



INCAP

INCAP

**HALF-YEAR
FINANCIAL REPORT**

JANUARY-JUNE 2022

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Incap Group's half-year financial report for January–June 2022 (unaudited): Strong revenue and profitability growth continued

April–June 2022 highlights

- Revenue grew 82.2% and amounted to EUR 61.2 million (4–6/2021: EUR 33.6 million).
- Adjusted operating profit (EBIT) increased by 96.4%, amounting to EUR 8.8 million (EUR 4.5 million) or 14.4% of revenue (13.4%).
- Acquisition related purchase price allocation (PPA) amortisation amounted to EUR 0.1 million (EUR 0.1 million) and non-recurring costs were EUR 0.1 million (EUR 0.1 million).
- Operating profit (EBIT) increased by 101.6%, amounting to EUR 8.6 million (EUR 4.3 million) or 14.1% of revenue (12.7%).
- Net profit for the period was EUR 5.7 million (EUR 3.2 million).

January–June 2022 highlights

- Revenue increased 60.6% and amounted to EUR 114.5 million (1–6/2021: EUR 71.3 million).
- Adjusted operating profit (EBIT) increased by 54.6%, amounting to EUR 15.8 million (EUR 10.2 million) or 13.8% of revenue (14.3%).
- Acquisition related purchase price allocation (PPA) amortisation amounted to EUR 0.2 million (EUR 0.3 million) and non-recurring costs were EUR 0.2 million (EUR 0.2 million).
- Operating profit (EBIT) increased by 57.2%, amounting to EUR 15.4 million (EUR 9.8 million) or 13.4% of revenue (13.7%).
- Net profit for the period was EUR 11.2 million (EUR 7.8 million).
- Earnings per share were EUR 0.38 (EUR 0.27).

Unless otherwise stated, the comparison figures refer to the corresponding period in 2021. This half-year financial report is unaudited.

Key figures

EUR million	4–6/22	4–6/21	Change	1–6/22	1–6/21	Change	1–12/21
Revenue	61.2	33.6	82.2%	114.5	71.3	60.6%	169.8
Non-recurring items	0.1	0.1	-10.2%	0.2	0.2	16.3%	0.3
Operating profit (EBIT)	8.6	4.3	101.6%	15.4	9.8	57.2%	26.0
EBIT, % of revenue	14.1%	12.7%		13.4%	13.7%		15.3%
Adjusted operating profit (EBIT)*	8.8	4.5	96.4%	15.8	10.2	54.6%	26.8
Adjusted EBIT*, % of revenue	14.4%	13.4%		13.8%	14.3%		15.8%
Net profit for the period	5.7	3.2	79.6%	11.2	7.8	44.4%	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 on operating profit between different financial years.

Outlook for 2022

Incap estimates that its revenue, operating profit (EBIT) and adjusted operating profit (EBIT) for 2022 will be clearly higher than in 2021. The increase in the revenue and operating profit estimate is driven by improved visibility related to the customers' forecasts and the company's own assessments of the business development.

The estimates are based on increased visibility of Incap's customers' forecasts and the company's

own assessments of the business development. The estimates are given provided that unexpected events impacting Incap's business environment do not occur, for example, in the availability of components.

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

CEO's comments

During the first six months of 2022 the war in Ukraine and lock-downs in China continued to affect global business environment and we have not seen the full effects of them yet. The rising general inflation and cost of manufacturing as well as constrained component availability continued. Nevertheless, we performed well with improved revenue and profitability. I am grateful to our team who has worked very hard to secure materials and keep Incap's customer commitments.

The second quarter was the best one in Incap's history, in terms of revenue and operating profit. Revenue continued to grow both year-on-year and above the first quarter of 2022 supported by strong demand for electronics and an all-time-high order book. We are very happy to see all our units growing.

Our profitability improved due to the current product mix and tremendous work of our employees in sourcing materials in a tough market. With continued component availability constraints and supply chain challenges, we keep our inventories on a high level to support future growth. Increasing salary, energy and raw material costs mean higher prices of electronics to end customers.

To respond to the growing market demand, we have been investing in our factories in India and

Europe. The third factory project in India is scheduled for completion by the end of the year and is progressing according to plan. In Europe, Incap Estonia is upgrading its two existing SMT production lines and adding a third to its factory in Kuressaare. The new production lines will be opened in the third quarter this year. Incap Slovakia is also investing in new technology by replacing one of the current SMT lines and by adding a new selective soldering machine to the factory.

Consolidation in the EMS market continues. We remain in a solid financial position and are well placed to actively pursue growth through M&A. We continue to evaluate companies with good profitability, a strong cultural fit and with potential for geographical expansion.

As we have kicked off the second half of 2022, we have updated our outlook and estimate now that our revenue, operating profit (EBIT) and adjusted operating profit (EBIT) for 2022 will be clearly higher than in 2021.

