INCAP

ANNUAL REPORT 2022

INCAPCORP.COM

INCAP IN BRIEF

We are a trusted partner and a full-service provider in Electronics Manufacturing Services.

As a global EMS company, we support customers ranging from large multinationals and mid-sized companies to small start-ups in their complete manufacturing value chain.

We offer state-of-the-art technology backed up by our entrepreneurial culture and highly qualified personnel. Our services include material procurement, prototyping, production ramp-up, serial production, final assembly, testing and logistics.

We have operations in Finland, Estonia, India, the United Kingdom, Slovakia, and Hong Kong and we employ approximately 2,800 people.

Incap's share has been listed on Helsinki Stock Exchange since 1997.

CONTENT

Key figures

REVENUE
263.8 MEUR

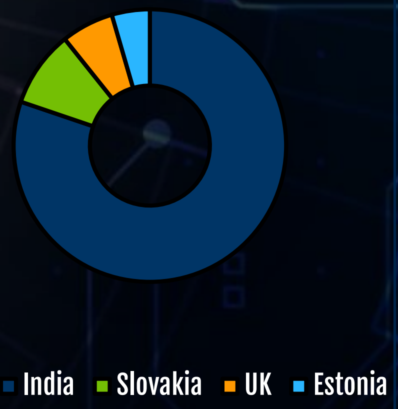
EBIT
38.9 MEUR

NET PROFIT
27.6 MEUR

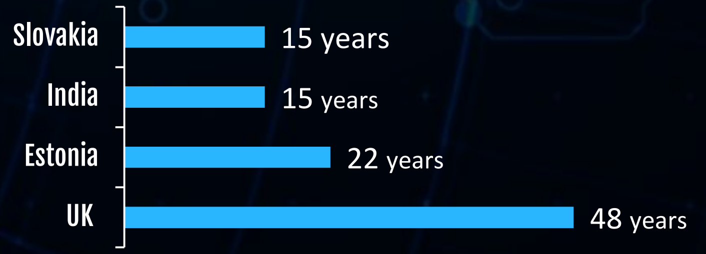
REVENUE GROWTH
55 %

5 FACTORIES

2,817
EMPLOYEES incl. contract workers



OUR EXPERIENCE



2022
YEAR OF STRONG GROWTH

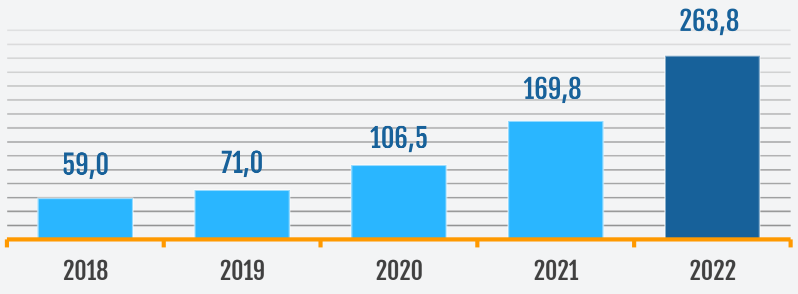
Incap's revenue grew 55% year on year and amounted to EUR 263.8 million (2021: EUR 169.8 million). The strong growth was supported by high demand for electronics and an all-time-high order book.

Profitability remained solid. Adjusted operating profit (EBIT) was EUR 40.0 million (EUR 26.8 million) or 15.1% of revenue (15.8%).

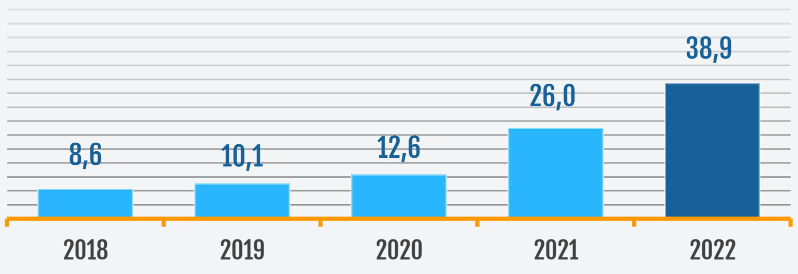
In May 2021, Incap announced that it had decided to invest in a third factory in Tumkur, Karnataka, India. The construction project started in the third quarter of 2021, and the Group estimates that production ramp-up will start at the end of the first quarter of 2023.

KEY FIGURES (IFRS)		2022	2021
Revenue	EUR million	263.8	169.8
Operating profit (EBIT)	EUR million	38.9	26.0
share of revenue	%	14.8	15.3
Operating profit before tax	EUR million	36.6	25.7
Profit for the period	EUR million	27.6	21.1
Earnings per share (EPS)	EUR	0.94	0.72
Return on investment (ROI)	%	43.0	43.8
Equity ratio	%	53.6	51.9
Investments	EUR million	5.5	5.2
Personnel at year end incl. contract workers		2,817	2,523

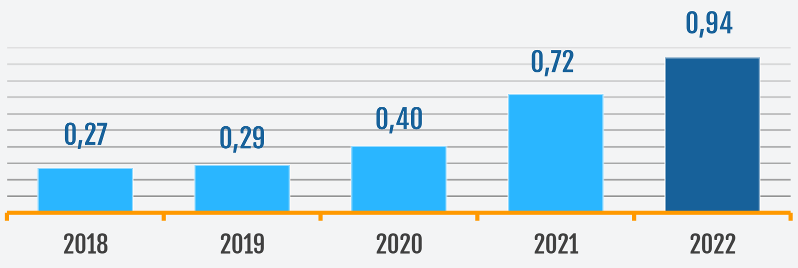
REVENUE, EUR MILLION



OPERATING PROFIT (EBIT), EUR MILLION



EARNINGS PER SHARE (EPS), EUR



> In 2022, Incap achieved all-time high revenue and profitability

CEO'S REVIEW

YEAR OF STRONG GROWTH

OTTO PUKK
President and CEO

I want to extend my warmest thanks to our customers, partners, and shareholders for their trust in Incap. Incap achieved in year 2022 all-time high revenue and profitability. Considering that the material availability remained difficult throughout the year, team Incap's performance was particularly strong, and I want to thank our fantastic employees for their hard work.

We ended 2022 with another strong quarter with revenue of EUR 78.7 million, and our full year 2022 revenue reached EUR 263.8 million, which was 55% more than in 2021. Our profitability remained on a good level with a full year EBIT of 14.8 per cent of revenue.

Our strong growth was driven by the demand for electronics from existing and new customers, all-time-high orderbook and supported with our earlier investments in capacity in our factories. In particular, we saw growth in industrial electronics, green energy and green mobility. Relative profitability remained on a good level thanks to our efficient and cost-effective operational model and favourable product mix.

How companies operate has become increasingly important and we would like to see more and more companies aiming at sustainable operations. Therefore, we see the increasing ESG reporting requirements as positive developments and for our part, we are committed to continue developing our own operations in a sustainable way. In 2022, we further developed our corporate responsibility and reporting. Our goal is to start reporting the CO2 emissions of our business.

In November, we held our first Capital Markets Day. It was great to meet so many current and potential future shareholders in person. We will continue developing our investor relations by means of open and versatile communications.

The construction of our third factory in India is being finalised and the production ramp-up will begin at the end of the first quarter 2023 as planned.

There is still some uncertainty in the market when entering 2023. As component availability and lead times keep improving, we expect that visibility will come down to more normal levels as customers don't need to place orders so much in advance. With components available equally for all on the market, we expect competition to increase in many segments.

The long-term perspective for EMS business remains positive. We expect our organic growth to continue in 2023 but with a more modest pace, improving our cashflow and giving us possibility to reduce our inventory levels.

Our financial position remains solid. We remain committed to actively develop and invest in our operations. In line with our growth strategy, we focus even more on pursuing M&A.

Our estimate is that our revenue, operating profit and adjusted operating profit in 2023 will be higher than in 2022. We are convinced that our decentralised operational model and our committed team will help to maintain the good level of profitability also in the future.

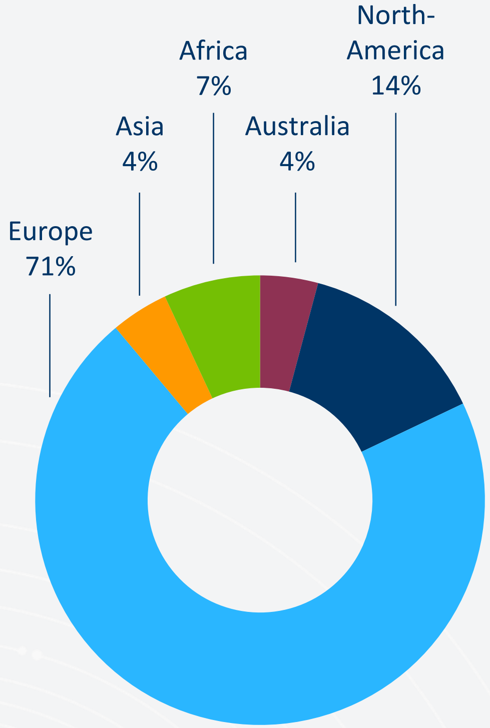
ELECTRONICS MANUFACTURING SERVICES MARKET

The overall demand and market activity in the electronics manufacturing services (EMS) industry continued at a good level despite Russia's war against Ukraine and lockdowns 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 its 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.

Geographic division of external customers' revenue



BUSINESS REVIEW

Revenue grew 55% year on year and amounted to EUR 263.8 million (2021: EUR 169.8 million). The strong growth was supported by high demand for electronics and an all-time-high order book. Adjusted operating profit (EBIT) was EUR 40.0 million (EUR 26.8 million) or 15.1% (15.8%) of revenue.

At the end of 2022, the number of personnel in Incap Group was 2,817 of which 1,816 were contractors (2,523 of which 1,523 were contractors). Of the personnel 80.2% (78.7%) worked in India, 4.5% (4.3%) in Estonia, 6.2% (7.3%) in the United Kingdom, 9.1% (9.6%) in Slovakia and 0.1% (0.1%) in Finland.

ESTONIAN FACTORY

Incap's factory in Kuressaare, Estonia focuses on versatile, technologically advanced, cost-efficient production. The factory is located close to the European markets, serving the company's global customer base.

The factory specialises in prototypes and pre-series, printed circuit board (PCB) assembly, volume production, final assembly, as well as after-sales services. The services include also controlled production ramp-ups and sourcing and purchasing.

Incap's Estonian factory has been operating since 2000 and covers 7,300 square metres. On 31 December 2022, the factory employed 127 persons.

INDIAN FACTORY

Incap's Tumkur factory in India specialises in the manufacturing of electronics and box-build products. The focus is on industrial customers such as automation, power generation and telecommunications companies. Customers represent mainly globally operating electronic device manufacturers, who may be established in Europe but have production facilities in Asia. In addition to the international customers, Tumkur also serves the Indian market.

The factory produces inverters, UPS devices and PCBs for fuel dispensers and sustainable energy products. Its services include PCB assembly and mass production, final assembly, design and production of prototypes, Design For Manufacturing feedback, testing, magnetic assemblies as well as cable harnesses.

Incap started EMS operations in India in 2007. On 31 December 2022, 2,258 people worked in the company's Indian factory. Incap has continued to expand the production capacity of its factory in Tumkur. After the latest expansion, the factory premises are now close to 18,000 square meters, and the third factory currently under construction will add approximately 8,500 square metres. Production ramp-up is planned to start at the end of the first quarter of 2023.

FACTORY IN THE UNITED KINGDOM

Incap's factory in Newcastle-under-Lyme in the United Kingdom has been serving the defence, security and space industries for over 20 years. The customers include global companies operating in Europe, Asia and North America.

The factory's services include PCB assembly, electromechanical assembly as well as cable and wire harness assemblies. The offering also includes maintenance, repair and overhaul services. The factory has also a separate unit specialising on quick manufacturing of prototypes and pre-series.

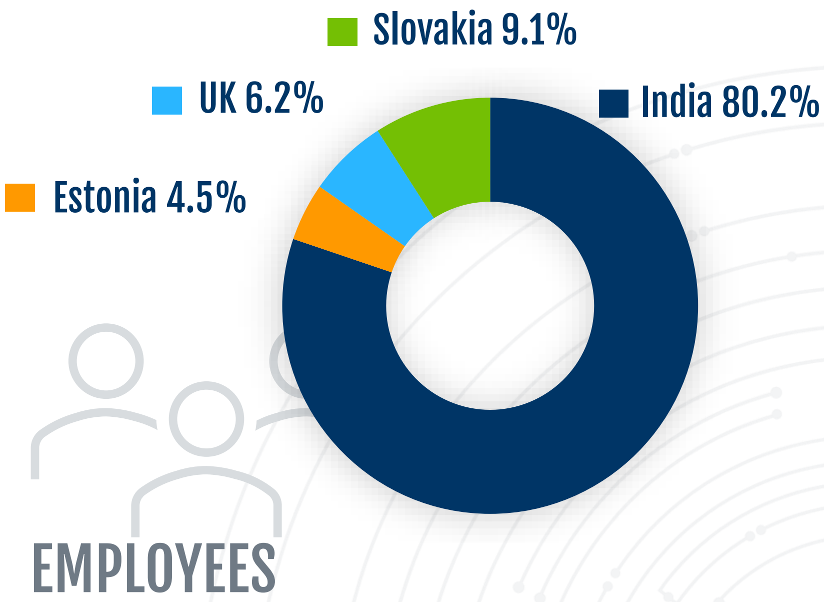
The factory has been operational since 1974 and it covers 4,400 square metres. On 31 December 2022, the factory employed 175 people.

SLOVAKIAN FACTORY

The customers of Incap's factory in Námestovo, Slovakia, are global companies operating in Europe and North America. Its geographical location enables effective service and deliveries to Western and Central European markets.

The factory's services include special PCB assembly, electromechanical assembly as well as cable and wire harness assembly. The factory also has volume production capacity and a dedicated hall for automotive business.

The Slovakian factory has experience of electronics manufacturing since 2008. The factory covers 5, 200 square meters, and on 31 December 2022, the factory employed 255 people.



> The strong growth in 2022 was supported by high demand for electronics and an all-time-high order book.

REPORT OF THE BOARD OF DIRECTORS FOR 2022

Incap Group is a trusted partner and full service provider in Electronics Manufacturing Services. As a global EMS company, Incap supports customers ranging from large multinationals and mid-sized companies to small start-ups in their complete manufacturing value chain. Incap offers state-of-the-art technology backed up by an entrepreneurial culture and highly qualified personnel. At the end of 2022, Incap had operations in Finland, Estonia, India, the United Kingdom, Slovakia and Hong Kong. The company's revenue in 2022 was EUR 263.8 million, and at the end of 2022, the company employed 2,817 people.

BUSINESS ENVIRONMENT

In 2022, the overall demand and market activity in the electronics manufacturing services (EMS) industry continued at a good level despite Russia's war against Ukraine and lockdowns 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 its 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 digitalization. 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.

REVENUE AND EARNINGS

Incap's financial performance developed well in 2022. The strong growth was supported by high demand for electronics and an all-time-high order book. In 2022, Incap's revenue increased 55% year on year, amounting to EUR 263.8 million (EUR 169.8 million). Comparable exchange rates affected revenue growth by 4 %.

Full year 2022 operating profit (EBIT) was EUR 38.9 million (EUR 26.0 million). Acquisition related purchase price allocation (PPA) amortization amounted to EUR 0.4 million (EUR 0.5 million) and non-recurring costs were EUR 0.6 million (EUR 0.3 million).

Adjusted operating profit (EBIT) was EUR 40.0 million (EUR 26.8 million) or 15.1% (15.8%) of revenue.

Personnel expenses grew 12.9% year on year, amounting to EUR 16.4 million or 6.2% of revenue (EUR 14.5 million, 8.5% of revenue). Other operating expenses were EUR 15.9 million (EUR 9.4 million) of which EUR 5.4 million (EUR 2.9 million) related to contract workers. Depreciation and amortization were EUR 3.8 million (EUR 3.3 million). Material expenses increased due to revenue growth and amounted to EUR 194.3 million or 73.7% of revenue (EUR 127.0 million equaling 74.8% of revenue).

Net financial expenses amounted to EUR 2.3 million (EUR 0.3 million). Net profit for the period totalled EUR 27.6 million (EUR 21.1 million). Earnings per share were EUR 0.94 (EUR 0.72).

INVESTMENTS

In 2022, Incap's factory-related investment cash flow totalled EUR 5.5 million (EUR 4.5 million) and was mainly related to the construction of the third 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 production ramp-up will start at the end of the first quarter of 2023.

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. As a contract manufacturer Incap manufactures and develops its customers products.

BALANCE SHEET, FINANCING AND CASH FLOW

Total assets in the balance sheet on 31 December 2022 stood at EUR 168.3 million (EUR 129.5 million). The Group's equity at the end of the financial period was EUR 87.4 million (EUR 62.9 million).

Liabilities increased from the comparison period to EUR 80.9 million (EUR 66.6 million). EUR 21.4 million thereof (EUR 11.3 million) were interest-bearing liabilities. Liabilities increased from the previous year due to payables related to material purchases and drawn downs of loans from financial institutions. Interest-bearing net debt was EUR 13.9 million (EUR 2.0 million).

The Group's non-current interest-bearing liabilities amounted to EUR 10.9 million (EUR 4.0 million) and non-current non-interest-bearing liabilities to EUR 2.2 million (EUR 2.5 million). Current interest-bearing liabilities were EUR 10.5 million (EUR 7.2 million). Out of the interest-bearing liabilities, EUR 4.8 million (EUR 4.6 million) are related to the Indian subsidiary. Other interest-bearing liabilities include EUR 9.2 million (EUR 2.9 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 31 December 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 0.5 and the equity ratio 53.6%.

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 2022, the company's financial position remained strong. Equity ratio increased to 53.6% (51.9%). Net gearing was 15.9% (3.2%).

On 31 December 2022, no deferred tax assets relating to the parent company's confirmed losses were recognized (EUR 0.4 million on 31 December 2021). EUR 0.2 million (EUR 0.3 million) is related to the Indian subsidiary.

The Group's cash position during the reporting period was good despite the investments in factories and the increasing net working capital. On 31 December 2022, the Group's cash and cash equivalents totalled EUR 7.6 million (EUR 9.2 million) and the company had unutilized credit lines amounting to EUR 4.9 million (EUR 9.4 million).

The Group's quick ratio was 0.7 (0.8), and the current ratio was 2.0 (1.7).

Inventory at end of 2022 totalled EUR 91.8 million (EUR 59.5 million). The growth in inventory was mainly caused by growth in business. Inventory values were also affected by the challenges in global logistics chains, increased prices and availability problems.

Cash flow from operations was EUR -0.8 million (EUR 9.7 million). Cash flow was impacted by the changes in net working capital.

Key ratios are also presented in financial statements in Five-Year Key Figures.

PERSONNEL

At the end of 2022, the number of personnel in Incap Group was 2,817 of which 1,816 were contractors (2,523 of which 1,523 were contractors). Of the personnel 80.2% (78.7%) worked in India, 4.5% (4.3%) in Estonia, 6.2% (7.3%) in the United Kingdom, 9.1% (9.6%) in Slovakia and 0.1% (0.1%) in Finland.

At the end of the year, 607 of Incap's personnel were women (554) and 2,210 were men (1,969). The average age of the personnel was 31 years (30). The average number of personnel during the year was 2,619 (2,165). The number of permanent personnel totalled 741 (709), and the number of fixed-term contracts was 2,076 (1,814).

MANAGEMENT AND ORGANISATION

Miroslav Michalik, Managing Director of Incap Electronics Slovakia, s.r.o., was appointed member of Incap Group's Management Team as of 1 April 2022.

Greg Grace, Incap's Director of Operations Estonia and Managing Director of Incap Estonia, left his position on 14 November 2022.

At the end of 2022, Incap's Management Team consisted of President & CEO, Otto Pukk; Director of Operations, India and Sales APAC, Murthy Munipalli; Director of Operations, U.K., Jamie Maughan; Director of Operations, Slovakia, Miroslav Michalik; and CFO Antti Pynnönen.

After the reporting period, Margus Jakobson, interim Managing Director of Incap Estonia, was appointed member of Incap Group's Management Team as well as Director of Operations Estonia and Managing Director of Incap Estonia as of 1 February 2023.

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.

QUALITY ASSURANCE AND ENVIRONMENTAL ISSUES

All Incap Group's business units have environmental management and quality assurance systems. Environmental management system in all business units complies with ISO 14001:2015, the quality assurance system complies with ISO 9001:2015, and the health and safety management system complies with ISO 45001:2018. All business units have also the ISO 13485/2016 quality certification for the manufacture of medical devices.

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.

In 2022, the Board convened 14 times and the attendance rate was 98%.

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.

CORPORATE GOVERNANCE

Incap Corporation is complying with the Corporate Governance Code of Securities Market Association. The company has released a report on the company's corporate governance in compliance with the Securities Market Act as a separate document. The report is also 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.

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.

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 31 December 2022 was 29,284,835 (31 December 2021: 29,246,635). In 2022, the share price varied between EUR 10.68 and EUR 17.62 (EUR 3.44 and 16.12). The closing price on 30 December 2022 was EUR 17.10 (30 December 2021: EUR 15.70). Comparison period figures are adjusted by share split in 2022. The market capitalisation on 31 December 2022 was EUR 500.8 million (EUR 459.2 million).

At the end of 2022, the company had 4,705 shareholders (4,605). Nominee-registered owners held 32.3% (20.4%) and foreign owners 7.7% (8.2%) of all shares. The company does not hold any of its own shares.

At the end of 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%).

FLAGGING NOTIFICATIONS

In 2022, Incap Corporation received the following shareholder announcements in accordance with Section 10 of Chapter 9 of the Securities Market Act.

On 10 November 2022, 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 decreased below the level of 5% as a result of share transactions concluded on 9 November 2022.

On 28 October 2022, 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 increased above the level of 5% as a result of share transactions concluded on 27 October 2022.

On 14 October 2022, 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 decreased below the level of 5% as a result of share transactions concluded on 13 October 2022.

On 14 January 2022, the company received a notification, according to which the holdings 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.

On 14 January 2022, the company received a notification, 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.

RELATED-PARTY TRANSACTIONS

In 2022, there were no significant related-party transactions.

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.

SUSTAINABLE DEVELOPMENT

This sustainable development section of the Report of the Board of Directors is based on Incap's corporate responsibility program, which is described in more details in Incap's Corporate Responsibility Report 2022.

