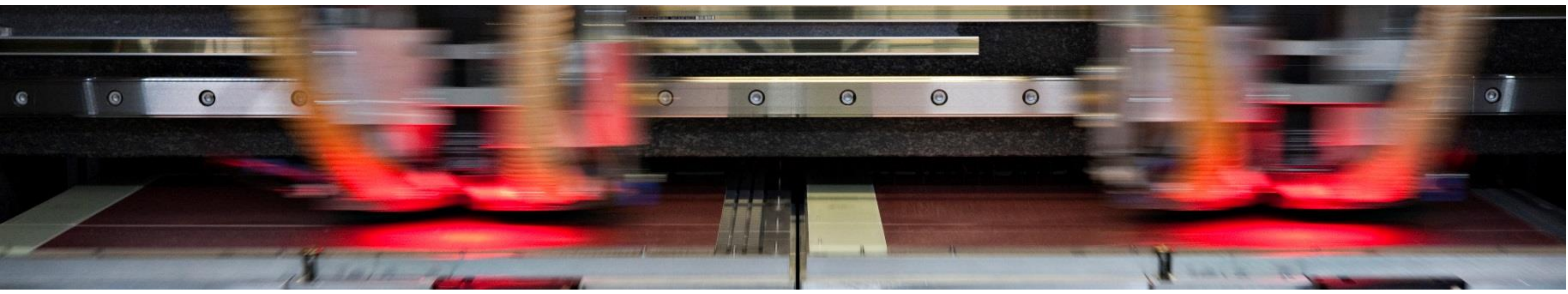
2018

Annual Report



ASPOCOMP

CEO'S REVIEW

Excellent development continued in the fourth quarter. Full-year net sales grew 22 percent, rising to their highest level since 2006. Our growth was clearly faster than the PCB market as a whole, which is expected to grow by approximately 5.5 percent (Custer Consulting, February 2019). The customer segments selected in the strategy all posted strong growth, with the exception of the security and defense segment. In the telecommunications network segment, demand was strengthened by the development of the next generation of 5G technology and the launch of the first commercial networks and equipment. The segment has over 10 significant customers and total growth was 42 percent. Development was slightly more moderate in both the automotive industry and industrial electronics segments, about 17 and 15 percent, respectively. The semiconductor testing segment grew by as much as 54 percent and its net sales amounted to EUR 2 million. In the security and defense segment, sales decreased by almost a fifth due to strong performance in the reference year and delays in the startup of certain projects.

In 2018, net sales rose to EUR 29.1 million. Performance was clearly strongest in the fourth quarter, with sales reaching EUR 8.5 million, representing growth of 36 percent. In the fourth quarter, sales were boosted particularly by strong demand in the telecommunications network segment.

Full-year operating result amounted to EUR 2.9 million and rose to 10 percent of net sales. Profitability developed well and exceeded the target level set in the strategy. The target level was at least 7 percent by 2022. The extremely strong earnings trend is the result of the focus on technologically more demanding printed circuit boards (PCBs) in our sales and manufacturing as well as higher net sales. In addition, we have been able to provide end-to-end service for our customers' high-volume orders by utilizing our strong partner network.

The operating result for the fourth quarter tripled compared to last year's reference period and amounted to EUR 1.2 million. Operating margin was exceptionally high, 14 percent of net sales. In the fourth quarter, the Oulu plant managed to increase its delivery reliability to a record level and at the same time reduced production losses by raising yields. New investments in capability are starting to deliver results.

The ongoing EUR 10 million investment program focuses in the first stage on enhancing the capabilities of the Oulu plant, while the main focus in the second stage is to increase its capacity. Most of the first stage equipment has been ordered and installation will be completed in 2019. With the start-up of new equipment depreciation, total depreciation will increase faster than net sales, and relative profitability is estimated to decline slightly in the early stages. At the same time, we estimate that net sales of our volume production service will grow faster than our own production, which also puts pressure on relative profitability.

I would like to thank all our loyal customers, shareholders and other stakeholders for the excellent past year. I would also like to say a big thanks to our hard-working and flexible staff.

Mikko Montonen
President and CEO

REPORT OF THE BOARD OF DIRECTORS

2018 IN BRIEF

	1-12/2018	1-12/2017	Change *
Net sales	29.1 M€	23.9 M€	5.2 M€
EBITDA	4.0 M€	1.9 M€	2.0 M€
Operating result	2.9 M€	0.8 M€	2.0 M€
% of net sales	9.9 %	3.5 %	*6.4* ppts
Earnings per share	0.49 €	0.19 €	0.30 €
Operative cash flow	2.0 M€	0.8 M€	1.2 M€
Equity ratio	57.6 %	69.1 %	-11.5 ppts
Order book at the end of period	2.8 M€	2.5 M€	0.2 M€
Dividend/share **	0.12 €	0.07 €	0.05 €

* The total may deviate from the sum totals due to rounding up and down.

** The Board of Directors will propose to the Annual General meeting

NET SALES AND EARNINGS

Net sales amounted to EUR 29.1 (23.9) million, a year-on-year increase of 21.8 percent. All the customer segments selected in the strategy posted strong growth, except for the security and defense segment. In the telecommunications network segment, demand was strengthened by the development of the next generation of 5G technology and the launch of the first commercial networks and equipment. The semiconductor testing segment also saw significant growth and its net sales amounted to EUR 2 million. The automotive industry and industrial electronics segments grew also, but more modestly than the ones above. Of the customer segments selected in the strategy, sales decreased only in the security and defense segment, mainly due to strong performance in the reference year and changes in the schedules of customer projects.

The five largest customers accounted for 54 (51) percent of net sales. In geographical terms, 97 (95) percent of net sales were generated in Europe, 1 (2) percent in Asia and 2 (3) percent in North America.

Operating result amounted to EUR 2.9 (0.8) million, rising to 10 percent of net sales. The extremely strong earnings trend is the result of the focus on technologically more demanding printed circuit boards (PCBs) in sales and own manufacturing as well as higher net sales.

Net financial expenses amounted to EUR 0.1 (0,1) million. Earnings per share were EUR 0.49 (0.19).

INVESTMENTS

Investments during 2018 amounted to EUR 3.4 (1.0) million. The investments were mainly focused on the acquisition of the production facility and improving the capabilities of the Oulu plant. The investment program to enhance the capabilities of the Oulu plant and increase its capacity, announced in December 2017, is proceeding on schedule. The investment program focuses in the first stage on enhancing the capabilities of the plant and in the second stage on increasing capacity. Most of the first stage equipment has been already ordered and installation will be completed in 2019. With the investment program, the company will be able to respond better to the rise in demand generated by global digitalization and thereby bolster the company's position as a partner to the world's leading technology and semiconductor companies.

CASH FLOW AND FINANCING

Cash flow from operations amounted to EUR 2.0 (0.8) million due to positive development of net sales and earnings.

Cash assets amounted to EUR 2.6 (0.4) million at the end of the period. Interest-bearing liabilities amounted to EUR 5.4 (1.5) million after the company raised a new loan to finance its investments in the Oulu plant. Gearing was 19 (9) percent. Non-interest-bearing liabilities amounted to EUR 5.5 (3.9) million. At the end of the period, the Group's equity ratio amounted to 58 (69) percent.

The company also has a EUR 1.0 (0.2) million credit facility, which was not in use at the end of the review period. In addition, the company has a recourse factoring agreement, of which EUR 0.0 (0.0) million was in use.

DEFERRED TAX ASSETS

At the end of the 2018 financial year, the company had approximately EUR 4.0 million in deferred tax assets in its balance sheet. The deferred tax assets are primarily due to decelerated tax depreciation.

PERSONNEL

During the review period, the company had an average of 116 employees (111). The personnel count on December 31, 2018 was 117 (113). Of them, 74 (71) were blue-collar and 43 (42) white-collar employees.

The Group's personnel expenses amounted to EUR 7.7 (6.3) million. In addition, the Group booked personnel service costs of EUR 0.2 (0.3) million in 2018.

	2018	2017
Permanent employees, average (no.)	116	111
Personnel expenses, permanent employees (M€)	7.7	6.3
Personnel expenses, part-time employees (M€)	0.2	0.3

ENVIRONMENT

Environmental responsibility is an integral part of Aspocomp's operations, management and decision making, seeking to minimize the company's environmental impact. We seek to continuously develop our operations to prevent and reduce the emissions and wastes caused by our operations. We are committed to minimizing the use of materials that have a harmful impact on the environment throughout the whole life cycle of products.

Aspocomp complies with the environmental legislation and regulations that are in force as well as seeks to proactively boost the efficiency of its operations while taking environmental issues into consideration in all of its functions. The company is committed to continuously reducing its adverse environmental impacts, such as by cutting emissions, conserving natural resources, and using the best available and economically viable technologies.

In order to achieve these objectives, Aspocomp trains its employees and constantly works in cooperation with its customers, the authorities and other stakeholders. Aspocomp manages its environmental compliance with an environmental system that has been certified in line with the latest ISO 14001:2015 version.

The electronics supply chain has a great impact on the environmental friendliness of the end products. Therefore we seek to work closely with other electronics companies and subcontractors in projects concerning the environment and its protection. The goal is to collect reliable data on the composition of the production materials, and to identify the most environmentally friendly raw materials and production processes.

Aspocomp can provide its customers with detailed material reports that itemize the chemical elements and compounds used in each PCB. Customers can consult these reports to determine the recyclability of the final product at the end of its life cycle.

Aspocomp identifies and assesses the environmental perspectives of its operations at least every other year. These reviews are performed by a working group assembled by the officer responsible for environmental issues. The evaluation of environmental perspectives carried out in 2018 focused in particular on determining possibilities to improve emissions and waste recovery. On the basis of the evaluation, the following goals were set for the environmental program in 2019-2021:

- Air pollutant emissions review and necessary actions
- Waste recovery
- Optimizing material usage

Every year, the company provides the national environmental protection information system with data on its use of energy and chemicals, production volumes, water consumption, wastes generated during operations, and the wastewater load discharged into bodies of water.

THE ANNUAL GENERAL MEETING 2018

The Annual General Meeting of Aspocomp Group Plc. was held on March 16, 2018 at Keilaranta 1, Espoo, Finland. The Annual General Meeting adopted the annual accounts and the consolidated annual accounts for the financial period 2017 and granted the members of the Board of Directors and the CEO discharge from liability. The Annual General Meeting decided to pay a dividend of EUR 0.07 per share, as proposed by the Board of Directors. The dividend was paid to shareholders registered in the company's register of shareholders maintained by Euroclear Finland Ltd on the record date of the dividend distribution, March 20, 2018.

THE BOARD OF DIRECTORS

The Annual General Meeting 2018 decided to set the number of Board members at five and re-elected Ms. Päivi Marttila and Ms. Kaarina Muurinen, Mr. Matti Lahdenperä, Julianna Borsos and Mr. Juha Putkiranta, for a term of office ending at the closing of the following Annual General Meeting.

The Annual General Meeting decided that the chairman of the Board of Directors will be paid EUR 30,000, the vice chairman of the Board of Directors be paid EUR 20,000 and the other members will be paid EUR 15,000 each in remuneration for their term of office. The Annual General Meeting further decided that EUR 1,000 will be paid as remuneration per meeting to the chairman and that the other members be paid EUR 500 per meeting of the Board and its committees. The members of the Board of Directors will further be reimbursed for reasonable travel costs.

Authorizations given to the Board

The Annual General Meeting decided to authorize the Board of Directors, in one or more installments, to decide on the issuance of shares and the issuance of options and other special rights entitling to shares referred to in Chapter 10 Section 1 of the Companies Act as follows:

The number of shares to be issued based on the authorization may in total amount to a maximum of 666,650 shares. The Board of Directors decides on all the terms and conditions of the issuances of shares and of options and other special rights entitling to shares. The authorization concerns both the issuance of new shares as well as own shares possibly held by the company. The issuance of shares and of options and other special rights entitling to shares referred to in Chapter 10 Section 1 of the Companies Act may be carried out in deviation from the shareholders' pre-emptive rights (directed issue).

The authorization cancels the authorization given by the General Meeting on March 23, 2017 to decide on the issuance of shares as well as the issuance of special rights entitling to shares. The authorization is valid until June 30, 2019.

The Board of Directors' organization meeting

In its organization meeting on March 16, 2018, the Board of Directors of Aspocomp Group Plc. re-elected Ms. Päivi Marttila as Chairman of the Board and Ms. Kaarina Muurinen as Vice Chairman of the Board.

The Board decided to establish an Audit Committee. Ms. Kaarina Muurinen was elected as Chairman and Ms. Julianna Borsos and Mr. Matti Lahdenperä as members of the Audit Committee.

AUDITOR

The Annual General Meeting re-elected in accordance with the proposal of the Board of Directors PricewaterhouseCoopers Oy, Authorized Public Accountants as the company's auditor for the 2018 financial year. The Meeting resolved that the auditor's fees shall be paid according to the auditor's invoice.

THE MANAGEMENT TEAM

Mr. Mikko Montonen, M.Sc. (Eng.) is the President and Chief Executive Officer of Aspocomp Group Plc. Mr. Mitri Mattila was appointed Chief Technology Officer and a member of the Management Team on February 26, 2018. Mr. Antti Ojala, VP, Business Development, has been deputy to the CEO as of November 29, 2018. Mr. Tero Päärni, VP, Sales, left the company and his role as a member of Aspocomp's Management Team on November 23, 2018 to pursue new opportunities outside the company.

In addition to Mr. Montonen, the Management Team of the company includes Antti Ojala, VP, Business Development, Jari Isoaho, COO, Jouni Kinnunen, CFO, and Mitri Mattila, CTO.

OTHER MAJOR EVENTS AT THE FINANCIAL YEAR 2018

Aspocomp Group Plc announced on March 29, 2018 that the company has acquired from Technopolis Plc the production facility, located at Tutkijantie 11-13 in Oulu, Finland, which has been in the company's own use. The ownership and control of the buildings was transferred from Technopolis to Aspocomp on April 1, 2018. As part of the transaction, Aspocomp gained land lease rights to the plot.

Aspocomp Group Plc announced on January 22, 2018 that the company has been granted about EUR 1.3 million in development support from the European Regional Development Fund under the Leverage from the EU 2014-2020 program for investments in high-tech and capability development. The development support granted by the Centre for Economic Development, Transport and the Environment of North Ostrobothnia (ELY Centre) is earmarked for the EUR 10 million investment program that Aspocomp announced on December 2017. With these investments, the company will bolster its position as a partner to the world's leading technology and semiconductor companies by introducing more advanced technology at its Oulu plant and increasing production capacity. The support is targeted at the part of the investment project that aims to develop and improve Aspocomp's ability to deliver high-tech PCBs for the testing of demanding semiconductor components.

CORPORATE GOVERNANCE STATEMENT

Aspocomp's Corporate Governance Statement 2018 is presented separately on pages 75-85 of the Annual Report. The statement is also available on the company's Internet site at www.aspocomp.com/governance.

SHARES AND OWNERSHIP STRUCTURE

Number of shares

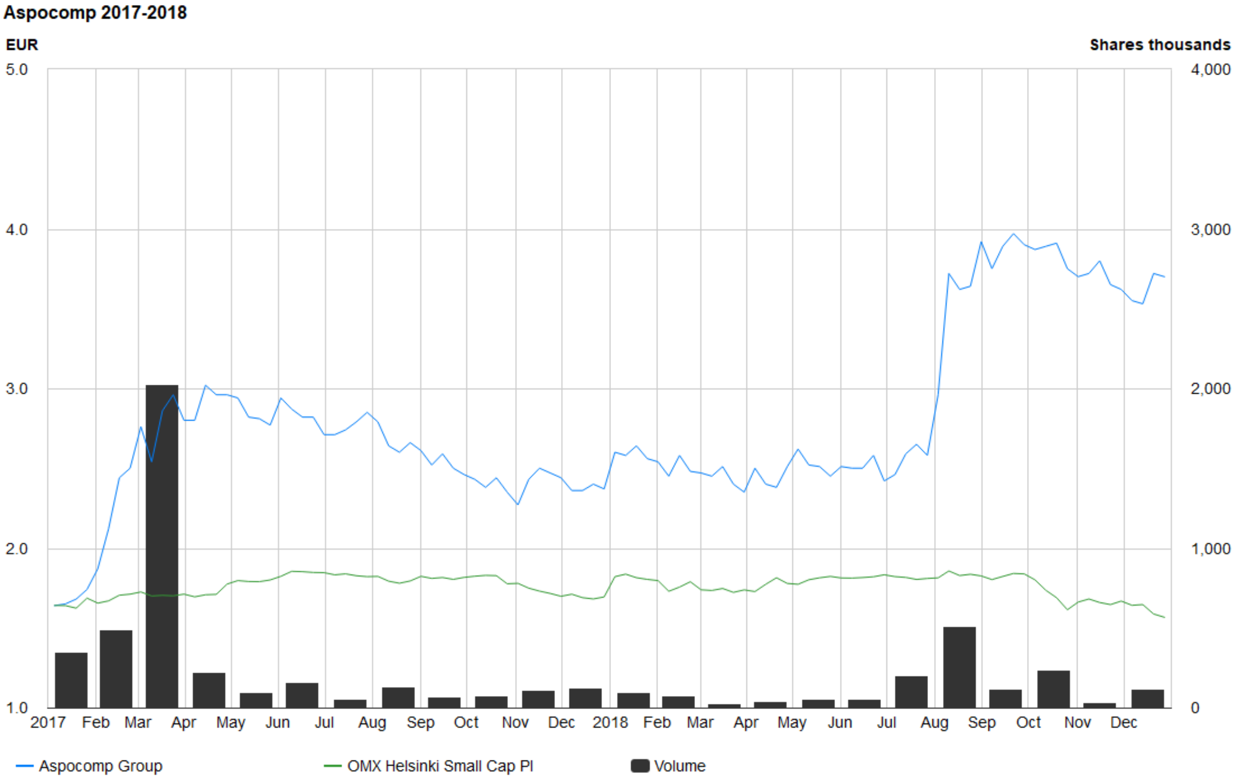
Aspocomp Group Plc. shares have been listed on the main list of the Helsinki Stock Exchange since October 1, 1999. The company's trading code on the Nasdaq Helsinki Small Cap segment is ACG1V. The total number of Aspocomp's shares at December 31, 2018 was 6,666,505 and the share capital stood at EUR 1,000,000. The company did not hold any treasury shares. Each share is of the same share series and entitles its holder to one vote at a General Meeting and to have an identical dividend right.

Share turnover and price

A total of 1,592,430 Aspocomp Group Plc. shares were traded on Nasdaq Helsinki during the period from January 1 to December 31, 2018. The aggregate value of the shares exchanged was EUR 5,306,346. The shares traded at a low of EUR 2.30 and a high of EUR 4.48. The average share price was EUR 3.33. The closing price at December 28, 2018 was EUR 3.70, which translates into market capitalization of EUR 24.7 million.

The company had 2,970 shareholders at the end of the review period. Nominee-registered shares accounted for 4.2 percent of the total shares.

Share price development and share turnover per month



Ownership structure

Size of holding, December 31, 2018

Shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1 - 100	1,270	42.8	57,901	0.9
101 - 500	921	31.0	255,552	3.8
501 - 1,000	344	11.6	285,126	4.3
1,001 - 5,000	323	10.9	747,087	11.2
5,001 - 10,000	55	1.8	403,999	6.1
10,001 - 50,000	37	1.2	727,527	10.9
50,001 - 100,000	10	0.3	757,139	11.3
100,001 - 500,000	8	0.3	1,685,873	25.3
500,001 -	2	0.1	1,746,004	26.2
Shares in trust and awaiting clearance			297	0
Total	**2,970**	**100%**	**6,666,505**	**100%**
of which nominee registered	10		282,043	4.2

Shareholders by sector, December 31, 2018

Sectors	Number of shareholders	% of shareholders	Number of shares	% of shares
Household	2,800	94.2	3,486,162	52.3
Companies	130	4.4	2,354,459	35.3
Financial and insurance institution	14	0.5	803,640	12
Non-domestic	18	0.6	19,937	0.3
Non-profit organizations	8	0.3	2,010	0.1
Public sector organizations	0	-	0	-
Shares in trust and awaiting clearance	0		297	0
Total	**2 970**	**100%**	**6,666,505**	**100%**

Shareholders

Major shareholders, December 31, 2018

Shareholders	Shares	Ownership, %
Tiiviste-Group Oy	1,001,004	15.02
Joensuun Kauppa Ja Kone Oy	745,000	11.18
Mandatum Life Unit-Linked	328,361	4.93
Etola Erkki Olavi	295,000	4.43
Montonen Mikko	260,000	3.90
K22 Finance Oy	235,000	3.53
Lähdesmäki Tuomo	161,000	2.42
Lahdenperä Matti	150,000	2.25
Svenska Handelsbanken Ab (Nomineereg.)	142,685	2.14
Koskinen Jouni	113,827	1.71
Kakkonen Kari	100,000	1.50
Aj Eab Value Hedge Sr	99,768	1.50
J & K Hämäläinen Oy	86,790	1.30
Lauren Karri-Pekka	78,895	1.18
Vuorialho Kari	77,314	1.16
Lahdenperä Marja	70,011	1.05
Nordea Bank Abp (Nomineereg.)	64,184	0.96
Hammarén Johan	63,314	0.95
Ruotanen Jaakko	62,013	0.93
Haaron Perunatila Oy	54,850	0.82
20 major shareholders total	**4,189,016**	**62.84**
Other shareholders	2,477,489	37.16
Total shares	**6,666,505**	**100.00**

Information on shareholders is based on Aspocomp Group Plc.'s shareholder list, which is maintained by Euroclear Finland Ltd.

