



INCAP

INCAP

**FINANCIAL
STATEMENTS RELEASE**

JANUARY-DECEMBER 2021

Content

Key figures	4
Outlook for 2022.....	4
CEO’s comments	5
Business environment.....	6
Financial performance	6
October–December 2021	6
January–December 2021	7
Balance sheet, financing and cash flow	7
Investments	8
Personnel	8
Management and organisation.....	8
Corporate responsibility	8
Certified management systems	9
Annual General Meeting 2021.....	9
Board of Directors and auditor	10
Corporate governance	10
Shares and shareholders.....	10
Flagging notifications	11
Share-based incentives	11
Risk management	12
Short-term risks and uncertainties	12
Significant events after the end of the period	13
Strategy and targets.....	13
Board of Directors’ proposal for measures related to profit	13
Annual General Meeting 2022.....	14
Publication of the Annual Report 2021.....	14
Financial reporting in 2022	14
Accounting principles for the financial statements	15
Consolidated statement of comprehensive income.....	15
Consolidated balance sheet.....	16
Consolidated cash flow statement	17
Consolidated statement of changes in equity	18
Group key figures and contingent liabilities	19
Key figures by report period	20
Reconciliation of alternative performance measures.....	21
Calculation of key figures.....	23

Incap Group's financial statements release for January–December 2021 (unaudited): Strong growth and profitability continued

October–December 2021 highlights

- Revenue for the fourth quarter 2021 amounted to EUR 51.4 million (10–12/2020: EUR 31.5 million), showing an increase of 63%.
- Adjusted operating profit (EBIT) increased by 54%, amounting to EUR 8.6 million (EUR 5.6 million) or 16.8% of revenue (17.7%).
- Acquisition related purchase price allocation (PPA) amortisation amounted to EUR 0.1 million (EUR 0.4 million) and non-recurring costs were EUR 0.1 million (EUR 0.0 million).
- Operating profit (EBIT) increased by 64%, amounting to EUR 8.4 million (EUR 5.1 million) or 16.3% of revenue (16.2%).
- Net profit for the period was EUR 6.9 million (EUR 4.2 million).

January–December 2021 highlights

- Revenue increased 59% and amounted to EUR 169.8 million (1–12/2020: EUR 106.5 million).
- Adjusted operating profit (EBIT) increased by 84%, amounting to EUR 26.8 million (EUR 14.6 million) or 15.8% of revenue (13.7%).
- Acquisition related purchase price allocation (PPA) amortisation amounted to EUR 0.5 million (EUR 1.9 million) and non-recurring costs were EUR 0.3 million (EUR 0.1 million).
- Operating profit (EBIT) increased by 106%, amounting to EUR 26.0 million (EUR 12.6 million) or 15.3% of revenue (11.8%).
- Net profit for the period was EUR 21.1 million (EUR 9.2 million).
- Earnings per share were EUR 3.60 (EUR 2.02)
- Dividend proposal: To secure funds for the execution of the growth strategy of Incap and due to uncertainties in the global economy and political situation, the Board of Directors of Incap Corporation proposes that the Annual General Meeting authorises the Board of Directors to decide on a distribution of dividend of a maximum of EUR 0.80 per share 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 authorisation shall be 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.

Unless otherwise stated, the comparison figures refer to the corresponding period in 2020. This financial statements release is unaudited.

Key figures

EUR million	10-12/21	10-12/20	Change	1-12/21	1-12/20	Change
Revenue	51.4	31.5	63%	169.8	106.5	59%
Non-recurring items	0.1	0.0	386%	0.3	0.1	351%
Operating profit (EBIT)	8.4	5.1	64%	26.0	12.6	106%
EBIT, % of revenue	16.3%	16.2%		15.3%	11.8%	
Adjusted operating profit (EBIT)*	8.6	5.6	54%	26.8	14.6	84%
Adjusted EBIT*, % of revenue	16.8%	17.7%		15.8%	13.7%	
Net profit for the period	6.9	4.2	67%	21.1	9.2	128%

*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

2021 was a strong year under difficult circumstances. Worsening component availability and factory close-downs in India required a lot more planning than usual, but our team showed their commitment and stepped up to the challenge. I would like to extend my warmest thanks to all Incap employees.

The last quarter of 2021 was once again a great one with revenue reaching an all-time high, EUR 51.4 million, even with some material availability issues. Our full year revenue amounted to EUR 169.8 million which is 59% more than in 2020.

