

The InCap logo is a blue square with the word "InCap" in white. The background of the entire image features a stage with spotlights and a large fire, with silhouettes of a crowd at the bottom.

InCap

# INCAP ROCKS TODAY AND TOMORROW

CAPITAL MARKETS DAY  
17 November 2022

[INCAPCORP.COM](http://incapcorp.com)





**OTTO PUKK**  
PRESIDENT AND CEO

**ANTTI PYNNÖNEN**  
CFO





A dark blue background with a row of stage lights at the top and a silhouette of a crowd at the bottom.

# OTTO PUKK

PRESIDENT AND CEO





A row of eight stage spotlights hangs from a black truss at the top of the frame. The background is a dark blue field filled with a complex, glowing network of light blue lines and nodes, resembling a circuit board or a neural network. A solid blue horizontal band spans the middle of the image, containing the text "THIS IS INCAP" in white, bold, sans-serif capital letters.

**THIS IS INCAP**



AGILE

FLEXIBLE

EFFICIENT

# INCAP - A TRUSTED PARTNER IN EMS

- Global EMS company supporting customers ranging from large multinationals and mid-sized companies to small start-ups in their complete manufacturing value chain
  - State-of-the-art technology backed up by an entrepreneurial culture and highly qualified personnel
  - Operations in Finland, Estonia, India, the UK, Slovakia and Hong Kong
  - 2021 revenue EUR 169.8 million (2022 estimate EUR 262-270 million)
  - Personnel approximately 2,500
  - Listed on Nasdaq Helsinki since 1997
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# OPERATIONS

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PCB assembly  
manufacturing