MAJOR SHAREHOLDER ANNOUNCEMENTS IN 2018

No announcements in 2018.

ASPOCOMP'S BUSINESS OPERATIONS

Aspocomp is a service company specializing in PCB technologies. A printed circuit board (PCB) is used for electrical interconnection and as a component assembly platform in electronic devices. Aspocomp provides PCB technology design, testing and logistics services over the entire lifecycle of a product. The company's own production and extensive international partner network guarantee cost-effectiveness and reliable deliveries.

Aspocomp's customers are companies that design and manufacture telecommunication systems and equipment, automotive and industrial electronics, and systems for testing semiconductor components for security technology. The company has customers around the world and most of its net sales are generated by exports. Aspocomp is headquartered in Espoo and its plant is in Oulu, one of Finland's major technology hubs.

Outlook for the future

In 2019, net sales are expected to grow approximately 10 percent compared with 2018 and the operating result to be better than in 2018. In 2018, net sales amounted to EUR 29.1 million and the operating result to EUR 2.9 million.

The cornerstones of Aspocomp's growth include, for instance, next-generation 5G telecommunications and government networks, the e-revolution in the automotive industry, the development of testing requirements for semiconductor components as well as the spread of artificial intelligence and mechanical applications in the industry.

A major share of Aspocomp’s net sales is generated by quick-turn deliveries and R&D series, and thus the company’s order book is short. The company's aim is to systematically expand its services to cover the PCB needs of customers over the entire life cycle and thereby balance out variations in demand and the order book.

Assessment of short-term business risks

Dependence on key customers

Aspocomp’s customer base is concentrated; around half of sales are generated by a small number of key customers. This exposes the company to significant fluctuations in demand.

Market trends

Although Aspocomp is a marginal player in the global electronics market, changes in global PCB demand also have an impact on the company’s business. Competition for quick-turn deliveries and short production series will accelerate as the market for PCBs weakens, and continues to have a negative impact on both total demand and market prices.

Aspocomp’s main market area comprises Northern and Central Europe. In case Aspocomp’s clients would transfer their R&D and manufacturing out of Europe, demand for Aspocomp’s offerings might weaken significantly.

Liquidity

Although the Group’s liquidity has improved markedly due to the improvement in operating profit, the company still remains dependent on the net sales generated by its key customers. Liquidity risk is managed, if necessary, with a recourse factoring agreement and credit facility.

Board of Directors’ dividend proposal

According to the financial statements dated on December 31, 2018 the parent company's distributable earnings amounted to EUR 8,188,581.68, of which the retained earnings were EUR 5,405,353.58.

The Board of Directors will propose to the Annual General Meeting to be held on April 3, 2019, that a dividend of EUR 0.12 per share be paid. The dividend would be paid to shareholders registered in the Register of Shareholders maintained by Euroclear Finland Ltd on the record date of the dividend distribution, April 5, 2019. The Board of Directors proposes that the dividend will be paid on April 12, 2019.

There have been no significant changes in the company’s financial position since the close of the financial period. According to the Board of Directors, the proposed dividend distribution does not endanger the company’s financial standing.

KEY INDICATORS 2018-2014

	2018	2017	2016	2015	2014
Net sales, M€	29.1	23.9	21.6	17.5	21.0
Operating result before depreciation (EBITDA), M€	4.0	1.9	1.8	0.0	-0.3
Operating profit/loss (EBIT), M€	2.9	0.8	0.7	-1.2	-2.0
Share of net sales, %	*9.9*	*3.5*	*3.2*	*-6.8*	*-9.3*
Pre-tax profit from operations, M€	2.8	0.8	0.6	-1.3	-2.0
Share of net sales, %	*9.5*	*3.3*	*2.9*	*-7.4*	*-9.6*
Net profit/loss for the period, M€	3.2	1.3	1.0	-1.0	-2.0
Share of net sales, %	*11.1*	*5.3*	*4.8*	*-5.8*	*-9.5*
Net cash flow from operating activities, M€	2.0	*0.8*	*0.1*	*-0.1*	*-0.1*
Return on equity (ROE), %	24.0	11.2	10.3	-10.1	-17.2
Return on investment (ROI), %	19.8	10.3	9.6	-12.6	-14.6
Equity ratio, %	57.6	69.1	67.6	68.6	71.3
Gearing, %	19.3	9.3	11.8	10.7	4.7
Investments, M€	3.4	1.0	0.4	0.5	0.9
Share of net sales, %	*11.5*	*4.0*	*1.8*	*2.7*	*4.1*
Order book at the end of period	2.8	*2.5*	*2.4*	*1.0*	*1.3*
Personnel, year end	117	113	108	106	144
Personnel, average	116	111	106	121	148
Earnings/share (EPS), €	0.49	0.19	0.16	-0.16	-0.31
Dividend/share, €	0,12*	0,07	0.00	0.00	0.00
Price/earnings ratio (P/E)	7.55	12.47	10.00	-7.00	-3.35

*Proposal of the Board of Directors

FORMULAS AND DEFINITIONS

Earnings/share (EPS), €	=	Profit attributable to equity shareholders / Adjusted weighted average number of shares outstanding
Dividend/share, €	=	Dividend for the period
Price/earnings (P/E)	=	Share price at the end of period / Earnigns/share

Treasury shares are eliminated when calculating share based ratios.

The Alternative Performance Measures (APM) used by the Group

Aspocomp presents in its financial reporting alternative perfomance measures, which describe businesses' financial performance and its development as well as investments and return on equity. In addition to accounting measures which are defined or specified in IFRS, alternative performance measures complement and explain presented information. Aspocomp presents in its financial reporting the following alternative performance measures:

EBITDA	=	Earnings before interests, taxes, depreciations and amortizations EBITDA indicates the result of operations before depreciations, financial items and income taxes. It is an important key figure, as it shows the profit margin on net sales after operating expenses are deducted.
Operating result	=	Earnings before income taxes and financial income and expenses presented in the IFRS consolidated income statement. The operating result indicates the financial profitability of operations and their development.
Profit/loss before taxes	=	The result before income taxes presented in the IFRS consolidated statements.
Equity ratio, %	=	Equity / Total assets - advances received
Gearing, %	=	Net interest bearing liabilities / Total equity Gearing indicates the ratio of capital invested in the company by shareholders and interest-bearing debt to financiers. A high gearing ratio is a risk factor that may limit a company's growth opportunities and financial latitude.
Gross investments	=	Acquisitions of long-term intangible and tangible assets (gross amount).
Order book	=	Undelivered customer orders at the end of the financial period.
Cash flow from operating activities	=	Profit for the period + non-cash transactions +- other adjustments +- change in working capital + interest income - interest expenses - taxes

FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS, IFRS

CONSOLIDATED INCOME STATEMENT

1000 €	Note	1.1.-31.12.2018	1.1.-31.12.2017
Net sales	1	**29,136**	**23,924**
Change in inventory of finished goods and work in progress		139	-577
Other operating income	2	57	24
Materials and services	3	-13,301	-10,773
Personnel expenses	4, 5	-7,733	-6,294
Depreciation and impairment		-1,075	-1,074
Other operating expenses	6	-4,338	-4,385
Operating profit		**2,885**	**845**
Financial income	7	0	2
Financial expenses	7	-122	-55
Profit before tax		**2,763**	**792**
Income tax	8	481	477
Profit for the period		**3,244**	**1,269**
Other comprehensive income for the period, net of tax			
Remeasurements of employee benefits		-13	-41
Translation differences		0	5
Other comprehensive income for the period, net of tax		**-12**	**-36**
Total comprehensive income		**3,232**	**1,233**
Earnings per share (EPS)	9		
Basic EPS		0.49	0.19
Diluted EPS		0.49	0.19

Consolidated Balance Sheet

Assets	1000 € Note	Dec. 31, 2018	Dec. 31, 2017
Non-current assets			
Intangible assets	10	3,281	3,268
Property, plant and equipment	11, 12	4,941	2,572
Available-for-sale investments	13	15	15
Deferred tax assets	8	3,985	3,501
Total non-current assets		**12,222**	**9,356**
Current assets			
Inventories	14	2,332	1,922
Short-term receivables	15	8,714	5,842
Cash and bank deposits	16	2,565	384
Total current assets		**13,611**	**8,148**
Total assets		**25,833**	**17,504**

Equity and liabilities	1000 € Note	Dec. 31, 2018	Dec. 31, 2017
Equity	27		
Share capital		1,000	1,000
Reserve for invested unrestricted equity		4,504	4,478
Remeasurements of employee benefits		-53	-41
Retained earnings		9,436	6,659
Total equity		**14,888**	**12,096**
Liabilities			
Non-current liabilities			
Long-term financing loans	17	4,261	985
Employee benefits	5	424	402
Other non-current liabilities	17, 22	5	18
Deferred tax liabilities	8	21	21
Current liabilities			
Short-term financing loans	17, 22	1,170	508
Trade and other payables	17	5,064	3,473
Total equity and liabilities		**25,833**	**17,504**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

1000 €	Share capital	Reserve for invested unrestricted equity	Remeasurements of employee benefits	Translation differences	Retained earnings	Total equity
Balance at Jan. 1, 2018	**1,000**	**4,478**	**-41**	**4**	**6,655**	**12,096**
Comprehensive income						
Comprehensive income for the period					3,244	**3,244**
Other comprehensive income for the period, net of tax						
Remeasusurements of employee benefits			-13			**-13**
Translation differences				0		**0**
Total comprehensive income for the period			**-13**	**0**	**3,244**	**3,232**
Business transactions with owners						
Dividends paid					-467	**-467**
Share-based payment		26				**26**
Business transactions with owners, total		**26**			**-467**	**-440**
Balance at Dec. 31, 2018	**1,000**	**4,504**	**-53**	**4**	**9,432**	**14,888**

Balance at Jan. 1, 2017	**1,000**	**4,255**	**0**	**-1**	**5,386**	**10,639**
Comprehensive income						
Comprehensive income for the period					1,269	**1,269**
Other comprehensive income for the period, net of tax						
Remeasusurements of employee benefits			-41			**-41**
Translation differences				5		**5**
Total comprehensive income for the period			**-41**	**5**	**1,269**	**1,233**
Business transactions with owners						
Share-based payment		223				**223**
Business transactions with owners, total	**0**	**223**			**0**	**223**
Balance at Dec. 31, 2017	**1,000**	**4,478**	**-41**	**4**	**6,655**	**12,096**

CONSOLIDATED CASH FLOW STATEMENT

1000 €	Note	Dec. 31, 2018	Dec. 31, 2017
Cash flow from operating activities			
Profit for the period		3,244	1,269
Adjustments			
Non-cash transactions	21	1,244	1,137
Other adjustments	21	-515	-494
Change in working capital	21	-1,794	-1,023
Interest income		0	2
Interest expenses		-138	-51
Taxes		-3	-5
Net cash flow from operating activities		**2,039**	**836**
Cash flow from investing activities			
Investments in property, plant and equipment		-3,357	-962
Decrease in other investments		0	0
Proceeds from sale of property, plant and equipment		34	35
Net cash flow from investing activities		**-3,323**	**-928**
Net cash flow before financing		**-1,284**	**-92**
Cash flow from financing activities			
Loans drawn down		4,556	373
Loans repaid		-625	-357
Dividends paid		-467	0
Stock options exercised		0	201
Net cash flow from financing activities		**3,465**	**217**
Change in cash and cash equivalents		2,181	126
Cash and cash equivalents at the beginning of period	16	384	258
Cash and cash equivalents at the end of period	16	**2,565**	**384**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

COMPANY INFORMATION

The Aspocomp Group sells and manufactures PCBs. Aspocomp's products are used in the electronics industry, for instance, in telecommunications networks, automobiles and many types of industrial applications.

The Group's parent company is Aspocomp Group Plc. The parent company is domiciled in Helsinki and its registered address is Keilaranta 1, 02150 Espoo, Finland.

Copies of the consolidated financial statements are available on the company's Internet site at www.aspocomp.com/reports and from the parent company's head office.

On February 27, 2019, the Board of Directors of Aspocomp Group Plc. approved these financial statements for publication. Pursuant to the Finnish Companies Act, shareholders have the right to either adopt or reject the financial statements at the General Meeting held after their publication. The General Meeting also has the right to revise the financial statements.

ACCOUNTING PRINCIPLES OF THE GROUP FINANCIAL STATEMENTS

Basis of preparation

The financial statements for 2018 have been prepared in accordance with International Financial Reporting Standards (IFRS) and in conformity with the international accounting standards (IAS/IFRS) in force at December 31, 2018 as well as SIC and IFRS interpretations. In the Finnish Accounting Act and the regulations based on it, International Financial Reporting Standards refer to the standards and the interpretations that are issued regarding them that have been approved for application within the EU in accordance with the procedure prescribed in Regulation (EC) 1606/2002. The notes to the consolidated financial statements are also in accordance with Finnish accounting and company legislation.

The figures in the financial statements are presented in thousands of euros.

Investments and R&D

R&D costs comprise general production development costs. These costs do not fulfill the IAS 38 definition of either development or research and are therefore booked into plant overheads.

New and revised standards adopted by the Group

Aspocomp Group Plc adjusted its 2018 opening statement of financial position due to the adoption of the following new and amended IFRS standards: Amendments to IFRS 9 Financial Instruments and the new IFRS 15 Revenue from Contracts with Customers as well as IFRS 2 Share-based Payment.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments introduced new requirements for the classification and measurement of financial assets. In summary, it includes revised guidance on the classification, recognition and measurement of financial assets, new general hedge accounting requirements and a new expected credit loss model for calculating impairment on financial assets. Furthermore, IFRS 9 requires disclosures.

Aspocomp does not have significant amounts of financial instruments except customer receivables and interest rate derivatives. Aspocomp does not apply hedge accounting as defined by IFRS.

Aspocomp applies the simplified approach to recognize lifetime expected credit losses for its trade receivables and amounts due from customers under long-term projects as required or permitted by IFRS 9. In general, the application of the expected credit loss model of IFRS 9 resulted in earlier recognition of credit losses for the respective items regarding overdue receivables for which the Group has not previously recognized generic credit loss provisions. Following this, the Group has made an adjustment of EUR -0.05 million in retained earnings and trade receivables as at January 1, 2018. As a result of the adoption of the standard, the recognition and classification of financial items has changed as shown in the table below.

Reclassification of financial assets and liabilities

	Valuation Group	
	Original, in accordance with IAS39	**New, in accordance with IFRS 9**
Financial assets		
Other investments	Available-for-sale financial assets	Fair value through profit or loss
Accounts receivable	Loans and other receivables	Amortized cost
Other receivables	Loans and other receivables	Amortized cost
Cash and equivalents	Loans and other receivables	Amortized cost
Financial liabilities		
Interest-bearing liabilities	Amortized cost	Amortized cost
Derivatives outside hedge accounting	Recognized at fair value through profit or loss	Recognized at fair value through profit or loss
Accounts	Amortized cost	Amortized cost
Other payables	Amortized cost	Amortized cost

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers (effective for financial periods beginning on or after January 1, 2018 in the EU). IFRS 15 superseded IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers with an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e., when control of the good or service underlying the particular performance obligation is transferred to the customer. These principles are applied using the following five steps:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue

The Group does not engage in project sales or recognize revenue on the basis of percentage of completion. The bulk of the Group's sales comprise ordinary orders and deliveries of products, and such revenue is recognized in accordance with the criteria of the delivery terms as currently in force. On the other hand, the Group has agreed on consignment warehousing with certain customers, which may mean that the recognition of revenue from such performance obligations may result in the earlier timing of earnings, with revenue being recognized when the product arrives in the warehouse.

Aspocomp has adopted IFRS 15 Revenue from Contracts with Customers as of January 1, 2018.

Aspocomp Group Plc's financial reporting and transition. The effect is based on earlier revenue recognition. The adoption of the standard had an impact of EUR 0.1 million on shareholders' equity in the Group's opening balance sheet of January 1, 2018, and EUR 1.0 million on net sales for January-December 2017. In addition, in the statement of financial position, trade receivables of EUR 1.0 million and inventories of EUR -0.8 million were adjusted following the IFRS 15 adoption.

IFRS 2 Share-based Payment

The amendments made to IFRS 2 in June 2016 clarify the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled.

The change has had no impact on Aspocomp's equity.

Accounting principles

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated when control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognized in profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized through profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, receivables, liabilities and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

Segment reporting

Operating segments are reported in a manner consistent with internal reporting to the chief operative decision-maker. Aspocomp Group Plc.'s Board of Directors is the chief operative decision-maker responsible for the allocation of resources to the operating segments and the assessment of their results. The Aspocomp Group's business operations comprise a single operating segment. The Board of

Directors monitors unadjusted net sales, operating result and profit/loss for the period in accordance with IFRS.

Recognition policies

The sale of goods is recognized as income when the significant risks and rewards incident to ownership of the sold products are transferred to the buyer and the Group no longer has right of possession to the products or actual control over them. In calculating net sales, sales revenue is adjusted for indirect taxes and discounts granted. Distribution costs invoiced from customers are included in net sales. Expensed distribution costs are recorded in operating expenses in the income statement.

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, its carrying amount is reduced to its recoverable amount, which is the estimated future cash flows discounted at the original effective interest of the instrument, and the unwinding of the discount is recognized as interest income. Interest income on impaired loan receivables is recognized using the original effective interest rate.

Dividend income is recognized when the right to receive the payment has vested.

Conversion of items denominated in currencies other than the euro

Foreign currency transactions

The consolidated financial statements are presented in euros, the functional and presentation currency of the parent company. Foreign currency transactions are converted to euros using the exchange rates on the date of the transaction in question. Receivables and liabilities denominated in a foreign currency are converted to euros using the rates on the closing date. The resulting exchange differences are recorded in the income statement such that exchange differences on business transactions are included in operating profit and exchange differences due to financial assets and liabilities are presented in financial items.

Conversion of the financial statements of foreign subsidiaries

The income statements of foreign subsidiaries have been converted to euros at the average rate for the financial period and the balance sheets at the rate on the closing date. Translation differences due to the use of the average rate and the rate on the closing date are recognized in the Group's shareholders' equity.

Translation differences arising from eliminations of the acquisition cost of foreign subsidiaries and the translation of equity items accumulated after acquisition are recognized in shareholders' equity. When a subsidiary is sold in full or in part, the accumulated translation differences are recognized in the income statement as capital gains or losses.

Share-based payments

The Group has three share-based commitment and incentive plans for management and key employees, a share reward plan, share ownership plan and option scheme.

In the share reward plan, payments are made partly in the form of shares in the company and partly in cash. The benefits granted under this plan are measured at fair value at the time when they are granted and are recognized in the income statement as employee benefit expenses in even installments over the earnings and commitment period. The shares are subject to a 36-month lockup period.

The share ownership plan is a one-time plan in which payments are made in the form of shares. The fair value of the benefits is measured on the day when they are granted. The shares are subject to a 36-month lockup period. Expenses are recognized during the earnings periods.

Share options are measured at fair value at the grant date and expensed on a straight-line basis over the commitment period. The counter-item is recognized in retained earnings. The expenditure determined at the option grant date is based on the Group's estimate of the number of options expected to vest at the end of the commitment period. The Group updates the estimate of the final number of options at each balance sheet date. Any movements in estimates are recorded in the income statement. The fair value of options has been calculated using the Black-Scholes option pricing model.

When option rights are exercised, the payments received from the subscription of shares, adjusted for possible transaction costs, are recognized in the shareholders' equity. Assets from share subscriptions based on the option arrangements decided upon after the new Companies Act became effective are recognized in the invested non-restricted equity fund in accordance with the conditions of the arrangements, with adjustments for possible transaction costs.

More information on share-based payments is provided in Note 24.

Employee benefits

Pension liabilities

In the consolidated financial statements, pension schemes in different countries are classified as defined contribution or defined benefit schemes. In defined contribution schemes, the Group makes fixed payments to a separate unit. The Group does not have a legal or constructive obligation to make additional payments if the recipient cannot pay the pension benefits in question. All such schemes that do not fulfill these conditions are considered to be defined benefit schemes. Payments for defined contribution schemes have been recorded in the income statement for the period to which the payment pertains.

The Group has pension schemes that have been classified as defined contribution or defined benefit schemes. In defined contribution schemes, payments have been recorded in the income statement for the period to which the payment pertains.

In a defined benefit scheme, the commitment to be recognized as a liability is the net amount of the present value of the pension liabilities on the closing date and the fair value of assets adjusted by the non-depreciated part of the obligation based on unrecognized retroactive work performance. The pension liability is calculated by independent actuarial mathematicians based on the amount of the predicted pension liability by applying the projected unit credit method; the liability is discounted to the present value of future cash flows at an interest rate corresponding to the interest on high-quality bonds issued by the company. Pension costs are recognized as expenses in the income statement over the service years of personnel. Actuarial gains and losses are recognized in the statement of comprehensive income.

Long service rewards

Long service reward schemes at the Group's different units have been classified as defined benefit schemes as set out in IAS 19 and the related commitments have been recorded as liabilities in the balance sheet. When calculating liabilities deriving from the long service reward schemes, the following parameters have been used: turnover of personnel, average increase in salaries and the average annual pay of personnel. The liabilities have been discounted to their present value. Changes in the estimated values of the commitments are recognized in the income statement.

