



Incap Corporation  
Financial Statement Release 13 February 2018 at 8.30 a.m. (EET)

## **INCAP GROUP FINANCIAL STATEMENT RELEASE FOR 2017 (UNAUDITED)**

**Revenue increased by 26% and the operating profit by 20% year-on-year. The factory expansion and renewal of production capacity enable continued profitable growth.**

### **Key figures in January-December 2017**

- The Group's revenue amounted to EUR 48.5 million, up 26% year-on-year (2016: EUR 38.6 million).
- The Group's operating profit (EBIT) amounted to EUR 4.5 million (EUR 3.8 million) and its share out of revenue was 9.3% (9.8%).
- Net profit for the financial period amounted to EUR 3.1 million, i.e. 47% higher than in 2016 (EUR 2.1 million).
- The Board of Directors will propose to the Annual General Meeting that no dividend be paid. Following the share capital reduction carried out in 2016 there are limitations to the distribution of dividends until 2019.
- The company estimates that the Group's revenue and operating profit (EBIT) in 2018 will be at the same level or somewhat higher than in 2017.

### **Key figures in July-December 2017**

- The revenue during the second half of the year amounted to EUR 24.8 million, showing an increase of 19% compared with the corresponding period last year (7-12/2016: EUR 20.8 million) and up 4% compared with the first half of the year (1-6/2017: EUR 23.8 million).
- Operating profit (EBIT) for the second half of the year was EUR 2.3 million, i.e. 45% higher than in the corresponding period last year (7-12/2016: EUR 1.6 million) and somewhat higher than in the first half of the year (1-6/2017: EUR 2.3 million).

### **The accounting principles for the financial statements**

This financial statement release has been prepared in accordance with international financial reporting standards (IFRS) - IAS 34 Interim Financial Reporting standard. When preparing the release, the same principles have been used as in the 2016 financial statement. Unless otherwise stated, the comparison figures refer to the same period in the previous year. The information in this financial statement report is unaudited.

The financial statement of the corresponding period 2016 has been adjusted because the company has made a write-off of approximately EUR 0.6 million from the inventory values in 2016. Accordingly, the Group's operating profit (EBIT) for the full year 2016 is EUR 3.8 million (instead of the previously reported EUR 4.4 million) and the profit for the year EUR 2.1 million (instead of the previous EUR 2.7 million). The adjustment has been made in the financials of the second half of the year 2016.

**Vesa Mäkelä, President and CEO of Incap Group:**

"Our profitable growth continued in 2017. The Group's revenue grew by 26% and the operating profit in terms of EBIT by 20%. The EBIT margin amounted to 9.3% indicating that we continue being among the best companies in our peer group.

Our professional team has performed successfully, and the customer satisfaction and loyalty have stayed at an excellent level. Thanks to our cost-efficient operations our financial position has improved further.

Good planning is the best guarantee for success. The factory extension in India and the modernisation of manufacturing machinery both in India and in Estonia were completed just on time. Getting new products into production can be successful only if we can show the customer that we have sufficient capacity and technical competence. We are able to grow the revenue further without any significant new investments in factory premises.

Our geographical position is strategically excellent. We have low-cost manufacturing bases in Asia and Europe and both factories are delivering world-class quality. The campaign "Make in India" launched by the Indian government can be seen in real life in our Indian factory, where we ship goods to all over the world, from Australia to America. The manufacturing of electronics products is cost-driven and the production locations will give us a competitive advantage also in future.

Also our strategic choice of customer segment has proved to be rewarding. We continue focusing on industrial electronics and will consider eventual cooperation opportunities in other segments like automotive industry and consumer goods case-by-case. Our present strategy fits best with our technology and competence, and it has proved to be successful also in the new customer acquisition.

The contract manufacturing enjoys the good upturn in the market along with other industries. The biggest challenge at the moment is to keep up profitability levels. Along with the increased demand the component prices are increasing and the lead times are getting longer, and therefore, the materials management and the control of inventory values require special attention.

Our target is to continue with the organic growth while at the same time keeping our profitability among the best companies in our business. Our efficient operational model and strong financial position enable us to grow our business also through M&A."

**Business environment in 2017**

There were no significant changes in the business environment of Incap Group. The customers are very price-conscious and expect that their manufacturing partners increase efficiency continuously and stay competitive. General cost level remained stable in countries where Incap has operations. Prices of components and raw materials showed a moderate trend of increase.

