

Aspocomp Group Plc, Interim Report, May 5, 2020 at 9:00 a.m.

Aspocomp's Interim Report January 1 - March 31, 2020: The coronavirus pandemic affected first-quarter net sales and weakened the operating result

Key figures 1-3/2020 in brief

	1-3/2020	1-3/2019	Change *
Net sales	6.7 M€	7.6 M€	-12 %
EBITDA	0.0 M€	1.1 M€	-104 %
Operating result	-0.4 M€	0.9 M€	-150 %
<i>% of net sales</i>	-6.3 %	11.3 %	-18 ppts
Earnings per share	-0.07 €	0.13 €	-154 %
Operative cash flow	0.4 M€	2.2 M€	-81 %
Equity ratio	63.9 %	61.3 %	3 ppts
Order book at the end of period	5.6 M€	3.4 M€	67 %

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

OUTLOOK FOR THE FUTURE

The outbreak of the coronavirus pandemic will affect the availability and delivery times of the circuit boards purchased by Aspocomp from China. The coronavirus pandemic is also having a profound impact on the supply chains of the electronics industry and on customer orders. The European car industry is in an especially difficult position. Due to the major uncertainties and growth in risks related to both customer demand and component availability, the outlook for 2020 involves a significantly higher risk than normal.

The company's full-year guidance remains unchanged. Aspocomp estimates that its net sales and operating result for 2020 will be at the same level as in 2019. In 2019, net sales amounted to EUR 31.2 million and the operating result to EUR 3.4 million

CEO'S REVIEW

"Net sales for the first quarter weakened significantly in the supply chains of the electronics industry due to disruptions caused by the coronavirus pandemic. Demand soon recovered a robust level already in March, but this in itself was not enough to compensate for weak profitability at the beginning of the year, and the operating result remained unprofitable.

Exceptional circumstances hinder customers' production and some factories are closed or underutilized. The European car industry is in a particularly difficult position, with several production plants being shut down. There are intermittent restrictions and delays in the availability of raw materials and components. Similarly, transport of consumables and end products is significantly slower and more expensive than before.

First quarter net sales amounted to EUR 6.7 million, a year-on-year decrease of 12 percent. Net

sales decreased especially in the automotive industry and telecommunications segments.

The operating result for the first quarter amounted to EUR -0.4 million. The operating result includes a EUR 0.3 million loan loss provision related to the weaker financial position of an individual customer. The operating result was also burdened by the decline in net sales and the weakening of the product range, as it became more difficult to carry out quick-turn deliveries in the prevailing conditions.

The order book continued to grow strongly and amounted to EUR 5.6 million at the end of March, a year-on-year increase of almost 70 percent.

Despite a strong order book, our assessment of future developments includes exceptionally high uncertainty due to the coronavirus pandemic and its negative impact on the economy. Customer demand, operating conditions and requirements may weaken or fluctuate very rapidly. In spite of the major uncertainties and growth in risks, we estimate that 2020 our sales and operating result will be at the previous year's level."

NET SALES AND EARNINGS

January - March 2020

First-quarter net sales amounted to EUR 6.7 (7.6) million, a year-on-year decrease of 12 percent. Net sales decreased especially in the automotive and telecommunications segments.

The five largest customers accounted for 42 (58) percent of net sales. In geographical terms, 90 (98) percent of net sales were generated in Europe and 10 (2) on other continents.

The operating result for the first quarter amounted to EUR -0.4 (0.9) million. First-quarter operating result was -6.0 (11.3) percent of net sales. The operating result includes a EUR 0.3 million loan loss provision related to weaker financial position of an individual customer. The operating result was also burdened by the decline in net sales and the weakening of the product range, as it became more difficult to carry out quick-turn deliveries in the prevailing conditions caused by the coronavirus pandemic.

Net financial expenses amounted to EUR 0.0 (0.0) million. Earnings per share were EUR -0.07 (0.13).

