

Aspocomp Group Plc, Half-Year Report, August 12, 2021 at 9:00 a.m.

Aspocomp's Half-Year Report 2021: The order book was at a record level and the operating result rose into the black in the second quarter

Key figures 4-6/2021 in brief

	4-6/2021	4-6/2020	Change *
Net sales	7.2 M€	7.1 M€	1 %
EBITDA	0.9 M€	0.6 M€	45 %
Operating result	0.5 M€	0.3 M€	82 %
<i>% of net sales</i>	6.4 %	3.6 %	3 ppts
Earnings per share	0.06 €	0.03 €	100 %
Operative cash flow	0.6 M€	1.5 M€	-62 %
Equity ratio	63.6 %	62.1 %	2 ppts

Key figures 1-6/2021 in brief

	1-6/2021	1-6/2020	Change *
Net sales	13.4 M€	13.8 M€	-3 %
EBITDA	0.9 M€	0.6 M€	46 %
Operating result	0.0 M€	-0.2 M€	80 %
<i>% of net sales</i>	-0.3 %	-1.3 %	1 ppts
Earnings per share	-0.01 €	-0.04 €	75 %
Operative cash flow	0.5 M€	1.9 M€	-74 %
Equity ratio	63.6 %	62.1 %	2 ppts
Order book at the end of period	10.8 M€	4.2 M€	157 %

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

OUTLOOK FOR 2021

Demand is expected to improve in all customer segments. However, a global shortage of components may hinder positive developments.

The company reiterates the full-year guidance that was announced on March 10, 2021. Aspocomp estimates that its net sales for 2021 will increase and its operating result for 2021 will improve from 2020. In 2020, net sales amounted to EUR 25.6 million and the operating result to EUR -0.1 million.

CEO'S REVIEW

“Demand strengthened significantly during the second quarter of the year and the order book rose from just over EUR 4 million to almost EUR 11 million. The second-quarter net sales increased slightly from the previous year and amounted to EUR 7.2 million. In the second quarter, growth was strongest in the Industrial Electronics and the Automotive segments, while demand in the Telecommunications segment remained weak. Net sales growth was slowed by extended delivery times for production raw materials, such as circuit board laminates. The situation is expected to improve clearly during the second half of the year, when the record-strong order book can be manufactured and delivered to customers.

The second-quarter operating result rose into the black and was 6.4 percent of net sales. The operating result increased due to higher utilization and better product mix. Operating result is expected to improve further as production and delivery volumes increase in the second half of the year.

The company has continued its investments to increase capacity in line with its strategy, but the completion of equipment installations have been slowed down in part due to delays in material and component deliveries caused by the COVID-19 pandemic.”

Impact of the COVID-19 pandemic

The continued recovery in the general market situation had a positive effect on the company’s demand in the second quarter. Demand has started to grow, and the company’s order book level has risen significantly. The COVID-19 pandemic and the effects of related restrictions on supply chains in the electronics industry have been partially mitigated.

The company’s production at the Oulu plant has continued normally and delivery capacity has been reasonable. The company has continued to invest in new capacity and increased its product development investments in new products and more challenging technologies.

The pandemic has not affected the company’s liquidity. The cash situation has remained good and the credit facilities have not been used. The company has had no need to recognize write-downs of goodwill.

NET SALES AND EARNINGS

April-June 2021

Second-quarter net sales amounted to EUR 7.2 (7.1) million, a year-on-year increase of 1 percent. Demand strengthened significantly during the second quarter of the year and the order book rose from EUR 4.2 million to EUR 10.8 million. In the second quarter, net sales growth was strongest in the Industrial Electronics and the Automotive segments, while demand in the Telecommunications segment remained weak. Net sales growth was slowed by extended delivery times for production raw materials.

The five largest customers accounted for 49 (45) percent of net sales. In geographical terms, 84 (80) percent of net sales were generated in Europe and 16 (20) percent on other continents.

The operating result for the second quarter amounted to EUR 0.5 (0.3) million. The operating profit increased due to higher utilization and better product mix. Second-quarter operating result was 6.4

(3.6) percent of net sales.

Net financial expenses amounted to EUR 0.0 (0.0) million. Earnings per share were EUR 0.06 (0.03).

January - June 2021

First-half net sales amounted to EUR 13.4 (13.8) million, a year-on-year decrease of 3 percent.

The five largest customers accounted for 45 (42) percent of net sales. In geographical terms, 86 (84) percent of net sales were generated in Europe and 14 (16) percent on other continents.