**Incap Group's revenue and earnings in July–December 2017**

Revenue for the second half of the year amounted to EUR 24.8 million, showing an increase of 19% year-on-year (7-12/2016: EUR 20.8 million) and being 19% higher than in the first half of the year (1-6/2017: EUR 23.8 million). The revenue increased from previous year both in Estonia and in India.

The operating profit (EBIT) for the second half of the year amounted to EUR 2.3 million being 45% higher than in the corresponding period in 2016 (7-12/2016: EUR 1.6 million) and approximately at the same level than during the first half of the year (1-6/2017: EUR 2.3 million). The net profit for the second half of the year was EUR 1.6 million, compared with EUR 0.9 million in the corresponding period last year and EUR 1.6 million in the first half of the year 2017.

**Incap Group's revenue and earnings in 2017**

Revenue for the financial period amounted to EUR 48.5 million, by approx. 26% more than in 2016 (1-12/2016: EUR 38.6 million). The revenue increased as a result of growing demand of current customers and of the production of new products.

The profitability of Incap Group was good. The full-year operating profit (EBIT) amounted to EUR 4.5 million (EUR 3.8 million), being 9.3% out of revenue (9.8%). In the company's business, Electronics Manufacturing Services, this is generally considered to be a high level.

The overhead costs remained low ensuring profitable operations and continued competitiveness.

Personnel expenses in the reporting period increased in line with the growing volumes and amounted to EUR 4.1 million (EUR 3.5 million). Other business costs amounted to EUR 3.3 million (EUR 2.6 million). As a result of the growing business volume the material costs increased from EUR 28.5 million to EUR 36.9 million. The value of inventories increased based on the business growth from EUR 5.7 million to EUR 7.7 at the end of the reporting period.

Net financial expenses amounted to EUR 0.5 million (EUR 0.6 million). Depreciation amounted to a total of EUR 0.4 million (EUR 0.4 million).

Profit for the period was EUR 3.1 million (EUR 2.1 million). Earnings per share were EUR 0.71 (EUR 0.49).

COMPARISON BY REPORT PERIOD (1,000 euros)	1-12/2017	1-12/2016 *)
Revenue	48,543	38,626
Operating profit/loss (EBIT)	4,529	3,768
Profit/loss for the period	3,116	2,124
Earnings per share, EUR	0.71	0.49

COMPARISON BY 6-MONTH PERIOD (1,000 euros)	7-12/2017	1-6/2017	7-12/2016 *)	1-6/2016
Revenue	24,764	23,779	20,754	17,872
Operating profit/loss (EBIT)	2,278	2,251	1,566	2,202
Profit/loss for the period	1,566	1,550	859	1,265
Earnings per share, EUR	0.36	0.36	0.20	0.29

\*) Due to a periodic error in inventory valuation from 2016 in connection with the implementation of the new ERP, the change in inventories of finished goods in the income statement for 2016 has been adjusted so that the result for 2016 was decreased by EUR 0.6 million.

### Investments

Investments in 2017 totalled EUR 0.7 million (EUR 1.0 million) and they were mainly connected with the modernisation of the factory extension in India. The figure does not include the new hired SMT assembly line in Estonia.

### Quality assurance and environmental issues

Incap Group's both factories have environmental management and quality assurance systems certified by Bureau Veritas. The systems are used as tools for continuous improvement. Environmental management system in both factories complies with ISO 14001:2015, and the quality assurance system complies with ISO 9001:2015. In addition, the Kuressaare factory has updated its operations to meet with the ISO 13485/2016 quality certification for the manufacture of medical devices.

### Balance sheet, financing and cash flow

The balance sheet total on 31 December 2017 stood at EUR 24.8 million (EUR 21.1 million). The Group's equity at the close of the financial period was EUR 10.4 million (EUR 7.9 million). The parent company's equity totalled EUR 10.7 million (EUR 9.8 million).

The Group's equity ratio improved further amounting to 42.0% (37.6%). Net gearing improved to 42% (71%).

Liabilities increased slightly to EUR 14.4 million compared with previous year (EUR 13.1 million), of which EUR 7.2 million (EUR 8.0 million) were interest-bearing liabilities. Interest bearing net debt decreased to EUR 4.4 million (EUR 5.6 million).