The order book grew by 67 percent compared to the previous year. The order book at the end of the review period was EUR 5.6 (3.4) million, representing a year-on-year increase of EUR 2.2 million.

THE GROUP'S KEY FIGURES

	1-3/20	1-3/19	Change	1-12/19
Net sales, M€	6.7	7.6	-12 %	31.2
EBITDA, M€	0.0	1.1	-104 %	4.7
Operating result, M€	-0.4	0.9	-150 %	3.4
% of net sales	-6%	11%	-18 <i>ppts</i>	11%
Pre-tax- profit/loss, M€	-0.4	0.8	-153 %	3.3

% of net sales	-7%	11%	-18 <i>ppts</i>	10%
Profit/loss for the period, M€	-0.4	0.8	-153 %	3.9
% of net sales	-7%	11%	-18 <i>ppts</i>	13%
Earnings per share, €	-0.07	0.13	-154 %	0.59
Investments, M€	1.0	1.0	-2 %	3.9
% of net sales	14%	13%	1 <i>ppts</i>	13%
Cash, end of the period	1.5	3.3	-185 %	1.5
Equity / share, €	2.60	2.36	24 %	2.60
Equity ratio, %	64%	61%	3 <i>ppts</i>	64%
Gearing, %	21%	19%	2 <i>ppts</i>	21%
Personnel, end of the period	139	132	7 persons	139

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

INVESTMENTS

Investments during the review period amounted to EUR 1.0 (1.0) million. The investments were mainly focused on improving the capabilities of the Oulu plant. The first two years of the investment program announced at the end of 2017 focused on enhancing the capabilities of the Oulu plant, particularly in the semiconductor industry segment. The second stage of the program is now being launched, with a focus on increasing capacity. With the investment program, the company will be able to respond even better to the rise in demand generated by global digitalization and thereby bolster its position as a partner to the world's leading technology and semiconductor companies.

CASH FLOW AND FINANCING

Cash flow from operations amounted to EUR 0.4 (2.2) million in the review period. The decrease in cash flow was due to weaker operating profit.

Cash assets amounted to EUR 1.4 (3.3) million at the end of the period. Interest-bearing liabilities amounted to EUR 5.3 (5.2) million. Gearing was 21 (12) percent. Non-interest-bearing liabilities amounted to EUR 4.8 (5.1) million.

At the end of the period, the Group's equity ratio amounted to 64 (59) percent.

The company has a EUR 1.0 (1.0) 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.

PERSONNEL

During the review period, the company had an average of 137 (118) employees. The personnel count on March 31, 2020 was 139 (118). Of them, 86 (73) were blue-collar and 53 (45) white-collar

employees.

ANNUAL GENERAL MEETING, THE BOARD OF DIRECTORS AND AUTHORIZATIONS GIVEN TO THE BOARD

The decisions of the Annual General Meeting 2019, the authorizations given to the Board of Directors by the AGM and the decisions relating to the organization of the Board of Directors have been published in separate stock exchange releases on April 3, 2019.

Based on the development of the coronavirus situation and the policies announced by the Finnish Government, Aspocomp Group Plc's Board of Directors decided on March 27, 2020 to postpone Aspocomp's Annual General Meeting 2020. Aspocomp's Board of Directors will convene the Annual General Meeting at a later date.

SHARES

The total number of Aspocomp's shares at March 31, 2020 was 6,834,505 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.

On March 13, 2020, Aspocomp Group Plc's CEO subscribed for a total of 130,000 new Aspocomp shares with the 2014C option rights under the company's 1/2014 stock option terms and conditions. After the subscription, the company's 1/2014 stock option terms and conditions no longer entitle to subscribe for new Aspocomp shares. The new shares were registered in the Trade Register on March 30, 2020. After the registration of the new shares, the total number of Aspocomp Group Plc's shares increased to 6,834,505.

