

# Q4

January–December 2023

**Financial statements review**



## DETECTION TECHNOLOGY PLC FINANCIAL STATEMENTS REVIEW JANUARY-DECEMBER 2023

**Detection Technology Q4 2023: Record-breaking sales, results at target level****October-December 2023 highlights**

- Net sales increased by 10.9% to EUR 31.3 million (28.2)
- Net sales of Industrial Solutions Business Unit (IBU) increased by 7.1% to EUR 5.0 million (4.6)
- Net sales of Medical Business Unit (MBU) increased by 3.6% to EUR 13.1 million (12.7)
- Net sales of Security Business Unit (SBU) increased by 21.1% to EUR 13.2 million (10.9)
- Operating profit (EBITA) excluding NRI was EUR 4.6 million (2.8)
- Operating margin (EBITA-%) excluding NRI was 14.8% of net sales (9.9%)
- Operating profit (EBITA) was EUR 4.6 million (2.8)
- Operating margin (EBITA-%) was 14.8% of net sales (9.9%)
- Earnings per share were EUR 0.24 (0.16)
- Earnings per share (diluted) were EUR 0.24 (0.16)

**January-December 2023 highlights**

- Net sales increased by 5.3% to EUR 103.8 million (98.6)
- Net sales of IBU increased by 0.2% to EUR 16.1 (16.1)
- Net sales of MBU increased by 0.5% to EUR 48.4 million (48.1)
- Net sales of SBU increased by 14.3% to EUR 39.3 million (34.4)
- Operating profit (EBITA) excluding NRI was EUR 9.7 million (6.1)
- Operating margin (EBITA-%) excluding NRI was 9.3% of net sales (6.2%)
- Operating profit (EBITA) was EUR 8.8 million (5.8)
- Operating margin (EBITA-%) was 8.5% of net sales (5.9%)
- Earnings per share were EUR 0.38 (0.35)
- Earnings per share (diluted) were EUR 0.38 (0.35)
- Dividend EUR 0.23 per share\* (0.20)

(Figures in parentheses refer to the corresponding period of the previous year.) (\*The Board of Directors' proposal to the AGM.)

**President and CEO, Hannu Martola:**

“The year 2023 culminated in record-breaking Q4 sales and a significant improvement in our result. Efficiencies carried out in Q3 along with good growth in sales boosted our profitability to the target level. Despite fiercer competition, we maintained our market positions in all our businesses. This is a solid foundation to go forward.

Our industrial sales increased thanks to our new thin-film transistor (TFT) flat panel detector portfolio but still lagged behind our growth target. Regarding sales split by applications, the lion's share of sales originated from applications optimized for quality inspection in the automotive industry. Whereas demand in the food sector, which has traditionally been important to us, remained modest. We believe that our product portfolio, which expanded thanks to our business acquisition, will open up opportunities in new applications and help us to turn our industrial sales onto a stronger growth path.

Despite the continuing uncertainty in the global medical market, the Chinese government's ongoing anti-corruption campaign targeted at end-operators in the healthcare sector, and fierce price competition, our

medical application sales grew slightly. Demand improved toward the end of the year, as the Chinese public administration's annual budgets closed. In our view, the impacts of the anti-corruption campaign on demand dynamics will continue during H1 2024. We are cautiously optimistic that demand will increase globally at the end of H1 2024.

Growth in demand continued to take off in aviation computed tomography (CT) and line scanner applications in India and particularly in the Americas, which resulted in a significant increase in our security applications sales. Demand also recovered in other applications, such as cargo scanning applications. In terms of geographies, malaise continued in China, but we expect investments in aviation CT applications to restart there during this year. We have a strong position in higher-end solutions in the global security markets.

The efficiencies carried out in Q3 2023 paid off: our fixed costs decreased, in addition to which the increase in sales exceeded expectations. Thanks to these factors, we reached our profitability target. We generated cost savings of about one million euros in H2 of 2023 and expect annualized savings of around two million euros going forward.

The development of our new facilities in Oulu, Finland progressed as planned. The modification works were completed in January, and this morning, as we publish our results, our team will start working on the new premises. Our customers have warmly welcomed our expanded production in Oulu—this strategic change will improve our global capabilities and competitiveness.