The Group's non-current interest-bearing liabilities amounted to EUR 2.3 million (EUR 3.8 million) while the current interest-bearing liabilities were EUR 4.9 million (EUR 4.2 million). Out of the interest-bearing liabilities EUR 2.6 million are related to the Indian subsidiary (EUR 1.8 million). Other liabilities include EUR 2.8 million of bank loans and limits granted by the company's Finnish bank and EUR 1.3 million of factoring financing used in Estonia.

The covenants of the Group's loans include equity ratio and the Group's interest-bearing debt in relation to EBITDA, and their status is reviewed every six months. In the review on 31 December 2017 the target level of interest-bearing debt in relation to EBITDA was below 2.5 and the equity ratio more than 25%. The company met these covenants and the actual figure interest-bearing debt/EBITDA on the review date was 1.5 and the equity ratio 42.0%.

As to the loans granted by the Indian bank the company has committed to follow ordinary covenants and the bank's general loan conditions.

The Group's cash position during the report period was good. The Group's quick ratio was 1.0 (1.1), and the current ratio was 1.6 (1.7).

Cash flow from operations was EUR 1.9 million (EUR 1.1 million). On 31 December 2017, the Group's cash and cash equivalents totalled EUR 2.9 million (EUR 2.3 million). The change in cash and cash equivalents showed an increase of EUR 0.8 million (increase of EUR 0.2 million).

### **Personnel**

At the end of 2017, Incap Group had a payroll of 570 employees (514). 87% (85%) of the personnel worked in India, 12% (14%) in Estonia and 0.5% (0.4%) in Finland. At the end of the year, 113 of Incap's employees were women (106) and 457 were men (408).

Permanently employed staff totalled 197 (205) and the number of fixed-term employment contracts was 372 (309). The company had one part-time employment contract at the end of the period (1). The average age of the personnel was 31 years (31).

### **Management and organisation**

The duties of CEO of Incap were carried out by Ville Vuori (B.Sc. Eng., eMBA, born 1973) until 15 October 2017 and after that by Vesa Mäkelä (M.Sc. Eng., MBA, born 1964). At the end of the report period the Group's Management Team included besides the CEO Vesa Mäkelä also the local Managing Directors: Murthy Munipalli in India and Otto Pukk in Estonia. After the end of report period on 2 January 2018 Tero Lehtonen (M.Sc. Econ.) was appointed as the Group CFO and a member of the Management Team.

The company's organisation structure is lean and the corporate functions have been kept streamlined. The Group's factories in Estonia and in India operate as profit centres and are responsible besides for the actual order-delivery process also for the quotations and pricing in accordance with the corporate guidelines. Finance and administration, sourcing, sales, IT and communications are coordinated by the corporate office.

### **Annual General Meeting 2017**

The Annual General Meeting of Incap Corporation was held in Helsinki on 18 April 2017. A total of 27 shareholders participated in the meeting, representing approximately 53.3% of all shares and votes in the company. The Annual General Meeting adopted the financial statements for the financial period ended 31 December 2016 and decided, in accordance with the proposal of the Board of Directors, that no dividend be distributed for the financial period and that the profit for the financial period (EUR 464,201.93) be recognised in equity.

### **Authorisation of the Board of Directors**

The Annual General Meeting held on 18 April 2017 authorized the Board of Directors to decide to issue a maximum of 436,516 new shares either against payment or without payment. The new shares may be issued to the company's shareholders in proportion to their current shareholdings in the company or deviating from the shareholders' pre-emptive right through one or more directed share issue, if the company has a weighty financial reason to do so, such as developing the company's equity structure, implementing mergers and acquisitions or other restructuring measures aimed at developing the company's business, financing of investments and operations or using the shares as a part of the company's remuneration and compensation system, to the terms and scope decided by the Board of Directors.

The Board has not exercised the authorisation, which is valid until 18 April 2018.

### **Board of Directors and Auditor**

The Annual General Meeting held on 18 April 2017 re-elected Carl-Gustaf von Troil and elected Per Kristiansson, Vesa Mäkelä and Johan Ålander as new members to the Board of Directors.

Olle Hulteberg acted as the Chairman of the Board of Directors until 18 April 2017 and after that Johan Ålander.

The Board convened 16 times in 2017 and the average attendance rate of Board members was 92.6%.

The firm of independent accountants Ernst & Young Oy continued to act as the company's auditor, with Bengt Nyholm, Authorised Public Accountant, as the principal auditor.