Date	Change	Number of shares
Jan. 1, 2020		6,704,505
March 13, 2020	Stock options + 130,000	130,000
March 31, 2020		6,834,505

A total of 673,985 Aspocomp Group Plc. shares were traded on Nasdaq Helsinki during the period from January 1 to March 31, 2020. The aggregate value of the shares exchanged was EUR 3,209,955. The shares traded at a low of EUR 3.20 and a high of EUR 6.20. The average share price was EUR 4.76. The closing price at March 31, 2020 was EUR 4.05, which translates into market capitalization of EUR 27.7 million.

The company had 3,524 shareholders at the end of the review period. Nominee-registered shares accounted for 2.8 percent of the total shares.

OUTLOOK FOR THE FUTURE

The outbreak of the coronavirus pandemic will affect the availability and delivery times of the circuit boards purchased by Aspocomp from China. The coronavirus pandemic is also having a profound impact on the supply chains of the electronics industry and on customer orders. The

European car industry is in an especially difficult position. Due to the major uncertainties and growth in risks related to both customer demand and component availability, the outlook for 2020 involves a significantly higher risk than normal.

The company's full-year guidance remains unchanged. Aspocomp estimates that its net sales and operating result for 2020 will be at the same level as in 2019. In 2019, net sales amounted to EUR 31.2 million and the operating result to EUR 3.4 million.

ASSESSMENT OF SHORT-TERM BUSINESS RISKS

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.

Impact of the coronavirus pandemic on the electronics supply chain

The coronavirus pandemic that began in China has a major impact on the supply chain of the entire electronics industry. The availability of the PCBs subcontracted by the company in China might weaken significantly and their delivery times become considerably longer. At the same time, the coronavirus pandemic may affect the availability of parts and components required by electronic assemblers, which would weaken demand.

Dependence on key customers

Aspocomp's customer base is concentrated; over half of sales are generated by five 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.

PUBLICATION OF FINANCIAL RELEASES FOR 2020

Aspocomp Group Plc.'s financial information publication schedule for 2020 is:

Half-year report for January-June 2020: Wednesday, August 12, 2020

Interim report January-September 2020: Wednesday, November 4, 2020

The interim and half-year reports will be published at around 9:00 a.m. (EET) on the given date.

Aspocomp's silent period commences 30 days prior to the publication of its financial information.

Espoo, May 5, 2020

ASPOCOMP GROUP PLC
Board of Directors

Some statements in this stock exchange release are forecasts and actual results may differ materially from those stated. Statements in this stock exchange release relating to matters that are not historical facts are forecasts. All forecasts involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performances or achievements of the Aspocomp Group to be materially different from any future results, performances or achievements expressed or implied by such forecasts. Such factors include general economic and business conditions, fluctuations in currency exchange rates, increases and changes in PCB industry capacity and competition, and the ability of the company to implement its investment program.

ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICES

The reported operations include the Group's parent company, Aspocomp Group Plc. The figures presented for the review period have not been audited. This interim report has been prepared in accordance with IAS 34 (Interim Financial Reporting), following the same accounting principles as in the annual financial statements for 2019; however, the company complies with the standards and amendments that came into effect as from January 1, 2020.

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.

Amendments to IAS 1 and IAS 8 Definition of Material

The IASB has issued the following new or revised standards and interpretations that the Group has not yet applied. The Group adopts them from the effective date of each standard and interpretation, or, if the effective date is other than the first day of the financial year, from the beginning of the financial year following the effective date.

The IASB has amended IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to use a uniform definition of materiality throughout IRFSs and the Conceptual Framework for Financial Reporting, clarifying when information is material and includes guidance on irrelevant information.

In particular, the amendments clarify:

- that the reference to obscuring information applies to situations where the effect is similar to the omission or misstatement of that information and that the entity assesses materiality in the light of the financial statements as a whole; and
- that "primary users of financial statements for general use" means those to whom the financial statements are addressed and include "many current and potential investors, lenders and other creditors" who are largely required to meet their financial information needs through publicly

available financial statements.