High market demand and the capacity expansions at our Indian factories contributed to the growth. We are continuing to increase the capacity in India and estimate now that the third factory under construction will be fully finalised by the end of this year.

In line with revenue development, our full-year EBIT grew 106% and amounted to EUR 26.0 million. Increased relative profitability is partly due to synergy effects in common functions, but above all due to a favourable product mix. The share of services in the mix has grown as customers increased the outsourcing of their operations.

Activity in the market continued on a high level in 2021. The growing need for electronics manufacturing services is driven by, for instance, the growth of sustainable energy solutions, the proliferation of electric vehicles and the related government investments in green energy and vehicle charging infrastructure.

In 2021, our corporate responsibility actions concentrated on our key social, environmental, and economic themes. We pay special attention to the energy efficiency of our factories, and in India, also water management is in focus. One of the key themes is the wellbeing of our employees and in 2021, we put a lot of effort in protecting our employees from the coronavirus by for instance offering vaccinations. To strengthen our commitment for sustainable development, we also joined the UN Global Compact initiative in 2021.

Looking forward, the component availability situation is still difficult, which makes planning increasingly challenging and requires a lot of extra effort. Tight component availability is forcing us to keep our inventory levels high, which may impact our working capital needs.

Having said that, we estimate that we can continue on our growth path in 2022. Our order book is at an all-time high level, and we are increasing our capacity to meet the growing demand. We also continue to evaluate M&A opportunities, concentrating in companies with a strong cultural fit and good profitability.

In addition to our employees, I want to warmly thank our customers, partners, and shareholders for their trust in Incap.

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 coronavirus pandemic and its negative impact on certain industries and customer segments. Due to the pandemic and measures taken to contain it, there were some challenges in the operating environment. The lockdowns resulted first in the closure and later in partial operations of the factories in India in May–June.

Component availability situation in the market continues to be challenging, and the energy crisis in China as well as increased geopolitical tensions in Eastern Europe might make the development more difficult to foresee. We are working closely with our 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

October–December 2021

In October–December 2021, revenue grew 63% year on year and amounted to EUR 51.4 million (EUR 31.5 million). The strong growth was mainly driven by increased demand.

Fourth quarter operating profit (EBIT) grew 64% year on year and amounted to EUR 8.4 million (EUR 5.1 million). October–December adjusted

operating profit (EBIT) was EUR 8.6 million (EUR 5.6 million). Year-on-year growth was 54%. Adjusted operating profit margin was 16.8% (17.7%). Net profit for the period grew 67% year on year and totalled EUR 6.9 million (EUR 4.2 million).

January–December 2021

In January–December 2021, revenue grew 59% year on year and amounted to EUR 169.8 million (EUR 106.5 million). The strong growth was driven by increased demand.

January–December operating profit (EBIT) grew 106% year on year and amounted to EUR 26.0 million (EUR 12.6 million). Adjusted operating profit (EBIT) was EUR 26.8 million (EUR 14.6 million). Year-on-year growth was 84%. Adjusted operating profit margin was 15.8% (13.7%).

Balance sheet, financing and cash flow

Total assets in the balance sheet on 31 December 2021 stood at EUR 129.5 million (EUR 76.4 million). The Group's equity at the end of the financial period was EUR 62.9 million (EUR 38.6 million).

Liabilities increased from the comparison period to EUR 66.6 million (EUR 37.8 million). EUR 11.3 million thereof (EUR 9.8 million) were interest-bearing liabilities. Liabilities increased from the previous year mainly due to material purchases related payables. Interest-bearing net debt was EUR 2.0 million (EUR 5.9 million).

The Group's non-current interest-bearing liabilities amounted to EUR 4.0 million (EUR 6.1 million) and non-current non-interest-bearing liabilities to EUR 1.6 million (EUR 1.6 million). Current interest-bearing liabilities were EUR 7.2 million (EUR 3.7 million). Out of the interest-bearing liabilities EUR 4.6 million (EUR 1.8 million) are related to the Indian subsidiary. Other interest-bearing liabilities include EUR 2.9 million (EUR 3.0 million) of bank loans and limits granted by the company's Finnish bank.

The 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 31 December 2021, 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 51.9%.