### **Report on Corporate Governance**

Incap Corporation is complying with the Corporate Governance Code of Securities Market Association, which is valid as from 1 January 2016 and is publicly available at the website of Securities Market Association at [www.cgfinland.fi](http://www.cgfinland.fi). The company will release a report on the company's corporate governance in compliance with the Securities Market Act as a

separate document in connection with the publication of the Report of the Board of Directors and the Annual Report in week 12/2018. The report is available at the company's website.

### Shares and shareholders

Incap Corporation has one series of shares, and the number of shares at the end of the period was 4,365,168 (31 December 2016: 4,365,168).

During the financial period, the share price varied between EUR 7.20 and 5.25 (EUR 8.65 and 4.95). The closing price for the period was EUR 6.19 (EUR 5.46). The market capitalisation on 31 December 2017 was EUR 27.0 million (EUR 23.8 million). At the end of financial period, the company had 2,489 shareholders (2,861). Nominee-registered or foreign owners held 36.0% (38.2%) of all shares. The company does not hold any of its own shares.

At the end of the financial period 2017, the members of Incap Corporation's Board of Directors and the President and CEO and their interest parties owned a total of 40,604 shares or approximately 0.9% of the company's shares outstanding.

<b>LARGEST SHAREHOLDERS on 31 December 2017</b>	<b>Shares, pcs</b>	<b>Holding, %</b>
Nordea Bank AB (publ) Finland (nominee-registered)	633,422	14.51
Skandinaviska Enskilda Banken AB (publ.) (nominee-registered)	632,575	14.49
Oy Etra Invest Ab	538,000	12.32
Ilmarinen Mutual Pension Insurance Company	332,308	7.61
Danske Bank Oyj	288,413	6.61
Nordea Life Assurance Finland Ltd. (nominee-registered)	210,000	4.81
Mandatum Life Unit-Linked	150,266	3.44
Laurila Kalevi Henrik	94,419	2.16
Penan Raudoitus Oy	76,762	1.76
Onvest Oy	66,047	1.51
<b>10 largest in total</b>	<b>3,022,212</b>	<b>69.23</b>

### **Announcements in accordance with Section 10 of Chapter 9 of the Securities Market Act on a change in holdings**

The company had no announcements in accordance with Section 10 of Chapter 9 of the Securities Market Act during the financial period.

### **Corporate social responsibility**

Incap is reporting non-financial information as a part of the report of the Board of Directors and Annual Report. The most relevant items of the company's corporate social responsibility are social responsibility, environmental responsibility and responsibility to stakeholders.

Social responsibility at Incap means that the principles of sustainable development are followed in the company's operations. Incap practices and develops its business operations in such a way that the productivity and competitiveness are improved in harmony with the demands of the company's stakeholders and the environment. The progress in human resources development and in well-being at work is measured among others by training hours and by the number of injuries at work. Out of environmental metrics, the company is following the energy consumption, the amount of waste and the degree of recycling. The factory in India is promoting the education of children by granting an annual support for local school development. The factory in Estonia has been rewarded for its positive approach as to children and families.

The feedback from the company's customers is of major importance when developing the operations and services further. Incap supports its customers in improving product safety by, among other things, paying special attention to eliminating risk factors in products when introducing products to production. Quality inspections and testing carried out during the manufacturing process prevent faulty goods from reaching the market.

Incap monitors the operations of its suppliers and service providers and conducts regular supplier assessments which are used to examine suppliers' social responsibility in addition to their quality and delivery reliability. Incap recognises its responsibility as a part of the supply chain and strives to promote the success of all of its partners in co-operation.

Incap complies with the local legislation of the countries, in which it has operations and acts as a responsible member of the society. Incap respects and adheres to international agreements on human and children's rights as well as employees' rights. Incap's personnel policy is based on equality between the sexes, nationalities and different ethnic groups. Incap fosters the well-being of its employees by developing occupational safety and by supporting activities that maintain working ability. Employee competence is developed further using goal-oriented training and the promotion of work motivation is addressed in supervisor training, among others. The company's support is directed to non-profit causes that promote the well-being of children and the youth.

In accordance with its quality and environmental policy, Incap is committed to protecting and conserving environment by preventing pollution and reducing the use of natural resources and raw materials. Incap strives after minimizing raw material waste in its production and



uses in its manufacturing processes methods and materials, which cause as little damage to the nature as possible.

Incap aims at good earnings trend, which supports also the implementation of its corporate social responsibility principles. Financial success ensures that operations and working conditions are improved constantly and guarantees jobs for employees. The company aims to maximize the return on the capital invested by shareholders in the company and to ensure that the company's value grows steadily.

