

2023

Annual review





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Annual review 2023

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Detection Technology in brief

Detection Technology is a global provider of X-ray detector solutions and services for industrial, medical and security applications. The company's net sales increased by 5.3% to EUR 103.8 million in 2023, and operating margin (EBITA-%) excluding NRI was 9.3%.

The company has 460 active customers in over 40 countries. Detection Technology employs around 480 people in Finland, China, France, and the US. The company's shares are listed on Nasdaq First North Growth Market Finland under the ticker symbol DETEC.

Facts and figures

103.8

net sales, €m (98.6)

478

employees in Finland, China, France and the US (469)

5.3

net sales change-% (9.8)

201

market capitalization, €m 31 Dec 2023 (248)

9.7

EBITA excluding NRI, €m (6.1)

3,745

number of shareholders 31 Dec 2023 (3,478)

9.3

EBITA-% excluding NRI (6.2)

0.23

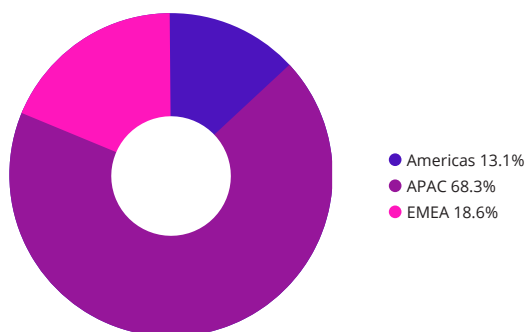
dividend proposal, €/share (0.20)

460

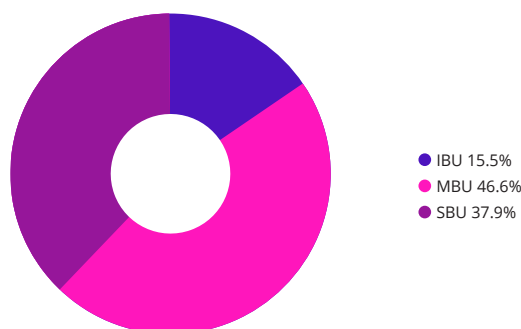
active customers in over 40 countries (390)



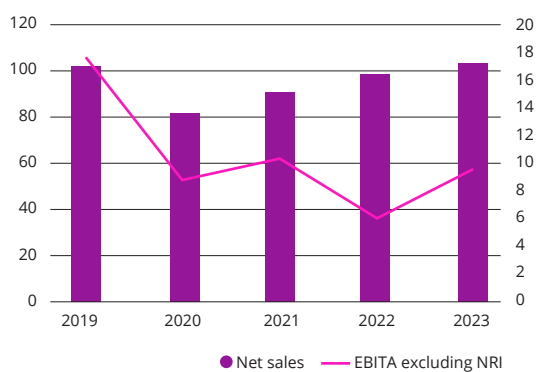
Net sales by region 2023



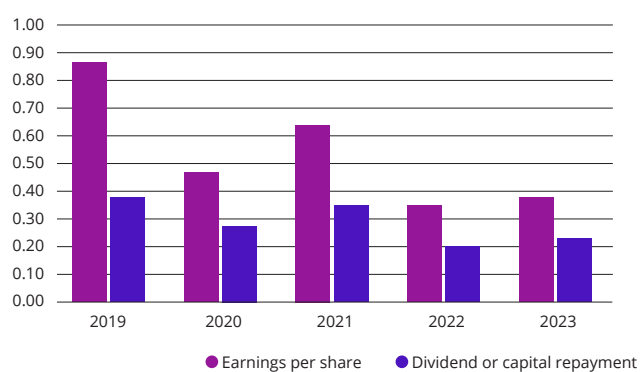
Net sales by business unit 2023



Net sales and EBITA excluding NRI (€m)



Earnings per share and dividend (€)



Financial development 2019–2023

	2023	2022	2021	2020	2019
Net sales, MEUR	103.8	98.6	89.8	81.6	102.5
EBITA excluding NRI, MEUR	9.7	6.1	10.6	8.9	17.7
EBITA excluding NRI, %	9.3	6.2	11.8	10.9	17.3
EBITA, MEUR	8.8	5.8	10.6	8.7	17.0
EBITA, %	8.5	5.9	11.8	10.7	16.6
Return on investment (ROI), %	9.9	7.5	15.1	13.6	28.5
Gearing, %	-17.4	-28.3	-37.6	-33.1	-34.9
Capital expenditure, MEUR	14.4	1.6	1.4	3.2	4.0
R&D costs, MEUR	-11.7	-12.5	-11.0	-9.9	-11.2

EBITA = EBIT less goodwill amortization according to Finnish Accounting Standards (FAS)





Review by the President and CEO

Prerequisites for growth in place

The year 2023 culminated in record-breaking quarterly sales and significant improvements in our results. We maintained our market position, and strategic investments improved our competitiveness. The prerequisites for growth are in place.

Global political and financial turbulence continued, and the eased component shortage alone was not sufficient to boost our business towards growth. All of our main markets were soft, demand, in particular, in China remained low-key for the entire year and competition became fiercer. Finding a footing for the growth path took some time and we were only able to regain our profit-making ability towards the end of the year.

Despite the challenges, we experienced double-digit growth in all but the third quarter. Our annual net sales increased by 5%, boosted by sales in security applications, and was 104 million euros.

Industrial application sales were characterized by a turbulent demand. Our key customers continued to clear their stocks that they had accumulated after the component shortage, which led to stagnant growth in Industrial Business Unit (IBU) sales. Thanks to our new TFT (thin-film transistor) flat panel detector portfolio, sales grew in Q4, but still lagged behind the set target.

The annual sales of the Medical Business Unit (MBU) also lagged behind our expectations. After Q1, demand began to soften globally. The Chinese government's anticorruption campaign targeted at health-care end operators came as an unpleasant surprise and slowed down our medical sales in H2.

Although demand in security applications remained stagnant in China for the entire year, demand recovered in aviation as well as computed tomography (CT) and line scanner applications, in particular, in the Americas and India. The annual sales of our

Security Business Unit (SBU) increased by over 14%.

Lower-than-expected sales, sales mix, greater credit loss provision and the last spot purchases as remnants of component shortages all negatively affected our profitability in H1. We tightened our belts in H2 to ensure an enduring improvement on our profitability.

“The strategic acquisition of Haobo Imaging energized our people.”

We carried out several efficiencies at the global level. In addition, we reduced the number of personnel on financial and production-related grounds. The efficiencies carried out, along with good growth in sales, boosted our financial result to the target level in Q4.

Strategically important year

The year 2023 was strategically important. We acquired Haobo Imaging and decided to invest in TFT flat panel detectors. These strategic decisions nearly doubled our total addressable market.





All feedback received from the markets has been positive, because the business acquisition will create customer and technology synergies. Our product portfolio now covers all digital X-ray imaging detector technologies. In our view, the new business will grow faster than our current business.

It has been particularly delightful to see how the corporate acquisition has energized our staff. We successfully completed the integration process of the new business, and we have enthusiastically continued the development and sales of our new product portfolio.

Another strategically important decision was the expansion of production in Oulu, Finland. Thanks to this investment, we are able to offer a wider range of

EU origin products, enhanced customer experience and minimize risks.

This will also improve our learning curve. We are building the production capability for photon-counting detector solutions in our new Oulu facility, because dialogue between product development and production is crucial in the industrialization of new technology.

Development on multiple fronts

In addition to the aforementioned strategic decisions, we strengthened our prerequisites for growth on numerous fronts. For example, we focused on promoting our value-based corporate culture and our ability to produce quality through Six Sigma and Kaizen.

The work is bearing fruit: the Excellence Supplier Award — Quality, which we received from one of our key medical customers, serves as an example. The award is a recognition of our sustained ability to both meet and exceed customer expectations.

We can also be proud of the fact that we achieved all of our sustainability goals set for 2023. We are committed to sustainable growth, and we also seek growth from sustainable development, for example, in the quality control of batteries used in electric cars.

A warmest thanks to you – our customers, owners, the DT team and partners – for your support! Let's continue securing our future together!

We have all it takes to achieve profitable growth in 2024! There will be bumps on the road but I'm sure that the journey will be rewarding to us all.

Hannu Martola

President and CEO

Sustainable development goals

We are committed and determined to work towards a more sustainable future. We continued to develop our operating model and to enhance our values-based company culture to better support our sustainable development goals. The work has born fruit, and all sustainable development goals set for 2023 were met.

In the table on the next page, we present the 2023 outcomes and the targets set for 2024 in detail. Our way to manage sustainability complies with the certified ISO standards, and we acknowledge and continuously implement the Code of Conduct of the Responsible Business Alliance (RBA). We have set metrics to measure our sustainable development in every area of our Code of Conduct.

2023-targets met

We achieved all the sustainable development goals set for 2023. In 2023, themes and subitems on our sustainability agenda remained mainly the same as in 2022. We had revised the KPI (key performance indicator) setting for CO2 intensity (Scope 2) and set a longer-term target.

Based on careful analysis, we have kept themes and subitems on our sustainability agenda largely the same for 2024. One highlight is that we have modified our occupational health and safety KPI from lost time incident to total recordable incident rate (TRIR).

The new metric is more comprehensive as it encompasses a broader spectrum of incidents thus providing a better measure of workplace safety. TRIR

includes not only incidents resulting in lost time but also considers other recordable incidents such as cases requiring medical treatment.

Boosted by incentives and culture

The sustainability KPIs are included in our incentive plans. With this we aim to ensure a strong focus in driving transformation and the achievement of sustainable development goals in 2024 and the years to come.

The short-term incentive (STI) plans involve all DT employees, including the President and CEO and other management group members. Since 2022, sustainability has also been a metric in our share-based long-term incentive (LTI) scheme, which is a target for the top management and other key personnel.

Furthermore, we continued to promote our values and values-based behaviors to better engage our employees in more sustainable practices and actions. A positive change can be seen in our mindsets and actions at company, team, and individual levels.

As an example of the change, sustainability aspects were carefully considered from a number of view-

points when designing and renovating the new site in Oulu, Finland in 2023. Actions taken in the factory project are presented in the pages to come.

During H2 of 2023, we introduced and implemented our sustainable development framework and goals

to the newly acquired business, Haobo Imaging. With this introduction, we promoted our 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.

Sustainable development goals

Themes and items	Metric	2023 target	2023 result	2024 target
Quality				
Six Sigma	% of trained white-collar employees	90%	90.2%	90%
Environment				
Scrap weight	Scrap weight index	<1.4	<1.4	<1.4
Energy intensity	Electricity intensity	>5% reduction (Baseline 39.0 MWh/MEUR)	6% reduction	>5% reduction (Baseline 36.7 MWh/MEUR)
CO ₂ e intensity (Scope 2)	CO ₂ e intensity	50% reduction 2020–2025 (Baseline 25.5 tCO ₂ e/MEUR)	42% reduction	50% reduction 2020–2025 (Baseline 25.5 tCO ₂ e/MEUR)
Occupational health and safety				
Incident rate	Lost time injuries	0	0	-
Incident rate	Total recordable incident rate (TRIR)	-	-	≤2
People and business ethics				
Compliance with DT Code of Conduct	Reported violations of the DT Code of Conduct	0	0	0
Supplier sustainability				
Supplier sustainability evaluations	Sustainability assessments of selected key suppliers	According to a yearly plan	According to a yearly plan	According to a yearly plan

Highlights of sustainable development

Our way of conducting responsible business stems from our vision, mission, and values — integrity, simplicity, driven, and result. We care for the environment and society — as well as each other, and we strive for sustainability.

Sustainable development is a continuous journey for the common good. We are happy to share with you some highlights from our journey in 2023 towards a more sustainable future.

The highlights are presented based on the framework of the Responsible Business Alliance (RBA) and our Code of Conduct. Our quality, environmental, business ethics, people, and health and safety policies create the DT Code of Conduct.

Quality

Certified operations are a starting point for delivering quality solutions and services and minimizing the impacts of our operations on the environment. In 2023, we successfully completed the audits and achieved re-certification of ISO 9001:2015 and ISO 14001:2015 for our sites in Oulu and Espoo, Finland, and Beijing and Wuxi, China, as well as ISO 13485:2016 in Wuxi.

By the end of the year 2023, 88% of our employees worked in ISO certified sites. The year-on-year decline in the percentage is a result of the acquisition of Haobo Imaging. Activities are already ongoing to establish and implement a certified management

system at the newly acquired business and site in Shanghai, China.

In November, we received an Excellence Supplier Award — Quality from a key medical customer. We were awarded as a long-term strategic supplier, who has precision manufacturing processes and stringent requirements for consistency in product performance and quality that meet and exceed customer expectations.

We continued to systematically apply the Six Sigma, which is a disciplined, data-driven approach and methodology for reducing variation in all processes, from manufacturing to business processes, and from product to service. The number of Six Sigma-trained white-collar employees has been our key performance indicator for a number of years. By the end of 2023, 90.2% of our white-collar employees were trained in the Six Sigma methodology.