First-half operating result amounted to EUR 0.0 (-0.2) million. First-half operating result was -0.3 (-1.3) percent of net sales.

Net financial expenses amounted to EUR 0.0 (0.1) million, including a deferred exchange gain of EUR 0.1 million. Earnings per share were EUR -0.01 (-0.04).

The order book at the end of the review period was EUR 10.8 (4.2) million.

THE GROUP'S KEY FIGURES

	4-6/21	4-6/20	Change	1-6/21	1-6/20	Change
Net sales, M€	7.2	7.1	1 %	13.4	13.8	-3 %
EBITDA, M€	0.9	0.6	45 %	0.9	0.6	46 %
Operating result, M€	0.5	0.3	82 %	0.0	-0.2	80 %
% of net sales	6%	4%	3 <i>ppts</i>	0%	-1%	1 <i>ppts</i>
Pre-tax-profit/loss, M€	0.4	0.2	96 %	0.0	-0.2	81 %
% of net sales	6%	3%	3 <i>ppts</i>	0%	-2%	1 <i>ppts</i>
Profit/loss for the period, M€	0.4	0.2	96 %	0.0	-0.2	80 %
% of net sales	6%	3%	3 <i>ppts</i>	0%	-2%	1 <i>ppts</i>
Earnings per share, €	0.06	0.03	100 %	-0.01	-0.04	75 %
Investments, M€	0.2	0.3	-49 %	0.8	1.3	-41 %
% of net sales	2%	5%	-2 <i>ppts</i>	6%	9%	-4 <i>ppts</i>
Cash, end of the period	2.0	3.5	-150 %	2.0	3.5	-150 %
Equity / share, €	2.50	2.63	-13 %	2.50	2.63	-13 %
Equity ratio, %	64%	62%	2 <i>ppts</i>	64%	62%	2 <i>ppts</i>
Gearing, %	18%	14%	3 <i>ppts</i>	18%	14%	3 <i>ppts</i>
Personnel, end of the period	140	144	-4 persons	140	144	-4 persons

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

INVESTMENTS

Investments during the review period amounted to EUR 0.8 (1.3) million. The company has continued its investments to increase capacity in line with its strategy, but the equipment

installations have been slowed down in part due to delays in material and component deliveries caused by the COVID-19 pandemic. The investments were mainly focused on upgrading the capabilities of the Oulu plant, improving automation, and increasing production efficiency.

In 2017, Aspocomp launched an investment program amounting to a total of EUR 10 million to further strengthen its position as a strategic partner to leading companies in the semiconductor, automotive, defense and aerospace, and telecommunications (5G) industries. The second phase of investments was launched in the spring of 2020, when the company was granted a total of EUR 1.35 million in development support by the ELY Center, corresponding to about 25 percent of its total cost. The second phase of the investment program aims in particular to increase the capacity of the Oulu plant, improve automation and increase production efficiency. In this current program, which will run until the end of 2022, all of the new equipment will be installed in the existing Oulu plant building and no additional plant space will be built.

CASH FLOW AND FINANCING

Cash flow from operations amounted to EUR 0.5 (1.9) million in the review period. The most significant reason for the decrease in cash flow was the change in net working capital.

Cash assets amounted to EUR 1.9 (3.5) million at the end of the period. Interest-bearing liabilities amounted to EUR 5.0 (6.1) million. Interest-bearing liabilities are subject to covenant terms. The covenant terms were breached in June 2021, but waiver consents have been obtained from financiers. Gearing was 18 (14) percent. Non-interest-bearing liabilities amounted to EUR 4.8 (4.9) million.

At the end of the period, the Group's equity ratio amounted to 64.0 (62.1) 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 (140) employees. The personnel count on June 30, 2021, was 140 (144). Of them, 86 (90) were blue-collar and 54 (54) white-collar employees.

ANNUAL GENERAL MEETING 2021, THE BOARD OF DIRECTORS AND AUTHORIZATIONS GIVEN TO THE BOARD

The decisions of the Annual General Meeting held on April 13, 2021, 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 13, 2021.

SHARES

The total number of Aspocomp's shares at June 30, 2021 was 6,841,440 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.

A total of 855,272 Aspocomp Group Plc. shares were traded on Nasdaq Helsinki during the period from January 1 to June 30, 2021. The aggregate value of the shares exchanged was EUR 3,572,178. The shares traded at a low of EUR 3.83 and a high of EUR 4.74. The average share price was EUR 4.17. The closing price at June 30, 2021 was EUR 4.30, which translates into market capitalization of EUR 29.4 million.