Box build  
assembly



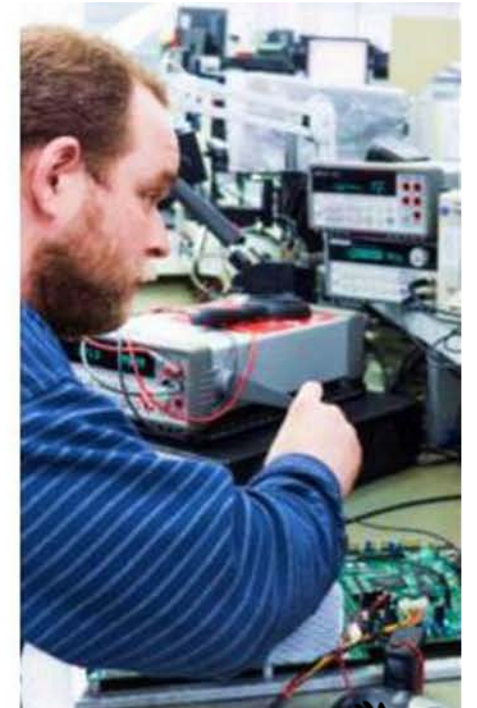
Prototyping and  
engineering



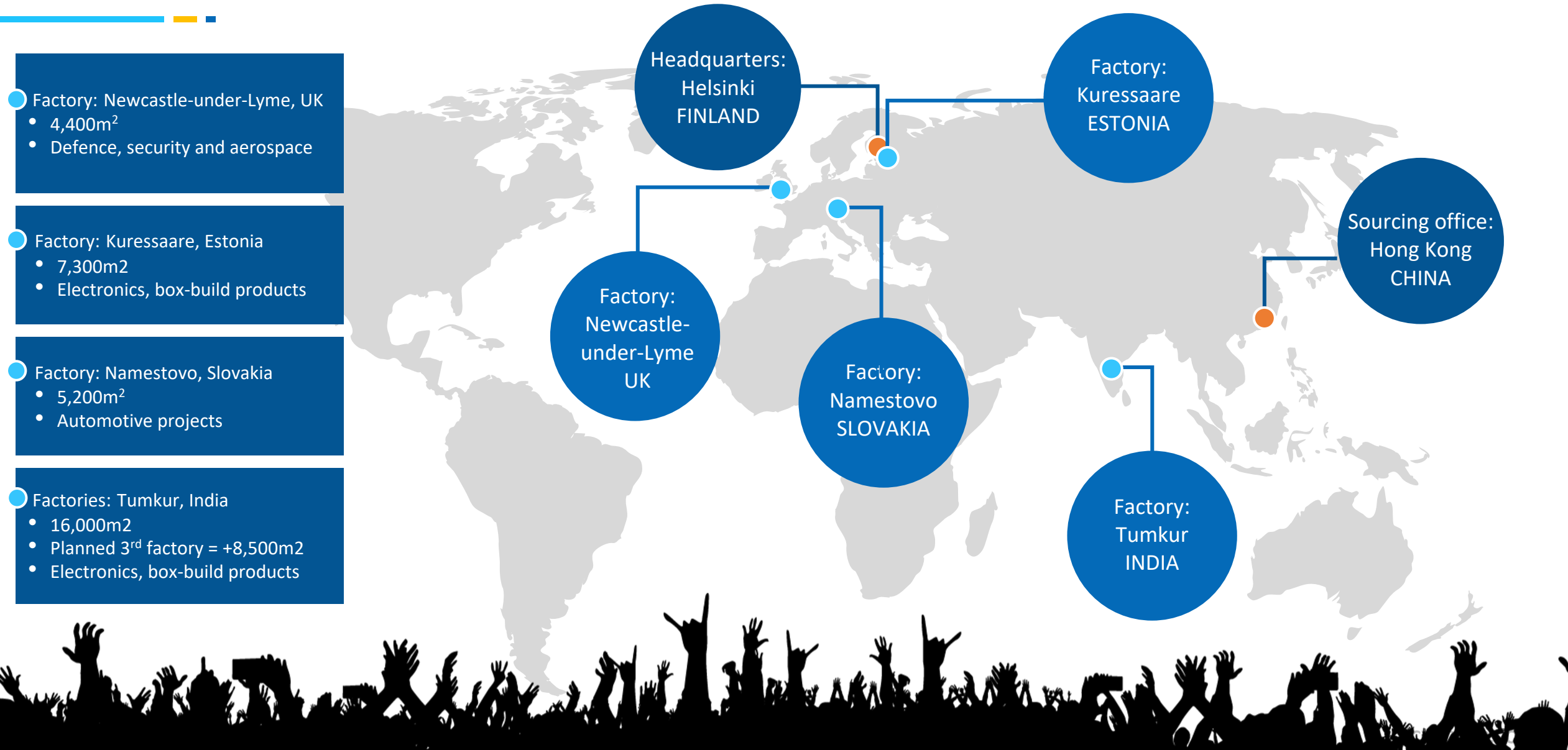
Customised  
solutions



Test  
development



# GLOBAL OPERATIONS







# THIRD FACTORY IN INDIA

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- Construction work in progress
- Expected to be completed by early December 2022 with roof, side wall and power connection
- Side wall in progress
- This unit will be ready for occupation by Q1 2023
- Total land area: ~8 acres
- Total built-up area (Phase 1): 100,000 sq.ft.

## OUR SUCCESS FORMULA

Decentralized business model:

- customer focus
- employees taking responsibility
- cost-efficiency

AGILE

FLEXIBLE

EFFICIENT





# CORPORATE RESPONSIBILITY

- Joined UN's Global Compact initiative
- Signed UN's Sustainable Development Goals
- Corporate Responsibility Programme since 2020
- Corporate Responsibility report published annually
- Social responsibility: well-being of employees, fair and ethical behaviour towards all stakeholders
- Code of Conduct for all Incap Group companies
- Environmental responsibility: operating in an environmentally friendly and responsible manner
- Economic responsibility: solid growth ambitions and good financial performance



# A GREAT TEAM

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- Great results achieved with a highly professional and entrepreneurial team
- Incap's top-quality and efficiency are based on seamless teamwork throughout the whole production and delivery chain
- Dedicated team spirit also visible in our low employee turnover rate
- We aim to keep the best professionals at Incap by providing equal opportunities, good training possibilities and a family friendly working atmosphere



A row of eight stage spotlights is mounted on a black truss against a dark blue background. The spotlights are arranged in a slightly staggered line, with some pointing towards the viewer and others angled slightly to the side. The background is a solid dark blue.

# ANTTI PYNNÖNEN

CFO



# GROWTH FROM THE BEGINNING OF 2022 CONTINUED

- 1-3Q22: revenue increased 56.4% to EUR 185.1 million
- Operating profit (EBIT) increased to EUR 26.3 million, corresponding to 14.2% of revenue