In December, we hosted a Six Sigma certification ceremony as an online event. This time we celebrated the certification of three (3) new Green Belts and one (1) new Black Belt. During the ceremony, the newly certified employees shared a summary of



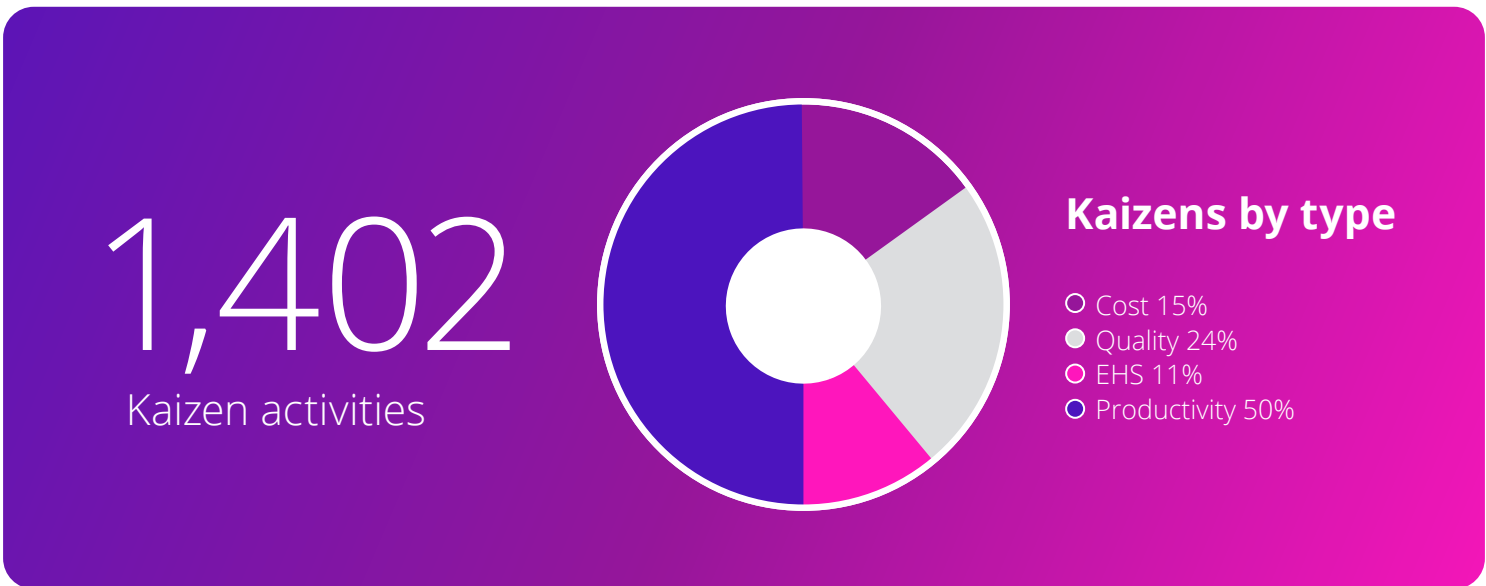
“We received an Excellence Supplier Award – Quality from a key medical customer.”

their projects, as well as an analysis of the impacts to the company in terms of quality improvement, and cost savings, among others.

At Detection Technology, we encourage our employees to share any improvement ideas that can contribute to the overall continuous improvement of our company. In 2023, we exceeded our goal of completing 1,400 Kaizen activities globally. A grand total 1,402 Kaizens were carried out by our employ-

ees. The increase from the year 2022 is one hundred Kaizens.

In addition, we have maintained and developed our Lean manufacturing capabilities based on consultation with Toyota and have systematically provided training on the Toyota Production System (TPS) since 2016. The number of TPS-trained employees has increased and was 107 (89) at the end of 2023.



Environment

Environmentally sound solutions are a must, and the X-ray imaging industry and ourselves, as one player in the field, are constantly seeking ways to reduce our impact on the environment and to introduce solutions and services, such as the myDT+ service portfolio, that help to resolve global environmental challenges.

We consider circular and eco-economies to be business opportunities—X-ray imaging will be used increasingly in recycling and sorting, optimizing manufacturing processes, and the quality assurance of components such as electric car batteries. This way, our solutions have a clear positive environmental impact.

We continued to develop and measure the environmental sustainability of our business. We have not received information on any environmental infringements during the fiscal year of 2023.

We implemented Kaizens and other improvement proposals for energy saving and environment protection. We also embed energy management in all applicable processes and ways of working, for example, the energy consumption index is a key assessment indicator for our equipment purchases, equipment will be shut down at optimum times, the optimization of the central air-conditioner system will be continued, and employees have maintained good habits and behaviors regarding saving water, paper, and electricity.

In March, our main manufacturing site completed a key customer audit focusing on carbon emission management and was top ranked among the assessed suppliers. We consider all customer audits to be great learning opportunities. The results of audits are taken as input for further development and to achieve our 2025 carbon emission reduction targets.

Examples of climate-smart X-ray imaging solutions

Manufacture of renewable energy technologies

X-rays enable the rapid non-destructive, detailed inspection of the internal structure of wind turbine blades to reveal defects which could otherwise lead to costly catastrophic failures.

Electricity generation from bioenergy

X-rays used for the sorting and grading of biofuels to identify contaminants such as rocks and soil which may cause damage to machinery, and to the in-line measurement of moisture.

Material recovery from non-hazardous waste

X-rays provide a highly effective means of sorting waste based on density or atomic number with the ability to distinguish materials not possible with other technologies.

Battery manufacturing

X-rays detect failures efficiently for safety and performance of lithium batteries manufactured for electric vehicles, consumer electronics, and renewable energy storage systems.

We continued to enhance our competence in environmental and safety matters related to our 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, we further enhanced our understanding of the most recent regulations and continued to benchmark the best practices in the industry.

We have boosted use of Design for Environment (DfE) processes and tools to minimize the environmental impact of our detector solutions across their entire life cycle. This methodology is used from the concept phase and is constantly reviewed throughout the product development process. Some aspects considered under this umbrella are material selection, the energy consumption of products, manufacturing techniques, packaging, and disposal, among others. DfE has been part of our R&D and other processes for several years.

In addition, we organized several activities to promote environmental awareness. As an example, we organized induction sessions for all new employees, including the personnel of the acquired Haobo Imaging, and yearly refresher trainings to all employees, and encouraged our employees to participate in global initiatives, such as Earth Hour in March and World Environment Day in June.

Due to existing policies in Beijing, China, it is not yet possible to procure green electricity from the open market. We will monitor the policy development and aim to put green electricity into use as soon as possible in our manufacturing site in Beijing. We have continued using renewable energy at Wuxi to minimize our CO2 emissions.

Our environmental management system was audited against the requirements of ISO 14001:2015 with no major findings, and 88% of our employees worked on ISO 14001:2015-certified sites in 2023. The year-on-year decline in the percentage is a result of the acquisition of Haobo Imaging.

DT group environmental performance 2023

CO2 EMISSIONS - SCOPE 2
(tCO₂e)

1,529 (1,740)

CO2 INTENSITY - SCOPE 2
(tCO₂e/MEUR)

14.7 (17.7)

ELECTRICITY CONSUMPTION
(MWh)

3,814 (3,839)

ELECTRICITY INTENSITY
(MWh/MEUR)

36.7 (39.0)

SHARE OF RENEWABLE ELECTRICITY

26.9% (28.3%)

Business ethics

Our Code of Conduct consists of the quality, environmental, business ethics, people, and occupational health and safety policies. Our internal and external interest groups are regularly informed of the Code of Conduct, and it is available on our website.

During H2 of 2023, we introduced and implemented our sustainable development framework and Code of Conduct to the newly acquired business, Haobo Imaging. With this introduction, we promoted our commitment to conduct value-based and ethically sound business. The introduction was conducted to the entire Haobo Imaging team.

All DT employees are responsible for following and promoting this code within our business ecosystem. We expect our suppliers and other partners to conduct their business in compliance with the same standards. We encourage our employees to report any compliance concerns.

DT has a whistleblowing channel which provides an opportunity to communicate on suspected wrongdoings affecting people, our organization, society, or

the environment. The whistleblowing channel can be used to inform about any violations of cases of misconduct, such as bribery or corruption, other illegal activities, acts, or actions in violation of our Code of Conduct.

The whistleblowing channel complements our other feedback channels, and it is targeted at both internal and external interest groups. We have not received notifications on any infringements of EU or national laws or our Code of Conduct through the whistleblowing channel or other reporting channels in 2023.

In 2023, we continued our Supplier Sustainability Evaluation Program. The program includes the themes covered in our Code of Conduct: quality, environment, business ethics, people, and occupational health and safety.

We are committed to supporting the responsible sourcing of minerals. We have adopted a Conflict Minerals Policy and have communicated it to our suppliers. Together with them, we ensure that no conflict minerals are used in our products.

Occupational health and safety

We aim to make a positive impact on people's health and safety. We do this through our products and services and by taking care of our employees and partners. We are continuously taking actions and measures to maintain and improve our safety culture.

We provide occupational health trainings, announcements, safety month activities, and provide feedback channels so employees can report hazards and raise ideas for improvement. Our employees can be rewarded for their contribution to the development of occupational health and safety (OH&S).

Our manufacturing site in Beijing achieved 2,000 zero accident days in production on 25 June, and our production and service site in Wuxi achieved 1,000 zero accident days in production on 31 July. The new records have required every employee to commit to the development of safe work conditions and zero tolerance, which is an integral part of our company culture. We have not received information on any lost-time injuries at the Group level during the review period January–December 2023.

The sites with records organized celebration activities and a retrospective summary with all employees to share the past OH&S work highlights. The aim was to recall the positive points, and to enhance the courage and confidence to keep on with continuous improvement in OH&S.

China Work Safety, the 22nd theme month focusing on occupational safety, was organized in June. The company participated in the national theme month by organizing a number of activities at its sites in China.

The company also organized safety drills and first aid trainings at its sites in Wuxi, Beijing, Oulu, and

Moirans during H1 of 2023. The drills covered fires, the evacuation of employees, and chemical spills, among others.

In November, we took part in a National Firefighting Day in China. Our 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. In addition, our site was listed in the top 20 for the Excellent Safety Officer award category. This is the result of the high-level commitment to safety, leadership, and participation of all DT employees.

We continued the Work Safety Standardization certification renewal process at our manufacturing site in Beijing. The site has completed the first-round inspection and review and is pending local government and management system certification and accreditation organization for the validation. The certification was awarded at our site in 2020 and is the highest recognition in the field of safe production in China.

For 2024, we decided to set a new KPI (key performance indicator) to measure our OH&S performance. We changed from the lost time incident metric to the total recordable incident rate (TRIR). This new metric is widely used by our key stakeholders and industry peers.

Key figures

478

employees at the end of 2023 (469)

40%

women (35%)

60%

men (65%)

16

nationalities (17)

10%

employee turnover rate (13%)

People

Committed, inspired and wellbeing professionals are the foundation of our success. We strive to provide an employee experience that maximizes full potential of our people. We value the diversity of our personnel, and promote a company culture that supports open dialog and feedback.

Most of our employment relationships are permanent. At the end of 2023, we employed 478 people (469). The number of personnel increased by 2% year-on-year. A total of 369 people worked in China, 95 in Finland, 10 in France and 4 in the US.

The development of the number of personnel was stable and mainly influenced by two factors: the focus and efficiency measures taken in H2 of 2023 and the Haobo Imaging acquisition. As a result of the focus and efficiency measures, the number of personnel decreased by 27 people globally, and on the other hand, because of the acquisition, 41 people joined our company.

As a part of the said focus and efficiency measures, we decided to centralize our business in eastern China at our production and service site in Wuxi and the new site in Shanghai, which was transferred to us through the business acquisition. We, therefore, closed our talent hub in Nanjing.

Overall, our employee turnover was moderate. At the DT Group level, voluntary turnover decreased to 10% (13%) due to a significantly lower turnover rate especially in China.

The share of females increased year-on-year and was clearly above the technology industry average. Of our personnel, 40% (35%) were women and 60% (65%) men. At the end of the review period, 25% (13%) of the Group's management team members were women.

The number of different nationalities represented in our company remained stable in 2023. Our company employed people of 16 different nationalities (17).

However, diversity at DT is seen much more than cultural background and gender. As a practical exam-

ple, we brought a diverse team of DTians, as we call ourselves, together to explore new ideas for shaping the DT-2030 vision. The cross-functional teamwork was started in 2022 and completed in early 2023.

Acquisition as a great learning opportunity

The most significant event in 2023 was the acquisition of Haobo Imaging from a strategic and also from a people and culture point of view. With the acquisition, we onboarded over 40 new colleagues, and our global footprint expanded with a new site located in Shanghai, China.

We see the acquisition as a great opportunity for learning and cultural development globally. Haobo Imaging, officially registered as DT Imaging Technology (Shanghai) Co., Ltd. and internally known as DTS, is an agile start-up company. The DTS will have an independent role in further developing its business. However, the sharing of expertise at the group level is extremely important, as is the harmonizing of work practices and business processes.

We made good progress here during the H2 of 2023, and the formal integration process was successfully completed by the end of the year. The early signs of success in the integration process are promising based on the employee feedback and engagement so far.

However, we recognize that learning and knowledge sharing do not end here. We will have comprehensive X-ray flat panel competence in both Finland and China after the technology transfer. This strategic move creates group level synergies to be exploited, and there are no overlaps in competences.

Oulu operations expanded

Another strategically significant event, which also impacts us greatly from the people perspective, was the decision to expand production in Oulu, Finland. With this strategic move, we aim to expand our EU origin offering and to mitigate risks.

Our Oulu team has been working on the new premises as of 1 February, and production will commence in Q1 of 2024. The new site is designed to promote cross-functional collaboration and to enhance the

employee experience. The feedback from our people on this investment has been encouraging so far.

To support our aim to be a forerunner in future photon-counting technology, we will build the production capability for photon-counting detector solutions at the new facility and transfer small series production from France to Finland. We aim to achieve several synergies with these decisions. For example, the dialogue between product development and production is crucial in the industrialization of new technology. Building the production capability in Oulu, where we have significant product development, will enhance our learning curve.