The most significant event this year was our business acquisition. We successfully completed the integration process of Haobo Imaging in Q4 2023, and we have continued the development and sales of our new product portfolio. We believe our new business will grow faster than our traditional businesses.

Given the Chinese anti-corruption campaign, uncertainty in the medical markets will continue, and in our view, medical sales will decrease in Q1 and H1 2024. We expect growth, however, to continue in our other main markets, and both our security and industrial applications sales to see double-digit growth in Q1 and H1 2024. Overall, we anticipate our year-on-year sales to remain stable in Q1 and H1 of 2024, and annual growth to be close to our target."

## Key figures

(EUR 1,000)	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Net sales	31,315	28,226	103,794	98,580
Change in net sales, %	10.9%	14.1%	5.3%	9.8%
EBITA excluding NRI	4,622	2,804	9,656	6,135
EBITA excluding NRI, %	14.8%	9.9%	9.3%	6.2%
Non-recurring items (NRI)	0	0	-873	-335
EBITA	4,622	2,804	8,784	5,801
EBITA, %	14.8%	9.9%	8.5%	5.9%
R&D costs	2,723	3,069	11,702	12,549
R&D costs, % of net sales	8.7%	10.9%	11.3%	12.7%
Cash flow from operating activities	2,987	3,730	9,672	-294
Net interest-bearing debt at end of period	-12,665	-20,584	-12,665	-20,584
Investments	1,121	654	14,426	1,628
Return on investment (ROI), %	9.9%	7.5%	9.9%	7.5%
Gearing, %	-17.4%	-28.3%	-17.4%	-28.3%
Earnings per share, EUR	0.24	0.16	0.38	0.35
Earnings per share (diluted), EUR	0.24	0.16	0.38	0.35
Number of shares at the end of the period	14,655,930	14,655,930	14,655,930	14,655,930
Weighted average number of shares outstanding	14,655,930	14,655,930	14,655,930	14,655,930
Weighted average number of shares outstanding, diluted	14,655,930	14,655,930	14,660,912	14,717,042

## Net sales

In Q4 of 2023, demand strengthened in security applications and also improved in industrial and medical applications compared to the previous quarter. As a result, Detection Technology's Q4 total net sales achieved a record high and exceeded expectations. The company's total net sales increased by 10.9% (14.1%) year-on-year, totaling EUR 31.3 million (28.2).

Demand in the industrial market showed signs of recovery. Growth was driven by demand in non-destructive testing (NDT) applications in the automotive industry, whereas the demand in the food and the forest industries continued to suffer from stagnation. The net sales of the Industrial Solutions Business Unit (IBU) grew by 7.1% (34.5%), totaling EUR 5.0 million (4.6) in Q4 of 2023. Growth in net sales was mainly attributed to TFT flat panel detector sales. IBU generated a total of 15.8% (16.4%) of the company's total net sales.

The net sales of the Medical Business Unit (MBU) increased by 3.6% (-6.6%) year-on-year, totaling EUR 13.1 million (12.7) in Q4 of 2023. Soft demand in medical CT applications was mainly due to the Chinese government's anti-corruption campaign, which was targeted at end-operators in the healthcare sector. The campaign was launched in Q3 of 2023, and it has caused delays in the procurement processes. However, sales lost due to the anti-corruption campaign were compensated by the closing of the Chinese public administration's annual budgets, thanks to which MBU's sales increased. MBU generated a total of 41.9% (44.9%) of the company's total net sales.

The net sales of the Security Business Unit (SBU) increased by 21.1% (41.0%) year-on-year, totalling EUR 13.2 million (10.9) in Q4 of 2023. Malaise still continued in the Chinese market, but demand continued to grow in various geographies, in particular in the Americas and India. The increase in SBU sales was mainly generated by

the strong increase in the demand in aviation as well as in the CT and line scan applications. SBU generated a total of 42.3% (38.7%) of the company's total net sales.

The Asia-Pacific countries (APAC) accounted for the company's largest geographical market in Q4 with its 67.5% (66.5%) share. Europe, Middle East, Africa's (EMEA) share was 16.0% (21.9%) and Americas' 16.4% (11.6%). In Q4, Detection Technology's top five customers accounted for 54.2% (51.4%) of the company's total net sales.