Any other IFRS or IFRIC interpretation already issued but not yet effective is not expected to have a material impact on the Group.

PROFIT & LOSS STATEMENT

January-March 2020

	1 000 €	1-3/2020	1-3/2019	Change	1-12/2019
Net sales		6,735	7,622	-12%	31,189
Other operating income		2	0	421%	73
Materials and services		-3,464	-3,424	1%	-13,963
Personnel expenses		-2,020	-1,861	9%	-7,763
Other operating costs		-1,295	-1,197	8%	-4,881
Depreciation and amortization		-385	-281	37%	-1,263
Operating result		-428	859	-150%	3,393
Financial income and expenses		-19	-16		-136
Profit/loss before tax		-447	843	-153%	3,257
Income taxes		-1	-1		683
Profit/loss for the period		-448	842	-153%	3,940
<i>Other comprehensive income</i>					
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit pension plans					50
Income tax relating these items					-8
Items that may be reclassified subsequently to profit or loss:					
Currency translation differences		0	-1		-2
Total other comprehensive income		0	-1		40
Total comprehensive income		-448	841	-153%	3,979
Earnings per share (EPS)					
Basic EPS		-0.07 €	0.13 €	-154%	0.59 €
Diluted EPS		-0.07 €	0.13 €	-154%	0.59 €

CONSOLIDATED BALANCE SHEET

	1 000 €	3/2020	3/2019	Change	12/2019
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Assets**Non-current assets**

Intangible assets	3,261	3,272	0%	3,260
Tangible assets	5,787	4,190	38%	5,607
Right-of-use assets	1,196	1,228	-3%	1,333
Financial assets at fair value through profit or loss	15	15	0%	15
Deferred income tax assets	4,673	3,985	17%	4,673
Total non-current assets	14,932	12,691	18%	14,888

Current assets

Inventories	3,317	2,535	31%	3,321
Short-term receivables	8,130	7,924	3%	8,937
Cash and bank deposits	1,467	3,317	-56%	2,382
Total current assets	12,914	13,776	-6%	14,639

Total assets	27,846	26,466	5%	29,527
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Equity and liabilities

Share capital	1,000	1,000	0%	1,000
Reserve for invested non-restricted equity	4,681	4,511	4%	4,534
Remeasurements of defined benefit pension plans	-12	-53	-78%	-12
Retained earnings	12,127	10,277	18%	12,574
Total equity	17,796	15,734	13%	18,096

Long-term financing loans	3,824	3,938	-3%	4,326
Other non-current liabilities	355	424	-16%	355
Deferred income tax liabilities	25	21	18%	25
Short-term financing loans	1,425	1,222	17%	1,486
Trade and other payables	4,422	5,126	-14%	5,239
Total liabilities	10,051	10,732	-6%	11,431

Total equity and liabilities	27,846	26,466	5%	29,527
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CONSOLIDATED CHANGES IN EQUITY**January-March 2020**

1000 €	Share capital	Other reserve	Remeasurements of employee benefits	Translation differences	Retained earnings	Total equity
Balance at Jan. 1, 2020	1,000	4,534	-12	2	12,572	18,096

Comprehensive income						
Comprehensive income for the period					-448	-448
<i>Other comprehensive income for the period, net of tax</i>						
Translation differences				0		0
Total comprehensive income for the period	0	0	0	0	-448	-448
Business transactions with owners						
Dividends paid					0	0
Share-based payment		147				147
Business transactions with owners, total	0	147	0	0	0	147
Balance at March 31, 2020	1,000	4,681	-12	2	12,125	17,796

January-March 2019

Balance at Jan. 1, 2019	1,000	4,504	-53	4	9,432	14,888
Comprehensive income						
Comprehensive income for the period					842	842
<i>Other comprehensive income for the period, net of tax</i>						
Translation differences			0	-1		-1
Total comprehensive income for the period	0	0	0	-1	842	841
Business transactions with owners						
Dividends paid					0	0
Share-based payment		6			0	6
Business transactions with owners, total	0	6	0	0	0	6
Balance at March 31, 2019	1,000	4,511	-53	3	10,274	15,734

