accounts grew by 6.9 percent in April-June.

In January-June, Etteplan's revenue grew by 20.8 percent and was EUR 178.8 million (1-6/2021: EUR 148.0 million). Revenue increased by 21.4 percent at comparable exchange rates. The organic growth of revenue was 11.9 percent. At comparable exchange rates, organic growth was 12.4 percent. Revenue from key accounts grew by 8.5 percent in January-June.

Acquisitions increased revenue, but organic growth was also strong due to the success of the outsourcing business, among other reasons. The significant increase in sickness-related absences continued to affect the accumulation of revenue, particularly in the early part of the review period. The accumulation of revenue was also affected by more holidays falling in the review period and an increase in hours of training following the lifting of pandemic-related restrictions. The war Russia started in Ukraine affected revenue to some extent as investments slowed down in certain customer industries in the second 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. Skyrise.tech S.A. increased revenue starting from June 1, 2021, Adina Solutions Oy starting from August 1, 2021, and BST Buck Systemtechnik GmbH starting from October 1, 2021. Cognitas GmbH, which was acquired in the beginning of 2022, is included in Etteplan's figures starting from January 1, 2022, Syncore Technologies AB starting from February 1, 2022, LCA Consulting Oy starting from May 1, 2022, and DDCOM B.V. starting from June 1, 2022.

Result

Profitability was at a moderate level. Once the pandemic related restriction were halted in Europe, we were finally able to organize different types of personnel events. A backlog of employee training and social events accumulated during the pandemic, and measures to lighten it were taken during the review period. This increased personnel, training and travel expenses in the review period and affected profitability. Going forward, we expect the cost structure to normalize at a level that corresponds to the new hybrid work model. In addition, profitability was affected by sickness-related absences, more holidays falling in the review period than in the comparison period, and organizational restructuring costs in the software business.

Operating profit (EBITA) grew by 4.6 percent in April-June and was EUR 8.1 (7.8) million, or 9.1 (10.4) percent of revenue.

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The combined effect of non-recurring items on operating profit (EBITA) and operating profit (EBIT) was EUR -0.3 (-0.4) million in April-June and EUR -0.6 (-0.4) million in January-June. The non-recurring costs were related to organizational restructuring and acquisitions.

The net amount of financial income and financial expenses came to EUR -0.4 (-0.5) million in January-June.

Profit before taxes for January-June was EUR 14.1 (12.8) million. Taxes in the income statement amounted to 19.0 (19.9) percent of the result before taxes. The amount of taxes was EUR 2.7 (2.6) million.

The profit for January-June was EUR 11.4 (10.2) million.

Basic earnings per share were EUR 0.22 (0.20) in April-June and EUR 0.46 (0.41) in January-June. Equity per share was EUR 4.00 (3.64) at the end of June. Return on capital employed (ROCE) before taxes was 15.5 (17.3) percent in April-June and 16.1 (17.6) percent in January-June.

Cash flow and financial position

Operating cash flow was EUR 4.4 (12.4) million in April-June. Cash flow after investments was EUR 1.3 (4.8) million in April-June.

Operating cash flow was EUR 13.0 (13.7) million in January-June. Cash flow after investments was EUR -9.0 (0.1) million in January-June. Strong invoicing in the final quarter of 2021 was reflected favorably in operating cash flow in early 2022, but increased trade receivables and higher-than-usual personnel, training and travel expenses in the second quarter of 2022 had a negative effect on cash flow. Operating cash flow accrues unevenly over the four quarters of the year due to periodic fluctuation in business.

The Group's cash and cash equivalents stood at EUR 20.2 (13.1) million at the end of June.

The Group's interest-bearing debt amounted to EUR 93.9 (65.7) million at the end of June. The amount of interest-bearing liabilities was affected by acquisitions made by the Group. Lease liabilities represented EUR 23.5 (23.2) million of interest-bearing liabilities.

The total of unused short-term credit facilities stood at EUR 13.5 (11.3) million.

Total assets on June 30, 2022, were EUR 283.3 (227.8) million. Goodwill on the balance sheet was EUR 106.8 (91.8) million.

At the end of June, the equity ratio was 35.9 (40.3) percent.

Capital expenditure

The Group's gross investments in January-June were EUR 35.7 (22.2) million. The gross investments mainly consisted of acquisitions, increases in lease liabilities and equipment purchases.

Personnel

The number of personnel stood at 3,993 (3,491) employees at the end of June 2022. The number of personnel increased by 14.4 percent compared to the end of June 2021.

The Group employed 3,913 (3,365) people on average in January-June 2022.

The number of people employed by the Group outside of Finland increased and stood at 1,944 (1,510) at the end of June, representing 49 (43) percent of the total number of employees.

Business review

Etteplan published its renewed strategy, *Increasing value for customers*, and updated its financial targets in December 2019. Etteplan began preparations and planning related to the renewed strategy, but many projects were suspended due to attention being shifted to the COVID-19 pandemic. Measures aimed at implementing the strategy have continued again after the pandemic eased up slightly starting from late 2020. In 2021, investments in organic growth were continued by developing the service offering and by establishing several new teams. This work continued in the early part of 2022. We believe that our strategy will drive the success of the company also after the pandemic.