### **Risk management**

The Risk Management Policy approved by the Board of Incap Corporation classifies risks as risks connected to the operating environment, operational risks and damage and funding risks. The company's risk management is mainly focused on risks that threaten the company's business objectives and continuity of operations. In order to improve its business opportunities, the company is willing to take on managed risks within the scope of the Group's risk management capabilities. The company regularly reviews its insurance policies as part of its risk management system.

### **Short-term risks and factors of uncertainty concerning operations**

General risks related to the company's business operations and sector include the development of customer demand, price competition in contract manufacturing, success in acquisition of new customers, availability and price development of raw material and components, sufficiency of funding, liquidity and exchange rate fluctuations.

The financing position of the company is good and the sufficiency of financing and working capital is at the moment posing no risk.

In the definition of the volumes of internal transactions the actual value added and the so-called "arm's length" principle are considered. After the cumulative losses in India were covered during the latter half of 2015, it is possible to repatriate profits also through dividends.

The value of the shares in subsidiaries in the parent group has a significant impact on the parent company's equity and therefore on, for example, equity ratio. Based on the impairment calculations in connection with the financial statements for 2017 there is no need for any write-down of the value of the shares in subsidiaries. However, based on the company's estimate there is a risk connected with the valuation of the shares of the Estonian subsidiary because of the previous unprofitable operations of the subsidiary. There is no such risk in the valuation of the subsidiary in India.

Demand for Incap's services and the company's financial position are affected by global economic trends and the fluctuation among customer industries. The risks connected with the customer demand and the solvency of customers are monitored and evaluated separately for each customer. The management considers the customer relationship management to be of utmost importance and is paying special attention to it.

The company's sales are spread over several customer sectors balancing out the impact of the economic fluctuation in different industrial sectors. Out of the total revenue in 2017, approximately 86% came from four biggest customers.

The company's business segment, electronics manufacturing services, is highly competitive and there are major pressures on cost level management. The company has succeeded in increasing the efficiency of its operations and in lowering the costs. Furthermore, the company's production is located in countries with competitive levels of wage and general costs.

The most significant exchange rate risk of the company is related to the Indian subsidiary. A remarkable part of the Group's operations is located in India, and the fluctuation in the exchange rates between Indian Rupee and Euro may have a remarkable effect on revenue and result.

The Indian subsidiary of the company had a tax audit in 2016, and based on the audit, the tax authorities do not approve the depreciations made on the capitalized customer contracts during accounting periods 2008/2009-2012/2013 and the transfer costs during the accounting period 2011/2012. The estimated effect with eventual interest is amounting to a maximum of EUR 0.4 million. The company's complaint is still in the process of tax authorities. The tax debt has been presented in the off-balance sheet liabilities.

### **Events after the end of the period**

The company announced in its financial review in November 2017 that it had detected a discrepancy in the inventory value of the Estonian factory. After the end of report period, on 24 January 2018, the company specified that it will make a write-off of approximately EUR 0.6 million in the inventory value of 2016 due to a periodic error connected with the implementation of the new ERP. For this reason the company has adjusted its financials for 2016 and now, the Group's operating profit (EBIT) for the full year 2016 is EUR 3.8 million instead of the previously reported EUR 4.4 million and the profit for the year EUR 2.1 million instead of the previous EUR 2.7 million.

### **Strategy and targets**

The positive trend in profitability has enabled the strong development of the company ensuring the future growth. The efficient operational model of the company guarantees fast decision-making and operational flexibility. In 2018, the company is targeting to increase the business volumes further organically while seeking expanding its operations also by M&As.

### **Outlook for 2018**

Incap's estimates for future business development are based both on its customers' forecasts and on the company's own assessments.

Even though the general prospects in world economy are good, it is difficult to predict the exact development of customer demand and competition. However, many of the company's customers have indicated that their own demand will grow in 2018.

Inauguration of the new factory extension in India and the investments in increased production efficiency in Estonia are enhancing the possibilities to increase the revenue further.

The Group's revenue and operating profit (EBIT) in 2018 are estimated to be at the same level or somewhat higher than in 2017, assuming that there are no major changes in exchange rates.

### **Board of Directors' proposal on measures related to the result**

The parent company's profit for the financial period totals EUR 888,818.01. The Board of Directors will propose to the Annual General Meeting to be held on 17 April 2018 that no dividend be paid and the result for the financial period be recognised in equity. Due to the share capital reduction carried out in 2016 there are limitations for distribution of dividends until the year 2019.