CONSOLIDATED CASH FLOW STATEMENT

January-March

	1 000 €	1-3/2020	1-3/2019	1-3/2020
Profit for the period		-448	842	3,940
Adjustments		382	312	658
Change in working capital		504	1,077	-159
Received interest income		0	0	0
Paid interest expenses		-20	-28	-151
Paid taxes		-1	-1	-1

Cash flow from operating activities	417	2,203	4,287
Investments	-972	-992	-3,548
Proceeds from sale of property, plant and equipment	0	0	66
Cash flow from investing activities	-972	-992	-3,482
Increase in financing	0	0	1,000
Decrease in financing	-424	-373	-828
Decrease in lease liabilities	-103	-85	-356
Stock options exercised	139	0	0
Dividends paid	0	0	-800
Cash flow from financing activities	-388	-458	-983
Change in cash and cash equivalents	-943	752	-179
Cash and cash equivalents at the beginning of period	2,382	2,565	2,565
Effects of exchange rate changes on cash and cash equivalents	28	0	-5
Cash and cash equivalents at the end of period	1,467	3,317	2,382

KEY INDICATORS

	Q1/2020	Q4/2019	Q3/2019	Q2/2019	2019
Net sales, M€	6.7	8.2	6.7	8.7	31.2
Operating result before depreciation (EBITDA), M€	0.0	1.0	0.8	1.7	4.7
Operating result (EBIT), M€	-0.4	0.7	0.5	1.4	3.4
<i>of net sales, %</i>	-6%	8%	7%	16%	11%
Profit/loss before taxes, M€	-0.4	0.6	0.5	1.4	3.3
<i>of net sales, %</i>	-7%	7%	7%	16%	10%
Net profit/loss for the period, M€	-0.4	1.3	0.5	0.8	3.9
<i>of net sales, %</i>	-7%	16%	7%	10%	13%
Equity ratio, %	64%	61%	63%	60%	61%
Gearing, %	21%	19%	6%	17%	19%
Gross investments in fixed assets, M€	1.0	1.8	0.5	0.7	3.5
<i>of net sales, %</i>	14%	21%	8%	8%	11%
Personnel, end of the quarter	139	132	130	124	132
Earnings/share (EPS), €	-0.07	0.19	0.07	0.20	0.59
Equity/share, €	2.60	2.70	2.50	2.43	2.70

The Alternative Performance Measures (APM) used by the Group

Aspocomp presents in its financial reporting alternative performance measures, which describe the 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
	<i>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.</i>
Operating result	= Earnings before income taxes and financial income and expenses presented in the IFRS consolidated income statement.
	<i>The operating result indicates the financial profitability of operations and their development.</i>
Profit/loss before taxes	= The result before income taxes presented in the IFRS consolidated statements.
Equity ratio, %	= $\frac{\text{Equity}}{\text{Total assets - advances received}} \times 100$
Gearing, %	= $\frac{\text{Net interest-bearing liabilities}}{\text{Total equity}} \times 100$
	<i>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.</i>
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 + received interest income - paid interest expenses - paid taxes

CONTINGENT LIABILITIES

	1 000 €	3/2020	3/2019	12/2019
Business mortgage		6,000	4,000	6,000
Collateral note		1,200	1,200	1,200
Guaranteed contingent liability towards the Finnish Customs		35	35	35
Total		7,235	5,235	7,235

All figures are unaudited.

Further information

For further information, please contact Mikko Montonen, President and CEO, tel. +358 40 5011 262, [mikko.montonen\(at\)aspocomp.com](mailto:mikko.montonen(at)aspocomp.com).

Aspocomp - heart of technology

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.

www.aspocomp.com