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

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

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

We have also invested in industrial digitalization and strengthened our smart industrial production offering to help our customers digitalize their production facilities and business operations. Etteplan's new Smart Factory offering consists of a wide range of expertise ranging from engineering to piping, automation, information systems and technical documentation.

Etteplan's target is to achieve revenue of EUR 500 million in 2024. We seek growth organically and by acquisitions. Etteplan's goal is to also grow internationally, provide solutions from all of the company's service areas in all of its market areas and increase the share of revenue accumulated outside Finland to 50 percent. In April-June, revenue accumulated outside Finland amounted to EUR 43.0 (31.8) million, or 48 (42) percent of the Group's total revenue. In January-June, revenue accumulated outside Finland amounted to EUR 85.2 (63.2) million, or 48 (43) percent of the Group's total revenue.

A new wave of the COVID-19 pandemic and related restrictions and shutdown measures affected demand in China. The number of hours sold in the Chinese market decreased by 1.6 percent in April-June and by 2.7 percent in January-June. Our employees are currently mostly working remotely, also in China, which reduces the impact of the shutdowns and restrictions on our business.

Etteplan's target is to increase the share of revenue represented by Managed Services to 75 percent. The share of Managed Services was 64 (63) percent in April-June and 65 (63) percent in January-June.

The growth in the share of Managed Services enhances Etteplan's capacity management and improves profitability. Etteplan's operating profit (EBITA) target is 10 percent of revenue.

Acquisitions in 2021-2022

In June 2022, Etteplan continued its expansion in the Netherlands by acquiring DDCom B.V. The acquisition strengthened Etteplan's capabilities in 3D content-based animation and visualization services related to technical documentation. DDCom is located in the Eindhoven area and employs approximately 15 technical documentation specialists. Its customers operate in automotive, high tech, med-tech and product manufacturing industries and include high-profile companies such as DAF Trucks, ASML, VDL, Philips and Shimano.

Etteplan strengthened its position as an expert in sustainable development and acquired LCA Consulting Oy, a provider of high-quality expert services, in May 2022. Founded in 2013 as a spin-off at LUT University, LCA Consulting focuses on life cycle assessment of companies, products and production, carbon footprinting and expert training. LCA Consulting, based in Lappeenranta, Finland, employs 11 experts and its customer base consists especially of customers in industrial production and manufacturing, construction industry and public sector.

Etteplan strengthened its position in Sweden and acquired Syncore Technologies AB, a technology services company focusing on advanced embedded systems, in February 2022. In 2020, Syncore's net sales were approximately EUR 5 million and it employs 46 embedded systems experts in Linköping, Sweden. The acquisition involved a directed share issue to the owners of the acquired company. More information is provided under Shares.

In January 2022, Etteplan acquired Cognitas GmbH, a German technical information life cycle management company, from Canon Deutschland GmbH. With the acquisition, Etteplan becomes a market-leading company in technical documentation in Germany and reinforces its leading position in Europe. Cognitas generates annual revenue of approximately EUR 15 million and employs 200 professionals in consulting and technical information authoring and management.

Acquisitions in 2021:

- September 2021 - BST Buck Systemtechnik GmbH in Germany. Over 30 specialists. Specializes in software development, process automation and hardware engineering.
- August 2021 - Adina Solutions Oy in Finland. A total of 13 content production and technical communications professionals.
- June 2021 - the software development company Skyrise.tech S.A. in Poland. In 2020, revenue of approximately EUR 3.5 million, with approximately 80 specialists and partners. The acquisition involved a directed share issue to the owners of the acquired company.
- May 2021 - F.I.T. Fahrzeug Ingenieurtechnik GmbH in Germany. Approximately 15 technical documentation specialists.

- January 2021 - the software development company TekPartner A/S in Denmark. In 2019, revenue of approximately EUR 8 million, with 19 in-house specialists and a network of project partners and freelancers.

Development of the service areas

Engineering Solutions

We innovate and engineer machinery, equipment and plants for customers. Our customer base typically uses our services for 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 standards and legislation in the market area.

EUR 1,000	4-6/2022	4-6/2021	Change	1-6/2022	1-6/2021	Change	1-12/2021
Revenue	46,219	42,026	10.0%	92,918	83,424	11.4%	167,433
Operating profit (EBITA)	4,888	4,179	17.0%	9,819	8,565	14.6%	16,555
EBITA, %	10.6	9.9		10.6	10.3		9.9
Managed Services index	63	63		63	63		64
Personnel at end of the period	2,125	1,995	6.5%	2,125	1,995	6.5%	2,062

The figures for BST Buck Systemtechnik GmbH, acquired in September 2021, are included in the service area's figures starting from October 1, 2021, and the figures for LCA Consulting Oy, acquired in May 2022, starting from May 1, 2022.

The share of Etteplan's revenue represented by Engineering Solutions was 52 (56) percent in April-June and 52 (57) percent in January-June.

The service area's demand situation remained good. The demand for Engineering-to-Order services related to customer projects remained at a good level, but new investments were slightly slower to start due to the rising general cost level. Increased uncertainty has further increased customers' interest in our outsourcing solutions.

