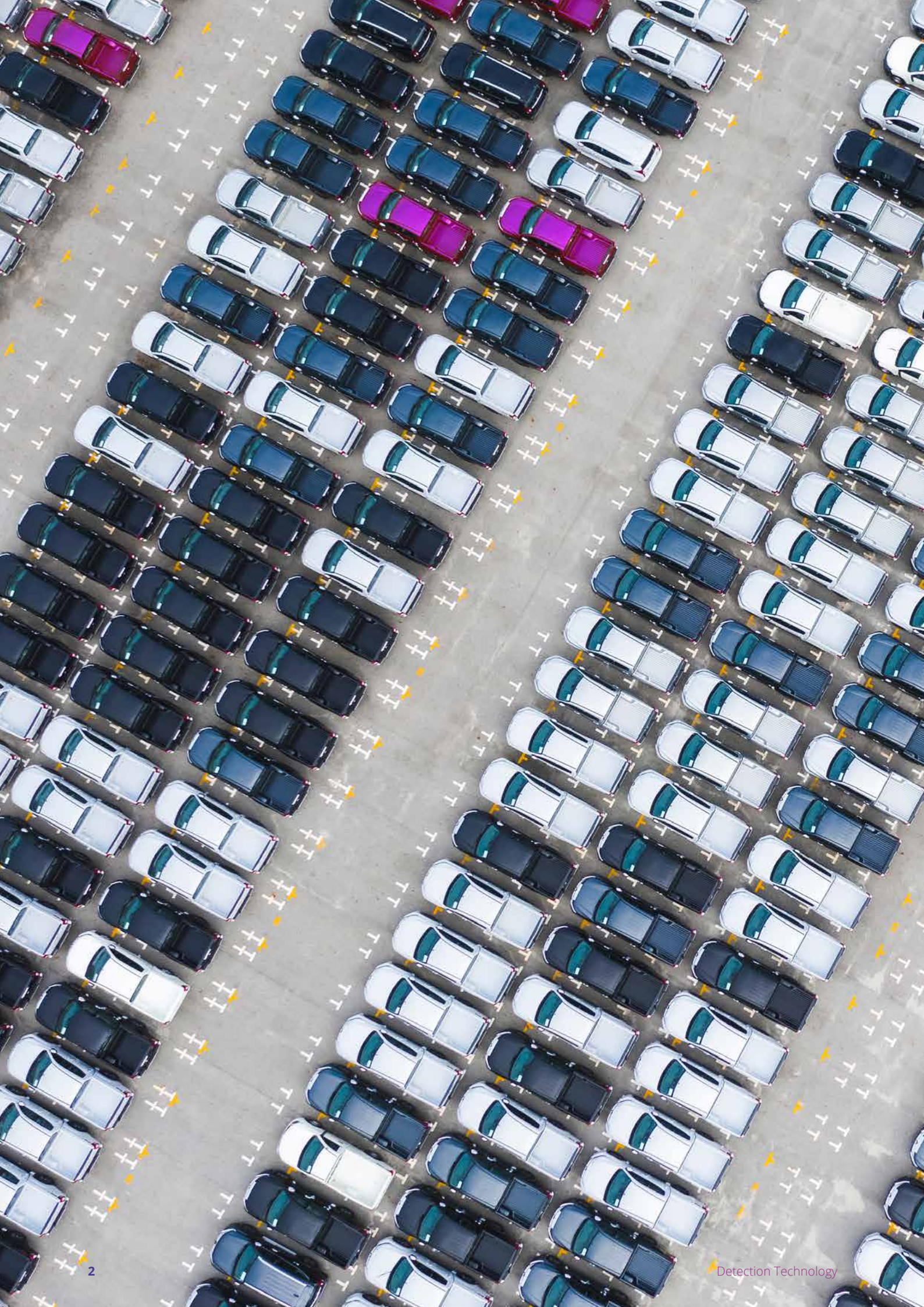




2021

Annual review

Detection
Technology



Content

Annual review 2021

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Detection Technology in brief

Detection Technology is a global provider of X-ray detector solutions for medical, security and industrial applications. The company's net sales increased by 10% to EUR 90 million in 2021. Operating margin was 12%.

The company has 370 active customers in over 40 countries. Detection Technology employs around 450 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

89.8

net sales, €m (81.6)

370

active customers in over 40 countries (330)

10.1

net sales change-% (-20.4)

3,472

number of shareholders 31 Dec 2021 (3,140)

10.6

EBIT, €m (8.7)

451

employees in Finland, China, France and the US (444)

11.8

EBIT-% (10.7)

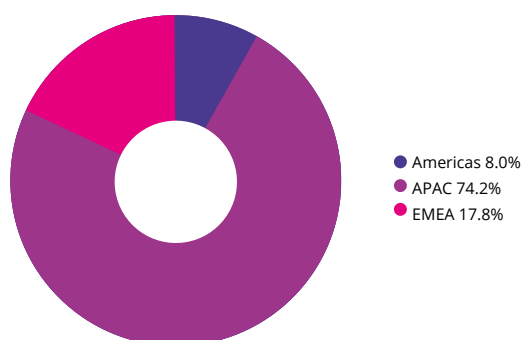
0.35

dividend proposal, €/share (0.28)

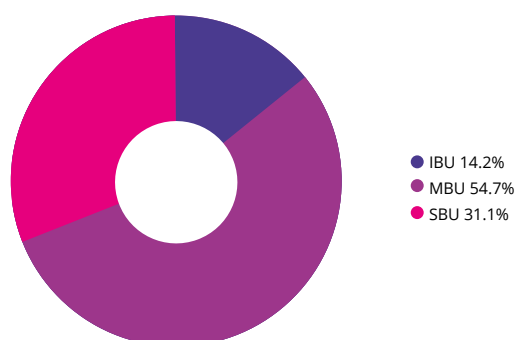
429

market capitalization, €m 31 December 2021 (344)

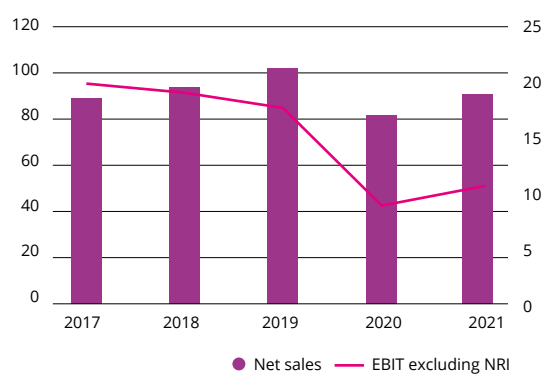
Net sales by region 2021



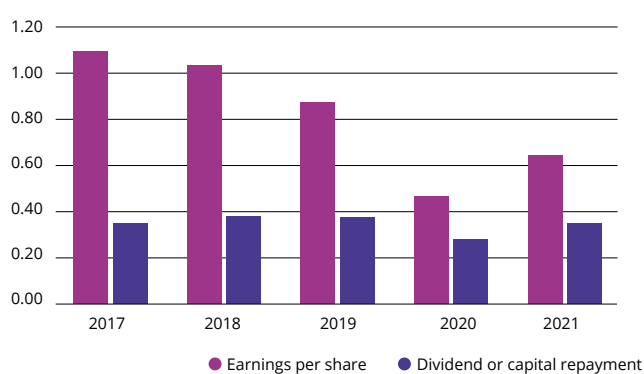
Net sales by business unit 2021



Net sales and EBIT excluding NRI (€m)