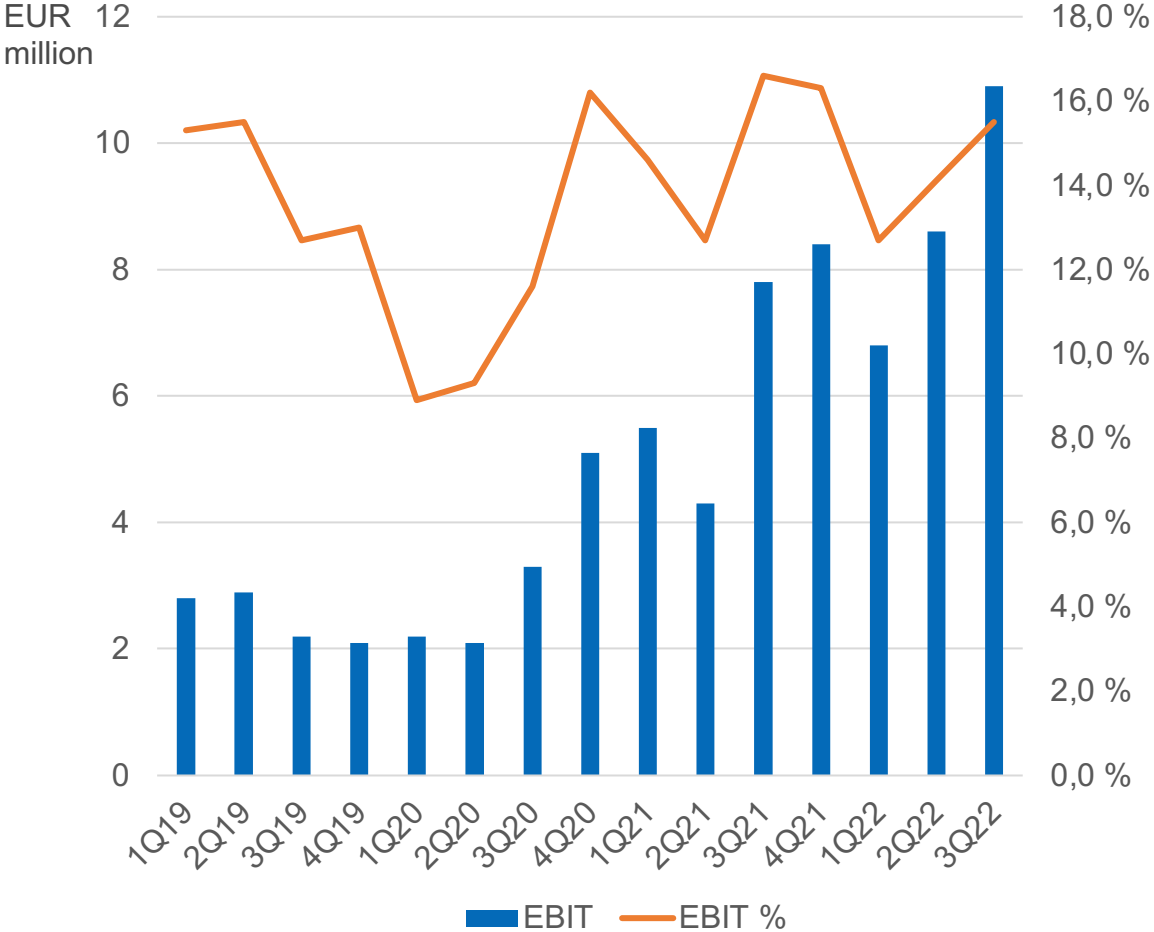
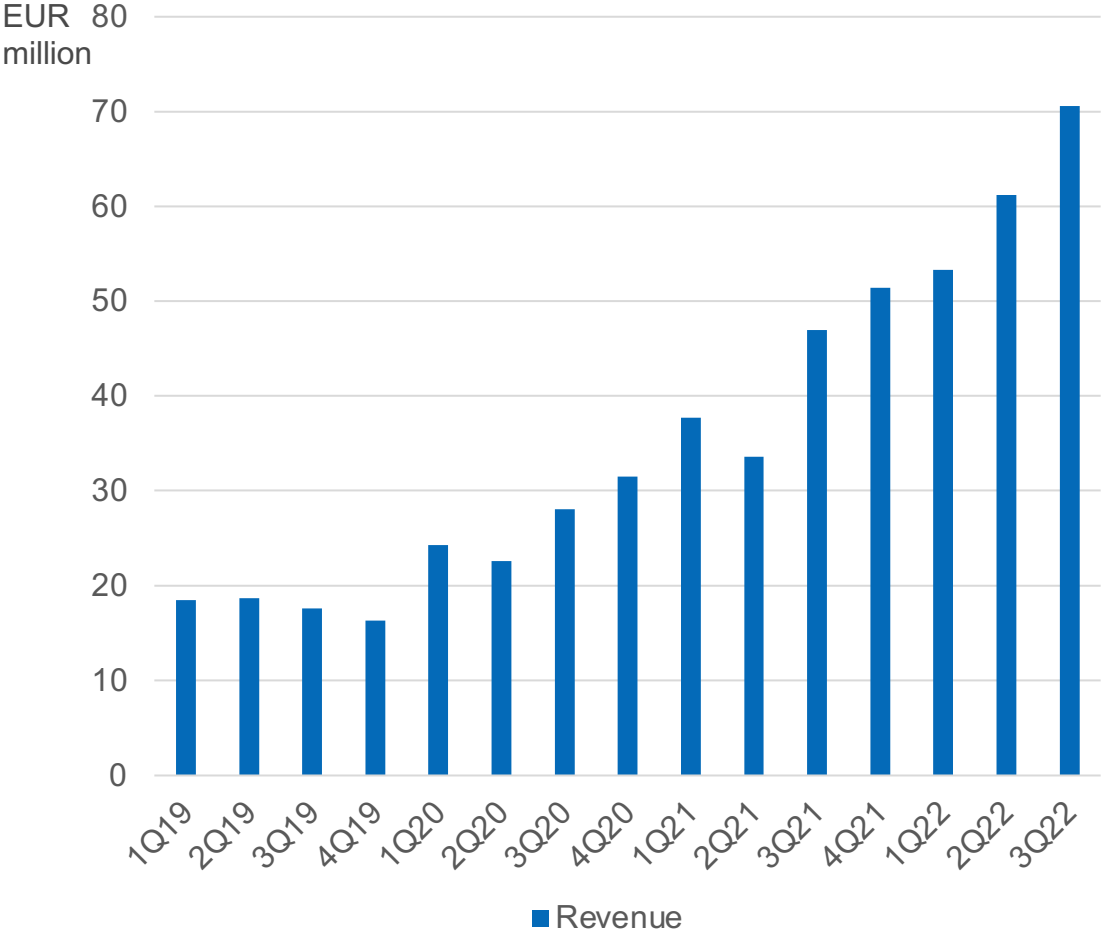
**+56.4%**  
REVENUE