The service area's revenue grew by 10.0 percent in April-June and was EUR 46.2 (42.0) million. In January-June, revenue increased by 11.4 percent and was EUR 92.9 (83.4) million.

The operating profit (EBITA) of Engineering Solutions improved in April-June and amounted to EUR 4.9 (4.2) million, or 10.6 (9.9) percent of revenue. In January-June, operating profit (EBITA) was EUR 9.8 (8.6) million, or 10.6 (10.3) percent of revenue. Profitability was at a very good level due to good operational efficiency, although sickness-related absences and increased personnel, training and travel expenses affected profitability. Profitability was improved slightly by a change in a customer agreement.

The Engineering Solutions service area had 2,125 (1,995) employees at the end of June.

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

The integration of LCA Consulting Oy, which was acquired by Etteplan in May 2022, into Etteplan is progressing well. The acquisition strengthens Etteplan's position as an expert in sustainable development. The integration of BST Buck Systemtechnik GmbH into Etteplan is in its final stages.

Etteplan's additive manufacturing expertise is playing a crucial role in an ongoing additive manufacturing (AM) project of the Swedish strategic innovation program Produktion2030. Etteplan's role is to provide expertise in process simulation and product design.

Software and Embedded Solutions

We provide product development services as well as software and technology solutions that enable the digitalization of our customers' business processes along with the intelligence and connectivity of machinery and equipment. Our customers often have a need to increase the efficiency of business processes or manufacturing, or create entirely new products for the market. Through system integration and utilization of digitalization, we can ensure better customer service, cost-efficiency, or the creation of new income streams.

EUR 1,000	4-6/2022	4-6/2021	Change	1-6/2022	1-6/2021	Change	1-12/2021
Revenue	25,128	19,858	26.5%	49,742	38,675	28.6%	80,123
Operating profit (EBITA)	1,868	2,169	-13.9%	4,216	4,260	-1.0%	8,316
EBITA, %	7.4	10.9		8.5	11.0		10.4
Managed Services index	51	50		51	50		47
Personnel at end of the period	838	721	16.2%	838	721	16.2%	771

The figures for Skyrise.tech S.A., acquired in June 2021, are included in the Software and Embedded Solutions service area's figures starting from June 1, 2021, and the figures for Syncore Technologies AB, acquired in February 2022, are included starting from February 1, 2022.

The share of the Group's total revenue represented by Software and Embedded Solutions was 28 (27) percent in April-June and 28 (26) percent in January-June.

The market situation in the Software and Embedded Solutions service area remained good. Acquisitions and increased subcontracting affected to development of revenue. The service area's revenue grew by 26.5 percent in April-June and was EUR 25.1 (19.9) million. In January-June, revenue increased by 28.6 percent and was EUR 49.7 (38.7) million.

The Software and Embedded Solutions service area's operating profit (EBITA) decreased by 13.9 percent in April-June and amounted to EUR 1.9 (2.2) million, or 7.4 (10.9) percent of revenue. In January-June, operating profit (EBITA) was on a par with the previous year at EUR 4.2 (4.2) million, or 8.5 (11.0) percent of revenue.

Profitability and operational efficiency were not in line with our expectations. Due to the rising general cost level, product development projects were postponed or slow to get started. Organizational restructuring measures have been implemented in the service area, which created non-recurring costs during the review period. Increased subcontracting, sickness-related absences and increased personnel, training and travel expenses affected profitability.

The number of personnel in the Software and Embedded Solutions service area increased due to acquisitions and recruitment and stood at 838 (721) at the end of June. In addition to our own personnel, we currently have more than 250 subcontractors and partners.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, was 51 (50) percent in April-June and 51 (50) percent in January-June.

The Syncore acquisition completed in February 2022 made Etteplan a significantly larger provider of software and embedded solutions in Sweden. The integration of the company into Etteplan is progressing as planned.

Etteplan's embedded software experts and SVP Worldwide, one of the world's largest consumer sewing machine producers, together developed the world's first sewing and embroidery machine with artificial intelligence and voice-control features for home use.

Technical Documentation Solutions

We produce user manuals for individual products as well as the documentation of technical attributes and information management for entire production facilities, such as factories. The service includes content creation and distribution in print and digital form. For an industrial customer, good technical documentation can increase the value of their products and ensure their products are used in the right way. Our solutions enable our customers to improve their cost-efficiency, reduce delivery times and decrease their environmental footprint.

EUR 1,000	4-6/2022	4-6/2021	Change	1-6/2022	1-6/2021	Change	1-12/2021
Revenue	17,704	12,975	36.4%	35,803	25,520	40.3%	51,650
Operating profit (EBITA)	1,547	1,625	-4.8%	3,372	3,009	12.1%	5,879
EBITA, %	8.7	12.5		9.4	11.8		11.4
Managed Services index	88	82		87	82		82
Personnel at end of the period	892	644	38.5%	892	644	38.5%	669

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 figures for Adina Solutions, acquired in August 2021, are included starting from August 1, 2021, the figures for Cognitas GmbH, acquired in January 2022, starting from January 1, 2022, and the figures for DDCom B.V., acquired in June 2022, starting from June 1, 2022.