### **Annual General Meeting 2018**

The Annual General Meeting will be held on Tuesday, 17 April 2018 at 3 p.m. at BANK/Wall street, Unioninkatu 20, 00130 Helsinki. Notice to the Annual General Meeting will be given on 20 March 2018.

### **Publication of the annual report 2017**

The annual report of Incap Group including the Report of the Board of Directors and the Auditor's report for 2017 will be published during week 12/2018 at the company's website [www.incapcorp.com](http://www.incapcorp.com).

### **Financial reporting of Incap in 2018**

Incap will publish the Half-year Report in compliance with IAS 34 for January-June 2018 on Wednesday, 15 August 2018 as well as financial reviews for January-March on Wednesday, 9 May 2018 and for January-September on Wednesday, 7 November 2018.

In Helsinki, 13 February 2018

INCAP CORPORATION  
Board of Directors

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*INCAP IN BRIEF*

*Incap Corporation is an international contract manufacturer. Incap's customers are leading suppliers of high-technology equipment in their own business segments, and Incap increases their competitiveness as a strategic partner. Incap has operations in Finland, Estonia, India and China, and the company currently employs approximately 570 people. Incap's share is listed on the Nasdaq Helsinki Ltd. as from 1997. Additional information: [www.incapcorp.com](http://www.incapcorp.com).*

## Annex 1

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS), CONTINUING OPERATIONS**

(1,000 euros, unaudited)	1-12/2017	Change, %	1-12/2016*)	7-12/2017	7-12/2016
REVENUE	48 543	26 %	38 626	24 764	20 754
Change in inventories of finished goods	463	-1 196 %	-42	-106	-352
Other operating income	268	9 %	246	153	219
Raw materials and consumables used	36 896	29 %	28 519	18 480	15 564
Personnel expenses	4 070	15 %	3 531	2 088	1 782
Depreciation, amortisation and impairment losses	443	20 %	369	235	199
Other operating expenses	3 336	26 %	2 643	1 729	1 509
OPERATING PROFIT/LOSS	4 529	20 %	3 768	2 278	1 566
Financing income and expenses	-529	-4 %	-553	-273	-294
PROFIT/LOSS BEFORE TAX	4 000	24 %	3 215	2 005	1 273
Income tax expenses	-884	-19 %	-1 091	-438	-414
PROFIT/LOSS FOR THE PERIOD	3 116	47 %	2 124	1 566	859
Earnings per share, euro	0.71	47 %	0.49	0.36	0.20
<b>OTHER COMPREHENSIVE INCOME</b>	<b>1-12/2017</b>	<b>Change, %</b>	<b>1-12/2016</b>	<b>7-12/2017</b>	<b>7-12/2016</b>
Items that may be recognised in profit or loss at a later date:					
Translation differences from foreign units	-632	-499 %	158	-319	407
Other comprehensive income, net	-632	-499 %	158	-319	407
TOTAL COMPREHENSIVE INCOME	2 484	9 %	2 282	1 247	1 265
Attributable to:					
Shareholders of the parent company	2 484	9 %	2 282	1 247	1 265
Non-controlling interest	0	0	0	0	0

\*) The company detected in the inventory value of 2016 a periodic error, which was connected with the implementation of the new ERP. Therefore, a write-off of EUR 617,757 was made in the inventory value and equity.