Personnel expenses were EUR 17.4 million (EUR 14.3 million), other operating expenses were EUR 6.5 million (EUR 4.4 million) and depreciation and amortisation were EUR 3.3 million (EUR 3.3 million).

Net profit for the period grew 128% year on year and totalled EUR 21.1 million (EUR 9.2 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 2021, the company's financial position remained strong. Equity ratio increased to 51.9% (50.5%). The improvement was mainly due to solid profitability. Net gearing was 3.2% (15.3%).

Deferred tax assets include EUR 0.4 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.

The Group's cash position during the reporting period was good. On 31 December 2021, the Group's cash and cash equivalents totalled EUR 9.2 million (EUR 3.9 million) and the company had an unutilised bank facility and credit line amounting to EUR 9.4 million.

The Group's quick ratio was 0.8 (1.0), and the current ratio was 1.7 (1.8).

Inventories at end of 2021 totalled EUR 59.5 million (EUR 24.2 million).

Cash flow from operations was EUR 9.7 million (EUR 4.7 million). Cash flow was impacted by strong revenue and profitability growth.

Investments

In 2021, the Group's factory related investment cash flow totalled EUR 4.5 million (EUR 2.8 million) and was mainly related to expansion of the factory in India.

In May, 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 this year.

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 2021, the number of personnel in Incap Group was 2,523 (1,902). Of the personnel 78.7% (71.2%) worked in India, 4.3% (5.1%) in Estonia, 7.3% (10.8%) in the United Kingdom, 9.6% (12.8%) in Slovakia and 0.1% (0.1%) in Finland.

At the end of the year, 554 of Incap's personnel were women (444) and 1,969 were men (1,458). The average age of the personnel was 30 years (32). The average number of personnel during the year was 2,165 (1,424). The number of permanent personnel totalled 709 (667), and the number of fixed-term contracts was 1,814 (1,235).

Management and organisation

At the end of 2021, Incap's Management Team consisted of President & CEO, Otto Pukk; Director of Operations, India and Sales APAC, Murthy Munipalli; CFO, Antti Pynnönen; Director of Operations, Estonia, Greg Grace; and Jamie Maughan, Director of Operations, U.K. & Slovakia.

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

Certified management systems

Incap Group's all business units have environmental management and quality assurance systems. Environmental management system in all business units complies with ISO 14001:2015, and the quality assurance system complies with ISO 9001:2015. All business units have also the ISO

is supported by the company's quality assurance and environmental management systems.

Incap will publish a separate Corporate Responsibility Report in connection with its Annual Report 2021.

13485/2016 quality certification for the manufacture of medical devices. The Estonian and Slovakian units also comply with the Occupational health and safety management system ISO 45001:2018.

Annual General Meeting 2021

The Annual General Meeting of Incap Corporation held in Helsinki on 27 April 2021 adopted the annual accounts for the financial period ending on 31 December 2020 and resolved to discharge the members of the Board of Directors and the President and CEO from liability. The Annual General Meeting resolved in accordance with the Board's proposal that no dividend will be paid from the profits of the financial year 2020 and that the profit for the financial period be recognised in equity.

The Annual General Meeting resolved to authorise the Board of Directors to decide to issue new shares and other special rights entitling to new shares of the company in accordance with the proposal of the Board of Directors. The authorisation entitles to a maximum quantity of 584,932 new shares and it is valid for one year from the Annual General Meeting.

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 resolutions of the AGM 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 27 April 2021 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 are elected as members of the Board of Directors. In its constitutive meeting after the Annual General Meeting, the Board selected Ville Vuori as the Chairman of the Board.

The Annual General Meeting re-elected the firm of independent accountants Ernst & Young Oy as the company's auditor, with Bengt Nyholm, Authorised Public Accountant, as the principal auditor.

Corporate governance

Incap Corporation is complying with the Corporate Governance Code of Securities Market Association. The company will release a report on the company's corporate governance in compliance with the Securities Market Act as a separate document in connection with the publication of the Report of the Board of Directors and the

Annual Report in week 13/2022. The report will also be available at the company's website.

The Corporate Governance Code of Securities Market Association is publicly available at the website of Securities Market Association at www.cgfinland.fi.

Shares and shareholders

Incap Corporation has one series of shares, and the number of shares on 31 December 2021 was 5,849,327 (31 December 2020: 5,820,224).