**+49.7%**  
EBIT





# REVENUE, EBIT AND EBIT MARGIN PER QUARTER 1Q19-3Q22



# CONSOLIDATED BALANCE SHEET 30 JUNE 2022

| (EUR thousands)                 | 30 Jun 2022    | 30 Jun 2021   | 31 Dec 2021    |
|---------------------------------|----------------|---------------|----------------|
| <b>ASSETS</b>                   |                |               |                |
| <b>NON-CURRENT ASSETS</b>       |                |               |                |
| 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            |
| <b>TOTAL NON-CURRENT ASSETS</b> | <b>27,788</b>  | <b>26,115</b> | <b>27,117</b>  |
| <b>CURRENT ASSETS</b>           |                |               |                |
| 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          |
| <b>TOTAL CURRENT ASSETS</b>     | <b>111,447</b> | <b>60,754</b> | <b>102,371</b> |
| <b>TOTAL ASSETS</b>             | <b>139,235</b> | <b>86,869</b> | <b>129,488</b> |

| (EUR thousands)  | 30 Jun 2022    | 30 Jun 2021   | 31 Dec 2021    |
|--|----------------|---------------|----------------|
| <b>EQUITY AND LIABILITIES</b>                                      |                |               |                |
| <b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b> |                |               |                |
| 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         |
| <b>TOTAL EQUITY</b>  | <b>75,046</b>  | <b>47,807</b> | <b>62,893</b>  |
| <b>NON-CURRENT LIABILITIES</b>                                     |                |               |                |
| 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            |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                               | <b>7,195</b>   | <b>8,171</b>  | <b>6,496</b>   |
| <b>CURRENT LIABILITIES</b>   |                |               |                |
| Trade and other payables   | 46,707         | 26,925        | 52,862         |
| Current interest-bearing loans and borrowings                      | 10,287         | 3,966         | 7,238          |
| <b>TOTAL CURRENT LIABILITIES</b>                                   | <b>56,994</b>  | <b>30,891</b> | <b>60,099</b>  |
| <b>TOTAL LIABILITIES</b>   | <b>64,189</b>  | <b>39,061</b> | <b>66,595</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                | <b>139,235</b> | <b>86,869</b> | <b>129,488</b> |

