

INCAP GROUP

Business review
January-March 2025

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Incap Group's business review for January–March 2025 (unaudited)

January–March 2025 highlights

- Revenue for the first quarter 2025 amounted to EUR 52.2 million (1–3/2024: EUR 51.4 million). Year-on-year the revenue increased 1.6%.
- Adjusted operating profit (EBIT) amounted to EUR 5.9 million (EUR 6.2 million) or 11.2% of revenue (12.1%).
- Operating profit (EBIT) amounted to EUR 5.7 million (EUR 6.0 million) or 11.0% of revenue (11.7%).
- Net profit for the period was EUR 3.8 million (EUR 4.9 million).
- Earnings per share were EUR 0.13 (EUR 0.17).

Unless otherwise stated, the comparison figures refer to the corresponding period in 2024. This business review is unaudited.

Key figures

EUR million	1–3/25	1–3/24	Change	10–12/24	Change	1–12/24
Revenue	52.2	51.4	1.6%	59.3	-11.9%	230.1
Non-recurring items	0.1	0.1	116.1%	0.2	-3.3%	0.4
Operating profit (EBIT)	5.7	6.0	-4.5%	8.6	-33.2%	29.2
EBIT, % of revenue	11.0%	11.7%		14.4%		12.7%
Adjusted operating profit (EBIT)*	5.9	6.2	-5.2%	8.9	-33.7%	30.1
Adjusted EBIT*, % of revenue	11.2%	12.1%		14.9%		13.1%
Net profit for the period	3.8	4.9	-23.5%	7.8	-51.3%	22.7
Equity Ratio	65.9%	62.2%		63.8%		63.8%
Net Gearing	-23.1%	-5.3%		-30.8%		-30.8%

*Adjusted operating profit (EBIT) is an alternative performance measure. Adjusted EBIT excludes non-recurring items and purchase price allocation amortisation. Adjusted EBIT provides comparable information between different financial years on operating profit.

Outlook for 2025

Incap estimates that the company's revenue and operating profit (EBIT) in 2025 will be higher than in 2024.

The company expects a somewhat cautious start for the year 2025, as the market is anticipating the impact of the changes related to tariffs, taxes and

geopolitical challenges, mostly linked to the new US administration.

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

CEO's comments

As anticipated, the year started a little slow, as the uncertainty in the markets during the first quarter impacted many industries. However, we remain optimistic about the future and expect our business to develop more strongly during the second half of the year.

Our revenue in the first quarter was EUR 52.2 million, which was slightly higher than in the corresponding period last year. Our EBIT was 11%. We are pleased with the outcome – we are following our plans, and expect good progress as the year unfolds, despite the uncertainty in the market in the beginning of the year. We foresee a gradual improvement in the market, with more progress expected towards the end of the second half of the year.

In the first quarter, we continued to invest to support our growth. We made investments to uphold our standards of competence and service excellence and in new technologies. In both the US and India, we invested in advanced SMT technology. Our UK team successfully installed a second new SMT line, which is now fully operational, and also implemented vertical storage systems to optimize the PCBA material. In Slovakia, we upgraded our PCBA washing technology, enhancing contamination removal, process automation, and sustainability. Additionally, our Estonian team invested in a quality control X-ray system.

In terms of our sustainability efforts, we published our first CSRD compliant report in April, which

reflects our initiatives and results in 2024. We have been diligently working towards the sustainability targets established in 2024, monitoring our progress and the actions taken to achieve our goals. As part of these efforts, at the beginning of the year, we implemented solar panels on the roof of the newest factory at Incap India to reduce the company's carbon footprint and improve energy efficiency.

Our outlook for the year remains unchanged. However, we acknowledge that the market uncertainty continues, and we are closely monitoring changes related to tariffs, taxes, and geopolitical challenges, in particular. With strategic flexibility and our worldwide geographical presence, we are well-prepared for varying circumstances. Our organization is designed to be flexible, efficient, and agile. Among other things, our strong position and three factories in India and the defense sector can create new opportunities for us.

We are confident in our long-term ability to deliver strong results and create value for our shareholders. Our financial position remains solid, and we will keep pursuing opportunities that align with our goals. With a strong long-term strategy, we remain committed to both organic growth and growth through mergers and acquisitions (M&A).

Otto Pukk, President and CEO of Incap Corporation

Financial performance

January–March 2025

In January–March 2025, revenue increased 1.6% year on year and amounted to EUR 52.2 million (EUR 51.4 million). Revenue was positively impacted by Incap's units in India and USA and effective sales work to existing and new customers and negatively by the slow start in European units.

January–March operating profit (EBIT) decreased 4.5% year on year and amounted to EUR 5.7 million (EUR 6.0 million). Adjusted operating profit (EBIT)

was EUR 5.9 million (EUR 6.2 million). Year-on-year decrease was 5.2%. Adjusted operating profit margin was 11.2% (12.1%) of revenue.