## Annex 2

**CONSOLIDATED BALANCE SHEET (IFRS), CONTINUING OPERATIONS**

(EUR thousands, unaudited)	31 December 2017	Change, %	31 December 2016 *)
<b>ASSETS</b>			
NON-CURRENT ASSETS			
Property, plant and equipment	2 980	3 %	2 883
Goodwill	914	-3 %	944
Other intangible assets	18	-55 %	40
Other financial assets	4	-34 %	6
Other receivables	1 146	33 %	863
<b>TOTAL NON-CURRENT ASSETS</b>	<b>5 062</b>	<b>7 %</b>	<b>4 736</b>
CURRENT ASSETS			
Inventories	7 721	36 %	5 662
Trade and other receivables	9 135	10 %	8 320
Cash and cash equivalents	2 862	22 %	2 347
<b>TOTAL CURRENT ASSETS</b>	<b>19 718</b>	<b>21 %</b>	<b>16 329</b>
<b>TOTAL ASSETS</b>	<b>24 780</b>	<b>18 %</b>	<b>21 065</b>
<b>TOTAL EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent company</b>			
Share capital	1 000	0 %	1 000
Reserve for invested unrestricted equity	11 028	0 %	11 028
Exchange differences	-1 147	-123 %	-515
Retained earnings	-467	-87 %	-3 584
<b>TOTAL EQUITY</b>	<b>10 414</b>	<b>31 %</b>	<b>7 929</b>
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	2 311	-38 %	3 752
<b>NON-CURRENT LIABILITIES</b>	<b>2 311</b>	<b>-38 %</b>	<b>3 752</b>
CURRENT LIABILITIES			
Trade and other payables	7 140	38 %	5 161
Current interest-bearing loans and borrowings	4 915	16 %	4 223
<b>CURRENT LIABILITIES</b>	<b>12 055</b>	<b>29 %</b>	<b>9 383</b>
<b>TOTAL LIABILITIES</b>	<b>14 366</b>	<b>9 %</b>	<b>13 136</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>24 780</b>	<b>18 %</b>	<b>21 065</b>

\*) The company detected in the inventory value of 2016 a periodic error, which was connected with the implementation of the new ERP. Therefore, a write-off of EUR 617,757 was made in the inventory value and equity.

## Annex 3

**CONSOLIDATED CASH FLOW STATEMENT (IFRS), CONTINUING OPERATIONS**

(EUR thousands, unaudited)	1-12/2017	1-12/2016
<b>Cash flow from operating activities</b>		
Operating profit	4 529	3 768
Adjustments to operating profit	492	508
Change in working capital	-1 796	-1 157
Interest paid and payments made	-409	-512
Interest received	5	6
Paid tax and tax refund	-899	-1 486
<b>Cash flow from operating activities</b>	<b>1 921</b>	<b>1 126</b>
<b>Cash flow from investing activities</b>		
Capital expenditure on tangible and intangible assets	-674	-982
<b>Cash flow from investing activities</b>	<b>-674</b>	<b>-982</b>
<b>Cash flow from financing activities</b>		
Drawdown of loans	1 397	4 712
Repayments of borrowings	-1 854	-4 612
<b>Cash flow from financing activities</b>	<b>-457</b>	<b>100</b>
Change in cash and cash equivalents	790	245
Cash and cash equivalents at beginning of period	2 347	2 068
Effect of changes in exchange rates	-275	35
<b>Cash and cash equivalents at end of period</b>	<b>2 862</b>	<b>2 347</b>

## Annex 4

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS), CONTINUING OPERATIONS**

(EUR thousands, unaudited)	Share capital	Share premium account	Reserve for invested unrestricted equity	Exchange differences	Retained earnings	Total
<b>Equity at 1 January 2017</b>	<b>1,000</b>	<b>0</b>	<b>11,028</b>	<b>-515</b>	<b>-3,584</b>	<b>7,929</b>
Total comprehensive income					3,116	3,116
Currency translation differences				-632		-632
<b>Transactions with shareholders</b>						
Other changes						0
<b>Equity at 31 December 2017</b>	<b>1,000</b>	<b>0</b>	<b>11,028</b>	<b>-1,147</b>	<b>-467</b>	<b>10,414</b>
<b>Equity at 1 January 2016</b>	<b>20,487</b>	<b>44</b>	<b>19,464</b>	<b>-673</b>	<b>-33,675</b>	<b>5,647</b>
Total comprehensive income					2,742	2,742
Currency translation differences				158		158
<b>Transactions with shareholders</b>						
Other changes <sup>1)</sup>	-19,487	-44	-8,436		27,967	0
Adjustment from 2016 <sup>2)</sup>					-618	-618
<b>Adjusted equity at 31 December 2016</b>	<b>1,000</b>	<b>0</b>	<b>11,028</b>	<b>-515</b>	<b>-3,584</b>	<b>7,929</b>

<sup>1)</sup> The losses accumulated during the financial period ending at 31 December 2015 and during previous financial periods were covered by decreasing the unrestricted equity reserve, the share premium account and the share capital.

<sup>2)</sup> The company detected in the inventory value of 2016 a periodic error, which was connected with the implementation of the new ERP. Therefore, a write-off of EUR 617,757 was made in the inventory value and equity.