Leadership skills remained in focus

In 2023, we continued making investments in leadership development. The DT Leadership Forerunner program, which brings leaders across functions and locations together to unify the leadership culture, was expanded to cover expert leaders. When the program was first introduced in 2021, the target audience was line managers. So far, the program has involved 96 leaders globally.

In H1 2023, we launched a Listen And Speak Up leadership program. The program focuses on themes such as wellbeing at work, psychological safety, and giving and receiving feedback. The program is intended for both line managers and specialists. So far, this program has involved 31 participants.

Values in action

We want to be clear about who we are as a company from values perspective and how we reflect them in our daily actions. Our values—integrity, simplicity, driven, and result—boost our mission, explain what we stand for, drive our way of working, help us to make right decisions, and engage and attract current and future talent.

We continued to promote our value-based company culture on many frontiers. Our values and values-based behaviors are particularly emphasized in our leadership development efforts. We have

embedded values-based behaviors into our leadership principles and practices, and our leadership development programs described above have been values-driven.

Since 2022, our values and values-based behaviors have been a part of our employee development discussions (EDD) to engage each of us in values-based behavior. Based on the feedback, the model has performed well.



The DT Leadership Forerunner pocket book was published in early 2023 to sharpen our leadership and team working skills. It contains number of field-proven tools and methods for everyday use.

As another example about the values in action, we continued to award Values Champions in 2023. 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.

Our values and values-based behaviors have been introduced to our new colleagues in Shanghai. During 2024, we will continue the internal promotion and implementation of DT values-based behaviors across different locations.

DT Heartbeat pulse survey

We measure the employee experience, including feedback on values-based behaviors and leadership, by using the DT Heartbeat pulse survey. The DT Heartbeat concept and process were defined in 2022, and it has become an important part of our constantly evolving feedback culture.

This bi-annual survey enables us to gain quicker and deeper insights and act on development areas in a timely manner. In addition, it also allows us to carry out benchmark analysis amongst industry peers and indicates a trend in our development for our external stakeholders.

In 2023, we carried out two surveys. The first survey was conducted in May, and the second one in November. The response rate was 77% for H1 and 85% for H2 2023. The average score was 3.4 for H1 and 3.3 for H2 on a scale of 1–4. The feedback has been analyzed and development measures selected together with our personnel.



Highlights of employee development programs

Program	Kicked off	Number of participants by the end of 2023
Six Sigma Target group: white-collar employees	2010	211 (217)
Lean manufacturing based on the Toyota Production System (TPS)	2016	107 (89)
Leading High Performance development program	2021	8 (8)
DT Leadership Forerunner Target group: all DT managers	2021	96 (70)
Listen and Speak Up leadership program Target group: all DT managers	2023	31 (N/A)

Examples of sustainability aspects considered during the Oulu factory project



Quality

- Improved visual management in the production area (e.g. use of monitors to communicate performance).
- Better separation between R&D, production and service areas, so each area can implement the quality control measures suited to its functions.

Environment

- During the construction the layout was designed in such a way that we can keep the spaces that are functional for DT and only demolish/construct if deemed necessary to adapt to our needs.
- Use of existing furniture as much as possible to reduce waste.
- Established donation programs for items that are still usable but no longer needed within the building, employees had the option to collect furniture, equipment, or office supplies for personal use.
- During construction our landlord Technopolis

evaluated the building structure and improved the insulation as needed so that the building is energy efficient.

- X-ray rooms are built for flexibility and modularity so we can re-use the structure in case of the need to expand or move them.
- Upgraded to more modern and efficient clean-room equipment.

People

- Organized employee surveys and workshops to define the new facility spaces and way of working.
- Acoustic material between office space and production area to reduce noise.
- Acoustic materials throughout the office.
- Acoustics for laboratories to minimize noise to other nearby rooms and areas.
- Improved lighting.
- A designated stretching area.
- Office area designed for different working modes e.g. collaboration areas vs. focused work areas.



Occupational Health & Safety

- More floorspace allows a better layout and reduces safety hazards.
- Dedicated spaces for different purposes in the shopfloor and laboratory areas.
- Ownership of different spaces clarified to improve 6S (5S + Safety).
- Chemical management and hazardous waste management areas carefully planned to avoid any health or safety hazards (e.g. through ventilation, access control, etc.).
- Improved ergonomics will be available in the CIQA & R&D measurement laboratory e.g. electric tables, table lighting, adjustable monitors, etc.

Business Ethics

- IT infrastructure was upgraded to ensure that all capabilities are in place and prevent potential security threats.
- Suppliers for the new facility project were studied and recommended by the project team and approved by the steering group.
- Suppliers are professional companies with good awareness of sustainability.
- Technopolis has a Code of Conduct and a Supplier Code of Conduct for the operations of subcontractors, the backgrounds of all Technopolis suppliers (Reliable partner report and customer responsibility) are checked and designated persons ensure that all supplier-related criteria are met before purchases are made.

**In partnership with UNICEF Finland,
the ACI network supports global
education work.**



A proud member of ACI

In 2023, we continued our work for children's rights and global education as a member of the Ahlström Collective Impact (ACI) network, which collaborates with UNICEF Finland. The ACI network directed an investment of close to 800,000 euros to UNICEF's global education program, which provides support for millions of children.

Internally, we boosted promotion of the work performed by the ACI network, and appointed ACI Ambassadors in various sites and teams. The task of ACI Ambassadors is to promote the awareness of children's rights and a sense of community within our company and external stakeholders.

UNICEF supported this work by launching a series of webinars on business and the rights of the child. Our ACI Ambassadors joined these Child Lens on Sustainable Business webinars, which were targeted at ACI network members. We also shared our insights and experience in family related practices in China as a part of the webinar that focused on delivering impact through family-friendly policies.

We celebrated Children's Rights Day in November

to increase awareness among our personnel and interest groups of the rights of children and how they are achieved. The day was promoted online, and a wide range of activities were organized locally at our sites.

Let's spark change for future generations

ACI is an internationally recognized network that unites public and private companies, foundations, shareholders, and employees to act together with UNICEF Finland for the rights of children and a greater global impact. With UNICEF and ACI, we have an international network of true change-makers who believe in the power of collaboration. The network has the passion and courage to spark changes in global societies for future generations.

The ACI network boosts the realization of the United Nations' Sustainable Development Goals (SDGs). ACI investments are directed to UNICEF programs that support annually selected SDGs.

ACI was initiated by the Eva Ahlström Foundation in 2020. At present, the ACI network members are Ahlstrom, A. Ahlström, Ahlström Invest, Avain Yhtiöt, Destia, Detection Technology, Eva Ahlström Foundation, Glaston, M&J Recycling, Suominen and Walter Ahlström Foundation. Detection Technology became a member in early 2022.

[Learn more >](#)

Getting ready for CSRD reporting

In the fiscal year 2024, Detection Technology is preparing for reporting in accordance with the Corporate Sustainability Reporting Directive (CSRD). The CSRD reporting obligation will be applicable for our company as of 2026 when publishing the financial statements for 2025.

We will have an interesting project ahead of us. The journey will include bigger and smaller scale development activities such as materiality analysis, and the adjustment of data collection and other processes and ways of working to support the upcoming reporting changes.

The CSRD broadens and deepens our non-financial reporting significantly and increases the transparency of the provided information. It requires us to assess both how our company impacts people and the environment as well as sustainability related impacts on our company.



Re-certified as a Nasdaq ESG Transparency Partner

Our company was re-certified as a Nasdaq ESG Transparency Partner. This recognition is presented to companies that display a high level of transparency on environmental, social, and governance issues (ESG) to its current and future investors, and its customers. The Nasdaq ESG Matrix ESG data points are included in our company's sustainability agenda.

DT way to manage sustainability

The DT way to conduct responsible business stems from our vision, mission, and values—integrity, simplicity, driven and result. The DT way is business-driven and closely linked to our company culture, which aims to provide a unique customer experience and excellence in quality. It is all about how to treat people and the environment, and how to foster financial performance now and in the future.

We manage sustainability via our ISO 9001:2015-, ISO 14001:2015-, and ISO 13485:2016-certified management systems, and we acknowledge and continuously implement the Code of Conduct of the Responsible Business Alliance (RBA). The RBA Code of Conduct is a set of social, environmental, and ethical industry standards that comply with international laws and practices, such as the Universal Declaration of Human Rights, ILO International Labor Standards, OECD Guidelines for Multinational Enterprises, and ISO and SA standards.

The everyday work of our employees, DTians, is guided by the principles set forth in the Code of Conduct and many other company policies. Our quality, environmental, business ethics, people, and health and safety policies create the DT Code of Conduct. These policies ensure that working conditions are safe, employees are treated with respect and dignity, and business operations are environmentally responsible and ethically conducted.

Our management and employees have the obligation to comply with the Code of Conduct and to promote its implementation within our business ecosystem. We expect our suppliers and other partners to comply with the same standards in their business operations and aim to ensure that they, in turn, also expect the same of their partners.

The Code of Conduct is available on our website
www.deetee.com/company/sustainability

RBA

The Responsible Business Alliance (RBA) is a nonprofit coalition of companies dedicated to improving social, environmental, and ethical conditions in their global supply chains. The RBA was founded in 2004, and it was formerly known as the Electronic Industry Citizenship Coalition (EICC).

www.responsiblebusiness.org

Highlights of events and releases in 2023

1-4 March

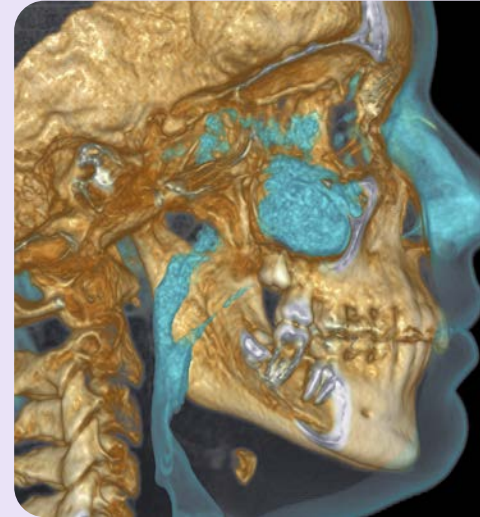
DT showcased its off-the-shelf and customized solutions for medical CT and surgical imaging at the ECR show in Vienna, Austria.



20 March

DT announced that it has entered a research consortium to develop X-ray detector solutions for a novel dental and head imaging method.

[Read more >](#)

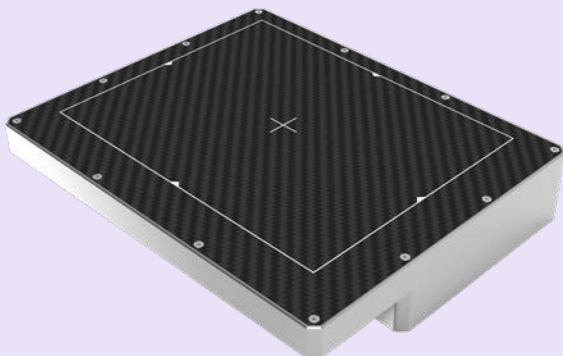


2023

15 March

DT signed an agreement to acquire Shanghai Haobo Imaging Technology Co., Ltd., an X-ray flat panel detector provider, to almost double its total addressable market. The acquisition enabled DT to enter the TFT (Thin-Film Transistor) flat panel detector market segment, which is estimated to represent over 40% of the total digital X-ray detector market of EUR 3.1 billion by 2025.

[Read more >](#)



4 May

DT launched high-resolution and high-speed TDI (time delay integration) cameras to enhance in-line battery inspections.

[Read more >](#)



9-12 May

DT promoted new flat panel and line scan detector solutions at the Control 2023 show in Stuttgart, Germany.

**9-11 May**

DT showcased its new line scan and flat panel detector solutions at the ASNT Digital Imaging for NDT show in New Orleans, USA.

14-17 May

DT, together with Haobo Imaging, showcased its standard flat panel and CT detector solutions at the CMEF 2023 show in Shanghai, China.

**7-10 June**

DT promoted its CT, line scan and flat panel detector solutions at the Security China 2023 show in Beijing, China.

**19 June**

DT announced Ahlström Collective Impact's (ACI) investment for global education work.

[Read more >](#)

3 July

DT completed the acquisition of Haobo Imaging. DT acquired around 90% of the shares in Haobo Imaging. With the acquisition, its product range covers all digital X-ray imaging detector technologies.

[Read more >](#)



14 August

DT initiated change negotiations to improve its operational efficiency and profitability.

[Read more >](#)

23 August

DT completed the change negotiations in Finland.

[Read more >](#)

26 July

DT announced that it will move to new premises in Oulu, Finland, in order to provide a greater EU Origin offering and enhance risk mitigation.

[Read more >](#)



6 October

DT announced its aim to build production capability for photon-counting detectors (PCD) to a new manufacturing facility in Oulu, Finland.

[Read more >](#)

23-26 October

DT showcased its comprehensive portfolio of line scan and flat panel detector solutions at the ASNT 2023, the annual conference, in Houston, Texas, USA.

7 November

DT announced changes in its management.

[Read more >](#)

14 November

DT met private investors at the Sijoittaja 2023 event in Helsinki, Finland.

20 November

DT celebrated the World Children’s Day together with the ACI network in order to raise awareness of children’s rights.

26–29 November

DT promoted its new flat panel offering, medical CT solutions, and plans to be a forerunner in photon-counting CT solutions at the RSNA show in Chicago, USA.