In January–March 2025, Incap did not record material credit losses or inventory write-offs.

Net profit for the period decreased 23.5% year on year and totalled EUR 3.8 million (EUR 4.9 million). Earnings per share were EUR 0.13 (EUR 0.17).

Balance sheet and financing

Total assets in the Group's balance sheet on 31 March 2025 stood at EUR 208.5 million (EUR 187.8 million). The Group's equity at the end of the financial period was EUR 133.8 million (EUR 113.2 million).

Liabilities were EUR 74.8 million (EUR 74.6 million). EUR 30.4 million thereof (EUR 33.5 million) were interest-bearing liabilities. Interest-bearing liabilities decreased mainly due to the repayment of loans. Interest-bearing net debt was EUR -30.9 million (EUR -6.0 million).

The Group's non-current interest-bearing liabilities amounted to EUR 26.7 million (EUR 30.0 million) and non-current non-interest-bearing liabilities to EUR 4.4 million (EUR 2.9 million). Current interest-bearing liabilities were EUR 3.8 million (EUR 3.5 million). The non-current interest-bearing liabilities included an acquisition related loan of EUR 20.5 million (EUR 22.5 million) granted by the company's Finnish bank.

At the end of March 2025, the company's financial position remained strong. Equity ratio increased to 65.9% (62.2%), and net gearing was -23.1% (-5.3%).

The Group's cash position during the reporting period was good. On 31 March 2025, the Group's cash and cash equivalents totalled EUR 61.4 million (EUR 39.5 million) and the company had unutilised credit lines amounting to EUR 8.0 million (EUR 8.0 million). Inventory level increased during the first quarter compared to December 2024 and had a negative impact on cash position.

The Group's quick ratio was 2.5 (2.0), and current ratio was 3.7 (3.4).

Inventory at end of March 2025 totalled EUR 64.9 million (EUR 70.2 million). Inventory decreased during the first three months of the year compared to March 2024, which was mainly due to improved material availability and therefore improved planning of material utilization. Both trade receivables and payables increased due to higher volumes compared to comparison period and were in line with the normal business fluctuation.

Management and organisation

At the end of March 2025, Incap's Management Team consisted of President & CEO, Otto Pukk;

CFO Antti Pynnönen; Director of Operations, India and Sales APAC, Murthy Munipalli; Director of

Operations, Estonia, Margus Jakobson; Director of Operations, Slovakia, Miroslav Michalik; Director of Operations, U.K., Jamie Maughan and Director of Operations, U.S., David Spehar.

The Group has manufacturing operations in India, Estonia, Slovakia, the United Kingdom and United States, and sourcing operations in Hong Kong. Finance and administration, sourcing, sales, IT and communications are centrally coordinated by the corporate office in Finland.

Significant events after the end of the reporting period

There were no significant events after the reporting period.

Financial reporting in 2025

In 2025, Incap will publish the following financial reports:

- Half-year report for January–June 25 July 2025
- Business review for January–September 24 October 2025

In Helsinki, 25 April 2025

INCAP CORPORATION

Board of Directors

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Accounting principles for the business review

This business review has been prepared in accordance with IFRS recognition and measurement principles, although not all requirements of the IAS 34 Interim Financial Reporting standard have been followed. When preparing the review, the same

principles have been used as in the 2024 financial statements. Unless otherwise stated, the comparison figures refer to the same period in the previous year. This business review is unaudited.

Consolidated statement of comprehensive income

(EUR thousands)	1-3/2025	1-3/2024	1-12/2024
REVENUE	52,211	51,364	230,056
Other operating income	274	162	1,631
Change in inventories of finished goods and work in progress	2,236	-1,617	-4,616
Raw materials and consumables used	-36,173	-32,228	-148,046
Personnel expenses	-7,971	-7,599	-31,263
Depreciation and amortisation	-1,453	-1,355	-5,628
Other operating expenses	-3,404	-2,739	-12,947
OPERATING PROFIT	5,721	5,988	29,186
Financial income	1,340	889	3,717
Financial expenses	-2,053	-548	-2,825
PROFIT BEFORE TAX	5,008	6,329	30,078
Income tax	-1,225	-1,382	-7,351
PROFIT FOR THE PERIOD	3,783	4,947	22,727
Earnings per share, EUR	0.13	0.17	0.77

OTHER COMPREHENSIVE INCOME	1-3/2025	1-3/2024	1-12/2024
Items that will not be transferred to P&L (revaluation of employee benefits)	0	0	-2
Items that may be recognised in profit or loss at a later date:			
Translation differences from foreign units	-3,003	1,373	2,804
Other comprehensive income, net	-3,003	1,373	2,802
TOTAL COMPREHENSIVE INCOME	780	6,320	25,529
Attributable to:			
Shareholders of the parent company	780	6,320	25,529

