

Aspocomp Group Plc, Interim Report, April 26, 2022 at 8:00 a.m. EEST

**Aspocomp's Interim Report January 1-March 31, 2022: Net sales increased by 45 percent and operating result improved significantly in the first quarter**

## **FIRST QUARTER 2022 HIGHLIGHTS**

- Net sales EUR 9.0 (6.2) million, increase of 45%
- Operating result EUR 0.8 (-0.5) million, 8.9% (-8.0%) of net sales
- Earnings per share EUR 0.11 (-0.07)
- Operative cash flow EUR 0.7 (-0.1) million
- Equity ratio 66.9% (62.7%), increase of 4%
- Order book at the end of the review period EUR 20.5 (5.3) million, increase of 284%
- Orders received EUR 13.0 (8.0) million, increase of 63%

## **OUTLOOK FOR 2022**

Demand is expected to improve in all customer segments. However, a global shortage of components may limit growth in customer demand.

The company's full-year guidance remains unchanged. Aspocomp estimates that its net sales for 2022 will increase and its operating result for 2022 will improve from 2021. In 2021, net sales amounted to EUR 33.2 million and the operating result to EUR 2.2 million.

## **CEO'S REVIEW**

"The year got off to a great start, although typically the first quarter is the most challenging of the year. Net sales increased by 45 percent to EUR 9.0 million, supported by a strong order book. New equipment installations in February caused a production shutdown that cut production capacity by a couple of weeks and thus reduced net sales.

All customer segments were growing, but the Semiconductor Industry clearly developed the best, with net sales quadrupling to EUR 2.8 million. The growth of the Semiconductor Industry customer segment was driven by ongoing global investments in significant increases in chip capacity.

New orders totaled EUR 13.0 million in the first quarter and the order book rose to a new record of 20.5 million. The order book strengthened, especially due to strong demand in the Semiconductor customer segment. Of the order book, EUR 19.4 million is scheduled for delivery this year and the remaining EUR 1.1 million next year.

The operating result increased to EUR 0.8 million from EUR -0.5 million in the comparison period, amounting to just under 9 percent of net sales. Operating result increased mainly due to higher net sales and improved product mix. On the other hand, the February shutdown caused additional costs, which weakened the result.

The war in Ukraine and the sanctions imposed on Russia have not had a direct impact on Aspocomp's business. As the geopolitical situation changes, Aspocomp's strategy of manufacturing PCBs in Europe is working. Despite the significant risks, we are adopting the guidance for 2022."

## NET SALES AND EARNINGS

### January-March 2022

First-quarter net sales amounted to EUR 9.0 (6.2) million, a year-on-year increase of 45%.

The Semiconductor Industry segment's net sales quadrupled to EUR 2.8 (0.7) million. The growth of the Semiconductor Industry customer segment was driven by ongoing global investments in significant increases in chip capacity.

The Industrial Electronics customer segment grew by 29% to EUR 1.7 (1.3) million. Its growth was supported particularly by the industrial recovery from the pandemic and the increase in industrial investment in general.

The Security, Defense and Aerospace customer segment's net sales increased by 16% to EUR 1.5 (1.3) million. The segment's growth was driven by new projects and customer relationships.

The growth of the Automotive customer segment was 5%, with net sales rising to EUR 1.7 (1.6) million. Growth in the Automotive Industry segment was limited by a general shortage of components and extended delivery times in the automotive industry.

The Telecommunication segment's net sales amounted to EUR 1.3 (1.3) million, a year-on-year increase of 2%. Problems with the availability of semiconductor components and extended delivery times continue to slow down customers' product development cycles.

The five largest customers accounted for 53% (48%) of net sales. In geographical terms, 90% (87%) of net sales were generated in Europe and 10% (13%) on other continents.

The operating result for the first quarter amounted to EUR 0.8 (-0.5) million. The improvement in operating result in the first quarter was mainly due to increase in net sales and the improved product mix. On the other hand, the additional costs caused by the production shutdown in February weakened the result. First-quarter operating result was 8.9% (-8.0%) of net sales.

Net financial expenses amounted to EUR 0.0 (0.0) million. Earnings per share were EUR 0.11 (-0.07).