The company's total net sales for January-December 2023 increased by 5.3% to EUR 103.8 million (98.6). Net sales of IBU increased by 0.2% (25.8%) to EUR 16.1 million (16.1). Net sales of MBU increased by 0.5% (-2.0 %) to EUR 48.4 million (48.1). Net sales of SBU increased by 14.3% (23.1%) to EUR 39.3 million (34.4). IBU's share of total net sales was 15.5% (16.3%), MBU's 46.6% (48.8%) and SBU's 37.9% (34.9%).

In January-December 2023, APAC'S share of total net sales was 68.3% (71.9%), EMEA's 18.6% (19.4%) and Americas' 13.1% (8.6%). The share of the five largest customers accounted for 50.7% (50.6%) of total net sales.

#### NET SALES BY BUSINESS UNITS

(EUR 1,000)	10-12/2023	10-12/2022	Change, %	1-12/2023	1-12/2022	Change, %
IBU	4,960	4,633	7.1%	16,102	16,067	0.2%
MBU	13,115	12,662	3.6%	48,386	48,137	0.5%
SBU	13,241	10,931	21.1%	39,306	34,376	14.3%
<b>TOTAL</b>	<b>31,315</b>	<b>28,226</b>	<b>10.9%</b>	<b>103,794</b>	<b>98,580</b>	<b>5.3%</b>

#### NET SALES BY GEOGRAPHY

(EUR 1,000)	10-12/2023	10-12/2022	Change, %	1-12/2023	1-12/2022	Change, %
APAC	21,152	18,777	12.6%	70,930	70,919	0.0%
Americas	5,141	3,274	57.0%	13,577	8,498	59.8%
EMEA	5,022	6,175	-18.7%	19,287	19,163	0.7%
<b>TOTAL</b>	<b>31,315</b>	<b>28,226</b>	<b>10.9%</b>	<b>103,794</b>	<b>98,580</b>	<b>5.3%</b>

### Operating result and profitability

The company's operating profit (EBITA) in Q4 amounted to EUR 4.6 million (2.8), 14.8% (9.9%) of net sales. The focus and efficiency measures carried out in the previous quarter were effective and fixed costs decreased, and on the other hand, sales growth improved profitability. In turn, the credit loss provision of EUR 0.7 million weakened profitability. Despite this, profitability rose to the target level.

Q4 fixed costs were EUR 10.6 million (10.5), out of which personnel expenses totaled EUR 5.8 (6.4), depreciation and goodwill amortization EUR 1.0 (0.8) and other operating expenses EUR 3.8 (3.3) million. Financial items amounted to EUR -0.0 million (-0.8), and income taxes were EUR -0.8 million (0.4).

The Q4 result totaled EUR 3.6 million (2.4). Earnings per share were EUR 0.24 (0.16). Earnings per share (diluted) were EUR 0.24 (0.16).

In the review period, the company's Chinese subsidiary was re-certified as a High and New Technology Enterprise (HNTE) for the upcoming three-year period. The HNTE classification will reduce the subsidiary's corporate income tax rate from 25% to 15%.

In the review period January-December 2023 EBITA was EUR 8.8 million (5.8), 8.5% (5.9%) of net sales. Non-recurring items (NRI) in the review period were EUR 0.9 million (0.3). Of these, EUR 0.7 million were attributed to the decrease in the number of personnel and EUR 0.2 million to the reorganization of the operations of the company's French site. EBITA excluding NRI was EUR 9.7 million (6.1), 9.3% (6.2%) of net sales.

In January-December 2023, the company recorded credit loss provisions of EUR 1.3 million. At the end of the review period, the credit loss provisions totaled EUR 1.7 million (1.6).

In January-December 2023, fixed costs totaled EUR 40.6 (39.8) million, out of which personnel expenses totaled EUR 24.1 (23.0), depreciation and goodwill amortization EUR 3.5 (3.2) and other operating expenses EUR 13.0 (13.5) million. Financial items totaled EUR -0.9 million (-0.2), and income taxes were EUR -1.8 million (-0.5). The increase in income taxes was mainly attributed to an increase in profitability in higher tax rate countries, withholding taxes on dividend income in the group, and changes in deferred taxes.