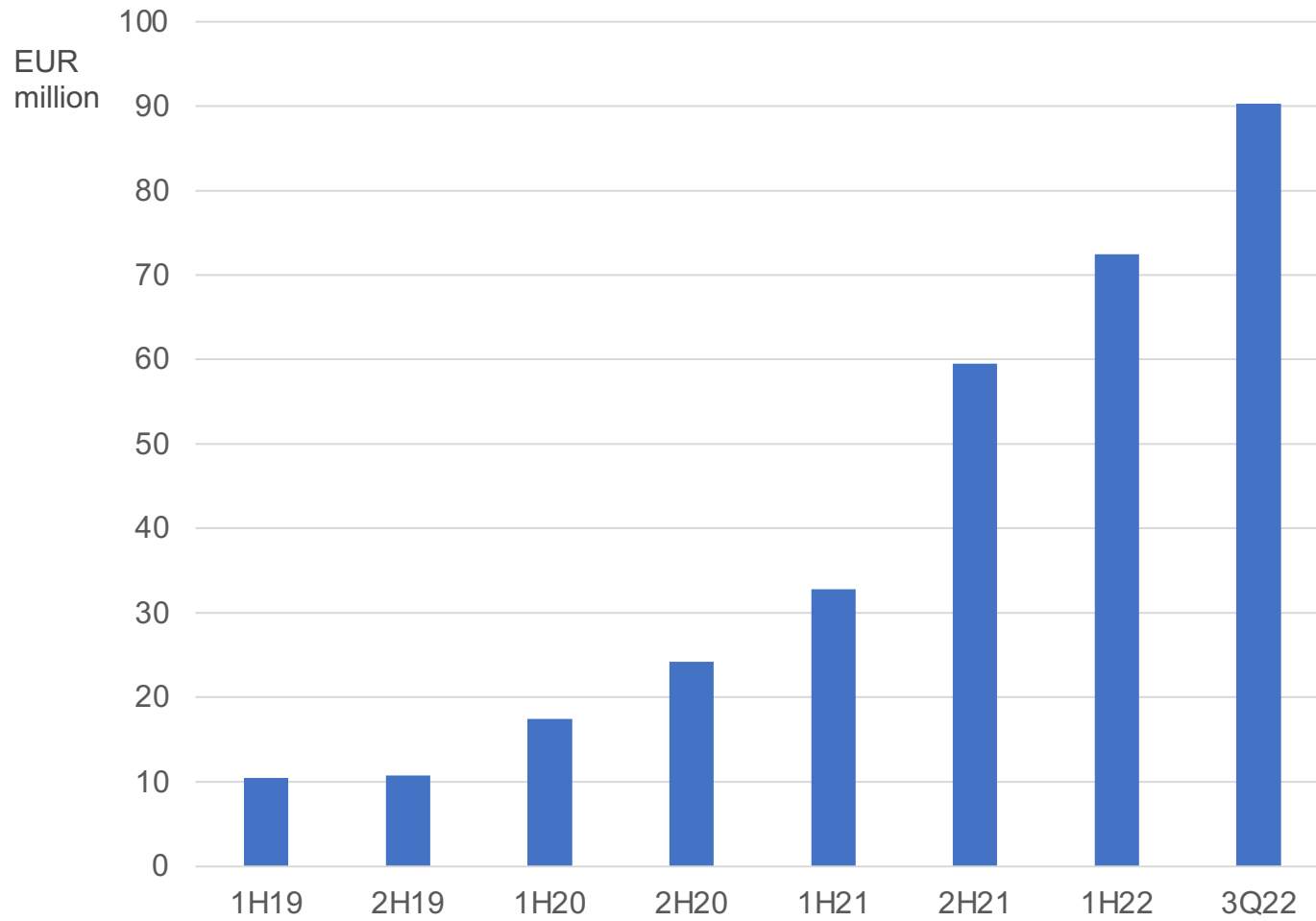


# CONSOLIDATED CASH FLOW STATEMENT JAN-JUN 2022

| (EUR thousands)  | 1-6/2022      | 1-6/2021      | 1-12/2021     |
|--|---------------|---------------|---------------|
| <b>Cash flow from operating activities</b>                     |               |               |               |
| 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        |
| <b>Cash flow from operating activities</b>                     | <b>-4,225</b> | <b>3,685</b>  | <b>9,669</b>  |
| <b>Cash flow from investing activities</b>                     |               |               |               |
| 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          |
| <b>Cash flow from investing activities</b>                     | <b>-2,404</b> | <b>-3,288</b> | <b>-5,170</b> |
| <b>Cash flow from financing activities</b>                     |               |               |               |
| 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        |
| <b>Cash flow from financing activities</b>                     | <b>3,135</b>  | <b>-523</b>   | <b>805</b>    |
| <b>Change in cash and cash equivalents</b>                     | <b>-3,494</b> | <b>-126</b>   | <b>5,304</b>  |
| Cash and cash equivalents at beginning of period               | 9,249         | 3,899         | 3,899         |
| Effect of changes in exchange rates                            | 281           | 138           | 46            |
| <b>Cash and cash equivalents at end of period</b>              | <b>6,037</b>  | <b>3,911</b>  | <b>9,249</b>  |