In 2021, the share price varied between EUR 17.20 and EUR 80.60 (EUR 8.51 and 19.20). The closing price on 30 December 2021 was EUR 78.50 (30 December 2020: EUR 18.45). The market capitalisation on 31 December 2021 was EUR 459.2 million (EUR 107.4 million). At the end of the

year, the company had 4,605 shareholders (3,931). Nominee-registered owners held 20.4% (9.0%) and foreign owners 8.2% (0.7%) of all shares. The company does not hold any of its own shares.

At the end of 2021, the members of Incap Corporation's Board of Directors and the President and CEO and their interest parties owned a total of 55,638 shares or 1.0% of the company's shares outstanding (55,638 or 1.0%).

Largest shareholders on 31 December 2021

	Number of shares	Holding, %
Oy Etra Invest Ab	1,137,333	19.44%
Joensuun Kauppa ja Kone Oy	513,028	8.77%
Nordea Life Insurance Finland Ltd.	512,060	8.75%
Ilmarinen Mutual Pension Insurance Company	261,308	4.47%
Mandatum Life Insurance Company Limited	187,492	3.21%
Laakkonen Mikko	127,413	2.18%
Kakkonen Kari	102,105	1.75%
Etola Erkki	100,000	1.71%
Etola Group Oy	90,000	1.54%
K22 Finance Oy	79,006	1.35%
10 largest shareholders in total	3,109,745	53.16%

Nominee-registered holding is not included in the list.

Flagging notifications

In 2021, the company did not receive any shareholder announcements in accordance with

Section 10 of Chapter 9 of the Securities Market Act.

Share-based incentives

In May 2020, Incap's Board of Directors resolved to implement a long-term share-based incentive scheme for the company's CEO, Otto Pukk. The incentive scheme's purpose is to support Incap's strategy and incentivise the CEO in the effective implementation of the post-acquisition integration of AWS Electronics Group. The company has not previously had a share-based incentive scheme for CEO Otto Pukk. Any reward payable based on the incentive scheme is paid out entirely as Incap's new shares.

The earnings period for the CEO's incentive scheme included the then ongoing and next financial period of the company so that it ended on 31 December 2021. During the earnings period, the CEO may earn a performance-based reward amounting up to 5,730 new shares of the company based on the development of the company's EBIT provided that the CEO is still in a service relationship with the company at the date of the reward's payment. Possible reward based on the incentive scheme shall be paid after the company's

Annual General Meeting in 2022 has approved the company's annual accounts for the financial year 1 January 2021–31 December 2021. The shares paid as reward shall not be transferred during a 12-month lock-up period, which begins from the reward payment.

For the execution of the incentive scheme, the company's Board of Directors resolved on the directed share issue to the CEO of the company without consideration based on the authorisation granted to the company's Board of Directors on the issuance of shares by the Annual General Meeting of the company on 20 April 2020. The shares are issued subject to meeting the conditions of the incentive scheme.

If the Company decides after the beginning of the Performance Period and before paying the reward on issue of Company's shares or on issue option rights or other special rights entitled to Company's shares so that the shareholders have a pre-emptive subscription right, the amount of the

reward shall be increased by multiplying the number of Earned Shares by the share issue multiplier, or in a way resolved by the Board.

Risk management

The Risk Management Policy approved by the Board of Incap Corporation classifies risks as risks connected to the operating environment, operational risks and damage and funding risks. The company's risk management is mainly focused on risks that threaten the company's business

objectives and continuity of operations. In order to improve its business opportunities, the company is willing to take on managed risks within the scope of the Group's risk management capabilities. The company regularly reviews its insurance policies as part of its risk management system.

Short-term risks and uncertainties

General risks related to the company's business operations and sector include the development of customer demand, price competition in contract manufacturing, success in new customer

acquisition, availability and price development of raw materials and components, sufficiency of funding, liquidity and exchange rate fluctuations.

Coronavirus pandemic-related risks

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.

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.

sectors. In 2021, four biggest customers contributed to 69.1% (56.3%) of revenue. Out of the total customer base in 2021, 21 customers (18) 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 company's sales is spread over several customer segments balancing out the impact of the economic fluctuation in different industrial

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 did not record any credit losses in 2021.

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, 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. 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. The Group has a total provision of EUR 1.6 million at the end of 2021 and the provision was 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

There have been no significant events after the reporting period.

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.