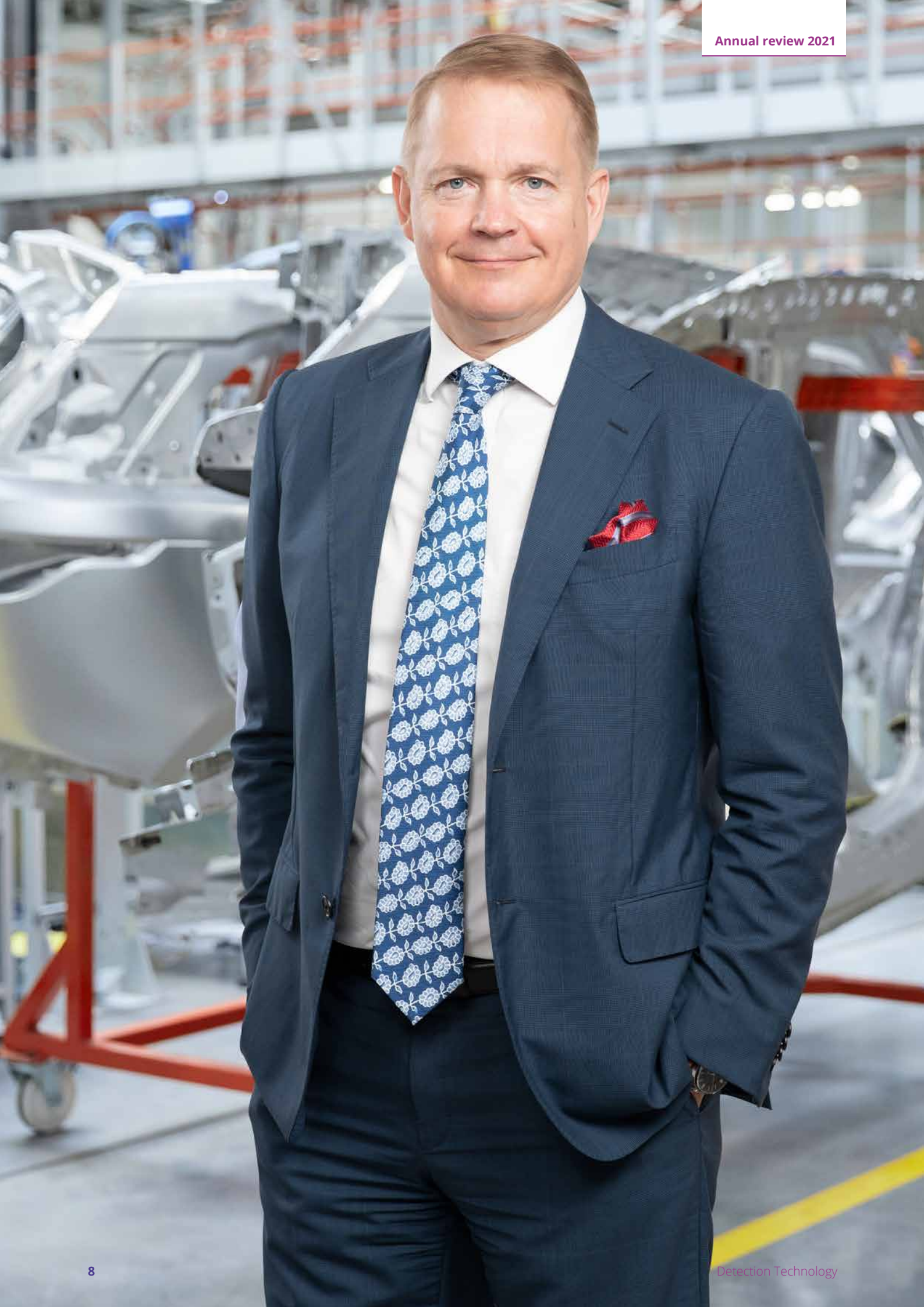


Earnings per share and dividend (€)



Financial development 2017–2021

	2021	2020	2019	2018	2017
Net sales, MEUR	89.8	81.6	102.5	93.9	89.0
EBIT excluding NRI, MEUR	10.6	8.9	17.7	19.0	19.9
EBIT excluding NRI, %	11.8	10.9	17.3	20.3	22.4
EBIT, MEUR	10.6	8.7	17.0	18.5	19.9
EBIT, %	11.8	10.7	16.6	19.7	22.4
Return on investment (ROI), %	15.1	13.6	28.5	36.4	47.0
Gearing, %	-37.6	-33.1	-34.9	-35.6	-52.3
Investments, MEUR	1.4	3.2	4.0	4.7	1.8
R&D costs, MEUR	-10.5	-9.8	-10.7	-8.8	-7.2



Review by the President and CEO

Turn to the double-digit growth path

“Double digit profitable growth” would aptly summarize 2021. Despite challenges related to the COVID-19 pandemic, the company took a turn onto the growth path and our profitability was good. We will continue our journey on the growth path and also seek growth from sustainable development.

In spite of challenges related to the COVID-19 pandemic, our total net sales grew by 10%, totaling EUR 90 million in FY 2021. Demand in medical CT (computer tomography) applications was strong and that of industrial applications remained stable. The security market battered by the pandemic started to recover and growth accelerated toward the end of the year.

Sales grew by over 20% in all our businesses in Q4. We are happy to say that the company achieved double-digit growth again. Unfortunately, we were unable to exploit the growth potential to the fullest due to the shortage of materials. However, we gained more than we lost.

We expect rapid growth to continue, although barriers to growth due to challenges in the supply chain have increased. In spite of these challenges, we see plenty of opportunities for growth and also new potential in the market.

Despite quarterly fluctuation, demand for imaging solutions in the food, pharmaceutical, and mining industries developed favorably. As a result, the Industrial Solutions Business Unit (IBU) achieved record sales, even though some deliveries at the end of the year had to be postponed due to the components shortage. IBU sales increased by 10%, totaling EUR 13 million.

The net sales of our Medical Business Unit (MBU) increased by 25% to EUR 49 million, boosted by demand for CT applications. The growth percentage would have been higher without challenges in the supply chain. The strong demand is generated by investments in the healthcare infrastructure both globally and particularly in China, and demand for higher-end CT applications. A great part of the growth was generated by standard CT solution sales. This means that our product launches have been successful.