# INVENTORY 1H19–3Q22



- Inventory value growth mainly driven by rapid increase in business volumes
- Challenges with component availability and increased material prices have had only a limited impact
- Incap buys materials based on a firm customer purchase order/delivery forecasts



# OUTLOOK FOR 2022

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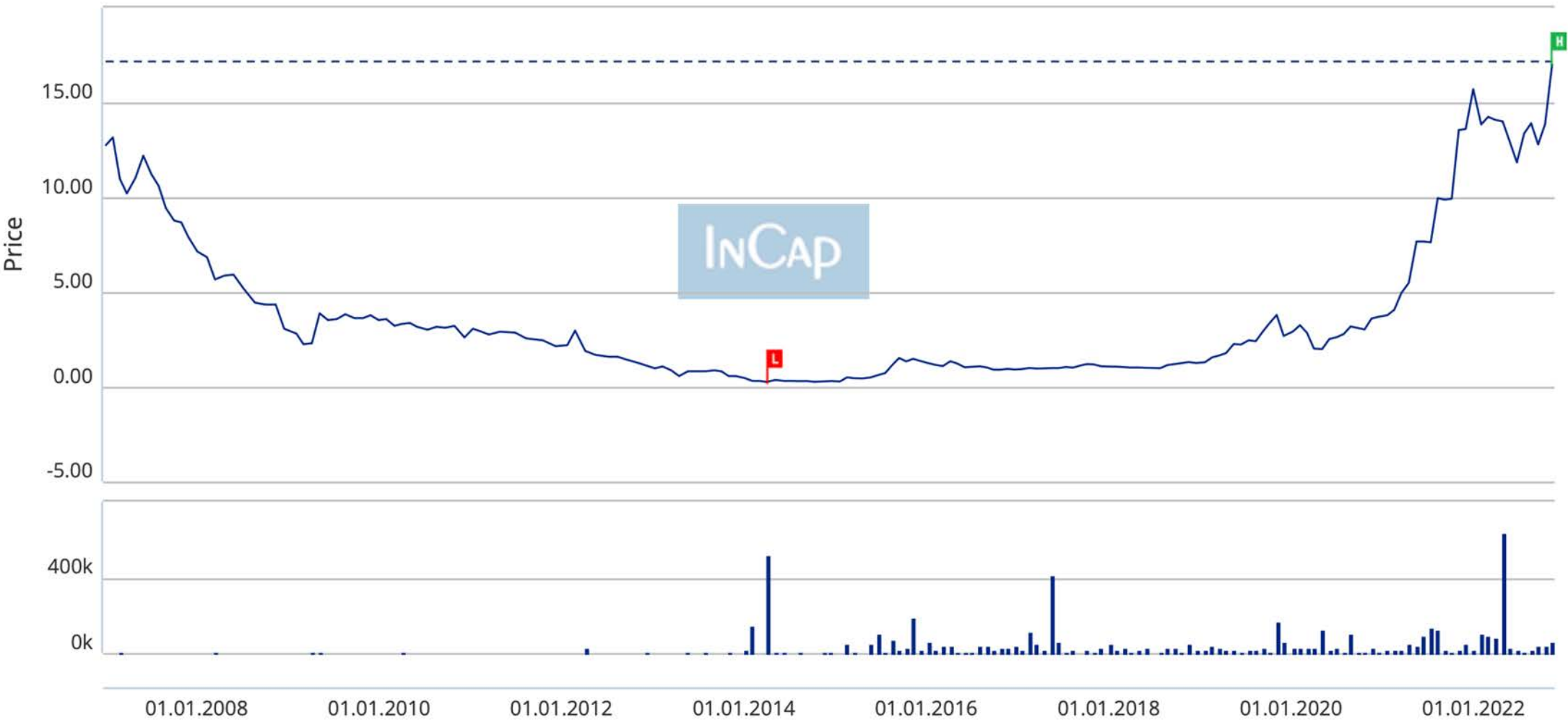
**Incap estimates that its revenue, operating profit (EBIT) and adjusted operating profit (EBIT) for 2022 will be significantly higher than in 2021.**

**Revenue is estimated to be EUR 262–270 million, and operating profit (EBIT) is estimated to be EUR 38–42 million.**

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



# INCAP'S SHARE 2007-2022





A dark blue background with a row of stage lights at the top and a silhouette of a crowd at the bottom.