The order book at the end of the review period was EUR 20.5 (5.3) million. Growth in the order book was particularly supported by increased demand in the Semiconductor Industry customer segment. Of the order book, EUR 19.4 million has been scheduled for delivery this year and the remaining EUR 1.1 million next year.

## THE GROUP'S KEY FIGURES

	1-3/22	1-3/21	Change	1-12/21
Net sales, M€	9.0	6.2	45 %	33.2
EBITDA, M€	1.3	-0.1	2262 %	4.1

Operating result, M€	0.8	-0.5	261 %	2.2
% of net sales	9%	-8%	17 <i>ppts</i>	7%
Pre-tax- profit/loss, M€	0.8	-0.5	269 %	2.2
% of net sales	9%	-7%	16 <i>ppts</i>	7%
Profit/loss for the period, M€	0.8	-0.5	268 %	2.1
% of net sales	8%	-7%	16 <i>ppts</i>	6%
Earnings per share, €	0.11	-0.07	257 %	0.31
Investments, M€	0.9	0.6	45 %	1.3
% of net sales	10%	10%	0 <i>ppts</i>	4%
Cash, end of the period	2.2	1.9	33 %	2.6
Equity / share, €	2.91	2.60	31 %	2.80
Equity ratio, %	67%	63%	4 <i>ppts</i>	61%
Gearing, %	9%	21%	-11 <i>ppts</i>	9%
Personnel, end of the period	140	134	6 persons	145

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

## INVESTMENTS

Investments during the review period amounted to EUR 0.9 (0.6) million. The company has continued its investments to increase capacity in line with its strategy, but the installation of equipment has 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 capacity 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 ongoing 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 0.7 (-0.1) million in 2021. Cash flow increased due to improved operating profit.

Cash assets amounted to EUR 2.2 (1.9) million at the end of the period. Interest-bearing liabilities amounted to EUR 4.1 (5.3) million. Gearing was 9% (21%). Non-interest-bearing liabilities amounted to EUR 5.8 (4.6) million.

At the end of the period, the Group's equity ratio amounted to 66.9% (62.7%).

The company has a EUR 2.0 (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 141 (135) employees. The personnel count on March 31, 2022, was 140 (134). Of them, 88 (83) were blue-collar and 52 (51) white-collar employees.

## **ANNUAL GENERAL MEETING, 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.

Aspocomp's Annual General Meeting 2022 will be held on Tuesday, April 26, 2022, at 10:00 a.m. (Finnish time).

## **SHARES**

The total number of Aspocomp's shares at March 31, 2022 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 375,857 Aspocomp Group Plc. shares were traded on Nasdaq Helsinki during the period from January 1 to March 31, 2022. The aggregate value of the shares exchanged was EUR 2,282,503. The shares traded at a low of EUR 5.20 and a high of EUR 6.78. The average share price was EUR 6.07. The closing price at March 31, 2022 was EUR 5.90, which translates into market capitalization of EUR 40.4 million.

The company had 3,814 shareholders at the end of the review period. Nominee-registered shares accounted for 2.0% 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, primarily from China, which would weaken demand.

#### **Risks affecting the operating environment**

The geopolitical situation has become more unstable during the first part of the year. Russia's military action against Ukraine and the resulting sanctions are not currently expected to have a significant direct impact on the company. Aspocomp has no business operations and no direct customers or suppliers in Russia, Belarus or Ukraine. However, the changed operating environment may affect our sourcing and logistics chains. The prolongation of the crisis may create uncertainties that cannot yet be fully assessed.

#### **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 2022**

Aspocomp Group Plc.'s financial information publication schedule for 2022 is:

Half-year report January-June 2022: Wednesday, July 20, 2022 at around 9:00 a.m. (Finnish time)

Interim report January-September 2022: Thursday, November 10, 2022 at around 9:00 a.m. (Finnish time)

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

*Espoo, April 26, 2022*

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 2021; however, the company complies with the standards and amendments that came into effect as from January 1, 2022.