Lease agreements – The company as lessee

Lease agreements for tangible assets in which the risks and rewards incident to ownership are substantially held by the Group are classified as finance lease agreements.

Property, plant and equipment acquired under finance lease agreements are recognized in the balance sheet at the lower of the fair value of the asset when the lease period begins or the present value of the minimum rents. Assets acquired under finance lease agreements are amortized over their useful life or the lease period, whichever is shorter.

Lease payments are split between the finance cost and a reduction in the liability over the lease period such that the interest rate on the liability outstanding for each financial period remains the same.

Lease agreements in which the risks and rewards incident to ownership are retained by the lessor are treated as other lease agreements. Rents payable under other lease agreements are expensed in the income statement on a straight-line basis over the lease period.

Operating profit/loss

The IAS 1 standard Presentation of Financial Statements does not include a definition of operating profit/loss. The Group has defined it as follows: operating profit/loss is the net sum remaining after other operating income is added to net sales, less purchasing costs (adjusted for the change in inventories of finished goods and work in progress and the expenses incurred from production for own use) and less expenses, depreciation and impairment losses caused by employee benefits and less other operating expenses. All other items are presented below operating profit/loss. Exchange rate differences are included in operating profit/loss if they arise from business-related items; otherwise they are recognized in financial items.

Income taxes

Taxes on the Group companies' financial results for the period, adjustments of taxes from previous periods and the change in deferred taxes are recorded as the Group's taxes. The deferred tax asset or liability is calculated on all temporary differences between carrying amounts and taxable values, applying the tax rates confirmed on the closing date. Deferred tax assets are recognized from confirmed losses by applying the average result for the past four financial years, net of non-recurring items, to the future financial years in which losses confirmed in taxation can be used. Deferred tax assets arising from acquisition costs that have not been deducted in taxation are recognized in full in undeducted acquisition costs at the end of the reported financial year.

Deferred tax is not recognized on the undistributed profits of subsidiaries when it is probable that the temporary difference will not be dissolved in the foreseeable future.

Non-recurring items

The non-recurring items described in the Report of the Board of Directors do not relate to the company's ordinary course of business. These are presented separately in the Annual Report when this facilitates understanding the formation of the Group's financial performance. The most significant non-recurring items are gains and losses on disposal as well as provisions related to restructuring of operations. Group management uses judgement when making decisions on the classification of non-recurring items.

Intangible assets

Goodwill

Goodwill represents the share of the acquisition cost exceeding the Group's share at the moment of acquisition of the fair value of the itemizable net assets of an acquired subsidiary. Goodwill from the acquisition of subsidiaries is included in intangible assets. For impairment testing, it is allocated to cash-generating units. Goodwill is tested for impairment annually and is recognized in the balance sheet at acquisition cost less impairment losses. An impairment loss on goodwill is not reversed. The carrying amount of goodwill related to a sold company has an effect on the capital gains or losses.

Research and development expenditure

The company does not engage in actual product development. Research and development expenditure represents general development of the production process that cannot be directly allocated to any customer order, but which does not fulfill the capitalization criteria of IAS 38. The company no longer engages in PCB technology-related research and development that would be directly connected to customer projects and which would therefore be capable of independently generating income. The company cannot separate the research phase from the development phase, and it does not engage in actual product development, and thus treats all production process-related expenditure as expenditure on the research phase (IAS 38.53).

Software

Purchased software is recorded in the balance sheet at the original cost less accumulated amortization and impairment, if any.

Intangible rights

Intangible assets with limited useful lives are recorded in the balance sheet at the original cost less accumulated amortization and impairment, if any.

The estimated useful lives of intangible assets are:

- Intangible rights 3 years
- Other intangible assets 5 - 10 years.

Property, plant and equipment

Property, plant and equipment are measured at original cost less accumulated depreciation and impairment. Property, plant and equipment are depreciated according to plan on a straight-line basis in accordance with the estimated useful life.

If the asset consists of several parts with different useful lives, each part is treated as a separate asset. In this case the costs arising from renewal of the part are capitalized and the remainder is expensed. Other costs are treated as property, plant and equipment only when the economical benefits relating to these assets are probable and when the acquisition cost can be defined reliably. Other repair and maintenance costs are recognized in the income statement as they arise.

The estimated useful lives of property, plant and equipment are:

- Buildings and structures 15 – 30 years
- Machinery and equipment 3 – 8 years
- Other tangible assets 5 – 10 years
- Land and water are not subject to depreciation.

The residual value of the assets and their useful lives are reviewed at least at each balance sheet date and, if necessary, adjusted to reflect changes in their expected economic benefits.

Gains and losses resulting from derecognition of property, plant and equipment are entered under other operating income or expenses.

Impairment of tangible and intangible assets

The Group assesses asset items annually for indications of impairment. If there are such indications, the recoverable amount of said asset item is estimated and then compared with the carrying amount of the asset item in question. In addition, the recoverable amounts of goodwill are assessed annually. Impairment is examined at the level of cash-generating units – that is, at the lowest unit level that is primarily independent of other units and whose cash flows can be separated out from other cash flows.

The recoverable amount is the higher of the fair value of the asset less disposal costs or the value in use. The value in use is the estimated future cash flow of the asset or cash-generating unit discounted to its present value. The discount interest rate used is determined before taxes and describes the market outlook for the time value of money and the special risks associated with the asset item to be tested.

An impairment loss is recognized if the carrying amount of the asset item is higher than its recoverable amount. An impairment loss on an item other than goodwill is reversed if the situation changes and the recoverable amount of the asset has changed since the date of impairment loss recognition. An impairment loss on goodwill is not reversed.

Inventories

Inventories are measured at the lower of the acquisition cost or probable net realizable value. The acquisition cost is determined using the FIFO method. The value of finished and work-in-progress inventories includes variable costs and a share of the fixed costs of purchasing and manufacturing.

Financial assets and financial liabilities

Financial assets

The Group's financial assets are classified in the following categories: "Loans and Other Receivables" and "Available-for-Sale Investments". Initial recognition is performed on the basis of the usage of the financial assets at the time of acquisition.

All purchases and sales of financial assets are booked on the transaction date. Financial assets are derecognized from the balance sheet when the Group has lost its contractual rights to their cash flows, or when the Group has substantially transferred the risks and rewards out of the Group.

Loans and Other Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not held for trading. Recognition is based on amortized cost. They are presented under Loans and Other Receivables in the balance sheet as non-current assets if they fall due after a period exceeding 12 months. Otherwise they are presented as current assets under "Short-term Receivables".

Available-for-Sale Investments are those non-derivative financial assets that are designated as available for sale or are not classified in any other group. They are included in non-current assets, unless the intention is to keep them less than 12 months from the closing date; if that is the case, they are recognized as current assets. Available-for-Sale Investments are recognized in the balance sheet at their fair value, and changes in fair value are recorded in other items in comprehensive income, accounting for their tax effect, and presented in shareholders' equity. Changes in fair value are transferred to the income statement when the investment is sold or when its value has declined such that an impairment loss must be recorded. Available-for-Sale Investments during the disclosed periods only include investments in unquoted shares whose acquisition cost is substantially equal to their fair value (based on, for instance, recent transactions). The markets for said shares are inactive and the Group does not intend to divest itself of these shares in the near future.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and bank deposits. Cash and cash equivalents have a maximum maturity of three months from the date of acquisition.

Financial liabilities

Financial liabilities are recognized initially at their fair value. Transaction costs are included in financial liabilities' initial carrying amount. Later all financial liabilities are recognized at amortized cost. The difference between the money received (less transaction costs) and the amount to be repaid is entered in the income statement using the effective interest method over the loan period. Financial liabilities are included in non-current and current liabilities.

All financial liabilities are booked in the balance sheet when the company becomes a contractual party in said financial liabilities. Financial liabilities are derecognized when the obligation specified in the contract has been discharged or cancelled or has expired.

When the terms of financial liabilities are renegotiated and the terms change substantially, the renegotiated liabilities are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are considered to be substantially different if the present value of the discounted cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 percent different from the present value of the remaining discounted cash flows of the original financial liability. The difference between the carrying amount of the new financial liability and the original financial liability is recognized through profit or loss in financial income or expenses. If the change in the terms of the liability is not substantial, and said change is not accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, then the carrying amount of the liability is adjusted with the resulting costs and fees, which are recognized as expenses over the remaining maturity of the liability whose terms have been revised.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A substantial or long impairment of share investments, in which their value declines below their acquisition cost, indicates the impairment of an equity instrument classified as an available-for-sale financial asset. If there is evidence of impairment, the loss accumulated in the fair value reserve is transferred into the income statement. Impairment losses on equity investments classified as available-for-sale financial assets are not reversed through profit or loss, while the subsequent reversal of impairment losses on interest instruments is recognized through profit or loss.

The Group recognizes an impairment loss on accounts receivable if there is objective evidence that the receivables cannot be collected in full. The major financial difficulties of the debtor, the probability of bankruptcy, delinquent payments or significant delays in payments constitute evidence of the impairment of accounts receivable. The amount of the impairment loss recognized in the income statement is measured as the difference between the carrying amount of the receivables and the present value of estimated future cash flows discounted at the effective interest rate. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed. The amount of the reversal shall be recognized in profit or loss.

Derivative financial instruments and interest rate risk hedging

The Group has not implemented hedge accounting. All derivative financial instruments are recognized initially at fair value and they are recognized in profit or loss. Forward foreign exchange contracts are valued at fair value using the market prices of forward contracts on the closing date. Derivatives are included in the balance sheet in other assets and liabilities. Realized and unrealized gains and losses arising from changes in fair value are recognized in the income statement under financial income and - expenses in the period in which they arise. The fair value of interest rate swaps is determined using a method based on the present value of future cash flows. Fair value is the amount that the Group would receive or pay to terminate the derivative contract.

Shareholders' equity

Outstanding shares are presented as share capital. Costs related to issuing or acquiring own equity instruments are disclosed as items reducing shareholders' equity. The acquisition costs of equity instruments that have been bought back have been deducted from shareholders' equity.

Provisions

Provisions are recognized when the Group incurs, due to a previous event, a legal or constructive obligation whose settlement will probably require payment whose amount can be estimated reliably. Provisions are recognized at the present value of these obligations.

A provision for restructuring is recognized when the Group has prepared a detailed restructuring plan and restructuring has either commenced or the plan has been announced in an appropriate manner. No provisions are recognized for the costs of the Group's continuing operations.

A provision is recognized for a loss-making contract when the expenditure required to meet the obligations exceeds the benefits received from the contract. Environmental provisions are recorded when the Group has a present obligation under environmental legislation or the Group's environmental responsibility principles related to the decommissioning of a production plant, environmental rehabilitation and restoration, or relocating equipment.

Accounting principles requiring judgments by management and key sources of estimation uncertainty

When preparing financial statements, estimates and assumptions about the future must be made, and actual results may differ from these estimates and assumptions. If the actual results differ from the estimates and assumptions, this may affect the carrying amounts of assets and liabilities as well as the income and expenses for the financial period. Management must also exercise judgment in the application of accounting principles. The management has considered that the continuity of operations does not involve significant uncertainty. Additional information on risks and business continuity is presented in Note 26.

Accounting estimates and assumptions

The estimates made when preparing the financial statements are based on management's best assessment on the balance sheet date. The estimates are based on historical experiences and assumptions at the balance sheet date regarding matters such as the most probable future development of the Group's financial operating environment with respect to net sales and cost level. The Group regularly monitors the realization of the estimates and assumptions as well as changes in their underlying factors. Any changes in estimates and assumptions are recognized both in the financial period during which said estimates and assumptions are adjusted and in all subsequent financial periods.

Goodwill impairment testing

It has been estimated that any changes in assumptions and estimates will have the greatest impact on goodwill impairment testing.

The Group tests goodwill, incomplete intangible assets, intangible assets with an unlimited useful life and tangible assets for impairment on an annual basis. In addition, the Group evaluates all balance sheet items for indications of impairment as set out in the accounting principles above. If such indications exist, said assets are tested for impairment. The recoverable amounts from cash-generating units have been defined on the basis of value in use calculations. Estimates must be used when performing these calculations (see Note 25).

The estimates required in impairment testing are related to the key assumptions used in the calculations, which are the average growth rate of net sales and the sales margin during the period covered by the cash flow forecasts used in impairment test calculations, and the discount rate used in the calculations. Net sales forecasts involve the most significant estimates.

The impairment test calculations and related assumptions are presented in Note 25.

Recognition of deferred tax assets

The deferred tax asset results mainly from slowed tax depreciation. The company decelerated its tax depreciation during the 2012-2017 tax years and will decelerate in the 2018 tax year.

Deferred tax assets are presented in Note 8.

Judgment exercised by management in the selection and application of accounting principles

In addition to estimates and assumptions concerning the future, management must also exercise judgment in the application of accounting principles. In particular, management must exercise judgment in the selection and application of accounting principles in cases where the current IFRS standards provide for alternative methods of recognition, measurement and presentation.

The major areas involving the use of estimates and assumptions are the valuation of accounts receivable and inventories as well as provisions.

Accounts receivable

Accounts receivable are recognized at the original amount invoiced less impairment losses. Impairment losses are booked on a case-by-case basis and drawing on previous experience when there is objective evidence that the receivable cannot be collected in full, such as if the debtor has payment difficulties or is facing bankruptcy. Impairment losses may have to be recognized on accounts receivable due to changes in the financial position of the customer that impact on its ability to pay.

More information on accounts receivable is presented in Note 15.

Inventories

The company assesses its inventories regularly to check whether the inventory amounts are larger than the actual figures, the inventory items include non-marketable assets or the market value of inventory items has fallen below their acquisition cost, and recognizes an allowance for such decreases. To this end, management must make estimates of future demand for products. Any changes in these estimates may lead to adjustments of the carrying amount of inventories in future financial periods.

More information on inventories is presented in Note 14.

Provisions

Provisions are recorded when the Group has a legal or constructive obligation on the basis of a prior event and the materialization of the payment obligation is probable. A provision for restructuring is recognized when the Group has prepared a detailed restructuring plan and the plan has been announced. The provision reflects management's best estimate of the present value of future expenditure.

Application of new or revised IFRS and IAS standards

IASB has published the following new or revised standards and interpretations that the Group has not yet adopted. The Group will adopt these standards as of the effective date of each of the standards, or if the effective date is not the first day of the reporting period, as of the beginning of the next reporting period following the effective date.

IFRS 16 Leases standard (application from January 1, 2019)

The upcoming standard will replace IAS 17 and its interpretations. Above all, IFRS 16 provides guidance for the lessee and defines principles for the accounting treatment of a rental agreement as an asset and a liability (lease obligation). In the income statement, the cost of rental agreements will be presented as depreciations and financing expenses instead of rental expenses.

The implementation of the standard into the Group's reporting is in progress. The application of the standard will be carried out with a simplified approach and therefore the comparative information will not be adjusted for the previous financial year. Lease liability is determined based on the present value of the remaining lease payments using the rate of interest of additional credit at the time of application. The standard contains two exemptions regarding short-term (less than 12 months) or low-value leases, both of which will also be applied in the Group's reporting.

Right-of-use assets recognized by the Group from January 1, 2019 onwards will consist mainly of rented offices and leased cars. The amount of right-of-use assets to be recognized for the Group will be approximately EUR 0.2–0.3 million and thus the implementation of the standard will not have a material impact on the key figures. In the balance sheet, the lease liability is presented as long-term and short-term interest-bearing liabilities.

The other IFRSs or IFRIC interpretations that have been published but have not yet come into effect are not expected to have a material impact on the Group.

1. NET SALES INFORMATION

Aspocomp manufactures and provides high-tech PCB trading services for the electronics industry. Aspocomp's business is presented as one segment in the Financial Statements. Net sales are based on sales to customers that design and manufacture electronic systems and equipmen.

Aspocomp's net sales are based solely on product sales. All revenues are recognized at a point in time. The Group has agreed on consignment warehousing with certain customers, which may mean that the recognition of revenue from such performance obligations may result in the earlier timing of earnings, with revenue being recognized when the product arrives in the warehouse. Since revenue is recognized at a point in time, there are no outstanding performance obligations.

1000 €	2018		2017	
Net sales				
Telecommunication Infrastructure	11,328	39%	7,989	33%
Automotive	7,924	27%	6,775	28%
Industrial Electronics	5,304	18%	4,601	19%
Security & Defence	2,522	9%	3,185	13%
Semiconductor R&D and IC testing	1,960	7%	1,270	5%
Other	97	0%	104	0%
Total	**29,136**	**100%**	**23,924**	**100%**

Geographical areas

Net sales by geographical area				
Finland	11,829	41%	8,482	35%
Europe	16,477	57%	14,229	59%
Asia	357	1%	491	2%
Other areas	472	2%	722	3%
Total	**29,136**	**100%**	**23,924**	**100%**
Net sales by largest customers				
Customer 1	7,045	24%	4,194	18%
Customer 2	4,699	16%	4,274	18%
Customer 3	1,564	5%	1,975	8%
Customer 4	1,229	4%	872	4%
Customer 5	1,314	5%	829	3%
Five (5) largest customers, total	**15,851**	**54%**	**12,144**	**51%**

2. OTHER OPERATING INCOME

1000 €	2018	2017
Gains on sale of fixed assets	34	16
Other operating income	22	7
Total	**57**	**24**

3. MATERIALS AND SERVICES

1000 €	2018	2016
Purchase of materials and supplies	13,290	10,312
Change in inventories	-271	123
Materials and services, total	**13,019**	**10,436**
Outsourced services	282	338
Total	**13,301**	**10,773**

4. PERSONNEL EXPENSES

1000 €	2018	2017
Wages and salaries	6,415	5,194
Share-based rewards	26	22
Other long-term employee benefits	9	6
Pension costs - defined contribution plans	1,000	803
Other personnel expenses	282	268
Total	**7,733**	**6,294**
Personnel, average	**116**	**111**
Personnel at Dec. 31, 2018		
Blue-collar	74	71
White-collar	43	42
Total	**117**	**113**

5. EMPLOYEE BENEFITS

1000 €	2018	2017
Obligation at the beginning of the year	104	98
Increases during the financial year	34	8
Realized during the financial year	-24	-2
Obligation at the end of the year	**114**	**104**

Aspocomp has a long-term employee benefit plan covering all of its employees in Finland. The plan has been terminated in 2014 and now only applies to those who have been Aspocomp's employ before January 1, 2014. The plan will expire on December 31, 2028, at the latest. The plan is by nature a so-called long service reward, where an extra payment is made to employees after they have been in Aspocomp's employ for a certain period.

5. (continues)

PENSION OBLIGATIONS

The Group has pension plans that are classified as either defined contribution plans or defined benefit plans. The contributions made to defined contribution plans are recognized as an expense in the income statement in the period in which they occur. Pensions handled through an insurance company and covered by the Statutory Employee Pensions system (TyEL) are treated as defined contribution plans.

The defined benefit plans are used in Finland. In accordance with IAS 19 the company retains the responsibility for future index and salary increases for company employees who are covered by the pension plan. The pension fund was closed down in 1999. The arrangement applied to the active employees who were covered by the Aspo Group Pension Fund on December 31, 1999.

Amounts of liabilities for defined benefit plans recognized in the balance sheet:

1000 €	2018	2017
Defined benefit obligation	1,588	1,575
Fair value of plan assets	1,277	1,277
Net liability, Dec. 31, 2017	311	298

Defined benefit pension liabilities in the income statement and comprehensive income statement:

	2018	2017
Current service cost	4	4
Interest cost	5	4
Defined benefit expenses recognized in the income statement	9	8
Changes in actuarial gains and losses	0	0
Defined benefit expenses recognized in the income statement and comprehensive income statement	9	8
Change in net liability for defined benefit		
Net liability for defined benefit, Jan. 1	298	258
Contributions paid to the fund	-9	-9
Expenses recognized in the income statement	9	8
Remeasurement gain (-)/loss included in the consolidated income statement	13	41
Net liability for defined benefit, Dec. 31	311	298

Acturial assumptions	2018	2017
Discount rate	1.75%	1.55%
Future salary increase	N/A	N/A
Future pension increase	1.95%	1.95%

5. (continues)

Sensitivity of defined benefit obligation to changes in the weighted principal assumptions:

Assumption	*Change in assumption*	*Impact of increase*	Impact of decrease
Discount rate	0.50%	6.6 %	7.4 %
Future salary increase	0.50%	N/A	N/A
Future pension increase	0.25%	3.1 %	-2.9 %
Mortality change	5.00%	-1.4 %	1.5 %

Assumption fair value of plan assets	*Change in assumption*	*Impact of increase*	Impact of decrease
Discount rate	0.50%	-5.8 %	6.5 %
Future salary increase	0.50%	N/A	N/A
Future pension increase	0.25%	0.0 %	0.0 %
Mortality change	5.00%	-1.2 %	1.2 %

6. OTHER OPERATING EXPENSES

1000 €	2018	2017
Rental expenses	203	555
Maintenance and repair costs	528	504
Energy costs	475	423
Water consumption and wastewater treatment	86	158
Other variable expenses of production	265	238
Voluntary social costs	178	129
Real estate costs	491	361
Insurance charges	122	95
Travel costs	327	267
IT costs	276	228
External services	498	625
Audit fees	61	60
Administration costs	276	249
Other costs	554	493
Total	**4,337**	**4,385**

Authorized Public Accountants' (PwC Ltd) fees	**2018**	**2017**
Auditing	44	58
Tax consultation	0	0
Other services	12	2
Certificates and statements	4	0
Total	**61**	**60**

7. FINANCIAL INCOME AND EXPENSES

1000 €	2018	2017
Income		
Interest income on loans and other receivables	0	2
Changes in the value of derivative instruments recognized at fair value through profit or loss	0	0
Total financial income	**0**	**2**
Expenses		
Interest expenses on bank loans and overdrafts	119	52
Changes in the value of derivative instruments recognized at fair value through profit or loss	3	3
Total financial expenses	**122**	**55**
Total financial income and expenses	**-122**	**-53**

8. INCOME TAXES

1000 €	2018	2017
Current income tax		
Current income tax for the year	-3	-5
Current income tax for previous years	0	0
Deferred income tax	484	482
Total current income tax	**481**	**477**
A reconciliation of the income tax expense computed at statutory rates and income tax expense recorded in the income statement.		
Profit before tax	**2763**	**792**
Taxes at Finnish statutory tax rate 20.0%	-548	-158
Different tax rates of foreign subsidiaries	2	2
Non-deductible expenses	0	0
Deferred tax assets on other temporary differences	1,027	633
Total income tax expense	**481**	**477**

The taxable income of the Group companies for 2018 was EUR 3,727 thousand. If the result for 2018 is confirmed in taxation, the total amount of confirmed losses would be EUR 5,296 thousand and they would expire in 2019-2025. After the taxes for 2017 have been confirmed, the remaining losses amount to EUR 10,385.