The company had 3,788 shareholders at the end of the review period. Nominee-registered shares accounted for 2.5 percent of the total shares.

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 COVID-19 pandemic on the electronics supply chain

The COVID-19 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; approximately 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 2021

Interim report January-September 2021: Thursday, November 4, 2021

The interim report will be published at around 9:00 a.m. (EET).

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

Espoo, August 12, 2021

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. All figures presented for the review period are unaudited. 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 2020; however, the company complies with the standards and amendments that came into effect as from January 1, 2021.

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

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

April-June 2021

	1 000 €	4-6/2021	4-6/2020	Change		
Net sales		7,165	100%	7,100	100%	1%
Other operating income		5	0%	48	1%	-89%
Materials and services		-3,008	-42%	-3,383	-48%	-11%
Personnel expenses		-2,159	-30%	-2,080	-29%	4%
Other operating costs		-1,073	-15%	-1,044	-15%	3%
Depreciation and amortization		-468	-7%	-387	-5%	21%
Operating result		462	6%	254	4%	82%
Financial income and expenses		-53	-1%	-45	-1%	
Profit/loss before tax		409	6%	209	3%	96%
Income taxes		-2	0%	-1	0%	
Profit/loss for the period		407	6%	208	3%	96%
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Remeasurements of defined benefit pension plans						
Income tax relating these items						
Items that may be reclassified subsequently to profit or loss:						
Currency translation differences		1	0%	0	0%	
Total other comprehensive income		1	0%	0	0%	
Total comprehensive income		408	6%	207	3%	97%
Earnings per share (EPS)						
Basic EPS		0.06 €		0.03 €		100%
Diluted EPS		0.06 €		0.03 €		100%

PROFIT & LOSS STATEMENT **January-June 2021**

	1 000 €	1-6/2021		1-6/2020		Change	1-12/2020	
Net sales	13,403	100%	13,836	100%	-3%	25,635	100%	
Other operating income	26	0%	49	0%	-47%	83	0%	
Materials and services	-6,137	-46%	-6,847	-49%	-10%	-11,971	-47%	
Personnel expenses	-4,338	-32%	-4,101	-30%	6%	-7,856	-31%	
Other operating costs	-2,082	-16%	-2,340	-17%	-11%	-4,380	-17%	
Depreciation and amortization	-908	-7%	-772	-6%	18%	-1,643	-6%	
Operating result	-36	0%	-174	-1%	80%	-131	-1%	
Financial income and expenses	-11	0%	-64	0%	-83%	-294	-1%	
Profit/loss before tax	-46	0%	-238	-2%	81%	-426	-2%	
Income taxes	-3	0%	-2	0%		327	1%	
Profit/loss for the period	-49	0%	-240	-2%	80%	-98	0%	

Other comprehensive income

Items that will not be reclassified to profit or loss

Remeasurements of defined benefit pension

plans 6

Income tax relating these items -1

Items that may be reclassified subsequently to profit or loss:

Currency translation differences	1	0%	-1	0%	-	0	0%
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Other comprehensive income, net of tax	1	0%	-1	0%	-	5	0%
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Total comprehensive income	-48	0%	-240	-2%	80%	-93	-1%
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Earnings per share (EPS)

Basic EPS	-0.01 €	-0.04 €	75%	-0.01 €
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Diluted EPS	-0.01 €	-0.04 €	75%	-0.01 €
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CONSOLIDATED BALANCE SHEET

	1 000 €	6/2021	6/2020	Change	12/2020
Assets					
Non-current assets					
Intangible assets		3,245	3,250	0%	3,247
Tangible assets		5,542	5,848	-5%	5,916

Right-of-use assets	863	1,113	-22%	1,029
Financial assets at fair value through profit or loss	95	15	537%	95
Deferred income tax assets	5,043	4,673	8%	5,043
Total non-current assets	14,789	14,900	-1%	15,330
Current assets				
Inventories	3,194	2,993	7%	2,932
Short-term receivables	6,970	7,661	-9%	5,891
Cash and bank deposits	1,965	3,466	-43%	2,801
Total current assets	12,128	14,119	-14%	11,623
Total assets	26,917	29,019	-7%	26,953
Equity and liabilities				
Share capital	1,000	1,000	0%	1,000
Reserve for invested non-restricted equity	4,720	4,689	1%	4,705
Remeasurements of defined benefit pension plans	-7	-12	-42%	-7
Retained earnings	11,402	12,334	-8%	11,450
Total equity	17,116	18,011	-5%	17,148
Long-term financing loans	3,644	4,854	-25%	4,245
Other non-current liabilities	340	355	-4%	340
Deferred income tax liabilities	19	25	-26%	19
Short-term financing loans	1,347	1,222	10%	1,408
Trade and other payables	4,452	4,553	-2%	3,794
Total liabilities	9,801	11,008	-11%	9,806
Total equity and liabilities	26,917	29,019	-7%	26,953