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 considers the needs and expectations of its stakeholders.

As a basis for its corporate responsibility, the company has defined 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.

Description of business operations

Incap provides contract manufacturing services for electronics through its factories and organisation. Incap's services include procurement of materials, prototyping, production ramp-up, serial production, final assembly, testing and logistics. The company's manufacturing expertise also covers the final assembly into a finished product.

Incap's business serves the markets of Europe, North America, and the Asia-Pacific region. The company has factories in Estonia, India, Slovakia, and the United Kingdom, as well as sourcing operations in Hong Kong. In addition to the actual from order to delivery process, Incap's factories are also responsible for making offers and pricing in line with the Group's instructions. Group management also coordinates sales and procurement. Incap's efficient operating model is based on a decentralised organisation, where the manufacturing units operate independently and in an entrepreneurial spirit. The operating model enables faster decision-making, taking responsibility and agile response to customer needs and shorter lead times for customer products.

Social responsibility

Incap's social responsibility emphasises the well-being of employees and fair and ethical behaviour towards all stakeholders. Incap provides its employees equal opportunities and possibilities for further development. Incap wants to actively contribute to the sustainable development of its local communities.

Incap's Code of Conduct defines the ethical practices as well as fundamentals for fair treatment and conditions both internally and towards external stakeholders. It outlines how Incap's employees are expected to behave in their daily work and sets out the principles that help them make ethically sound decisions. In 2022, Code of Conduct training was organised for Incap's employees.

Incap strives to provide a safe and healthy workplace for all employees and takes adequate steps to prevent accidents and injuries. Incap expects everyone to respect and follow health and safety laws and regulations and to report all incidents, near miss cases, or health and safety risks. The goal is zero incidents. In 2022, there weren't any serious work-related incidents at Incap.

All Incap Group's business units have environmental management and quality assurance systems. Environmental management system in all business units complies with ISO 14001:2015, the quality assurance system complies with ISO 9001:2015, and the health and safety management system complies with ISO 45001:2018. All business units have also the ISO 13485/2016 quality certification for the manufacture of medical devices.

Developing personnel, promoting career paths and providing training opportunities play an important role in ensuring the motivation and wellbeing of Incap's employees. Incap arranges a broad range of training opportunities for its employees ranging from introductory training to process improvement and management related training. In 2022, average training hours per employee were 5.

Environmental responsibility

Incap is committed to operating in an environmentally friendly and responsible manner. In its operations, Incap focuses on efficient and sustainable use of resources and materials, which is achieved through continuous improvements of recycling rates, waste management and energy intensity.

To meet this commitment, Incap has implemented an Environmental Management System (EMS) certified in accordance with ISO 14001 requirements. Incap also complies with all relevant legal requirements to prevent pollution and reduce consumption of natural resources and materials. Incap's aim is to continuously develop and improve its processes to protect and preserve the environment.

In 2022, no violations of environmental laws or regulations were identified in Incap's operations.

To ensure efficient use of resources and minimise waste, Incap optimises the use of all raw materials in its manufacturing process. The focus is on improving recycling rates and waste management, which can be achieved by reducing waste of raw materials and line rejections. In 2022, the waste recycling rate was 90% (2021: 95%). Recycling rate for hazardous waste in 2022 grew to 45% (2021: 40%), and the recycling rate for non-hazardous waste decreased to 91% from 97% in 2021.

Incap strives to reduce its energy intensity by using modern technology and data, energy-efficient equipment, and through smart material flow and logistics. In 2022, Incap's energy consumption increased due to revenue growth to 9,573 MWh (7,379 MWh in 2021), but energy intensity decreased to 36 MWh/MEUR (43 in 2021).

In 2022, Incap calculated for the first time its CO2 emissions under Scope 1 and Scope 2. Major share of the CO2 emissions result from the use of electricity and energy at the factories. A minor share of CO2 emissions are generated as the result of company owned vans in daily operation as well as the back-up generation sets and LPG used for cooking at the cantine in India. In 2022, Incap's total CO2e emissions were 5,703 tons.

Respect for human rights and anti-corruption measures

Incap complies with the UN Universal Declaration of Human Rights, the UN Global Compact, the International Labour Organization's (ILO's) Declaration on Fundamental Principles and Rights at Work and OECD's Guidelines for Multinational Enterprises.

Incap does not use forced or child labour and the company promote equal opportunities and diversity. Incap respects the freedom of engagement, and the company does not tolerate any kind of harassment or bullying. Incap's business ethics focus on fair competition, zero-tolerance for corruption and bribery and prevention of money-laundering.

As part of Incap's support and respect for human rights, the company has also implemented a Conflict Mineral Policy. Incap is committed to ensure that its products and processes do not contain Conflict Minerals as defined by EU's Conflict Minerals Regulation and Section 1502 of the US Dodd-Frank Act regarding Conflict Minerals.

In 2022, there were no reported incidents of violation of the above-mentioned laws, regulations or principles.

DISCLOSURE ACCORDING TO THE EU TAXONOMY REGULATION

Incap has assessed the taxonomy eligibility based on the EU Sustainable Finance Taxonomy Delegated Act of 6 July 2021 and the Complementary Climate Delegated Act of 15 July 2022. A phased-in EU Taxonomy Regulation partially entered into force in 2021. The first Delegated Act covered the first two of the six environmental objectives: climate change mitigation and adaptation. In the reporting for 2021, the shares of turnover, capital expenditure and operational expenditure under the Delegated Act were disclosed. For 2021, an assessment of taxonomy alignment based on detailed technical screening criteria was not required.

The EU taxonomy regulation requires reporting for 2022 to assess taxonomy alignment so that taxonomy-eligible activities meet detailed technical assessment criteria, do not cause harm to other environmental objectives and comply with minimum social safeguards.

Taxonomy Eligible and Aligned Activities

Incap has assessed the taxonomy eligibility of its business based on the descriptions in Annex I (climate change mitigation) and Annex II (climate change adaptation) of the Climate Delegated Act as well as NACE codes. The EU Taxonomy Regulation will enter into force in phases. Incap's assessment of the taxonomy-eligibility of its operations may change with the new guidelines and regulations entering into force.

Incap is a full-service provider in Electronics Manufacturing Services providing material procurement, prototyping, production ramp-up, serial production, final assembly, testing and logistics. Further Incap's services include printed circuit board (PCB) assembly, box-build final assembly, electromechanical assembly and cable and wire harness assembly, among other things. Taxonomy eligibility of Incap's activities is assessed based on the final product to which Incap has delivered a specific solution. Thus, Incap activities are mainly considered as enabling activities. Incap does not have taxonomy aligned activities.

Incap has identified Taxonomy eligible activities contributing to climate change mitigation and climate change adaption as following:

- 3.1 Manufacture of renewable energy technologies
- 3.3 Manufacture of low carbon technologies for transport
- 4.9 Transmission and distribution of electricity
- 4.10 Storage of electricity
- 6.14 Infrastructure for rail transport
- 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings
- 8.1 Data processing, hosting and related activities

Turnover, CapEx and OpEx

The Taxonomy states that undertakings should explain how they have avoided double counting in the allocation of the amounts of Taxonomy-eligible turnover, CapEx and OpEx in the numerator of the relevant KPIs. Incap has classified revenue into separate eligible activities once. Revenue allocation has also been used as a basis on calculating OpEx and CapEx.

The revenue KPI denominator includes the total external revenue of Incap Group companies. The revenue KPI numerator includes external sales of taxonomy eligible activities. The CapEx KPI denominator covers additions to tangible and intangible assets before depreciations, amortisations and re-measurements or impairments and excluding goodwill. The CapEx numerator is the Taxonomy-eligible additions included in the denominator and calculated based on external revenue, separately for each eligible activity.

The OpEx KPI denominator covers non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment that are necessary to ensure the continued and effective functioning on such assets. OpEx excludes overheads, raw materials, cost of employees operating the machine, cost of managing research and development projects, or electricity, fluids or reagents needed to operate property, plant and equipment. The numerator includes Taxonomy-eligible operating expenditure included in the denominator and maintenance material, cost of employees repairing the machine, cost of employees cleaning the machine and IT dedicated to maintenance. Taxonomy-eligible OpEx is calculated based on external revenue, separately for each eligible activity.

Proportion of turnover associated with Taxonomy-aligned economic activities

EUR thousand				Substantial contribution criteria						DNHS criteria (Does Not Significantly Harm)									
	Code	Absolute turnover	Proportion of turnover	Climate changre mitigation	Climate change adoption	Water and marine resource	Circular economy	Pollution	Biodiversity and ecosystems	Climate changre mitigation	Climate change adoption	Water and marine resource	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned proportion of turnover	Category (enabling activity)	Category (transitional activity)
Economic Activities		**EUR**	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**Y/N**	**Y/N**	**Y/N**	**%**	**Y/N**	**Y/N**	**Y/N**	**%**	**E**	**T**
A TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
No aligned activity		0	0																
Turnover of environmentally sustainable activities (Taxonomy-aligned) A.1		**0**	**0**																
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of renewable energy technologies	3.1	172,614	65.4 %																
Manufacture of low carbon technologies for transport	3.3	7,142	2.7 %																
Transmission and distribution of electricity	4.9	446	0.2 %																
Storage of electricity	4.10	7,656	2.9 %																
Infrastructure for rail transport	6.14	170	0.1 %																
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	5,555	2.1 %																
Data processing, hosting and related activities	8.1	730	0.3 %																
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) A.2		**194,313**	**73.7 %**																
Total (A.1 + A.2)		**194,313**	**73.7 %**																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities (B)		69,449	26.3 %																
Total (A+B)		**263,763**	**100.0 %**																

Proportion of CapEx associated with Taxonomy-aligned economic activities

EUR thousand				Substantial contribution criteria						DNHS criteria (Does Not Significantly Harm)									
	Code	Absolute CapEx	Proportion of CapEx	Climate changre mitigation	Climate change adoption	Water and marine resource	Circular economy	Pollution	Biodiversity and ecosystems	Climate changre mitigation	Climate change adoption	Water and marine resource	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned proportion of turnover	Category (enabling activity)	Category (transitional activity)
Economic Activities		EUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	%	Y/N	Y/N	Y/N	%	E	T
A TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
No aligned activity		0	0																
CapEx of environmentally sustainable activities (Taxonomy-aligned) A.1		**0**	**0**																
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of renewable energy technologies	3.1	4,657	38.9 %																
Manufacture of low carbon technologies for transport	3.3	403	3.4 %																
Storage of electricity	4.10	867	7.2 %																
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	664	5.5 %																
Data processing, hosting and related activities	8.1	64	0.5 %																
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) A.2		**6,656**	**55.6 %**																
Total (A.1 + A.2)		**6,656**	**55.6 %**																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities (B)		5,321	44.4 %																
Total (A+B)		**11,977**	**100.0 %**																

Proportion of OpEx associated with Taxonomy-aligned economic activities

EUR thousand				Substantial contribution criteria						DNHS criteria (Does Not Significantly Harm)									
	Code	Absolute OpEx	Proportion of OpEx	Climate changre mitigation	Climate change adoption	Water and marine resource	Circular economy	Pollution	Biodiversity and ecosystems	Climate changre mitigation	Climate change adoption	Water and marine resource	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned proportion of turnover	Category (enabling activity)	Category (transitional activity)
Economic Activities		**EUR**	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**Y/N**	**Y/N**	**Y/N**	**%**	**Y/N**	**Y/N**	**Y/N**	**%**	**E**	**T**
A TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
No aligned activity		0	0																
OpEx of environmentally sustainable activities (Taxonomy-aligned) A.1		**0**	**0**																
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of renewable energy technologies	3.1	1,299	60.8 %																
Manufacture of low carbon technologies for transport	3.3	56	2.6 %																
Transmission and distribution of electricity	4.9	3	0.1 %																
Storage of electricity	4.10	66	3.1 %																
Infrastructure for rail transport	6.14	1	0.1 %																
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	49	2.3 %																
Data processing, hosting and related activities	8.1	7	0.3 %																
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) A.2		**1,481**	**69.4 %**																
Total (A.1 + A.2)		**1,481**	**69.4 %**																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities (B)		654	30.6 %																
Total (A+B)		**2,136**	**100.0 %**																

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. 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

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 risks 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 with the pandemic may change rapidly, 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.

Geopolitical tensions increased in Europe in 2022. 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. Lockdowns 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 2022, four biggest customers contributed to 74.3% (69.1%) of revenue. Out of the total customer base in 2022, 22 customers (21) 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.

FINANCIAL RISKS

The financial position of the company is good and the sufficiency of financing and working capital does not pose a significant risk.

In 2022, the company recorded credit loss provisions amounting to EUR 0.9 million and provisions for inventory write-offs amounting to EUR 0.3 million.

The value of the shares in subsidiaries in the parent company 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 2022 and indicators as of 31 December 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. The changes in the exchange rates between the currencies and the Euro may have a negative impact on Incap's revenue, equity ratio, 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. Also the amounts of paid indirect taxes are being investigated in India. At the end of 2022, the Group had a total provision of EUR 1.6 million booked in accordance with IFRIC 23 (evaluation of uncertain tax positions). The cases are 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, the current level of provision covers possible tax risks.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

After the reporting period, as of 1 February 2023, Margus Jakobson, interim Managing Director of Incap Estonia, was appointed member of Incap Group's Management Team as well as Director of Operations Estonia and Managing Director of Incap Estonia.

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.

OUTLOOK FOR 2023

Incap estimates that its revenue, operating profit (EBIT) and adjusted operating profit (EBIT) for 2023 will be higher than in 2022.

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

BOARD OF DIRECTORS' PROPOSAL FOR MEASURES RELATED TO PROFIT

The parent company's profit for the financial period totals EUR 7,576,634.51. The parent company's distributable assets total EUR 42,275,304,51.

Due to the growth strategy of Incap, the Board of Directors of Incap Corporation proposes to the Annual General Meeting that no dividend will be paid for the financial year 2022.

ANNUAL GENERAL MEETING 2023

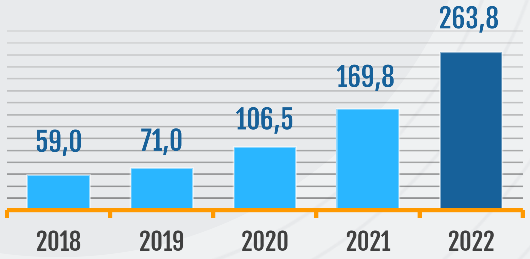
The Annual General Meeting of Incap Corporation is scheduled to be held on Thursday, 27 April 2023 in Helsinki. The notice to the Annual General Meeting will be published at a later date.