### 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.

PROFIT & LOSS STATEMENT	January-March 2022							
	1 000 €	1-3/2022		1-3/2021		Change	1-12/2021	
<b>Net sales</b>	<b>9,029</b>	<b>100%</b>	<b>6,238</b>	<b>100%</b>	<b>45%</b>	<b>33,154</b>	<b>100%</b>	
Other operating income	2	0%	21	0%	-91%	51	0%	
Materials and services	-4,346	-48%	-3,129	-50%	39%	-16,055	-48%	
Personnel expenses	-2,290	-25%	-2,178	-35%	5%	-8,890	-27%	
Other operating costs	-1,142	-13%	-1,009	-16%	13%	-4,208	-13%	
Depreciation and amortization	-450	-5%	-440	-7%	2%	-1,809	-5%	
<b>Operating result</b>	<b>803</b>	<b>9%</b>	<b>-497</b>	<b>-8%</b>	<b>261%</b>	<b>2,243</b>	<b>7%</b>	
Financial income and expenses	-36	0%	42	1%		-39	0%	
<b>Profit/loss before tax</b>	<b>768</b>	<b>9%</b>	<b>-455</b>	<b>-7%</b>	<b>269%</b>	<b>2,204</b>	<b>7%</b>	
Income taxes	0	0%	-1	0%		-98	0%	
<b>Profit/loss for the period</b>	<b>767</b>	<b>8%</b>	<b>-456</b>	<b>-7%</b>	<b>268%</b>	<b>2,106</b>	<b>6%</b>	

### *Other comprehensive income*

Items that will not be reclassified to profit or loss

Remeasurements of defined benefit pension

plans -169 -1%

Income tax relating to these items 28 0%

Items that may be reclassified subsequently to profit or loss:

Currency translation differences	4	0%	1	0%	10	0%	
Total other comprehensive income	4	0%	1	0%	-131	0%	
<b>Total comprehensive income</b>	<b>771</b>	<b>9%</b>	<b>-456</b>	<b>-7%</b>	<b>269%</b>	<b>1,976</b>	<b>6%</b>

#### Earnings per share (EPS)

Basic EPS	0.11 €	-0.07 €	257%	0.31 €
Diluted EPS	0.11 €	-0.07 €	257%	0.31 €

### CONSOLIDATED BALANCE SHEET

	1 000 €	3/2022	3/2021	Change	12/2021
<b>Assets</b>					
<b>Non-current assets</b>					
Intangible assets		3,251	3,229	1%	3,232
Tangible assets		5,666	5,907	-4%	5,504
Right-of-use assets		751	971	-23%	697
Financial assets at fair value through profit or loss		95	95	0%	95
Deferred income tax assets		4,972	5,043	-1%	4,972
<b>Total non-current assets</b>		<b>14,736</b>	<b>15,246</b>	<b>-3%</b>	<b>14,500</b>
<b>Current assets</b>					
Inventories		4,990	2,809	78%	4,967
Short-term receivables		7,856	6,675	18%	9,410
Cash and bank deposits		2,219	1,890	17%	2,631
<b>Total current assets</b>		<b>15,065</b>	<b>11,374</b>	<b>32%</b>	<b>17,008</b>
<b>Total assets</b>		<b>29,801</b>	<b>26,619</b>	<b>12%</b>	<b>31,508</b>
<b>Equity and liabilities</b>					
Share capital		1,000	1,000	0%	1,000
Reserve for invested non-restricted equity		4,741	4,713	1%	4,736
Remeasurements of defined benefit pension plans		-148	-7	2023%	-148
Retained earnings		14,337	10,994	30%	13,566
<b>Total equity</b>		<b>19,931</b>	<b>16,700</b>	<b>19%</b>	<b>19,155</b>
Long-term financing loans		2,628	3,984	-34%	2,925
Other non-current liabilities		467	340	37%	467
Deferred income tax liabilities		38	19	103%	38
Short-term financing loans		1,439	1,363	6%	1,369
Trade and other payables		5,299	4,214	26%	7,554
<b>Total liabilities</b>		<b>9,871</b>	<b>9,920</b>	<b>0%</b>	<b>12,353</b>

<b>Total equity and liabilities</b>	<b>29,801</b>	<b>26,619</b>	<b>12%</b>	<b>31,508</b>
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## CONSOLIDATED CHANGES IN EQUITY