The share of the Group's total revenue represented by Technical Documentation Solutions was 20 (17) percent in April-June and 20 (17) percent in January-June.

The Technical Documentation Solutions service area's demand situation remained good, and revenue increased by 36.4 percent in April-June, amounting to EUR 17.7 (13.0) million. In January-June, revenue increased by 40.3 percent and was EUR 35.8 (25.5) million. Acquisitions and the success of the outsourcing business contributed to the growth figures.

In January 2022, we acquired Cognitas GmbH, a German technical information life cycle management company, from Canon. With the acquisition, Etteplan becomes a market-leading company in technical documentation in Germany and reinforces its leading position in Europe. The acquisition has attracted a lot of interest among our customers and the integration of Cognitas into Etteplan is progressing well.

The Technical Documentation Solutions service area's operating profit (EBITA) decreased in April-June and was EUR 1.5 (1.6) million, or 8.7 (12.5) percent of revenue. In January-June, operating profit (EBITA) improved and amounted to EUR 3.4 (3.0) million, or 9.4 (11.8) percent of revenue. Operational efficiency was at a fairly good level. The service area's profitability was affected by the weaker profitability of Cognitas in the early part of the year, which was expected, and fluctuations in demand in certain units. Sickness-related absences and increased personnel, training and travel expenses also affected profitability.

The Technical Documentation Solutions service area had 892 (644) employees at the end of June. The Cognitas acquisition contributed to the increase in the number of employees.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, was 88 (82) percent in April-June and 87 (82) percent in January-June.

Etteplan continued its expansion in the Netherlands in June 2022 by acquiring DDCom B.V. The acquisition strengthened Etteplan's capabilities in 3D content-based animation and visualization services related to technical documentation. Etteplan's integrations of Adina Solutions Oy, which was acquired in August 2021, and F.I.T. Fahrzeug Ingenieurtechnik GmbH, which was acquired in May 2021, are in their final stages.

GOVERNANCE

GENERAL MEETING

Etteplan Oyj's Annual General Meeting was held on April 6, 2022. 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 2021.

The Annual General Meeting resolved, in accordance with the proposal of the Board of Directors, to pay a dividend of EUR 0.40 per share for the financial year 2021 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 8, 2022, and the date of dividend payout was April 19, 2022.

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

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

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

Board authorizations

The Annual General Meeting held on April 6, 2022 decided to authorize 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) percent 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 6, 2022, and ending on October 5, 2023.

The Annual General Meeting 2021 decided to authorize the Board of Directors to resolve on the issuance of a maximum of 2,500,000 shares through issuance of shares, option rights or other special rights entitling to shares under Chapter 10, Section 1 of the Finnish Companies Act in one or more issues. The authorization includes the right to decide to issue either new shares or shares held by the company. The authorization includes the right to deviate from the existing shareholders' pre-emptive subscription right as set forth in Chapter 9, Article 3 of the Companies Act. Therefore, the Board of Directors has the right to direct the share issue, or issuance of the option rights or other special rights conferring entitlement to shares. The authorization also includes the right to decide on all the terms of share issue, option rights or other special rights conferring entitlement to shares. The authorization therefore includes the right to determine share subscription prices, persons entitled to subscribe the shares and other terms and conditions applicable to the subscription. In order to deviate from the shareholders' pre-emptive subscription right, the company must have a weighty financial reason such as financing of a company acquisition, other arrangement in connection with the development of the company's business or equity or an incentive scheme to the personnel. In connection with the share issuance, the Board of Directors is entitled to decide that the shares may be subscribed against contribution in kind or otherwise under special terms and conditions. The authorization includes the right to determine whether the subscription price will be entered into the share capital or into the unrestricted equity fund.

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

SHARES

Etteplan's shares are listed in Nasdaq Helsinki Ltd's Mid Cap market capitalization group in the Industrials sector under the ETTE ticker. The company has one series of shares. All shares confer an equal right to a dividend and the company's funds. The company's share capital on June 30, 2022, was EUR 5,000,000.00 and the total number of shares was 25,200,793.

On February 2, 2022, Etteplan issued a stock exchange release announcing the acquisition of Syncore Technologies AB. As part of the financing of the transaction, Etteplan Oyj's Board of Directors, at its meeting held on February 1, 2022, made a conditional decision on a share issue based on the share issue authorization given to the Board of Directors by the Annual General Meeting on April 8, 2021. In accordance with the terms of the transaction, the purchase price was paid through a share issue to the sellers and cash. The contract of sale, which was a condition of the decision, was signed on February 2, 2022, and at the same time, the sellers subscribed for 117,485 new Etteplan shares as a part payment for the purchase amount. The subscription price per share paid for the shares was EUR 16.42. The new shares carry the right to dividends starting from the financial year 2022. The new shares subscribed for in the directed share issue were registered in the Trade Register on April 19, 2022, and in the book-entry system maintained by Euroclear Finland Oy on April 29, 2022. The shares were listed for trading on Nasdaq Helsinki on May 3, 2022. However, trading in the new shares will only be possible after three years, when the transfer restriction agreed upon in connection with the transaction has expired.