In Helsinki, 23 March 2023

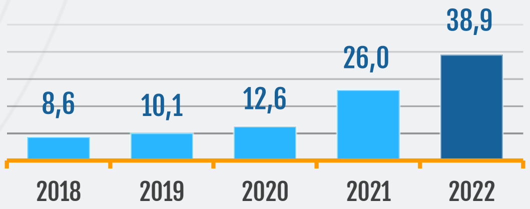
Incap Corporation
Board of Directors

KEY FIGURES

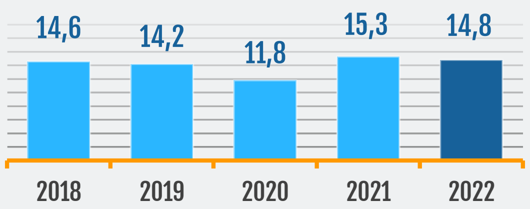
REVENUE, EUR MILLION



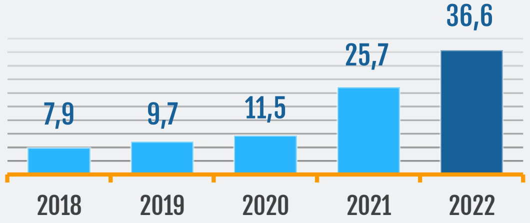
OPERATING PROFIT (EBIT), EUR MILLION



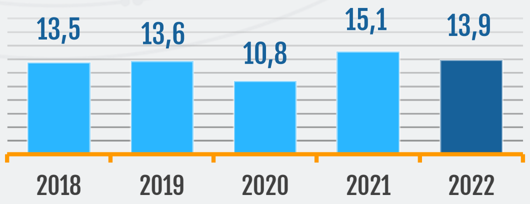
OPERATING PROFIT (EBIT), % OF REVENUE



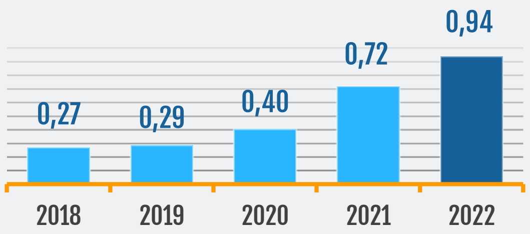
PROFIT BEFORE TAX, EUR MILLION



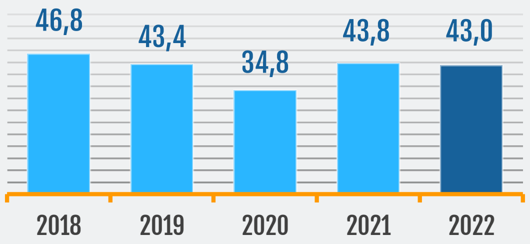
PROFIT BEFORE TAX, % OF REVENUE



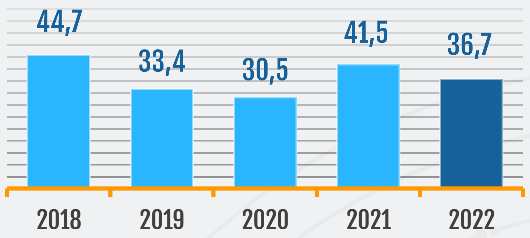
EARNINGS PER SHARE (EPS), EUR



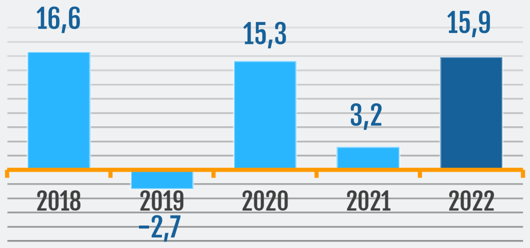
RETURN ON INVESTMENT (ROI), %



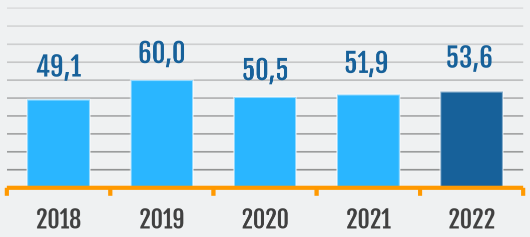
RETURN ON EQUITY (ROE), %



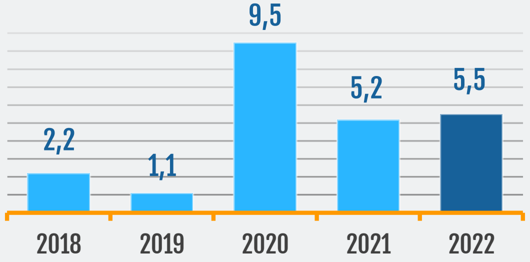
NET GEARING, %



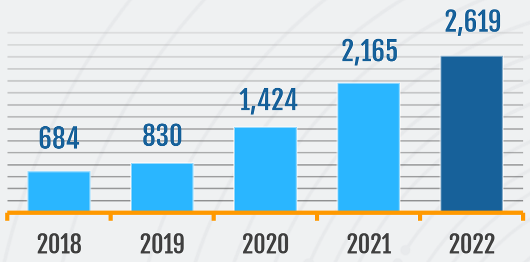
EQUITY RATIO, %



INVESTMENTS, EUR MILLION

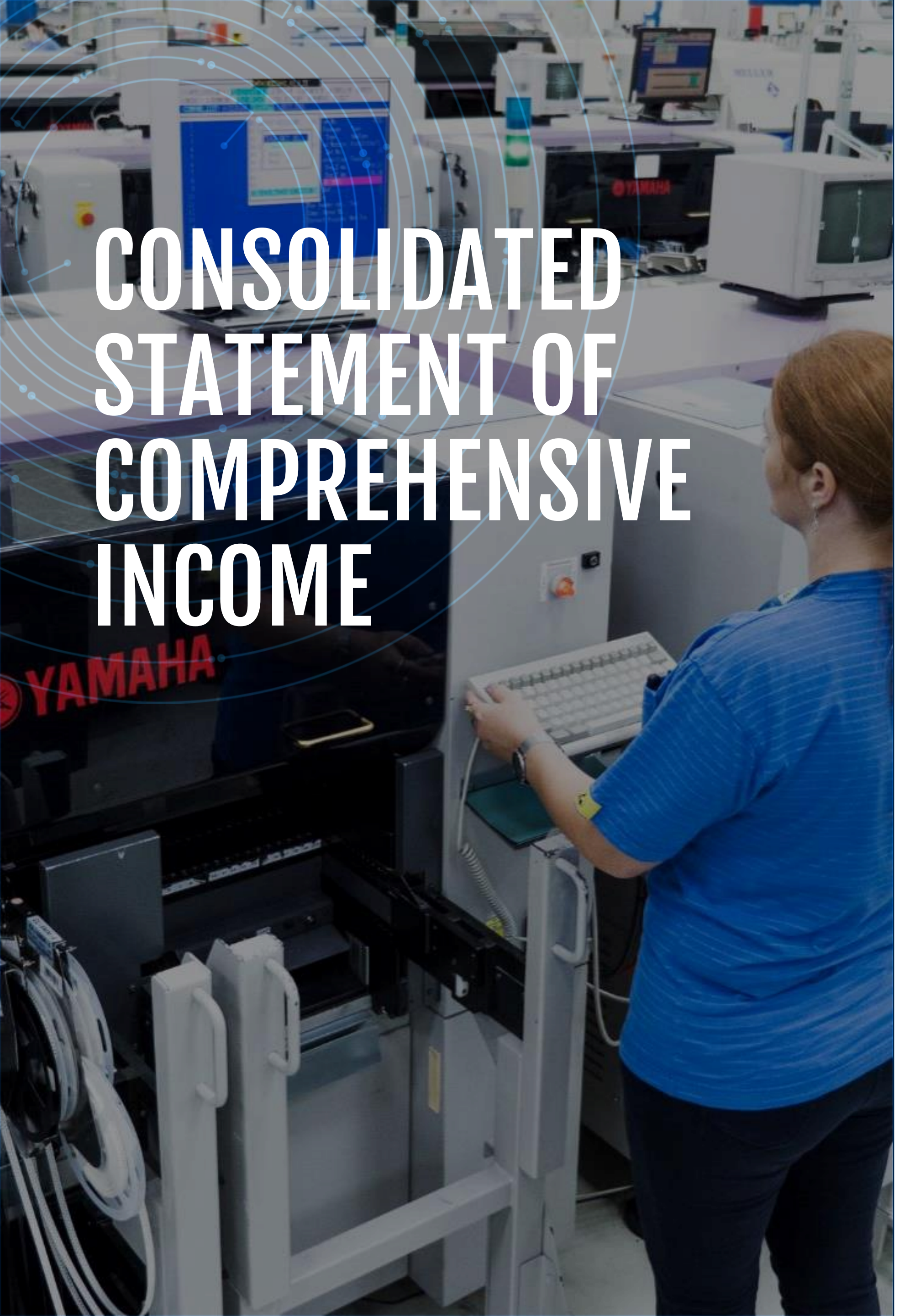


AVERAGE NUMBER OF PERSONNEL



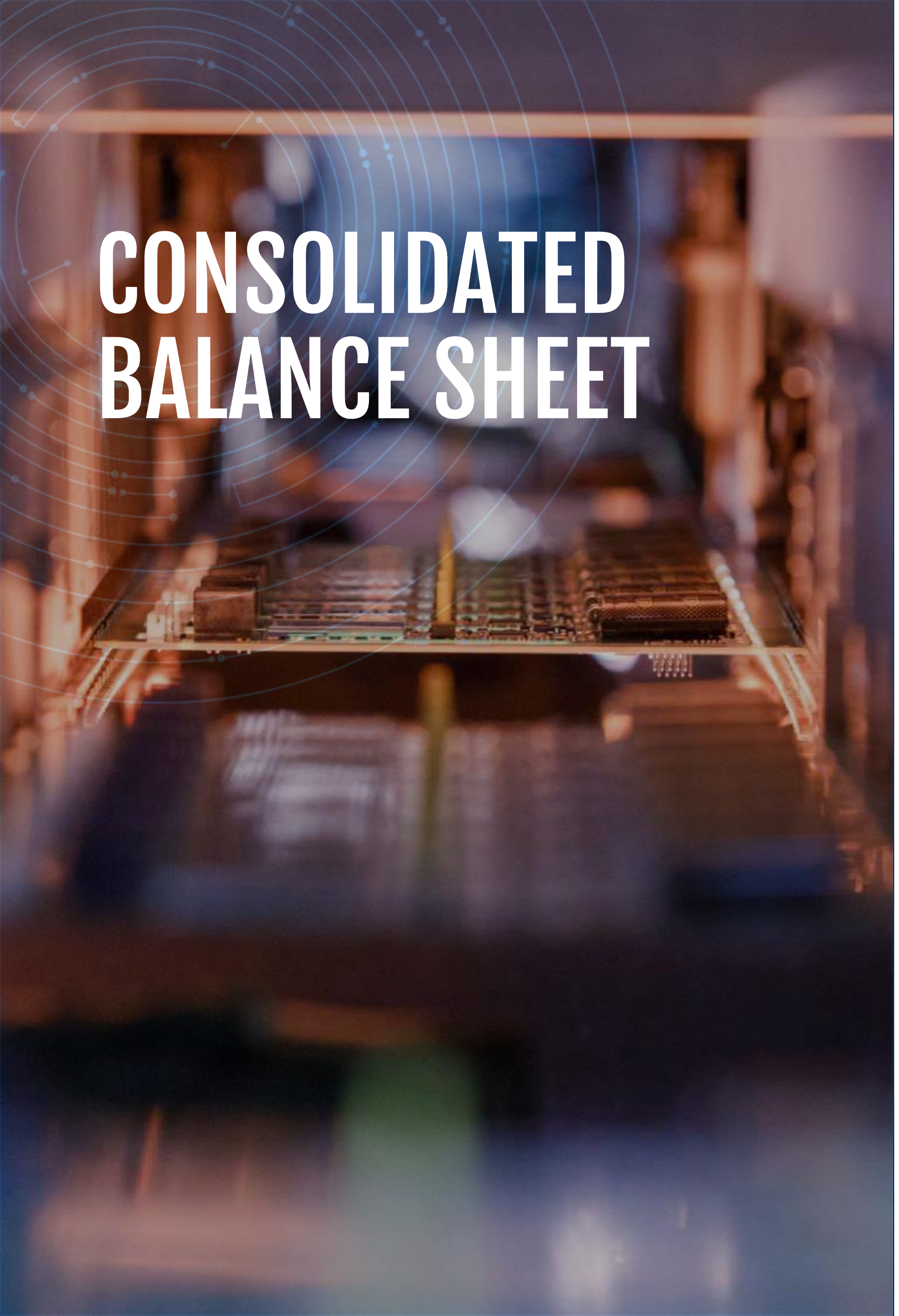
Incap offers state-of-the-art technology backed up by an entrepreneurial culture and highly qualified personnel.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME



1,000 euros	Note	1 Jan-31 Dec 2022	Restated 1 Jan-31 Dec 2021
Revenue	3	263,763	169,787
Other operating income	4	679	200
Changes in inventories of finished goods and work in progress		4,897	10,232
Raw materials and consumables used	5	-194,330	-127,032
Personnel expenses*)	8	-16,381	-14,509
Depreciation and amortisation	7	-3,827	-3,286
Other operating expenses*)	6	-15,859	-9,419
Operating profit		**38,942**	**25,974**
Financial income	9	385	844
Financial expenses	9	-2,701	-1,098
Profit before tax		**36,627**	**25,721**
Income tax	10	-9,032	-4,662
Profit for the year		**27,595**	**21,059**
Consolidated statement of comprehensive income			
Other comprehensive income:			
Items that are not transferred to the statement of income			
Revaluation of employee benefits		54	15
Items that may be reclassified subsequently to profit or loss			
Translation differences from foreign units		-3,328	2,470
Other comprehensive income, net		**-3,274**	**2,485**
Total comprehensive income		**24,321**	**23,544**
Total comprehensive income attributable to:			
Equity holders of the parent company		24,321	23,544
Earnings per share from profit for the year attributable to equity holders of the parent			
Basic earnings per share	11		
Earnings per share		0.94	0.72
Diluted earnings per share	11		
Earnings per share		0.94	0.72
Average number of shares, adjusted for share issues:			
basic		29,269,843	29,254,048
diluted		29,297,517	29,292,248

*) The company has reclassified contract worker related personnel expenses amounting to EUR 2.9 million to other operating expenses in 2021.



CONSOLIDATED BALANCE SHEET

1,000 euros	Note	31 Dec 22	31 Dec 21
ASSETS			
Non-current assets			
Property, plant and equipment	12	13,476	10,115
Right-of-use assets	12	6,893	3,736
Goodwill	13	7,178	7,547
Other intangible assets	13	4,026	4,517
Other financial assets	14	4	4
Deferred tax assets	15	362	852
Other receivables	17	614	346
Total non-current assets		**32,553**	**27,117**
Current assets			
Inventories	16	91,798	59,467
Trade and other receivables	17	36,416	33,654
Cash and cash equivalents	18	7,559	9,249
Total current assets		**135,773**	**102,371**
Total assets		**168,326**	**129,488**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent	19		
Share capital		1,000	1,000
Exchange differences		-5,487	-2,159
Unrestricted equity reserve		22,184	22,185
Retained earnings		69,728	41,867
Total equity		**87,426**	**62,893**
Non-current liabilities			
Borrowings	22	5,428	1,363
Lease liabilities	22	5,222	2,351
Deferred tax liabilities	15	624	851
Employee benefit obligations	22	280	312
Other liabilities	23	1,619	1,619
Total non-current liabilities		**13,173**	**6,496**
Current liabilities			
Trade and other payables	23	56,708	52,435
Borrowings	22	8,898	5,754
Lease liabilities	22	1,616	1,484
Employee benefit obligations	22	57	59
Other liabilities	23	449	368
Total current liabilities		**67,727**	**60,099**
Total liabilities		**80,900**	**66,595**
Total equity and liabilities		**168,326**	**129,488**

CONSOLIDATED CASH FLOW STATEMENT

1,000 euros	Note	1 Jan-31 Dec 2022	1 Jan-31 Dec 2021
Cash flow from operations			
Operating profit, in total		38,942	25,974
Adjustmets to operating profit	26	4,539	4,530
Change in working capital			
Change in current receivables		-5,416	-7,775
Change in inventories		-35,589	-34,615
Change in current liabilities		4,752	26,634
Interest paid		-857	-557
Interest received		12	9
Tax paid and tax refund		-7,192	-4,530
Cash flow from operations		**-808**	**9,669**
Cash flow from investing activities			
Capital expenditure on tangible and intangible assets		-5,465	-4,520
Proceeds from sales of tangible and intangible assets		45	
Acquisition of subsidiary less cash at the date of acquisition			-650
Cash flow from investing activities		**-5,420**	**-5,170**
Cash flow from financing activities			
Drawdown of loans		16,288	6,886
Repayments of loans		-9,843	-4,725
Right-of-use asset payments	28	-1,385	-1,356
Cash flow from financing activities		**5,060**	**805**
Change in cash and cash equivalents		**-1,169**	**5,304**
Cash and cash equivalents at beginning of period		9,249	3,899
Effects of changes in exchange rates		-522	46
Cash and cash equivalents at end of period	18	**7,559**	**9,249**

CONSOLIDATED STATEMENT IN CHANGES OF EQUITY

1,000 euros	Share capital	Unrestricted equity reserve	Translation differences	Retained earnings	Total equity
Equity at 1 January 2022	**1,000**	**22,185**	**-2,159**	**41,867**	**62,893**
Profit for the period				27,595	**27,595**
Other comprehensive income			-3,328	54	**-3,274**
Total comprehensive income			**-3,328**	**27,649**	**24,321**
Other changes[1]		-1		101	**101**
Transactions with the owners[2]					
Employee share schemes – value of employee services				111	**111**
Equity at 31 December 2022	**1,000**	**22,184**	**-5,487**	**69,728**	**87,426**

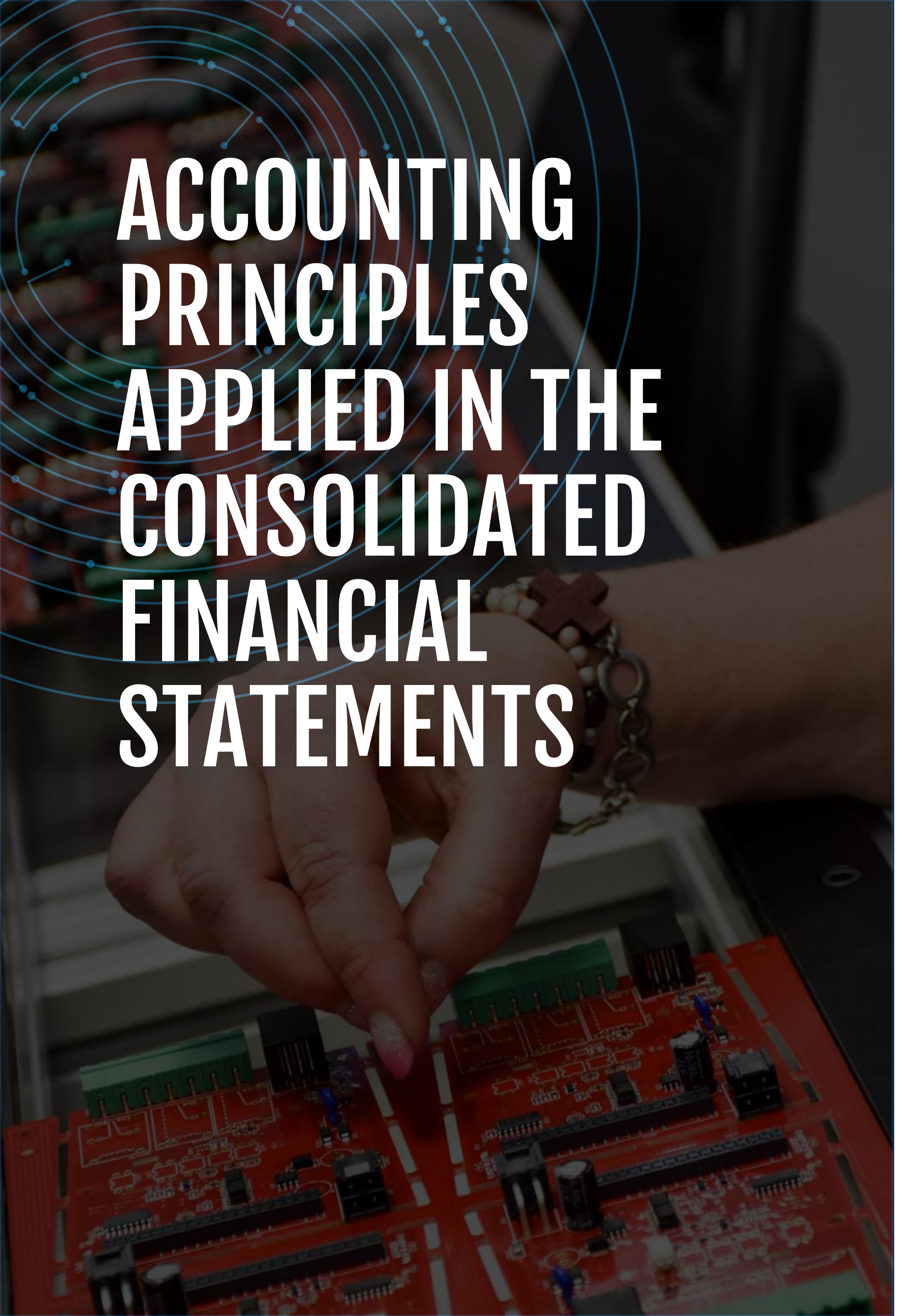
1,000 euros	Share capital	Unrestricted equity reserve	Translation differences	Retained earnings	Total equity
Equity at 1 January 2021	**1,000**	**21,491**	**-4,629**	**20,719**	**38,580**
Profit for the period				21,059	**21,059**
Other comprehensive income			2,470	15	**2,485**
Total comprehensive income			**2,470**	**21,074**	**23,544**
Other changes[1]				-6	**-6**
Transactions with the owners[2]					
Contributions of equity net of transaction costs and taxes		694			**694**
Employee share schemes – value of employee services				81	**81**
Equity at 31 December 2021	**1,000**	**22,185**	**-2,159**	**41,867**	**62,893**

[1] Information on Other changes is presented in Note 19

[2] Information on transaction with owners is presented in Note 10

The long-term perspective for EMS business remains positive.

ACCOUNTING PRINCIPLES APPLIED IN THE CONSOLIDATED FINANCIAL STATEMENTS



BASIS OF PREPARATION

Incap Group's financial statements have been prepared in accordance with International Financial Reporting Standards in conformity with the IAS and IFRS standards and SIC and IFRIC interpretations in force at the balance sheet date, 31 December 2022. The notes to the consolidated financial statements also comply with Finnish accounting and company legislation. The ESEF (European Single Electronic Format) information in the consolidated financial statements has not been assured by the auditors.

The financial statements in the official compiled version are presented in unabbreviated form to an accuracy of two decimals. In the Annual Report, the financial statement data is presented in thousands of euros.

The preparation of financial statements in accordance with IFRS standards requires certain estimates by Group management as well as for management's judgement in applying accounting policies. Estimates with greatest impact on the financial statement figures are presented in the note "Accounting policies requiring management's judgement and key sources of estimation uncertainty."

BUSINESS COMBINATIONS

Business combinations are accounted by applying the acquisition method. The acquisition costs are recognised as an aggregate of the consideration transferred measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination the group selects, whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are recognised in profit or loss in the periods in which they are incurred, and the services are received.

When the group acquires a business, it classifies and designates the liquid assets and liabilities assumed based on the contractual terms, economic conditions and other pertinent conditions as they exist at the acquisition date.

A potential contingent consideration is recognised at the acquisition date fair value. The contingent consideration classified as an asset or a liability, meeting the criteria of a financial instrument in accordance with IFRS 9, is measured at fair value at each reporting date and changes are recognised in profit or loss. If the contingent consideration is not within the scope of IFRS 3, it is measured in accordance with other applicable IFRS standard. A contingent consideration classified as an equity instrument is not to be remeasured and its subsequent measurement will be accounted for within equity.

Goodwill is initially measured at acquisition cost, which is proportionate to the amount, for which the aggregate of the consideration transferred and the amount of any non-controlling interest in the acquiree exceed the proportionate share of the recognised identifiable net amount of the acquired assets and liabilities assumed. If the fair value of the acquired identifiable net assets exceeds the aggregate consideration transferred, the group reassesses whether it has correctly identified all of the acquired assets and liabilities assumed, and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the fair value of the net assets, even after reassessment, exceeds the aggregate consideration transferred, the profit is recognised in profit or loss.

After the initial recognition, goodwill is measured at amortised cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units, that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

When goodwill is allocated to the cash-generating unit and a portion of the unit's business is disposed, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. In these situations, the goodwill is measured on the basis of the relative values of the operation disposed of and the portion of the cash generating unit retained.

TRANSLATION OF ITEMS DENOMINATED IN FOREIGN CURRENCY

Separate companies

Transactions denominated in foreign currency are recorded in the functional currency using the exchange rate on the date of the transaction. Balance sheet items denominated in foreign currency are translated to the functional currency using the exchange rates at the balance sheet date.

Gains and losses resulting from transactions denominated in foreign currency and the translation of balance sheet items are recorded in the income statement. Exchange gains and losses resulting from operations are recorded in other operating income and expenses, above operating profit. Exchange gains and losses resulting from loans denominated in foreign currency are recorded under financial income and expenses.

Group

Figures relating to the profit and financial position of Group units are measured in the main functional currency of each unit. Incap Group's financial statements are presented in euros, which is the functional and presentation currency of the Group's parent company.

The income and expense items in the income statements of foreign Group companies have been translated to euros using the average exchange rate during the year, and their balance sheets using the exchange rates at the balance sheet date. The translation of the profit for the financial year using different exchange rates in the income statement and the balance sheet results in an exchange difference, which is recorded as translation differences in the consolidated statement of other comprehensive income. The exchange differences arising from the elimination of the acquisition cost of foreign subsidiaries and equity items accumulated after the acquisition are recorded as translation differences in the consolidated statement of other comprehensive income.

Currency rates used in financial statements 2022

	EUR/INR	USD/INR	EUR/HKD	EUR/USD	EUR/GBP
Average rate	82.7154	78.6045	8.2515	1.0539	0.8526
Year-end rate	88.1710	82.7862	8.3163	1.0666	0.8869

Property, plant and equipment

Property, plant and equipment are measured at original cost less accumulated depreciation and impairment losses. Property, plant and equipment are depreciated using the straight-line method over their estimated useful life. The estimated useful lives of assets are the following:

- Buildings 18–24 years
- Machinery and equipment 3–10 years
- Motor vehicles 3–5 years

According to the IFRS16 Leases standard, right-of-use assets are depreciated on a case by case basis based on the length of each lease contract period.

The residual value of assets and their useful lives are reviewed at each balance sheet date and, if necessary, are adjusted to reflect changes that have occurred in the expectations for an asset's economic benefits. Subsequent costs are included in the carrying amount of an item of property, plant and equipment only when it is probable that future economic benefits from the asset will flow to the Group. Other repair and maintenance expenses are recognised as an expense as they arise.

Depreciation of an item of property, plant and equipment ceases when the asset is classified as for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Non-current assets held for sale are measured at the lower by carrying amount or by the fair value less the selling expenses. Depreciations on assets held for sale have been ceased at the date of classification.

Capital gains and losses on the retirements and disposals of property, plant and equipment are recorded either in other operating income or expenses.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Government grants

Government grants are recognised when there is reasonable assurance that the grant is received and that the Group will comply with the attached conditions. Government grants are recognised in profit or loss on a systematic basis over the periods that the related costs, for which they are intended to compensate, are expensed. When the grant relates to an asset, it is recognised in profit or loss on a straight-line basis over the useful life of the asset.

Intangible assets

Goodwill is the proportion of the acquisition cost which exceeds the Group's share of the fair value of the net asset value of a company at the date of acquisition.

Goodwill and other intangible assets with an indefinite useful life are not amortised but are tested annually for any impairment. The testing involves the allocation of goodwill to units generating cash flow and the measurement at cost less impairment losses. Research and development expenditure is recorded as an expense in the income statement.

An intangible asset is recorded in the balance sheet only if the cost of the asset can be determined reliably and it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity. Intangible assets are recorded in the balance sheet at cost and amortised in the income statement over their known or estimated useful life.

Incap Group's purchase price allocation related intangible assets are amortised in the following way: customer relationships over 12 years, orderbook in 1 year and inventory in 6 months.

Inventories

Inventories are measured at the lower of acquisition cost or net realisable value. Cost is determined using the weighted average cost method. The cost of finished and semi-finished products comprises raw materials, direct labour expenses, other direct expenses as well as fixed and variable production overheads, based on the normal capacity of the production facilities.

The net realisable value is the estimated selling price of the asset less the estimated costs incurred in bringing the product to its present condition and selling expenses. The company evaluates annually the inventory realisable and usable value and makes write-downs if required.

LEASES

The Group as lessee

Incap is operating as a lessee. The group leases e.g. office premises and production machinery. The lease contracts are mainly fixed-term agreements for which the lease-term ends within 5 years of the date of the initial application.

Many of the Group’s lease contracts include extension and termination options. In assessing whether to exercise these options, the Group applies judgements by considering all the factors, which have an impact on the economic benefit received by the Group from extension or termination of a contract. Fixed-term contracts, which have an extension option to continue on current contract terms without separate notification from the lessee, are assessed to end at the end-date of the initial fixed lease term.

The group recognises a right-of-use asset from the lease contracts and a lease liability from the lease payments. The group utilises the short-term and low value lease exemptions for lease contracts and recognises these as expenses in other operating expenses. The lease contracts as presented as depreciation and interest expense in profit or loss. Lease calculations have been carried out using discount rates varying between 3.5% and 5.6%. The discount rate is defined as incremental borrowing rate.

Impairment

At each balance sheet date, Incap Group assesses whether there is any indication that the value of an asset item may be impaired. If any such indication exists, the asset item is tested for impairment to assess its recoverable amount. Impairment testing is done at the lowest possible unit level which is independent of other units and whose cash flows can be distinguished from the other cash flows of the entity.