### January-March 2022

1000 €	Share capital	Other reserve	Remeasurements of employee benefits	Translation differences	Retained earnings	Total equity
<b>Balance at Jan. 1, 2022</b>	<b>1,000</b>	<b>4,736</b>	<b>-148</b>	<b>12</b>	<b>13,554</b>	<b>19,155</b>
<b>Comprehensive income</b>						
Comprehensive income for the period					767	767
<i>Other comprehensive income for the period, net of tax</i>						
Translation differences				4		4
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>767</b>	<b>771</b>
<b>Business transactions with owners</b>						
Dividends paid						0
Share-based payment		5				5
<b>Business transactions with owners, total</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>
<b>Balance at March 31, 2022</b>	<b>1,000</b>	<b>4,741</b>	<b>-148</b>	<b>16</b>	<b>14,321</b>	<b>19,931</b>

### January-March 2021

<b>Balance at Jan. 1, 2021</b>	<b>1,000</b>	<b>4,705</b>	<b>-7</b>	<b>2</b>	<b>11,448</b>	<b>17,148</b>
<b>Comprehensive income</b>						
Comprehensive income for the period					-456	-456
<i>Other comprehensive income for the period, net of tax</i>						
Translation differences			0	1		1
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>-456</b>	<b>-456</b>
<b>Business transactions with owners</b>						
Dividends paid					0	0
Share-based payment		8			0	8
<b>Business transactions with owners, total</b>	<b>0</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8</b>
<b>Balance at March 31, 2021</b>	<b>1,000</b>	<b>4,713</b>	<b>-7</b>	<b>3</b>	<b>10,991</b>	<b>16,700</b>



**CONSOLIDATED CASH FLOW STATEMENT**

January-March

	1 000 €	1-3/2022	1-3/2021	1-12/2021
<b>Profit for the period</b>		<b>767</b>	<b>-456</b>	<b>2,106</b>
Adjustments		455	389	1,850
Change in working capital		-435	28	-1,557
Received interest income		0	0	1
Paid interest expenses		-27	-36	-130
Paid taxes		-14	-1	-12
<b>Cash flow from operating activities</b>		<b>747</b>	<b>-77</b>	<b>2,258</b>
Investments		-863	-595	-1,300
Proceeds from sale of property, plant and equipment		0	19	39
<b>Cash flow from investing activities</b>		<b>-863</b>	<b>-577</b>	<b>-1,260</b>
Increase in financing		0	0	0
Decrease in financing		-248	-248	-992
Decrease in lease liabilities		-84	-87	-358
Stock options exercised		0	0	0
Dividends paid		0	0	0
<b>Cash flow from financing activities</b>		<b>-332</b>	<b>-335</b>	<b>-1,340</b>
Change in cash and cash equivalents		-448	-989	-342
Cash and cash equivalents at the beginning of period		2,631	2,801	2,801
Effects of exchange rate changes on cash and cash equivalents		36	78	172
<b>Cash and cash equivalents at the end of period</b>		<b>2,219</b>	<b>1,890</b>	<b>2,631</b>

**KEY INDICATORS**

	Q1/2022	Q4/2021	Q3/2021	Q2/2021	2021
Net sales, M€	9,0	10,8	9,0	7,2	33,2
Operating result before depreciation (EBITDA), M€	1,3	1,7	1,5	0,9	4,1
Operating result (EBIT), M€	0,8	1,2	1,0	0,5	2,2
<i>of net sales, %</i>	9 %	12 %	12 %	6 %	7 %
Profit/loss before taxes, M€	0,8	1,2	1,0	0,4	2,2
<i>of net sales, %</i>	9 %	11 %	11 %	6 %	7 %
Net profit/loss for the period, M€	0,8	1,1	1,0	0,4	2,1
<i>of net sales, %</i>	8 %	11 %	11 %	6 %	6 %
Equity ratio, %	67 %	61 %	63 %	64 %	61 %

Gearing, %	9 %	9 %	17 %	18 %	9 %
Gross investments in fixed assets, M€	0,9	0,4	0,1	0,2	1,3
<i>of net sales, %</i>	10 %	4 %	1 %	2 %	4 %
Personnel, end of the quarter	140	145	140	140	145
Earnings/share (EPS), €	0,11	0,17	0,15	0,06	0,31
Equity/share, €	2,91	2,80	2,65	2,50	2,80

### 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 €	3/2022	3/2021	12/2021
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
<b>Total</b>		<b>7,235</b>	<b>7,235</b>	<b>7,235</b>

### Further information

For further information, please contact Mikko Montonen, President and CEO, tel. +358 40 5011 262, 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](http://www.aspocomp.com)