Consolidated balance sheet

(EUR thousands)	31 Mar 2025	31 Mar 2024	31 Dec 2024
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	25,637	21,853	24,313
Right-of-use assets	6,286	7,779	6,626
Goodwill	8,528	8,371	8,621
Other intangible assets	5,361	5,554	5,518
Other financial assets	4	4	4
Deferred tax assets	969	1,018	997
Other receivables	392	455	416
TOTAL NON-CURRENT ASSETS	47,177	45,033	46,495
CURRENT ASSETS			
Inventories	64,869	70,211	61,403
Trade and other receivables	35,125	33,054	34,749
Cash and cash equivalents	61,361	39,455	72,172
TOTAL CURRENT ASSETS	161,355	142,720	168,325
TOTAL ASSETS	208,532	187,753	214,820
EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
Share capital	1,000	1,000	1,000
Reserve for invested unrestricted equity	23,779	23,779	23,844
Exchange differences	-8,031	-6,458	-5,027
Retained earnings	117,026	94,877	113,152
TOTAL EQUITY	133,773	113,198	132,968
NON-CURRENT LIABILITIES			
Borrowings	21,240	23,110	21,611
Lease liabilities	5,181	6,670	5,424
Deferred tax liabilities	1,626	1,292	1,703
Employee benefit obligations	250	266	307
Deferred income	1,160	0	1,205
Other liabilities	1,619	1,619	1,619
TOTAL NON-CURRENT LIABILITIES	31,076	32,957	31,869
CURRENT LIABILITIES			
Trade and other payables	39,404	37,652	45,464
Borrowings	2,289	2,261	2,233
Lease liabilities	1,465	1,198	1,679

Employee benefit obligations	54	55	56
Other liabilities	471	432	550
TOTAL CURRENT LIABILITIES	43,682	41,598	49,983
TOTAL LIABILITIES	74,758	74,556	81,852
TOTAL EQUITY AND LIABILITIES	208,532	187,753	214,820

Consolidated cash flow statement

(EUR thousands)	1-3/2025	1-3/2024	1-12/2024
Cash flow from operating activities			
Operating profit	5,721	5,988	29,186
Adjustments to operating profit	2,553	1,512	5,681
Change in working capital			
Change in current receivables	-1,182	-8,504	-8,896
Change in inventories	-5,618	2,136	13,201
Change in current liabilities	-4,239	-722	8,419
Interest and charges paid	-807	-880	-2,084
Interest received	40	161	1,087
Paid tax and tax refund	-1,470	-1,601	-7,958
Cash flow from operating activities	-5,000	-1,910	38,636
Cash flow from investing activities			
Capital expenditure on tangible and intangible assets	-2,984	-794	-5,589
Proceeds from sales of tangible and intangible assets	29	0	1
Proceeds from insurance claims	0	0	1,767
Acquisition of a subsidiary less cash acquired	0	0	-2,888
Cash flow from investing activities	-2,955	-794	-6,710
Cash flow from financing activities			
Drawdown of loans	246	0	174
Repayments of borrowings	-630	-559	-2,288
Right-of-use asset payments	-580	-407	-1,641
Cash flow from financing activities	-964	-965	-3,755
Change in cash and cash equivalents	-8,919	-3,669	28,172
Cash and cash equivalents at beginning of reporting period	72,172	42,550	42,550
Effect of changes in exchange rates	-1,892	575	1,451
Cash and cash equivalents at end of reporting period	61,361	39,455	72,172

Consolidated statement of changes in equity

(EUR thousands)	Share capital	Unrestricted equity reserve	Translation differences	Retained earnings	Total equity
Equity on 1 January 2025	1,000	23,844	-5,027	113,152	132,968
Profit for the reporting period				3,783	3,783
Other comprehensive income			-3,003		-3,003
Total comprehensive income			-3,003	3,783	780
Other changes				-10	-10
Transactions with the owners					
Capital investments ¹⁾		-65			-65
Employee share schemes – value of employee services				100	100
Equity on 31 March 2025	1,000	23,779	-8,031	117,026	133,773
Equity on 1 January 2024	1,000	23,745	-7,831	89,846	106,760
Profit for the reporting period				4,947	4,947
Other comprehensive income			1,373		1,373
Total comprehensive income			1,373	4,947	6,320
Other changes					
Transactions with the owners					
Capital investments ¹⁾		34			34
Employee share schemes – value of employee services				83	83
Equity on 31 March 2024	1,000	23,779	-6,458	94,877	113,198

¹⁾ Related to fixed share payment as part of the acquisition of Pennatronics Inc.



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