An impairment loss is recorded when the carrying amount of an asset item is greater than its recoverable amount. The recoverable amount is the higher of an asset’s net selling price and its value in use. Value in use refers to the estimated discounted cash flows obtainable from referred asset item or cash-generating unit.

An impairment loss is recognised in profit or loss. If an impairment loss is allocated to a cash-generating unit, it is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and thereafter to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss is reversed if the recoverable amount of the asset has changed since the last impairment loss was recognised. An impairment loss is not, however, reversed to an extent greater than what the carrying amount of the asset would have been without the recording of the impairment loss.

Incap Group’s goodwill is tested annually. An impairment loss recorded on goodwill is not reversed under any circumstances.

EMPLOYEE BENEFITS

Incap reports personnel expenses relating to contract workers in other operating expenses. The company has reclassified contract worker related personnel expenses amounting to EUR 2.9 million to other operating expenses in 2021.

Pension obligations

Incap Group’s pension plans are classified as defined-benefit and defined-contribution plans. Payments made for defined contribution plans are recognised as an expense in the income statement for the period which the debit concerns. The obligations of defined-benefit plans concerning the Indian unit are calculated separately for each plan using the projected unit credit method. Pension costs are recorded as an expense for the duration of employees’ period of service on the basis of actuarial calculations carried out by authorised actuaries. Obligations have been discounted using a discount rate of 7.55% and the interest is recognized in pension expenses. Costs arising from revaluation of obligations relating to defined benefit plans are recognized in the consolidated statement of other comprehensive income.

SHARE-BASED PAYMENTS

Incap Group has applied IFRS 2 Share-based Payments to all share-based payments. Warrants are measured at fair value at the time they are granted and entered as an expense in the income statement in even instalments during the vesting period. The expense determined at the moment of granting the share-based payment is based on Incap Group’s estimate of the amount of share based payments that will vest at the end of the vesting period.

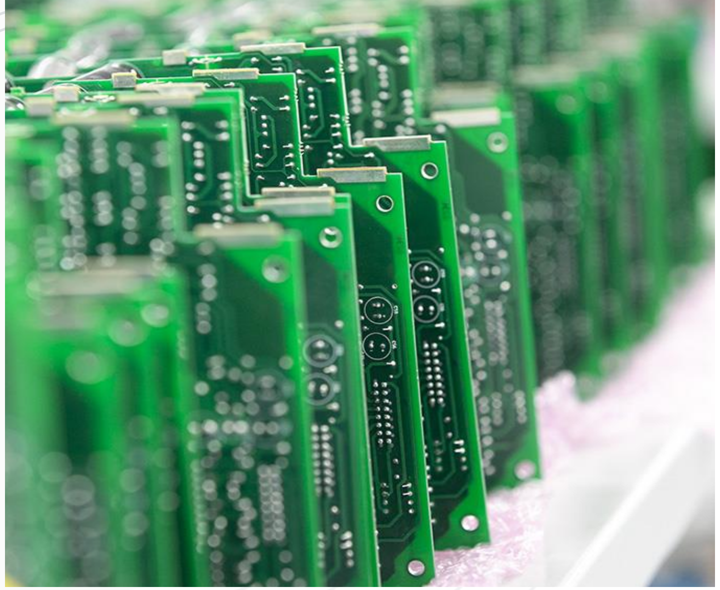
Incap Group updates the estimate of the final amount of share-based payments at each balance sheet date. Changes in the estimates are recorded in the income statement. When granted share-based payments are exercised, the cash payments received on the basis of share subscriptions (adjusted for any transaction expenses) are recognised in equity and invested non-restricted equity reserve.

The expense from equity-settled share-based payment transactions is measured with a grant date fair value for rewards by using an appropriate model. The expense is recognised as an employee benefit expense and as a corresponding increase in the equity (other equity funds) within the period when the service is received, and if applicable, when the settlement conditions are fulfilled (within the vesting period). The cumulative expense of the equity-settled share-based payment transactions at each reporting date, within the vesting period, reflects the amount that is based on the Group’s best estimate of the share-based payment arrangements that existed at any time during the reporting period and are expected to vest. The expense during the reporting period is recognised in profit or loss, and it reflects the amount of cumulative change between the beginning and the end of the period.

Service conditions or non-market performance conditions are not recognised in the grant date fair value, but the probability of meeting the vesting conditions is assessed based on the best available estimate of the total number of equity instruments that will vest. Market conditions are taken into account in the grant date fair value. All other terms and conditions, which relate to the share-based payment, but which do not include a performance condition, are considered as non-vesting conditions. Non-vesting conditions are included the fair value of the share-based payment and are recognised immediately as expenses, unless they include an additional service or performance condition.

The expense is not recognised, if the share-based payment does not vest due to a failure to fulfill non-market vesting conditions. When the payment involves a market condition or non-vesting condition, the transactions and rights are considered to be vested regardless of the fact, whether the market conditions or no-vesting conditions are fulfilled if all other vesting conditions and/or performance conditions are satisfied.

If the terms of equity-settled share-based payments are modified, the minimum recognised expense comprises of grant date fair value based on unmodified terms, provided the specified vesting conditions of the original terms are met. An additional expense, that increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee, is recorded at the date of the modification. If the share-based payment transaction is cancelled, the net fair value of the cancellation or settlement is recognised immediately.



PROVISIONS

Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event, it is probable that a payment obligation will be realised and the amount of the obligation can be estimated reliably. Provisions are measured at the present value of the obligation.

INCOME TAXES

Income tax in the income statement comprises taxes on taxable income for the period and deferred taxes. Taxes on the profit for the financial year are calculated on taxable income on the basis of the tax rate in force in each country. Taxes are adjusted for taxes for previous periods.

Deferred taxes have been calculated by applying the tax rates in force by the balance sheet date. A tax asset is recognised to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilised.

REVENUE RECOGNITION

Incap provides contract manufacturing services for electronics through its factories and organisation. Incap's services include procurement of materials, prototyping, production ramp-up, serial production, final assembly, testing and logistics. The company's manufacturing expertise also covers the final assembly into a finished product.

Revenue recognition from the sale of goods is recorded according to IRFS 15. Revenue is recognised when control is transferred at a point in time. The company satisfies its performance obligation when control is transferred to the customer, typically at delivery according to delivery terms. Payment terms vary between customers and are typically between 14-90 days.

The company's revenue stream consists of sales of products where one product forms one performance obligation. Existing customer contracts have no obligations of after marketing, installation, maintenance or any other performance obligations that customer could benefit on stand-alone basis.

DISCONTINUED OPERATIONS

There were no discontinued operations in the financial years 2022 and 2021.

FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Incap's financial assets are classified to financial assets at amortised cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss. The classification is based on the Group's business model for holding the financial assets and on the contractual cash flows characteristics of the financial assets. Transaction costs are included to the initial recognition value of the financial assets, when the financial instrument is not classified to be measured at fair value through profit or loss. All transactions in relation to financial assets are recognised at trade date.

Financial asset is classified to be measured at amortised cost, if the business model of holding the financial asset is for collection of contractual cash flows, and the cash flows from financial asset occur on specific dates as specified by the contract terms and conditions, which are solely payments of principal and interest for remaining principal. Financial assets classified at amortised cost by the Group include loan receivables, trade and other receivables, deposits and cash and cash equivalents. Trade receivables do not include significant financing components and they are measured at transaction cost in accordance with IFRS 15. Financial assets are de-recognised, when the Group's rights to contractual cash flows expire or when it has transferred substantially all of the risks and rewards of the ownership of the financial asset outside the Group. The Group does not have financial instruments classified to be measured at fair value.

The Group's financial liabilities are mainly relating to consideration payable for business acquisitions, trade and other payables, and bank loans. Financial liabilities are initially recognised at fair value, which is the amount of cash received less any directly attributable transaction costs. After initial recognition, the financial liabilities are subsequently measured at amortised cost. Financial liabilities are included to both long-term and short-term liabilities, and they can be interest-bearing or non-interest-bearing liabilities.

Financial liabilities are de-recognised, when the contractual obligation is discharged, cancelled or it expires.

Cash and cash equivalents consist of cash, bank deposits that can be drawn on demand and other short-term, highly liquid investments. Items classified as cash and cash equivalents have a maximum maturity of three months from the date of acquisition.

Financial liabilities are initially recognised at fair value based on the consideration received.

IMPAIRMENT OF FINANCIAL ASSETS

The increase of credit risk is assessed at each reporting date for financial assets at amortised cost. The applied method is determined based on a potential increase in the credit risk. When credit risk has not notably increased, the credit loss provision is based on a 12-month expected credit losses.

The Group estimates on a case-by-case basis at each reporting date, whether there is any objective evidence that its financial asset or a class of financial asset is impaired. The factors causing impairment may include i.e. counterparty's economic difficulties.

The assessment of the Group's credit loss provision is based on a lifetime expected credit losses from trade receivables in accordance with IFRS 9. The Group has not previously recognised material credit losses. The recognition of expected credit losses from trade receivables is based on historical credit losses. The expected credit losses are measured by multiplying the balance of unpaid trade receivables by the expected credit loss rate for each ageing category.

ACCOUNTING POLICIES REQUIRING MANAGEMENT'S JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

When financial statements are prepared, future scenarios and assumptions have to be made, the outcomes of which may differ from the original scenarios and assumptions. Judgement is also used in applying the accounting policies. In the consolidation of business operations, the Group has used external consultants when assessing the fair values of property, plant and equipment and intangible assets. Concerning property, plant and equipment, Incap has made comparisons with the market prices of similar products and assessed any impairment resulting from the age and wear of the assets and other similar factors affecting them. The determination of the fair value of intangible assets is based on estimates of cash flows related to the assets. It is the view of the management that the estimates and assumptions used are sufficiently accurate as a basis for the determination of fair value. The Group furthermore examines any indications of impairment on property, plant and equipment and intangible assets at least at every balance sheet date.

Estimates made in connection with the preparation of the financial statements are based on the management's best knowledge at the balance sheet date. The estimates take into account previous experiences and assumptions which concern the future, are considered the most probable at the balance sheet date and are related to the expected development of the Group's financial operating environment in terms of sales and cost levels. The management's judgement and estimates have been used when testing goodwill and deferred tax assets. Changes are monitored on a regular basis using internal and external information sources, and potential changes in estimates and assumptions are recorded during the financial year when they are revised, and during all financial years thereafter.

The Group continuously assesses and monitors the amount of financing required for business operations so that the Group would have sufficient liquid assets to finance its operations and repay loans that mature. The aim is to guarantee the availability and flexibility of financing through overdraft facilities and other forms of financing.

In order to evaluate liquidity, Incap has prepared a 12-month cash flow estimate that is based on the Group's budget for 2023 Based on the cash flow estimate Incap does have sufficient working capital for the company's needs for the forthcoming 12 months.

Because the forecasts that form the basis of the cash flow calculation have previously deviated from the forecasts, there is an element of uncertainty associated with them.

IMPAIRMENT TESTING

Incap Group tests goodwill for impairment annually. The testing is based on a cash flow estimate prepared on the basis of the budget and the business plan for forthcoming four-year period ratified by the management. Discount rate after taxes, forecast operating profit before depreciation and change in working capital are used as the key factors. The discount rate is comprised of industry risk, interest on liabilities and country-specific risk. The discount rate factors are updated annually in connection with the testing using information received from the market. On the basis of the calculations, there are no indications of impairment of goodwill and other intangible assets with an indefinite useful life. This has been verified in calculations concerning recoverable amount.

The recoverable amounts used in the impairment test calculations are determined on the basis of value in use. The cash flow forecasts are based on the budget for the next financial period and four-year business plan prepared by the management and approved by the Board of Directors.

The impairment of other assets is evaluated annually as described above under Impairment. The recoverable amounts of cash-generating units have been determined by way of calculations based on the value in use. These calculations require the use of estimates.

DEFERRED TAX ASSET

Deferred tax assets and liabilities are recognised using the liability method for all temporary differences arising from the difference between the tax basis of assets and liabilities and their carrying values. Deferred tax is not recognised for non-deductible goodwill and for differences in investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

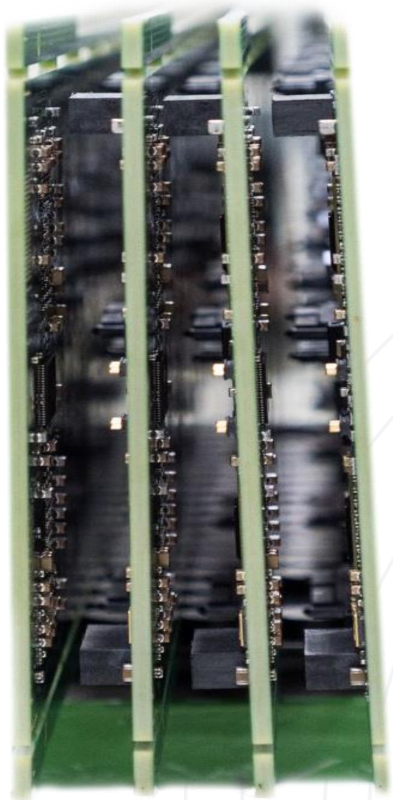
Deferred tax assets have been recognised to the extent that is considered to be possible to utilise against future taxable income.

SEGMENT INFORMATION

Incap Group does not have business or geographical segments which should be reported according to IFRS 8. The risks and profitability related to the Group's different business and geographical areas do not differ significantly from each other. The company's management regularly assesses future changes and, consequently, the possible formation of segments.

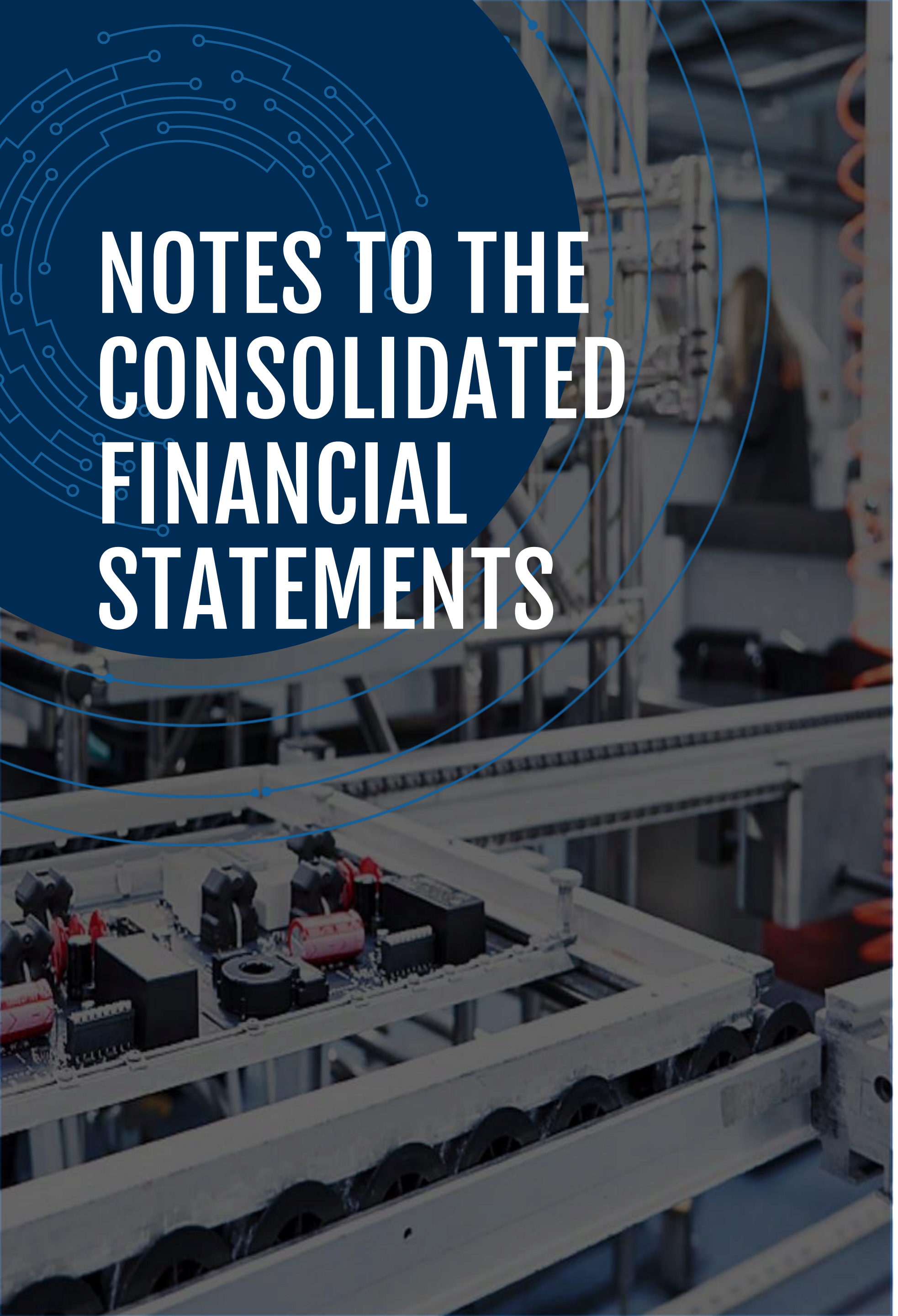
APPLICATION OF NEW OR AMENDED IFRS STANDARDS

The Group has taken into consideration the new standards and interpretations published during the reporting period by the IASB and will introduce them in future accounting periods as they enter into force. The Group estimates that the new standards and interpretations will not have a material effect on the Group's financial statements in coming years.



> All Incap Group's business units have environmental management and quality assurance systems.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



1. DIVESTED BUSINESSES

The Group had no divested businesses in 2022 and 2021.

2. BUSINESS COMBINATIONS

The Group had no acquired businesses in 2022 and 2021.

3. REVENUE

	1 Jan-31 Dec 2022	1 Jan-31 Dec 2021
Revenue from the sale of goods	263,763	169,787
	263,763	**169,787**

Geographic division of external customers' revenue	**1 Jan-31 Dec 2022**	**1 Jan-31 Dec 2021**
Europe	187,204	114,616
North-America	36,314	32,363
South-America		0
Asia	10,928	8,146
Africa	18,340	6,985
Australia	10,977	7,678
	263,763	**169,787**

Contract liabilities (advances received) are presented in other current non-interest-bearing liabilities (note 23).

The Group has one customer (1 in 2021), whose revenue exceeds 10% of the Group's revenue. The combined share of the customer out of the Group's revenue is approximately 67% (61% in 2021).

Major customers	**1 Jan-31 Dec 2022**	**% of revenue**	**1 Jan-31 Dec 2021**	**% of revenue**
Customer 1	176,379	66.9%	103,690	61.1%
Customer 2	7,931	3.0%	5,239	3.1%
Customer 3	6,044	2.3%	4,294	2.5%
Customer 4	5,738	2.2%	4,050	2.4%
Total	**196,092**	**74.3%**	**117,273**	**69.1%**

Assets by geographical areas	**2022**	**2021**
Europe	19,186	16,557
Asia	13,368	10,561
Total	**32,553**	**27,117**

Assets consist of goodwill and other non-current assets.

4. OTHER OPERATING INCOME

	1 Jan-31 Dec 2022	1 Jan-31 Dec 2021
Export incentive from Indian government	56	26
Wage subsidies (India)	112	
Grants		135
Net gains on the disposal of property, plant and equipment	2	1
Currency exchange gains	472	
Other income	38	38
	679	**200**

5. RAW MATERIALS AND SERVICES

Raw materials and consumables	1 Jan-31 Dec 2022	1 Jan-31 Dec 2021
Purchases during the financial year	226,024	148,030
Change in inventories	-31,926	-21,056
	194,098	**126,974**
External services	232	58
	194,330	**127,032**

6. OTHER OPERATING EXPENSES

	1 Jan-31 Dec 2022	1 Jan-31 Dec 2021
Operating and maintenance expenses for property and machinery	1,436	1,243
External services	6,761	4,085
Credit loss provisions	915	
Office expenses	2,215	1,038
Other expenses	4,531	3,052
	15,859	**9,419**

Auditors' fees	1 Jan-31 Dec 2022	1 Jan-31 Dec 2021
Auditing fees PWC	158	
Auditing fees, non PWC	102	235
Certificates and statements	30	22
Tax advice		1
Other services	0	1
	290	**259**

The company has reclassified contract worker related personnel expenses amounting to EUR 2.9 million to other operating expenses in 2021.

7. DEPRECIATION AND AMORTISATION

Depreciation and amortisation by assets class	1 Jan-31 Dec 2022	1 Jan-31 Dec 2021
Intangible assets		
Other capitalised expenditure	8	5
Other intangibles	479	508
	487	**512**
Tangible assets		
Buildings	260	127
Right-of-use assets, building	866	794
Machinery and equipment	1,566	1,160
Right-of-use assets, machinery	547	635
Other tangible assets	100	58
	3,340	**2,774**
Total depreciation, amortisation and write-downs	**3,827**	**3,286**

8. EMPLOYEE BENEFITS EXPENSE

	1 Jan-31 Dec 2022	1 Jan-31 Dec 2021
Wages and salaries	13,381	12,031
Pension costs - defined contribution plans	1,487	1,247
Pension costs - defined-benefit plans	88	67
Stock options and share-based incentives	111	81
Other statutory employer expenses	1,314	1,084
	16,381	**14,509**
Average number of Group's personnel during the period incl. contract workers	2,619	2,165

The company has reclassified contract worker related personnel expenses amounting to EUR 2.9 million to other operating expenses in 2021.

Information on share-based payments is presented in Note 20 Share-based payments. Information on management's employee benefits is presented in Note 30 Related party transactions.