The result for the financial year 2023 was EUR 5.5 million (5.1). Earnings per share were EUR 0.38 (0.35). Earnings per share (diluted) were EUR 0.38 (0.35).

### Cash flow and financing

Cash flow from operations in Q4 was EUR 3.0 million (3.7). Cash flow from operations in January-December 2023 amounted to EUR 9.7 million (-0.3).

Cash flow from financing activities in Q4 2023 was EUR -2.1 million (-0.9). Cash flow from financing activities in January-December 2023 was EUR 0.6 million (-4.1).

A dividend of EUR 2.9 million (5.1), resolved at the Annual General Meeting on 30 March 2023, was paid.

In January-December 2023, the company withdrew a loan of EUR 6.0 million from a financial institution to finance the purchase price of shares of Shanghai Haobo Imaging Technology Co., Ltd. The share of the long-term loans was EUR 4.6 million (0.0), of which EUR -0.6 million (0.0) was repaid during the review period October-December. Use of bank limit decreased by EUR -1.5 million (-0.9) in October-December.

Net interest-bearing debt totaled EUR -12.7 million at the end of the year (-20.6). Gearing was -17.4% (-28.3%).

Cash and cash equivalents amounted to EUR 19.1 million (23.7) at the end of the year 2023.

The company has secured its liquidity by agreeing with banks on lines of credit totaling EUR 17.7 million (16.6) at the closing rate of the review period. During the financial year, the line of credit was increased by EUR 2.0 million. At the end of the review period, the unused line of credit was EUR 16.6 million (13.4).

The company's working capital increased by EUR 1.1 million during the financial period. Stocks decreased by EUR 1.8 million. Current receivables increased by EUR 1.1 million. Short-term payables decreased by EUR 1.7 million.

## Investments

Investments in Q4 2023 totaled EUR 1.1 million (0.7). Investments were mainly directed at modifications of new premises in Oulu, Finland, as well as production and measuring equipment. Investments in January-December 2023 totaled EUR 14.4 million (1.6). The change is attributed to the acquisition of Shanghai Haobo Imaging Technology Co., Ltd. made by the company in 2023.

## Research and development

Q4 research and development (R&D) costs totaled EUR 2.7 million (3.1), 8.7% of net sales (10.9%). During the review period January-December 2023, R&D expenses were EUR 11.7 million (12.5), corresponding to 11.3% of net sales (12.7%). All R&D costs are recognized as expenses.

## Personnel

At the end of December 2023, Detection Technology employed 478 people (469). A total of 369 people worked in China, 95 in Finland, 10 in France and 4 in the US. Personnel expenses in Q4 2023 amounted to EUR 5.8 million (6.4). In the review period January-December 2023, personnel expenses totaled EUR 24.1 million (23.0).

### PERSONNEL BY GEOGRAPHY

	31.12.2023	31.12.2022	Change, %
APAC	369	343	7.6%
Americas	4	5	-20.0%
EMEA	105	121	-13.2%
<b>TOTAL</b>	<b>478</b>	469	1.9%

## Strategy implementation

Detection Technology's factory project in Oulu, Finland progressed as planned in terms of schedule and budget in Q4 of 2023. The modification work of the facilities built for demanding electronics manufacturing was completed in January 2024. The operations will be moved to the new premises and production launched in Q1 of 2024 as planned.

At the beginning of Q4 of 2023, Detection Technology announced that it will continue its long-term investments in the development of the photon-counting detector portfolio. The company will build production capability for photon-counting detector solutions at its new facility in Oulu, Finland, and will transfer small series production from France to the new premises. This will enhance both the learning curve and the cost structure of the company.

Detection Technology will expand its production in Oulu in order to be able to offer a wider range of EU Origin products and to minimize risks. According to the company's view, this strategic investment worth about EUR 1.5 million will strengthen the company's global competitiveness.

Detection Technology completed the integration of X-ray flat panel detector supplier Shanghai Haobo Imaging Technology Co., Ltd. The company has continued the development and sales of new TFT flat panel detector

solutions and their introduction to the company's current and new customers as planned. The products will be commercialized during the next three years.