Trading in shares

The number of Etteplan Oyj shares traded in January-June was 328,443 (1-6/2021: 767,948), for a total value of EUR 5.27 (11.98) million. The share price low was EUR 11.95, the high EUR 18.75, the average EUR 16.05 and the closing price EUR 15.75. Market capitalization on June 30, 2022, was EUR 394.41 (406.53) million. On June 30, 2022, Etteplan had 3,667 (3,635) shareholders.

Own shares

Etteplan did not purchase any of its own shares in January-June 2022. The company held 159,046 of its own shares at the end of June 2022 (June 30, 2021: 99,010), which corresponded to 0.63 percent of all shares and voting rights.

Flaggings

Etteplan Oyj received no flagging notices in January-June 2022.

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's 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.

Operating risks and uncertainty factors

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

The COVID-19 pandemic continues to have an impact on Etteplan's business and the prolongation of the situation has a negative impact on the company's development. The war Russia started in Ukraine increases uncertainty in the markets, drives higher inflation and may have a negative impact on customers' operations and supply chains. The unstable geopolitical situation makes the future more difficult to predict.

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

Event after the review period: Etteplan speeds up the fourth industrial revolution of machinery and equipment by investing in Swedish Ekkono Solutions AB, a developer of machine learning and artificial intelligence technology

Technology service company Etteplan makes a strategic investment in Swedish start-up company Ekkono Solutios AB, a developer of machine learning and artificial intelligence technology. Etteplan acquires 20 per cent of the company. Founded in 2016, Ekkono Solutions AB is a Swedish Edge Machine Learning (ML) technology and software company which employs Machine Learning Engineers, Data Scientists and Embedded Developers. Ekkono Edge Intelligence is a software suite for edge computing. With the help of

it, the use of for instance vehicles and electric motors can be analyzed in real time, self-learning and individually while operational. An investment in a start-up company supports Etteplan's strategy and target to bring modern technology as part of our service solutions.

Change in the schedule of financial disclosures in 2022

The Interim Report for January-September 2022 will be published on Monday, October 31, 2022. The previous date indicated for the publication of the report was Friday, October 28, 2022.

Espoo, August 10, 2022

Etteplan Oyj

Board of Directors

Additional information:

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

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

The information presented herein has not been audited.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Revenue	89,252	75,043	178,838	147,993	300,111
Other operating income	690	222	1,040	531	1,289
Materials and services	-10,244	-7,311	-20,455	-14,699	-31,685
Employee benefits expenses	-58,667	-50,006	-118,033	-98,838	-197,596
Other operating expenses	-9,252	-6,853	-17,040	-12,890	-28,527
Depreciation and amortization	-4,962	-4,366	-9,911	-8,774	-17,839
Operating profit (EBIT)	6,817	6,729	14,438	13,323	25,754
Financial income and expenses	-24	-409	-368	-540	-888
Profit before taxes	6,793	6,320	14,070	12,783	24,867
Income taxes	-1,180	-1,385	-2,669	-2,550	-4,823
Profit for the review period	5,613	4,935	11,401	10,233	20,044
Other comprehensive income, that may be reclassified to profit or loss					
Currency translation differences	-1,911	571	-2,165	-155	-589
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	-10	1	-26	18	32
Other comprehensive income, net of tax	-1,921	571	-2,191	-137	-557
Total comprehensive income for the review period	3,692	5,506	9,210	10,097	19,487
Profit for the review period attributable to					
Equity holders of the parent company	5,613	4,935	11,401	10,233	20,044
Total comprehensive income for the review period attributable to					
Equity holders of the parent company	3,692	5,506	9,210	10,097	19,487
Earnings per share calculated from the profit attributable to equity holders of the parent company					
Basic earnings per share, EUR	0.22	0.20	0.46	0.41	0.80
Diluted earnings per share, EUR	0.22	0.20	0.46	0.41	0.80

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR 1,000	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021
ASSETS			
Non-current assets			
Goodwill	106,752	91,771	92,380
Other intangible assets	36,298	30,081	28,807
Tangible assets	26,434	25,323	24,759
Investments at fair value through other comprehensive income	385	401	418
Other non-current receivables	54	54	54
Deferred tax assets	682	660	731
Non-current assets, total	170,605	148,291	147,150
Current assets			
Inventory	788	396	376
Work in progress	35,832	29,377	26,810
Trade and other receivables	55,649	36,614	47,988
Current tax assets	250	44	273
Cash and cash equivalents	20,185	13,105	30,356
Current assets, total	112,704	79,536	105,803
TOTAL ASSETS	283,309	227,826	252,953
EQUITY AND LIABILITIES			
Equity			
Share capital	5,000	5,000	5,000
Share premium account	6,701	6,701	6,701
Unrestricted equity fund	23,966	22,037	22,037
Own shares	-1,134	-287	-1,245
Cumulative translation adjustment	-5,638	-3,039	-3,473
Other reserves	107	119	133
Retained earnings	71,192	59,950	69,761
Equity, total	100,195	90,482	98,914
Non-current liabilities			
Deferred tax liabilities	9,511	7,436	7,408
Loans from financial institutions	52,342	14,100	30,350
Lease liabilities	8,678	8,621	8,777
Other non-current liabilities	7,057	1,236	827
Non-current liabilities, total	77,588	31,393	47,362
Current liabilities			
Loans from financial institutions	18,096	28,324	25,453
Lease liabilities	14,787	14,628	13,894
Advances received	4,217	3,171	3,891
Trade and other payables	65,540	57,792	61,673
Current income tax liabilities	2,886	2,036	1,766
Current liabilities, total	105,527	105,951	106,677
Liabilities, total	183,114	137,344	154,039
TOTAL EQUITY AND LIABILITIES	283,309	227,826	252,953