2024

29 November

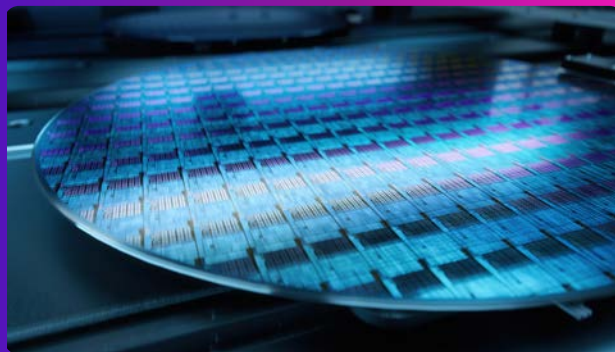
DT’s Chinese subsidiary was re-certified as a High and New Technology Enterprise (HNTE) for the upcoming three-year period.

30 November

DT received an Excellence Supplier Award — Quality from a key medical customer. DT was awarded as a long-term strategic supplier, who has precision manufacturing processes and stringent requirements for consistency in product performance and quality that meet and exceed customer expectations.

25 December

DT’s main manufacturing site was listed in the top 10 for Outstanding Organizational Units and Best Practice Activity categories out of 884 enterprises assessed by Beijing Economic-Technological Development Area (BDA).

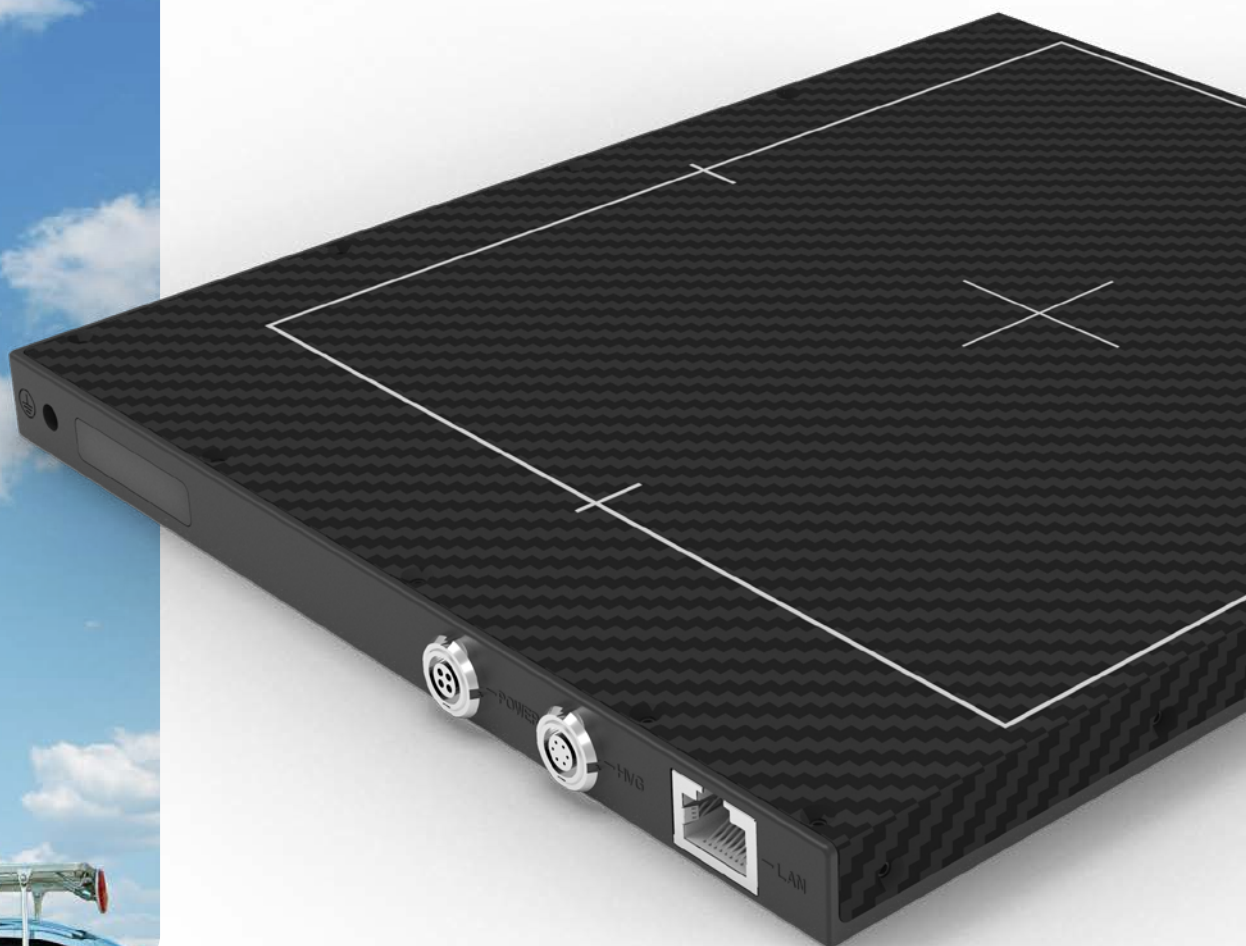


Detection Technology acquired Haobo Imaging and invests in TFT technology to double its total addressable market





The most significant event in 2023 was our business acquisition. We acquired Shanghai Haobo Imaging Technology Co., Ltd., to almost double our total addressable market. This acquisition enables us to enter the TFT (Thin-Film Transistor) flat panel detector market segment, which is estimated to represent over 40% of the total digital X-ray detector market of EUR 3.1 billion by 2025.



Haobo Imaging

- Now DT Imaging Technology (Shanghai) Co., Ltd.
- Designs and produces a-Si, IGZO and CMOS X-ray flat panel detectors
- Solutions comprise both HW and SW
- Established in 2018
- Based in Shanghai, China
- Employs around 40 professionals
- Granted several patents in China
- Has a well-established customer base

The acquisition marks a cornerstone in the DT-2025-strategy. We consider that this strategic move will enhance customer experience and support our long-term growth.

We have been pioneering the line-scan and CT (computed tomography) detector solutions and are building CMOS (complementary metal oxide semiconductor) flat panel and photon-counting detector product portfolios. We have now taken a significant step to cover an even much wider market.

In the future, we will be able to service the full spectrum of the global digital X-ray imaging markets. Our offering covers all digital X-ray imaging detector technologies, and we will have comprehensive X-ray flat panel competence in both Finland and China after the technology transfer.

Strong knowhow in TFT flat panels

Haobo Imaging, now registered as DT Imaging Technology (Shanghai) Co., Ltd., has solid product platforms and strong knowhow in static and dynamic



Acquisition details

- Detection Technology acquired a total of 89.75% of the shares of Haobo Imaging for EUR 12.1 million
- Financed with cash reserves and a term loan
- No material assets or liabilities were transferred
- Generated a consolidated goodwill of EUR 11.3 million
- The sales of the acquired business are reported as part of Detection Technology's existing business units
- The financial information of the acquired business was consolidated to the Group's financial reporting as 1 July 2023

TFT flat panel detectors based on a-Si (Amorphous Silicon) and IGZO (Indium Gallium Zinc Oxide) technologies. The main application for TFT flat panel detectors is in medical X-ray imaging, and there is also growing demand in industrial and veterinary fields.

Over the coming two to three years, we will embark on an accelerated development path. We plan to invest in developing and introducing new TFT flat

panel detector solutions to current and new customers. The products will be commercialized over the next three years.

We completed the acquisition at the beginning of Q3 and the integration process in Q4 of 2023. The financial information of the acquired business was consolidated to Group financial reporting as of the beginning of July 2023.



Oulu manufacturing expanded to enhance EU Origin offering and risk mitigation

At the beginning of the second half of 2023, we announced our plan to move to a new production and office site in Oulu, Finland. With this strategic move, we aim to expand our EU origin offering, to mitigate risks, and to enhance customer experience.

The factory project progressed as planned, and the modification work of the facilities built for demanding electronics manufacturing was completed in January 2024. Our Oulu team has been working on the new premises as of 1 February, and production will commence in Q1 of 2024.

Our customers have warmly welcomed our new site in Oulu. In our view, this strategic investment worth about EUR 1.5 million will strengthen our global competitiveness and support us in our risk mitigation.

We are now better positioned to serve our European and American customers. The expanded production capability in Oulu enables a faster service and delivery for customers outside Asia, and cost savings on US tariffs.

Easily scalable production

We are known for our world-class manufacturing capability with high flexibility. Our factory in Oulu is designed to support fast-paced volume and product

mix changes as it will be modular and easily scalable. Furthermore, it will run on the same high standards as our other production sites.

In the Oulu factory, we will focus on the end assembly and testing of specific product families. Other manufacturing steps remain in our volume production sites in China.

To support our aim to be a forerunner in future photon-counting technology, we will build up our production capability for photon-counting detector solutions in the new facility and transfer small series production from France to Finland. This will enhance both the learning curve and the cost structure of our operations.

We have production sites in Beijing and Wuxi, China, and the small-series production of flat panel detectors in Shanghai. Our Oulu operations have been supporting new product introduction (NPI) since 2014.

Oulu factory in a nutshell

- Production floor area 1,000 m²
- Clean room class ISO 8
- Focus on module assembly and testing
- X-ray testing and application development
- Located in the Technopolis Linnanmaa campus close to the University of Oulu and research institutions

The most trusted partner for X-ray imaging

For people's health and safety, we equip X-ray systems with high-quality detector solutions and service. Our trusted solutions are the first choice for medical, security, and industrial imaging. We enable one-stop shopping for all detector needs—that makes us unique.

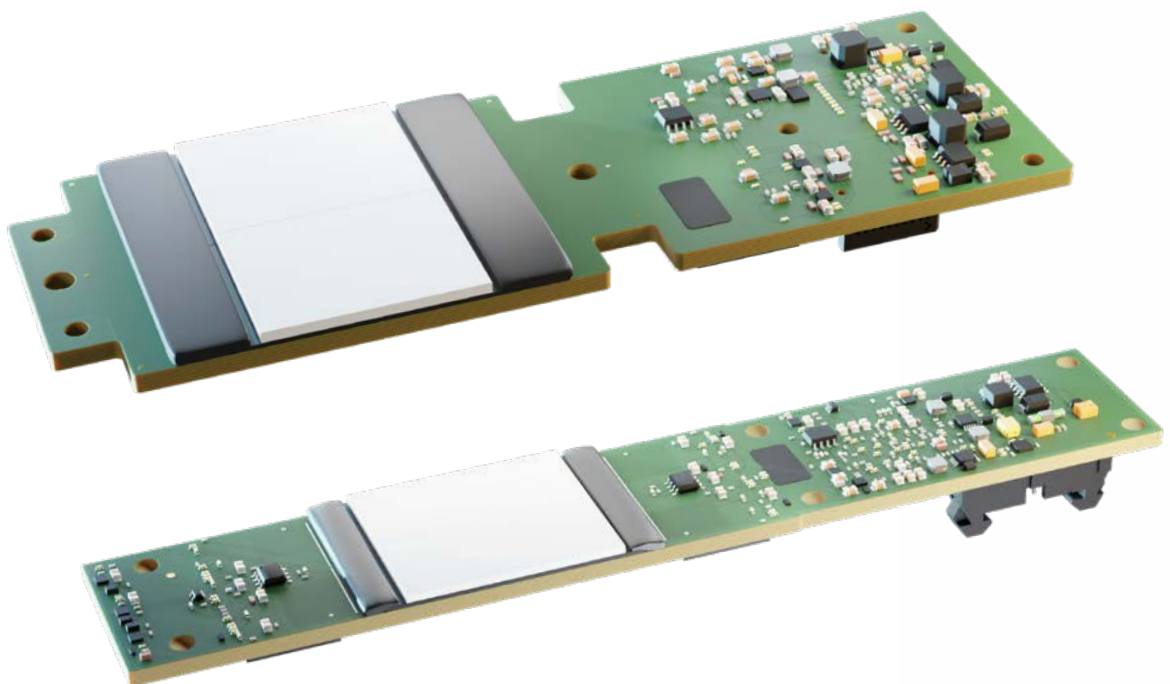
We offer off-the-shelf and customized detectors for original equipment manufacturers (OEMs) and system integrators. Our solutions range from sensor components to optimized detector subsystems with ASICs, electronics, mechanics, software, and algorithms.

Our solutions meet the performance and reliability requirements of the most stringent applications, such as high-end computed tomography (CT) systems. We have what it takes to become a forerunner in photon-counting CT (PCCT) imaging as we are

pioneers in PC and CT detectors. Furthermore, our products are built on modular, scalable and easily customizable platforms.

We know that tiny details done right make a big difference, and that's why we are always pushing the edge of design for improved quality. When it comes to people's health and safety, only reliable and robust solutions are acceptable.

Over two billion inspections are carried out daily using our technology, and the number is growing rapidly. We are known as a company providing the best-in-class X-ray imaging solutions, service, and flexibility for a unique customer experience, always.





MEDICAL APPLICATIONS

- Computed tomography (CT)
- Dental imaging
- Surgical imaging
- Digital radiography
- Veterinary imaging



SECURITY APPLICATIONS

- Cabin and hold baggage screening
- Parcel and mail screening
- Cargo, container and vehicle screening
- Person screening



INDUSTRIAL APPLICATIONS

- Material sorting in the agriculture, forest, mining and recycling industries
- Production process control and quality inspection in the aerospace, automotive, battery, defense, food, pharmaceutical, renewable energy, oil, and gas industries



Global trends as growth drivers



AGEING POPULATIONS

boost investments in healthcare.



THE GROWING IMPORTANCE OF SECURITY

boosts public and private sector investments in security.



THE ECO-ECONOMY

boosts X-ray demand as green products and services, such as energy harvesting and storing, and electric vehicles, become more common.



THE CIRCULAR ECONOMY

boosts X-ray demand as recycling and material sorting increase.



DIGITALIZATION AND AI

boost X-ray usability as data utilization reaches a new level.