In accordance with Detection Technology's forecast, the net sales of the acquired business were around two million euros in H2 of 2023 and its financial result (EBITA) was negative. The acquired business is estimated to be earnings positive in 2025. Detection Technology completed this strategically important corporate acquisition at the beginning of Q3 of 2023 and consolidated the financial information of the acquired business to Group financial reporting as of the beginning of July 2023.

## Sustainability

Detection Technology continued to develop and measure the environmental sustainability of its business in H2 2023. The company has not received information on any environmental infringements in the review period.

Detection Technology continued enhancing its competence on environmental and safety matters related to its products. During H2, training was held concerning restricted substances regulations with a global view. This training included members of top management and experts. With this action the company further enhanced its understanding of the most recent regulations and continued to benchmark the best practices in the industry.

The company measured employee experience with questions on company direction, leadership and values in action by using its DT Heartbeat pulse survey for the fourth time, as an important part of its feedback culture. The response rate was 85% (77% for H1 2023). The average score was 3.3 (3.4 for H1 2023) on a scale of 1–4. The feedback has been analyzed and development measures selected together with the company's personnel, and the company will now focus in particular on the implementation of the agreed development measures.

Detection Technology continued to roll out its value-based business model. The company continued leadership development by arranging the DT Leadership Forerunner program, which brings leaders across functions and locations together to unify the leadership culture. The company also continued its Listen And Speak Up leadership program, which was launched in H1 2023. The program focuses on themes such as wellbeing at work, psychological safety, and giving and receiving feedback. Both programs are intended for both line managers and senior specialists.

In December, the company awarded the Values Champion award for the third time. The aim of the bi-annual award is to highlight the importance of values and to celebrate daily and visible value-based behaviors that maintain and develop the company culture.

On 31 July, the company's production and service site in Wuxi achieved 1,000 zero accident days in production. The new record in operations has required every employee to commit to the development of safe work conditions and zero tolerance, which is an integral part of company culture. The company has not received information on any lost-time injuries at the Group level in the review period.

In November, the company took part in National Firefighting Day in China. The company's manufacturing site in Beijing organized trainings and mock drills during the night shift. The activities included night shift personnel and day shift supervisors, as well as firefighters. The drill enhanced employees' understanding of fire emergency response procedures and firefighting skills.

In December, the government of the Beijing Economic-Technological Development Area (BDA) published a list of top companies based on their "Work Safety Month" activities. Among the 884 enterprises assessed,



Detection Technology's manufacturing site was listed in the top 10 for the categories of Outstanding Organizational Units and Best Practice Activity awards. This is the result of the high-level commitment to safety, leadership, and participation of all DT employees.

Detection Technology continued its work for children's rights and global education as a member of the Ahlström Collective Impact (ACI) network, which collaborates with UNICEF Finland. The appointed ACI Ambassadors continued to promote the awareness of children's rights and a sense of community within the company and external stakeholders. In November, the company celebrated World Children's Day at its various sites. In addition, the company joined UNICEF webinars on business and the rights of the child, which were targeted at ACI network members.

Detection Technology's corporate social responsibility complies with the certified ISO 9001:2015, ISO 14001:2015 and ISO 13485:2016 standards. In Q4, Detection Technology's quality and management system underwent thorough audits across all certified sites. The company successfully completed the audits and achieved re-certification of ISO 9001:2015 and ISO 14001:2015 for its sites in Oulu and Espoo, Finland, and Beijing and Wuxi, China, and ISO 13485:2016 in Wuxi.

In November, Detection Technology received an Excellence Supplier Award — Quality from a key medical customer. As a long-term strategic supplier of critical components in X-ray imaging, Detection Technology has precision manufacturing processes and stringent requirements for consistency in product performance and quality that meet and exceed customer expectations.

The company acknowledges and complies with the Code of Conduct of the Responsible Business Alliance (RBA). The company's Code of Conduct consists of the company's quality, environmental, business ethics, people, and occupational health and safety policies. The company's internal and external interest groups are regularly informed of the company's Code of Conduct, which is available on the company's website.

During H2, the company introduced its sustainable development framework and Code of Conduct to the newly acquired business, Haobo Imaging. With this introduction, Detection Technology promoted its commitment to sustainable development and conducting value-based, ethically sound business, as well as sustainable development goals. The introduction was conducted to the entire Haobo Imaging team.