Foreign subsidiaries do not have significant distributable funds.

Confirmed tax losses	1000 €	Losses	Expire in
	for 2008	5,089	2018
	for 2009	4,044	2019
	for 2010	757	2020
	for 2014	377	2024
	for 2015	119	2025
		10,385	

Deferred income taxes	2018	2017
Deferred income tax liabilities		
- Deferred income tax liabilities due after 12 months	0	0
- Deferred income tax liabilities due within the next 12 months	21	21
	21	**21**
Deferred income tax assets		
- Deferred income tax assets due after 12 months	3,501	3,017
- Deferred income tax assets due within the next 12 months	484	484
	3,985	**3,501**
Deferred income tax (net)	**3,964**	**3,480**

8. (continues)

1000 €

Deferred tax assets and liabilities during the financial year are shown below without offsetting them against each other.

Deferred income tax liability	Others	Total
Jan. 1, 2017	19	**19**
Recognized in net profit for the year	2	**2**
Recognized in comprehensive income for the year		**0**
Recognized directly in equity		**0**
Dec. 31, 2017	21	**21**
Recognized in net profit for the year	0	**0**
Recognized in comprehensive income for the year		**0**
Recognized directly in equity		**0**
Dec. 31, 2018	**21**	**21**

Deferred income tax assets	From decelerated tax depreciation	Employee benefits	Others	Total
Jan. 1, 2017	2,847	71	98	**3,017**
Recognized in net profit for the year	476	9	-1	**484**
Recognized in comprehensive income for the year				**0**
Recognized directly in equity				**0**
Unrecognized portion of the change				**0**
Dec. 31, 2017	3,323	80	98	**3,501**
Recognized in net profit for the year	476	4	4	**484**
Recognized in comprehensive income for the year				**0**
Recognized directly in equity				**0**
Unrecognized portion of the change				**0**
Dec. 31, 2018	**3,799**	**85**	**101**	**3,985**

The deferred tax asset results mainly from the slowed tax depreciation. The company decelerated its tax depreciation during 2013-2018 tax years. In the 2018 tax year, the company will decelerate depreciation to a total of about EUR 19.0 million, resulting in deferred tax assets of about EUR 3,799 thousand under the current 20.0% corporate tax rate.

9. EARNINGS PER SHARE

1000 €	2018	2017
(a) Basic earnings per share		
Basic earnings per share are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of shares during the year.		
Profit attributable to equity holders of the company	3,244	1,269
Weighted average number of shares (1,000)	6,667	6,542

(b) Diluted earnings per share

Diluted earnings per share are calculated by adjusting the weighted average number of shares outstanding such that all dilutive potential shares are considered to be traded shares. There were no diluting effects in 2018 and 2017.

10. INTANGIBLE ASSETS

1000 €	Intangible rights	Group goodwill	Total
Acquisition cost at Jan. 1, 2018	599	3,000	**3,599**
Increase	103	0	**103**
Decrease	0	0	**0**
Transfers between lines	0	0	**0**
Acquisition cost at Dec. 31, 2018	**702**	**3,000**	**3,702**
Total accumulated depreciation and impairment Jan. 1, 2018	332	0	**332**
Accumulated depreciation of decreases and transfers	0	0	**0**
Depreciation for the year	90	0	**90**
Total accumulated depreciation and impairment Dec. 31, 2018	**421**	**0**	**421**
Book value Dec. 31, 2018	**281**	**3,000**	**3,281**
Acquisition cost at Jan. 1, 2017	476	3,000	**3,476**
Increase	123	0	**123**
Decrease	0	0	**0**
Transfers between lines	0	0	**0**
Acquisition cost at Dec. 31, 2017	**599**	**3,000**	**3,599**
Total accumulated depreciation and impairment Jan. 1, 2017	261	0	**261**
Accumulated depreciation of decreases and transfers	0	0	**0**
Depreciation for the year	71	0	**71**
Total accumulated depreciation and impairment Dec. 31, 2017	**332**	**0**	**332**
Book value Dec. 31, 2017	**268**	**3,000**	**3,268**

The principles of the impairment testing of goodwill are presented in Note 25.

11. PROPERTY, PLANT AND EQUIPMENT

1000 €	Buildings and structures	Machinery and equipment	Advances	Total
Acquisition cost at Jan. 1, 2018	0	15,216	88	**15,304**
Increase	1,248	1,189	917	**3,354**
Decrease	0	-440	0	**-440**
Transfers between lines	0	88	-88	**0**
Acquisition cost at Dec. 31, 2018	**1,248**	**16,053**	**917**	**18,218**
Total accumulated depreciation and impairment Jan. 1, 2018	0	12,732	0	**12,732**
Accumulated depreciation of decreases and transfers	0	-440	0	**-440**
Depreciation for the year	62	923	0	**986**
Total accumulated depreciation and impairment Dec. 31, 2018	**62**	**13,215**	**0**	**13,277**
Book value Dec. 31, 2018	**1,186**	**2,838**	**917**	**4,941**
Acquisition cost at Jan. 1, 2017	0	15,175	0	**15,175**
Increase	0	1,006	88	**1,094**
Decrease	0	-965	0	**-965**
Transfers between lines	0	0	0	**0**
Acquisition cost at Dec. 31, 2017	**0**	**15,216**	**88**	**15,304**
Total accumulated depreciation and impairment Jan. 1, 2017	0	12,676	0	**12,676**
Accumulated depreciation of decreases and transfers	0	-947	0	**-947**
Depreciation for the year	0	1,004	0	**1,004**
Total accumulated depreciation and impairment Dec. 31, 2017	**0**	**12,732**	**0**	**12,732**
Book value Dec. 31, 2017	**0**	**2,484**	**88**	**2,572**

12. FINANCIAL LEASE AGREEMENTS

Property, plant and equipment include financial leases as follows:

1000 €	Machinery and equipment	Total
Acquisition cost at Jan. 1, 2018	1,601	**1,601**
Increase	212	**212**
Decrease	0	**0**
Acquisition cost at Dec. 31, 2018	**1,813**	**1,813**
Total accumulated depreciation and impairment Jan. 1, 2018	338	**338**
Accumulated depreciation of decreases and transfers	0	**0**
Depreciation for the year	341	**341**
Total accumulated depreciation and impairment Dec. 31, 2018	**679**	**679**
Book value Dec. 31, 2018	**1,134**	**1,134**
Acquisition cost at Jan. 1, 2017	1,228	**1,228**
Increase	373	**373**
Decrease	0	**0**
Acquisition cost at Dec. 31, 2017	**1,601**	**1,601**
Total accumulated depreciation and impairment Jan. 1, 2017	83	**83**
Accumulated depreciation of decreases and transfers	0	**0**
Depreciation for the year	255	**255**
Total accumulated depreciation and impairment Dec. 31, 2017	**338**	**338**
Book value Dec. 31, 2017	**1,263**	**1,263**

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

1000 €	2018	2017
At the beginning of period	15	15
Deductions	0	0
At the end of period	**15**	**15**

Available-for-sale financial assets include the Group's investments in unlisted shares whose acquisition cost substantially corresponds to their fair value, based on, inter alia, recent transactions.

14. INVENTORIES

1000 €	2018	2017
Materials and supplies	1,736	1,465
Work in progress	495	354
Finished goods	101	103
Total	**2,332**	**1,922**
Write down of inventories	109	67

15. LOANS AND OTHER RECEIVABLES

1000 €	2018	2017
Long-term receivables		
Deferred tax assets	3,985	3,501
Short-term receivables		
Accounts receivable	8,151	5,668
Accrued receivables	563	174
Other receivables	0	0
Total	**8,714**	**5,842**
Age distribution of accounts receivable		
Accounts receivable that not are impaired		
Receivables carried forward	7,103	4,941
Expired		
in less than 30 days	761	385
in 30-60 days	130	259
in 61-90 days	35	23
over 90 days	122	60
Total	**8,151**	**5,668**

15. (continues)

1000 €	2018	2017
The breakdown by currencies of short-term receivables		
EUR	6,437	4,067
USD	1,714	1,601
Total	**8,151**	**5,668**

Other receivables and accrued receivables consist mainly of normal trade receivables but no amounts which are individually significant.

Balance sheet values correspond best to the maximum monetary value of the credit risk, excluding the fair value of collateral in cases where the other parties to the agreement are unable to fulfill their obligations with respect to the financial instruments. Receivables do not involve significant credit risk concentrations.

The fair values of short-term receivables are equivalent to their book values, as the effect of discounting them is not material, considering their maturities.

The Group has a recourse factoring arrangement in use. Under this arrangement, the Group has transferred part of the relevant receivables to the factor in exchange for cash. However, the company has retained the late payment and credit risk. The Group therefore continues to recognize the transferred assets in their entirety in its balance sheet. The amount repayable under the factoring agreement is presented as a secured borrowing.

The Group estimates expected credit losses on accounts receivable and recognizes a credit loss provision based on historical credit losses as well as current circumstances and macroeconomic analysis of the future. The credit loss provision is recognized based on the age distribution of trade receivables according to the business area and geographic location. A credit loss provision of EUR 41 thousand has been recognized.

Credit loss		
Outstanding credit losses	12	0
Credit losses for previous financial periods returned during the financial period	-1	-1
Net loan losses	11	-1

16. CASH AND EQUIVALENTS

1000 €	2018	2017
Cash and bank accounts	2,565	384
Total	**2,565**	**384**

On the balance sheet date, cash and cash equivalents totaled EUR 2,396 thousand in Finland and EUR 169 thousand in other countries. Cash and cash equivalents were primarily held in bank accounts.

17. FINANCING LOANS

1000 €	2018		2017	
	Book value	Fair value	Book value	Fair value
Long-term financing loans				
Bank borrowings	3,253	3,251	0	0
Derivative financial instruments	5	0	18	0
Finacial leasing debts	1,007	946	985	915
Total	**4,266**		**1,003**	

The fair values of long-term loans are based on discounted cash flows. The discount rate is the interest that the Group would receive for an equivalent loan from an external party on the closing date. The total interest rate comprises risk-free interest and a company-specific risk premium.

Financial leasing

In financial leasing, fair values are estimated by discounting future cash flows with an interest rate corresponding to the interest on equivalent leasing agreements on the closing date.

Discount rates used in determining fair values	
Bank borrowings	2.1 %
Financial leasing	2.5 %

	2018	2017
Short-term financing loans		
Bank borrowings	827	0
Financial leasing debts	327	279
Derivative financial instruments	14	7
Credit facility	0	220
Factoring-debt	2	2
Total	**1,170**	**508**

The fair values of short-term financing loans are equivalent to their book values, as discounting has no material effect in view of the maturities of the debts.

Bank loans

Aspocomp had a EUR 1 million credit facility costing 1.95 percent per annum. The interest on credit drawn down is 1.0 percent above the one-week Euribor rate. At the end of the financial year EUR 0 thousand credit was in use.

17. (continues)

The breakdown of the maturity of payables **1000 €**

Dec. 31, 2018	Balance sheet value	Cash flow	12 months	1-2 years	2-5 years	Over 5 years
Bank borrowings						
Principal	4,080	4,080	827	1,653	1,600	0
Paid interest expenses		203	76	101	26	0
Financial leasing debts						
Principal	1,335	1,335	327	373	634	0
Paid interest expenses		89	37	26	26	0
Derivative financial instruments	19	19	14	5	0	0
Credit facility	0	0	0	0	0	0
Factoring debt	2	2	2	0	0	0
Trade and other payables	5,043	5,043	5,043	0	0	0
Total	**10,478**	**10,769**	**6,325**	**2,159**	**2,285**	**0**

Dec. 31, 2017	Balance sheet value	Cash flow	12 months	1-2 years	2-5 years	Over 5 years
Bank borrowings						
Principal						
Paid interest expenses						
Financial leasing debts						
Principal	1,264	1,264	282	673	309	0
Paid interest expenses		143	45	70	28	0
Derivative financial instruments	25	25	7	18	0	0
Credit facility	220	220	220	0	0	0
Factoring debt	2	2	2	0	0	0
Trade and other payables	2,834	2,824	2,824	0	0	0
Total	**4,345**	**4,478**	**3,380**	**761**	**337**	**0**

Trade and other payables	2018	2017
The breakdown by currencies of accounts payable		
EUR	1,687	1,228
USD	1,046	1,166
Total	2,733	2,394
Accrued payables	2,331	1,079
Total trade and other payables	**5,064**	**3,473**
Accrued liabilities		
Personnel expenses	1,647	762
Accrued interest on loans	2	0
VAT liabilities	365	0
Others	317	317
Total	*2,331*	*1,079*

18. CARRYING AMOUNT OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY

The following table shows the carrying amounts of financial assets and liabilities by measurement categories. The fair value is not shown in the table if it is not significantly different from the carrying value.

2018 1000 €	Available-for-sale investments	Loans and receivables	Held-for-trading	Financial liabilities	Balance sheet value	Fair value				Note
Valuation principle	At fair value	Measured at amortized cost	At fair value	Measured at amortized cost		Level 1	Level 2	Level 3	Total	
Non-current financial assets										
Available-for-sale investments	15				15				15	13
Accounts receivable and other receivables		8,151			8,151				8,151	15
Cash and cash equivalents		2,565			2,565				2,565	16
Total	**15**	**10,716**	**0**		**10,731**				**10,731**	
Long-term financing loans										
Bank borrowings				3,253	3,253				3,253	17
Financial leasing debts				1,007	1,007				1,007	17
Derivative financial instruments (not in hedge accounting)			5		5		5		5	22
Short-term financing loans										
Bank borrowings				827	827				827	17
Financial leasing debts				327	327				327	17
Factoring debt				2	2				2	17
Credit facility				0	0				0	17
Derivative financial instruments (not in hedge accounting)			14		14		14		14	22
Accounts and other payables				5,043	5,043				5,043	17
Total	**0**	**0**	**19**	**10,459**	**10,478**		**19**		**10,478**	

18. (continues)

2017 1000 €	Available-for-sale investments	Loans and receivables	Held-for-trading	Financial liabilities	Balance sheet value	Fair value				Note
Valuation principle	At fair value	Measured at amortized cost	At fair value	Measured at amortized cost		Level 1	Level 2	Level 3	Total	
Non-current financial assets										
Available-for-sale investments	15				15				15	13
Accounts receivable and other receivables		5,668			5,668				5,668	15
Cash and cash equivalents		384			384				384	16
Total	**15**	**6,052**	**0**		**6,067**				**6,067**	
Long-term financing loans										
Bank borrowings				0	0				0	17
Financial leasing debts				985	985				985	17
Derivative financial instruments (not in hedge accounting)			18		18		18		18	22
Short-term financing loans										
Bank borrowings				0	0				0	17
Financial leasing debts				279	279				279	17
Factoring debt				2	2				2	17
Credit facility				220	220				220	17
Derivative financial instruments (not in hedge accounting)			7		7		7		7	22
Accounts and other payables				2,834	2,834				2,834	17
Total	**0**	**0**	**25**	**4,319**	**4,345**		**25**		**4,345**	

Determination of fair values

Financial instruments that are measured in the balance sheet at fair value are presented according to following fair value measurement hierarchy:

Level 1:
Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2:
Inputs other than quoted price included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derivated from prices)

Level 3:
Inputs for the assets or liabilities that is not based on observable market data (unobservable inputs).

19. NET FOREIGN EXCHANGE GAINS/LOSSES

1000 €	2018	2017
The exchange differences charged/credited to the income statement		
Other operating costs	-81	56
Total	**-81**	**56**

20. CONTINGENCIES AND COMMITMENTS

1000 €	2018	2017
Other rental payables		
Minimum rents of other rent agreements that cannot be terminated		
Within one year	79	461
After one year but not more than five years	74	16
More than five years	177	0
Total	**330**	**477**
Contingent liabilities at Dec. 31, 2018		
Guarantees		
Business mortage	4,000	2,000
Collateral note	1,200	0
Guaranteed contingent liability towards the Finnish Customs	35	21
Total	**5,235**	**2,021**

21. ADJUSTMENTS TO CASH FLOW FROM OPERATING ACTIVITIES

1000 €	2018	2017
Non-cash transactions		
Depreciation	1,075	1,074
Others	169	63
Non-cash transactions, total	**1,244**	**1,137**
Other adjustments		
Sales profit	-34	-16
Taxes	-481	-477
Other adjustments, total	**-515**	**-494**
Change in net working capital		
Change in receivables	-2,872	-1,724
Change in inventories	-410	700
Change in trade and other payables	1,489	1
Total	**-1,794**	**-1,023**

22. DERIVATIVE FINANCIAL INSTRUMENTS

Nominal values

1000 €	2018	2017
Interest rate swap contracts, nominal value	2,000	2,000
Interest rate swap contracts, fair value (non-current assets)	5	18
Interest rate swap contracts, fair value (current assets)	14	7

23. RELATED-PARTY DISCLOSURES

1000 €	2018	2017

Aspocomp Group's related-party disclosures include the CEO and the members of the Board and the Management Team. Sales of goods and services with related parties are based on market prices and general market conditions.

Salaries and benefits of the Management Team		
CEO Mikko Montonen as of May 15, 2014		
Salaries and fringe benefits	242	260
Options	0	236
Share-based payment	5	22
Pension costs, defined contribution plans	42	45
Other Management Team		
Salaries and fringe benefits	592	445
Share-based payment	52	
Fees of members of the Board		
Ms. Päivi Marttila, Chairman of the Board	38	37
Mr. Matti Lahdenperä (member as of April 7, 2016)	20	19
Ms. Julianna Borsos (member as of March 23, 2017)	20	13
Ms. Kaarina Muurinen, Vice Chairman (as of March 26, 2015)	23	19
Mr. Juha Putkiranta (member as of April 7, 2016)	19	19
Total remunerations of the members of the Board	120	106
Management's total employment benefits	**1,053**	**1,114**

The CEO's age of retirement and grounds for his/her pension are in accordance with current legislation. If the contract of service of the CEO is terminated either by the CEO or by the company, the notice period is 6 months. If the company terminates the contract an additional 6 months' severance pay shall be paid. The CEO does not have any voluntary additional pension arrangements.

The CEO and Board members have not been granted any loans, nor have any guarantees or commitments been given on their behalf.

Aspocomp shareholdings (number of shares)	**Dec. 31, 2018**	**Dec. 31, 2017**
Members of the Board	1,259,974	1,259,974
CEO	260,000	260,000
Other management	1,024	1,024
Total shareholdings	1,520,998	1,520,998
Votes conferred by the shares	**22.8 %**	**22.8 %**

24. SHARE-BASED PAYMENTS

On February 25, 2016, the Board of Directors of Aspocomp Group Plc. decided to introduce share-based incentive and commitment plans for the company's key personnel.

1. Share reward plan for key personnel

The share reward plan offers the members of the Management Team and other key employees the possibility to receive shares in the company on the basis of the achievement of targets that will be set by the Board of Directors for four earnings periods, which are the four 12-month financial years during the period 1/2016 through 12/2019.

The target group for the plan consists of approximately 15 persons. The Board of Directors may decide on including new key employees and their annual maximum rewards. The maximum reward is expressed as a number of shares. In addition, the reward consists of a cash payment, the amount of which is determined on the basis of the value of the share reward at the time of payment. The cash payment aims at covering taxes and similar charges arising from the reward. Achievement of targets set for the earnings periods determines the portion of the maximum reward to be paid to a person.

Recipients of shares on the basis of the share reward plan must hold them for at least 36 months after the shares are entered on their book-entry accounts. If a plan participant’s employment or service relationship with a group company ends during this commitment period, he or she is as a general rule required to return the shares to the company without compensation.

Earnings periods	**2018**
Grant date	
Earnings period begins	Jan. 1, 2018
Earnings period ends	Dec. 31, 2018
Shares are released 36 months after entry into the book-entry account	

Earnings criteria	**2018**
Earnings per share (EPS) without extraordinary items	
Achievement of earnings criteria, %	100 %
Share price listed on grant date, €	2,58
Share price listed on balance sheet date, €	3,70

Impact of share incentive plan on the result for the	**2018**
Impact of the scheme on the profit for the period	52

24. (continues)

3. CEO's stock option program

The Board of Directors of Aspocomp Group Plc resolved on May 15, 2014 to issue in total a maximum of 390,000 stock options to the company's President and CEO. The issue, which has been made in deviation from the shareholders' pre-emptive subscription rights, is based on the authorization by the Annual General Meeting held on April 23, 2014.