Board of Directors' proposal for measures related to profit

The parent company's profit for the financial period totals EUR 6,877,283.91. To secure funds for the execution of the growth strategy of Incap and due to uncertainties in the global economy and political situation, the Board of Directors of Incap Corporation proposes that the Annual General Meeting to be held on Friday, 29 April 2022, authorises the Board of Directors to decide on a distribution of dividend of a maximum of EUR 0.80 per share 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 authorisation shall be 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.

Annual General Meeting 2022

The Annual General Meeting of Incap Corporation is scheduled to be held on Friday, 29 April 2022 in

Helsinki. The notice to the Annual General Meeting will be published at a later date.

Publication of the Annual Report 2021

The annual report of Incap Corporation including Report of the Board of Directors and Auditor's report for 2021 will be published during week

13/2022 on the company's website at www.incapcorp.com.

Financial reporting in 2022

In 2022 Incap will publish the following financial reports:

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

In Helsinki, 24 February 2022

INCAP CORPORATION

Board of Directors

For additional information, please contact:

Otto Pukk, President and CEO, tel. +372 508 0798

Distribution:

Nasdaq Helsinki Ltd.

Principal media

www.incapcorp.com

Accounting principles for the financial statements

This financial statements release 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 2020 financial statements. Unless otherwise stated, the comparison figures refer to the same period in the previous year. In this financial statements release, the figures for 2021 are unaudited.

Consolidated statement of comprehensive income

(EUR thousands)	7-12/2021	7-12/2020	1-12/2021	1-12/2020
REVENUE	98,481	59,636	169,787	106,494
Change in inventories of finished goods	7,253	754	10,232	723
Other operating income	53	894	200	1,062
Raw materials and consumables used	-75,010	-41,501	-127,032	-73,617
Personnel expenses	-9,219	-7,608	-17,404	-14,315
Depreciation, amortisation and impairment losses	-1,721	-1,771	-3,286	-3,347
Other operating expenses	-3,631	-2,062	-6,524	-4,406
OPERATING PROFIT/LOSS	16,206	8,341	25,974	12,594
Financing income and expenses	-155	-482	-253	-1,086
PROFIT/LOSS BEFORE TAX	16,051	7,859	25,721	11,508
Income tax expenses	-2,747	-1,355	-4,662	-2,290
PROFIT/LOSS FOR THE PERIOD	13,303	6,504	21,059	9,218
Earnings per share, EUR	2.27	1.37	3.60	2.02

OTHER COMPREHENSIVE INCOME	7-12/2021	7-12/2020	1-12/2021	1-12/2020
Items that will not be transferred to P&L (revaluation of employee benefits)	-7	26	15	-14
Items that may be recognised in profit or loss at a later date:				
Translation differences from foreign units	1,807	-1,165	2,470	-2,965
Other comprehensive income, net	1,800	-1,139	2,485	-2,980
TOTAL COMPREHENSIVE INCOME	15,104	5,365	23,544	6,239
Attributable to:				
Shareholders of the parent company	15,104	5,365	23,544	6,239

Consolidated balance sheet

(EUR thousands)	31 Dec 2021	31 Dec 2020
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	10,115	6,825
Right-of-use assets	3,736	4,584
Goodwill	7,547	7,086
Other intangible assets	4,517	4,640
Other financial assets	4	4
Deferred tax assets	852	744
Other receivables	346	205
TOTAL NON-CURRENT ASSETS	27,117	24,087
CURRENT ASSETS		
Inventories	59,467	24,176
Trade and other receivables	33,654	24,202
Cash and cash equivalents	9,249	3,899
TOTAL CURRENT ASSETS	102,371	52,278
TOTAL ASSETS	129,488	76,365
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		
Share capital	1,000	1,000
Reserve for invested unrestricted equity	22,185	21,491
Exchange differences	-2,159	-4,629
Retained earnings	41,867	20,719
TOTAL EQUITY	62,893	38,580
NON-CURRENT LIABILITIES		
Non-interest-bearing loans and borrowings	1,619	1,619
Interest-bearing loans and borrowings	4,026	6,103
Deferred tax liabilities	851	881
TOTAL NON-CURRENT LIABILITIES	6,496	8,604
CURRENT LIABILITIES		
Trade and other payables	52,862	25,494
Current interest-bearing loans and borrowings	7,238	3,687
TOTAL CURRENT LIABILITIES	60,099	29,181
TOTAL LIABILITIES	66,595	37,785
TOTAL EQUITY AND LIABILITIES	129,488	76,365