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1,000	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Operating cash flow					
Cash receipts from customers	84,724	73,668	172,554	142,688	287,564
Operating expenses paid	-79,012	-59,873	-156,086	-125,440	-253,056
Operating cash flow before financial items and taxes	5,712	13,795	16,468	17,248	34,508
Interests and other payments for financial expenses	-399	-317	-773	-510	-1,289
Interest received	32	39	43	55	80
Income taxes paid	-953	-1,097	-2,749	-3,084	-6,205
Operating cash flow (A)	4,392	12,421	12,990	13,710	27,093
Investing cash flow					
Purchase of tangible and intangible assets	-456	-527	-918	-1,145	-2,157
Acquisition of subsidiaries, net of cash acquired	-2,688	-7,199	-21,115	-12,631	-14,255
Proceeds from sale of tangible and intangible assets	9	59	9	63	17
Proceeds from repayment of loans	0	74	0	74	73
Investing cash flow (B)	-3,135	-7,594	-22,024	-13,640	-16,321
Cash flow after investments (A+B)	1,257	4,826	-9,034	71	10,772
Financing cash flow					
Proceeds from directed share issue	0	1,936	0	1,936	1,936
Purchase of own shares	0	-331	0	-331	-1,382
Proceeds from current loans	1,027	3,104	1,518	3,454	6,941
Repayments of current loans	-13,002	-11,001	-14,927	-12,902	-30,060
Proceeds from non-current loans	15,000	11,000	28,000	11,000	37,503
Repayments of non-current loans	-4	0	-8	0	-6
Payment of lease liabilities	-2,936	-3,159	-6,160	-6,063	-11,478
Dividend paid	-9,992	-8,461	-9,992	-8,461	-8,461
Financing cash flow (C)	-9,907	-6,912	-1,569	-11,367	-5,007
Variation in cash (A+B+C) increase (+) / decrease (-)	-8,650	-2,086	-10,603	-11,296	5,765
Assets at the beginning of the period	28,479	15,325	30,356	24,407	24,407
Exchange gains or losses	356	-134	432	-6	184
Assets at the end of the period	20,185	13,105	20,185	13,105	30,356

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

EUR 1,000	A	B	C	D	E	F	G	H
Equity Jan 1, 2022	5,000	6,701	22,037	133	-1,245	-3,473	69,761	98,914
Comprehensive income								
Profit for the review period	0	0	0	0	0	0	11,401	11,401
Other comprehensive income								
Change in fair value of equity investments at fair value through other comprehensive income	0	0	0	-26	0	0	0	-26
Cumulative translation adjustment	0	0	0	0	0	-2,165	0	-2,165
Other comprehensive income, net of tax	0	0	0	-26	0	-2,165	0	-2,191
Total comprehensive income for the review period	0	0	0	-26	0	-2,165	11,401	9,210
Transactions with owners								
Dividends	0	0	0	0	0	0	-9,970	-9,970
Directed share issue	0	0	1,929	0	0	0	0	1,929
Share-based incentive plan	0	0	0	0	112	0	0	112
Transactions with owners, total	0	0	1,929	0	112	0	-9,970	-7,929
Equity Jun 30, 2022	5,000	6,701	23,966	107	-1,134	-5,638	71,192	100,195

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								
Share-based incentive plan	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

NOTES

General

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

In 2021, Etteplan had a turnover of approximately EUR 300 million. The company currently has 4,000 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 at its meeting on August 10, 2022.

Basis for preparation

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

This 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 2021 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 2021 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	1-6/2022	1-6/2021	1-12/2021	Change
Revenue	178,838	147,993	300,111	20.8%
Operating profit (EBITA)	17,099	15,473	30,139	10.5%
EBITA, %	9.6	10.5	10.0	
Operating profit (EBIT)	14,438	13,323	25,754	8.4%
EBIT, %	8.1	9.0	8.6	
Profit before taxes	14,070	12,783	24,867	10.1%
Profit before taxes, %	7.9	8.6	8.3	
Return on equity, %	22.9	23.1	21.6	
ROCE, %	16.1	17.6	16.0	
Equity ratio, %	35.9	40.3	39.7	
Gross interest-bearing debt	93,902	65,673	78,474	43.0%
Net gearing, %	73.6	58.1	48.6	
Balance sheet, total	283,309	227,826	252,953	24.4%
Gross investments	35,670	22,205	30,582	60.6%
Operating cash flow	12,990	13,710	27,093	-5.3%
Basic earnings per share, EUR	0.46	0.41	0.80	12.2%
Diluted earnings per share, EUR	0.46	0.41	0.80	12.2%
Equity per share, EUR	4.00	3.64	3.97	9.9%
Personnel, average	3,913	3,365	3,480	16.3%
Personnel at end of the period	3,993	3,491	3,629	14.4%