Otto Pukk, President and CEO of Incap Corporation

Business environment

The overall demand and market activity in the electronics manufacturing services (EMS) industry continued at a good level despite the war in Ukraine and lock-downs in China which continued to affect global business environment. The rising general inflation and cost of manufacturing as well as constrained component availability continued. Incap works closely with the suppliers and customers to keep adequate inventory levels to mitigate the risks.

In the electronics manufacturing services industry, customers continue to be very price-conscious and expect that their manufacturing partners continuously increase their efficiency and stay competitive. Incap sees that the ability to quickly adapt to changes is a key success factor in the electronics industry today and in the future. That ability is necessary in developing and

implementing new products, production methods and ideas. The company estimates that long-term market development will be positive because electronics is increasingly used in new types of products such as light vehicles and other everyday items.

In the longer term, the growth in electronics manufacturing services is driven by the growing use of electronics supported with megatrends such as digitalisation. The increasing need for sustainable energy solutions, medical equipment, emerging 5G and IoT ecosystems and the proliferation of electric vehicles contribute to the demand growth. Population growth and aging population will also create opportunities in for instance health care technology. The EMS industry is highly fragmented and offers potential for consolidation.

Financial performance

April–June 2022

In April–June 2022, revenue grew 82.2% year on year and amounted to EUR 61.2 million (EUR 33.6 million). The strong growth was supported by high demand for electronics and an all-time-high order book.

Second quarter operating profit (EBIT) grew 101.6% year on year and amounted to EUR 8.6 million (EUR 4.3 million). April–June adjusted operating profit (EBIT) was EUR 8.8 million (EUR

4.5 million). Year-on-year growth was 96.4%. Adjusted operating profit margin was 14.4% (13.4%). Net profit for the period grew 79.6% year on year and totalled EUR 5.7 million (EUR 3.2 million). Incap recorded credit loss provisions in April–June 2022 amounting to EUR 0.1 million and provisions for inventory write-offs amounting to EUR 0.6 million.

January–June 2022

In January–June 2022, revenue grew 60.6% year on year and amounted to EUR 114.5 million (EUR 71.3 million). The strong growth was supported by high demand for electronics and an all-time-high order book

January–June operating profit (EBIT) grew 57.2% year on year and amounted to EUR 15.4 million (EUR 9.8 million). Adjusted operating profit (EBIT) was EUR 15.8 million (EUR 10.2 million). Year-on-year growth was 54.6%. Adjusted operating profit margin was 13.8% (14.3%).

Personnel expenses were EUR 9.7 million (EUR 8.2 million), other operating expenses were EUR 4.3 million (EUR 2.9 million) or 3.8% of revenue (4.1%) and depreciation and amortisation were EUR 1.8 million (EUR 1.6 million).

Balance sheet, financing and cash flow

Total assets in the balance sheet on 30 June 2022 stood at EUR 139.2 million (EUR 86.9 million). The Group's equity at the end of the financial period was EUR 75.0 million (EUR 47.8 million).

Liabilities increased from the comparison period to EUR 64.2 million (EUR 39.1 million). EUR 15.1 million thereof (EUR 9.7 million) were interest-bearing liabilities. Liabilities increased from the comparison period mainly due to material purchases related payables. Interest-bearing net debt was EUR 9.0 million (EUR 5.7 million).

The Group's non-current interest-bearing liabilities amounted to EUR 4.8 million (EUR 5.7 million) and non-interest-bearing liabilities to EUR 1.6 million (EUR 1.6 million). Current interest-bearing liabilities were EUR 10.3 million (EUR 4.0 million). Out of the current interest-bearing liabilities, EUR 4,6 million (EUR 2.2 million) are related to the Indian subsidiary. Other interest-bearing liabilities include EUR 6,6 million (EUR 2.7 million) of bank loans and limits granted by the company's Finnish bank.

The main covenants of the Group's loans include equity ratio and the Group's interest-bearing debt in relation to EBITDA, and their status is reviewed every six months. In the review on 30 June 2022, the target level of interest-bearing debt in relation to EBITDA was below 3.0 and that of the equity ratio over 30%. The company met these covenants as the actual figure for interest-bearing debt/EBITDA on the review date was 0.4 and the equity ratio 55.7%.

Net profit for the period grew 44.4% year on year and totalled EUR 11.2 million (EUR 7.8 million).

With regards to the loans granted by the Indian bank, the company is committed to follow ordinary covenants and the bank's general loan conditions.

At the end of June 2022, the company's financial position remained strong. Equity ratio increased to 55.7% (55.0%). Net gearing was 12.0% (12.0%).

Deferred tax assets include EUR 0.0 million (EUR 0.3 million) which is related to the parent company's confirmed losses and EUR 0.0 million (EUR 0.1 million) related to the transaction costs of the rights issue. EUR 0.3 million (EUR 0.1 million) are related to the Indian subsidiary,

The Group's cash position during the reporting period was good. On 30 June 2022, the Group's cash and cash equivalents totalled EUR 6.0 million (EUR 3.9 million) and the company had an unutilised bank facility and credit line amounting to EUR 8.0 million (EUR 6.0 million).