The maximum number of stock options issued under Option Program 2014 will be 390,000. Each stock option shall entitle the CEO to subscribe for one new share in the company. The stock options are issued free of charge. The program is divided into A, B and C series, each of which covers a maximum of 130,000 option entitlements. The share subscription price of the stock options A is the trade volume weighted average quotation of the share during March 1 - March 31, 2014 (EUR 0.99), of the stock options B the trade volume weighted average quotation of the share during March 1 - March 31, 2015 (EUR 1.24) and of the stock options C the trade volume weighted average quotation of the share during March 1 - March 31, 2016 (EUR 1.26).

	Option A	Option B	Option C
Date of issue	May 14, 2014	May 14, 2014	May 14, 2014
Issued number of options	130 000	130 000	130 000
Subcription price	0,99	1,24	1,26
Share price on the date of issue	1,45	1,45	1,45
Fair value	0,63	0,45	0,48
Subscription period	May 1, 2016- Dec. 31, 2018	May 1, 2017- Dec. 31, 2019	May 1, 2018- Dec. 31, 2020
Number of options			
Outstanding on January 1	130 000	130 000	130 000
Exercised	-130 000	-130 000	0
Outstanding on December 31	0	0	130 000

1000 €	2018	2017
Recognized as an expense	5	22

25. IMPAIRMENT TESTING

1000 €	2018	2017
Goodwill from the acquisition of a subsidiary is allocated to a cash-generating unit as follows:		
PCB manufacturing plant	**3,000**	**3,000**

The PCB manufacturing operations of the cash-generating unit Aspocomp Oulu. The plant primarily manufactures HDI (High Density Interconnection), multilayer and special material PCBs.

Impairment testing is carried out using the value-in-use method, in which the recoverable amount of the unit generating goodwill is determined and then compared with the book value of said unit. The cash flows after the forecast period are based on the average cash flow for the forecast years.

According to the impairment test, the recoverable amount exceeded the book amount by EUR 14.6 million, and thus goodwill was not impaired in 2018 (EUR 12.9 million 2017).

Key variables and assumptions used in impairment testing	**2018**	**2017**
Annual growth in net sales is based on the budget approved by management for the years 2019-2022. The growth rate after the end of the forecast period is assumed to be one (1) percent.	*5.0%*	*9.1%*
The sales margin is based on the average budgeted margin for the forecast period.	*44%*	*45%*
The discount rate is set using the weighted average cost of capital (WACC), which describes the total cost of equity and liabilities, accounting for the specific risks of asset items. The discount rate is determined before taxes.	*7.9%*	*7.9%*

Investments during the period under review are based on the strategic investment plan approved by management. The level of investments somewhat exceeds the ordinary level of investments in the industry.

Sensitivity analysis of impairment testing

The following changes in the values of each of the key variables (if all the other variables remain unchanged) would mean that the book value of the unit would be the same as its recoverable amount.	**Zero limit of the sensitivity analysis**	**Compared with the assumed figure**
Annual growth in net sales	-6.4%	- 11.4 ppts
Average sales margin	28.0%	- 15.7 ppts
Discount rate	13.7%	+ 5.8 ppts

Assumptions concerning the discount rate	**2018**	**2017**
Risk-free market yield	0.5 %	0.6 %
Gearing target (average based on an industry analysis)	9.5 %	9.5 %
Equity market risk premium (EMRP)	6.0 %	6.0 %
Additional risk premium for small companies with no liquid assets	2.0 %	2.0 %
Loan margin	2.5 %	2.5 %
Weighted average cost of capital (WACC)	7.9 %	7.9 %

26. FINANCIAL RISK MANAGEMENT

1000 €

Aspocomp is exposed to numerous financial risks in its ordinary operations. These risks are described in greater detail below. The President and CEO and the financial department identify, assess and if necessary hedge against financial risks and report to the Board of Directors on the financial position and adequacy of financing.

Liquidity risk

The company's liquidity is based on cash assets, the cash flow generated by business operations, and external financing.

At the end of the financial year 2018, the nominal value of interest-bearing liabilities was EUR 5.4 million. Gearing was 19.3 percent (9.4%) and equity ratio was 57,6 percent (68.6%).

The company has a credit facility of EUR 1,000 thousand, of which EUR 0.0 milloin was in use at the end of the financial year 2018.

Maturities of financial liabilities are presented in Note 17.

In 2018, Aspocomp’s cash and financial position improved compared with 2017. The company seeks to continuously evaluate and monitor the amount of financing to ensure that it has enough liquid funds to finance operations and repay maturing loans. To assess liquidity, the company has prepared a month-specific cash flow forecast for 2019. The forecast is updated on a monthly basis. On the basis of the cash flow forecast prepared during the drafting of the financial statements, the company estimates that it has enough working capital to meet its needs during the next 12 months, provided that the company’s sales and production cost structure develop as predicted and the availability of financing does not weaken unexpectedly. The company has a EUR 1.0 million credit facility, of which EUR 0.0 million was in use as at December 31, 2018, and a recourse factoring agreement, of which EUR 0.0 million was in use at the end of the review period. In addition the company has financed its investments through financial leasing during the financial year. Financial leasing liabilities amounted to EUR 1.3 million at December 31, 2018. These forms of finance used to safeguard liquidity include covenant term. The covenant terms were not broken at December 31, 2018.

Capital management

As equity, the company manages the shareholders’ equity shown in the consolidated balance sheet. The objective is to ensure the continuity of the company’s operations and the appreciation of shareholder value. The capital structure of the Group is monitored and forecast regularly in order to ensure liquidity. Capital management does not involve significant risks, as the shareholders’ equity of the company is strong.

26. (continues)

1000 €

Continuity of operations

According to the estimates of the company's management and Board of Directors, financing-related uncertainties and other factors at the end of the 2018 financial year do not pose any substantial uncertainties that would give significant cause to doubt the company's ability to continue its operations. At the end of the 2018 financial year, cash assets amounted to EUR 2.6 million and gearing was 19.3 percent. On the basis of the business forecast, the company's operations will remain stable.

Interest rate risk

The Group has made an interest rate swap agreement to hedge against the cash flows of the interest on factoring liabilities and loans from financial institutions.

Foreign currency risk

The Group's production activities are carried out in Finland. In addition, the Group has subsidiaries in Germany and China. The Group's main currency is the euro and over 70 percent of the Group's receivables are denominated in euros (at the end of year: 79%). The breakdown by currencies of the receivables is presented in Note 15. All the Group's long-term liabilities are denominated in euro. At the end of the year, 79 percent of the short-term debts were denominated in euros.

Credit risk

The Group trades only with recognized, creditworthy third parties. According to the credit policy agreed by the Board, all new customers are subject to credit verification procedures. The creditworthiness of existing customers is reviewed on a regular basis. Overdue receivables are reported to top management and the sales teams on a monthly basis and all the necessary actions are taken in order to collect the overdue receivables. On the reporting date, the maximum amount of financial assets exposed to credit risk was equal to their book value.

The five largest customers accounted for 54 percent of net sales (51% in 2017). During the financial year were recorded credit losses of EUR 0.0 million .

The age distribution of accounts receivable is presented in Note 15.

27. NOTES TO THE CONSOLIDATED CHANGES IN EQUITY

1000 €

	Number of shares
Jan. 1, 2017	6,496,505
Dec. 31, 2017	**6,666,505**
Jan. 1, 2018	6,666,505
Stock options	0
Dec. 31, 2018	**6,666,505**

Share capital

Aspocomp Group Plc. has one share series. The maximum number of shares is 6,666,505 (6,666,505 shares in 2017). All issued shares are fully paid.

Treasury shares

The treasury share fund includes the treasury shares owned by the parent company, measured at acquisition cost. At the end of the fiscal years 2017 and 2018, the company did not hold any treasury shares.

Reserve for invested unrestricted equity

The reserve for invested unrestricted equity includes other equity investments and share subscription fees insofar as a decision has not been made to enter them into share capital. On the basis of the stock option programs launched after the new Companies Act (July 21, 2006/624) came into force (September 1, 2006), fees received from share subscriptions are recognized in full in the reserve for invested unrestricted equity.

Payment of dividends

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.12 per share be paid.

28. EVENTS AFTER THE FINANCIAL PERIOD

No significant reportable events after the financial period.

PARENT COMPANY FINANCIAL STATEMENTS

Parent Company Income Statement

€	Note	1.1.-31.12.2018	1.1.-31.12.2017
Net sales	1.1	**29,134,666.27**	**22,670,258.36**
Change in finished goods and work in progress		**9,423.00**	245,003.00
Other operating income	1.2	**56,604.26**	23,710.28
Materials and services	1.3	**-13,126,002.53**	-10,577,445.43
Personnel costs	1.4	**-7,406,671.88**	-5,939,811.74
Depreciation and write-downs	1.5	**-2,379,426.11**	-2,378,339.25
Other operating expenses	1.6	**-4,783,065.34**	-4,606,256.67
Operating loss		**1,505,527.67**	**-562,881.45**
Financial income and expenses	1.7	**-123,931.66**	-43,725.96
Profit/loss before appropriations and taxes		**1,381,596.01**	**-606,607.41**
Profit/loss for the year		**1,381,596.01**	**-606,607.41**

PARENT COMPANY BALANCE SHEET

Assets	Note	12/31/2018	12/31/2017
Non-current assets			
Intangible assets	2.1	5,192,320.32	6,518,854.25
Tangible assets	2.2, 2.3	4,923,202.62	2,518,925.13
Investments	2.4	127,130.50	127,130.50
Total non-current assets		**10,242,653.44**	**9,164,909.88**
Current assets			
Inventories	2.5	2,928,108.00	2,647,445.00
Short-term receivables	2.6	7,821,707.67	4,822,907.20
Cash and cash equivalents		2,358,962.81	183,974.00
Total current assets		**13,108,778.48**	**7,654,326.20**
Total assets		**23,351,431.92**	**16,819,236.08**
Liabilities and shareholders' equity			
Shareholders' equity	2.7		
Share capital		1,000,000.00	1,000,000.00
Reserve for invested unrestricted equity		2,783,228.10	2,761,888.80
Retained earnings		4,023,757.57	5,097,020.33
Net profit/loss for the period		1,381,596.01	-606,607.41
Total shareholders' equity		**9,188,581.68**	**8,252,301.72**
Liabilities			
Long-term liabilities	2.8	4,265,857.67	1,002,719.53
Short-term liabilities	2.9	9,896,992.57	7,564,214.83
Total liabilities		**14,162,850.24**	**8,566,934.36**
Total liabilities and shareholders' equity		**23,351,431.92**	**16,819,236.08**

PARENT COMPANY CASH FLOW STATEMENT

€	1.1.-31.12.2018	1.1.-31.12.2017
Cash flow from operating activities		
Operating profit/loss	1,381,596.01	-606,607.41
Adjustments		
Non-cash transactions	2,499,919.31	2,393,377.05
Change in working capital	-1,710,811.51	-958,626.60
Paid interest expenses	-137,982.40	-50,633.74
Received interest income	0.00	1,488.11
Net cash flow from operating activities	**2,032,721.41**	**778,997.41**
Cash flow from investing activities		
Purchase of tangible and intangible assets	-3,356,846.15	-962,312.17
Proceeds from sale of tangible and intangible assets	34,318.15	34,500.00
Purchase of shares	0.00	0.00
Sale of other shares / receivables	0.00	0.00
Net cash flow from investing activities	**-3,322,528.00**	**-927,812.17**
Net cash flow before financing	**-1,289,806.59**	**-148,814.76**
Cash flow from financing activities		
Loans drawn down	4,556,347.11	373,000.00
Loans repaid	-624,896.36	-356,620.83
Received Group contributions	0.00	200,800.00
Payments of dividends	-466,655.35	0.00
Net cash flow from financing activities	**3,464,795.40**	**217,179.17**
Change in cash and cash equivalents	2,174,988.81	68,364.41
Cash and cash equivalents at the beginning of period	183,974.00	115,609.59
Cash and cash equivalents at the end of period	**2,358,962.81**	**183,974.00**

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

Accounting principles of the parent company

The financial statements of the company have been prepared in accordance with the procedures laid out in the Finnish Accounting Act and other Finnish Accounting Standards (FAS). The figures from the previous year have been adjusted for comparability. The financial statements are presented in euros.

Tangible and intangible assets

Intangible assets

Goodwill

Goodwill represents the share of the acquisition cost exceeding the Group's share at the moment of acquisition of the fair value of the itemizable net assets of an acquired subsidiary. Goodwill from the acquisition of subsidiaries is included in intangible assets. For impairment testing, it is allocated to cash-generating units. Goodwill is tested for impairment annually and is recognized in the balance sheet at acquisition cost less impairment losses. An impairment loss on goodwill is not reversed. The carrying amount of goodwill related to a sold company has an effect on the capital gains or losses.

Research and development expenditure

The company does not engage in actual product development. Research and development expenditure represents general development of the production process that cannot be directly allocated to any customer order, but which does not fulfill the capitalization criteria of IAS 38. The company no longer engages in PCB technology-related research and development that would be directly connected to customer projects and which would therefore be capable of independently generating income. The company cannot separate the research phase from the development phase, and it does not engage in actual product development, and thus treats all production process-related expenditure as expenditure on the research phase (IAS 38.53).

Software

Purchased software is recorded in the balance sheet at the original cost less accumulated amortization and impairment, if any.

Intangible rights

Intangible assets with limited useful lives are recorded in the balance sheet at the original cost less accumulated amortization and impairment, if any.

The estimated useful lives of intangible assets are:

- Intangible rights 3 years
- Other intangible assets 5 - 10 years.

Property, plant and equipment

Property, plant and equipment are measured at original cost less accumulated depreciation and impairment. Property, plant and equipment are depreciated according to plan on a straight-line basis in accordance with the estimated useful life.

If the asset consists of several parts with different useful lives, each part is treated as a separate asset. In this case the costs arising from renewal of the part are capitalized and the remainder is expensed. Other costs are treated as property, plant and equipment only when the economical benefits relating to these assets are probable and when the acquisition cost can be defined reliably. Other repair and maintenance costs are recognized in the income statement as they arise.

The estimated useful lives of property, plant and equipment are:

- Buildings and structures 15 – 30 years
- Machinery and equipment 3 – 8 years
- Other tangible assets 5 – 10 years
- Land and water are not subject to depreciation.

The residual value of the assets and their useful lives are reviewed at least at each balance sheet date and, if necessary, adjusted to reflect changes in their expected economic benefits.

Gains and losses resulting from derecognition of property, plant and equipment are entered under other operating income or expenses.

Impairment of tangible and intangible assets

The Group assesses asset items annually for indications of impairment. If there are such indications, the recoverable amount of said asset item is estimated and then compared with the carrying amount of the asset item in question. In addition, the recoverable amounts of goodwill are assessed annually. Impairment is examined at the level of cash-generating units – that is, at the lowest unit level that is primarily independent of other units and whose cash flows can be separated out from other cash flows.

The recoverable amount is the higher of the fair value of the asset less disposal costs or the value in use. The value in use is the estimated future cash flow of the asset or cash-generating unit discounted to its present value. The discount interest rate used is determined before taxes and describes the market outlook for the time value of money and the special risks associated with the asset item to be tested.

An impairment loss is recognized if the carrying amount of the asset item is higher than its recoverable amount. An impairment loss on an item other than goodwill is reversed if the situation changes and the recoverable amount of the asset has changed since the date of impairment loss recognition. An impairment loss on goodwill is not reversed.

Financial assets and financial liabilities

Financial assets

The Group's financial assets are classified in the following categories according to IAS 39: "Loans and Other Receivables" and "Available-for-Sale Investments". Initial recognition is performed on the basis of the usage of the financial assets at the time of acquisition.

All purchases and sales of financial assets are booked on the transaction date. Financial assets are derecognized from the balance sheet when the Group has lost its contractual rights to their cash flows, or when the Group has substantially transferred the risks and rewards out of the Group.

Loans and Other Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not held for trading. Recognition is based on amortized cost. They are presented under Loans and Other Receivables in the balance sheet as non-current assets if they fall due after a period exceeding 12 months. Otherwise they are presented as current assets under "Short-term Receivables".

Available-for-Sale Investments are those non-derivative financial assets that are designated as available for sale or are not classified in any other group. They are included in non-current assets, unless the intention is to keep them less than 12 months from the closing date; if that is the case, they are recognized as current assets. Available-for-Sale Investments are recognized in the balance sheet at their fair value, and changes in fair value are recorded in other items in comprehensive income, accounting for their tax effect, and presented in shareholders' equity. Changes in fair value are transferred to the income statement when the investment is sold or when its value has declined such that an impairment loss must be recorded. Available-for-Sale Investments during the disclosed periods only include investments in unquoted shares whose acquisition cost is substantially equal to their fair value (based on, for instance, recent transactions). The markets for said shares are inactive and the Group does not intend to divest itself of these shares in the near future.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and bank deposits. Cash and cash equivalents have a maximum maturity of three months from the date of acquisition.

Financial liabilities

Financial liabilities are recognized initially at their fair value. Transaction costs are included in financial liabilities' initial carrying amount. Later all financial liabilities are recognized at amortized cost. The difference between the money received (less transaction costs) and the amount to be repaid is entered in the income statement using the effective interest method over the loan period. Financial liabilities are included in non-current and current liabilities.

All financial liabilities are booked in the balance sheet when the company becomes a contractual party in said financial liabilities. Financial liabilities are derecognized when the obligation specified in the contract has been discharged or cancelled or has expired.

When the terms of financial liabilities are renegotiated and the terms change substantially, the renegotiated liabilities are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are considered to be substantially different if the present value of the discounted cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 percent different from the present value of the remaining discounted cash flows of the original financial liability. The difference between the carrying amount of the new financial liability and the original financial liability is recognized through profit or loss in financial income or expenses. If the change in the terms of the liability is not substantial, and said change is not accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, then the carrying amount of the liability is adjusted with the resulting costs and fees, which are recognized as expenses over the remaining maturity of the liability whose terms have been revised.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A substantial or long impairment of share investments, in which their value declines below their acquisition cost, indicates the impairment of an equity instrument classified as an available-for-sale financial asset. If there is evidence of impairment, the loss accumulated in the fair value reserve is transferred into the income statement. Impairment losses on equity investments classified as available-for-sale financial assets are not reversed through profit or loss, while the subsequent reversal of impairment losses on interest instruments is recognized through profit or loss.

The Group recognizes an impairment loss on accounts receivable if there is objective evidence that the receivables cannot be collected in full. The major financial difficulties of the debtor, the probability of bankruptcy, delinquent payments or significant delays in payments constitute evidence of the impairment of accounts receivable. The amount of the impairment loss recognized in the income statement is measured as the difference between the carrying amount of the receivables and the present value of estimated future cash flows discounted at the effective interest rate. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed. The amount of the reversal shall be recognized in profit or loss.

Net sales

Discounts, VAT and exchange rate differences of accounts receivable have been accounted for under adjustments to net sales.

Research and development expenditure

Research and development expenditure is fully expensed during the financial year in which it was incurred.

Extraordinary income and expenses

Extraordinary income and expenses include exceptional and significant events that are not related to the Group’s line operations.

Provisions

Provisions are recorded when the Group has a legal or constructive obligation on the basis of a prior event and the materialization of the payment obligation is probable. A provision for restructuring is recognized when the Group has prepared a detailed restructuring plan and the plan has been announced. The provision reflects management’s best estimate of the present value of future expenditure.

Pension arrangements

In the consolidated financial statements, pension schemes in different countries are classified as defined contribution or defined benefit schemes. In defined contribution schemes, the Group makes fixed payments to a separate unit. The Group does not have a legal or constructive obligation to make additional payments if the recipient cannot pay the pension benefits in question. All such schemes that do not fulfill these conditions are considered to be defined benefit schemes. Payments for defined contribution schemes have been recorded in the income statement for the period to which the payment pertains.

The Group has pension schemes that have been classified as defined contribution or defined benefit schemes. In defined contribution schemes, payments have been recorded in the income statement for the period to which the payment pertains.

In a defined benefit scheme, the commitment to be recognized as a liability is the net amount of the present value of the pension liabilities on the closing date and the fair value of assets adjusted by the non-depreciated part of the obligation based on unrecognized retroactive work performance. The pension liability is calculated by independent actuarial mathematicians based on the amount of the predicted pension liability by applying the projected unit credit method; the liability is discounted to the present value of future cash flows at an interest rate corresponding to the interest on high-quality bonds issued by the company. Pension costs are recognized as expenses in the income statement over the service years of personnel. Actuarial gains and losses are recognized in the statement of comprehensive income.

Items denominated in foreign currencies

The consolidated financial statements are presented in euros, the functional and presentation currency of the parent company. Foreign currency transactions are converted to euros using the exchange rates on the date of the transaction in question. Receivables and liabilities denominated in a foreign currency are converted to euros using the rates on the closing date. The resulting exchange differences are recorded in the income statement such that exchange differences on business transactions are included in operating profit and exchange differences due to financial assets and liabilities are presented in financial items.

