

The background of the entire page is a microscopic view of a circuit board, showing intricate patterns of copper traces and circular vias. A semi-transparent blue overlay covers the entire image, with a darker blue vertical band on the right side. In the top right corner, there is a solid blue rectangular box containing the INCAP logo.

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BUSINESS REVIEW

JANUARY-MARCH 2022

Incap Group's business review for January–March 2022: Revenue and EBIT growth continued

January–March 2022 highlights

- Revenue increased 41.4% and amounted to EUR 53.3 million (1–3/2021: EUR 37.7 million).
- Adjusted operating profit (EBIT) increased 22.0%, amounting to EUR 7.0 million (EUR 5.7 million) or 13.1% of revenue (15.2%).
- Acquisition related purchase price allocation (PPA) amortisation amounted to EUR 0.1 million (EUR 0.2 million) and non-recurring costs were EUR 0.1 million (EUR 0.1 million).
- Operating profit (EBIT) increased 22.8%, amounting to EUR 6.8 million (EUR 5.5 million) or 12.7% of revenue (14.6%).
- Net profit for the period increased 19.7% and amounted to EUR 5.5 million (EUR 4.6 million).
- Earnings per share were EUR 0.93 (EUR 0.78).

Unless otherwise stated, the comparison figures refer to the corresponding period in 2021. This business review is unaudited.

Key figures

EUR million	1–3/22	1–3/21	Change	1–12/21
Revenue	53.3	37.7	41.4%	169.8
Non-recurring items	0.1	0.1	57.0%	0.3
Operating profit (EBIT)	6.8	5.5	22.8%	26.0
EBIT, % of revenue	12.7%	14.6%		15.3%
Adjusted operating profit (EBIT)*	7.0	5.7	22.0%	26.8
Adjusted EBIT*, % of revenue	13.1%	15.2%		15.8%
Net profit for the period	5.5	4.6	19.7%	21.1

*Adjusted operating profit (EBIT) is an alternative performance measure. Adjusted EBIT excludes non-recurring items and purchase price allocation amortisation. Adjusted EBIT provides comparable information between different financial years on operating profit.

Outlook for 2022

Incap estimates that its revenue, operating profit (EBIT) and adjusted operating profit (EBIT) for 2022 will be higher than in 2021.

The estimates are given provided that there are no major negative changes in the geopolitical or coronavirus pandemic situation, currency

exchange rates or in component availability. The estimates are based both on Incap's customers' forecasts and the company's own assessments of the business development.

CEO's comments

We are all devastated by the ongoing humanitarian catastrophe resulting from the war in Ukraine which has put a significant amount of the country's population in need of humanitarian assistance. To support the victims of the war, we are contributing by helping refugees and providing them job opportunities in our factories. Our hearts are with everyone impacted by this crisis, especially with our Ukrainian employees and their families. The situation in Ukraine affects material availability widely.

The first quarter of 2022 was another quarter of growth despite the challenging market conditions especially regarding the overall supply chain and component availability. Energy shortages and the ongoing coronavirus pandemic are still affecting deliveries from China. General raw material and energy price increases continue, now additionally fuelled by the war in Ukraine.

On the other hand, market demand stayed on a high level in the first quarter driven by the growing demand for electronics. The high demand contributed to the revenue, EUR 53.3 million, which was 41.4% more than in the first quarter of 2021.

Our first quarter EBIT grew 22.8% and amounted to EUR 6.8 million or 12.7% of revenue. Our flexible operational model allows for a relatively high EBIT percentage, and we are focusing on increasing the absolute EBIT and earnings per share.

The capacity expansion at our Indian factory is progressing as planned, scheduled for completion by the end of the year. Additionally, we continue to invest in our European factories.

With the continued challenging component availability situation and the supply chain challenges, we will keep our inventories on a high level to support our future growth and meet the growing demand.

We estimate that we can continue on our growth path in 2022, and we continue to evaluate M&A opportunities, concentrating in companies with a strong cultural fit and good profitability.

Otto Pukk, President and CEO of Incap Corporation

Financial performance

January–March 2022

In January–March 2022, revenue grew 41.4% year on year and amounted to EUR 53.3 million (EUR 37.7 million). The growth was driven by increased demand.

January–March operating profit (EBIT) grew 22.8% year on year and amounted to EUR 6.8 million (EUR 5.5 million). Adjusted operating profit (EBIT) was EUR 7.0 million (EUR 5.7 million). Year-on-year growth was 22.0%. Adjusted operating profit margin was 13.1% (15.2%). The operating profit margin was affected by increased costs in materials, components and logistics as well as the product mix. Non-recurring items included a donation of EUR 0.1 million to Red Cross.

Net profit for the period grew 19.7% year on year and totalled EUR 5.5 million (EUR 4.6 million).

At the end of March 2022, the Group's financial position remained strong. Equity ratio increased to 55.4% (53.1%), and net gearing was 14.7% (18.5%). The improvement in the financial position was mainly due to solid profitability.

The Group's cash position during the reporting period remained healthy considering the strong organic growth. On 31 March 2022, the Group's cash and cash equivalents totalled EUR 3.3 million (EUR 2.7 million) and the company had unutilised bank loans and a credit line amounting to EUR 10.6 million.

Flagging notifications

On 14 January 2022, Incap Corporation received a notification in accordance with the Securities Market Act, according to which the total holdings of shares and votes of the entities controlled by Kyösti Kakkonen in Incap Corporation had decreased below the level of 10% as a result of share transactions concluded on 13 January 2022.

On the same date, the company received a notification, according to which the holdings of shares and votes of the entity controlled by Avanza Bank Holding AB in Incap Corporation had risen above the level of 5% as a result of share transactions concluded on 13 January 2022.

Significant events after the reporting period

On 1 April 2022, Incap Corporation announced that Miroslav Michalik, Managing Director of Incap Electronics Slovakia, s.r.o. since March 2021, was appointed member of Incap Group's Management Team. As of 1 April 2022, the members of Incap Group's Management Team are President & CEO,

Otto Pukk; Director of Operations, Estonia, Greg Grace; Director of Operations, India and Sales APAC, Murthy Munipalli; Jamie Maughan, Director of Operations, U.K.; Miroslav Michalik, Director of Operations, Slovakia; and CFO Antti Pynnönen.

Financial reporting in 2022

In 2022 Incap will publish the following financial reports:

- Half-year report for January–June 28 July 2022
- Business review for January–September 27 October 2022

Webcast

Incap will hold a management webcast on Friday 29 April 2022 at 3:00 p.m. EEST. The result will be presented by Otto Pukk, CEO, and Antti Pynnönen, CFO, Incap Corporation.

The live webcast can be followed at <https://incap.videosync.fi/keskustelutilaisuus/>. During the webcast, the public can ask questions in the chat room at the address mentioned above.

In Helsinki, 27 April 2022

INCAP CORPORATION

Board of Directors

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Principal media

www.incapcorp.com

The recording of the broadcast will be available on the company's website at <https://incapcorp.com/reports-and-presentations/> later that day.

The event is targeted for analysts, portfolio managers and the media. Welcome!



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