The Group's quick ratio was 0.7 (0.9), and the current ratio was 2.0 (2.0).

Inventories at end of June 2022 totalled EUR 72.5 million (EUR 32.8 million). The increase is due to higher customer demand.

Cash flow from operations was EUR -4.2 million (EUR 3.7 million). Cash flow was impacted by the change in working capital.

Investments

In January–June 2022, the Group's factory related investments totalled EUR 2.5 million (EUR 2.6 million) and were mainly related to the ongoing expansion of the factory in India.

In May 2021, Incap announced that it had decided to invest in a third factory in Tumkur, Karnataka, India. The construction project started in the third quarter of 2021, and the Group estimates that it will be fully finalised by the end of 2022.

Research and development

The development of services and products takes place during the ordinary course of business and is accounted for as an operating expense.

Personnel

At the end of June 2022, the number of personnel in Incap Group was 2,498 (2,029). Of the personnel 78.5% (73.0%) worked in India, 4.7% (4.8%) in Estonia, 6.9% (9.8%) in the United Kingdom, 9.8% (12.3%) in Slovakia and 0.1% (0.1%) in Finland.

At the end of the year, 535 of Incap's personnel were women (489) and 1,963 were men (1,540). The average number of personnel in January–June was 2,483 (1,905).

Management and organisation

Miroslav Michalik (b. 1976, MBA General management), 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.

At the end of June 2022, Incap's Management Team consisted of 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.

The Group has manufacturing operations in Estonia, India, Slovakia and the United Kingdom and sourcing operations in Hong Kong. Finance and administration, sourcing, sales, IT, and communications are centrally coordinated by the corporate office in Finland.

Corporate responsibility

Incap's corporate responsibility concerns responsibility for its economic, social and environmental impacts. For Incap, corporate responsibility means that the company exceeds legal requirements and takes into account the needs and expectations of its stakeholders.

Incap acts as a responsible member of the society. In its operations, the company complies with international agreements for human rights as well as on employees' and children's rights.

The company's personnel policy is based on equality between genders, nationalities and ethnic groups.

Incap's main stakeholders include the company's customers, personnel, subcontractors and owners. The company also acts responsibly towards the inhabitants and actors in close proximity to its factories.

As a basis for its corporate responsibility programme, the company has a Code of Conduct that concerns all its employees and suppliers. The implementation of corporate responsibility actions is supported by the company's quality assurance and environmental management systems.

Incap published a separate Corporate Responsibility Report in connection with the Annual Report 2021.

Annual General Meeting 2022

The Annual General Meeting of Incap Corporation held on 29 April 2022 approved the annual accounts for the financial period 1 January 2021 – 31 December 2021 and resolved to discharge the members of the Board of Directors and the President and CEO from liability.

The General Meeting resolved in accordance with the Board's proposal that in order to enhance the liquidity of the company's shares, new company shares shall be issued to the shareholders without payment in proportion to their holdings so that four new shares are issued for each share (share split). A total of 23,397,308 new shares were issued to the shareholders who were registered in the shareholders' register maintained by Euroclear Finland Ltd on the record day of the share issue of 3 May 2022.

The General Meeting authorised in accordance with the Board's proposal the Board of Directors to decide on a distribution of dividend from the profits in accordance with the adopted financial statements of the financial year 1 January 2021 to 31 December 2021, to be distributed in one or several instalments at a later stage based on the Board of Director's assessment. The total amount of dividend based on this authorisation will be divided between one current and four new shares, so that the total maximum amount of dividend is EUR 0.16 per share. The authorisation is valid until the commencement of the next Annual General Meeting. If the Board of Directors decides to exercise the authorisation, the company will publish the possible decision on the amount of the dividend to be distributed separately, and at the same time confirm the pertinent record and payment dates of the dividend payment. The dividends to be distributed based on the authorisation will be paid to shareholders registered in the company's shareholders' register maintained by Euroclear Finland Ltd on the record date of such dividend payment.

The General Meeting authorised the Board of Directors to decide to issue new shares either

against payment or without payment. As the General Meeting approved the Board's proposal concerning a share issue without payment, the maximum number of shares to be issued totals a maximum of 2,924,660 shares, which represent approximately 10 per cent of the total number of shares in the company after the new shares to be issued in share issue without payment have been registered.

The new shares may be issued to the company's shareholders in proportion to their current shareholdings in the company or deviating from the shareholders' pre-emptive right through one or more directed share issue, if the company has a weighty financial reason to do so, such as developing the company's equity structure, implementing mergers and acquisitions or other restructuring measures aimed at developing the company's business, financing of investments and operations or using the shares as a part of the company's remuneration and compensation system. The Board of Directors would decide upon terms and scope related to share issues.