The security market, stagnated by the dramatic drop in air transport and limitations to mass gatherings, started to recover slowly. Demand took a positive turn at the end of H1, and demand in aviation restarted at the end of the year, too. The sprint at the end of the year was, however, not enough, and the net sales of our Security and Industrial Business Unit (SBU) decreased by -9%, amounting to EUR 28 million.

“One-stop shop for all imaging needs”

The distribution of net sales between business units changed: over half of sales originated from medical applications. There were no significant changes in the geographical distribution of our sales: Asia was still our largest market by far.

Our profitability remained good and we achieved double-digit profit margins. Our operating profit was EUR 10.6 million, which is 12% of net sales.

Improved competitiveness

Our competitiveness improved in all our main markets. Our position in the CT market is solid, in particular in medical but also security applications. We secured our position in the industrial market, where we progressed in line with our “Beyond hardware” strategy.

FY 2021 was the first operating year for IBU. The new business structure has enhanced customer service, the recognition of weak market signals and customer needs, and the building of a more targeted offering. In addition, the commercialization of software and services has been boosted.

Our product launches also played an important role in strengthening our competitive position. The Aurora XS, launched for urban security applications, is a good example. Its price-quality ratio has met the needs of the target segment well.

The X-ACE made us the first and so far the only detector supplier in the world with a product portfolio that includes standard solutions for all medical CT imaging price points. We are a one-stop shop for CT solutions from the standard to the premium segments.

We expanded our presence in China, by establishing a talent hub in Nanjing. This will support the expansion of our product portfolio with higher-end solutions, in which software and algorithms play a key role.

We won new customers and strategically important projects. The number of active customers increased in all our businesses and, in particular, in the industrial segment. We are happy to serve a total of 370 customers in more than 40 countries.

In our view, we have a good position to open new business opportunities in years to come. Growth drivers in our target markets are good, and we are able to flexibly meet the growing demand.

Better leadership and corporate culture

We launched major leadership and corporate culture development programs throughout the company. This global work is not yet complete, nor will it ever be: it is about continuous reflection on changing circumstances.

One key element of this development work is dialogue to enhance our feedback culture. We have encouraged our employees to give, ask for, and receive feedback in a number of ways, both in one-on-one meetings and at team and company levels.

We also clarified who we are from a values perspective as a company and how we reflect them in our daily actions. We redefined our values and their corresponding behaviors.

Growth from sustainable development

We want profitable growth but only in a sustainable way. We clarified our sustainability agenda and used it as a basis for developing our operating models. We reached most of our sustainability goals for 2021.

We are committed to sustainable growth, and we also seek growth from sustainable development. Our core businesses focus on the promotion of wellbeing and safety. We have also recognized a great number of needs for X-ray technology in the circular and eco economies.

“Sustainable growth and growth from sustainable development”

The world needs more sustainable products, and that means better quality control and better efficiency. Reuse is increasing, which will require more efficient sorting of materials and components.

X-ray technology is increasingly used in recycling and sorting, in the optimization of production processes, and the quality control of components. Our solutions have a clearly positive environmental impact, and we are determined to utilize this growth potential.

The turn to a sustainable growth path took place in 2021. Warmest thanks to you—our customers, owners, partners, and especially to the DT team! We survived another challenging year and grew stronger towards the end of the year despite the challenges. Let's continue working with passion and pride to secure our future.

Hannu Martola

President and CEO



Sustainable development goals

For a more sustainable future, we are committed and determined to work in line with our sustainability agenda. We have set sustainable development goals and developed our company culture to help meet these goals.

We have set metrics to measure our sustainable development in every area of our Code of Conduct—quality, environment, business ethics, people, and occupational health and safety. In the table on the next page, we present in detail the 2021 outcomes and the targets set for 2022.

We achieved most of the goals set for 2021 except for the scrap weight index target. We have taken corrective actions to meet the scrap weight index target in 2022. Another highlight to note is that we successfully completed the building of a cross-functional internal audit team in China. With this new addition to our global internal audit network, we will have extra strength to run internal audits in the spirit of continuous improvement.

We have kept themes and subitems on our sustainability agenda largely the same for 2022. We have set new environmental targets on energy and CO₂e intensity, both of which have ever-increasing global importance. In addition, we have aligned our targets in the areas of people and business ethics with the development of our feedback culture. In FY 2022, we aim to launch a whistleblowing channel.

During 2021, we defined our values as behaviors. As a result, our values now better reflect the ongoing sustainability agenda and engage us in more sustainable practices and actions on company, team, and individual levels in all functions globally.

We announced our sustainable development goals for the first time in the 2020 annual review. In FY 2021, we defined in more detail the sustainability aspects that are essential for our business and the wider business environment, and further developed our agenda and operating model. Some of the themes and metrics for the sustainability agenda are still works in progress.

Sustainable development goals

Themes and items	Metric	2021 target	2021 result	2022 target
Quality				
Six Sigma	% of trained white-collar employees	>80%	84%	90%
Quality awareness	Build a cross-functional internal audit team	Auditors from 3 functions (China)	Auditors from 5 functions (China)	-
Environment				
Scrap weight	Scrap weight index	<1.5 per month	<1.5 7/12 months	<1.5 per month
Energy intensity	Electricity intensity	-	-	>5% reduction Baseline 42.8 (MWh/MEUR)
CO2e intensity (Scope 2)	CO2e intensity	-	-	15% reduction Baseline 24.5 (tCO2e/MEUR)
Occupational health and safety				
Incident rate	Lost time injuries	0	0	0
People and business ethics				
Compliance to DT Code of Conduct	Reported violations of the DT Code of Conduct	0	0	0
Whistleblowing channel	Launch of DT whistleblowing channel	-	-	During 2022
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 from our journey toward a more sustainable future

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.

We are happy to share with you some highlights from our journey in 2021 toward a more sustainable future. The highlights are presented based on the framework of Responsible Business Alliance (RBA).

Quality

Continuous learning and improvement are key factors to maintaining and offering impeccable quality, service, and products. This requires a quality-first mindset and the right kinds of tools to control variation. One of our company values is simplicity, which we practice by instilling Lean methods, for example.

In 2021, the most significant achievement in terms of development of quality systems was the ISO 13485:2016 certification granted to our Wuxi site. In addition, we satisfactorily completed all the external audits for our management system against the requirements of ISO 9001:2015, ISO 14001:2015, and ISO 13485:2016 standards at all certified sites. We're proud to state that 96% of our employees worked at ISO 9001:2015- and ISO 14001:2015-certified sites in 2021.

In 2021, we strengthened our internal audit network

for our sites in China according to our sustainable development goals. Our Chinese internal audit team is now formed of members from five different functions. The new team will significantly support the continuous improvement of our quality culture.

We continued to apply systematically 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. By the end of 2021, 84% of our white-collar employees were trained in the Six Sigma methodology.