9. FINANCIAL INCOME AND EXPENSES

Financial income	1 Jan-31 Dec 2022	1 Jan-31 Dec 2021
Dividends	0	0
Interest income from other receivables	0	6
Foreign exchange gains on liabilities	379	832
Other financing income	6	6
	385	**844**

Financial expenses	1 Jan-31 Dec 2022	1 Jan-31 Dec 2021
Interest expenses from financial liabilities mea-sured at amortised cost	518	216
Right-of-use assets interests	145	145
Exchange rate losses	1,836	492
Other financial expenses	202	245
	2,701	**1,098**
Total financial income and expenses	**-2,315**	**-253**

10. INCOME TAX

Income tax in the income statement	1 Jan-31 Dec 2022	1 Jan-31 Dec 2021
Income tax on profits for the year	-8,666	-4,816
Income tax on profits of previous periods	19	-22
Income taxes for the financial period	**-8,647**	**-4,838**
Changes in deferred tax assets created this year	-474	86
Current year change in deferred tax liabilities	88	89
Change in deferred taxes total	**-385**	**176**
Income tax expense	**-9,032**	**-4,662**

Reconciliation of tax expenses in the income statement and taxes calculated on the basis of the 20% tax rate applicable in the Group's home country	1 Jan-31 Dec 2022	1 Jan-31 Dec 2021
Profit before taxes	36,627	25,721
Tax at the applicable rate in the home country	-7,325	-5,144
Divergent tax rates of foreign subsidiaries	-1,624	-1,004
Tax from previous years	19	-22
Tax free income and non-deductable expenses	-52	40
Deferred tax assets for confirmed losses	-434	434
Other temporary difference	-39	111
Non-recorded deferred tax	423	922
Tax charge	**-9,032**	**-4,662**

Information on deferred taxes is presented in Note 15 Deferred tax assets and liabilities

IFRIC 23 specifies how to reflect uncertainty in accounting for income taxes. Implementation of IFRIC 23 standard had an impact on how Group evaluated uncertainties in years 2007-2019 arising from tax audit performed by Indian tax authorities during 2018. The deductibility of group costs are being investigated, among other things. The case is still under preliminary investigation and if an agreement cannot be settled with a local tax authority, the company's point of view will be processed. The Group has recorded a provision of EUR 0.5 million in 2018 and based on a new evaluation the Group has made in 2019, an additional EUR 1.2 million provision was booked in accordance with IFRIC 23 (evaluation of uncertain tax positions). Therefore the total provision amounts to approximately EUR 1.6 million. Based on company´s judgment, current level of provision covers possible tax risk.

11. EARNINGS PER SHARE

Undiluted earnings per share is calculated by dividing parent company´s profit for the year with the period´s weighted average number of shares outstanding. Comparison period 2021 has been adjusted by share split in 2022.

	2022	2021
Profit for the year attributable to equity holders of the parent	27,595	21,059
Weighted average number of shares during the period	29,269,843	29,254,048
Undiluted earnings per share, EUR/share	0.94	0.72

When calculating diluted earnings per share, share-based payments and convertible bonds are taken into account in the weighted average number of shares. Share-based payments have dilutive effect when their subscription price is lower than the fair value of the share. Fair value of a share is calculated as the average price of the shares during the period.

Continuing operations	2022	2021
Profit for the year attributable to equity holders of the parent, continuing operations	27,595	21,059
Weighted average number of shares during the period	29,269,843	29,254,048
Share-based payments	27,674	38,200
Weighted average number of shares used in calculating adjusted diluted earnings per share	29,297,517	29,292,248
Diluted earnings per share, EUR/share	0.94	0.72

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Other tangible assets	Total
Acquisition cost 1 Jan 2022	**486**	**2,944**	**11,408**	**1,090**	**15,928**
Increase	585	5	563	5	1,158
Decrease[1]			-65		-65
Reclassifications between items		3,183	1,916	130	5,229
Exchange differences	-22	-135	-502	-51	-710
Acquisition cost 31 Dec 2022	**1,049**	**5,996**	**13,320**	**1,175**	**21,540**
Accumulated depreciation and write-downs 1 Jan 2022		**-1,239**	**-6,993**	**-777**	**-9,009**
Depreciation		-245	-1,487	-94	-1,826
Cumulative depreciation on reclassifications and disposals			-401		-401
Exchange differences		58	317	37	413
Accumulated depreciation and write-downs 31 Dec 2022		**-1,425**	**-8,564**	**-834**	**-10,823**
Book value 1 Jan 2022	486	1,705	4,415	313	6,920
Book value 31 Dec 2022	1,049	4,571	4,757	341	10,717
Acquisition cost 1 Jan 2021	**334**	**2,550**	**8,536**	**788**	**12,207**
Increase	131	13	386		530
Decrease[1]			-10	-26	-36
Reclassifications between items		210	1,950	275	2,435
Exchange differences	22	170	546	53	791
Acquisition cost 31 Dec 2021	**486**	**2,944**	**11,408**	**1,090**	**15,928**
Accumulated depreciation and write-downs 1 Jan 2021		**-1,037**	**-5,470**	**-679**	**-7,186**
Depreciation		-132	-1,196	-60	-1,387
Cumulative depreciation on reclassifications and disposals			26	7	33
Exchange differences		-70	-353	-46	-468
Accumulated depreciation and write-downs 31 Dec 2021		**-1,239**	**-6,993**	**-777**	**-9,009**
Book value 1 Jan 2021	334	1,513	3,065	110	5,021
Book value 31 Dec 2021	486	1,705	4,415	313	6,920

[1] Decrease consist of fixed assets that have been disabled in the financial year or in previous years.
The tables does not include construction in progress amounting to EUR 2.8 million in 31 Dec 2022 (EUR 3.2 million 31 Dec 2021).

Right-of-use assets	Buildings	Machinery and Equipment	Total
Acquisition cost 1 Jan 2022	**3,872**	**3,185**	**7,057**
Increase	2,431	3,889	6,320
Decrease[1]		-2,239	-2,239
Reclassifications between items		-944	-944
Exchange differences	-84	-54	-138
Acquisition cost 31 Dec 2022	**6,220**	**3,838**	**10,057**
Accumulated depreciation and write-downs 1 Jan 2022	**-1,970**	**-1,352**	**-3,322**
Depreciation	-850	-543	-1,393
Cumulative depreciation on reclassifications and disposals		1,485	1,485
Exchange differences	45	22	66
Accumulated depreciation and write-downs 31 Dec 2022	**-2,775**	**-388**	**-3,164**
Book value 1 Jan 2022	1,902	1,833	3,736
Book value 31 Dec 2022	3,444	3,449	6,893
Acquisition cost 1 Jan 2021	**3,768**	**2,651**	**6,420**
Increase		493	493
Exchange differences	104	41	145
Acquisition cost 31 Dec 2021	**3,872**	**3,185**	**7,057**
Accumulated depreciation and write-downs 1 Jan 2021	**-1,138**	**-697**	**-1,835**
Depreciation	-804	-640	-1,443
Cumulatve depreciation on reclassifications and disposals		-4	-4
Exchange differences	-28	-11	-39
Accumulated depreciation and write-downs 31 Dec 2021	**-1,970**	**-1,352**	**-3,322**
Book value 1 Jan 2021	2,630	1,954	4,584
Book value 31 Dec 2021	1,902	1,833	3,736

13. INTANGIBLE ASSETS

	Goodwill	Other intangible assets	Total
Acquisition cost 1 Jan 2022	**7,547**	**6,992**	**14,540**
Increase		193	193
Decrease[1]		-584	-584
Reclassifications between items		20	20
Exchange differences	-369	-329	-699
Acquisition cost 31 Dec 2022	**7,178**	**6,292**	**13,470**
Accumulated amortisation and write-downs 1 Jan 2022		**-2,475**	**-2,475**
Amortisation		**-468**	**-468**
Cumulative depreciation on reclassifications and disposals		584	584
Exchange differences		92	92
Accumulated amortisations and write-downs 31 Dec 2022		**-2,267**	**-2,267**
Book value 1 Jan 2022	7,547	4,517	12,065
Book value 31 Dec 2022	7,178	4,026	11,204
Acquisition cost 1 Jan 2021	**7,086**	**6,466**	**13,552**
Increase		70	70
Reclassifications between items		7	7
Exchange differences	462	448	910
Acquisition cost 31 Dec 2021	**7,547**	**6,992**	**14,540**
Accumulated amortisation and write-downs 1 Jan 2021		**-1,826**	**-1,826**
Amortisation		-524	-524
Exchange differences		-124	-124
Accumulated amortisations and write-downs 31 Dec 2021		**-2,475**	**-2,475**
Book value 1 Jan 2021	7,086	4,640	11,726
Book value 31 Dec 2021	7,547	4,517	12,065

[1] Decrease consist of fixed assets that have been disabled in the financial year or in previous years.

Recoverable amounts from cash generating units have been defined in calculations based on the value in use, and they involve the use of estimates.

Testing for impairment is based on a cash flow estimate prepared on the basis of the budget and the business plan for four forthcoming years approved by the management. According to the company's estimate there are no external or internal indications of the impairment of goodwill and other intangible assets with an indefinite useful life. This has been verified in calculations concerning recoverable amount.

The goodwill of approx. EUR 0.9 million in the consolidated balance sheet refers to the Indian subsidiary. In the cash flow estimates, the revenue in India is estimated to grow 15% annually and the operating profit to be approximately 14%. Growth estimate of residual value is 2%. In the calculations of the financial year 2022 in India, a discount rate of 22.98% (17.45% in 2021) has been used. Should the operating profit used in the testing decrease by approximately 37.7% or should the discount rate increase by less than 24.1 percentage points, there would be no need for write-down. Revenue and profitability of the operations in India have developed favourably during the past few years and there is estimated to be no need or risk of any impairment. In impairment testing of goodwill, the residual value of future cash flows is 60% of the cash flows in the calculations for value in use.

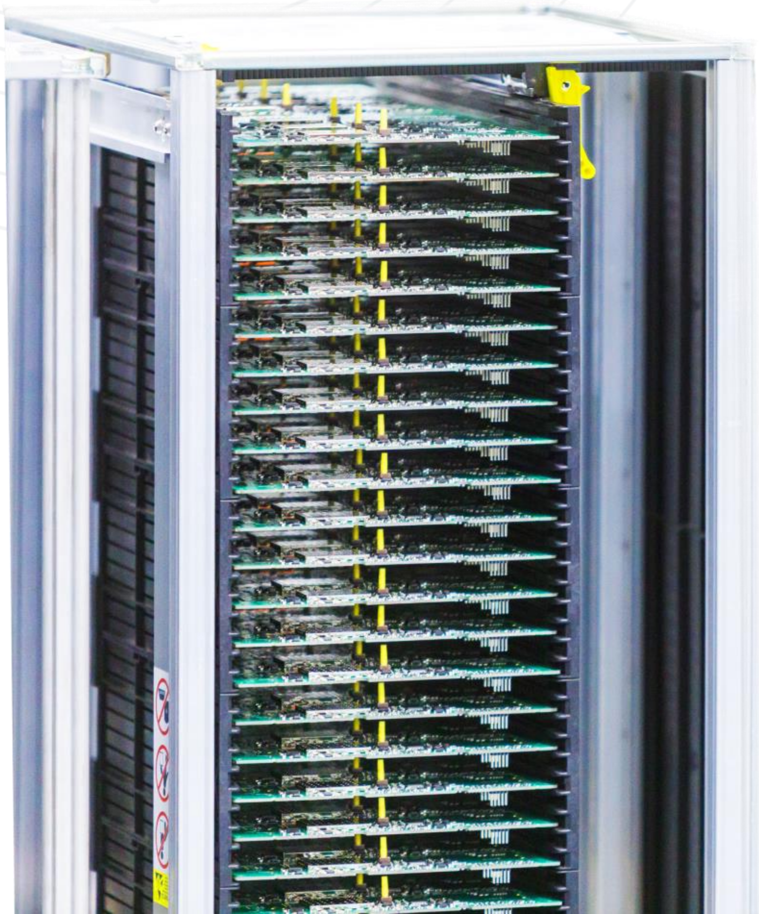
The goodwill of approx. EUR 2.9 million in the consolidated balance sheet refers to the UK subsidiary. The revenue in the UK subsidiary is estimated to grow 5% annually and the operating profit to be approximately 5%. Growth estimate of residual value is 2%. In the calculations of the financial year 2022 in the UK, a discount rate of 19.21% (16.08% in 2021) has been used. Should the operating profit used in the testing decrease by approximately 71.2% or should the discount rate increase by less than 11.6 percentage points, there would be no need for write-down. In impairment testing of goodwill, the residual value of future cash flows is 63% of the cash flows in the calculations for value in use.

The goodwill of approx. EUR 3.4 million in the consolidated balance sheet refers to the Slovakian subsidiary. The revenue in Slovakia is estimated to grow 11% annually and the operating profit to be approximately 5%. Growth estimate of residual value is 2%. In the calculations of the financial year 2022 in Slovakia, a discount rate of 17.45% (16.08% in 2021) has been used. Should the operating profit used in the testing decrease by approximately 42.5% or should the discount rate increase by less than 6.8 percentage points, there would be no need for write-down. In impairment testing of goodwill, the residual value of future cash flows is 56% of the cash flows in the calculations for value in use.

Testing of impairment is described also in the accounting principles applied in the Consolidated Financial Statements under Impairment of assets and Impairment testing.

14. FINANCIAL ASSETS AVAILABLE-FOR-SALE

	2022	2021
Shares	4	4



15. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets	**2022**	**2021**
Tangible assets		125
Tax asset for losses		434
Employee benefits	223	213
Provisions	174	91
Deferred tax assets total	397	863
Deduction according to netting principle	-35	-10
Net deferred tax assets	**362**	**852**

Changes	**2022**	**2021**
Accounted in Profit and Loss		
Tangible assets	-163	22
Tax asset for losses	-434	96
Employee benefits	22	23
Impairment of fixed assets		-52
Export incentive	11	118
Provisions	92	-4
Transaction costs of share issue		-113
Other		-4
Total	**-474**	**86**

Deferred tax liabilities	**2022**	**2021**
Intangibles	624	748
Investments in subsidiaries		102
Export incentive		10
Tangible assets	35	
Net deferred tax liabilities	659	861
Deduction according to netting principle	-35	-10
Net deferred tax liabilities	**624**	**851**

Changes	**2022**	**2021**
Accounted in Profit and Loss		
Intangibles	88	81
Other		9
Total	**88**	**89**
Accounted in equity		
Investments in subsidiaries	-102	6
Acquisition related		
Intangibles	-124	-28

Deferred tax assets and liabilities are recognized for temporary differences between the taxable values of assets and liabilities and their book values according to the debt method. Deferred tax is not recognized on non-deductible goodwill and retained earnings of subsidiaries to the extent that the tax will not materialize in the foreseeable future.

In financial year 2021, due to the change in estimate in parent company's historical losses, total deferred tax assets of EUR 0.43 million was recognized in the income statement. Deferred tax assets calculations were based on the parent company's 2022 budgeted taxable income.

In financial year 2022 the parent company has deducted historical losses from taxable profit amounting to EUR 2.2 million. No deferred tax liability has been recognized from the subsidiaries' profits as per precautionary principles.

16. INVENTORIES

	2022	2021
Raw materials and supplies	71,078	41,982
Work in progress	13,741	10,986
Finished goods	3,307	2,439
Advance payments	3,673	4,061
Total	**91,798**	**59,467**

In 2022 the Group has recognized inventory write-off provisions amounting to EUR 0.3 million.

17. TRADE AND OTHER RECEIVABLES

Trade and other receivables – non-current	2022	2021
Withholding tax receivable	310	118
Other non-current receivables	304	229
Total	**614**	**346**

Trade and other receivables – current	2022	2021
Trade receivables	29,798	27,631
Credít loss provision	-919	-40
Trade receivables total	28,879	27,591
Loan receivables	23	18
Prepaid expenses and accrued income	6,468	5,644
Other receivables	1,046	401
Total	**36,416**	**33,654**

Aging structure of trade receivables and items recorded as credit losses	2022	2021
Not past due	24,203	24,578
Past due		
Less than 30 days	2,610	2,064
30–60 days	787	483
61–90 days	109	77
Over 90 days	1,168	389
Total	**28,879**	**27,591**

In 2022 the Group has recognized credit loss provisions in other operating expenses amounting to EUR 0.9 million. No significant credit loss provisions were booked in the Group in 2021.

Distribution of current receivables by currency	2022	2021
GBP	6,409	6,262
USD	17,496	15,911
INR	7,523	6,410
EUR	4,988	5,072
Total	**36,416**	**33,654**

18. CASH AND CASH EQUIVALENTS

	2022	2021
Cash and bank accounts	7,559	9,249
Total	**7,559**	**9,249**

The cash and cash equivalents according to the cash flow statement comprise same items.

19. CHANGES IN EQUITY

	Equity
31 Dec 2022	1,000,000.00
31 Dec 2021	1,000,000.00

	Number of shares
31 Dec 2022	29,284,835
Subscribed shares in incentive scheme	38,200
Share split	23,397,308
31 Dec 2021	5,849,327

Transactions with owners

Invested unrestricted equity fund	2022	2021
1 Jan	**22,185**	**21,491**
Investment in equity		694
Transfer of retained earnings	-1	
31 Dec	**22,184**	**22,185**
Retained earnings		
Personnel share-based incentive program-value of employee services	111	81

In the fiscal year 2021, in accordance with the decision of the company's board of directors on February 26, 2021, the sellers of AWS have been paid an amount corresponding to the partial purchase price of 600,000 pounds in the form of new shares in a directed paid share issue, the amount of which EUR 694,397.56 has been entered into the fund of invested unrestricted equity as part of the equity capital.

Incap president and CEO Otto Pukk has subscribed 38,200 shares as conditions of the share-based incentive scheme established in 2020 were met. Information of the subscription is presented in Note 20 Share-based payments

Other changes: Retained earnings	2022	2021
Deferred tax liability for internal dividend payment	102	-6
Other changes	-1	
Total	**101**	**-6**

20. SHARE-BASED PAYMENTS

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. .

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.

Expenses from the share-based incentive plan are recognized during the earnings period and are presented as employee benefits expenses and retained earnings in equity. Expenses are based on the maximum number of shares adjusted by share issue, i.e. 27,674 and the market value of EUR 15.74 according to April 26, 2022 has been used as a multiple. Expenses for the period 27 April, 2022 – 31 December 2024 amount to EUR 435,591 of which EUR 110,789 relate to 2022.

21. PENSION LIABILITIES

The Group has both defined-contribution and defined-benefit pension plans. Defined-benefit pension plans are only employed in the subsidiary in India. In defined-benefit pension plans, the amount of the pension benefit at the time of retirement is determined on the basis of certain factors, such as salary and years of employment.

Defined-benefit pension liability in the balance sheet is determined as follows	**2022**	**2021**
Present value of funded liabilities	796	787
Fair value of plan assets	-459	-415
Underfunding/overfunding	**337**	**371**
Amounts in the balance sheet:		
Liability	337	371
Liability, net	337	371

Defined-benefit pension expenses recognised in the income statement	**2022**	**2021**
Current service cost	55	46
Interest cost	56	51
Expected return on plan assets	-28	-28
Actuarial gains (+) and losses (-)	-51	-16
Total	**32**	**54**

Actual return on plan assets was EUR 28 thousand in 2022 (EUR 28 thousand in 2021).

Changes in the present value of the defined benefit obliga	**2022**	**2021**
Defined benefit obligation at 1 Jan	787	744
Current service cost	55	46
Interest cost	56	51
Actuarial gains (+) and losses (-)	-52	-17
Exchange differences	-35	49
Benefits paid	-15	-86
Defined benefit obligation at 31 Dec	**796**	**787**

Changes in the fair value of plan assets	**2022**	**2021**
Fair value of plan assets at 1 Jan	415	385
Expected return on plan assets	28	28
Actuarial gains (+) and losses (-)	-1	-1
Contributions by employer	50	65
Exchange differences	-19	25
Benefits paid	-15	-86
Fair value of plan assets at 31 December	**459**	**415**

Plan assets are comprised as follows:	**2022**	**2021**
Funds managed by insurer	459	415

The principal actuarial assumptions 31 Dec	**2022**	**2021**
Asia		
Discount rate	7.55%	7.05%
Expected return on plan assets	7.00%	7.00%
Future salary increases	10.0%	10.0%

Amounts for the current and previous two periods	**2022**	**2021**
Change from previous year	1.16%	5.76%
Present value of defined benefit obligation	796	787
Fair value of plan assets	459	415
Surplus (+) / deficit (-)	337	371
Experience adjustments on plan liabilities	-4	24
Experience adjustments on plan assets	-1	-1

The Group expects to contribute the defined benefit plan pensions EUR 0.06 million in 2023.

Assumptiond for pension plan

Impact on defined benefit obligation	**2022**	**2021**
Discount rate		
0.50% increase	771	757
0.50% decrease	822	819
Future salary increases		
0.50% increase	821	818
0.50% decrease	771	757

22. FINANCIAL LIABILITIES

Non-current financial liabilities

	2022	**2021**
Loans from credit institutions	5,428	1,363
Lease liabilities	5,222	2,351
Employee benefit obligations	280	312
	10,929	**4,026**

Current financial liabilities

	2022	**2021**
Loans from credit institutions	8,898	5,754
Other liabilities	1,616	1,484
	10,513	**7,238**

Forthcoming payable interest and instalments of loans

	2022	**2021**
Less than 6 months[1]	5,321	4,635
6–12 months [2]	5,579	2,761
1–5 years	11,492	3,868
Over 5 years	9	13
	22,401	**11,277**

The forthcoming instalments and interests have been calculated based on the present effective loan agreements.

[1] Includes India's current bank limit of EUR 4,238,514 (EUR 3,659,068 in 2021)

[2] Includes Incap Corporation current bank limit of EUR 3,114,774 (EUR 578,688 in 2021)

Distribution of interest-bearing liabilities by currency, 1,000 euros

Non-current liabilities	**2022**	**2021**
GBP	117	401
INR	401	575
EUR	10,411	3,050
	10,929	**4,026**

Current liabilities	**2022**	**2021**
GBP	288	314
USD	4,239	3,659
INR	186	316
EUR	5,800	2,948
	10,513	**7,238**

23. TRADE PAYABLES AND OTHER PAYABLES

	2022	2021
Non-current		
Other liabilities	1,619	1,619
Current		
Trade payables	42,582	38,932
Accrued liabilities	8,325	4,596
Short-term provisions	506	427
Advances received	5,195	8,225
Other liabilities	607	681
	57,214	52,862
Total	**58,833**	**54,481**

Accrued liabilities are mainly related to taxes and personnel expenses.

Distribution of non-interest-bearing liabilities by currency, 1,000 EUR

	2022	2021
USD	22,473	15,445
SEK	1	1
GBP	12,064	7,596
JPY	7	38
HKD	3	2
INR	14,103	18,860
EUR	8,563	10,920
	57,214	**52,862**

24. MANAGEMENT OF FINANCIAL RISKS

The nature of Incap Group's business exposes the company to currency, interest rate, credit and liquidity risks. The objective of the Group's financial risk management policy is to minimize the adverse effects of changes in financial markets on its result and cash flow.