Taxes

Taxes on the Group companies’ financial results for the period, adjustments of taxes from previous periods and the change in deferred taxes are recorded as the Group’s taxes. The deferred tax asset or liability is calculated on all temporary differences between carrying amounts and taxable values, applying the tax rates confirmed on the closing date. Deferred tax assets are recognized from confirmed losses by applying the average result for the past four financial years, net of non-recurring items, to the future financial years in which losses confirmed in taxation can be used. Deferred tax assets arising from acquisition costs that have not been deducted in taxation are recognized in full in undeducted acquisition costs at the end of the reported financial year.

Deferred tax is not recognized on the undistributed profits of subsidiaries when it is probable that the temporary difference will not be dissolved in the foreseeable future.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1.1 NET SALES BY GEOGRAPHICAL AREA

€	2018	2017
Europe	28,305,363.82	21,659,419.17
Asia	357,490.95	288,868.19
	471,811.50	721,971.00
Total	**29,134,666.27**	**22,670,258.36**

1.2 OTHER OPERATING INCOME

€	2018	2017
Gains on sale of tangible assets	34,318.15	16,498.28
Other income	22,286.11	7,212.00
Total	**56,604.26**	**23,710.28**

1.3 MATERIALS AND SERVICES

€	2018	2017
Purchase during accounting period	13,115,095.81	10,116,292.23
Change in inventories	-271,240.00	123,377.00
Subcontracting (external services)	282,146.72	337,776.20
Total	**13,126,002.53**	**10,577,445.43**

1.4 NOTES ON PERSONNEL AND MEMBERS OF ADMINISTRATIVE BODIES

€	2018	2017
Personnel costs		
Salaries and wages	6,153,006.85	4,877,837.18
Fees	0.00	0.00
Pension costs	1,000,416.32	804,356.07
Other personnel costs	253,248.71	257,618.49
Total	**7,406,671.88**	**5,939,811.74**
Management salaries and benefits		
CEO and Board Members	361,721.21	601,683.99
Personnel at the end of year		
Non-office workers	74	71
Salaried employees	39	34
Total	**113**	105
Personnel on average during the year		
Non-office workers	73	66
Salaried employees	39	35
Total	**112**	101

1.5 DEPRECIATIONS AND WRITE-DOWNS

€	2018	2017
Depreciation of intangible rights	1,429,301.12	1,470,658.68
Depreciation of machinery and equipment	950,124.99	907,680.57
Total	**2,379,426.11**	**2,378,339.25**

1.6 OTHER OPERATING EXPENSES

€	2018	2017
Rental expenses	190,446.53	543,215.48
Real estate costs	323,111.16	205,261.30
Energy costs	831,113.56	761,940.34
IT costs	273,984.87	223,420.18
External services	921,246.62	851,927.01
Other expenses	2,243,162.60	2,020,492.36
Total	**4,783,065.34**	**4,606,256.67**
Auditor's fees		
1. Auditing	48,038.35	57,373.02
2. Tax consultation	0.00	0.00
3. Certificates and statements	0.00	0.00
4. Other services	12,394.84	2,090.00
Total	**60,433.19**	59,463.02

1.7 FINANCIAL INCOME AND EXPENSES

€	2018	2017
Interest and other financial income		
From group companies	0.00	0.00
From others	0.00	1,488.11
Total	**0.00**	**1,488.11**
Interest and other financial expenses		
To group companies	0.00	0.00
To others	123,931.66	45,214.07
Total	**123,931.66**	**45,214.07**
Total financial income and expenses	**-123,931.66**	**-43,725.96**

2.1 INTANGIBLE ASSETS

€

2018	Intangible rights	Goodwill	Other long-lived assets	Total
Acquisition cost Jan. 1, 2018	599,279.95	13,051,744.81	525,041.87	14,176,066.63
Increase	102,767.19	0.00	0.00	102,767.19
Decrease	0.00	0.00	0.00	0.00
Acquisition cost Dec. 31, 2018	**702,047.14**	**13,051,744.81**	**525,041.87**	**14,278,833.82**
Accumulated depreciation Jan. 1, 2018	331,527.52	6,852,166.02	473,518.84	7,657,212.38
Accumulated depreciation of decreases and transfers	0.00	0.00	0.00	0.00
Depreciation for the year	89,548.16	1,305,174.48	34,578.48	1,429,301.12
Accumulated depreciation Dec. 31, 2018	**421,075.68**	**8,157,340.50**	**508,097.32**	**9,086,513.50**
Book value Dec. 31, 2018	**280,971.46**	**4,894,404.31**	**16,944.55**	**5,192,320.32**

2017	Intangible rights	Goodwill	Other long-lived assets	Total
Acquisition cost Jan. 1, 2017	476,355.44	13,051,744.81	511,552.22	14,039,652.47
Increase	122,924.51	0.00	13,489.65	136,414.16
Decrease	0.00	0.00	0.00	0.00
Acquisition cost Dec. 31, 2017	**599,279.95**	**13,051,744.81**	**525,041.87**	**14,176,066.63**
Accumulated depreciation Jan. 1, 2017	260,832.94	5,546,991.54	378,729.22	6,186,553.70
Accumulated depreciation of decreases and transfers	0.00	0.00	0.00	0.00
Depreciation for the year	70,694.58	1,305,174.48	94,789.62	1,470,658.68
Dec. 31, 2017	**331,527.52**	**6,852,166.02**	**473,518.84**	**7,657,212.38**
Book value Dec. 31, 2017	**267,752.43**	**6,199,578.79**	**51,523.03**	**6,518,854.25**

2.2 TANGIBLE ASSETS

€

2018	Buildings and structures	Machinery and equipment	Advance payments & constructions in progress	Total
Acquisition cost Jan. 1, 2018	0.00	6,673,717.86	88,000.00	6,761,717.86
Increase	1,248,000.00	1,189,214.30	917,188.18	3,354,402.48
Decrease	0.00	-81,040.00	0.00	-81,040.00
Transfers between items	0.00	88,000.00	-88,000.00	0.00
Acquisition cost Dec. 31, 2018	**1,248,000.00**	**7,869,892.16**	**917,188.18**	**10,035,080.34**
Accumulated depreciation Jan. 1, 2018	0.00	4,242,792.73	0.00	4,242,792.73
Accumulated depreciation of decreases and transfers	0.00	-81,040.00	0.00	-81,040.00
Depreciation for the year	62,400.06	887,724.93	0.00	950,124.99
2018	**62,400.06**	**5,049,477.66**	**0.00**	**5,111,877.72**
Book value Dec. 31, 2018	**1,185,599.94**	**2,820,414.50**	**917,188.18**	**4,923,202.62**

2017				
Acquisition cost Jan. 1, 2017	0.00	6,646,163.88	0.00	6,646,163.88
Increase	0.00	992,925.17	88,000.00	1,080,925.17
Decrease	0.00	-965,371.19	0.00	-965,371.19
Transfers between items	0.00	0.00	0.00	0.00
Acquisition cost Dec. 31, 2017	**0.00**	**6,673,717.86**	**88,000.00**	**6,761,717.86**
Accumulated depreciation Jan. 1, 2017	0.00	4,282,481.63	0.00	4,282,481.63
Accumulated depreciation of decreases and transfers	0.00	-947,369.47	0.00	-947,369.47
Depreciation for the year	0.00	907,680.57	0.00	907,680.57
2017	**0.00**	**4,242,792.73**	**0.00**	**4,242,792.73**
Book value Dec. 31, 2017	**0.00**	**2,430,925.13**	**88,000.00**	**2,518,925.13**

2.3 FINANCIAL LEASE AGREEMENTS

€

Property, plant and equipment include financial leases as follows:

2018	Machinery and equipment	Total
Acquisition cost Jan. 1, 2018	1,601,000.00	1,601,000.00
Increase	212,163.10	212,163.10
Decrease	0.00	0.00
Acquisition cost Dec. 31, 2018	**1,813,163.10**	**1,813,163.10**
Accumulated depreciation Jan. 1, 2018	338,222.08	338,222.08
Accumulated depreciation of decreases and transfers	0.00	0.00
Depreciation for the year	340,998.28	340,998.28
Accumulated depreciation Dec. 31, 2018	**679,220.36**	**679,220.36**
Book value Dec. 31, 2018	**1,133,942.74**	**1,133,942.74**

2017		
Acquisition cost Jan. 1, 2017	1,228,000.00	1,228,000.00
Increase	373,000.00	373,000.00
Decrease	0.00	0.00
Acquisition cost Dec. 31, 2017	**1,601,000.00**	**1,601,000.00**
Accumulated depreciation Jan. 1, 2017	83,314.08	83,314.08
Accumulated depreciation of decreases and transfers	0.00	0.00
Depreciation for the year	254,908.00	254,908.00
Accumulated depreciation Dec. 31, 2017	**338,222.08**	**338,222.08**
Book value Dec. 31, 2017	**1,262,777.92**	**1,262,777.92**

2.4 INVESTMENTS

€	Shares		Receivables	Total
2018	Group companies	Others	Group companies	
Book value Jan. 1, 2018	112,234.00	14,896.50	0.00	**127,130.50**
Increases	0.00	0.00	0.00	0.00
Decreases	0.00	0.00	0.00	0.00
Book value Dec. 31, 2018	**112,234.00**	**14,896.50**	**0.00**	**127,130.50**
2017				
Book value Jan. 1, 2017	112,234.00	14,896.50	0.00	**127,130.50**
Increases	0.00	0.00	0.00	0.00
Decreases	0.00	0.00	0.00	0.00
Book value Dec. 31, 2017	**112,234.00**	**14,896.50**	**0.00**	**127,130.50**

Group companies	*Domicile*	*Group interest*	*Parent company interest*	*Parent company's ownership*	*Shares/participations owned by the parent company*	
		(%)	(%)	(no.)	nominal value	book value
Aspocomp Trading Oy	Finland	100.00	100.00	320	0.00	0.00
Aspocomp GmbH	Germany	100.00	100.00	2		62,234.00
AC Shenzhen Electronics Co.,	China	100.00	100.00			50,000.00
Total						**112,234.00**
Other shares and participations						
Other shares						14,896.50
Total						**14,896.50**

2.5 INVENTORIES

€	2018	2017
Materials and supplies	1,736,486.00	1,465,446.00
Work in progress	445,898.00	313,350.00
Finished goods	745,724.00	868,649.00
Total	**2,928,108.00**	2,647,445.00

2.6 SHORT-TERM RECEIVABLES

€	2018	2017
Accounts receivable	7,284,556.67	4,653,796.92
Other receivables	191,433.00	33,617.51
Other accrued income	345,718.00	135,492.77
Short-term receivables, total	**7,821,707.67**	**4,822,907.20**

2.7 SHAREHOLDERS' EQUITY

€	2018	2017
Shareholders' equity Jan. 1	1,000,000.00	1,000,000.00
Shareholders' equity Dec. 31	**1,000,000.00**	**1,000,000.00**
Reserve for invested unrestricted equity Jan. 1	2,761,888.80	2,561,088.80
Increase	21,339.30	200,800.00
Reserve for invested unrestricted equity Dec. 31	**2,783,228.10**	**2,761,888.80**
Retained earnings Jan. 1	4,490,412.92	5,097,020.33
Dividends paid	-466,655.35	0.00
Retained earnings Dec. 31	**4,023,757.57**	**5,097,020.33**
Net profit/loss for the period	**1,381,596.01**	**-606,607.41**
Total balance	**9,188,581.68**	**8,252,301.72**
Distributable funds in unrestricted equity	**8,188,581.68**	**7,252,301.72**

2.8 NON-CURRENT LIABILITIES

€	2018	2017
Loans from financial institutions		
Loans from financial institutions	3,253,330.00	0.00
Financial leasing debts	1,007,231.66	984,736.53
Derivative financial instruments	5,296.01	17,983.00
Non-current liabilities, total	**4,265,857.67**	1,002,719.53

2.9 CURRENT LIABILITIES

€	2018	2017
Loans from financial institutions		
Bank loans	826,670.00	220,270.55
Financial leasing debts	327,373.75	279,112.85
Derivative financial instruments	13,612.99	7,439.00
Factoring debt	2,498.29	1,533.02
Total	**1,170,155.03**	508,355.42
Accounts payable, other payables and accrued expenses		
Accounts payable	2,722,119.56	2,290,911.63
Other payables	122,908.92	111,958.84
Accrued expenses	2,062,125.31	829,089.59
Total	**4,907,153.79**	3,231,960.06
Material items in accrued expenses:		
Periodization of personnel expenses	1,515,738.27	727,779.14
Interest periodization of loans	2,130.67	128.02
Vat liabilitiesat theyear end	364,872.50	0.00
Other items	179,383.87	101,182.43
Total	2,062,125.31	829,089.59
Liabilities to Group companies		
Liabilities to Group companies	3,819,683.75	3,823,899.35
Current liabilities, total	**9,896,992.57**	**7,564,214.83**

3.1 SECURITIES, CONTINGENT LIABILITIES AND OTHER LIABILITIES

€	2018	2017
Lease liabilities	101,862.00	477,144.00
Other liabilities	1,247,809.00	21,000.00
Total	**1,349,671.00**	**498,144.00**

BOARD OF DIRECTORS' DIVIDEND PROPOSAL AND SIGNATURES

According to the financial statements dated on December 31, 2018 the parent company's distributable earnings amounted to EUR 8,188,581.68, of which the retained earnings were EUR 5,405,353.58.

The Board of Directors will propose to the Annual General Meeting to be held on April 3, 2019, that a dividend of EUR 0.12 per share be paid. The dividend would be paid to shareholders registered in the Register of Shareholders maintained by Euroclear Finland Ltd on the record date of the dividend distribution, April 5, 2019. The Board of Directors proposes that the dividend will be paid on April 12, 2019.

Helsinki, February 27, 2019

Päivi Marttila
Chairman of the Board

Kaarina Muurinen
Vice Chairman of the Board

Julianna Borsos
Member

Matti Lahdenperä
Member

Juha Putkiranta
Member

Mikko Montonen
President and CEO

THE AUDITOR'S NOTE

The audit carried out has been submitted Auditor's Report today.

Helsinki, February 27, 2019

PricewaterhouseCoopers Oy

Authorized Public Accountants

Jouko Malinen
Authorized Public Accountant

AUDITOR'S REPORT

(Translation of the Finnish Original)

To the Annual General Meeting of Aspocomp Group 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 Aspocomp Group Oyj (business identity code 1547801-5) for the year ended 31 December 2018. The financial statements comprise:

- the consolidated balance sheet, 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. The non-audit services that we have provided are disclosed in Note 6 to the Financial Statements.

Our Audit Approach

Overview

- Overall group materiality: € 260 000 (previous year € 185 000), which represents 0,9 % of net sales 2018

- Audit scope: The audit scope included the Group parent entity

- Revenue recognition
- Valuation of goodwill
- Valuation of deferred tax assets

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	€ 260 000 (previous year € 185 000)
How we determined it	0,9 % of net sales 2018
Rationale for the materiality benchmark applied	We chose net sales as the benchmark because, in our view, it reflects the volume and growth objectives Group's business operations. Because the profit performance of the company is not steady, net sales is also a generally accepted benchmark. The percentage applied in the calculation is within the range of generally accepted quantitative materiality thresholds.

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.

Aspocomp Group has one operative company, the Group parent, which has been selected into the audit scope. Group parent audit covers almost 100 % of the consolidated net sales.

Key Audit Matters

Key audit 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 a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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	
For more information on revenue recognition please refer to the Accounting Principles of the Group Financial Statements and Note 1. Net Sales Income Revenue for sale of goods is recognized when significant risks and benefits related to the ownership have transferred to the buyer and the group no longer has right of possession or actual control over a good. In calculation of revenue, the sales income is adjusted by indirect taxes and granted discounts. We concentrated to the audit of revenue cut-off, as there is a risk that revenue from sales transactions is recognized to wrong period.	Our audit procedures included for example the following procedures: • We reviewed net sales recording to the correct accounting period by inspecting sales transactions recorded as revenue both before and after the last day of the financial period. For the selected sales transactions, we verified recognition of revenue in the correct financial period by going through delivery notes that the revenue was recorded to the correct financial period. • We reviewed on a sample of sales transactions and validated the selected transactions to both sales invoices and delivery notes. We performed IT assisted audit procedures on Group net revenue analyzing all sales transactions during the financial period and ascertained logical accounting treatment of all revenue recognition bookings.
Valuation of goodwill	
For information on valuation of goodwill refer to Accounting Principles of the Group Financial Statements and Note 25. Impairment Testing The company is obliged to test valuation of goodwill for depreciation at least once a year. The consolidated group goodwill at year end is € 3 million and relates to the circuit board factory in Oulu. This area is important for the audit, as impairment testing involves management consideration regarding the key assumptions such as average increase rate of goodwill over the cash flow forecast period, gross margin and the discount rate used in the calculations. We concentrated on cash flow	Our audit procedures included for example the following procedures: • We reviewed the estimates of annual increase in net sales and discount rate used in impairment testing, and traced them to budgets approved by the board of directors. • • We evaluated and challenged the future cash flow forecasts and discount rate, and reviewed the process of forming those forecasts. We validated the mathematic accuracy of the impairment testing calculations • We compared the actual results of the year ended with the forecasts used in the impairment testing calculations, and reviewed impairment testing of prior years in view of realization in order to ensure that the management forecasts were not too

forecasts, as these involve most inherent judgement.

Based on impairment testing, the recoverable amount exceeded the book value and thus goodwill was not impaired in 2018.

optimistic e.g. in terms of estimated margins and net sales increase rate.

- We reviewed the sensitivity analyses made by the management, which have been prepared by estimating the effects of the increase of net sales, weakening of the gross margin and changes in the discount rate both individually and in aggregate to the results of the impairment testing.

Valuation of deferred tax assets

For information on valuation of deferred tax assets refer to Accounting Principles of the Group Financial Statements and Note 8. Income Taxes

The Group's consolidated balance sheet includes deferred tax assets of € 4,0 million, which were mainly recorded from slowed tax depreciations. Over the financial period the deferred tax assets have increased by € 0,5 million. Valuation of deferred tax assets involves inherent management judgement, since utilisation of the tax assets is subject to the company being likely to have taxable income in the future, based on which valuation of deferred tax assets is a key audit matter.

In addition, the Group confirmed losses for the parent company from previous financial periods, for which no deferred tax assets have been recorded in the Group consolidated balance sheet per 31 December, 2018 because management has estimated that respective taxable income is not to be expected before the confirmed tax losses are obsolete.

Our audit procedures included for example the following procedures:

- We challenged the management forecasts of future taxable income. We verified the conformity of these forecasts with the estimates used for impairment testing.
- We reviewed the grounds for recording deferred tax assets prepared by the management and challenged the management on the prerequisites for recording deferred tax assets.
- We validated the mathematic accuracy of the calculations prepared by management.
- We also evaluated accuracy of previous forecasts in comparison with actual financial performance of the Group.

We have no key audit matters to report with respect to our audit of the parent company financial statements in addition to above mentioned revenue recognition.

Neither the consolidated financial statements nor the parent company financial statements include a significant risk of material misstatement as referred to in Article 10(2c) of Regulation (EU) No 537/2014.

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

PricewaterhouseCoopers Oy was first appointed as auditors by the annual general meeting of Aspo Oyj (demerged company liquidated) which decided on the demerger 15.4.1999. Our appointment represents a total period of uninterrupted engagement of 20 years starting from the establishment of Aspocomp Group Oyj 1.10.1999 and the Company has been public interest entity for the whole period.

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 17 February 2019

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jouko Malinen
Authorised Public Accountant (KHT)

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE STATEMENT 2018

Aspocomp Group Plc's Corporate Governance Statement 2018 has been prepared in accordance with the Finnish Corporate Governance Code 2015, issued by the Securities Market Association.

Aspocomp has complied with the Corporate Governance Code recommendations as written and without any deviations.

The company's Board of Directors has reviewed this statement at its meeting on February 27, 2019. The statement has been issued separately from the Report of the Board of Directors. In addition to being included in the Annual Report 2018, the Corporate Governance Statement is available on the company's Internet site at www.aspocomp.com/govenance.

The Finnish Corporate Governance Code 2015 for listed companies is publicly available from, for instance, the Securities Market Association's website at www.cgfinland.fi/en.

STRUCTURE OF THE COMPANY AND ITS ADMINISTRATIVE BODIES

The administrative bodies of Aspocomp – the General Meeting, the Board of Directors, and the CEO – are in charge of the governance and operations of the company. Aspocomp's highest decision-making body is the General Meeting, where shareholders exercise their right to speak and vote. The Board of Directors is the highest operational decision-making body of the company. The AGM elects the Board of Directors, which in turn appoints the CEO. The CEO is responsible for the operational management of the company in accordance with the policies of the Board of Directors. In addition, the company has an auditor elected by the AGM, which must be a public accountant authorized by the Central Chamber of Commerce of Finland.

The duties and responsibilities of Aspocomp Group Plc's management bodies are defined according to Finnish legislation. Decision-making and corporate governance comply with the legislation in force in Finland, Aspocomp's Articles of Association, the rules, regulations and guidelines for listed companies issued by Nasdaq Helsinki Ltd and the Finnish Financial Supervisory Authority, and the Corporate Governance Code applicable to Finnish listed companies.

The Group comprises the parent company Aspocomp Group Plc and the subsidiaries it owns directly in Finland and abroad. The legal structure of the Group is presented below.

ANNUAL GENERAL MEETING

Aspocomp's Annual General Meeting will be held each year on the day determined by the Board, but no later than the end of June. The Annual General Meeting decides on the matters covered by the Finnish

Companies Act and the Articles of Association of the company. The most significant matters falling within the decision-making power of the General Meeting include the election of the Board members and the Auditor, the adoption of financial statements, the resolution on discharging the Board members and the CEO from liability, and the resolution on the distribution of the company's assets, such as distribution of profit. Extraordinary General Meetings are convened to handle specific matters proposed to a General Meeting.