Based on the authorisation, the Board of Directors can, pursuant to chapter 10, section 1, of the Companies Act, also decide on issuing other special rights, either against payment or without payment, entitling to new shares of the company. The subscription price of the new shares can be recorded partly or fully to the invested unrestricted equity reserves or to equity according to the decision of the Board of Directors. The Board of Directors is further entitled to decide on conditions regarding the issuance of shares as well as the issuance of other special rights entitling to shares.

The authorisations are valid for one year from the Annual General Meeting.

The resolutions of the Annual General Meeting are available in full on the company's website at <https://incapcorp.com/annual-general-meeting/>.

Board of Directors and auditor

The Annual General Meeting held on 29 April 2022 resolved that the number of members of the Board of Directors shall be four (4). The Annual General Meeting resolved that the present members of the Board, Carl-Gustaf von Troil, Päivi Jokinen, Ville Vuori and Kaisa Kokkonen be elected as members of the Board of Directors. In its constitutive meeting after the Annual General Meeting, the Board of Directors elected Ville Vuori as the Chairman of the Board.

The Annual General Meeting elected PricewaterhouseCoopers Oy, a company of Authorised Public Accountants, as the company's auditor, with Maria Grönroos, Authorised Public Accountant, as the principally responsible auditor.

Shares and shareholders

Incap Corporation has one series of shares.

Incap Corporation's Annual General Meeting on 29 April 2022 decided on a share issue without payment (so called share split). The new shares were entered in the trade register on 3 May 2022. The new shares were issued to the shareholders without payment in proportion to their holdings so that 4 new shares were issued for each share. The total number of Incap Corporation's shares after the share issue without payment is 29,246,635 shares.

Incap's Board of Directors resolved on directed share issues without payment to the CEO on 26 May 2020 and 26 April 2022 based on the share issuance authorisations issued to the Board of Directors by the Company's Annual General Meeting on 20 April 2020 and 27 April 2021. The number of shares of the company increased to 29,284,835 shares after the above-mentioned shares became registered in the Trade Register on 23 May 2022.

The number of shares of the company on 30 June 2022 was 29,284,835 (31 December 2021: 5,849,327).

In January–June 2022, the share price varied between EUR 11.16 and EUR 16.34 (EUR 3.44 and 8.60). The closing price on 30 June 2022 was EUR 11.64 (30 December 2021: EUR 15.70). The market capitalisation on 30 June 2022 was EUR 335.6 million (30 June 2021 EUR 212.6 million).

At the end of June, the company had 4,521 shareholders (4,227). Nominee-registered owners held 28.1% (12.4%) and foreign owners 8.1% (2.9%) of all shares. The company does not hold any of its own shares.

At the end of June 2022, the members of Incap Corporation's Board of Directors and the President and CEO and their interest parties owned a total of 317,890 shares or 1.1% of the company's shares outstanding (278,190 or 1.0%).

Largest shareholders on 30 June 2022

	Number of shares	Holding, %
Oy Etra Invest Ab	5,686,665	19.42
Nordea Life Insurance Finland Ltd.	2,559,050	8.74
Joensuun Kauppa ja Kone Oy	1,709,190	5.84
Ilmarinen Mutual Pension Insurance Company	1,391,540	4.75
Mandatum Life Insurance Company Limited	752,965	2.57
Etola Erkki Olavi	500,000	1.71
Kakkonen Kari Heikki Ilmari	460,525	1.57
Etola Group Oy	450,000	1.54
Oy Pontia Invest AB	386,465	1.32
K22 Finance Oy	321,115	1.10
10 largest shareholders in total	14,217,515	48.55

Nominee-registered holding is not included in the table.

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.

Share-based incentives

CEO's incentive scheme

In May 2020, the Board of Directors of Incap Corporation resolved on the establishment of a share-based long-term incentive scheme for Otto Pukk, the CEO of the company, and in April 2022, on its amendment. The CEO may earn a reward based on the development of the company's net EBIT for the period ended 31 December 2021, a total of 38,200 new shares of the company in share issues without payment, provided that the CEO is still in a service relationship with the company at the time of payment of the remuneration.

Otto Pukk subscribed a total of 38,200 new shares of the company offered to him. On 23 May 2022, Incap's Board of Directors resolved to approve the

share subscriptions made after the terms of the CEO's incentive plan were fulfilled. The new shares of the company subscribed for in the share issues may not be sold, otherwise transferred or pledged during one year from the time the new shares of the company subscribed acceptably for in the share issues have been entered in the Finnish Trade Register.

Long-term key employee incentive plan

On 27 April 2022, the Board of Directors of Incap Corporation decided to establish a new long-term incentive plan for the Group's key employees. The aim of the plan is to align the objectives of the shareholders and key employees for increasing the value of the company in the long term, to retain the key employees at the company, and to offer

them a competitive reward plan based on acquiring, earning and accumulating the company's shares.

The long-term Performance Share Plan is based on a rolling 3-year performance period structure, with a new performance period starting at the beginning of each year if so decided by the Board.

In the plan, the target group is given an opportunity to earn Incap's shares based on performance. The Board of Directors decides on the plan's performance criteria and targets to be set for each criterion at the beginning of each performance period. The potential rewards based on the plan will be paid after the end of each performance period.