The company's finance administration identifies and assesses the risks, obtains the necessary instruments for hedging the risks and reports to the President and CEO and the Board of Directors on these risks and any changes in them. Hedging transactions are carried out in accordance with the principles approved by the Group's Board of Directors. Currency forward contracts, currency loans and interest rate swaps are used in risk management, whenever necessary. No hedging transactions were used in 2022 and 2021. The financial structure of subsidiaries is planned, assessed and controlled with a view to the management of financial risks.

Currency risk

Because Incap Group operates in the euro zone and Asia, the company's business involves currency risk. In accordance with its risk management policy, the company aims to hedge itself from currency risks with currency options and currency forward contracts. In the Estonian company, a part of material purchases are made in USD. Significant proportion of the purchases India, UK and Slovakia are made in USD. The respective transaction position is taken into consideration when calculating the company-specific position and is hedged in accordance with the currency risk policy.

The short-term working capital financing liabilities of the Indian subsidiary are mainly USD-denominated, and the company additionally has an overdraft facility denominated in the Indian rupee.

Incap uses the subsidiary's home currency (Indian rupee, INR) in invoicing between the parent company and the subsidiary. Therefore, exposure to transaction risk concerns almost completely the Group's parent company and the foreign subsidiary is not exposed to substantial transaction risk. The risk exposure of the parent company's balance sheet is hedged with forward exchange agreements and options when necessary.

In line with the Group's currency risk policy the euro-denominated investment made in the subsidiary in India has not been hedged. Parent company acquired in 2020 AWS Electronics Group and the transaction was completed in British pounds which has not been hedged. Therefore, fluctuations of British pound have an impact on parent company's balance sheet. The currency exchange differences arising from the investment are presented under exchange differences in the Group's non-restricted equity. Strengthening of INR exchange rate in relation to EUR by 15% increases the Group's equity by EUR 663,577 (EUR 287,070 on 31 December 2021) while weakening of INR exchange rate in relation to EUR by 15% decreases the Group's equity by EUR 897,780 compared with the exchange difference on 31 December 2022 (EUR 388,388 on 31 December 2021).

The impact on the group's result of a change of 10% in the exchange rate of foreign currency excluding tax consequences (EUR thousand)

Foreign currency	USD	GBP	INR
Reporting currency	**EUR**	**EUR**	**EUR**
2022	+/- 8 403	+/- 1 132	+/- 3 781
2021	+/- 5 698	+/- 894	+/- 2 848

Interest rate risk

At the balance sheet date, interest-bearing liabilities in the consolidated balance sheet amounted to EUR 21.4 million (EUR 11.3 million). Out of the total interest-bearing liabilities, EUR 6.8 million (EUR 3.8 million) is related to IFRS 16 Leases-standard. The weighted average duration of the interest-bearing non-current loan at the balance sheet date is 1.1 years (2.1 years). Bank overdrafts and factoring limits have been treated as bullet loans. The Group has not carried out special hedging measures against interest rate risks during the financial year.

The Group analyses its interest rate exposure by preparing calculations of the defined interest rate change on the company's result, when needed. Calculations are made only for the loans that have the largest impact on the overall interest rate exposure. A change of +1%/-1% in the market interest rates of variable rate loans would change the Group's annual interest rate expenses by EUR +/- 138 thousand on 31 December 2022 (70 thousand on 31 December 2021).

Credit risk

The principles and responsibilities of credit control are defined in the Group's documented operating methods. The Group has significant receivables from several large domestic and global customers. These customers are well-established, long-standing and creditworthy. When a new customer relationship is established, the company assesses the annual volume generated by the new business, its share in revenue and the customer's creditworthiness.

Incap has recognized credit loss provisions amounting to EUR 0.9 million as of 31 December 2022. The Group analyses constantly the creditworthiness of current and new customers. During the financial period the Group has renegotiated payment terms for receivables that would otherwise have been due according to payment terms. Due and renegotiated receivables have no material effect on the Group's financial position. The aging structure of trade receivables is presented in Note 17.

24. MANAGEMENT OF FINANCIAL RISKS

Liquidity risk

The Group continuously evaluates and monitors the amount of financing required by business operations, so that it has sufficient liquid funds to finance operations and repay due loans. The company strives to ensure the availability and flexibility of financing by using credit facilities and other forms of financing. Information on credit facilities is presented in Note 29.

Incap's main sources of financing are cash flow from operations, loans from financial institutions and share issues.

The company's non-current interest-bearing liabilities on 31 December 2022 amounted to EUR 10.9 million (4.0 million on 31 December 2021) and non-current non-interest-bearing liabilities to 2.2 million (EUR 2.5 million). Current interest-bearing liabilities amounted to EUR 10.5 million (EUR 7.2 million). Of this amount, EUR 4.8 million (EUR 4.6 million) were related to the Indian subsidiary. Other interest-bearing liabilities amounted to EUR 9.2 million (EUR 2.9 million) and were loans and credit limits of for the parent company.

Loans from credit institutions	Balance on 31 Dec 2022	Balance on 31 Dec 2021
Instalment debt	564	
Bank loan/account with credit facility in Finland	9,215	2,879
Bank loan/account with credit facility in India	4,546	4,238
Total	**14,325**	**7,117**
Other loans		
Right-of-use asset liabilities	6,838	3,834
Pension loans (India)	337	371
Total	**7,174**	**4,206**
All in total	**21,499**	**11,323**

In connection with the loan in 2020 the company has agreed with the bank that the covenants related to the loans, credit line and factoring credit line include equity ratio (more than 30.0%) and the Group's interest-bearing debt in relation to EBITDA (less than 3.0), which are reviewed every six months. Bank has the right to terminate the agreement if the covenant terms are not satisfied. EBITDA is calculated for the rolling 12 months.

The company met the covenant on both dates 30 June 2022 and on 31 December 2022.

	31 December 2022	30 June 2022	31 December 2021	30 June 2021
Interest bearing debt/EBITDA (<3,0)	0.5	0.4	0.4	0.4
Equity ratio (>30%)	53.6%	55.7%	51.9%	55.3%

Forthcoming instalments and interests are described in Note 22.

Based on the cash flow estimate prepared in connection with the financial statements, the company estimates that the company's working capital will cover the requirement for the next 12 months.

Capital management

The aim of the Group's capital management activities is to support business operations with an optimal capital structure and increasing shareholder value with the goal of generating the best possible return. An optimal capital structure also guarantees smaller costs of capital.

The trend in the Group's capital structure is constantly tracked with net gearing. On 31 December 2022 the Group's interest-bearing net debt was 13.9 million (EUR 2.0 million at 31 Dec 2021) and the net gearing was 15.9% (3.2% at 31 Dec 2021). Net gearing is calculated by dividing net debt by equity. Interest-bearing net debt equals liabilities less interest-bearing receivables and cash and bank accounts. On 31 December 2022, the equity ratio was 53.6% (51.9% at 31 Dec 2021).

25. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value of current liabilities does not differ from their book value.

Financial liabilities	Book value 2022	Fair value 2022	Book value 2021	Fair value 2021
Loans from credit institutions	14,325	14,325	7,117	7,117
Lease liabilities	6,838		3,834	
Employee benefit obligations	337	337	371	371

The fair value of current liabilities do not differ materially from their book value.
At the balance sheet date, the company has no financial assets and liabilities at fair value through profit or loss.

26. ADJUSTMENTS TO CASH FLOWS FROM OPERATIONS

	2022	2021
Non-cash transactions	-542	269
Depreciation and write-downs	3,704	3,344
Employee benefits	165	96
Gains (-) and losses (+) of disposals of fixed assets and other non-current assets	- 2	-1
Write-down of inventory	298	823
Write-down of trade receivables	915	
	4,539	**4,530**

27. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1 Jan 2022	Cash flow	Reclassified	Foreign exchange movements	New lease liabilities	Other	31 Dec 2022
Current interest-bearing loans and borrowings	5,813	2,752	184	204			8,954
Lease liabilities	3,834	-1,385	-537	-43	4,969		6,838
Non-current interest-bearing loans and borrowings	1,675	3,693	352	-44		32	5,708
Total	**11,323**	**5,060**		**117**	**4,969**	**32**	**21,499**

	1 Jan 2021	Cash flow	Reclassified	Foreign exchange movements	New lease liabilities	Other	31 Dec 2021
Current interest-bearing loans and borrowings	2,324	3,297		193			5,813
Lease liabilities	4,794	-1,356		113	284		3,834
Non-current interest-bearing loans and borrowings	2,729	-1,136		28		54	1,675
Total	**9,846**	**805**		**334**	**284**	**54**	**11,323**

28. OPERATING LEASES

The Group has leased production facilities in Estonia, the United Kingdom and Slovakia, as well as office space in Helsinki, Tallinn, Bangalore, Namestovo and Newcastle Under Lyme. Some leases that expire on the due date include the option to extend the lease beyond the original expiration date. The index, renewal and other terms of the agreements differ from each other.

The Group as lessee

Minimum lease payments under non-cancellable operating leases, excluding value added tax.

	2022	2021
Less than one year	37	39
More than one year and maximum of five years	47	45
	83	**83**

Expiration of lease liabilities Lease liabilities – total of minimum leasing costs	2022	2021
Less than 3 months	427	393
3 - 12 months	1,281	1,178
1–5 years	6,031	2,416
Over 5 years	1	13
	7,740	**4,000**

Present value of minimum lease liabilities	**2022**	**2021**
Less than 3 months	344	370
3 - 12 months	1,054	1,110
1–5 years	5,438	2,172
Over 5 years	1	12
	6,838	**3,664**
Internal interests expenses in the future	903	336
Total of lease liabilities	**7,740**	**4,000**
Recognized through Profit and loss:		
Depreciations on right-of-use assets	1,413	1,430
Interest expense on right-of-use liabilities	145	145
Expenses relating to short-term leases	63	61
Expenses relating to lease contracts of low value	14	11
	1,635	**1,647**

29. CONTINGENT LIABILITY, ASSETS AND RESPONSIBILITIES

	2022	2021
Bank loans with collaterals given	13,496	6,672
Collateral given on behalf of own commitments		
Mortgages	4,281	3,794
Business mortgages	16,113	20,113

OP Yrityspankki Oyj credit facility (max. EUR 5.0 million) of which EUR 3,114,744.06 was utilized at 31 December 2022 (EUR 578,687,96 at 31 December 2021) and Nordea credit facility (max. EUR 3.0 million) of which EUR 0.0 was utilized at 31 December 2022 (EUR 0.0 at 31.12.2021) had business mortgage as collaterals.

Rent security deposit for Group office	3	3
Other liabilities		
Other off balance sheet items	148	661

30. RELATED-PARTY TRANSACTIONS

Management's employee benefits	**2022**	**2021**
Salaries and other current employee benefits	1,246	914
Post-employment benefit	223	161
Share-based payments	111	81
Total	**1,580**	**1,155**

During the year, as the company's President & CEO acted Otto Pukk. The pension benefits of the CEO and other members of the management team are determined in accordance with the Employment Pensions Act.

Wages and salaries	**2022**	**2021**
President and CEO	301	245
Government		
Carl-Gustaf von Troil	28	23
Päivi Jokinen	28	23
Ville Vuori	53	45
Kaisa Kokkonen	28	23

At the end of the financial period 2022, the members of the Board and the President and CEO and their related parties held a total of 317,890 shares, i.e. 1,1% of all shares and votes.

31. SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

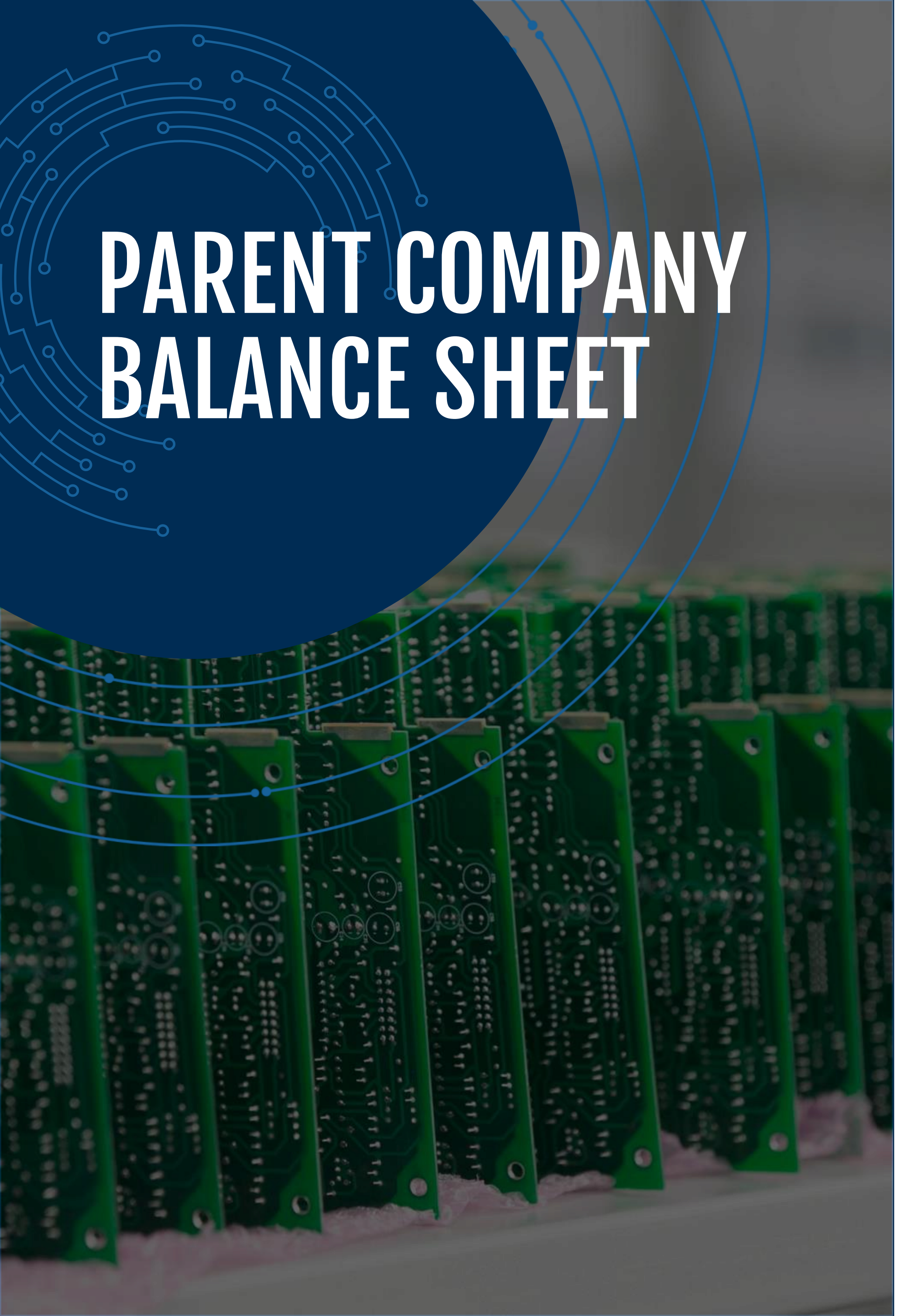
After the reporting period, Margus Jakobson, interim Managing Director of Incap Estonia, was appointed member of Incap Group’s Management Team as well as Director of Operations Estonia and Managing Director of Incap Estonia as of 1 February 2023.

> Our estimate is that our revenue, operating profit and adjusted operating profit in 2023 will be higher than in 2022.

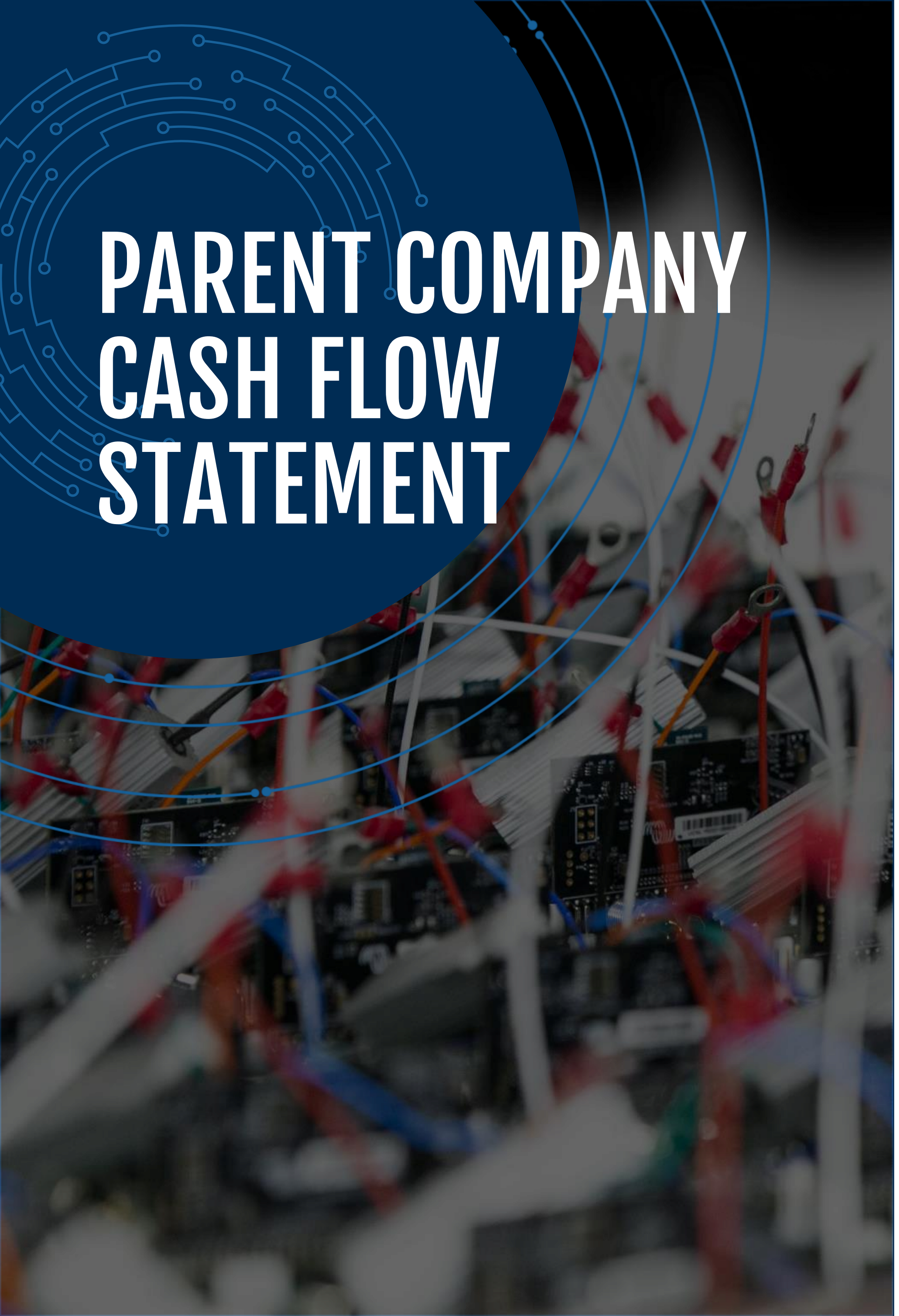
PARENT COMPANY INCOME STATEMENT

1,000 euros	Note	1 Jan-31 Dec 2022	1 Jan-31 Dec 2021
Revenue	1	12,362	8,085
Other operating income	2	4	14
Personnel expenses	3	526	415
Other operating expenses	4	2,249	1,526
Operating profit/loss		**9,591**	**6,158**
Financial income	5	491	875
Financial expenses	5	-1,153	-155
Profit/loss before extraordinary items		**8,929**	**6,877**
Income taxes	6	-1,353	
Profit/loss for the financial year		**7,577**	**6,877**

PARENT COMPANY BALANCE SHEET



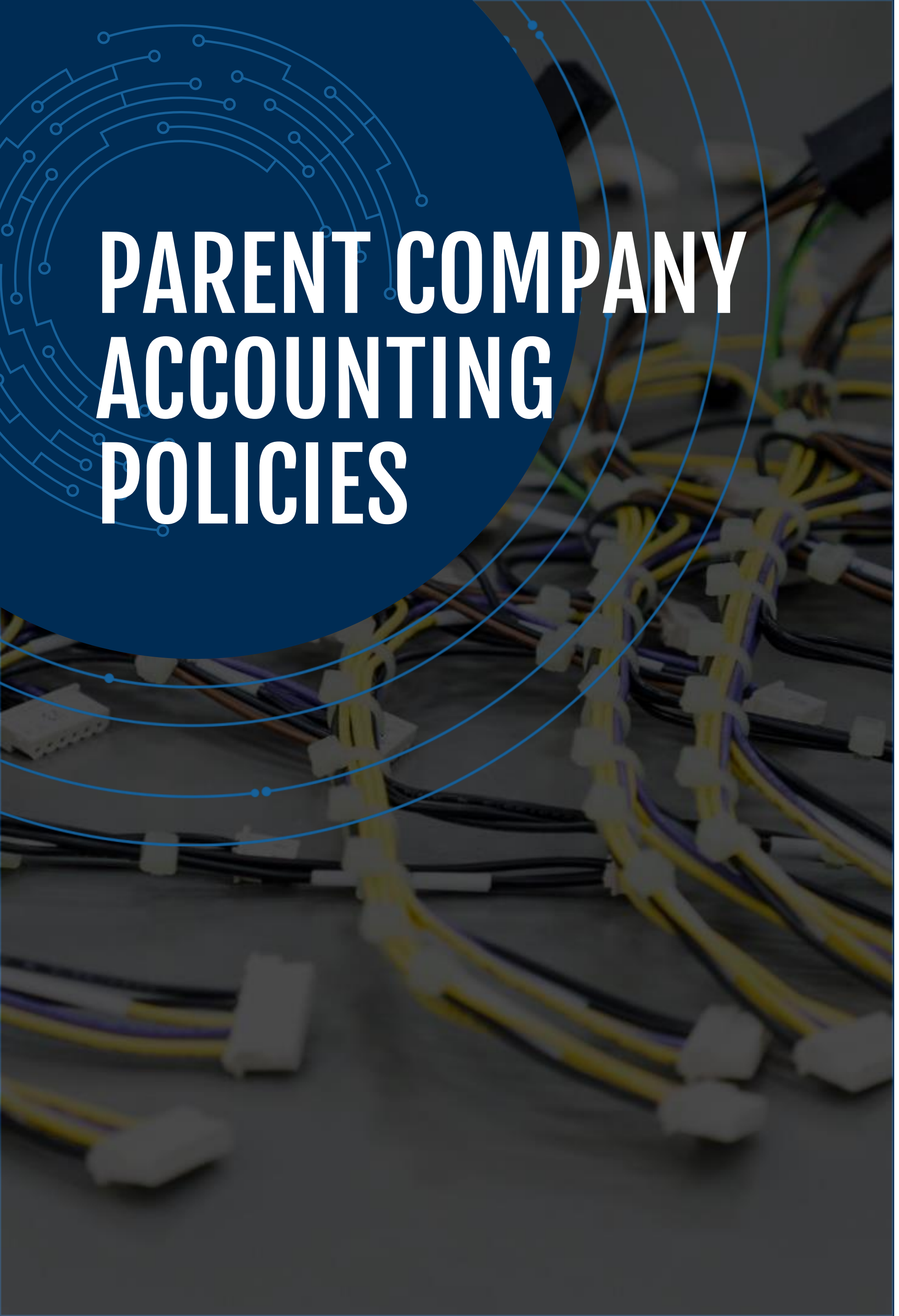
1,000 euros	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Investments	7		
Holdings in Group companies		21,133	21,133
Other investments		4	4
Total non-current assets		**21,137**	**21,137**
Current assets			
Non-current receivables	8	14,378	5,455
Current receivables	8	18,803	11,996
Cash in hand and at bank		146	295
Total current assets		**33,327**	**17,746**
Total assets		**54,463**	**38,883**
LIABILITIES			
Equity	9		
Share capital		1,000	1,000
Unrestricted equity reserve		19,975	19,975
Retained earnings		14,724	7,846
Profit for the financial year		7,577	6,877
Total equity		**43,275**	**35,699**
Liabilities			
Non-current liabilities	10	4,900	1,100
Current liabilities	11	6,288	2,084
Total liabilities		**11,188**	**3,184**
Total equity and liabilities		**54,463**	**38,883**