Shareholders may exercise their decision-making power at the General Meeting, where they have the right to speak, ask questions, and vote. All of Aspocomp's shareholders have the right to attend General Meetings, as long as they follow the instructions given in the Notice of Meeting. Shareholders may either attend in person or authorize a representative to represent them. Each share carries one vote at a General Meeting. When votes are taken, the proposal for which more than half of the votes were given usually becomes the resolution of the General Meeting, as prescribed by the Limited Liability Companies Act.

Notice of the General Meeting and proposals for resolutions

Aspocomp will publish invitations to its General Meetings as stock exchange releases, as well as on its website. The company will publish the Notice of AGM no earlier than three months and no later than three weeks prior to the meeting. The notice will be published immediately after the Board has decided on convening the Annual General Meeting. The Notice of AGM includes the agenda, documents and draft resolutions to be submitted to the General Meeting. It also includes the names of those proposed for election as Board members and the proposal for their remuneration as well as the proposal for the auditor. The biographical details of all candidates for the Board will also be published on the company's website.

The Notice of AGM also includes any written proposals submitted by the shareholders representing no less than 10% of the company's shares. If the proposals are submitted to the company after the publication of the notice of the AGM, the company will publish the proposals separately.

Shareholders' proposals for issues to be addressed at the AGM

An Aspocomp shareholder has the right to have a matter falling within the competence of the General Meeting under the Limited Liability Companies Act addressed by the GM if he/she submits a demand in writing to the company's Board well in advance so that the matter can be included in the Notice of Meeting. Aspocomp shall disclose in due time on its website and the event calendar the date by which a shareholder must notify the company's Board of an issue that she or he demands to be addressed at the General Meeting and the contact information for sending such notifications. The date and contact information shall be published no later than by the end of the financial period preceding the General Meeting.

Attendance at the AGM

The Chairman of the Board, the members of the Board and the CEO are present at the General Meeting. The auditor is present at the Annual General Meeting. The nominees for the Board of Directors are present at the Annual General Meeting where they are elected. If one or more of these people do not attend, Aspocomp will notify the General Meeting of their non-attendance.

Archive of the General Meeting documents

The decisions of the AGM will be announced in a stock exchange release and on the company's website without undue delay after the meeting. The minutes of the General Meeting shall be made available on the company's website within two weeks of the General Meeting. General Meeting documents shall be archived on Aspocomp's website for at least ten years.

Board of Directors

The Board is responsible for the administration and the proper organization of the operations of the company. In addition the Board is responsible for the proper organization of accounting and financial management. The Board of Directors has general authority in mattes that have not been assigned to another administrative body in either legislation or the Articles of Association. The general task of the

Board is to use its powers to increase the value of the shareholders' holdings in the long run in line with the interests of the company and all of its shareholders.

Election and term of office of the Board of Directors

The Annual General Meeting elects annually all the members of the Board of Directors for a term of one year and decides on their remuneration. As set out in Aspocomp's Articles of Association, the company's Board of Directors consists of three to eight members. The term of office of the Board members ends at the next AGM following their election. The Board elects the Chairman and the Vice Chairman from among its members at its organization meeting, which is held after the AGM.

Composition of the Board and the preparation of the proposal for its composition

In the preparation of the proposal for the Board composition, Aspocomp applies a practice in which the Board of Directors or the Nomination Committee, if one has been established, prepares a proposal to the AGM concerning candidates for the Board of Directors and the remuneration of Board members.

The composition of the Board should support Aspocomp's current and future business in the best possible way. In order for the Board of Directors to discharge its duties in the most effective manner, it is important that the members have sufficient and versatile competencies, mutually complementing experience and knowledge of the company and its industry. In addition, a person elected to the Board must have the possibility to devote a sufficient amount of time to the duties. Both genders shall be represented in the Board of Directors. A sufficient number of Board members contributes to the diversity of the Board and to the fulfillment of the independence requirements.

Composition of the Board of Directors in 2018

The Board of Directors prepared the proposal for the Board of Directors for consideration at the AGM held on March 16, 2018. The AGM decided to set the number of Board members at five and re-elected the current members of the Board, Ms. Päivi Marttila, Ms. Kaarina Muurinen, Ms. Julianna Borsos, Mr. Matti Lahdenperä and Mr. Juha Putkiranta. The Board re-elected Päivi Marttila as Chairman of the Board and Kaarina Muurinen as Vice Chairman. The term of office of the members of the Board ends at the end of the AGM in 2019.

Board of Directors' composition and shareholdings as at December 31, 2018

Member	Born	Education	Nationality	Main occupation	Member since	Share-holdings *
Päivi Marttila Chairman	1961	M.Sc. (Econ.)	Finnish	Sievi Capital Oyj, CEO	2013	34,963 *
Kaarina Muurinen Vice Chairman	1958	M.Sc. (Econ.)	Finnish	Vaisala Plc, CFO	2015	0 *
Julianna Borsos	1971	D.Sc. (Econ.)	Finnish	Bocap Private Equity Oy Chairman of the Board and founder	2017	1,005,000 *
Matti Lahdenperä	1953	Lic. Sc. (Tech.)	Finnish	Board professional	2016	220,011 *
Juha Putkiranta	1957	M.Sc. (Eng.)	Finnish	Saafricon Oy, CEO and owner	2016	0 *
Shareholdings, total						**1,259,974 ***

* The shareholdings also include any shares held by the Board of Directors' related parties and controlled organizations.

Further information on the members of the Board of Directors can be found on the company's website at www.aspocomp.com/board.

Diversity of the Board of Directors

Diversity is an essential component of the achievement of Aspocomp's strategic objectives and good governance at the company. The diversity of the Board strengthens its efficient and optimal work and operations, promotes open discussions and enables decision-making based on different views and knowledge. When preparing proposals on the composition of the Board, a range of diversity aspects, such as educational backgrounds, professional competencies and experience of national and international business, independence of the candidates as well as age and gender distribution are taken into consideration as set out in the company's principles concerning diversity. The goal is to maintain the current balanced gender representation in the Board also in the future, so that at least 25% of Board members are always men and women.

The achievement of objectives is monitored and reported annually in the company's Corporate Governance Statement.

Monitoring the diversity objectives in 2018

The Board members have diverse and mutually complementary expertise, experience and capabilities that correspond effectively to the company's business and strategic requirements set by both current and emerging demands. They have all worked or are working on the Boards of Directors or in the management of listed or unlisted companies. Also, the educational background of the Board members is diverse and multidisciplinary. The Board members hold university-level degrees that are evenly distributed between economics and technology. Both genders are equally represented in the Board. At the end of 2018, 60 percent of Board members were women (60% in 2017). During 2012-2017, the share of women in the Board has varied between 25-66%.

Independence of Directors

The composition of the Board must also meet the independence requirements applicable to publicly listed companies in Finland. The majority of the directors must be independent of the company. At least two directors who are independent of the company must also be independent of the significant shareholders of the company.

Aspocomp's Board of Directors evaluates the independence of its members in accordance with the Finnish Corporate Governance Code annually and the updated evaluation is published as part of the company's Corporate Governance Statement. If factors affecting the independence of a director change during the year, an updated evaluation is published on the company's website. All Board members are obligated to provide the Board with the information necessary to evaluate their independence.

The Board of Directors made an evaluation of Board members' independence on March 16, 2018 at the organization meeting which was held after the Annual General Meeting. The Board of Directors evaluated the independence of the Board members in compliance with the recommendations of the Finnish Corporate Governance Code. It is the view of the Board of Directors that all Board members are independent of the company and four out of five members are also independent of the company's major shareholders.

Independence of Directors in 2018

Member	Independent of the company	Independent of the main shareholders
Päivi Marttila, Chairman	Yes	Yes
Kaarina Muurinen, Vice Chairman	Yes	Yes
Julianna Borsos	Yes	No
Matti Lahdenperä	Yes	Yes
Juha Putkiranta	Yes	Yes

WORKING ORDER OF THE BOARD OF DIRECTORS

The Board of Directors has confirmed a written charter for the Board of Directors' duties, the matters it deals with, its meeting practice and its decision-making procedure. In addition to the Articles of Association, Finnish legislation and other regulations, Aspocomp's Board of Directors complies with a Working Order that is available in its entirety on the company's Internet site (www.aspocomp.com/governance, choose Board -> Working Order). All meetings are documented.

As set out in the Working Order, the Board of Directors:

- decides on its Working Order and updates it annually, as necessary
- appoints and discharges the CEO and determines his or her salary and bonuses
- approves and maintains a successor plan for the CEO
- approves the appointment of employees reporting to the CEO and decides on the terms and conditions of their employment and remuneration
- approves the corporate structure and the company's organization
- proposes management incentive schemes to the General Meeting, as necessary
- ensures that the company has organized internal control of accounting and financial management as well as monitors the effectiveness of supervision
- determines the company's long-term objectives and monitors their implementation
- assesses the company's annual action plans
- approves the company's annual financial targets
- reviews, at least once a year, the company's major risks and issues the necessary instructions to manage those risks
- reviews and approves the company's interim reports, Financial Statements and the Board of Directors' Report as well as the Corporate Governance Statement
- has a discussion with the company's auditor at least once a year
- makes the most important business decisions such as acquisitions, divestitures, major contracts and liabilities, investments and financing arrangements
- determines the strategy of the company and oversees its implementation
- approves the business plan and budget drafted on the basis of the strategy and oversees their execution
- sets approval limits for investments and commitments, which cannot be exceeded without the Board of Directors' approval
- decides on the dividend policy and prepares a proposal to the AGM regarding payment of dividend
- monitors and manages any conflicts of interest between the company's management, Board members and shareholders
- carries out a self-evaluation of its own work, performance and competence on a yearly basis
- reviews and decides on all other matters that are the business of the Board of Directors according to the Companies Act or other legislation.

Tasks of the Chairman of the Board

The task of the Chairman is to chair the Board meetings and manage the Board's work so that the Board's responsibilities are met. The Chairman shall:

- ensure that the meetings set out in the meetings schedule are held
- call the Board to extraordinary meetings when necessary
- ensure that the proposals and the supporting material are sent to Board members two (2) working days before the meetings
- accept the agenda prepared by the CEO
- ensure that the minutes of the meetings are kept and that they are signed by the Chairman with a Board member appointed separately by the Board at each meeting
- be in contact with the CEO and follow up on the management of the company's business operations
- meet the other Board members between the meetings to discuss the company's business
- be in contact with the company's shareholders and other stakeholders
- be responsible for the assessment of the Board's work.

Board of Directors' right to receive information

Aspocomp's CEO, assisted by the Management Team, ensures that all Board members have access to sufficient information about the company's business operations, strategy, operating environment, and financial position, and that new members are properly introduced to the operations of the company.

Board of Directors' performance evaluation

In order to ensure and develop the efficiency and continuity of its work, Aspocomp's Board conducts an evaluation of its operations and working methods as well as fulfillment of the diversity goals annually. The purpose of the evaluation is also to assess the composition of the Board and define qualifications for any new Board members.

The Board carried out an internal self-assessment of its operations and working methods in 2018. A summary of the results was reviewed at a Board meeting.

Board meetings in 2018

The Board assembled nine times and the meeting participation rate was 100%. Board members' attendance at the meetings is detailed in the table below. The CEO and CFO of the company also participated in the Board meetings as needed. Board members' attendance at the meetings is detailed in the table below.

Member of the Board	Number of Board meetings attended	Attendance percentage
Päivi Marttila, Chairman	9/9	100%
Kaarina Muurinen, Vice Chairman	9/9	100%
Julianna Borsos	9/9	100%
Matti Lahdenperä	9/9	100%
Juha Putkiranta	9/9	100%

Committees

Establishment of Committees and appointment of members

The Board of Directors may appoint committees to prepare matters to be put before the Board for its decision. The members and the chairs of the Committees are appointed from among the members of the Board of Directors at the organization meeting held after the AGM. The Board of Directors shall confirm the main duties and operating principles of each committee in a written charter. The committees have no decision-making authority of their own, and the decisions within its competence are taken collectively by the Board.

Each committee must have at least three members. The members of the committee must have the expertise and experience required for the duties of the committee and the majority of the members of a committee must be independent of the company. At least one member of the Audit Committee must be an independent individual with special expertise in accounting, bookkeeping, or auditing. All meetings need to be documented and the committees must report regularly on their work to the Board. Minutes of committee meetings are to be submitted to the Board.

If the company has no Audit Committee, the law requires that the duties of the Audit Committee be discharged by the Board of Directors.

Committees in 2018

The Board established an Audit Committee at its organization meeting, which was held after the AGM on March 16, 2018 to prepare matters relating to the company's financial reporting and control.

In addition to the Audit Committee, the Board did not establish any other committees.

Audit Committee

The Board established an Audit Committee and elected the following members and a chairman from amongst its members:

- **Kaarina Muurinen, Chairman of the Audit Committee**
- **Julianna Borsos, member**
- **Matti Lahdenperä, member**

All Audit Committee members are independent of the company and two members out of three are independent of the company's major shareholders. The competence requirements of Audit Committee members have been taken into account in their selection.

During January 1 – March 16, 2018 the Board attended to the mandatory duties of the Audit Committee as set out in the company's Articles of Association.

Specific duties have been assigned to the Audit Committee, including:

- overseeing the reporting of the financial statements
- overseeing the financial reporting
- overseeing the effectiveness of the company's internal control and risk management systems
- drafting a description, included in this Corporate Governance Statement, regarding the main features of internal control and risk management, which are connected to the financial reporting procedure
- overseeing the statutory audit of the financial statements and consolidated financial statements
- assessing the independence of the statutory audit and auditing firm
- preparing the proposal for the election of the auditor
- reviewing the accounting principles and IFRS issues.

The Audit Committee's working order is available in its entirety on the company's Internet site at www.aspocomp.com/audit committee.

Audit Committee meetings in 2018

The Audit Committee assembled four times in 2018. The overall meeting participation rate was 92%.

Member of the Audit Committee	Number of Audit meetings attended	Attendance percentage
Kaarina Muurinen, Vice Chairman	4/4	100%
Julianna Borsos	3/4	75%
Matti Lahdenperä	4/4	100%

CEO AND MANAGEMENT

As of May 15, 2014, Mr. **Mikko Montonen,** M.Sc. (Tech.), (born 1965) has been the President and CEO of Aspocomp Group Plc as well as the Chairman of the Management Team.

The CEO is responsible for managing and developing the business operations of the company, and for the day-to-day management of the company in line with the Companies Act and the guidelines given by the Board of Directors. In addition, the CEO is responsible for the legality of the company's accounting and reliable organization of the company's financial management as well as ensuring that the company has adequate management resources and that its administration is appropriate. The CEO prepares matters to be handled at Board meetings and reports to the Board. The Board appoints the CEO and decides the terms and conditions of the CEO's service contract.

The Management Team holds regular meetings that are chaired by the CEO. The Management Team monitors the company's business performance and risk management, as well as reviews investment proposals, business plans and annual plans and incentive programs prior to their submission to the Board. The company's Management Team members report to the CEO and assist him by preparing important matters such as strategy and action plans as well as putting them into practice. The Board of Directors appoints the Management Team members on the proposal of the CEO.

Management Team's composition and shareholdings as at December 31, 2018

Member	Born	Education	Position at Aspocomp	Natio-nality	Member since	Share-holdings *	Options
Mikko Montonen	1965	M.Sc. (Tech.)	President and CEO	Finnish	2014	260,000	130,000 *
Antti Ojala	1979	M.Sc. (Eng.)	VP, Business Development, deputy to CEO	Finnish	2013	None	
Jari Isoaho	1960	B. Sc. (Eng.)	COO	Finnish	2011	1 000	
Jouni Kinnunen	1960	diploma in Business & Administration	CFO	Finnish	2011	24	
Mitri Mattila	1973	M.Sc. (Eng.)	Chief Technology Officer	Finnish	2018	None	
Tero Päärni **	1974		VP, Sales	Finnish	2011	None ***	
Shareholdings and options, total						**261,024 ***	**130,000**

* The shareholdings include also potential shares by the Managenment Team's related party members and controlled organizations.

***** The shareholdings also include any shares held by the Management Team's related parties and controlled organizations.

** Tero Päärni left the company and his Management Team membership ended on November 23, 2018.

*** Shareholdings of Tero Päärni on November 23, 2018.

Further information on the members of the Management Team can be found on the company's website at www.aspocomp.com/management.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS RELATED TO THE FINANCIAL REPORTING PROCESS

Aspocomp's internal control and risk management model associated with its financial reporting process aims to ensure that the company's operations comply with current laws and regulations and the company's operating principles. In addition, the objective is to ensure that the financial reports published by the company give a true view of the company's performance and financial position. In addition, the objective is to ensure that the Board and management have accurate and sufficient information about the company's financial position, risks impacting on future performance and the implementation of strategy. The Board is responsible for the proper and effective arrangement of internal control and risk management. The Board monitors that the CEO attends to the day-to-day business operations and administration of the company in accordance with the instructions and regulations issued by the Board of Directors.

INTERNAL CONTROL

Internal control seeks to maintain the reliability of financial reporting. The objective is to ensure efficient implementation of the company's strategy and effective operations, assure compliance with internal instructions, policies and laws and regulations as well as achieve accurate financial reporting and prevent fraud and other misconduct. Internal control is an integral part of the company's administration and management systems. It is not a separate process, but as part of the company's activities it covers all the company's policies, guidelines and systems.

The Board is responsible for organizing internal control. The CEO takes care of the practical arrangement of the control and reports on it to the Board. In accordance with the company's internal control principles, all significant tasks, transactions and meetings, including the decisions made, are documented, IT and other support systems are used efficiently and appropriately, and information security is arranged properly.

The Management Team, which is responsible for line operations, and the company's other teams regularly follow all key performance indicators to ensure the correctness of the financial information. On a monthly basis, the Board receives a standard-format profit and loss report as well as a cash flow status report, including both actual and forecast figures.

The Board reviews and approves the company's interim reports, half-year reports, financial statement bulletins, financial statements and the report of the Board of Directors, as well as any significant changes in the business. The Audit Committee monitors the company's financial reporting process and internal control systems as well as reviews and appraises the audit efforts of the company's independent auditors.

The actual internal control materializes in management processes as personnel acts based on instructions to reach operative targets. The targets determine the necessary actions and related risks. Instructions are used to steer actions and compliance with them is monitored as part of operational activity and management. In order to secure an efficient and functional internal control environment, the company seeks to ensure transparency, fairness, correctness and timeliness of internal and external communications.

The company's policies and other instructions and regulations adopted by the Board of Directors are kept up-to-date and regularly communicated to all those concerned. The company's Policies document defines representation and approval rights, HR policies and approval of employee benefits, pricing, payment term and credit policies as well as approval procedures for expenses. In addition, it defines instructions for preparing and handling agreements, instructions for IT usage and IT security and principles of risk management and insurance coverage. The Finance Manual provided to the financial staff includes accounting instructions, principles and instructions for management reporting and external reporting, as well as defines the internal controls in bookkeeping and reporting processes including responsibilities. Aspocomp's Code of Conduct defines the basic requirements of our business practices and guides our employees to act responsibly and ethically in their daily work. Treasury Policy defines the objectives of Aspocomp's financing activities, division of responsibilities, operating principles, financial risk management principles as well as monitoring and reporting principles. Privacy Policy (GDPR) and related training are designed to ensure that the company's personnel process personal data confidentially and carefully as well as in accordance with applicable Finnish law and EU Data Protection Regulation requirements. Aspocomp's Disclosure policy describes the company's key principles and information practices and other external communication practices that the company pursues in investor relations and financial reporting.

Accounting and reporting of the Group's parent company is centralized into one ERP system, which supports the business processes. Foreign subsidiaries' accounting is handled by external accounting firms, taking into account the specific legal and auditing requirements of each country. Each subsidiary submits a monthly report on account-level expenses, which is reviewed and approved prior to their payment. Reports from the system are used in decision making and control in management and support processes. Several control points are defined at different levels of reporting (subsidiaries, parent company, Group). These controls include approval procedures, reconciliations and analyses of financial information to detect errors and thereby ensure the correctness of the information received from the system.

RISK MANAGEMENT

Risk management is an integral element in Aspocomp's business management, strategic planning and operational goal setting. The task of risk management is to identify, manage and track major risks in the company’s business and business environment to enable the company to achieve its strategic and financial goals in the best possible way. Identified risks are assessed and prioritized according to their likelihood and their potential impact on the company’s operations and financial performance.

When deciding on the company’s strategy, the Board of Directors reviews the company’s major risks and sets operative goals such that these risks are eliminated or minimized cost-effectively. Aspocomp’s Management Team is responsible for day-to-day risk management. Risk management, processes and methods are discussed regularly at the Management Team meetings. As part of internal control, the achievement of the operative goals set for risk management is assessed and monitored.

Other information to be provided in the CG Statement

Internal audit

Due to its size, the company does not have a separate internal auditing organization or specific internal audit tasks. Aspocomp's external auditor takes this into consideration and audited the internal auditing procedures in 2018 in accordance with its audit plan.