The rewards will be paid partly in the company's shares and partly in cash. The cash proportion of

the reward is intended to cover the taxes and statutory social security contributions arising from the reward to a participant. In general, no reward is paid if the participant's employment or director contract terminates before the reward payment.

During the performance period 2022–2024, the rewards are based on the Group's cumulative operating profit (EBIT). During the performance period 2022–2024, the CEO and other Incap Management Team members form the target group of the incentive plan.

The rewards to be paid on the basis of the performance period 2022–2024 correspond to the value of an approximate maximum total of 30,191 Incap Corporation shares, including also the proportion to be paid in cash.

Short-term risks and uncertainties

Risks related to the company's business operations and sector include the development of customer demand, price competition in contract manufacturing and success in new customer acquisition. Other general risk impacting the operating environment include coronavirus

pandemic-related risks, the geopolitical situation, availability and price development of raw materials and components. Financial risks are related to sufficiency of funding, liquidity and exchange rate fluctuations.

Risks affecting the operating environment

Development of the coronavirus pandemic and measures taken to contain it may have a negative impact on Incap's performance in the short-term. The lockdowns in countries where Incap operates have been lifted and Incap's factories are fully operational with strict safety measures followed to protect the safety and health of the personnel. However, as the circumstances may change rapidly with the pandemic, this may still present a short-term risk on Incap's business activities through the general economic development and development in different industries the company's customers

operate in, the supply chain and logistics as well as the health and availability of the personnel.

The geopolitical tensions have increased in Europe in the first half of the year. Russia's war against Ukraine and the sanctions imposed on Russia in response are not expected to have a significant direct impact on the company. Incap has no business operations and no direct or indirect customers or suppliers in Russia, Belarus or Ukraine. However, the changed operating environment may affect material availability and global logistics. Lock-downs in China may also have an impact on sourcing and logistics chains.

Customer risks

Demand for Incap's services and the company's financial position are affected by global economic

trends and the fluctuation among customer industries. The risks connected with the customer

demand and the solvency of customers are monitored and evaluated separately for each customer. The management considers customer relationship management to be of utmost importance and is paying special attention to it.

The company's sales are spread over several customer segments balancing out the impact of the economic fluctuation in different industrial sectors. In the first half of 2022, four biggest customers contributed to 71.3% (62.6%) of

Financial risks

The financial position of the company is good and the sufficiency of financing and working capital does not pose a significant risk. The company recorded credit loss provisions in April–June 2022 amounting to EUR 0.1 million and provisions for inventory write-offs amounting to EUR 0.6 million.

The value of the shares in subsidiaries in the parent group has a significant impact on the parent company's equity and therefore on, for example, equity ratio. Based on the impairment calculations in connection with the financial statements for 2021 and indicators as of 30 June 2022, there is no need for any write-down of the value of the shares in subsidiaries.

Main currencies used in Incap's operations are Euro, Indian rupee, British pound and US dollar.

revenue. Out of the total customer base in the first half of 2022, 12 customers (10) exceeded EUR 1 million revenue.

Electronics manufacturing services is a highly competitive industry, with continuous pressure on cost level management. Incap has succeeded in increasing the efficiency of its operations and managing the costs.

The changes in the exchange rates between the currencies and the Euro may have a negative impact on Incap's revenue, result and financial position.

In a tax audit conducted by Indian tax authorities in 2018 regarding financial period 2015–2016, the deductibility of group costs is being investigated. At the end of June 2022, the Group had a total provision of EUR 1.6 million booked in accordance with IFRIC 23 (evaluation of uncertain tax positions). The case is still under preliminary investigation, and if an agreement cannot be settled with a local tax authority, the company will take the matter to the next level of authority. Based on the company's judgment, current level of provision covers possible tax risk.

Significant events after the end of the period

On 20 July 2022, Incap updated its outlook for 2022. Incap estimates that its revenue, operating profit (EBIT) and adjusted operating profit (EBIT) for 2022 will be clearly higher than in 2021. The increase in the revenue and operating profit estimate is driven by improved visibility related to the customers' forecasts and the company's own assessments of the business development. The estimates are based on increased visibility of Incap's customers' forecasts and the company's

own assessments of the business development. The estimates are given provided that unexpected events impacting Incap's business environment do not occur, for example, in the availability of components.

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

Strategy and targets

Incap's growth strategy is based on its entrepreneurial and customer-driven culture, flexible operational model and its deep-rooted cost management mindset. The company wants to drive industry consolidation, benefiting from the

growth potential of the industry while maintaining its cost efficiency and long-term profitability. To continue its strong track record, the company is focusing on three strategic cornerstones: growth, profitability and operational excellence.

Financial reporting in 2022

Incap will publish the business review for January–September on 27 October 2022.