Furthermore, we have actively promoted the use of Kaizen across our sites in China and Finland—not only in production but also in support functions. Employees are encouraged to share any ideas that can contribute to the overall efficiency and improvement of our company. In 2021, we exceeded our goal to complete 1,200 Kaizen activities globally. In 2022, our site in France and more functions will be joining in with the use of this methodology. As a longer-term target, we want Kaizen to be used in all our functions and teams.

Framework for sustainable development



1,236

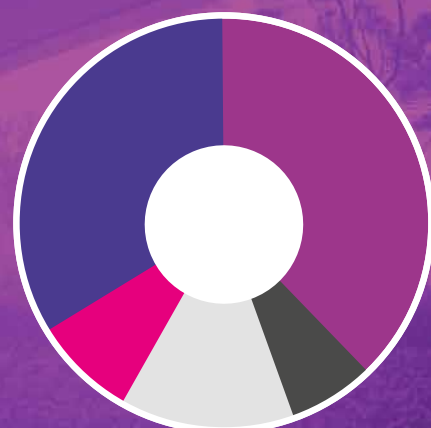
Kaizens in 2021

At the end of 2021

96%

of employees worked on
ISO 14001:2015 -certified sites

Kaizens by categories



- 5S 38%
- Productivity 34%
- Quality 13%
- Environment, health and safety 8%
- Cost 7%

Environment

Environmentally sound solutions are a must, and the X-ray imaging industry and we as one player in the field are constantly seeking for ways to reduce our impact on the environment. We consider the circular economy as a business opportunity—X-ray imaging will be used increasingly in recycling and sorting, optimizing manufacturing processes, and the quality assurance of components. This way, our solutions have a clear positive environmental impact.

We are committed to improving our detector solutions with respect to the environment. An example of this is the Aurora XS solution that was launched for urban security applications in May 2021. This new solution combines innovation and our value of simplicity to achieve a reduced environmental impact. The Aurora XS detector board uses significantly fewer components and materials. Furthermore, its power consumption is also reduced by 50% compared to the previous detector platform.

Another example of our aim to improve our environmental performance comes from our production and service site in Wuxi. There, we have kicked off a project to reduce the environmental impact of our operations. Renovations have been started to make the premises more energy efficient. We also signed a contract to start using renewable energy at the site from the beginning of 2022.

During 2021, we had two main external training programs to improve the competence of our employees regarding environmental issues. The first focused on the product level compliance with applicable laws and regulations such as RoHS, REACH, and WEEE. The second focused on greenhouse gas (GHG) inventory and energy saving technology.

We are not aware of any environmental infringements in FY 2021. Our environmental management system was audited against the requirements of ISO 14001:2015 with no major findings, and 96% of our employees worked on ISO 14001:2015-certified sites in 2021.

DT Group Environmental performance 2021

CO₂ EMISSIONS - SCOPE 2
(tCO₂e)

2,204

CO₂ INTENSITY - SCOPE 2
(tCO₂e/MEUR)

24.5

ELECTRICITY
CONSUMPTION (MWh)

3,849

ELECTRICITY
INTENSITY (MWh/MEUR)

42.8

SHARE OF
RENEWABLE ELECTRICITY

13.1%

Business ethics

During 2021, we refreshed descriptions of our company values—integrity, simplicity, driven and result—and defined them as behaviors to better reflect our commitment to be the most trusted partner in the X-ray imaging industry. Aligned with the values renewal, we continued to promote a feedback culture within our company.

Besides our values, we are committed to the DT Code of Conduct, which we have communicated to all our employees and suppliers. 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 to the same standards.

We encourage employees to report any compliance concerns to their managers, or local People & Culture teams. We are not aware of any mis-

conduct regarding the Code of Conduct in 2021.

At the end of 2021, we made a decision to establish a whistleblowing channel as an additional feedback mechanism for reporting any practices or events that are inconsistent with the DT Code of Conduct. We aim to launch the channel by the end of 2022.

In 2021, 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 communicated it to our suppliers. Together with them, we ensure that no conflict minerals are used in DT products.

Occupational health and safety

We recognize that good occupational health and safety (OH&S) practices have a positive effect on our employees and partners, and as a result, on our business. We are continuously taking actions and measures to maintain and improve our safety culture.

Such actions include occupational health announcements, safety month activities, and encouraging employees to report potential hazards and raise ideas for improvement. Our employees can be rewarded for their contribution for the development of OH&S.

In 2021, we had three first aid cases but no lost time incidents. Investigation was carried out for each case, and corrective actions were taken.

We continued to hold the Work Safety Standardiza-

tion certification, which was awarded to us in 2020, at our main manufacturing site in Beijing in 2021. A renewal process of the certification will be put in motion in 2022.

Our Beijing and Wuxi sites also held comprehensive emergency evaluation drills in cooperation with the business parks where the sites are located. The content of the drills covered fire evacuation, first aid, and chemical spills. Special emergency topics such as radiation leakage and COVID-19 prevention control were also included in the drill.

During 2021 the first aid teams were strengthened across all our China sites. We increased the number of trained first aiders and re-trained existing ones.

People

451 employees at the end of 2021 (444)

34% women (36)

66% men (64)

12 nationalities (11)

18.3% employee turnover rate (18.3)

11.9% employee turnover rate in Finland, France and the US (3.9)

20.2% employee turnover rate in China (22.4)

At the end of 2021, we employed 451 professionals. A total of 336 people worked in China, 92 in Finland, 15 in France and five in the US. Of our personnel, 34% were women and 66% men.

Overall, our employee turnover was moderate. However, we faced higher turnover than anticipated in specific technical competence areas, such as software and firmware, where we have high demand and competition globally across industries.

However, we succeeded in hiring new talents to a number of key positions. The new talents help us to drive renewal and innovation in technologies, and the way we develop our products and solutions.

For our production personnel in China, turnover continued to be at a moderate level when compared to the local benchmark. Most of our employment relationships are permanent.

Values in action

In December 2021, we completed a values project. The outcome was communicated internally with all employees at end of the year, and external launch was kicked off in early 2022.

We want to be clear on who we are from a values perspective as a company. The most important, however, is how they are reflected in our daily actions. As an outcome we launched refreshed values and introduced values-based behaviors.

Following that, we included our values and values-based behaviors as part of our employee development discussions (EDD) to engage each of us in values-based behavior. EDDs based on this renewed model will be run for the first time in 2022.

In addition, we launched a Values Champion Award program. The objective of the program is to celebrate and reward employees who represent and encourage values-based behaviors on a day-to-day basis.

[More on our values >](#)

Leadership skills in focus

We are committed to developing our employees, and we provide opportunities for learning. We established multiple training programs to build communication between teams, as well as to develop leadership skills, and to identify and commit to more effective ways of working.

A highlight from our training programs includes the DT Leadership Forerunner development program. It was established to bring leaders together to explore practical leadership topics, and in so doing, shape a unified way of leading people at DT.