# OTTO PUKK

PRESIDENT AND CEO



# GROWTH STRATEGY

## FOCUS ON THREE STRATEGIC CORNERSTONES

### GROWTH



Driven by

- Growing use of electronics
- Outsourcing trend
- Focus on Europe, North America and APAC
- Cross-selling
- Broadening service offering
- Targeted M&A: businesses with good cultural and operational fit

### PROFITABILITY



- Maintaining unique and efficient business model
- Strong cost awareness and entrepreneurial culture enable value creation and broader service offering
- Synergies and economies of scale from M&A activities

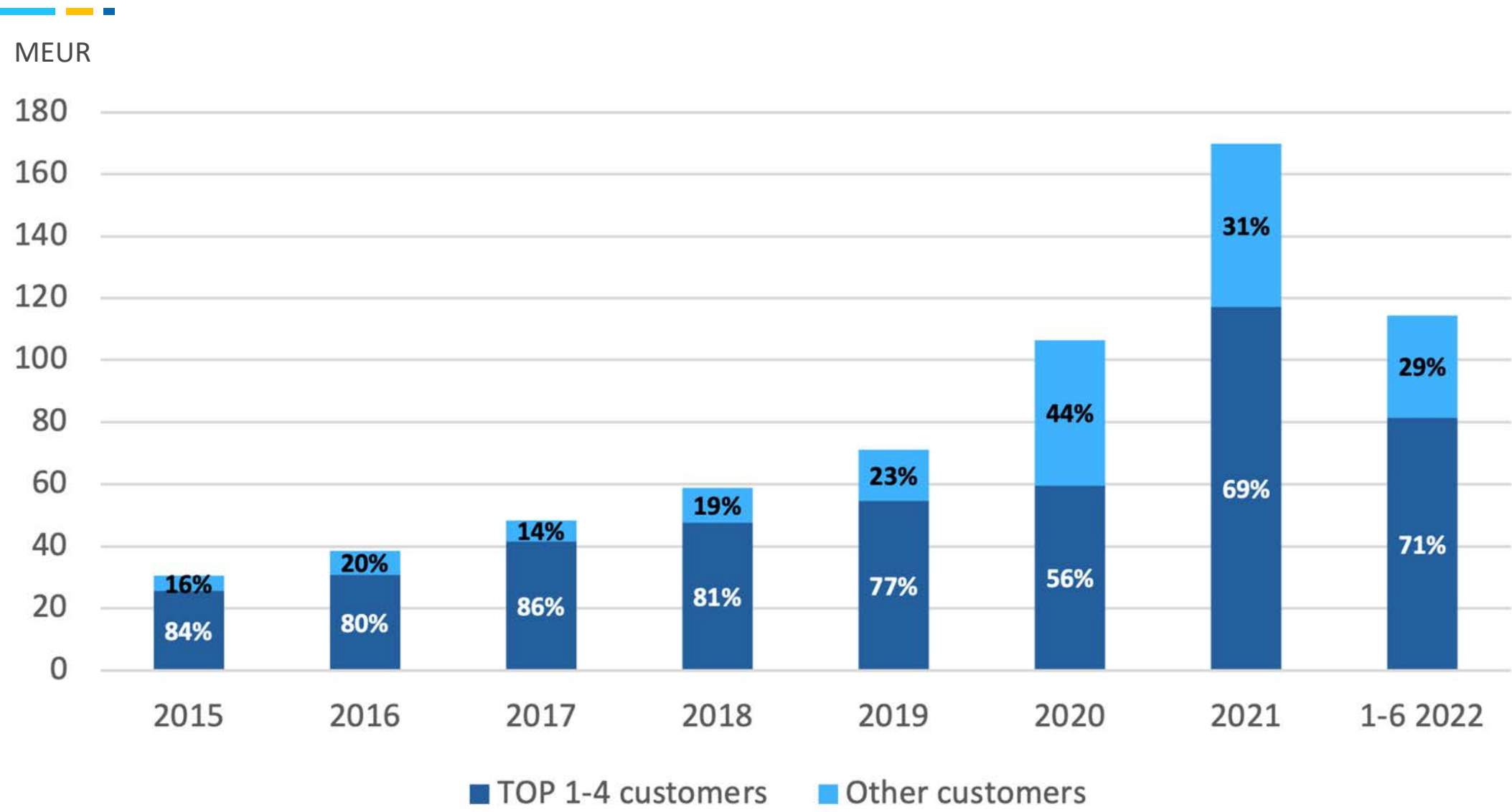
### OPERATIONAL EXCELLENCE



- Investments in high quality technology and in know-how of personnel
- Decentralised organisation motivates personnel and brings value to customers
- Successful integration of acquired businesses