QUALITY AND EFFICIENCY REQUIREMENTS

boost the use of X-rays in quality assurance of materials, components, and processes.



EMERGING MARKETS

boost investments in healthcare and security as purchasing power increases with GDP growth.



PANDEMICS

boost healthcare investments in developed and emerging countries.



LACK OF RAW MATERIALS

boosts the use of X-rays in the exploitation of scarce discoveries.



ACCESSIBILITY
of imaging technology



X-rays used to image an
INCREASING
number of objects





MEDICAL MARKET

Annual growth rate

5%



INDUSTRIAL MARKET

Annual growth rate

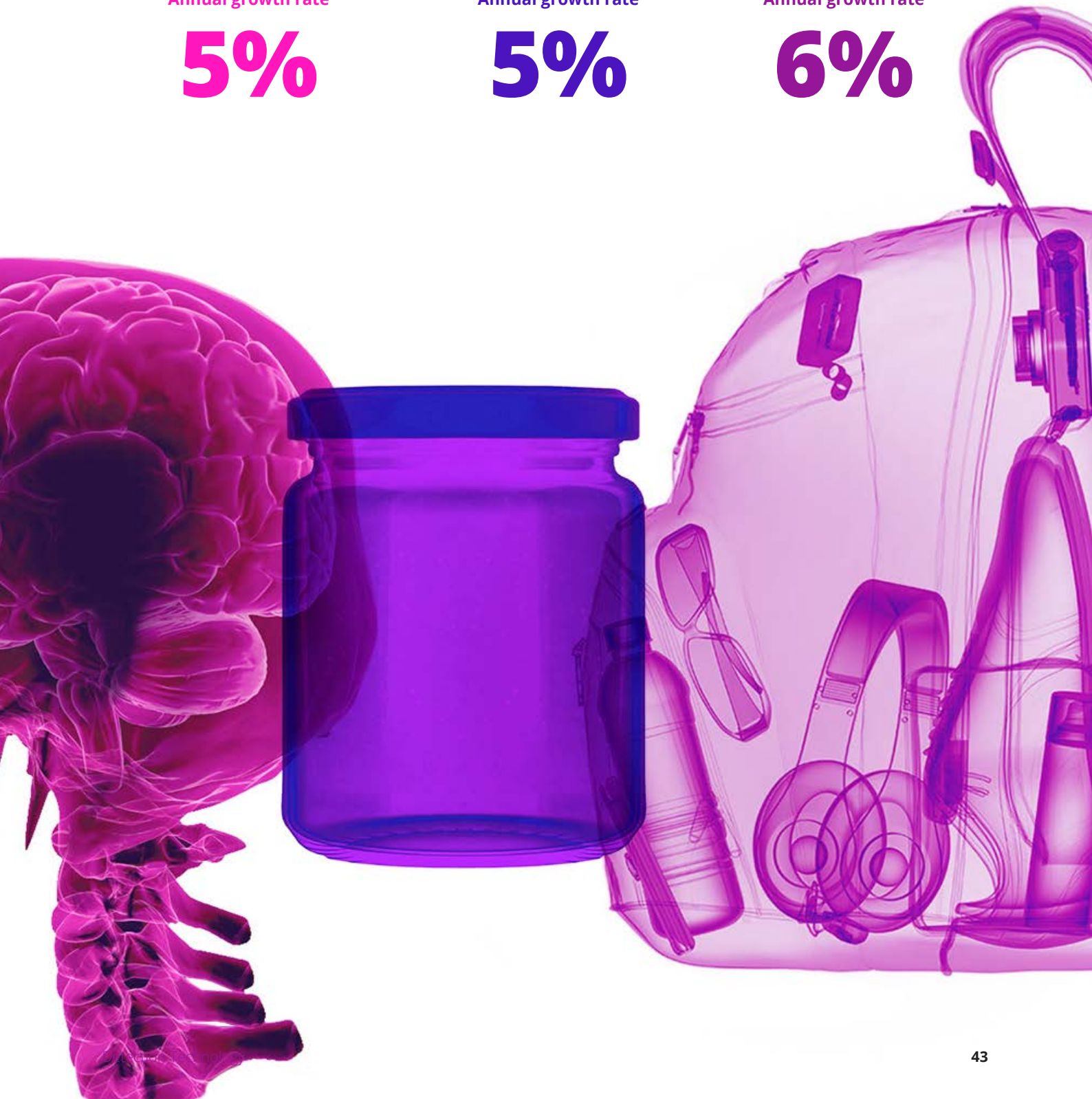
5%



SECURITY MARKET

Annual growth rate

6%



VISION

**Being the most
trusted partner
imaging the
unknown**

MISSION

**Create foresight
capabilities quicker
to discover and
prevent threats**

DT-2025 strategy

Our strategic target is to be the growth leader in digital X-ray imaging detector solutions and a significant player in other technologies and applications where we see good business opportunities.

The cornerstones of our strategy are a focus on X-ray technology, customer and equipment specific tailoring, investments in research and product development and geographical reach.

Our asset-light business model enables growth as we focus on our core competencies: technology development, design, critical processes, final assembly, and testing. This business model allows flexibility from design to production and delivery.

Financial targets

MEDIUM TERM
Annual sales growth

>10%

MEDIUM TERM
Operating margin (EBITA)

15%

ANNUAL
Dividend or returned capital

30–60%

7,400,000+

Cumulative number of solutions shipped.

1,800,000+

Cumulative number of solutions shipped to CT systems.

2,000,000,000+

Inspections done daily with our technology.

10+

Percent (%) of the world's population travel safer and live healthier every day thanks to our solutions.

500+

World-class brands protected by utilizing our competences.

10+

Number of Forbes Global 2000 companies as customers.

20

Estimated global market share (%) in the CT and line scan segments.

30+

Years serving the main players in the industry.

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 Annual General Meeting is on 27 March 2024 at 15:00 (EET).

Detection Technology

Financial statements and Report of the Board of Directors

2023



Report of the Board of Directors

Financial year 2023 in brief

Detection Technology's year 2023 culminated in record-breaking quarterly sales and significant improvements in our results. The company maintained its market position in all of its businesses and significant strategic investments improved its competitiveness. This is a solid foundation to go forward.

The company's business environment was difficult to predict and challenging for growth in 2023. Global geopolitics, the US-China relations, global economy, inflation, the indirect impacts of the Russian aggression war and the war in Gaza created uncertainty. In addition, high stocks accumulated by some of the company's customers after component shortages had a negative impact on demand.

All of the company's main markets were soft. Demand, in particular, in China remained low-key for the entire year, and competition became fiercer globally. Returning to the growth path was challenging, and the company's profitability only reached the target level towards the end of the year.

Despite the growth challenges, Detection Technology's net sales grew in all but the third quarter, thanks to security application sales. The total net sales of the company grew by 5.3%, being 103.8 million euros in FY 2023.

Detection Technology's sales in industrial solutions remained below expectations as certain key customers in the food industry cleared stocks that they had accumulated during component shortages. Growth was boosted by demand in automotive NDT (nondestructive testing) towards the end of the year. Thanks to the new TFT (thin-film transistor) flat panel detector portfolio, sales grew in Q4, but still lagged behind the set growth target. The net sales of the Industrial Solutions Business Unit (IBU) grew by 0.2%, totaling EUR 16.1 million. IBU generated 15.5% of total net sales.

The net sales of the Medical Business Unit (MBU) also lagged behind expectations. After Q1, demand began to soften globally. The Chinese government's anticorruption campaign targeted at healthcare end operators delayed sales processes in H2. However, the sales lost due to the anti-corruption campaign were partly compensated by the closing of the annual budgets of Chinese public administration, thanks to which demand increased in Q4. MBU's annual sales increased by 0.5%, totaling EUR 48.4 million. MBU generated 46.6% of total net sales.

Demand in the security market continued to recover in all applications, but still lagged behind expectations in aviation applications and in China. Growth mainly originated from the security applications of urban environments and logistics in H1. In H2, demand improved, in particular, in the Americas and India; growth in sales mainly originated from computed tomography (CT) and line scanner applications for the aviation sector. Security Business Unit's (SBU) net sales increased by 14.3%, totaling EUR 39.3 million. SBU generated 37.9% of total net sales.

There were no significant changes in the geographical distribution of the company's net sales. Although the share of the Asia-Pacific (APAC) countries decreased slightly, it was, nevertheless, the most important market area of the company, generating 68.3% of net sales. The share of the company's top five customers of the company's net sales remained unchanged and was 50.7%.

Lower-than-expected sales, sales mix, greater credit loss provision and the last spot purchases as remnants of component shortages all negatively affected the company's profitability in H1. The company took the necessary measures to improve its profitability in H2.

Detection Technology carried variety of efficiencies at the global level and reduced the number of personnel on production and financial-related grounds. The efficiencies carried out, along with good growth in sales, boosted the company's financial result to the target level in Q4. The operating result (EBITA), excluding non-recurring items in January–December 2023, was EUR 9.7 million, corresponding to 9.3% of net sales.

2023 was a strategically important year for the company. Detection Technology acquired Haobo Imaging and decided to invest in TFT flat panel detectors. These strategic decisions nearly doubled the company's total addressable market. This acquisition enables Detection Technology to enter the TFT flat panel detector market segment, which is estimated to represent over 40% of the total digital X-ray detector market of EUR 3.1 billion by 2025.

The business acquisition will create both customer and technology synergies. Detection Technology's product portfolio now covers all digital X-ray imaging detector technologies. According to the company's view, the new business will grow faster than the current business.

Another strategically important decision was the expansion of production in Oulu, Finland. Thanks to the investment in the production facility, the company will be able to offer a wider range of EU origin products and enhanced customer experience. The decision was also important for risk mitigation.

All feedback received from the markets regarding the corporate acquisition and the Oulu production plant project has been positive. According to the company, both of these main events will further strengthen the company's global competitiveness and market position.

Although the business environment is still characterized by uncertainty and although competition is fiercer, Detection Technology considers its prerequisites for growth to have improved. With the company returning to the growth path at the end of the year, ideal prerequisites are now in place for profitable growth also in 2024.

Net sales and financial result development

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, Asia-Pacific's (APAC) share of total net sales was 68.3% (71.9%), Europe, Middle East, Africa's (EMEA) 18.6% (19.4%) and Americas' 13.1% (8.6%). Detection Technology's top five customers accounted for 50.7% (50.6%) of total net sales in the review period January-December 2023.

The company's operating profit (EBITA) for the review period January-December 2023 was EUR 8.8 million (5.8), or 8.5% (5.9%) of net sales. Non-recurring items (NRI) 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), or 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).

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.

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%.

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

Financial position

Cash flow from operations in January-December amounted to EUR 9.7 million (-0.3). Cash flow from financing activities in January-December was EUR 0.6 million (-4.1).

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. Otherwise, the investments were mainly targeted on modifications to the new facility in Oulu, Finland as well as production and measurement equipment.

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

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 change to the long-term loans was EUR 4.2 million (0.0). Use of bank limit amounted to EUR -0.7 million (1.0).

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.

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 16.7 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.

The loans taken by the company and the parent company's commitments to related entities are presented in the notes to balance sheet.

Key figures of financial performance

	Group	Group	Group	Parent company	Parent company	Parent company
	2023	2022	2021	2023	2022	2021
Net sales, EUR 1,000	103,794	98,580	89,813	30,470	27,462	23,872
EBITA excluding NRI, EUR 1,000	9,656	6,135	10,580	2,884	3,217	3,092
EBITA excluding NRI, %	9.3%	6.2%	11.8%	9.5%	11.7%	13.0%
EBITA, EUR 1,000	8,784	5,801	10,580	2,884	3,217	3,092
EBITA, %	8.5%	5.9%	11.8%	9.5%	11.7%	13.0%
Return on investment (ROI), %	9.9%	7.5%	15.1%	12.1%	-3.3%	22.1%
Earnings per share, EUR	0.38	0.35	0.64	-	-	-
Earnings per share (diluted), EUR	0.38	0.35	0.63	-	-	-
Equity ratio, %	77.3%	79.9%	80.4%	79.6%	90.4%	92.4%

*EBITA = EBIT less goodwill amortization according to Finnish Accounting Standards (FAS).
Earnings per share has been calculated based on weighted average number of shares outstanding.
Earnings per share (diluted) has been calculated based on weighted average number of shares outstanding, diluted.*

Number of shares

	2023	2022	2021
Number of shares at the end of the period	14,655,930	14,655,930	14,655,930
Weighted average number of shares outstanding	14,655,930	14,655,930	14,500,514
Weighted average number of shares outstanding, diluted	14,655,930	14,655,930	14,766,934

Research and development

During the financial year January-December 2023, research and development (R&D) expenses were EUR 11.7 million (12.5), corresponding to 11.3% of net sales (12.7%). All R&D costs are recorded 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. In January-December 2023, personnel expenses totaled EUR 24.1 million (23.0).

Headcount, salaries and rewards

	Group	Group	Group	Parent	Parent	Parent
	2023	2022	2021	company	company	company
				2023	2022	2021
Average headcount	484	464	441	103	100	87
Salaries and rewards (EUR 1,000)	18,938	18,275	15,100	7,405	7,282	6,158

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%
Total	478	469	1.9%

Board of Directors and management

The Annual General Meeting resolved that the Board of Directors consists of six (6) members. Carina Andersson, Marion Björkstén, Richard Ingram, Pasi Koota, Henrik Roos and Hannu Syrjälä were re-elected members of the Board of Directors. In its organizing meeting, the Board of Directors elected Hannu Syrjälä as the Chair and Henrik Roos as the Vice Chair of the Board until the next Annual General Meeting in accordance with the recommendation of the Shareholders' Nomination Board.