Detection Technology has not received any notifications of infringements of EU or national laws or the company's Code of Conduct through its Whistleblowing channel or other reporting channels in H2 2023. The Whistleblowing channel adds to the company's other reporting channels, and it is targeted at the company's internal and external interest groups. The system can be used to anonymously report any practices or events that are against the law or are inconsistent with the company's Code of Conduct.

The company has set metrics to measure continuous improvement in every area of its Code of Conduct, and it monitors development through quarterly reviews. Measures related to sustainability and the materialization of corporate social responsibility will be described in more detail in the company's 2023 annual review. In addition, the company will publish information on how it met its sustainability goals for 2023 and the goals set for 2024 in the annual review. In the fiscal year 2024, the company is preparing for reporting obligation in accordance with the Corporate Sustainability Reporting Directive (CSRD).

## Shares and shareholders

The share subscription period for Detection Technology's stock options 2020A1 and 2020A2 started on 2 May 2023 and will end on 31 May 2024. No subscriptions of stocks were made in the program. The share subscription period for stock options 2020B1 and 2020B2 will start on 2 May 2024 and will end on 31 May 2025.

The company has had two stock option programs: stock option program 2018 and stock option program 2020. The stock option program 2018 ended in May 2023. The description and terms of the stock option programs can be found on the company's website.

In addition to stock option program 2020, the company has a Performance Share Plan (PSP), which consists of separate stock award plans initiated annually upon a separate decision by the company's Board of Directors. The performance period of the first performance share plan, PSP 2022–2024, started at the beginning of August 2022, and it will finish at the end of 2024. The performance period of the second performance share plan, PSP 2023–2025, started at the beginning of January 2023 and will finish at the end of 2025.

The average price of Detection Technology shares was EUR 12.49 in Q4 and EUR 15.86 in January–December 2023. The highest price for Q4 was EUR 15.00 and the lowest EUR 10.80. The highest price for January–December 2023 was EUR 20.90 and the lowest EUR 10.80.

The closing price at the end of December was EUR 13.70 and the company had a market capitalization of approximately EUR 201 million. A total of 1.35 million shares, which is 9.2% of the total number of shares, were traded between 2 January and 29 December. The number of outstanding shares in Detection Technology was 14,655,930 at the end of the review period.

The number of shareholders at the end of the review period was 3,745. Approximately 72.1% of the shares were held by the ten largest shareholders. The nominee-registered foreign holding of shares in the company was 13.6% at the end of the review period.

The company has one share series, and all shares bear equal voting rights. The company's shares are listed on the Nasdaq First North Growth Market Finland marketplace under the ticker symbol DETEC.

## Risks and uncertainties

The company's most significant short-term direct and indirect risk factors and uncertainties are changes in geopolitics, in particular changes in US-China and EU-China relations, global economic uncertainty, and inflation. In addition, the Russian war in Ukraine and the war in Gaza, along with their ramifications on global and European security and economy, availability and prices of raw materials and the consequent increase in global political uncertainty may have an adverse impact on the company's business.

Other risks are related to business operations in developing markets, changes in the competitive landscape, price competition, a significant share of net sales being generated by the five largest customers, APAC countries' large share of sales, customer liquidity, customers' stocks, product quality, the startup of production of new products, exchange rate fluctuations, an overall cost development, particularly in China, the permanence and competence of personnel, recruitment of experts and organizational efficiency.

The company takes continuous measures to mitigate the aforementioned risks. Other risks related to the company and its business operations will be described in more detail in Detection Technology's financial

statements for 2023.

### **Board of Directors' profit distribution proposal**

The distributable funds of the parent company Detection Technology Plc are EUR 35,907,781, of which EUR 4,055,176 represents the net profit for the financial year. The company's funds eligible for dividend distribution total EUR 7,502,696. After the end of the financial year, there have not been significant changes in the company's financial situation, nor does the solvency test referred to in Chapter 13, Section 2 of the Companies Act affect the amount of distributable funds.

The Board of Directors proposes to the Annual General Meeting to be held on 27 March 2024 that, based on the balance sheet adopted for 2023, a dividend of EUR 0.23 per share be paid. The number of shares entitling to dividend is 14,655,930, which means that the total amount of the dividend would be EUR 3,370,864.