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	Technical Documentation Solutions	Reportable segments total	Eliminations and other	Total
4-6/2022						
External revenue	46,219	25,128	17,704	89,051	201	89,252
Operating profit (EBITA)	4,888	1,868	1,547	8,303	-154	8,149
Personnel at end of the period	2,125	838	892	3,855	138	3,993
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
1-6/2022						
External revenue	92,918	49,742	35,803	178,463	375	178,838
Operating profit (EBITA)	9,819	4,216	3,372	17,407	-308	17,099
Personnel at end of the period	2,125	838	892	3,855	138	3,993
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

Reconciliation of Operating profit (EBITA) and Profit before taxes

EUR 1,000	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Operating profit (EBITA)	8,149	7,794	17,099	15,473	30,139
Amortization on fair value adjustments at acquisitions	-1,332	-1,065	-2,661	-2,150	-4,385
Operating profit (EBIT)	6,817	6,729	14,438	13,323	25,754
Financial income and expenses	-24	-409	-368	-540	-888
Profit before taxes	6,793	6,320	14,070	12,783	24,867

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, 2022	Jun 30, 2021	Dec 31, 2021
Finland	63,211	64,090	63,609
Scandinavia	47,307	41,061	39,820
China	2,965	2,784	2,931
Central Europe	56,054	39,295	39,640
Total	169,537	147,229	146,001

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	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Primary geographical location					
Finland	46,232	43,208	93,617	84,755	169,996
Scandinavia	23,248	18,028	45,428	35,325	70,153
Central Europe	16,456	10,936	33,370	22,348	47,747
China	3,317	2,871	6,422	5,566	12,216
Total	89,252	75,043	178,838	147,993	300,111
Timing of revenue recognition					
Transferred at a point in time	619	499	1,190	1,106	2,241
Transferred over time	88,633	74,544	177,648	146,887	297,871
Total	89,252	75,043	178,838	147,993	300,111

Revenue and Operating profit (EBIT) by quarter

EUR 1,000	1-3/2022	1-3/2021	4-6/2022	4-6/2021
Revenue	89,586	72,950	89,252	75,043
Operating profit (EBIT)	7,622	6,594	6,817	6,729
EBIT, %	8.5	9.0	7.6	9.0

Non-recurring items

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

EUR 1,000	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Employee benefits expenses and other operating expenses	-348	-413	-600	-393	-656
Operating profit (EBIT)	-348	-413	-600	-393	-656

Business combinations

Cognitas GmbH (100%)

Etteplan acquired Cognitas GmbH, a German technical information life cycle management company from Canon Germany GmbH on January 13, 2022. The acquisition strengthens Etteplan's position in Germany and continues our strategic investments in Central Europe. Cognitas is a leading German consulting and services company in with an annual turnover around EUR 15 million with 200 professionals in consulting and technical information authoring and management.

The provisional goodwill of EUR 8,056 thousand arising from the acquisition is attributable to the technical know-how of the acquiree's personnel, and the expected synergies arising from the acquisition. None of the goodwill recognized is expected to be deductible for income tax purposes.

Syncore technologies AB (100%)

Etteplan strengthened its position in Sweden and on February 2, 2022 acquired Syncore Technologies AB, a technology services company focusing on embedded systems. Founded in 2000, Syncore is specialized in advanced embedded systems projects such as design, hardware and software development, and product life cycle services, especially for customers in the industrial systems, aerospace and defense industries. In 2020, Syncore's net sales were approximately EUR 5 million and it employs 46 embedded systems experts in Linköping, Sweden.

The provisional goodwill of EUR 5,880 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.

LCA Consulting Oy (100%)

Etteplan strengthened its position as an expert in sustainable development and acquired LCA Consulting Oy, a provider of high-quality expert services, on April 29, 2022. Founded in 2013 as a spin-off at LUT University, LCA Consulting focuses on life cycle assessment of companies, products and production, carbon footprinting and expert training. LCA Consulting, based in Lappeenranta, Finland, employs 11 experts and its customer base consists especially of customers in industrial production and manufacturing, construction industry and public sector.

The provisional goodwill of EUR 1,046 thousand arising from the acquisition is attributable to the technical know-how of the acquiree's personnel, and the expected synergies arising from the acquisition. None of the goodwill recognized is expected to be deductible for income tax purposes.

DDCom B.V. (100%)

Etteplan continued to expand its operations in the Netherlands through the acquisition of DDCom B.V. on May 30, 2022. The acquisition strengthens Etteplan's capabilities in 3D content-based animation and visualization services related to technical documentation. The company is located in the Eindhoven area and employs some 15 specialist. DDCom B.V.'s customers operate in automotive, high tech, med tech and product manufacturing industries and include high profile companies such as DAF Trucks, ASML, VDL, Philips & Shimano.

The provisional goodwill of EUR 754 thousand arising from the acquisition is attributable to the technical know-how of the acquiree's personnel, and the expected synergies arising from the acquisition. None of the goodwill recognized is expected to be deductible for income tax purposes.