Webcast

The company will hold a webcast on Thursday, 28 July 2022 at 2:00 p.m. EEST. The result will be presented by Otto Pukk, CEO, and Antti Pynnönen, CFO, Incap Corporation. In addition to the result, Incap's UK operations will be presented at the event, and Jamie Maughan, Director of Operations UK will participate in the event.

The live webcast can be followed at [https://incap.videosync.fi/2022-07-28-half-year-](https://incap.videosync.fi/2022-07-28-half-year-report)

[report](#). During the webcast, the public can ask questions in the chat room at the address mentioned above. 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.

In Helsinki, 27 July 2022

INCAP CORPORATION

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Principal media

www.incapcorp.com

Accounting principles for the half-year financial report

This half-year financial report has been prepared in accordance with international financial reporting standards (IFRS) - IAS 34 Interim Financial Reporting standard. When preparing the release, the same principles have been used as in the 2021

financial statements. Unless otherwise stated, the comparison figures refer to the same period in the previous year. In this half-year financial report, the figures for 2022 are unaudited.

Consolidated statement of comprehensive income

(EUR thousands)	1-6/2022	1-6/2021	1-12/2021
REVENUE	114,529	71,306	169,787
Change in inventories of finished goods	-1,129	2,979	10,232
Other operating income	178	148	200
Raw materials and consumables used	-82,337	-52,021	-127,032
Personnel expenses	-9,741	-8,185	-17,404
Depreciation, amortisation and impairment losses	-1,821	-1,566	-3,286
Other operating expenses	-4,320	-2,893	-6,524
OPERATING PROFIT/LOSS	15,359	9,768	25,974
Financing income and expenses	-790	-98	-253
PROFIT/LOSS BEFORE TAX	14,569	9,670	25,721
Income tax expenses	-3,372	-1,915	-4,662
PROFIT/LOSS FOR THE PERIOD	11,197	7,756	21,059
Earnings per share, EUR ¹⁾	0.38	0.27	0.72

OTHER COMPREHENSIVE INCOME	1-6/2022	1-6/2021	1-12/2021
Items that will not be transferred to P&L (revaluation of employee benefits)	44	22	15
Items that may be recognised in profit or loss at a later date:			
Translation differences from foreign units	882	663	2,470
Other comprehensive income, net	926	685	2,485
TOTAL COMPREHENSIVE INCOME	12,123	8,440	23,544
Attributable to:			
Shareholders of the parent company	12,123	8,440	23,544

¹⁾ Comparison period adjusted by the share split in March 2022.

Consolidated balance sheet

(EUR thousands)	30 Jun 2022	30 Jun 2021	31 Dec 2021
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11,878	8,947	10,115
Right-of-use assets	3,305	4,171	3,736
Goodwill	7,419	7,390	7,547
Other intangible assets	4,264	4,620	4,517
Other financial assets	4	4	4
Deferred tax assets	453	752	852
Other receivables	465	231	346
TOTAL NON-CURRENT ASSETS	27,788	26,115	27,117
CURRENT ASSETS			
Inventories	72,511	32,755	59,467
Trade and other receivables	32,900	24,088	33,654
Cash and cash equivalents	6,037	3,911	9,249
TOTAL CURRENT ASSETS	111,447	60,754	102,371
TOTAL ASSETS	139,235	86,869	129,488
EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
Share capital	1,000	1,000	1,000
Reserve for invested unrestricted equity	22,184	23,751	22,185
Exchange differences	-1,277	-3,966	-2,159
Retained earnings	53,139	27,023	41,867
TOTAL EQUITY	75,046	47,807	62,893
NON-CURRENT LIABILITIES			
Non-interest-bearing loans and borrowings	1,619	1,619	1,619
Interest-bearing loans and borrowings	4,788	5,686	4,026
Deferred tax liabilities	788	865	851
TOTAL NON-CURRENT LIABILITIES	7,195	8,171	6,496
CURRENT LIABILITIES			
Trade and other payables	46,707	26,925	52,862
Current interest-bearing loans and borrowings	10,287	3,966	7,238
TOTAL CURRENT LIABILITIES	56,994	30,891	60,099
TOTAL LIABILITIES	64,189	39,061	66,595
TOTAL EQUITY AND LIABILITIES	139,235	86,869	129,488

Consolidated cash flow statement

(EUR thousands)	1-6/2022	1-6/2021	1-12/2021
Cash flow from operating activities			
Operating profit	15,359	9,768	25,974
Adjustments to operating profit	2,091	1,693	4,530
Change in working capital	-18,910	-5,493	-15,757
Interest and charges paid	-291	-322	-557
Interest received	0	0	9
Paid tax and tax refund	-2,474	-1,962	-4,530
Cash flow from operating activities	-4,225	3,685	9,669
Cash flow from investing activities			
Capital expenditure on tangible and intangible assets	-2,508	-2,638	-4,520
Capital gain of tangible and intangible assets	105		
Acquisition of subsidiary less cash at the date of acquisition		-650	-650
Cash flow from investing activities	-2,404	-3,288	-5,170
Cash flow from financing activities			
Drawdown of loans	8,781	2,102	6,886
Repayments of borrowings	-4,778	-1,954	-4,725
Right-of-use asset payments	-868	-671	-1,356
Cash flow from financing activities	3,135	-523	805
Change in cash and cash equivalents	-3,494	-126	5,304
Cash and cash equivalents at beginning of period	9,249	3,899	3,899
Effect of changes in exchange rates	281	138	46
Cash and cash equivalents at end of period	6,037	3,911	9,249