The Board of Directors has appointed Remuneration and Auditing Committees from amongst its number. The members of the Remuneration Committee have been Hannu Syrjälä, Marion Björkstén and Henrik Roos. The Remuneration Committee appointed Hannu Syrjälä to chair the committee. The members of the Auditing Committee have been Pasi Koota, Carina Andersson and Richard Ingram. Pasi Koota has acted as chair of the Auditing Committee.

The company's President and CEO was Hannu Martola. The company's auditor was Authorised Public Accounting firm KPMG Oy Ab, and Petri Kettunen, Authorised Public Accountant, acted as the Responsible Auditor.

At the time of writing the report, the management group consist of President and CEO Hannu Martola, Vice President of Medical Business Unit (MBU) Chen Wu, Vice President of Security Business Unit (SBU) Arve Lukander, Vice President of Industrial Solutions Business Unit Juha Talasmäki, Vice President of People and Culture Sari Holopainen, CTO Jyrki Still, Vice President of Operations Kai Utela and interim CFO Tiina Välkky.

On 30 January 2024, the company announced that Matti Nylander (M.Sc. Eng., born in 1978) has been appointed Chief Financial Officer (CFO) and a member of the management group at Detection Technology. He will be responsible for the Group's financial management and its development globally. Matti Nylander will start in his new role on 13 May 2024.

CFO and a member of the management group Petri Hiljanen left his position with the Group on 22 December 2023. Tiina Välkky started as an interim CFO and a member of the management group on 1 December 2023 and will continue in this role until 12 May 2024.

Report on the Corporate Governance

A report on the company's Corporate Governance (CG) has been given for FY 2023. The report can be found on the company's website.

Annual General Meeting

Annual General Meeting (AGM) 2023 of Detection Technology Plc was held on 30 March 2023. The following matters were handled and resolved in the AGM, in addition to the matters referred to in the company's Articles of Association:

1. The company's Board of Directors was authorized to acquire the company's own shares. This authorization amounts to 732,795 shares, and is valid until the conclusion of the following Annual General Meeting, but no later than 30 June 2024. At the end of FY 2023, the authorization had not been used.
2. The company's Board of Directors was authorized to issue a total of 1,465,593 new shares in the company. This authorization is valid until the conclusion of the following Annual General Meeting, but no later than 30 June 2024. At the end of FY 2023, the authorization had not been used.

Shareholders' Nomination Board

Based on the holdings on 1 September 2023, the Nomination Board has consisted of the Chair of the Nomination Board Lasse Heinonen as the representative of Ahlstrom Capital BV; and Deputy CEO of OP Asset Management Kalle Saariaho representing the OP mutual funds, and Director, Sustainability of Aktia Bank Markus Lindqvist representing Aktia's mutual funds. The Chair of Detection Technology's Board of Directors Hannu Syrjälä has served as an expert member of the Nomination Board.

The proposals of the Nomination Board to the Annual General Meeting were published on 23 January 2024. The proposals and the Charter of the Nomination Board are available on the company's website.

Shares and shareholders

The average share price of Detection Technology was EUR 15.86 in January–December 2023. The highest price for 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 2023. The company does not hold its own shares, and the authorization given to the Board of Directors by the Annual General Meeting to acquire the company's own shares has not been used.

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.

The largest, registered shareholders on 31 December 2023

	Shares	%
AHLSTROM CAPITAL BV	5,280,167	36.0%
SKANDINAVISKA ENSKILDA BANKEN AB (PUBL) HELSINGIN SIVUKONTTORI	1,814,386	12.4%
OP FINLAND FUND	617,376	4.2%
SJJOITUSRAHASTO AKTIA CAPITAL	548,762	3.7%
KESKINÄINEN TYÖELÄKEVAKUUTUSYHTIÖ VARMA	515,000	3.5%
KESKINÄINEN ELÄKEVAKUUTUSYHTIÖ ILMARINEN	435,737	3.0%
MARTOLA HANNU VEIKKO	431,690	2.9%
PENSIONSFRÖRSÄKRINGSAKTIEBOLAGET VERITAS	337,981	2.3%
OP FIN SMALL CAP	311,387	2.1%
EVLI FINNISH SMALL CAP FUND	280,000	1.9%
SÄÄSTÖPANKKI KOTIMAA -SJJOITUSRAHASTO	260,000	1.8%
SJJOITUSRAHASTO SÄÄSTÖPANKKI PIENYHTIÖT	206,904	1.4%
DANSKE INVEST FINNISH EQUITY FUND	198,120	1.4%
NACAWI AB	186,025	1.3%
FONDITA NORDIC MICRO CAP SJJOITUSRAHASTO	186,000	1.3%
ERIKOISSJJOITUSRAHASTO AKTIA MIKRO MARKKA	150,175	1.0%
NORDEA HENKIVAKUUTUS SUOMI OY	145,200	1.0%
SJJOITUSRAHASTO AKTIA NORDIC SMALL CAP	140,000	1.0%
CHEN WU	103,875	0.7%
KIRKON ELÄKERAHASTO	81,000	0.6%
The 20 largest shareholders in total	12,229,785	83.4%
Other shareholders	2,426,145	16.6%
Shares in total	14,655,930	100.0%

Breakdown of share ownership on 31 December 2023

Number of shares	Owners	%	Shares	%
1–100	2,170	57.9%	88,748	0.6%
101–500	1,099	29.3%	274,723	1.9%
501–1,000	207	5.5%	158,141	1.1%
1,001–5,000	175	4.7%	360,588	2.5%
5,001–10,000	26	0.7%	188,251	1.3%
10,001–50,000	42	1.1%	986,115	6.7%
50,001–100,000	7	0.2%	450,579	3.1%
100,001–	19	0.5%	12,148,785	82.9%
	3,745	100.0%	14,655,930	100.0%

Shareholding of the management on 31 December 2023

	Shares	%
Members of the Board	26,322	0.2%
President and CEO	466,690	3.2%
Other members of the management team	221,914	1.5%

Stock option programs

The subscription period of Detection Technology's stock options 2018B1 and 2018B2 ended on 31 May 2023. The subscription period of stock options 2020A1 and 2020A2 started on 2 May 2023 and will end on 31 May 2024. No subscriptions of stocks were made in either of the programs during the financial year 2023. 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.

Share-based long-term incentive scheme

On 1 February, the Board of Directors of Detection Technology Plc decided on the Performance Share Plan 2023–2025 (PSP 2023–2025). The performance period of the PSP 2023–2025 program started at the beginning of January 2023 and it will expire at the end of 2025. The potential awards under the performance share plan will be paid during H1 2026 as listed shares of Detection Technology.

The primary performance measure on the basis of which the potential share rewards under the PSP 2023–2025 program will be paid is the total shareholder return (absolute TSR) of Detection Technology's share. In addition, performance is evaluated with a sustainability metric, which is connected to the reduction of carbon dioxide emissions.

If all the performance targets set for the PSP 2023–2025 program are fully achieved, the aggregate maximum number of shares to be paid as a reward under the plan is approximately 270,000 (gross earnings before the applicable withholding tax). Approximately 60 people, including the members of Detection Technology's management group, are eligible to participate in the PSP 2023–2025 program.

The PSP 2023–2025 program is part of Detection Technology's share-based long-term incentive scheme established for the company's management and other key employees, which the company announced on 3 August 2022. The performance share plan consists of separate stock award plans, which the company's Board of Directors resolve on each year. The performance period of the first performance share plan, PSP 2022–2024, runs from the beginning of August 2022 to the end of 2024.

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 compet-

itive 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 Group has not hedged foreign exchange risks because the Group's sales in various currency areas are sufficiently balanced by purchases in the same areas. Group loans are not covered by interest rate hedging instruments, and consequently possible interest rate changes may impact the company results. The Group has taken measures to protect against material and immaterial damage by obtaining sufficient insurance coverage for its operations.

The Group manufactures high-tech X-ray detectors that meet rigorous quality standards and that are used for the critical applications of the medical and the security industry, in particular. It is possible that, despite on-going quality and assurance mechanisms, errors may occur in the company's design, manufacture and testing process, due to which the quality of the products may not fully meet customer requirements and thereby cause additional quality costs for the company. Every product is tested in production, in addition to which statistical design and manufacturing process monitoring systems along with various quality assurance and testing methods are used in both production and product development. The company's management regard these to be adequate to ensure the good quality of products under normal conditions. The Group's key processes in China and Finland are certified to comply with ISO 9001:2015, 14001:2015 and 13485:2016.

The company takes continuous measures to manage the aforementioned risks. Through normal control and precautionary measures, the Company management aims to reduce the impact of risks affecting the company's operational continuity.

Sustainability

Detection Technology is committed and determined to work towards a more sustainable future. The company continued to develop its sustainability agenda and its operating model based on the framework of the Responsible Business Alliance (RBA) so that they would better support the company's sustainable development goals.

Detection Technology's corporate social responsibility complies with certified ISO standards, and the company acknowledges and continuously implements the Code of Conduct of RBA. The company has set metrics to measure continuous improvement in every area of its Code of Conduct, and it monitors development in quarterly reviews. These areas are quality, environment, business ethics, people, and occupational health and safety.

Detection Technology met all of its sustainability goals set for 2023. In the fiscal year 2023, the themes and subitems on the company's sustainability agenda remained mainly the same as in FY 2022. The most important change was made in the CO₂ intensity (Scope 2) key performance indicator (KPI) for which a longer-term target was set. The company aims to achieve a 50% reduction from the 2020 baseline by 2025.

The themes and subitems on the company's sustainability agenda will remain mainly the same for 2024. After careful consideration, the company changed its occupational health and safety KPI from lost time incidents (LTI) to the total recordable incident rate (TRIR).

The new metric is more comprehensive as it encompasses a broader spectrum of incidents, thus providing a better measure of workplace safety. The TRIR indicator includes not only lost time incidents but also other recordable incidents such as cases requiring medical treatment.

Detection Technology did not receive information on any environmental infringements in the 2023 fiscal year. The company has not received notifications of any infringements of EU or national laws or the company's Code of Conduct through its Whistleblowing channel or other reporting channels.

To ensure a strong focus in driving transformation and the achievement of sustainable development goals, sustainability KPIs are included in the company's incentive plans. The short-term incentive plans cover all DT employees, including the President and CEO and other management group members.

In addition, sustainable development has been a metric in our share-based long-term incentive scheme since the review period in 2022. Long-term share-based incentive schemes are intended for the company's management group and other key personnel.

The outcomes of the 2023 sustainable development KPIs and the targets set for 2024 are described in more detail in the company's 2023 annual review. In addition, highlights related to the outcome of measures to support corporate social responsibility and the company's RBA framework for sustainable development are also described in the annual review.

Events after financial year ended

After FY 2023, the company's business has continued without abnormal events.

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.

Financial targets

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. The company aims to distribute approximately 30–60% of the Group's annual result (earnings per share) to shareholders either in the form of dividend or returned capital.

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 loss for the f 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 (0.20). 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.

Group income statement

(EUR)

	1.1.-31.12.2023	1.1.-31.12.2022
NET SALES	103,794,164	98,580,270
Change in inventories of finished goods and work in progress	-413,278	-639,003
Other operating income	749,964	337,485
Materials and services	-55,274,764	-52,695,576
Personnel expenses	-24,084,058	-23,049,495
Depreciations	-3,543,161	-3,224,247
Other operating expenses	-13,009,406	-13,508,753
OPERATING PROFIT	8,219,461	5,800,681
Financial income and expenses	-917,682	-229,227
PROFIT BEFORE TAXES	7,301,779	5,571,455
Income taxes	-1,785,440	-455,819
Minority interest	-14,455	0
PROFIT FOR THE FINANCIAL YEAR	5,501,884	5,115,635

Group balance sheet

(EUR)

	31.12.2023	31.12.2022
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	11,907,377	2,164,887
Tangible assets	4,792,318	5,009,666
Investments	10,501	10,501
TOTAL NON-CURRENT ASSETS	16,710,197	7,185,054
CURRENT ASSETS		
Inventories	23,600,526	24,848,728
Non-current receivables	594,170	582,199
Current receivables	34,515,954	35,062,235
Cash and cash equivalents	19,101,101	23,710,094
TOTAL CURRENT ASSETS	77,811,751	84,203,255
TOTAL ASSETS	94,521,948	91,388,309
EQUITY AND LIABILITIES		
EQUITY		
Share capital	80,000	80,000
Share premium account	5,130,025	5,130,025
Invested non-restricted equity fund	28,405,085	28,405,085
Retained earnings	33,687,748	34,027,361
Profit for the financial period	5,501,884	5,115,635
TOTAL EQUITY	72,804,742	72,758,106
Minority interest	188,496	0
Non-current liabilities	4,200,000	0
Current liabilities	17,328,710	18,630,203
TOTAL LIABILITIES	21,528,710	18,630,203
TOTAL EQUITY AND LIABILITIES	94,521,948	91,388,309

Group cash flow statement

(EUR)