## Annex 5

**GROUP KEY FIGURES AND CONTINGENT LIABILITIES (IFRS), CONTINUING OPERATIONS**

(unaudited)	31 Dec 2017	31 Dec 2016
Revenue, EUR million	48.5	38.6
Operating profit/loss, EUR million	4.5	3.8
% of revenue	9.3	9.8
Profit/loss before taxes, EUR million	4.0	3.2
% of revenue	8.2	9.8
Return on investment (ROI), %	28.3	26.0
Return on equity (ROE), %	34.0	31.3
Equity ratio, %	42.0	37.6
Net Gearing, %	41.9	71.0
Net debt, EUR million	2.4	2.5
Interest-bearing net debt, EUR million	4.4	5.6
Quick ratio	1.0	1.1
Current ratio	1.6	1.7
Average number of shares during the review period, adjusted for share issues	4,365,168	4,365,168
Earnings per share (EPS), EUR	0.71	0.49
Equity per share, EUR	2.39	1.82
Dividend per share, EUR	0	0
Dividend out of profit, %	0	0
P/E ratio	8.7	11.2
Trend in share price		
Minimum price during the period, EUR	5.25	4.95
Maximum price during the period, EUR	7.20	8.65
Mean price during the period, EUR	5.93	6.43
Closing price at the end of the period, EUR	6.19	5.46
Total market capitalisation, EUR million	27.0	23.8
Trade volume, no. of shares	2,009,629	40,565,856
Trade volume, %	46.0	929.0
Investments, EUR million	0.7	1.0
% of revenue	1.4	2.5
Average number of employees	535	511
 CONTINGENT LIABILITIES, EUR million		
FOR OWN LIABILITIES		
Mortgages and pledges	14.7	14.6
 Off-balance sheet liabilities	2.1	3.0

## Annex 6

**KEY FIGURES BY REPORT PERIOD (IFRS), CONTINUING OPERATIONS**

	<b>1-12/ 2017</b>	<b>1-12/ 2016</b>	<b>7-12/ 2017</b>	<b>7-12/ 2016</b>	<b>1-6/ 2017</b>	<b>1-6/ 2016</b>
Revenue, EUR million	48.5	38.6	24.8	20.8	23.8	17.9
Operating profit, EUR million	4.5	3.8	2.3	1.6	2.3	2.2
% of revenue	9.3	9.8	8.3	7.5	9.5	12.3
Profit before taxes, EUR million	4.0	3.2	2.0	1.3	2.0	1.9
% of revenue	8.2	8.3	7.6	6.1	8.4	10.9
Return on investment (ROI), %	28.3	26.0	29.8	15.6	27.0	32.9
Return on equity (ROE), %	34.0	31.3	28.6	23.5	33.8	41.1
Equity ratio, %	42.0	37.6	42.0	37.6	37.9	35.0
Net Gearing, %	41.9	71.0	41.9	71.0	38.7	87.0
Net debt, EUR million	2.4	2.5	2.4	2.1	3.4	3.6
Interest-bearing net debt, EUR million	4.4	5.6	4.4	5.7	3.8	5.8
Average number of shares during the review period, adjusted for share issues	4,365,168	4,365,168	4,365,168	4,365,168	4,365,168	4,365,168
Earnings per share (EPS), EUR	0.71	0.49	0.36	0.20	0.36	0.29
Equity per share, EUR	2.39	1.82	2.39	1.82	2.24	1.53
Investments, EUR million	0.7	1.0	0.0	0.4	0.7	0.6
% of revenue	1.4	2.5	0.0	1.8	3.0	3.4
Average number of employees	535	511	513	525	513	498

Annex 7  
**CALCULATION OF KEY FIGURES**

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Return on investment, %	100 x (profit/loss for the period + financial expenses) equity + interest-bearing financing loans
Return on equity, %	100 x profit/loss for the period average equity during the financial period
Equity ratio, %	100 x equity balance sheet total - advances received
Net gearing, %	100 x net debt equity
Net debt	Interest-bearing debt - cash and bank accounts
Quick ratio	current assets short-term liabilities - short-term advances received
Current ratio	current assets + inventories short-term liabilities
Earnings per share	net profit/loss for the period average number of shares during the period, adjusted for share issues
Equity per share	equity number of shares at the end of the period, adjusted for share issues
Capital expenditure	VAT-exclusive working capital acquisitions, without deduction of investment subsidies
Average number of employees	average of personnel numbers calculated at the end of each month
Total market capitalisation	closing price for the period x number of shares available for public trading

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