Consolidated statement of changes in equity

(EUR thousands)	Share capital	Unrestricted equity reserve	Translation differences	Retained earnings	Total equity
Equity on 1 January 2022	1,000	22,185	-2,159	41,867	62,893
Profit for the period				11,197	11,197
Currency translation differences			882		882
Transactions with owners ¹⁾				32	32
Other changes ²⁾		-1		43	42
Equity on 30 June 2022	1 000	22,184	-1,277	53,139	75,046
Equity on 1 January 2021	1,000	21,491	-4,629	20,719	38,580
Profit for the period				7,756	7,756
Currency translation differences			663		663
Transactions with owners ¹⁾		694		26	721
Other changes ²⁾		62		26	88
Equity on 30 June 2021	1,000	22,247	-3,966	28,527	47,807

¹⁾ Value of the personnel's service related to the share option scheme.

²⁾ Re-measurement of employee benefits.

Group key figures and contingent liabilities

	1-6/2022	1-6/2021	1-12/2021
Revenue, EUR million	114.5	71.3	169.8
Operating profit/loss, EUR million	15.4	9.8	26.0
% of revenue	13.4	13.7	15.3
Profit/loss before taxes, EUR million	14.6	9.7	25.7
% of revenue	12.7	13.6	15.1
Return on investment (ROI), %	38.0	39.0	43.8
Return on equity (ROE), %	32.5	35.9	41.5
Equity ratio, %	55.7	55.0	51.9
Net gearing, %	12.0	12.0	3.2
Interest-bearing net debt, EUR million	9.0	5.7	2.0
Quick ratio	0.7	0.9	0.8
Current ratio	2.0	2.0	1.7
Average number of shares during the report period, adjusted for share issues ¹⁾	29,254,850	29,261,462	29,254,048
Earnings per share (EPS), EUR ²⁾	0.38	0.27	0.72
Equity per share, EUR ²⁾	2.57	1.63	2.15
Dividend per share, EUR ²⁾	0.00	0.00	0.00
Dividend out of profit, %	0.0	0.0	0.0
P/E ratio	29.9	27.4	21.8
Trend in share price			
Minimum price during the period, EUR ²⁾	11.16	3.44	3.44
Maximum price during the period, EUR ²⁾	16.34	8.60	16.12
Mean price during the period, EUR ²⁾	13.83	6.00	8.46
Closing price at the end of the period, EUR ²⁾	11.46	7.27	15.70
Total market capitalisation, EUR million	335.6	212.6	459.2
Trade volume, number of shares ²⁾	3,298,735	7,871,185	13,703,585
Trade volume, %	11.3	26.9	46.9
Investments, EUR million	2.4	3.3	5.2
% of revenue	2.1	4.6	3.1
Average number of employees	2,483	1,905	2,165
Personnel at the end of period	2,498	2,029	2,523
CONTINGENT LIABILITIES, EUR million			
FOR OWN LIABILITIES			
Mortgages and pledges	24.6	22.4	23.9
Off-balance sheet liabilities	0.7	0.2	0.7

Transactions with closely related parties

The company has no transactions with closely related parties.

¹⁾ Adjustment in 2021 relates to the acquisition of AWS Electronics paid in new shares (29,103 new shares). Adjustment in 2022 relates to share split in March in which 4 new shares were issued for each share (23,397,308 shares) and to the subscribed shares of the CEO incentive scheme (38,200 shares).

²⁾ Comparison period adjusted by the share split in March 2022.

Reconciliation of alternative performance measures

Return on investment, %

EUR thousand	1-6/2022	1-6/2021	1-12/2021
Net profit/loss for the period	11,197	7,756	21,059
Comparable net profit/loss for the period	22,394	15,511	
Financial expenses	1,030	654	1,098
Comparable financial expenses	2,061	1,308	
Income taxes	3,372	1,915	4,662
Comparable income taxes	6,744	3,830	
Profit/loss for the period	31,199	20,649	26,819
Equity	75,046	47,807	62,893
Non-current interest-bearing financing loans	4,788	5,686	4,026
Current interest-bearing financing loans	10,287	3,966	7,238
Capital employed	90,121	57,459	74,157
Capital employed average at the end of the reporting period and the end of previous financial year	82,139	52,915	61,264
Return on investment, %	38.0	39.0	43.8