Consolidated cash flow statement

(EUR thousands)	1-12/2021	1-12/2020
Cash flow from operating activities		
Operating profit	25,974	12,594
Adjustments to operating profit	4,530	3,667
Change in working capital	-15,757	-7,850
Interest and charges paid	-557	-954
Interest received	9	5
Paid tax and tax refund	-4,530	-2,752
Cash flow from operating activities	9,669	4,709
Cash flow from investing activities		
Capital expenditure on tangible and intangible assets	-4,520	-2,793
Acquisition of subsidiary less cash at the date of acquisition	-650	-6,679
Cash flow from investing activities	-5,170	-9,471
Cash flow from financing activities		
Share issue	0	10,913
Share issue transaction costs	0	-563
Drawdown of loans	6,886	14,456
Repayments of borrowings	-4,725	-20,693
Right-of-use asset payments	-1,356	-1,188
Cash flow from financing activities	805	2,926
Change in cash and cash equivalents	5,304	-1,836
Cash and cash equivalents at beginning of period	3,899	6,163
Effect of changes in exchange rates	46	-428
Cash and cash equivalents at end of period	9,249	3,899

Consolidated statement of changes in equity

(EUR thousands)	Share capital	Unrestricted equity reserve	Translation differences	Retained earnings	Total equity
Equity on 1 January 2021	1,000	21,491	-4,629	20,719	38,580
Profit for the period				21,059	21,059
Currency translation differences			2,470		2,470
Transactions with owners ¹⁾		694		81	775
Other changes ²⁾				9	9
Equity on 31 December 2021	1,000	22,185	-2,159	41,867	62,893
Equity on 1 January 2020	1,000	11,028	-1,664	11,519	21,883
Profit for the period				9,218	9,218
Currency translation differences			-2,965		-2,965
Transactions with owners ¹⁾		10,463		32	10,494
Other changes				-51	-51
Equity on 31 December 2020	1,000	21,491	-4,629	20,719	38,580

¹⁾ Directed share issue to former AWS Electronics Group owners as part of the purchase price and value of the personnel's service related to the share option scheme.

²⁾ Re-measurement of employee benefits.

Group key figures and contingent liabilities

	1-12/2021	1-12/2020
Revenue, EUR million	169.8	106.5
Operating profit/loss, EUR million	26.0	12.6
% of revenue	15.3	11.8
Profit/loss before taxes, EUR million	25.7	11.5
% of revenue	15.1	10.8
Return on investment (ROI), %	43.8	34.8
Return on equity (ROE), %	41.5	30.5
Equity ratio, %	51.9	50.5
Net gearing, %	3.2	15.3
Interest-bearing net debt, EUR million	2.0	5.9
Quick ratio	0.8	1.0
Current ratio	1.7	1.8
Average nr of shares during the report period, adjusted for share issues*	5,850,810	4,565,015
Earnings per share (EPS), EUR	3.60	2.02
Equity per share, EUR	10.75	6.59
Dividend per share, EUR	0	0
Dividend out of profit, %	0	0
P/E ratio	21.8	9.1
Trend in share price		
Minimum price during the period, EUR	17.20	8.51
Maximum price during the period, EUR	80.60	19.20
Mean price during the period, EUR	42.30	13.92
Closing price at the end of the period, EUR	78.50	18.45
Total market capitalisation, EUR million	459.2	107.4
Trade volume, number of shares	2,740,717	1,911,231
Trade volume, %	46.9	32.8
Investments, EUR million	5.2	9.5
% of revenue	3.1	8.9
Average number of employees	2,165	1,424
Personnel at the end of period	2,523	1,902
CONTINGENT LIABILITIES, EUR million		
FOR OWN LIABILITIES		
Mortgages and pledges	23.9	21.5
Surrender liability of trade receivables sold to finance company	0.0	0.2
Off-balance sheet liabilities	0.7	0.6
Transactions with closely related parties		
The company has no transactions with closely related parties.		

*1) Number of shares grew due to payment of AWS Electronics Group in Incap's shares and the rights issue completed in November 2020.