### **Business outlook**

Detection Technology expects its year-on-year total net sales to remain stable in Q1 and H1 of 2024.

Geopolitical situation, U.S.–China relations, global economy, inflation, the high stocks of some of the company's customers, the indirect impacts of the war in Ukraine, and events in the Middle East create uncertainty.

Detection Technology aims to increase its sales by at least 10% per annum and to achieve an operating margin (EBITA) of 15% in the medium term.

### **Financial reporting schedule in 2024**

Detection Technology Plc will disclose the following financial releases in 2024:

- Business review January–March 2024: 25 April 2024
- Half-yearly report January–June 2024: 6 August 2024
- Business review January–September 2024: 29 October 2024

The financial statements and annual review for 2023 will be published on 6 March 2024. The Annual General Meeting is scheduled for 27 March 2023 at 15:00 (EET). The Board of Directors of the company will convene the meeting. Detection Technology Plc's financial calendar can be found on the company's website.

## SUMMARY OF FINANCIAL STATEMENTS AND APPENDICES

### ACCOUNTING PRINCIPLES

This unaudited financial statements review for the period 1.1.-31.12.2023 has been prepared according to the Finnish Accounting Standards (FAS).

### CONSOLIDATED INCOME STATEMENT (FAS)

(EUR 1,000)	10-12/2023	10-12/2022	1-12/2023	1-12/2022
<b>Net sales</b>	<b>31,315</b>	<b>28,226</b>	<b>103,794</b>	<b>98,580</b>
Other operating income	198	86	750	337
Materials and services	-16,551	-15,036	-55,688	-53,335
Personnel expenses	-5,799	-6,356	-24,084	-23,049
Depreciations	-709	-786	-2,979	-3,224
Other operating expenses	-3,832	-3,330	-13,009	-13,509
<b>EBITA</b>	<b>4,622</b>	<b>2,804</b>	<b>8,784</b>	<b>5,801</b>
Financial income and expenses	-24	-772	-918	-229
Amortizations	-282	0	-564	0
<b>Profit before taxes</b>	<b>4,317</b>	<b>2,032</b>	<b>7,302</b>	<b>5,571</b>
Income taxes	-751	364	-1,785	-456
Minority interest	-10	0	-14	0
<b>Profit for the reporting period</b>	<b>3,555</b>	<b>2,396</b>	<b>5,502</b>	<b>5,116</b>

**CONSOLIDATED BALANCE SHEET (FAS)**

(EUR 1,000)	<b>31.12.2023</b>	31.12.2022
<b>ASSETS</b>		
NON-CURRENT ASSETS		
Intangible assets	11,907	2,165
Tangible assets	4,792	5,010
Investments	11	11
<b>TOTAL NON-CURRENT ASSETS</b>	<b>16,710</b>	<b>7,185</b>
CURRENT ASSETS		
Inventories	23,601	24,849
Non-current receivables	594	582
Current receivables	34,516	35,062
Cash and cash equivalents	19,101	23,710
<b>TOTAL CURRENT ASSETS</b>	<b>77,812</b>	<b>84,203</b>
<b>TOTAL ASSETS</b>	<b>94,522</b>	<b>91,388</b>
<b>EQUITY AND LIABILITIES</b>		
EQUITY		
Share capital	80	80
Share premium account	5,130	5,130
Invested non-restricted equity fund	28,405	28,405
Retained earnings	33,688	34,027
Profit for the financial period	5,502	5,116
<b>TOTAL EQUITY</b>	<b>72,805</b>	<b>72,758</b>
Minority interest	189	0
LIABILITIES		
Non-current liabilities	4,200	0
Current liabilities	17,329	18,630
<b>TOTAL LIABILITIES</b>	<b>21,529</b>	<b>18,630</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>94,522</b>	<b>91,388</b>