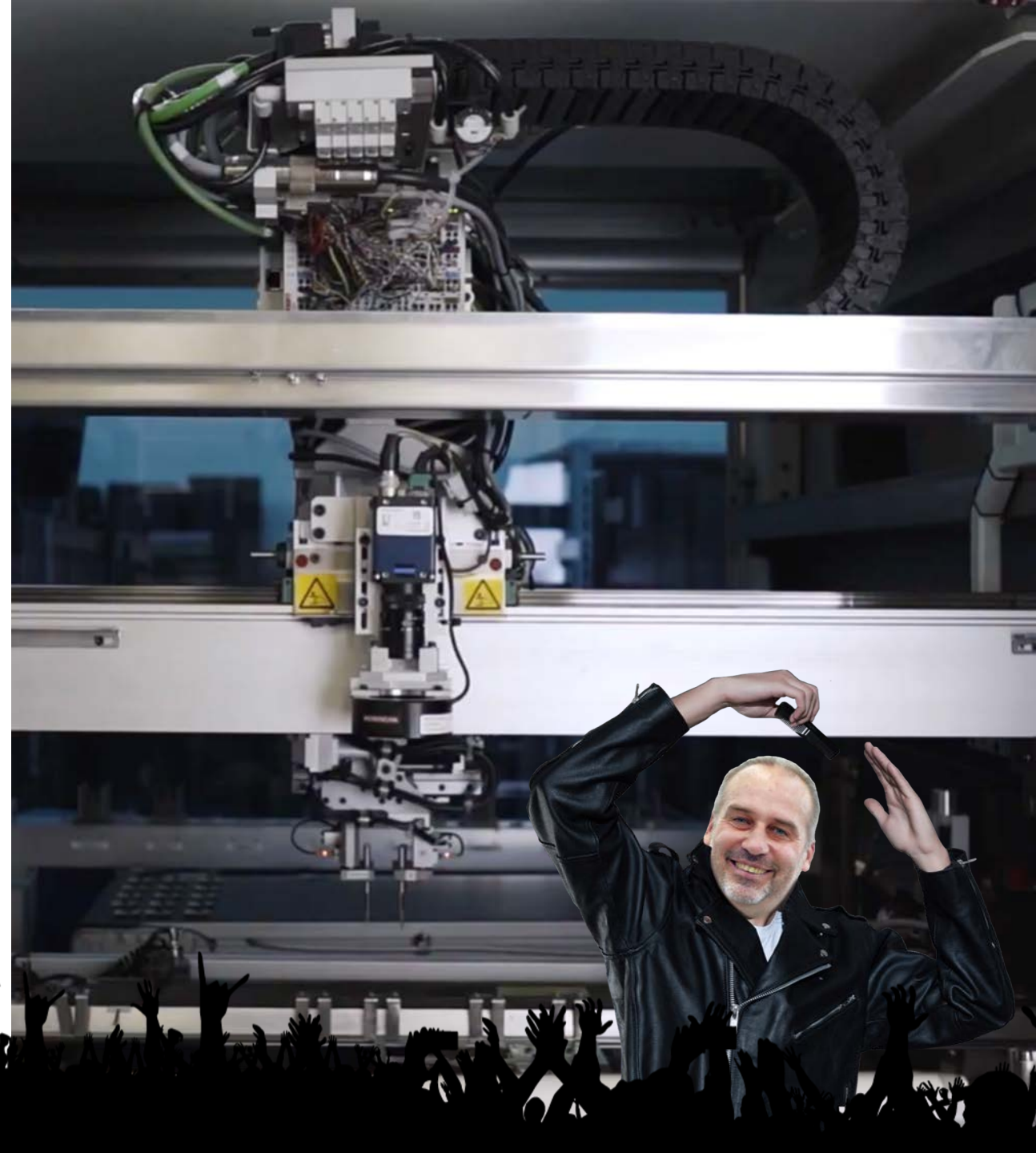


# REVENUE BY NUMBER OF CUSTOMERS



# Working with customers

- Outsourcing trend continues
- Not only products, but also services and functions
- Incap is increasingly integrated in customers' business processes, e.g. prototyping and product creation
- Close relationship with customers
- Long-term partnerships
- High customer satisfaction





# THE WAY FORWARD



- We have shown strong organic growth
- Need to grow also inorganically to balance out the risk
- Concentrating in companies with a strong cultural fit and good profitability
- Targeting geographical expansion in markets with a well-functioning operating environment (e.g., Germany and USA)



# WHY INVEST IN INCAP

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- Growing industry
- Strong financial track record
- Flexible operational model
- Presence in Europe and Asia
- Broad customer offering
- Strong entrepreneurial and customer driven culture
- Committed to corporate and social responsibility
- Skilled and empowered personnel





**THANK YOU**