The program was piloted with 23 leaders during 2021, and it continues in 2022 with two groups involving 70 leaders across functions and locations. The virtual and modular program has received excellent feedback. It provides practical leadership tools and methods, and ways of working that have strengthened the bonding and interaction between the locations.

Pulse surveys on their way

During 2021, we continued to monitor the status of all actions and engagements based on the Employee Engagement Survey (EES) that was conducted in 2020. EES is an anonymous survey that has been open for all employees every other year.

Moving forward, we aim to promote and encourage feedback culture by collecting more frequent and focused feedback from all DTians. This will be done with the help of pulse surveys.

The renewed feedback model will enable us to gain quicker and deeper insights and act on development areas in a timely manner, such as by following DT's Net Promoter Score and carrying out benchmark analysis amongst industry peers. The process and baseline will be defined during H1 2022.

Highlights of employee development programs

Program	Kicked off	Number of participants by the end of 2021
Six Sigma Target group white-collar employees	2010	207
Lean manufacturing based on the Toyota Production System (TPS)	2016	89
Leading High Performance development program Target group the management team	2021	8
DT Leadership Forerunner Target group all DT managers	2021	23 (In addition 50 managers started the program, which will be completed in 2022.)

Recognitions

In June 2021, we received a recognition from the global assurance provider Lloyd's Register for 20 years of successful cooperation. This demonstrates that we have a strong quality management system, which we have developed consistently over the years, and that we are committed to developing it further in the coming years.

In November 2021, our company was 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.

Donation to WWF

As we celebrated our 30th anniversary, we wanted to give back to society. Therefore, we made a donation to the World Wildlife Fund (WWF) to support their work combating climate change. We selected WWF as our charity because of their important and substantial work for a more sustainable and diverse world and environment.



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.

RBA

The Responsible Business Alliance (RBA) is a non-profit 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

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 (formerly referred to as labor), 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

1 January

DT implemented a new business structure, and the newly launched Industrial Solutions Business Unit (IBU) started its first operational year. IBU scouts tacit market needs, and introduces high-tier detector solutions beyond hardware.

2021

Events and releases 2021

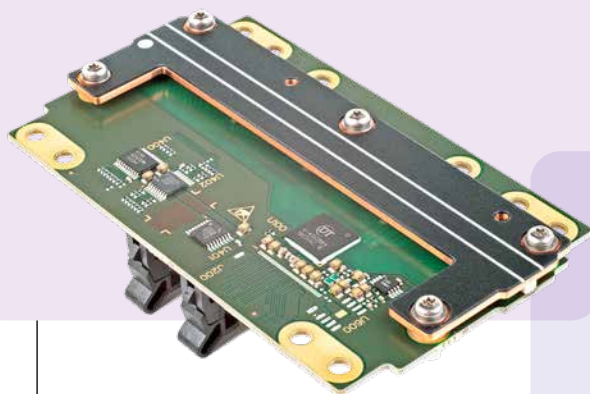
19 April

DT's production and service site in Wuxi was certified compliant with ISO 13485:2016 for medical flat panel detectors. The certification covers the development, production, and distribution of X-ray flat panel detectors.



26 May

DT unveiled Aurora XS to address cost and reliability drivers of the urban security market. The Aurora XS is built on a novel detector platform that makes reliable dual-energy imaging with a single-layer sensor possible.

**8 June**

DT received recognition from the global assurance provider Lloyd's Register for 20 years of successful cooperation.

**9 June**

DT expanded its X-Scan T camera family to address a wide range of industrial inspection needs. With its added value features, the camera family stands for more sustainable imaging, and promotes system efficiency and cost drivers.



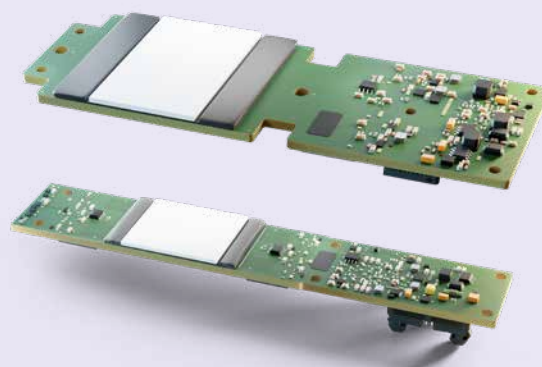
5 November

DT was certified as a Nasdaq ESG Transparency Partner. The recognition is presented to companies that display a high level of transparency on environmental, social, and governance issues (ESG).



24 November

DT introduced X-ACE to set a new industry standard in value and mainstream medical CT imaging. The X-ACE made DT stand out from its competitors as the only one on the market to enable off-the-shelf one-stop shopping for all medical CT imaging from the value to the premium segment.



25 November

DT debuted the X-Panel 2222s detector series to enhance image-guided surgery. For greater patient and healthcare professional experience and safety, the X-Panel 2222s equips mobile and mini C-arms with premium quality, low-dose imaging at fast scanning speeds.



28 November

DT presented its latest detector innovations for medical CT and surgical imaging at the virtual RSNA show.

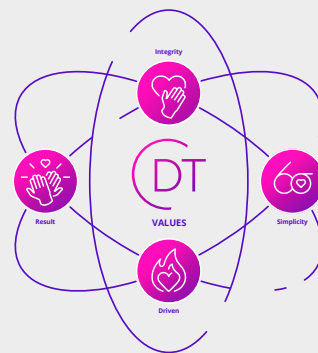


11 December

DT turned 30 years old. All DTians were invited to a live, online global broadcast that was held the day before to celebrate the milestone together and to unite the DT community. DTians starred in this interactive show.

**21 December**

DT launched its refined values and defined values-based behaviors and the DT Values Champion Award internally to strengthen the company culture. The renewed values clarify what DT is from a values perspective and how it reflects its values in its daily actions.



2022

22 December

DT announced that it will establish a talent hub in Nanjing to boost the development of its offering beyond hardware. The Nanjing talent hub is profiled as a competence pool of software, algorithm, firmware, and electronics developers.

**26 December**

DT showcased its Aurora product family at the CPSE 2021 (China Public Security Expo) exhibition. The show in Shenzhen was an excellent place to explore new opportunities.



Values in action

We want to be clear on who we are from a values perspective as a company and how we reflect them in our daily actions. So, we refined our values and defined them as behaviors during 2021.

We see values as a foundation for our company culture. 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 have kept the four core values themselves the same as when they were originally launched in 2014. Based on employee feedback, we made the values more tangible and easier to identify with, and put more heart into the descriptions for better employee and customer experience.

We completed the values project at the end of the year, and the outcome was shared with all employees. An external launch was kicked off in early 2022.

We stand for our values

The values review project was carried out with help of our employees, DTians, on several fronts. Altogether, over one hundred DTians contributed to the review and definition of values-based behaviors during the project.

As a final milestone we conducted a global survey in early November. The response rate was excellent. As an outcome of the survey, we learned that the majority of DTians find the redefined values resonate with them strongly. This is an excellent starting point, when moving forward in developing our company culture.