Key figures by report period

	1-12/2021	1-12/2020	7-12/2021	7-12/2020	1-6/2021	1-6/2020
Revenue, EUR million	169.8	106.5	98.5	59.6	71.3	46.9
Operating profit, EUR million	26.0	12.6	16.2	8.3	9.8	4.3
Share of revenue, %	15.3	11.8	16.5	14.0	13.7	9.1
Profit before tax, EUR million	25.7	11.5	16.1	7.9	9.7	3.6
Share of revenue, %	15.1	10.8	16.3	13.2	13.6	7.8
Return on investment (ROI), %	43.8	34.8	53.8	44.5	39.0	26.1
Return on equity (ROE), %	41.5	30.5	52.4	43.0	35.9	24.3
Equity ratio, %	51.9	50.5	51.9	50.5	55.3	33.2
Net gearing, %	3.2	15.3	3.2	15.3	12.0	61.2
Interest-bearing net debt, EUR million	2.0	5.9	2.0	5.9	5.7	14.0
Average number of shares in period	5,850,810	4,565,015	5,849,327	4,732,772	5,852,292	4,403,172
Earnings per share, EUR	3.6	2.0	2.3	1.4	1.3	0.6
Equity per share, EUR	10.8	6.6	10.8	6.6	8.2	5.2
Investments, EUR million	5.2	9.5	1.9	1.9	3.3	7.5
Share of revenue, %	3.1	8.9	1.9	3.2	4.6	16.1
Average number of employees	2,165	1,424	2,425	1,554	1,905	1,293

Reconciliation of alternative performance measures

Return on investment, %

EUR thousand	1-12/2021	1-12/2020
Net profit/loss for the period	21,059	9,218
Financial expenses	1,098	1,678
Income taxes	4,662	2,290
Profit/loss for the period	26,819	13,187
Equity	62,893	38,580
Non-current interest-bearing financing loans	4,026	6,103
Current interest-bearing financing loans	7,238	3,687
Capital employed	74,157	48,371
Capital employed average at the end of the reporting period and the end of previous financial year	61,264	37,911
Return on investment, %	43.8	34.8

Return on equity, %

EUR thousand	1-12/2021	1-12/2020
Net profit/loss for the period	21,059	9,218
Equity	62,893	38,580
Equity average at the end of the reporting period and the end of previous financial year	50,737	30,232
Return on equity, %	41.5	30.5

Equity ratio, %

EUR thousand	1-12/2021	1-12/2020
Equity	62,893	38,580
Balance sheet total	129,488	76,365
Advances received	-8,225	0
Equity ratio, %	51.9	50.5

Net gearing, %

EUR thousand	1-12/2021	1-12/2020
Interest-bearing net debt	2,014	5,891
Equity	62,893	38,580
Equity ratio, %	3.2	15.3

Interest-bearing net debt

EUR thousand	1-12/2021	1-12/2020
Non-current interest-bearing debt	4,026	6,103
Current interest-bearing debt	7,238	3,687
Interest-bearing debt	11,264	9,791
Cash and bank accounts	-9,249	-3,899
Interest-bearing net debt	2,014	5,891

Current assets

EUR thousand	1-12/2021	1-12/2020
Current receivables	33,654	24,202
Cash and bank accounts	9,249	3,899
Current assets	42,904	28,101

Quick ratio

EUR thousand	1-12/2021	1-12/2020
Current assets	42,904	28,101
Short term liabilities	60,099	29,181
Advances received	-8,225	0
Current liabilities	51,874	29,181
Quick ratio	0.8	1.0

Current ratio

EUR thousand	1-12/2021	1-12/2020
Current assets	42,904	28,101
Inventories	59,467	24,176
Short term liabilities	60,099	29,181
Current liabilities	60,099	29,181
Current ratio	1.7	1.8

Investments

EUR thousand	1-12/2021	1-12/2020
Capital expenditure on tangible and intangible assets	5,170	9,471
Investments	5,170	9,471

Adjusted operating profit

EUR thousand	1–12/2021	1–12/2020
Operating profit	25,974	12,594
Non-recurring costs	331	74
Purchase price allocation (PPA) amortisation	474	1,906
Adjusted operating profit	26,780	14,573

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



INCAP

incapcorp.com

 [/incapcorporation](https://www.facebook.com/incapcorporation)

 [/company/incap-group](https://www.linkedin.com/company/incap-group)

 [/incap_group](https://twitter.com/incap_group)

 [/incap.corp](https://www.instagram.com/incap.corp)