Return on equity, %

EUR thousand	1-6/2022	1-6/2021	1-12/2021
Net profit/loss for the period	11,197	7,756	21,059
Comparable net profit/loss for the period	22,394	15,511	
Equity	75,046	47,807	62,893
Equity, average at the end of the reporting period and the end of previous financial year	68,970	43,194	50,737
Return on equity, %	32.5	35.9	41.5

Equity ratio, %

EUR thousand	1-6/2022	1-6/2021	1-12/2021
Equity total	75,046	47,807	62,893
Balance sheet total	139,235	86,869	129,488
Advances received	-4,569		-8,225
Equity ratio, %	55.7	55.0	51.9

Net gearing, %

EUR thousand	1-6/2022	1-6/2021	1-12/2021
Interest-bearing net debt	9,038	5,741	2,014
Equity	75,046	47,807	62,893
Net gearing, %	12.0	12.0	3.2

Interest-bearing net debt

EUR thousand	1-6/2022	1-6/2021	1-12/2021
Non-current interest-bearing debt	4,788	5,686	4,026
Current interest-bearing debt	10,287	3,966	7,238
Interest-bearing debt	15,075	9,652	11,264
Cash and bank accounts	-6,037	-3,911	-9,249
Interest-bearing net debt	9,038	5,741	2,014

Current assets

EUR thousand	1-6/2022	1-6/2021	1-12/2021
Current receivables	32,900	24,088	33,654
Cash and bank accounts	6,037	3,911	9,249
Current assets	38,936	27,999	42,904

Quick ratio

EUR thousand	1-6/2022	1-6/2021	1-12/2021
Current assets	38,936	27,999	42,904
Short term liabilities	56,994	30,891	60,099
Advances received	-4,569		-8,225
Current liabilities	52,425	30,891	51,874
Quick ratio	0.7	0.9	0.8

Current ratio

EUR thousand	1-6/2022	1-6/2021	1-12/2021
Current assets	38,936	27,999	42,904
Inventories	72,511	32,755	59,467
Short term liabilities	56,994	30,891	60,099
Current liabilities	56,994	30,891	60,099
Current ratio	2.0	2.0	1.7

Investments

EUR thousand	1-6/2022	1-6/2021	1-12/2021
Capital expenditure on tangible and intangible assets	2,404	3,288	5,170
Investments	2,404	3,288	5,170

Adjusted operating profit

EUR thousand	1-6/2022	1-6/2021	1-12/2021
Operating profit	15,359	9,768	25,974
Non-recurring costs	237	204	331
Purchase price allocation (PPA) amortisation	218	258	474
Adjusted operating profit	15,814	10,231	26,780

Calculation of key figures

Alternative performance measure	Calculation	Purpose
Comparable net profit/loss for the period	Half-year net profit/loss x 2	The measure is used for providing comparability to full-year figures.
Comparable financial expenses	Half-year financial expenses x 2	The measure is used for providing comparability to full-year figures.
Comparable income taxes	Half-year income taxes x 2	The measure is used for providing comparability to full-year figures.
Return on investment, %	$100 \times (\text{Net profit/loss} + \text{financial expenses} + \text{taxes}) / (\text{Equity} + \text{interest-bearing debt (average at the end of the reporting period and the end of previous financial year)})$	The measure provides information on return on investment.
Return on equity, %	$100 \times \text{Net profit/loss} / \text{Equity (average at the end of the reporting period and the end of previous financial year)}$	The measure provides information on return on equity.
Equity ratio, %	$100 \times \text{Equity} / (\text{Balance sheet total} - \text{advances received})$	The measure indicates how much of the Group's assets have been financed with debt.
Net gearing, %	$100 \times \text{Interest-bearing net debt} / \text{Equity}$	The measure indicates the Group's indebtedness.
Interest-bearing net debt	Interest-bearing debt - cash and bank accounts	The measure indicates the total amount of the Group's external debt funding.
Current assets	Current receivables + cash and bank accounts	The component used for calculating Quick ratio illustrates the assets required for covering the Group's current expenses.
Quick ratio	$\text{Current assets} / (\text{Short-term liabilities} - \text{short-term advances received})$	The measure provides information on the company's liquidity.
Current ratio	$\text{Current assets} + \text{inventories} / \text{Short-term liabilities}$	The measure provides information on the company's liquidity.
Investments	VAT-exclusive working capital acquisitions without deduction of investment subsidies	The measure provides information on the amount of investments recorded in the Group's balance sheet.
Adjusted operating profit	Operating profit before non-recurring costs and purchase price allocation (PPA) amortisation	The measure indicates operating profit less expenses related to the acquisition.

Other performance measure	Calculation
Earnings per share	Net profit/loss for the period / Average number of shares during the period, adjusted for share issues
Equity per share	Equity / Number of shares at the end of the period, adjusted for share issues
Dividend per share	Dividend for the accounting period / Number of shares on the balance sheet date, adjusted for share issues
Dividend out of profit	100 x dividend per share / Earnings per share
Total market capitalisation	Closing price for the period x number of shares available for public trading
Average number of employees	Average of personnel numbers calculated at the end of each month



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