**CONSOLIDATED CASH FLOW STATEMENT (FAS)**

(EUR 1,000)	10-12/2023	10-12/2022	1-12/2023	1-12/2022
<b>Cash flow from operations</b>				
Operating profit	4,340	2,804	8,219	5,801
Depreciations	991	786	3,543	3,224
Other non-cash business activities	795	1,292	1,037	1,293
Change in working capital	-2,959	368	-1,100	-8,734
Financial income and expenses	106	-515	-570	27
Income taxes paid	-285	-1,006	-1,458	-1,905
<b>Cash flow from operations</b>	<b>2,987</b>	<b>3,730</b>	<b>9,672</b>	<b>-294</b>
<b>Cash flow from investments</b>				
Investments in intangible and tangible assets	-1,121	-654	-2,119	-1,628
Payment for shares in subsidiaries	0	0	-12,307	0
<b>Cash flow from investments</b>	<b>-1,121</b>	<b>-654</b>	<b>-14,426</b>	<b>-1,628</b>
<b>Free cash flow</b>	<b>1,866</b>	<b>3,075</b>	<b>-4,754</b>	<b>-1,922</b>
<b>Cash flow from financing</b>				
Change in non-current loans	-600	0	4,200	0
Change in current loans	-1,487	-858	-694	998
Dividend paid	0	0	-2,931	-5,130
<b>Cash flow from financing</b>	<b>-2,087</b>	<b>-858</b>	<b>574</b>	<b>-4,131</b>
<b>Change in cash and cash equivalents</b>				
Cash and cash equivalents at the beginning of the reporting period	19,453	22,110	23,710	29,810
Foreign exchange rate effect	-131	-617	-430	-47
Cash and cash equivalents at the end of the reporting period	19,101	23,710	19,101	23,710
<b>Change in cash and cash equivalents</b>	<b>-221</b>	<b>2,217</b>	<b>-4,179</b>	<b>-6,053</b>
<b>Change in working capital</b>				
Change in current receivables	-5,566	283	-1,135	-5,045
Change in inventories	2,397	713	1,777	-3,028
Change in current liabilities	210	-628	-1,742	-662
<b>Change in working capital</b>	<b>-2,959</b>	<b>368</b>	<b>-1,100</b>	<b>-8,734</b>

## STATEMENT OF EQUITY CHANGES

(EUR 1,000)	Share capital	Share premium	Invested unrestricted equity fund	Retained earnings	Profit for the period	Total
<b>Equity 1.1.2023</b>	<b>80</b>	<b>5,130</b>	<b>28,405</b>	<b>39,143</b>	<b>0</b>	<b>72,758</b>
Dividend paid	0	0	0	-2,931	0	-2,931
Conversion Differences	0	0	0	-2,709	0	-2,709
Items belonging to previous financial years	0	0	0	185	0	185
Profit for the period	0	0	0	0	5,502	5,502
<b>Equity 31.12.2023</b>	<b>80</b>	<b>5,130</b>	<b>28,405</b>	<b>33,688</b>	<b>5,502</b>	<b>72,805</b>
<b>Equity 1.1.2022</b>	<b>80</b>	<b>5,130</b>	<b>28,405</b>	<b>39,932</b>	<b>0</b>	<b>73,547</b>
Dividend paid	0	0	0	-5,130	0	-5,130
Conversion differences	0	0	0	-775	0	-775
Profit for the period	0	0	0	0	5,116	5,116
<b>Equity 31.12.2022</b>	<b>80</b>	<b>5,130</b>	<b>28,405</b>	<b>34,027</b>	<b>5,116</b>	<b>72,758</b>

Espoo, Finland 31 January 2024

Board of Directors  
Detection Technology Plc

**CALCULATION OF KEY FINANCIAL RATIOS**

EBITA	= Operating profit (EBIT) - Amortizations
Change in net sales, %	= (Net sales - Previous financial year's net sales) / Previous financial year's net sales x 100
EBITA, %	= EBITA / Net sales x 100
Net interest-bearing debt	= Interest-bearing liabilities - Cash and cash equivalents
Return on investment (ROI), %	= (Net result + Financial expenses + Taxes (12 months)) / (Equity + Interest-bearing liabilities (average 12 months)) x 100
Gearing, %	= (Interest-bearing liabilities - Cash and cash equivalents) / Equity x 100
Earnings per share, EUR	= Profit for the reporting period / Weighted average number of shares outstanding
Earnings per share (diluted), EUR	= Profit for the reporting period / Weighted average number of shares outstanding, diluted





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