PARENT COMPANY CASH FLOW STATEMENT

1,000 euros	1 Jan-31 Dec 2022	1 Jan-31 Dec 2021
Cash flow from operations		
Operating profit	9,591	6,158
Adjustments to operating profit	756	-303
Change in working capital	-7,584	-4,856
Change in short-term interest-free trade receivables	-7,891	-4,945
Change in short-term interest-free liabilities	307	90
Interest paid	-196	-100
Dividends received		962
Interests	3	3
Taxes		-96
Cash flow from operations	**2,570**	**1,767**
Cash flows from investing activities		
Acquisitions		-650
Cash flows from investing activities		**-650**
Cash flows from financing activities		
Share issue		
Share issue transaction costs	-17	-16
Granted loans	-9,616	-3,850
Repayment of loan receivables	600	1,321
Withdrawal of loans	7,536	579
Repayment of non-current loans	-1,200	-700
Cash flows from financing activities	**-2,696**	**-2,666**
Exchange rate change in cash and cash equivalents	-23	4
Change in cash and cash equivalents	**-149**	**-1,544**
Cash and cash equivalents at the beginning of the financial year	295	1,839
Cash and cash equivalents at the end of the financial year	**146**	**295**
Change in working capital		
Change in current trade receivables	-7,891	-4,945
Change in current liabilities	307	90
	-7,584	**-4,856**

PARENT COMPANY ACCOUNTING POLICIES



PRINCIPLES OF MEASUREMENT AND PERIODISATION

Non-current assets

Non-current tangible and intangible assets are recorded in the balance sheet at historical cost less depreciation according to plan and amortisation. Investment grants received have been entered as a credit to the respective asset item. Depreciation according to plan has been calculated according to the straight-line method on the basis of the useful life of the assets.

Intangible assets:

- Goodwill 5–6 years
- Other intangible rights 3–5 years

Impairment testing of shares in subsidiaries

The value of subsidiaries in the parent group is the acquisition cost plus subsequent investments to strengthen the equity of the subsidiaries. The value of the shares has a significant impact on the parent company’s equity and therefore for example on equity ratio.

The impairment testing of shares in subsidiaries has been carried out on the basis of the situation at the end of December 2022. The recoverable amounts are determined in calculations on the basis of the value in use, and the preparation of these calculations requires the use of judgement.

Financial assets and management of financial risks

Trade receivables and payables are not exposed to significant interest rate or foreign currency risks.

Foreign currency transactions

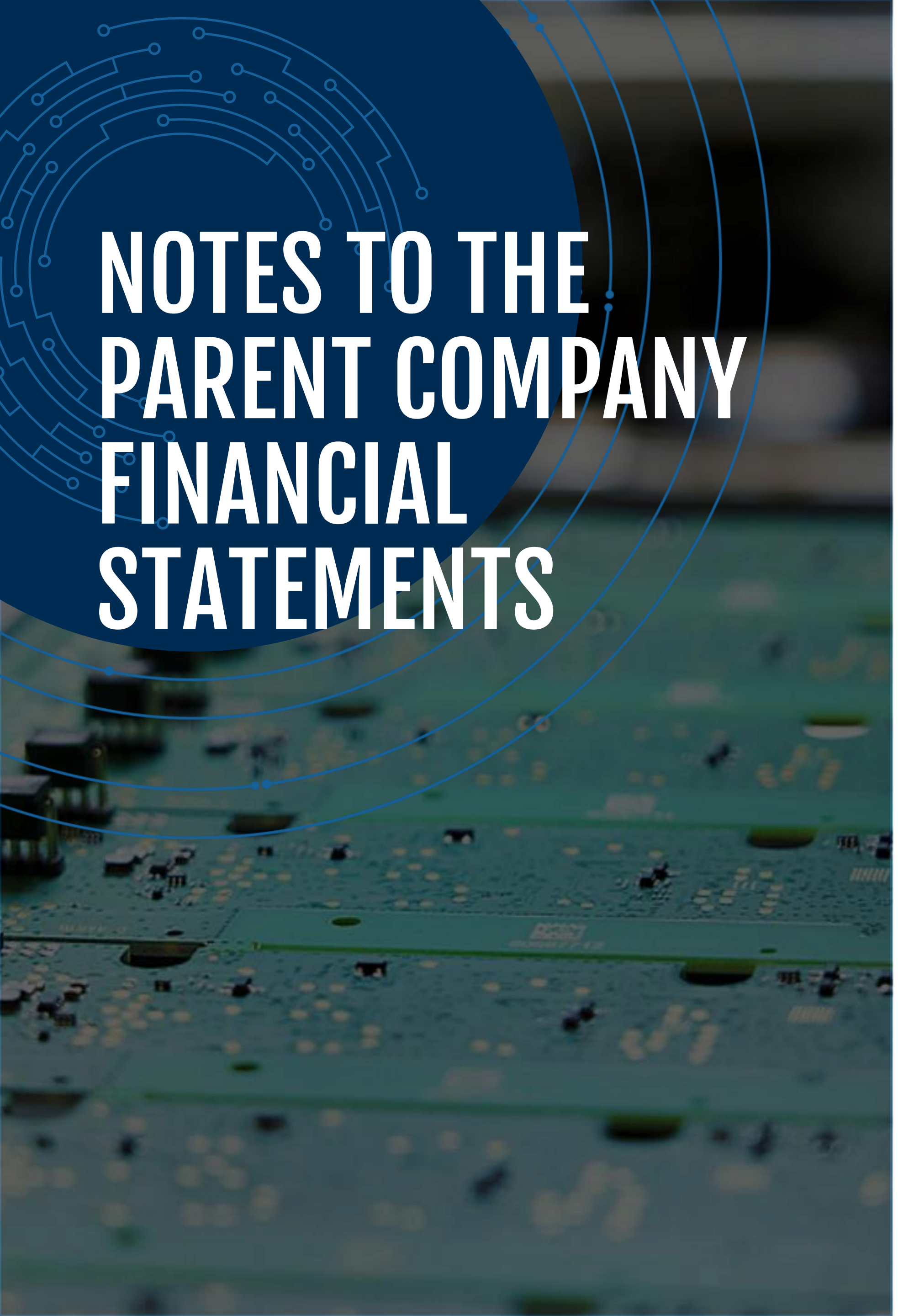
Items denominated in foreign currency have been translated at the average rate stated by the European Central Bank at the balance sheet date. Exchange differences between sales and purchases have been allocated as a credit or debit to respective items.

Leases

In the parent company’s financial statements, lease payments for property, plant and equipment obtained on a finance lease are included as lease expenses in other operating expenses. Parent company lease contracts are either of low value or short-term.

Periodisation of pension expenses

Employees’ pension security including supplementary benefits has been insured with pension insurance companies. Pension expenses are recognized as an expense during their year of accrual.



NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

The financial statements have been compiled in accordance with Chapter 2 of the Accounting Act

1. REVENUE

Revenue by market area	**2022**	**2021**
Finland		
Europe	1,291	996
Other	11,071	7,089
	12,362	**8,085**

2. OTHER OPERATING INCOME

	2022	**2021**
Received employment compensations	4	
Other		14
	4	**14**

3. PERSONNEL EXPENSES AND NUMBER OF PERSONNEL

	2022	**2021**
Average number of employees	**2**	**2**
Personnel expenses		
Wages and salaries	492	371
Pension expenses	25	37
Other social security expenses	9	7
	526	**415**
Salaries and bonus of the management		
CEO and the Board	137	113
	137	**113**

4. OTHER OPERATING EXPENSES

	2022	**2021**
Lease payments	31	29
Maintenance expenses for machinery and properties	13	24
Other expenses	2,206	1,472
	2,249	**1,526**
Auditors fees		
Authorised Public Accountant Firm Ernst & Young Oy	60	81
Authorized Public Accountant Firm PwC	42	
	102	**81**

5. FINANCIAL INCOME AND EXPENSES

	2022	**2021**
Other interest and financial income		
From Group companies	438	318
From other companies	53	557
Interest paid and other financial expenses		
To other companies	1,153	155
	-662	**720**

6. INCOME TAX

	2022	**2021**
Taxes for the financial year	1,353	

7. SHARES

	Shares in subsidiaries	Other investments	Total
Acquisition cost, 1 Jan	**21,133**	**4**	**21,137**
Acquisition cost, 31 Dec	**21,133**	**4**	**21,137**
Book value, 31 Dec 2022	21,133	4	21,137
Book value, 31 Dec 2021	21,133	4	21,137

The Group's equity at the close of the financial period was EUR 87.4 million (EUR 62.9 million in 2021) and the parent company's equity was EUR 43,3 million (EUR 35.7 million in 2021).

The value of shares in subsidiaries in the parent company is the acquisition cost plus subsequent investments to strengthen the equity of the subsidiaries. In the financial statements of the parent company, the value of the Indian subsidiary's shares in the balance sheet is approximately EUR 8.2 million, the value of the Estonian subsidiary is approximately EUR 4.1 million, the value of the UK subsidiary is approximately EUR 4.5 million and the value of the Slovakian subsidiary is approximately EUR 3.6 million. The value of the shares in subsidiaries has a significant impact on the parent company's equity and accordingly on equity ratio, among others. The impairment testing of subsidiaries has been carried out based on the situation at the close of the financial period 2022.The recoverable amounts used in the impairment test calculations are determined on the basis of value in use.

The cash flow forecasts are based on the budget for the next financial period and the business plan prepared for the four forthcoming years by the management and approved by the board. In cash flow estimates, the revenue in India is estimated to grow by 15% and annually and the operating profit is approximately 14%. In cash flow estimates, the revenue in Estonia is estimated to grow by 5% and annually and the operating profit is approximately 5%. In cash flow estimates, the revenue in the UK is estimated to grow by 5% and annually and the operating profit is approximately 5%. In cash flow estimates, the revenue in Slovakia is estimated to grow by 11% and annually and the operating profit is approximately 5%. The residual value is estimated to grow by 2%.

The discount rate is comprised of industry risk, interest on liabilities and country-specific risk. The discount rate factors are updated annually in connection with the testing using information received from the market. In the calculations for the financial period 2022, the discount rate of 15.75% has been used in India, 12.95% in Estonia, 17.40% in the UK and 16.05% in Slovakia.

Should the EBIT used in the testing decrease by approximately 53% in India, 106% in Estonia, 52% in the UK and 29% in Slovakia or should the discount rate increase by less than 17% in Estonia, 185% in India, 3% in the UK or 4% in Slovakia, there would be no need for write-downs in shares.

GROUP COMPANIES

- Incap Electronics Estonia OÜ, Kuressaare, Estonia
- Incap Contract Manufacturing Services Pvt. Ltd., Bangalore, India
- Incap Holdings UK Ltd, Newcastle-under-Lyme, UK
- Incap Electronics UK Ltd, Newcastle-under-Lyme, UK
- Incap Electronics Slovakia, Namestovo, Slovakia
- Euro-ketju Oy, Helsinki, Finland (dormant)
- Incap Hong Kong Limited, Hong Kong

Incap Corporation owns 100% of group companies and all companies are combined in the parent company consolidated financial statements.

8. RECEIVABLES

	2022	2021
Current		
Amount owed by Group companies		
Loan receivables	14,067	5,337
	14,067	**5,337**
Prepaid expenses and accrued income	310	118
Non-current		
Amount owed by Group companies		
Trade receivables	13,120	6,260
Interest receivables	928	516
Other receivables	4,643	5,188
	18,691	**11,964**
Other receivables	46	20
Prepaid expenses and accrued income	66	12
Total receivables	**33,181**	**17,451**

9. EQUITY

	2022	2021
Share capital, 1 Jan	1,000	1,000
Share capital, 31 Dec	1,000	1,000
Total restricted equity	**1,000**	**1,000**
Unrestricted equity reserve 1 Jan	19,975	19,281
Share issue		694
Unrestricted equity reserve 31 Dec	19,975	19,975
Retained earnings, 1 Jan	14,724	7,846
Retained earnings, 31 Dec	14,724	7,846
Profit for the financial year	7,577	6,877
Total non-restricted equity	**42,275**	**34,699**
Total equity	**43,275**	**35,699**
Distributable funds according to the Companies Act, Chapter 13, § 5		
Unrestricted equity reserve	19,975	19,975
Retained earnings	14,724	7,846
Profit/loss for the financial year	7,577	6,877
Total distributable funds	**42,275**	**34,699**

10. NON-CURRENT LIABILITIES

	2022	2021
Loans from credit institutions	4,900	1,100
	4,900	**1,100**

All liabilities are falling due within five years.

11. CURRENT LIABILITIES

	2022	2021
Loans from credit institutions	4,315	1,779
Trade payables	145	89
Amount owed to Group companies		
Trade payables	73	44
	73	**44**
Other liabilities	20	15
Accruals and deferred income	1,736	157
Total liabilities	**6,288**	**2,084**
Total interest-bearing liabilities	9,215	2,879
Material items in accruals and deferred income		
Wages and salaries, incl. social costs	119	82
Interest	11	2
Income tax accrual	1,353	
Income advances	41	
Other	212	73
	1,736	**157**
Other current liabilities		
Others	20	15
	20	**15**

12. OTHER NOTES TO THE ACCOUNTS

Collateral	**2022**	**2021**
Loans for which real-estate has been mortgaged as collateral		
Loans from credit institutions	9,215	2,879
Mortgages	16,113	20,113

OP Yrityspankki Oyj credit facility (max. EUR 5.0 million) of which EUR 3,114,744.06 was utilized at 31 December 2022 (EUR 578,687,96 at 31 December 2021) and Nordea credit facility (max. EUR 3.0 million) of which EUR 0.0 was utilized at 31 December 2022 (EUR 0.0 at 31.12.2021) had business mortgage as collaterals. The utilized amount is included in loans from credit institutions.

Loans for which business mortgages have been given as collateral		
Rental guarantee	2,389	1,271
Contingent and other liabilities		
Lease liabilities, net of VAT		
Liabilities falling due next financial year	22	11
Liabilities falling due later	13	

"Incap's social responsibility emphasises the well-being of employees and fair and ethical behaviour towards all stakeholders."

BOARD OF DIRECTORS' PROPOSAL ON MEASURES RELATED TO THE RESULTS

The parent company's profit for the financial period totals EUR 7,576,634.51. The parent company's distributable assets total EUR 42,275,304,51.

Due to the growth strategy of Incap, the Board of Directors of Incap Corporation proposes to the Annual General Meeting that no dividend will be paid for the financial year 2022.

Helsinki, 23 March 2023

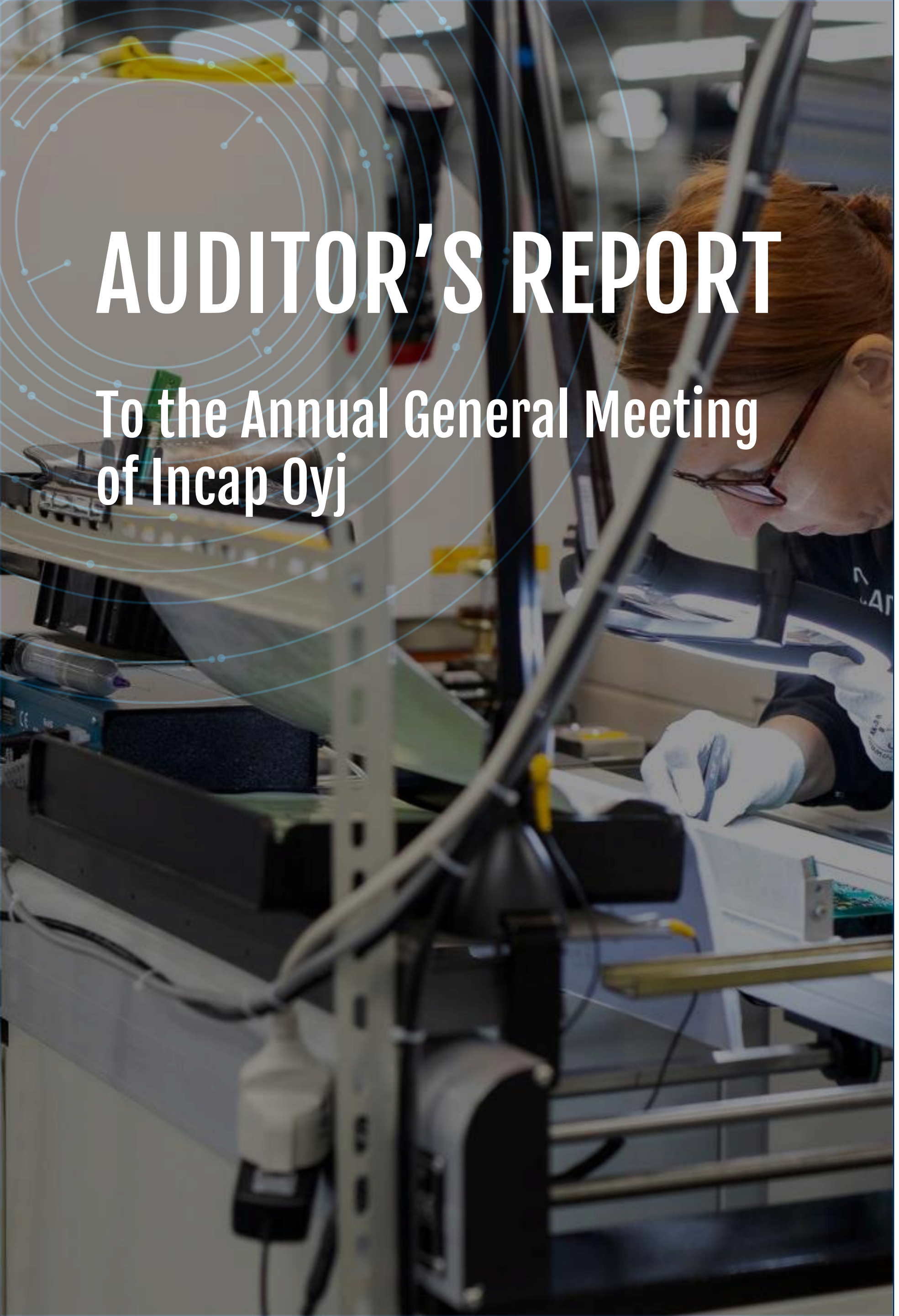
Ville Vuori
Chairman of the Board

Päivi Jokinen
Board member

Carl-Gustaf von Troil
Board member

Kaisa Kokkonen
Board member

Otto Pukk
CEO



AUDITOR'S REPORT

To the Annual General Meeting of Incap Oyj

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position and financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report to the Board of Directors.

What we have audited

We have audited the financial statements of Incap Oyj (business identity code 0608849-6) for the year ended 31 December 2022. The financial statements comprise:

- the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies
- the parent company's balance sheet, income statement, statement of cash flows and notes.

Basis for opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and to the group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. No non-audit services have been provided and audit fees are disclosed in note 6 to the Financial Statements.

Our audit approach

Overview

- Overall group materiality: € 1 830 000, which represents 5% of profit before tax

The following companies were in scope for group audit:
- Incap Oyj;
- Incap Contract Manufacturing Services Pvt. Ltd.;
- Incap Electronics Estonia OU;
- Incap Holdings UK Ltd; ja
- Incap Electronics UK Ltd.

For other group companies analytical procedures were carried out centrally.

The key audit matters were
- Correct timing of revenue recognition
- Valuation of inventories

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

Overall group materiality	€ 1 830 000
How we determined it	5% of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is within the range of acceptable quantitative materiality thresholds in auditing standards.

How we tailored our group audit scope

We tailored the scope of our audit, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

All operating companies in the group were audited except for the company in Slovakia. Analytical procedures were carried out centrally for companies that were not in group audit scope.

Key audit matters

Key audit matters as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements
As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Revenue recognition timing *Referring to the accounting principles and note 3.* The Group is in the electronics contract manufacturing business. Revenues from the sale of goods is recognised when the customer obtains control of goods at a point in me. Revenue is a key audit matter due to the risk relating to correct revenue recognition timing (cut-off). This matter is a significant risk of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014.	In our audit we performed the following procedures: – Obtained an understanding of the revenue process and controls as well as of accounting principles applied that we compared to IFRS requirements – Performed test of details on the revenue transactions during the year on a sample basis – Conducted procedures to test the correctness of revenue timing on a sample basis – Assessed correctness and adequacy of notes information
Valuation of inventories *Referring to the accounting principles and note 16.* The value of inventories as at 31.12.2022 is € 91,8 million comprising 54.5% of total balance sheet assets. Valuation of inventories is a key audit matter as inventories are significant to the financial statements and as management judgment is used when assessing the inventory obsolescence risk. This matter is a significant risk of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014.	In our audit we performed the following procedures: – Obtained an understanding of the inventory process and controls as well as of accounting principles applied that we compared to IFRS requirements – Observed selected physical stock counts conducted by the entities and assessed the inspection controls – Performed test of details on the cost of inventories and assessed the adequacy of allowance for inventory obsolescence – Assessed correctness and adequacy of notes information
We have no key audit matters to report with respect to our audit of the parent company financial statements.	