Acquisitions in total

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

Consideration transferred:	EUR 1,000
Cash payment	24,227
Directed share issue	1,929
Contingent consideration	525
Total consideration transferred	26,681
Assets and liabilities	
Tangible assets	1,609
Intangible assets	129
Customer relationships (intangible assets)	10,618
Non-competition agreements (intangible assets)	327
Trade and other receivables	14,220
Cash and cash equivalents	3,506
Total assets	30,409
Non-current pension liabilities	6,902
Other non-current liabilities	482
Current dividend liabilities	6,500
Other current liabilities	2,788
Deferred tax liability	2,791
Total liabilities	19,463
Total identifiable net assets	10,945
Formation of Goodwill:	
Consideration transferred	26,681
Total identifiable net assets	-10,945
Goodwill	15,736

Costs related to the acquisitions, EUR 296 thousand, are included in other operating expenses in the consolidated statement of comprehensive income.

Intangible assets

Goodwill

EUR 1,000	2022	2021
Acquisition cost Jan 1	92,380	83,685
Translation difference	-1,356	-98
Acquisition of subsidiaries	15,727	8,184
Book value Jun 30	106,752	91,771

Other intangible assets

2022 EUR 1,000	Intangible rights	Internally created intangible assets	Fair value adjustments in acquisitions	Leased software	Advance payments	Total
Acquisition cost Jan 1, 2022	12,674	2,965	46,056	7,547	273	69,516
Translation difference	36	0	-346	-20	-1	-331
Acquisition of subsidiaries	155	0	10,940	0	0	11,095
Additions	78	0	0	127	80	286
Reclassifications	51	0	0	0	-4	47
Acquisition cost Jun 30, 2022	12,995	2,965	56,650	7,654	349	80,613
Cumulative amortization Jan 1, 2022	-11,278	-2,690	-20,679	-6,060	0	-40,709
Translation difference	-36	0	106	17	0	86
Acquisition of subsidiaries	-24	0	0	0	0	-24
Amortization for the financial year	-387	-86	-2,661	-535	0	-3,669
Cumulative amortization Jun 30, 2022	-11,725	-2,777	-23,234	-6,579	0	-44,315
Book value Jun 30, 2022	1,270	188	33,416	1,075	349	36,298

2021 EUR 1,000	Intangible rights	Internally created intangible assets	Fair value adjustments in acquisitions	Leased software	Advance payments	Total
Acquisition cost Jan 1, 2021	12,114	2,945	38,362	6,661	129	60,211
Translation difference	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

Tangible assets

2022 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, 2022	19	495	15,860	1,597	22,061	37,832	77,864
Translation difference	0	0	-10	2	-117	0	-125
Acquisition of subsidiaries	0	0	513	0	69	1,177	1,759
Additions	0	0	636	66	1,679	4,574	6,954
Disposals	0	0	0	0	-63	-555	-619
Acquisition cost Jun 30, 2022	19	495	17,000	1,665	23,629	43,027	85,834
Cumulative depreciation Jan 1, 2022	0	-22	-13,111	-1,204	-17,408	-21,360	-53,105
Translation difference	0	0	-11	-2	86	0	74
Acquisition of subsidiaries	0	0	-127	0	0	0	-127
Depreciation for the financial year	0	-5	-529	-64	-1,527	-4,116	-6,242
Cumulative depreciation Jun 30, 2022	0	-27	-13,778	-1,269	-18,849	-25,476	-59,400
Book value Jun 30, 2022	19	468	3,221	395	4,779	17,551	26,434

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
Reclassifications between items	0	0	44	0	0	0	44
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

Intangible and tangible right-of-use assets in total

EUR 1,000	2022	2021
Book value Jan 1	22,611	24,434
Translation difference	-34	-4
Acquisition of subsidiaries	1,246	517
Additions	6,380	5,458
Disposals and reclassifications	-619	-1,530
Depreciation for the financial year	-6,179	-5,684
Book value Jun 30	23,405	23,190

Pledges, mortgages guarantees

EUR 1,000	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021
Business mortgages	320	320	320
Pledged shares	120	120	120
Other contingencies	534	253	418
Total	973	693	858

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	1-6/2022	1-6/2021	1-12/2021
Sales of services to other related parties	4	217	94
Purchases of services from other related parties	18	18	36
EUR 1,000	Jun 30, 2022	Jun 30, 2021	Dec 31, 2020
Trade receivables from other related parties	4	45	0

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

2022	Quoted shares	Premises shares	Unquoted shares	
EUR 1,000	(Level 1)	(Level 2)	(Level 3)	Total
Opening balance at Jan 1	275	120	24	418
Gain/loss recognized in other comprehensive income	-33	0	0	-33
Closing balance Jun 30	242	120	24	385

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

Financial liabilities recognized at fair value through profit or loss

Contingent liability in acquisitions (Level 3)

EUR 1,000	2022	2021
Opening balance at Jan 1	800	132
Additions	525	1,209
Payment	0	-131
Closing balance Jun 30	1,325	1,210

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	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Operating profit (EBIT)	6,817	6,729	14,438	13,323	25,754
Amortization on fair value adjustments at acquisitions	1,332	1,065	2,661	2,150	4,385
Operating profit (EBITA)	8,149	7,794	17,099	15,473	30,139

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