CONSOLIDATED CHANGES IN EQUITY

January-June 2021

1000 €	Share capital	Other reserve	Remeasurements of employee benefits	Translation differences	Retained earnings	Total equity
Balance at Jan. 1, 2021	1,000	4,705	-7	2	11,448	17,148
Comprehensive income						
Comprehensive income for the period					-49	-49
Other comprehensive income for the period, net of tax						

Translation differences				1		1
Total comprehensive income for the period	0	0	0	1	-49	-48
Business transactions with owners						
Share-based payment		16				16
Business transactions with owners, total	0	16	0	0	0	16
Balance at June 30, 2021	1,000	4,720	-7	3	11,399	17,116

January-June 2020

Balance at Jan. 1, 2020	1,000	4,534	-12	2	12,572	18,096
Comprehensive income						
Comprehensive income for the period					-240	-240
<i>Other comprehensive income for the period, net of tax</i>						
Translation differences				-1		-1
Total comprehensive income for the period	0	0	0	-1	-240	-240
Business transactions with owners						
Share-based payment		155				155
Business transactions with owners, total	0	155	0	0	0	155
Balance at June 30, 2020	1,000	4,689	-12	2	12,332	18,011

CONSOLIDATED CASH FLOW STATEMENT

January-June

	1 000 €	1-6/2021	1-6/2020	1-12/2020
Profit for the period		-49	-240	-98
Adjustments		899	823	1,775
Change in working capital		-278	1,418	2,303
Received interest income		0	0	0
Paid interest expenses		-74	-63	-292
Paid taxes		-3	-2	-14
Cash flow from operating activities		496	1,936	3,674
Investments		-763	-1,298	-1,986
Proceeds from sale of property, plant and equipment		21	0	28
Cash flow from investing activities		-742	-1,298	-1,959
Increase in financing		0	3,000	3,000
Decrease in financing		-496	-2,512	-2,852
Decrease in lease liabilities		-174	-204	-380
Stock options exercised		0	139	139

Dividends paid	0	0	-1,026
Cash flow from financing activities	-670	423	-1,119
Change in cash and cash equivalents	-916	1,061	596
Cash and cash equivalents at the beginning of period	2,801	2,382	2,382
Effects of exchange rate changes on cash and cash equivalents	80	23	-177
Cash and cash equivalents at the end of period	1,965	3,466	2,801

KEY INDICATORS

	Q2/2021	Q1/2021	Q4/2020	Q3/2020	2020
Net sales, M€	7.2	6.2	5.9	5.9	25.6
Operating result before depreciation (EBITDA), M€	0.9	-0.1	0.4	0.5	1.5
Operating result (EBIT), M€	0.5	-0.5	0.0	0.1	-0.1
<i>of net sales, %</i>	6%	-8%	-1%	2%	-1%
Profit/loss before taxes, M€	0.4	-0.5	-0.2	0.0	-0.4
<i>of net sales, %</i>	6%	-7%	-3%	0%	-2%
Net profit/loss for the period, M€	0.4	-0.5	0.1	0.0	-0.1
<i>of net sales, %</i>	6%	-7%	2%	0%	0%
Equity ratio, %	64%	63%	64%	63%	64%
Gearing, %	18%	21%	17%	14%	17%
Gross investments in fixed assets, M€	0.2	0.6	0.4	0.3	2.0
<i>of net sales, %</i>	2%	10%	6%	6%	8%
Personnel, end of the quarter	140	134	138	142	138
Earnings/share (EPS), €	0.06	-0.07	0.02	0.00	-0.01
Equity/share, €	2.50	2.44	2.51	2.48	2.51

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

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.
		<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 €	6/2021	6/2020	12/2020
Business mortgage		6,000	6,000	6,000
Collateral note		1,200	1,200	1,200
Guaranteed contingent liability towards the Finnish Customs		35	35	35
Total		7,235	7,235	7,235

All figures are unaudited.

Further information

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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