Related-party transactions

Aspocomp's related parties comprise the Board of Directors, the President and CEO and the Management Team. Aspocomp evaluates and monitors transactions concluded between the company and its related parties and ensures that any conflicts of interest are taken into account appropriately in the decision-making process of the company. The company reports on transactions concluded between the company and its related parties as required by the Finnish Limited Liability Companies Act and regulations concerning the preparation of financial statements. Aspocomp shall report in its annual Corporate Governance Statement the decision-making procedure applied in connection with related party transactions that are material to the company and that either deviate from the company's normal business operations or are not made on market or market-equivalent terms.

Main procedures relating to Insider administration

Aspocomp complies with the Market Abuse Regulation (MAR, EU 596/2014) and the regulations and guidance given under it, such as Nasdaq Helsinki's Guidelines for Insiders. These are supplemented with Insider Rules approved by the Board of Directors, which have been drawn up in compliance with the above laws and regulations, and also include company-specific clarifications.

The company’s Board of Directors, the CEO and the Management Team members are designated as persons with an obligation to disclose their transactions at Aspocomp. Persons in managerial positions and their related parties are obligated to notify both the company and the Financial Supervisory Authority of any transactions involving Aspocomp’s financial instruments made on their behalf. Aspocomp discloses such transactions with stock exchange releases (www.aspocomp.com/reports).

The company also maintains a company-specific list of persons who have access to insider information and who work under contract or otherwise perform tasks that give them access to the company's insider information. Aspocomp does not maintain a permanent insider register. Instead, project- and event-specific insider lists are kept. The company’s insider lists are maintained in Euroclear Finland Oy’s SIRE system.

Aspocomp's managers and any persons who have access to unpublished information on the company’s financial results, such as those involved in the preparation, drafting and publication of financial reports, are not allowed to trade Aspocomp's securities for a period of 30 days prior to the publication of the company's financial statement bulletins, half-year reports and interim reports (so-called "closed window"). Project-specific insiders are not allowed to trade Aspocomp's securities before the project has been made public or discontinued.

The CEO is responsible for insider affairs, training and decisions to set up registers for insider projects. The company monitors that the insider rules are followed and ensures that all persons who have access to insider information recognize the legal and regulatory obligations related to this and are aware of applicable penalties for insider trading and illegal disclosure of insider information. Under the authorization of the Board of Directors, Aspocomp's CEO will monitor, evaluate and make decisions about the disclosure of insider information and the postponement of disclosure of insider information when MAR conditions are met.

INSTRUCTIONS FOR REPORTING ON INFRINGEMENTS (WHISTLE BLOWING)

All persons employed by Aspocomp may report any suspected infringement of internal or external norms and regulations, such as activities in contravention of business principles or the insider guidelines, through an independent channel within the company (and anonymously if they wish). The purpose of the reporting channel is to promote good corporate governance in the company's day-to-day operations and to prevent and detect misconduct. All reports are investigated in confidence and without delay.

In 2018, no offence notifications were made.

AUDITING

According to the Articles of Association, the Annual General Meeting shall elect one external auditor to inspect the administration and accounts of the company for one year at a time. The auditor must be a public accountant authorized by the Central Chamber of Commerce of Finland. The Board prepares the election process for the auditor. In the statutory audit, the auditor is responsible for auditing the company's accounting records, report of the Board of Directors, financial statements and administration. The auditor issues the auditor's report required by law to the company's shareholders in connection with the company's financial statements.

Auditor in 2018

On March 16, 2018 the AGM elected Authorized Public Accountants PricewaterhouseCoopers Oy as the company's auditor with Authorized Public Accountant Jouko Malinen as the main auditor.

Auditing fees	2018	2017
PWC, actual audit	48,038	57,373
PWC, other services	12,395	2,090
Total	60,433	59,463

THE BOARD OF DIRECTORS

PÄIVI MARTTILA

Chairman

b. 1961, Finnish Citizen, M.Sc. (Econ.)

Independent member of the Board since 2013 and Chairman of the Board since 2014

Primary work experience

Sievi Capital Plc, CEO, 2018-, Midagon Oy, CEO, 2012-16, Flextronics Group, VP Sales and Marketing, 2005–11, Plamec Oy, CEO, 2002–05, QPR Software Oyj, Director and Founder, 1991–2001.

Key positions of trust

Midagon Oy, Chairman of the Board, Patria Oyj, Member of the Board.

KAARINA MUURINEN

Vice Chairman

b. 1958, Finnish Citizen, M.Sc. (Econ.)

Independent member of the Board and Vice Chairman of the Board since 2015

Primary work experience

Vaisala Oyj, CFO, 2011-, Nokia Oyj, Vice President, Supply Chain Finance & Control, 2008-11, Vice President, Shared Accounting Services, 2003-08, Director, Financial Services Platform, 1998-2003, Hewlett-Packard Brussels Coordination Center, Accounting Manager, Europe Inventory & Revenue, 1994-98.

JULIANNA BORSOS

Member of the Board

b. 1971, Finnish Citizen, D.Sc. (Econ.)

Independent of the company, dependent of significant shareholders of the company, member of the Board since 2017

Primary work experience

Bocap, Founder and Chairman of the Board, 2011-, Intelligem Oy, Merasco Capital Oy, Investment Bank Executive & Partner, 2002-2009, Mandatum, Partner and Head of International Operations, 1999-2001, Merita ja Merita-Nordbanken, Economist and Chief Analyst,European emerging markets, 1997-1999, ETLA, Researcher, 1993-1997

Key positions of trust

Bocap subsidiaries, Chairman of the Board, MediVida Oy, Primex Pharmaceuticals Oy and Nanocomp Oy, Member of the Board

MATTI LAHDENPERÄ

Member of the Board

b. 1953, Finnish Citizen, Lic.Sc. (Tech.)

Independent member of the Board, 2016-

Primary work experience

OT-Kumi Oy, Partner and Development Manager, 2004-2016, RL Vision Tech Oy, Deputy to the CEO, 2002-04, Thermo Radiometrie Oy, Production Manager, Group Manager 1995-2002, Rautaruukki New Technology, Production Manager 1991-95, VTT Oulu, Recearcher, 1988-91, Aspo Elektroniikka, Oulu, Production Manager, 1979-88.

JUHA PUTKIRANTA

Member of the Board

b. 1957, Finnish Citizen, M.Sc. (Engineering)

Independet member of the Board, 2016-

Primary work experience

Saafricon Oy, CEO and owner, 2015-, Microsoft Corporation, Corporate Vice President, 2014, Nokia Oyj, Executive Vice President, Operations, 2013-14, Nokia Oyj, Senior Vice President, executive positions, 1997-12, Symbian Ltd, Member of the Board, 1998-01, Hewlett-Packard Corporation, Director of Marketing, Europe and Africa, Electronic Measurement solutions, 1992-97, Siar Oy, consult, 1986-87, Nokia Oyj, various projects, sales & marketing managemet positions, Information Solutions, 1979-86.

Key positions of trust

Familings Oy and Variantum Oy, Chairman of the Board, Bittium Corporation, Nordcloud Oy and 4TS Oy, Member of the Board, Meontrust Oy, Advisor of the Board

THE MANAGEMENT TEAM

MIKKO MONTONEN

President and CEO

M.Sc. (Tech.), b. 1965, Finnish citizen

CEO and Chairman of the Management Team as of April 15, 2014

Primary work experience: Okmetic Oyj, Executive Vice President, Customers and Markets, 2010-2014, Deputy to the President, 2008-14, Executive Vice President, Sales, 2008-10 and Senior Vice President, Sales and Marketing, 2004-07, Okmetic Inc., North America, President, Vice President, Sales and Marketing, 2000-04, Okmetic Oy, Sales Manager, Process Engineer, 1991-99.

ANTTI OJALA

Vice President, Business Development & Deputy CEO

M.Sc. (Eng.), b. 1979, Finnish citizen

VP, Business Development and member of the Management Team as of October 25, 2013

Previous work experience: various positions in Aspocomp Group Plc. since 2003.

JARI ISOAHO

Chief Operational Officer

B.Sc. (Eng.), b. 1960, Finnish citizen

COO and member of the Management Team as of September 19, 2011

Primary work experience: various positions in Aspocomp Group Plc.,1989-

JOUNI KINNUNEN

Chief Financial Officer

Diploma in Business and Administration, b. 1960, Finnish citizen

CFO and member of the Management Team as of September 19, 2011

Primary work experience: various positions in Aspocomp Group Plc.,1984-

MITRI MATTILA

Chief Technology Officer

M.Sc. (Eng.), b. 1973, Finnish citizen

CTO and member of the Management Team as of February 26, 2018

Primary work experience: various positions in Aspocomp Group Plc.,1997-

REMUNERATION STATEMENT 2018

DECISION-MAKING PROCEDURE CONCERNING THE REMUNERATION

THE BOARD OF DIRECTORS

The Nomination Committee – or, if no such a committee is established, Aspocomp's entire Board of Directors – prepares the proposals for the composition of the Board and the remuneration of its members to be presented to the Annual General Meeting. The proposals for the composition and remuneration of the Board of Directors shall be published in the notice of the Annual General Meeting and on the company's Internet site. Aspocomp's Annual General Meeting decides on the remuneration and the principles of remuneration for the Board members for one term of office at a time.

CEO

The Remuneration Committee prepares the proposals for the remuneration of the CEO to the Board. If no Remuneration Committee has been set up, the Board itself also takes care of the preparatory tasks concerning remuneration. The Board of Directors decides on the compensation and other terms of employment of the CEO. In addition, the Board of Directors also decides on the other compensation payable upon termination of the CEO's service contract. The Board also decides on incentive and bonus plans for the CEO as well as the financial performance objectives and the payout under such plans.

THE MANAGEMENT TEAM

The CEO makes proposals for the remuneration of the other Management Team members. The Board of Directors decides on the compensation and other terms of employment of the other members of the Management Team who report directly to the CEO. The Board also decides on incentive and bonus plans for the Management Team members as well as the financial performance objectives and the payout under such plans.

MAIN PRINCIPLES OF REMUNERATION

REMUNERATION AND SHAREHOLDINGS OF THE BOARD OF DIRECTORS

The Annual General Meeting held on March 16, 2018 decided that the chairman of the Board of Directors will be paid EUR 30,000, the vice chairman of the Board of Directors will be paid EUR 20,000 and the other members will be paid EUR 15,000 each in remuneration for their term of office. The Annual General Meeting further decided that EUR 1,000 will be paid as remuneration per meeting to the Chairman and that the other members be paid EUR 500 per meeting of the Board and its committees. In addition, the members of the Board of Directors will be reimbursed for reasonable travel costs. Annual fees are not paid to the Board of Directors in the form of shares; instead all remunerations are paid in money.

The members of the Board are not employed by the company. They are only paid compensation for their Board and committee membership and work. They do not participate in the company's incentive systems.

THE PRESIDENT AND CEO

The key terms and conditions of the CEO's service are set out in a written President's contract, which the Board of Directors has approved. In 2018, the remuneration of the CEO consisted of a fixed monthly salary and customary fringe benefits (such as phone, meal and car benefits). In addition, he is included in the CEO's Stock Option program 2014 and the Annual Profit Sharing plan covering all employees.

The CEO has no special retirement arrangements; the CEO's retirement age is determined by the Employees Pensions Act. The CEO's service contract does not define either an early retirement age or resigning age. If the CEO's contract is terminated by either the CEO or the company, the notice period is six (6) months. In addition, six (6) months' severance pay shall be paid.

Stock Option Program 2014 of the CEO

The Board of Directors of Aspocomp Group Plc decided on May 15, 2014 to issue in total a maximum of 390,000 stock options to the company's CEO in accordance with the terms and conditions of the Stock Option plan. The issue, which has been made in deviation from the shareholders' pre-emptive subscription rights, is based on the authorization by the Annual General Meeting held on April 23, 2013. The stock options are issued free of charge. Each stock option shall entitle its holder to subscribe for one new share in Aspocomp Group Plc.

130,000 of the issued stock options will be marked with the letter "A", 130,000 with the letter "B" and 130,000 with the letter "C". The share subscription price of the stock options A is the trade volume weighted average quotation of the company's share on Nasdaq Helsinki Oy during March 1 – March 31, 2014 (EUR 0.99), of the stock options B the trade volume weighted average quotation of the share during March 1 – March 31, 2015 (EUR 1.24) and of the stock options C the trade volume weighted average quotation of the share during March 1 – March 31, 2016 (EUR 1.26). The share subscription periods for the stock options are for Stock Options A: May 1, 2016 - April 30, 2018, Stock Options B: May 1, 2017 - April 30, 2019 and Stock Options C: May 1, 2018 - April 30, 2020.

Further information on the Stock Option Plan 2014 is available on the company's Internet Site at www.aspocomp.com/remuneration.

Annual profit sharing plan

Aspocomp has an annual profit sharing plan covering all employees, including the CEO. The plan pays cash bonuses based on pre-set targets for net sales, operating income and operating cash flow. The Board determines the targets and criteria for bonus payment annually.

The Management Team, excluding the CEO

In 2018, in addition to the CEO, Aspocomp's Management Team consisted of: VP, Business Development, COO, CFO and CTO (as of February 26, 2018) as well as VP, Sales (until November 23, 2018).The remuneration of the Management Team members consists of a fixed base salary and customary fringe benefits (such as phone, meal and car benefits). The members of the Management Team, excluding the CEO, are included in the share reward plan 2016-2019. In addition, they are all included in the annual profit sharing plan covering all employees.

None of the Management Team members has any special retirement arrangements. The retirement age of each member is determined by the Employees Pensions Act.

Share reward plan for key personnel 2016-2019

The share reward plan 2016 offers the members of the Management Team (except for the CEO) and other key employees a possibility to receive the company's shares based on achieved targets to be set by the Board of Directors for four earning periods.

The CEO of Aspocomp Group Plc is not included in this share reward plan. The CEO has a separate incentive scheme, the Stock Option Plan 2014, described earlier in this document.

On February 25, 2016, the Board of Directors of Aspocomp Group Plc decided on a new share-based incentive and commitment plan for the company's key personnel. The aim of the reward plan is to combine the goals of the owners and the key personnel for increasing the value of the company on a permanent basis, to commit the key personnel to the company on a long-term basis and to offer the key personnel a competitive reward plan based on entrepreneurship. The four earning periods each comprise a 12-month financial year during the period 1/2016 through 12/2019

The target group for the plan consisted of approximately 15 persons on December 31, 2018. The Board of Directors may decide on including new key employees and their annual maximum reward. The maximum reward is expressed as a number of shares of which one half (1/2) is paid in shares and one half (1/2) consists of a cash payment, the amount of which is determined on the basis of the value of the share reward at the time of the payment. The cash payment aims at covering taxes and similar charges arising from the reward. Achievement of targets set for the earning periods determines the portion of the maximum reward to be paid to a person.

The approximately 15 persons who are included in the plan may, based on the achievement of targets, annually be rewarded with a maximum of 90,000 shares of Aspocomp Group Plc, corresponding to approximately 1.6 percent of the current total amount of outstanding shares. Of this amount, a maximum of 10,000 shares may be granted annually to each of the members of the Management Team and a maximum of 4,000-6,000 shares to each key employee. The annual maximum amount of shares to be granted will increase if the Board of Directors decides to include new persons in the plan. Shares received on the basis of the share reward plan shall be held at least 36 months calculated from their entry on the book-entry account of the recipient. Should a target person's employment or service relationship with a group company end during such commitment period, he or she is, according to the main rule, required to return the shares to the company without compensation.

Annual profit sharing plan

Aspocomp has an annual profit sharing plan covering all employees, including the CEO and Management Team. The plan pays cash bonuses based on pre-set targets for net sales, operating income and operating cash flow. The Board determines the targets and criteria for bonus payment annually.

Remuneration Report 2018

The Board of Directors

The Annual General Meeting held on March 16, 2018 decided that the chairman of the Board of Directors will be paid EUR 30,000, the vice chairman of the Board of Directors will be paid EUR 20,000 and the other members will be paid EUR 15,000 each in remuneration for their term of office. The Annual General Meeting further decided that EUR 1,000 will be paid as remuneration per meeting to the Chairman and that the other members be paid EUR 500 per meeting of the Board and its committees.

Board and Audit committee meetings in 2018

During 2018 the Board assembled 9 times. The overall meeting participation rate was 100%.

The Board established an Audit Committee at its organization meeting, which was held after the AGM on March 16, 2018 to prepare matters relating to the company's financial reporting and control. During 2018 the Audit Committee assembled 4 times. The overall meeting participation rate was 92%.

Remuneration of the Board of Directors in 2018

	Annual fees, paid monthly *	Meeting fees		Total
		Board	Audit committee	
Päivi Marttila, Chairman	30 000	8 000		38 000
Kaarina Muurinen, Vice Chairn	18 336	4 000	1 000	23 336
Julianna Borsos	15 000	4 000	500	19 500
Matti Lahdenperä	15 000	4 000	1 000	20 000
Juha Putkiranta	15 000	4 000		19 000
Total, EUR	**93 336**	**24 000**	**2 500**	**119 836**

* Annual fees are paid in monthly instalments. In 2018, annual fees corresponding to an eight-month period were paid to each Board member, to a total of EUR 63,333. Annual fees in 2017 corresponded to a four-month period, totaling EUR 30,000.

Annual fees were not paid to the Board of Directors in the form of shares; instead all remunerations were paid in money. Meeting fees are not paid for telephone meetings. Members of the Board have not received any other benefits and they are not covered by the company's incentive schemes.

REMUNERATION OF THE CEO

Mr. Mikko Montonen, M.Sc. (Tech.) has served as the company's President and CEO as well as the Chairman of the Management team from May 15, 2014. The remuneration of the President and CEO consisted of a fixed monthly salary and customary fringe benefits (such as phone, meal and car benefits).

Remuneration of the President and CEO	2018	2017
Salary and fringe benefits	241,885	260,080
Options	0	236,100
Total	241,885	496,180 *

* In addition to the total salary, the remuneration includes the CEO's stock options.

Option rights granted based on Stock Option Program 2014 (A-C) for CEO

	Option A	Option B	Option C
Date of issue	May 14, 2014	May 14, 2014	May 14, 2014
Issued number of options	130,000	130,000	130,000
Subcription price	0.99	1.24	1.26
Share price on the date of issue	1.45	1.45	1.45
Fair value	0.63	0.45	0.48
Subscription period	May 1, 2016- Dec. 31, 2018	May 1, 2017- Dec. 31, 2019	May 1, 2018- Dec. 31, 2020
Number of options			
Outstanding on January 1	130,000	130,000	130,000
Exercised	-130,000	-130,000	0
Outstanding on December 31	0	0	130,000

REMUNERATION OF THE MANAGEMENT TEAM (EXCLUDING THE CEO)

In 2018, in addition to the CEO, Aspocomp's Management Team consisted of:

- Antti Ojala, Vice President, Business Development, deputy to the CEO
- Jari Isoaho, Chief Operational Officer
- Jouni Kinnunen, Chief Financial Officer
- Mitri Mattila, Chief Technology Officer (as of February 26, 2018)
- Tero Päärni, Vice President, Sales (until November 23, 2018)

The remuneration of Management Team members other than the CEO consists of a fixed monthly salary and customary fringe benefits (such as phone, meal and car benefits).

Management Team members (excluding the CEO)	EUR	2018	2017
Salary and fringe benefits		592,245	445,400

During the 2018 earning period, the criteria set for the share reward plan for key personnel were fulfilled and thus reward will be paid to the other members of the Management Team in 2019.

INFORMATION FOR SHAREHOLDERS

Investor Relations

Aspcomp's communications are based on facts and objectivity and guided by the general principles of trustworthiness, openness and timeliness. The objective of reporting is to ensure that all market participants receive sufficient and accurate information on the company and to ensure that this information is disclosed at the same time, consistently and without undue delay.

The Group's investor relations contact is Mikko Montonen, CEO.
Tel. +358 20 775 6860, mikko.montonen@aspocomp.com

Financial information

Aspocomp Group Plc.'s financial information publication schedule for 2019 is:

- Interim report for January-March: Tuesday, April 30, 2019
- Half-year report for January-June: Thursday, August 8, 2019
- Interim report for January-September: Thursday, October 29, 2019.

Interim reports will be published at around 9:00 a.m. (EET).

Aspocomp's silent period starts 30 days prior to the publication of its financial reports. During the silent period the company does not give any statements on the company's financial condition or business development.

The financial reports are published in Finnish and English. The reports and Annual Reports are published only electronically. Financial reports, Annual Reports and stock exchange releases are available at www.aspocomp.com/reports.

Annual General Meeting, April 3, 2019

The Annual General Meeting of Aspocomp Group Plc. will be held on Wednesday, April 3, 2019 at 10:00 a.m. (EET). The meeting will take place at Keilaranta 1, 1st floor Auditorium, Espoo, Finland. Shareholders who have been registered in the company's share register, maintained by Euroclear Finland Ltd., no later than March 22, 2019 are entitled to attend the Meeting.

Shareholders wishing to attend the Meeting are requested to notify the company by March 29, 2019 by 10:00 a.m. (EET). Further information about the agenda of the AGM and right to participate and registration can be found in the Notice of the AGM, which is available on the company's website at www.aspocomp.com/agm as of February 28, 2019.

Payment of dividends

The Board of Directors will propose to the Annual General Meeting 2019 that a dividend of EUR 0.12 per share for the fiscal year 2018 be paid. The dividend would be paid to shareholders registered in the Register of Shareholders maintained by Euroclear Finland Ltd on the record date of the dividend distribution, April 5, 2019. The Board of Directors proposes that the dividend will be paid on April 12, 2019.

CONTACT INFORMATION

Aspocomp Group Plc

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