Values-based development

The aim is to engage each of us in values-based behavior. So, aligned with the group-level internal

launch, we have also started to roll out the values on team and individual levels.

Teams have been discussing what the values mean to them. Values-based behaviors have been introduced as a part of regular one-on-one-discussions as well.

The values and values-based behaviors will be reviewed in employee development discussions twice a year. The values based behaviors will be reflected in individual development plans.

During 2022, values-based behaviors will be included in our Code of Conduct. In addition, the values will be embedded into our key people processes, such as our onboarding program.

Values Champion Award launched

To boost employee engagement, we have also launched a Values Champion Award. The aim of the award program is to highlight the importance of values and to celebrate and reward value-based behaviors that maintain and develop our company culture going forward.

DT Values Champions will be living examples of our values in action. They consistently represent values-based behaviors on a day-to-day basis.

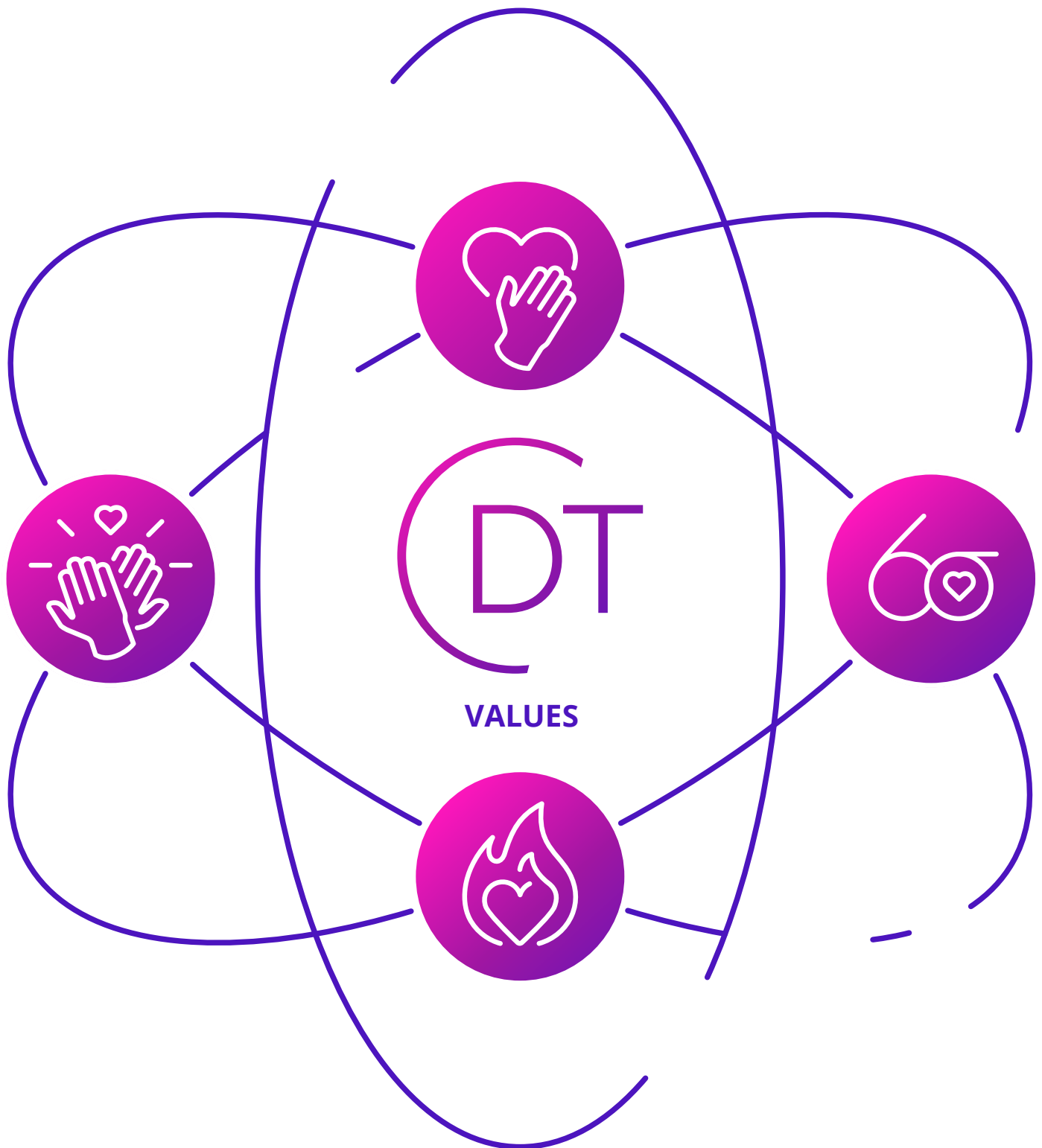
The DT Values Champions are nominated by colleagues. Anyone can nominate a colleague and everyone at DT is eligible for the award. The winners will receive an award and a gift reflecting “DT heart” and sustainability.



“We are passionate about our values—integrity, simplicity, driven and result—that are the foundation of our company culture.”

“Our values define who we are and what we stand for, and guide us to make the right decisions.”

“Our values are at the heart of our daily work, and we have placed our heart in everything we do for better customer and employee experience.”





Integrity is at the heart of everything we do.

We practice integrity by

- Caring for each other
- Building trust by being transparent and keeping promises
- Caring for our environment and striving for sustainability.



Result is about the journey not only the outcome.

We deliver results by

- Uniting as a team and staying close to our customers
- Seeing challenges as a growth opportunity
- Giving and seeking feedback and celebrating success.



Simplicity stands for smooth customer experience.

We boost simplicity by

- Starting from the customers' needs
- Being open to the question: is there a simpler way?
- Building on Lean methods.



Driven means seeking learning and growth.

We stay driven by

- Striving to delight our customers a little more every day
- Being curious and open to ideas from anyone
- Embracing diversity.



The essence of our values: heart

We have visualized our values with new icons. Furthermore, a photon-like illustration highlights how the values form one entity and how the values are linked to our core business.

The essence of our values is in the heart. The heart is embedded in all icons—in all our values. If you take a closer look, you will also find hearts in the form of the photon illustration.

This way we remind ourselves to have heart in and give heart to all our actions. The heart guides us toward greater customer, owner, partner, and employee experience.

30 years for people's health and safety

2021 marked our 30th anniversary. Over the years we have worked with passion for people's health and safety. We have had an amazing journey with a purpose thanks to all our stakeholders.

Our company was founded in Espoo, Finland on 11 December 1991. Scientists, Iiro Hietanen, Tuure Tuuva and Tapio Wiik, who all had a background in CERN, established Detection Technology to industrialize the ultra-sensitive sensor technology originating from CERN research.