	1.1.-31.12.2023	1.1.-31.12.2022
CASH FLOW FROM OPERATIONS		
Operating profit	8,219,461	5,800,681
Depreciations	3,543,161	3,224,247
Other non-cash business activities	1,037,082	1,293,484
Change in working capital	-1,100,030	-8,734,322
Financial income and expenses	-569,538	26,872
Income taxes paid	-1,458,111	-1,904,903
CASH FLOW FROM OPERATIONS	9,672,025	-293,940
CASH FLOW FROM INVESTMENTS		
Investments in intangible and tangible assets	-2,118,952	-1,627,567
Payment for shares in subsidiaries	-12,306,905	0
CASH FLOW FROM INVESTMENTS	-14,425,856	-1,627,567
FREE CASH FLOW	-4,753,831	-1,921,507
CASH FLOW FROM FINANCING		
Change in non-current loans	4,200,000	0
Change in current loans	-694,472	998,149
Dividend paid	-2,931,186	-5,129,576
CASH FLOW FROM FINANCING	574,342	-4,131,427
CHANGE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the beginning of the period	23,710,094	29,810,150
Foreign exchange rate effect	-429,503	-47,122
Cash and cash equivalents at the end of the period	19,101,101	23,710,094
CHANGE IN CASH AND CASH EQUIVALENTS	-4,179,490	-6,052,934
CHANGE IN WORKING CAPITAL		
Change in current receivables	-1,134,985	-5,044,649
Change in inventories	1,777,020	-3,027,508
Change in current liabilities	-1,742,065	-662,165
CHANGE IN WORKING CAPITAL	-1,100,030	-8,734,322

Detection Technology Plc income statement

(EUR)

	1.1.-31.12.2023	1.1.-31.12.2022
NET SALES	30,469,647	27,462,068
Change in inventories of finished goods and work in progress	357,879	-378,658
Other operating income	7,464,727	7,139,926
Materials and services	-18,461,932	-15,008,227
Personnel expenses	-9,000,733	-8,753,486
Depreciations	-896,815	-963,562
Other operating expenses	-7,048,792	-6,281,052
OPERATING PROFIT	2,883,982	3,217,010
Financial income and expenses	3,625,626	-4,830,952
PROFIT BEFORE APPROPRIATIONS AND TAXES	6,509,608	-1,613,942
Group contributions	-1,650,000	0
Income taxes	-804,432	-654,159
PROFIT FOR THE FINANCIAL YEAR	4,055,176	-2,268,101

Detection Technology Plc balance sheet

(EUR)

ASSETS	31.12.2023	31.12.2022
NON-CURRENT ASSETS		
Intangible assets	639,970	942,228
Tangible assets	694,003	833,523
Investments	19,666,785	6,866,531
TOTAL NON-CURRENT ASSETS	21,000,759	8,642,281
CURRENT ASSETS		
Inventories	2,886,553	2,177,243
Non-current receivables	3,667,324	4,208,024
Current receivables	14,867,259	12,880,918
Cash and cash equivalents	9,219,922	16,331,158
TOTAL CURRENT ASSETS	30,641,058	35,597,343
TOTAL ASSETS	51,641,817	44,239,624
EQUITY AND LIABILITIES		
EQUITY		
Share capital	80,000	80,000
Share premium account	5,130,025	5,130,025
Invested non-restricted equity fund	28,405,085	28,405,085
Retained earnings	3,447,520	8,646,807
Profit for the financial year	4,055,176	-2,268,101
TOTAL EQUITY	41,117,806	39,993,816
LIABILITIES		
Non-current liabilities	4,200,000	0
Current liabilities	6,324,012	4,245,808
TOTAL LIABILITIES	10,524,012	4,245,808
TOTAL EQUITY AND LIABILITIES	51,641,817	44,239,624

Detection Technology Plc cash flow statement

(EUR)

	1.1.-31.12.2023	1.1.-31.12.2022
CASH FLOW FROM OPERATIONS		
Operating profit	2,883,982	3,217,010
Depreciations	896,815	963,562
Other non-cash business activities	-451,245	-49,817
Change in working capital	-1,730,056	-2,197,890
Financial income and expenses	4,006,879	810,681
Paid income taxes	-1,161,222	-1,070,781
CASH FLOW FROM OPERATIONS	4,445,154	1,672,765
CASH FLOW FROM INVESTMENTS		
Investments in intangible and tangible assets	-379,558	-353,425
Investment in shares in subsidiaries	-12,800,255	0
CASH FLOW FROM INVESTMENTS	-13,179,813	-353,425
CASH FLOW FROM FINANCING		
Change in non-current loans	4,200,000	0
Change in non-current loans to group companies	540,699	-1,721,349
Change in current loans	1,200,000	0
Change in current loans to group companies	263,910	1,474,511
Group contributions	-1,650,000	0
Dividend payment	-2,931,186	-5,129,576
CASH FLOW FROM FINANCING	1,623,423	-5,376,414
CHANGE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the beginning of the year	16,331,158	20,388,233
Cash and cash equivalents at the end of the year	9,219,922	16,331,158
CHANGE IN CASH AND CASH EQUIVALENTS	-7,111,237	-4,057,075
CHANGE IN WORKING CAPITAL		
Change in current receivables	-1,955,802	-2,368,165
Change in inventories	-721,388	-21,073
Change in current liabilities	947,134	191,348
CHANGE IN WORKING CAPITAL	-1,730,056	-2,197,890

Accounting principles for consolidated financial statements

Principles for consolidated financial statements

The consolidated financial statements of Detection Technology Group have been prepared in accordance with Finnish Accounting Standards (FAS) and include all Group companies. Intercompany transactions, receivables and liabilities as well as internal shareholding have been eliminated from consolidated financial statements. The income statements of subsidiaries have been converted to euros by using monthly average exchange rates for the financial period, and balance sheets have been converted by using the official rates at the end of the financial period. Differences arising from the currency conversion as well as the translation of foreign subsidiaries' equity are included in retained earnings. Cash flow statements of the Group and Detection Technology Plc have been prepared in compliance with the indirect cash flow reporting method described in the general instructions of the Finnish Accounting Board (KILA).

Company shares

Share's basic information

Trading code	DETEC
ISIN -code	FI4000115464
Votes/share	1 pcs
Share capital, EUR	80,000 €
Share amount	14,655,930 pcs

Group companies

		Ownership	Country
Detection Technology Plc	Parent company		Finland
DTF (H.K.) Ltd.	Subsidiary	100%	Hong Kong
Detection Technology, Inc.	Subsidiary	100%	United States
DT Electronic Manufacturing (Beijing) Co., Ltd.	Subsidiary	100%	China
DT Electronic Technology (Wuxi) Co., Ltd.	Subsidiary	100%	China
Detection Technology S.A.S.	Subsidiary	100%	France
DT Imaging Technology (Shanghai) Co., Ltd.	Subsidiary	89.75 %	China

Associated companies

The company does not have any associated companies.

Goodwill

The company recognizes goodwill in its balance sheet resulting from acquisition of a subsidiary, in accordance with Finnish Accounting Standards (FAS).

Deferred taxes

The company recognizes material and probable deferred income tax receivables and liabilities. According to the precautionary principle, deferred income tax receivables have not been recognized from subsidiaries operating on loss.

Valuation methods and principles

Inventories under current assets have been valued at variable acquisition cost in accordance with principles in Chapter 5, Section 6 of the Finnish Accounting Act.

Depreciation according to plan has been deducted from the acquisition cost of intangible and tangible assets recorded in the balance sheet. The variable costs incurred from the acquisition and commissioning of the asset have been included in the acquisition cost. Planned depreciations have been recorded as straight-line depreciation based on the economic service life of assets.

Planned depreciation periods for different asset types are as follows:

Intangible rights	straight-line depreciation 3-10 years
Goodwill	straight-line depreciation 10 years
Other capitalized expenses	straight-line depreciation 3-5 years
Machines and equipment	straight-line depreciation 3-10 years

Net sales recognition principles

The sale of products and services is recognized as revenue on delivery.

Conversion of foreign currency items

Foreign currency denominated receivables and liabilities have been converted into euros using the exchange rates on the end date of the financial period.

Detection Technology Plc

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Business ID 0878389-8

Copies of Detection Technology Plc consolidated financial statement can be obtained from the company's offices in Espoo and Oulu, Finland.

Notes to group's financial statements

1.1.-31.12.2023 (EUR)

NOTES TO INCOME STATEMENT

NET SALES	2023	2022
Net sales by geography		
Finland	3,869,475	3,327,284
Other EMEA	15,417,895	15,835,360
APAC	70,929,950	70,919,380
Americas	13,576,844	8,498,246
Total	103,794,164	98,580,270
Net sales by business unit		
Industrial Solutions Business Unit (IBU)	16,102,392	16,067,435
Medical Business Unit (MBU)	48,385,855	48,137,088
Security Business Unit (SBU)	39,305,916	34,375,747
Total	103,794,164	98,580,270

Top five customers accounted for 51% (51%) of total sales in the review period.

MATERIALS AND SERVICES	2023	2022
Materials, supplies and goods	53,731,206	55,296,058
Change in inventories	834,924	-3,262,645
External services	708,634	662,162
Total	55,274,764	52,695,576

PERSONNEL	2023	2022
Personnel expenses		
Salaries and wages	18,937,957	18,274,503
Pension expenses	2,938,949	2,651,439
Other indirect personnel expenses	2,207,152	2,123,553
Total	24,084,058	23,049,495
Board of Directors' rewards and CEO's salaries and benefits		
Board of Directors' rewards	268,000	336,714
CEO's salaries and benefits	345,621	345,042
Total	613,621	681,756

President and CEO has a voluntary pension scheme provided by the company. The company applies accrual basis for recognizing Board of Director's rewards from 2023 onwards, replacing the earlier cash basis accounting.

Key personnel's share-based incentive schemes

The company's key personnel have share-based incentive schemes that have not been recorded in financial statements. Stock options enable a share issue of a maximum of 654,300 new shares by the end of 2025. The performance share plan launched in 2022 enables a share issue of a maximum of 270,000 new shares by the end of 2024 if the set goals are achieved. The incentive schemes do not have a material impact on the company's profit or its financial position.

Average number of personnel during the financial year	2023	2022
Officers	273	254
Workers	211	210
Total	484	464

DEPRECIATIONS	2023	2022
Depreciations according to plan		
Intangible rights	776,019	808,872
Goodwill	564,306	0
Other capitalized expenses	600,611	612,154
Machinery and equipment	1,602,225	1,803,221
Total	3,543,161	3,224,247

OTHER OPERATING EXPENSES

In financial year 2023, the company recognized a provision for sales credit loss of EUR 1,338,697 (1,236,520) based on management assessment.

AUDITING SERVICES	2023	2022
Annual audits	197,898	160,793
Other services	41,623	11,640
Total	239,521	172,433

FINANCIAL INCOME AND EXPENSES	2023	2022
Financial income	346,164	66,907
Interest expenses	-337,464	-150,255
Other financial expenses	-41,201	-792
Conversion items	-885,181	-145,087
Total	-917,682	-229,227

In fiscal year 2023, conversion items consisted mainly of realized and unrealized foreign exchange conversion losses related to the parent company's currency position of CNY and USD, the foreign exchange rates of which weakened

against the EUR. The impacts of changes in the said currencies during the 2022 comparison year have been insignificant.

INCOME TAXES	2023	2022
Income taxes	1,785,440	455,819
Total	1,785,440	455,819

In the 2023 financial year, the company recognized current taxes with EUR 2,027,806 (834,091) and deferred income tax receivables of EUR 242,366 (378,272) related to cost provisions of sales credit loss and inventory write off. The parent company recognized withholding taxes of EUR 195,381 resulting from received dividends from a subsidiary.

NOTES TO BALANCE SHEET

INTANGIBLE ASSETS

	2023	2022
Immaterial rights		
Carrying amount at 1.1.	1,201,746	1,707,939
Increases	9,895	97,171
Reclassification	0	207,492
Decreases	-29,500	0
Conversion items	-13,385	-1,985
Depreciations	-776,019	-808,872
Carrying amount at 31.12.	392,737	1,201,746
Goodwill		
Carrying amount at 1.1.	0	0
Increases	11,286,119	0
Amortizations	-564,306	0
Carrying amount at 31.12.	10,721,813	0
Other capitalized expenses		
Carrying amount at 1.1.	956,986	1,351,204
Increases	15,879	66,930
Reclassification	68,982	157,211
Conversion items	-36,904	-6,204
Depreciations	-600,611	-612,154
Carrying amount at 31.12.	404,332	956,986
Prepayments for intangible assets		
Carrying amount at 1.1.	6,155	187,145
Increases	456,263	181,779
Reclassification	-73,922	-362,592
Conversion items	0	-177
Carrying amount at 31.12.	388,496	6,155
Total	11,907,377	2,164,887

TANGIBLE ASSETS	2023	2022
Machinery and equipment		
Carrying amount at 1.1.	3,853,929	5,311,931
Increases	495,352	98,708
Reclassification	1,376,388	287,426
Decreases	-18,074	0
Conversion items	-135,467	-40,915
Depreciations	-1,602,225	-1,803,221
Carrying amount at 31.12.	3,969,903	3,853,929
Other tangible assets		
Carrying amount at 1.1.	3,000	3,000
Carrying amount at 31.12.	3,000	3,000
Prepayment for tangible assets		
Carrying amount at 1.1.	1,152,736	263,509
Increases	1,186,716	1,182,979
Reclassification	-1,399,556	-289,538
Decreases	-63,263	0
Conversion items	-57,218	-4,213
Carrying amount at 31.12.	819,416	1,152,736
Total	4,792,318	5,009,666
INVESTMENTS	2023	2022
Other shares		
Carrying amount at 1.1.	10,501	10,501
Carrying amount at 31.12.	10,501	10,501
INVENTORIES	2023	2022
Materials and supplies	17,755,076	18,589,999
Work in progress	989,547	1,549,566
Finished goods	4,855,904	4,709,162
Total	23,600,526	24,848,728

At the end of the comparison year 2022, materials and supplies included EUR 346,902 prepayment for components, which no longer has effect on the inventories in the end of FY 2023.