Responsibilities of the board of directors and the managing director for the financial statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER REPORTING REQUIREMENTS

Appointment

We were first appointed as auditors by the annual general meeting on 29.4.2022.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion

- the information in the report of the Board of Directors is consistent with the information in the financial statements
- the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 30 March 2023

PricewaterhouseCoopers Oy
Authorised Public Accountants

Maria Grönroos
Authorised Public Accountant (KHT)

Our third factory in India is being finalised and the production ramp-up will begin at the end of the first quarter 2023 as planned.

FIVE-YEAR KEY FIGURES

IFRS		2022	2021	2020	2019	2018
Revenue	EUR million	263.8	169.8	106.5	71.0	59.0
Growth/change	%	55	59	50	20	21
Operating profit/loss	EUR million	38.9	26.0	12.6	10.1	8.6
Share of revenue	%	14.8	15.3	11.8	14.2	14.6
Profit/loss before tax	EUR million	36.6	25.7	11.5	9.7	7.9
Share of revenue	%	13.9	15.1	10.8	13.6	13.5
Return on equity (ROE)	%	36.7	41.5	30.5	33.4	44.7
Return on investment (ROI)	%	43.0	43.8	34.8	43.4	46.8
Total assets	EUR million	168.3	129.5	76.4	36.5	32.1
Equity ratio	%	53.6	51.9	50.5	60.0	49.1
Net gearing	%	15.9	3.2	15.3	-2.7	16.6
Interest-bearing net debt	EUR million	13.9	2.0	5.9	-0.6	2.6
Quick ratio		0.7	0.8	1.0	1.6	1.0
Current ratio		2.0	1.7	1.8	2.6	1.8
Investments	EUR million	5.5	5.2	9.5	1.1	2.2
Share of revenue	%	2.1	3.1	8.9	1.6	3.7
R&D expenditure	EUR million	0.3	0	0	0	0
Share of revenue	%	0.1	0	0	0	0
Average number of employees, incl. contract workers		2,619	2,165	1,424	830	684
Dividends	EUR million[1]	0	0	0	0	0

[1] The parent company's profit for the financial period totals EUR 7,576,634.51. Due to the growth strategy of Incap, the Board of Directors of Incap Corporation proposes to the Annual General Meeting that no dividend will be paid for the financial year 2022

*Comparison periods have been adjusted by the share split in 2022

IFRS		2022	2021	2020	2019	2018
Per-share data						
Earnings per share	EUR*	0.94	0.72	0.40	0.29	0.27
Equity per share	EUR*	2.99	2.15	1.32	1.00	0.72
Dividend per share	EUR*	0	0	0	0	0
Dividend out of profit	%[1]	0	0	0	0	0
Effective dividend yield	%[1]	0	0	0	0	0
P/E ratio		18.1	21.8	9.1	11.8	5.4
Trend in share price						
Minimum price during year	EUR*	10.68	3.44	1.70	1.44	1.12
Maximum price during year	EUR*	17.62	16.12	3.84	4.60	1.64
Average price during year	EUR*	14.08	8.46	2.78	2.97	1.20
Closing price at end of year	EUR*	17.10	15.70	3.69	3.38	1.45
Total market capitalisation at 31 Dec	EUR million	500.8	459.2	107.4	73.8	31.7
Trade volume	no. of shares*	8,047,017	13,703,585	9,556,155	7,820,275	14,458,030
Trade volume	%	27.5	46.9	32.8	35.8	66.2
Average during the financial period*		29,269,843	29,254,048	22,825,073	21,825,840	21,825,840
In the end of financial period*		29,284,835	29,246,635	29,281,990	21,825,840	21,825,840

DEFINITIONS OF KEY FIGURES

Return on equity, %	100 x profit/loss for the period / average equity during the financial period
Return on investment, %	100 x (profit/loss + financial expenses + taxes) / equity + interest-bearing financing loans
Equity ratio, %	100 x equity / balance sheet total - advances received
Net gearing, %	100 x interest-bearing net debt / equity
Interest-bearing net debt	Interest-bearing debt - cash and bank accounts
Quick ratio	current assets / short-term liabilities - short-term advances received
Current ratio	current assets + inventories / short-term liabilities
Investments	Cash flow from VAT-exclusive working capital acquisitions without deduction of investment subsidies. Additions of right-of-use assets in consolidated balance sheet are not included in investments.
Average number of employees	average of personnel numbers at the end of each month

PER-SHARE DATA

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 during financial year / number of dividend-earning shares at end of period, adjusted for share issue
Dividend out of profit, %	100 x dividend per share / earnings per share
Effective dividend yield, %	100 x dividend per share / closing price at balance sheet date
Price per earnings (P/E) ratio	closing price at balance sheet date / earnings per share
Total market capitalisation	losing price for the period x number of shares available for public trading

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

Return on investment, %

1,000 euros	2022	2021	2020
Net profit/loss for the period	27,595	21,059	9,218
Financial expenses	2,701	1,098	1,678
Taxes	9,032	4,662	2,290
Profit/loss for the period	**39,327**	**26,819**	**13,187**
Equity	87,426	62,893	38,580
Non-current interest-bearing financing loans	10,929	4,026	6,103
Current interest-bearing financing loans	10,513	7,238	3,687
Capital employed	**108,868**	**74,157**	**48,371**
Capital employed average at the end of the reporting period and the end of previous financial year	**91,512**	**61,264**	**37,911**
Return on investment, %	**43.0**	**43.8**	**34.8**

Return on equity, %

1,000 euros	2022	2021	2020
Net profit/loss for the period	27,595	21,059	9,218
Equity	87,426	62,893	38,580
Equity average at the end of the reporting period and the end of previous financial year	75,160	50,737	30,232
Return on equity, %	**36.7**	**41.5**	**30.5**

Equity ratio, %

1,000 euros	2022	2021	2020
Equity	87,426	62,893	38,580
Balance sheet total	168,326	129,488	76,365
Advances received	-5,195	-8,225	0
Equity ratio, %	**53.6**	**51.9**	**50.5**

Net gearing, %

1,000 euros	2022	2021	2020
Interest-bearing net debt	**13,883**	**2,014**	**5,891**
Equity	87,426	62,893	38,580
Net gearing, %	**15.9**	**3.2**	**15.3**

Interest-bearing net debt

1,000 euros	2022	2021	2020
Non-current interest-bearing financing loans	10,929	4,026	6,103
Current interest-bearing financing loans	10,513	7,238	3,687
Interest-bearing debt	**21,442**	**11,264**	**9,791**
Cash and bank accounts	-7,559	-9,249	-3,899
Interest-bearing net debt	**13,883**	**2,014**	**5,891**

Current assets

1,000 euros	2022	2021	2020
Current receivables	36,416	33,654	24,202
Cash and bank accounts	7,559	9,249	3,899
Current assets	**43,975**	**42,904**	**28,101**

Quick ratio

1,000 euros	2022	2021	2020
Current assets	**43,975**	**42,904**	**28,101**
Short-term liabilities	67,727	60,099	29,181
Advances received	-5,195	-8,225	0
Current liabilities	**62,532**	**51,874**	**29,181**
Quick ratio	**0.7**	**0.8**	**1.0**

Current ratio

1,000 euros	2022	2021	2020
Current assets	**43,975**	**42,904**	**28,101**
Inventories	**91,798**	**59,467**	**24,176**
Short-term liabilities	67,727	60,099	29,181
Current liabilities	**67,727**	**60,099**	**29,181**
Current ratio	**2.0**	**1.7**	**1.8**

Investments

1,000 euros	2022	2021	2020
Capital expenditure on tangible and intangible assets	5,465	5,170	9,471
Investments	**5,465**	**5,170**	**9,471**

Adjusted operating profit

1000 euro	2022	2021	2020
Operating profit	38,942	25,974	12,594
Non-recurring costs	580	331	74
Purchase price allocation (PPA) amortisation	430	474	1,906
Adjusted operating profit	**39,953**	**26,780**	**14,573**

CALCULATION OF ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measure	Calculation	Reference to reason to use the measure
Return on investment, %	100 x (Net profit/loss + financial expenses + taxes) / (Equity + 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 x Net profit/loss / 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 x Equity / Balance sheet total - advances received	The measure indicates how much of the Group's assets have been financed with debt.
Net gearing, %	100 x Interest-bearing net debt / 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	Current assets / Short-term liabilities – short-term advances received	The measure provides information on the company's liquidity
Current ratio	Current assets + inventories / Short-term liabilities	The measure provides information on the company's liquidity
Investments	Cash flow from VAT-exclusive working capital acquisitions without deduction of investment subsidies. Additions of right-of-use assets in consolidated balance sheet are not included in investments.	The measure provides information on cash flow from investments.
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.

BOARD OF DIRECTORS

VILLE VUORI

Chairman of the Board as from 15 April 2019
B.Sc. (Eng.), eMBA, born 1973

A non-executive director, who is independent of the company and company's major shareholders.

Ville Vuori is CEO of Kemppi Oy. He has acted as President and CEO of Incap Group during 2014–2017. Before that he worked at Kumera Drives Oy and Skyhow Ltd. as Managing Director and at ABB Group in several managerial positions.

Board member since 17 April 2018.

Incap shares (direct ownership and holding of interest parties): –

Options: –

PÄIVI JOKINEN

Board member
M. Sc. (Econ), born 1968

A non-executive director, who is independent of the company and its major shareholders.

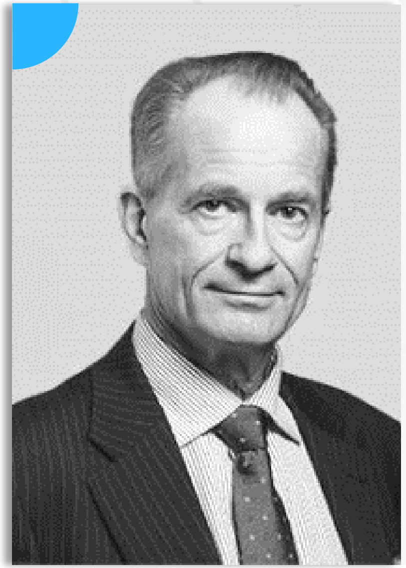
Managing director and founding partner at Avant Advisors Oy since 2021.

Päivi Jokinen has worked in various leadership positions in international business. Prior to assuming the position as Chairwoman of the Board at European Women on Boards, she worked as Vice President at Stora Enso Consumer Board Division. Before that she has worked as member of the Management team at Kemira and International Paper Europe, among others. Päivi has solid experience in innovation leadership, strategic planning, sales, marketing and communications. She is also member of the board at Enersense Oyj and member of the Advisory Council of the private equity company Bocap.

Board member since 17 April 2018.

Incap shares (direct ownership and holding of interest parties): 1,500 pcs

Options: –



CARL-GUSTAF VON TROIL

Board member
B.Sc. (Eng.), born 1954

A non-executive director, who is independent of the company and its major shareholders.

Carl-Gustaf von Troil is a member of the Board at United Bankers and acts as a partner and asset manager at UB Wealth management. He has acted as Managing Director and Board member in several companies in banking, investment and property businesses. He is a member of the board at Oy Kontino Ab and in several companies in the United Bankers Group.

Board member since 31 March 2015. Chairman of the Board 17 April 2018–15 April 2019. Board member since 15 April 2019.

Incap shares (direct ownership and holding of interest parties): 270,690 pcs

Options: –

KAISA KOKKONEN

Board member
M. Sc. (Econ.), HT-auditor, CBM, born 1962

A non-executive director, who is independent of the company and its major shareholders.

Kaisa Kokkonen is a finance professional and founder of Akeba Oy established in 2011. Earlier, she has worked as e.g. CFO at Talentum Oyj and Director of Finance at Hackman Oyj. She has extensive experience in financial management, corporate governance as well as mergers and acquisitions.

Board member since 20 April 2020.

Incap shares (direct ownership and holding of interest parties): 7,500 pcs

Options: –

MANAGEMENT TEAM

OTTO PUKK

President and CEO of the Group
M.Sc.B.E., born 1978

With the company since 2015, first as the director for Incap operations in Estonia. CEO of the Group as of 18 September 2018. He has served previously at Eesti Energia Technology Industries and ETAL Group, among others.

Incap shares (direct ownership and holding of interest parties): 38,200 pcs

Options: –

JAMIE MAUGHAN

Director of Operations UK
HND, born 1972

Director Operations UK at Incap Group and Managing Director of Incap Electronics UK Limited. With the company since 2020. Jamie started his career at Motorola. He has had various roles in electronic manufacturing and has run several sites.

MURTHY MUNIPALLI

Director of Operations India and Sales APAC
M.Sc. (Eng.), MBA, born 1964

Managing Director of Incap India. With the company since 2008, serving first as Sales Director and as Managing Director of the Indian subsidiary. He has worked previously at Spike Technologies Ltd (presently Qualcomm) and Tata Elxsi Ltd.

MIROSLAV MICHALIK

Director of Operations Slovakia
MBA, born 1976

Director of Operations Slovakia at Incap Group and Managing Director of Incap Electronics Slovakia s.r.o. With the company since 2020. Miroslav has held several roles in companies within the electronics sector, from process engineer to plant manager and managing director. His previous work experience includes different positions in AWS Group, Giesecke+Devrient Slovakia, Visteon and Celestica.

ANTTI PYNNÖNEN

CFO
M.Sc. (Econ.), born 1982

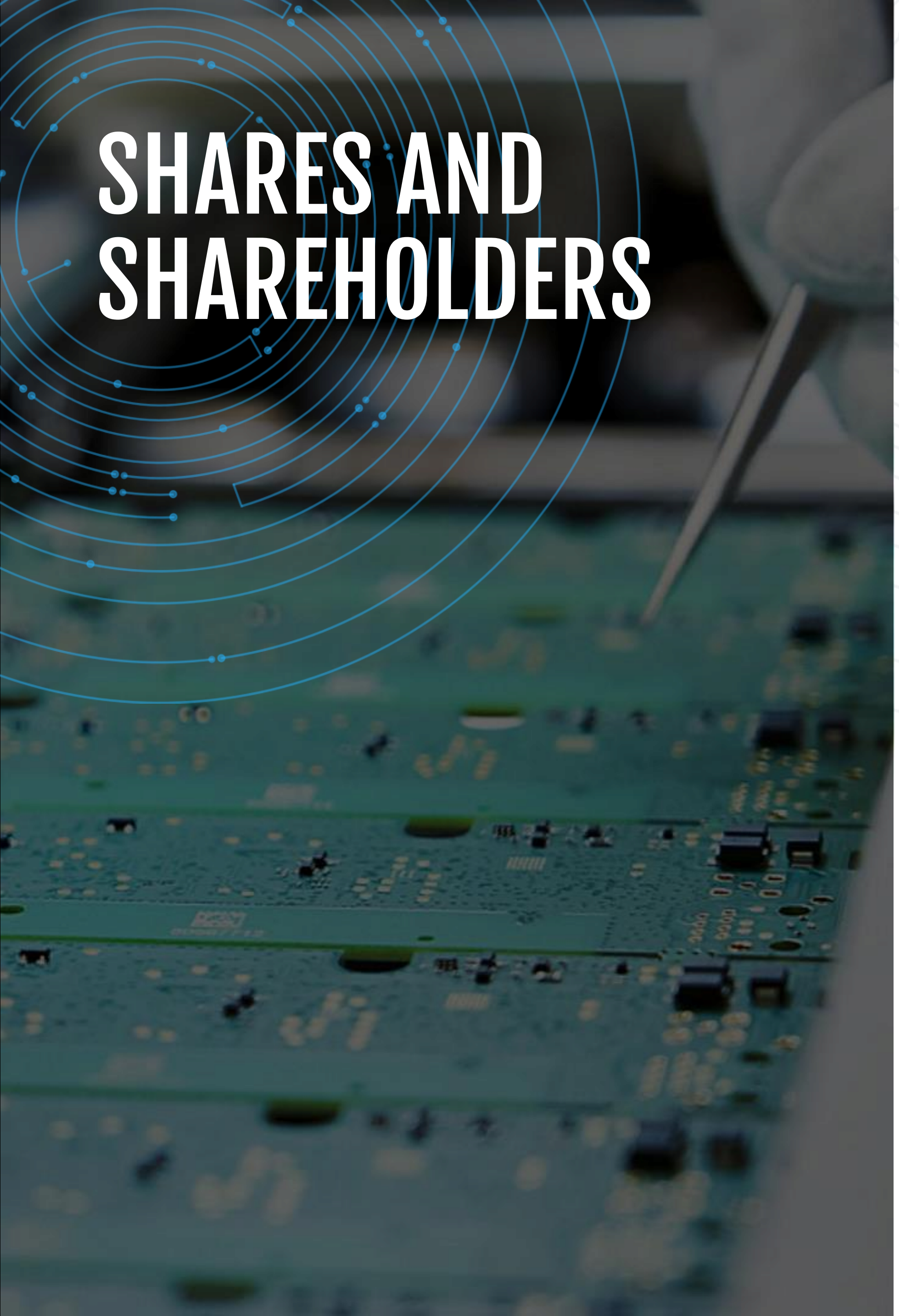
With the company since 2019. He has previously worked at ABB and at Wärtsilä.

MARGUS JAKOBSON

Director of Operations Estonia
Civ.Eng., born 1979

Director of Operations Estonia at Incap Group and Managing Director of Incap Electronics Estonia OÜ. With the company since 2016, previously Member of Incap Estonia's Management responsible for QHSE, process and strategy development. Before joining Incap Margus held several managerial positions at electronics and technology companies such as ETAL Group, Nordic Houses and Pharmadule, among others.

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 four new shares were issued for each share.

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 31 December 2022 was 29,284,835 (31 December 2021: 5,849,327).

In 2022, the share price varied between EUR 10.68 and EUR 17.62 (EUR 3.44 and 16.12). The closing price on 30 December 2022 was EUR 17.10 (30 December 2021: EUR 15.70). The market capitalisation on 31 December 2022 was EUR 500.8 million (EUR 459.2 million).

At the end of 2022, the company had 4,705 shareholders (4,605). Nominee-registered owners held 32.3% (20.4%) and foreign owners 7.7% (8.2%) of all shares. The company does not hold any of its own shares.

SHAREHOLDER AGREEMENTS

The Board of Directors is not aware of any shareholder agreements concerning the ownership and voting rights of the company's shares.

SHAREHOLDINGS OF THE BOARD OF DIRECTORS AND THE PRESIDENT

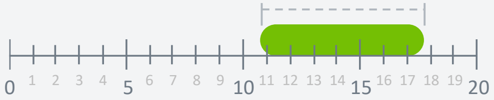
At the end of 2022, the members of Incap Corporation's Board of Directors and the President and CEO and their interest parties owned a total of 317,890 shares or 1.1% of the company's shares outstanding (278,190 or 1.0%). Changes in the shareholdings of the Board of Directors, the President and the Group management team are announced as stock exchange releases available on the company's website at www.incapcorp.com, section Investors/News and Releases.

Number of shares

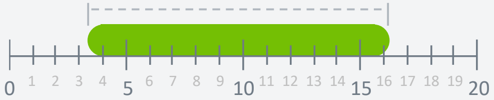
29,284,835

Share price

2022 EUR 10.68 EUR 17.62



2021 EUR 3.44 EUR 16.12



Number of shareholders

4,705

Foreign owners and nominee-registered owners:

39.9%

SHARES AND SHAREHOLDERS

Development of share capital Date		Change 1,000 EUR	Registered on	Share capital 1,000 EUR
31 January 1991	Merger	5,760	26 February 1992	7,862
28 April 1992	Increase	424	25 November 1992	8,286
30 September 1992	Decrease	4,972	02 December 1992	3,314
15 January 1993	Increase	32	11 August 1993	3,347
16 March 1994	Increase	563	21 December 1994	3,910
10 March 1997	Increase	978	21 March 1997	4,889
05 May 1997	Increase	975	05 May 1997	5,864
04 May 1998	Increase	40	04 May 1998	5,904
21 March 2002	Increase	14,583	24 April 2002	20,487
06 April 2016	Decrease	19,487	31 August 2016	1,000

Largest shareholders on 31 December 2022	Number of shares	Holding, %
Oy Etra Invest Ab	5,686,665	19.42
Nordea Henkivakuutus Suomi Oy	2,458,070	8.39
Joensuun Kauppa ja Kone Oy	1,533,160	5.24
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	1,391,540	4.75
Etola Erkki Olavi	500,000	1.71
Etola Group Oy	450,000	1.54
Kakkonen Kari Heikki Ilmari	390,525	1.33
Oy Pontia Invest Ab	386,465	1.32
K22 Finance Oy	237,271	0.81
OP Fin Small Cap	232,255	0.79
10 largest shareholders in total	**13,265,951**	**45.30**

	Shareholders		Shares and votes	
Holding by sector on 31 December 2022	Pcs	%	Pcs	%
Private enterprises	170	3.6	3,423 642	11.7
Financial institutions	15	0.3	16,056 290	54.8
Public sector entities	1	0.0	1,391 540	4.8
Households	4,503	95.7	6,164 135	21.0
Non-profit organisations	3	0.1	6 556	0.0
Foreign ownership	13	0.3	2,242 672	7.7
TOTAL	**4,705**	**100.0**	**29,284,835**	**100.0**
Nominee-registered	19		9,449,402	32.3

Holding by number of shares on 31 December 2022	Shareholders		Shares and votes	
Shares, pcs	Pcs	%	Pcs	%
1 - 100	1,696	36.0	75,122	0.3
101 - 500	1,553	33.0	414,333	1.4
501 -1,000	550	11.7	408,991	1.4
1,001 - ,5000	686	14.6	1,477,550	5.0
5,001 – 10,000	115	2.4	806,007	2.8
10,001 – 50,000	68	1.4	1,422,421	4.9
50,001 – 100,000	13	0.3	862,588	2.9
100,001 – 500,000	16	0.3	3,889,271	13.3
500,001 -	8	0.2	19,928,552	68.1
TOTAL	**4,705**	**100.0**	**29,284,835**	**100.0**
of which nominee-registered	9		9,449,402	32.3

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