Roots in CERN

Detection Technology started as a spin-off company from the Research Institute

for High Energy Physics in Finland (SEFT), and the Technical Research Centre of Finland (VTT). CERN also played a key role in testing our solutions in the years that followed.

Our company's first operational year started at VTT's premises in Espoo. Silicon strip and pad detectors, and complimentary readout electronics and hybrids were designed and manufactured for high-energy physics research.

Our company has always been very international, right from the start. As early as in 1994, Detection Technology set up a site in Beijing, China to boost cooperation with Tsinghua University, and to start silicon wafer processing.

In 1996, we were even part of a mission to Mars. NASA included our photodiode on the robotic

spacecraft, Pathfinder, that was launched to Mars on 4 December. Pathfinder landed successfully on Mars's Ares Vallis in July 1997, and analyzed the atmosphere, climate, geology, and soil.

Innovation with heart

Since the early years, we have been known of our customer-first attitude, curiosity, and courage. This attitude of ours has enabled us to expand our product portfolio and global footprint for an enhanced customer and owner experience.

For greater customer and owner value, we have combined market knowledge and customer intimacy with technology and engineering capabilities in an innovative way, but most importantly, we have put our hearts into everything we do. Today, we are the industry pioneer in our field and the trendsetter of the future.

Mission on Mars

our customers, owners, partners, and employees, we have an incredible ecosystem to create foresight capabilities quicker to "foreknow and foresave". We will remain driven to be the most trusted partner in imaging the unknown and will continue to work with a big heart.

Thank you for the trust you have placed in us over the years. Together with



YEARS
DETECTION TECHNOLOGY



YEARS
DETECTION TECHNOLOGY



YEARS
DETECTION TECHNOLOGY

To learn more about our 30-year journey and how we have succeeded, fast-forward to our [present >](#)

CERN

CERN, the European Organization for Nuclear Research, in Switzerland is well known for developing sensor technology for high-energy physics and space research. CERN is also the home of many successful breakthrough innovations, such as the medical PET camera and the World Wide Web.

[More on CERN >](#)



YEARS
DETECTION TECHNOLOGY

Online anniversary party

We got together to celebrate our company's 30-year journey. Our employees, DTians as we call ourselves, starred in the live, online broadcast. The joyful show was filled with congratulations, interviews, and greetings from all our sites around the world. Here you can see some images that DTians posted on the photo wall.



YEARS
DETECTION TECHNOLOGY



YEARS
DETECTION TECHNOLOGY



YEARS
DETECTION TECHNOLOGY

The most trusted partner for X-ray imaging

For people's health and safety, we equip X-rays with 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.

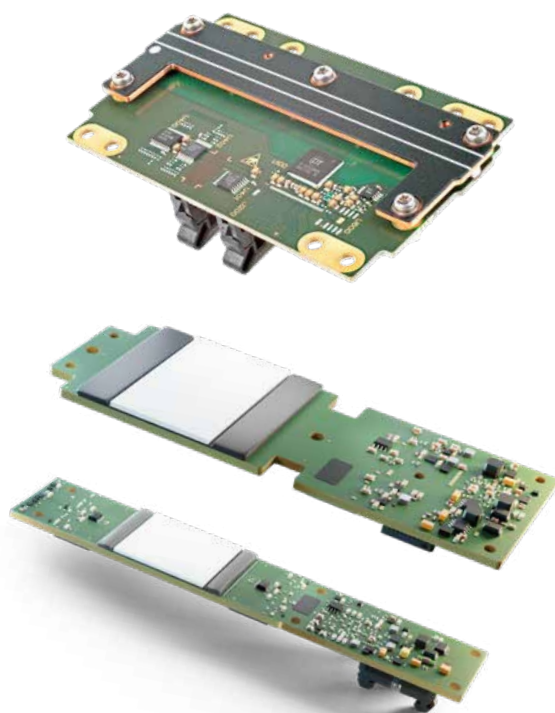
We offer off-the-shelf and customized detectors for original equipment manufacturers (OEMs) and system integrators. Our solutions range from sensor components to optimized detector subsystems with ASICs, electronics, mechanics, software, and algorithms.

Our solutions meet the performance and reliability requirements of the most stringent applications,

such as high-end computed tomography (CT) systems. 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 a better quality. When it comes to people's health and safety, only reliable and robust solutions are acceptable.

Over two billion inspections are done daily with 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 X-ray imaging
- Surgical X-ray imaging



Security applications

- Carry-on and checked-in baggage screening
- Parcel and mail screening
- Cargo, container and vehicle screening
- Person screening



Industrial applications

- Food, pharmaceutical and tire inspection
- Material sorting in the agriculture, forest, mining and recycling industries
- High-energy NDT and CT solutions for the aerospace, automotive, defense, renewable energy, oil and gas industries
- Production process control and quality inspection



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 service models 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%