RECEIVABLES	2023	2022
Non-current receivables		
Other receivables	594,170	582,199
Total	594,170	582,199
Current receivables		
Trade receivables	31,496,705	31,918,743
Other receivables	713,593	1,159,709
Accrued income		
Tax receivables	784,065	868,752
Other accrued income	1,521,591	1,115,030
Accrued income total	2,305,656	1,983,782
Total	34,515,954	35,062,235

Other non-current receivables include a corporate income tax refund of EUR 594,170 (582,199) that French subsidiary Detection Technology S.A.S. will receive in future years, either as a deduction against payable income tax or as a cash refund in the fourth year from the financial year on which the tax refund was confirmed.

Tax receivables contain current income tax receivables EUR 356,791 (490,480) and deferred tax receivables EUR 427,275 (378,272).

NOTES TO EQUITY AND LIABILITIES

EQUITY	2023	2022
Share capital 1.1.	80,000	80,000
Share capital 31.12.	80,000	80,000
Share premium account 1.1.	5,130,025	5,130,025
Share premium account 31.12.	5,130,025	5,130,025
Total restricted equity	5,210,025	5,210,025
Invested non-restricted equity fund 1.1.	28,405,085	28,405,085
Invested non-restricted equity fund 31.12.	28,405,085	28,405,085
Retained earnings 1.1.	39,142,996	39,931,588
Adjustments to Retained Earnings	184,909	0
Conversion items	-2,708,970	-774,651
Dividend payment	-2,931,186	-5,129,576
Profit for the financial year	5,501,884	5,115,635
Retained earnings 31.12.	39,189,632	39,142,996
Total	72,804,742	72,758,106

Adjustments to Retained Earnings consist of deferred tax receivables arising from provisions on sales credit losses and inventory write-offs recognized in prior fiscal years.

LIABILITIES	2023	2022
Non-current liabilities		
Loans from financial institutions	4,200,000	0
Current liabilities		
Loans from financial institutions	2,235,771	3,126,451
Advances received	107,967	317,188
Trade payables	9,150,302	10,228,405
Other liabilities	1,967,920	1,455,730
Accrued liabilities		
Accrued salaries	1,969,521	2,207,597
Accrued indirect personnel expenses	312,418	470,269
Accrued tax payables	535,424	0
Warranty provision	481,165	487,883
Other accrued liabilities	568,220	336,681
Accrued liabilities total	3,866,748	3,502,430
Total	21,528,710	18,630,203

Warranty provision equals to approximately 0.5% of the Group's net sales, according to the estimate by the management.

PLEDGES AND COMMITMENTS	2023	2022
Pledges		
Enterprise mortgages provided as collateral	10,734,913	10,734,913
Total	10,734,913	10,734,913
Credit limit		
Credit limit granted	17,737,393	16,590,280
Credit limit in use	1,035,771	3,126,451
Credit limit available	16,701,622	13,463,829
Other commitments		
Bank guarantee	70,748	49,143
Total	70,748	49,143
Lease commitments		
Payable in the following financial year	2,076,559	1,113,111
Payable in later years	4,732,377	321,101
Total	6,808,936	1,434,212

Credit limit granted contains a credit limit arrangement to the Chinese subsidiaries with an amount of CNY 100,000,000 and in the end of financial year 2023, the value was EUR 12,737,393 (13,590,280).

Notes to parent company's financial statements

1.1.-31.12.2023 (EUR)

NOTES TO INCOME STATEMENT

NET SALES	2023	2022
Finland	3,869,475	3,327,284
Rest of the world	26,600,172	24,134,784
Total	30,469,647	27,462,068
OTHER OPERATING INCOME	2023	2022
Royalty income from group companies	6,941,136	7,012,785
Other income from group companies	77,973	32,929
Subsidies from public institutions	444,551	94,213
Other income	1,067	0
Total	7,464,727	7,139,926
MATERIALS AND SERVICES	2023	2022
Materials, supplies and goods	18,572,348	15,188,441
Change in inventories	-351,431	-383,668
External services	241,015	203,454
Total	18,461,932	15,008,227
PERSONNEL	2023	2022
Personnel expenses		
Salaries and wages	7,405,219	7,281,924
Pension expenses	1,267,331	1,169,242
Other indirect personnel expenses	328,183	302,320
Total	9,000,733	8,753,486
Board of Directors' rewards and CEO's salaries and benefits		
Members of the Board of Directors' rewards	268,000	336,714
CEO's salaries and benefits	345,621	345,042
Total	613,621	681,756

President and CEO has a voluntary pension scheme provided by the company. The company applies accrual basis for recognizing Board of Director's rewards from 2023 onwards, replacing the earlier cash basis accounting.

Key personnel's share-based incentive schemes

The company's key personnel have share-based incentive schemes that have not been recorded in financial statements. Stock options enable a share issue of a maximum of 654,300 new shares by the end of 2025. The performance share plan launched in 2022 enables a share issue of a maximum of 270,000 new shares by the end of 2024 if the set goals are achieved. The incentive schemes do not have a material impact on the company's profit or its financial position.

Average number of personnel during the financial year	2023	2022
Officers	99	97
Workers	4	3
Total	103	100

DEPRECIATIONS	2023	2022
Intangible rights	670,398	681,390
Other capitalized expenses	14,200	40,423
Machinery and equipment	212,217	241,749
Total	896,815	963,562

AUDITING SERVICES	2023	2022
Annual audits	69,300	61,000
Total	69,300	61,000

FINANCIAL INCOME AND EXPENSES	2023	2022
Dividend income from group companies	3,949,031	0
Financial income from group companies	529,284	697,444
Financial income from others	300,574	20,167
Interest expenses	-172,844	-16,500
Other financial expenses	-42,719	-1,363
Amortization of investment in group companies	0	-5,437,676
Conversion items	-937,700	-93,023
Total	3,625,626	-4,830,952

In 2022, the parent company converted loan receivables into investment and recognized an equivalent amortization of EUR 5,437,676 for the benefit of its French subsidiary Detection Technology S.A.S., in order to meet local statutory requirements regarding equity. In the 2023 financial year, conversion items consisted mainly of realized and unrealized foreign exchange conversion losses related to the currency position of CNY and USD, the foreign exchange rates of which weakened against EUR. The impacts of changes in the said currencies during the 2022 comparison period were insignificant.

GROUP CONTRIBUTIONS	2023	2022
Group contributions	-1,650,000	0
Total	-1,650,000	0

In the 2023 financial year the parent company granted a group contribution to its French subsidiary Detection Technology S.A.S.

NOTES TO BALANCE SHEET

INTANGIBLE ASSETS	2023	2022
Intangible rights		
Carrying amount at 1.1.	898,206	1,365,202
Increases	0	6,902
Reclassification	0	207,492
Depreciations	-670,398	-681,390
Carrying amount at 31.12.	227,808	898,206
Other capitalized expenses		
Carrying amount at 1.1.	37,866	35,973
Increases	0	42,317
Depreciations	-14,200	-40,423
Carrying amount at 31.12.	23,666	37,866
Prepayments for intangible rights		
Carrying amount at 1.1.	6,155	179,164
Increases	387,281	32,371
Reclassification	-4,940	-205,380
Carrying amount at 31.12.	388,496	6,155
Total	639,970	942,228

TANGIBLE ASSETS	2023	2022
Machinery and equipment		
Carrying amount at 1.1.	611,573	728,657
Increases	35,255	28,535
Reclassification	145,213	96,130
Decreases	-12,701	0
Depreciations	-209,100	-241,749
Carrying amount at 31.12.	570,240	611,573
Other tangible assets		
Carrying amount at 1.1.	3,000	3,000
Carrying amount at 31.12.	3,000	3,000
Prepayments for tangible assets		
Carrying amount at 1.1.	218,950	73,891
Increases	78,276	243,300
Reclassification	-143,390	-98,242
Decreases	-33,073	0
Carrying amount at 31.12.	120,764	218,950
Total	694,003	833,523

INVESTMENTS	2023	2022
Shares in Group companies		
Carrying amount at 1.1.	6,856,031	6,856,031
Increases	12,800,255	5,437,676
Amortizations	0	-5,437,676
Carrying amount at 31.12.	19,656,285	6,856,031
Other shares		
Carrying amount at 1.1.	10,500	10,500
Carrying amount at 31.12.	10,500	10,500
Shares in subsidiaries and other companies:		
Detection Technology, Inc.	862	862
Detection Technology S.A.S.	2,500	2,500
DT Electronic Manufacturing (Beijing) Co., Ltd.	2,814,721	2,814,721
DT Electronic Technology (Wuxi) Co., Ltd.	3,874,485	3,874,485
DTF (H.K.) Ltd.	163,463	163,463
DT Imaging Technology (Shanghai) Co., Ltd.	12,800,255	0
Virpiniemi Golf Oy	10,500	10,500
Total	19,666,785	6,866,531

In the FY 2023, the parent company acquired 89.75% share of a Chinese entity, which continued to operate as DT Imaging Technology (Shanghai) Co., Ltd. In 2022, the parent company converted loan receivables into investment and recognized an equivalent amortization of EUR 5,437,676 for the benefit of its French subsidiary Detection Technology S.A.S., in order to meet local statutory requirements regarding equity.

INVENTORIES	2023	2022
Materials and supplies	1,524,316	1,172,886
Work in progress	38,075	159,785
Finished goods	1,324,162	844,572
Total	2,886,553	2,177,243
RECEIVABLES	2023	2022
Non-current receivables from group companies		
Loan receivables	3,667,324	4,208,024
Total	3,667,324	4,208,024
Current receivables from group companies		
Accounts receivable	58,446	100,585
Loan receivables	3,821,220	4,085,130
Other receivables	1,859,732	1,607,635
Accrued income		
Interest receivables	1,179,011	1,016,862
Accrued income total	1,179,011	1,016,862
Total	6,918,408	6,810,212
Current receivables from others		
Accounts receivable	6,330,243	4,759,658
Other receivables	125,763	116,112
Accrued income		
Deferred tax receivables	356,790	479,839
Other accrued income	1,136,055	715,098
Accrued income total	1,492,845	1,194,937
Total	7,948,851	6,070,707

At the end of FY 2023, other accrued income included receivables from public funding EUR 318,911. In 2022, the parent company converted loan receivables into investment and recognized an equivalent amortization of EUR 5,437,676 for the benefit of its French subsidiary Detection Technology S.A.S., in order to meet local statutory requirements regarding equity.

NOTES TO EQUITY AND LIABILITIES

EQUITY	2023	2022
Share capital 1.1.	80,000	80,000
Share capital 31.12.	80,000	80,000
Share premium account 1.1.	5,130,025	5,130,025
Share premium account 31.12.	5,130,025	5,130,025
Total restricted equity	5,210,025	5,210,025
Invested non-restricted equity fund 1.1.	28,405,085	28,405,085
Invested non-restricted equity fund 31.12.	28,405,085	28,405,085
Retained earnings 1.1.	6,378,706	13,776,382
Dividend payment	-2,931,186	-5,129,576
Profit for financial year	4,055,176	-2,268,101
Retained earnings 31.12.	7,502,696	6,378,706
Total	41,117,806	39,993,816
Distributable equity at the end of the period		
Invested non-restricted equity fund	28,405,085	28,405,085
Retained earnings 1.1.	6,378,706	13,776,382
Dividend payment	-2,931,186	-5,129,576
Profit for the financial year	4,055,176	-2,268,101
Distributable equity at the end of the period	35,907,781	34,783,791

LIABILITIES	2023	2022
Non-current liabilities to others		
Loans from financial institutions	4,200,000	0
Current liabilities to others		
Loans from financial institutions	1,200,000	0
Trade payables	1,141,523	1,184,158
Other payables	1,302,247	681,467
Accrued liabilities		
Accrued salaries	1,199,991	1,351,945
Accrued indirect personnel expenses	211,638	219,701
Other accrued liabilities	40,738	60,562
Total accrued liabilities	1,452,367	1,632,207
Total	9,296,136	3,497,833
Current liabilities to group companies		
Trade payables	1,227,875	747,976
Total	1,227,875	747,976
 PLEDGES AND COMMITMENTS	 2023	 2022
Pledges		
Enterprise mortgages provided as collateral	10,734,913	10,734,913
Total	10,734,913	10,734,913
Credit limit		
Credit limit granted	5,000,000	3,000,000
Credit limit in use	0	0
Credit limit available	5,000,000	3,000,000
Other commitments		
Collateral on behalf of subsidiaries	12,737,393	13,590,280
Bank guarantee	70,748	49,143
Total	12,808,141	13,639,423
Lease commitments		
Payable in the following financial year	630,945	477,707
Payable in later years	2,932,252	174,565
Total	3,563,197	652,272

Collateral on behalf of subsidiaries consists entirely of a credit limit arrangement to Chinese subsidiaries, with an amount of CNY 100,000,000, both at the end of current and previous financial year.

Signatures for the financial statements and the report of the Board of Directors

Espoo 5 March 2024

Hannu Syrjälä
Chair of the Board

Henrik Roos
Vice chair of the Board

Carina Andersson
Member of the Board

Marion Björkstén
Member of the Board

Richard Ingram
Member of the Board

Pasi Koota
Member of the Board

Hannu Martola
President and CEO

The Auditor's note to the financial statements

Auditor's report has been given on the date of signature

Espoo 5 March 2024

Petri Kettunen, Authorized Public Accountant

KPMG Oy Ab

Authorized Public Accountant Firm

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

Auditor's Report

To the Annual General Meeting of Detection Technology Oyj

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Detection Technology Oyj (business identity code 0878389-8) for the year ended 31 December 2023. The financial statements comprise the balance sheets, the income statements, cash flow statements and notes for the group as well as for the parent company.

In our opinion, the financial statements give a true and fair view of the group's and the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Review but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Espoo, 5 March 2024

KPMG OY AB

Petri Kettunen

Authorised Public Accountant, KHT



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