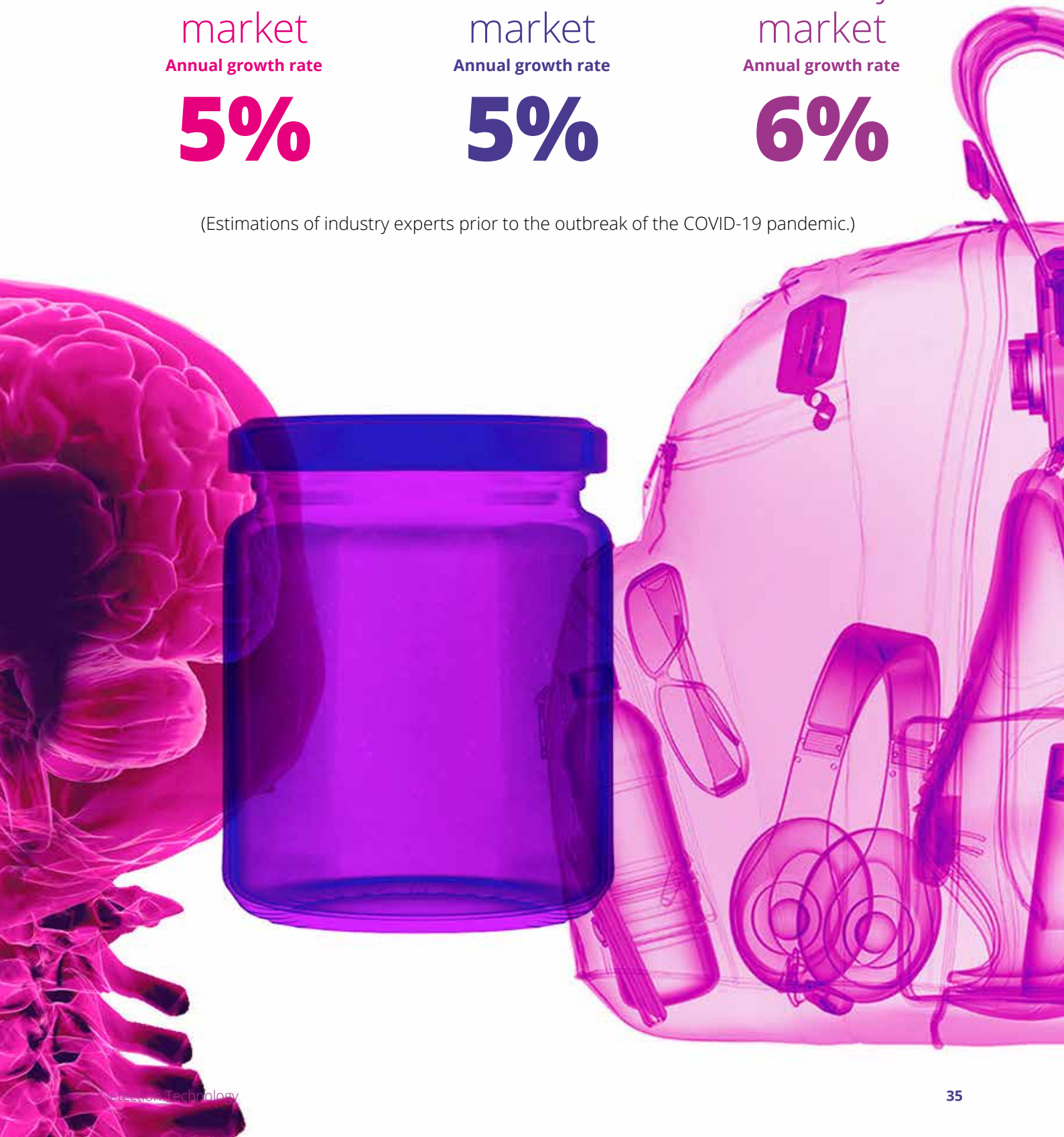


Security
market

Annual growth rate

6%

(Estimations of industry experts prior to the outbreak of the COVID-19 pandemic.)



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

≥15%

ANNUAL
Dividend or returned capital

30–60%

5,500,000+

Cumulative number of solutions shipped.

1,400,000+

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 2022

Detection Technology Plc will disclose
the following financial releases in 2022:

Business review January–March 2022: 27 April 2022

Half-yearly report January–June 2022: 3 August 2022

Business review January–September 2022: 26 October 2022

The Annual General Meeting is
on 30 March 2022 at 15:00 (EEST).

Detection Technology

Financial statements and Report of the Board of Directors

2021

Board of Director's report

Financial year 2021 in brief

Detection Technology took a profitable growth path in 2021. The company's net sales experienced double-digit growth and profitability remained at a good level despite challenges related to COVID-19. The company, which celebrated its 30th anniversary, is heading into a new decade from a strong competitive position in all of its main markets.

Prior to the outbreak of the COVID-19 pandemic, industry experts estimated that the global medical X-ray imaging equipment market would grow at an average rate of about 5% per annum, the security segment by 6%, and the industrial sector by about 5%. According to Detection Technology, the annual growth of the medical and industrial markets was in line with expert estimates during the financial year. The market disturbance caused by the pandemic in the security market is passing and demand took an upward turn, including the aviation segment, at the end of the year, but the normalization of growth will be slow.

In the 2021 financial year, the demand for the company's CT (computed tomography) applications was strong and demand in industrial applications stable, but growth in both segments suffered from the shortage of materials and components caused by the pandemic in H2. The security market started to recover at the beginning of the year after stagnation caused by the pandemic, and growth accelerated in Q4, although growth in this segment was also held back by component shortages.

After a slow start to the year, the company experienced an upward trend in Q2, and the growth accelerated in all businesses in Q4. Its total net sales grew by 10%, totaling EUR 90 million in the 2021 financial year, even though the ramifications of the COVID-19 pandemic curbed some of the growth.

Despite quarterly fluctuation, demand in the industrial market grew steadily in all of the company's main segments: imaging solutions for the food, pharmaceutical and mining industries. As a result, the Industrial Solutions Business Unit (IBU) hit record sales even though some deliveries

had to be postponed at the end of the year due to the shortage of components. IBU sales increased by 10%, totaling EUR 13 million in FY2021. IBU generated 14% of total net sales.

Medical Business Unit (MBU) sales increased strongly, driven by demand in CT applications. Sales were mainly boosted by two market drivers: investments in healthcare infrastructure both globally and in particular in China, and demand for higher-end CT applications. MBU's net sales increased by 25%, totaling EUR 49 million in FY2021. Growth was mainly generated by the sales of standard CT solution, such as X-File. Growth would have been stronger if the direct and indirect consequences of component shortages had not reflected sales in H2. MBU generated 55% of total net sales.

Security Business Unit (SBU) sales decreased in Q1 due to the unusually weak demand in the aviation sector. In addition, restrictions on gatherings and postponed investments both in critical infrastructure projects and border control points had a negative impact on demand. The recovery, however, started and the security markets took an upward turn at the end of Q2. Demand also picked up in the aviation segment in Q3, and all security applications were well on the growth path in Q4. The improved demand at the end of the year did not, however, fully compensate for the low demand at the beginning of the year. SBU's net sales decreased by -9%, totaling EUR 28 million. SBU generated 31% of total net sales.

There were no significant changes in the geographical distribution of the company's net sales. The Asian and Pacific countries (APAC) were still its largest market area, with around 74% of the market share.

Detection Technology strengthened its competitive position in all of its main markets. It has a firm position in the CT market, both in medical and security applications. The company is also valued in the industrial market where it strengthened its position in line with its "Beyond hardware" strategy. Thanks to its customer-driven approach, expanding product portfolio and standard solutions, the company won new strategic customers and projects. The number of active customers increased in all business units, being 370 at the end of the year.

The company's profitability remained at a good level, and its operating profit was 12% of net sales. Thanks to increase in production volumes, better profitability, product mix and moderate fixed costs, profitability remained at a good level.

Detection Technology implemented a new business and reporting structure on 1 January 2021. The company's Security and Industrial Business Unit was divided into two: the Security Business Unit (SBU) and the Industrial Solutions Business Unit (IBU). The new organizational structure has enhanced the recognition of weak market signals and customer needs and has built a more targeted offering. It has also improved customer service and speeded up the commercialization of software and services in line with the company's "Beyond Hardware" strategy.

In 2021, the company launched several strategically important products, such as the Aurora XS, designed for line scanning security applications in urban environments. Its simplified structure, high image quality and reliability make the Aurora XS competitive in this price-driven segment. According to the company's view, the Aurora XS is unique in its class, because it is the first industrialized solution in the target segment that enables dual energy imaging using one sensor.

Another important product launch was the X-ACE, targeted at the value and mainstream CT imaging market. Thanks to the launch, the company is the first and so far the only detector supplier in the world with a product portfolio that includes standard solutions for all medical CT imaging modalities, from the value to the premium segment.

At the end of December, Detection Technology announced that it will establish a talent hub in Nanjing, China. With the talent hub, the company aims to improve its capabilities to meet future market megatrends and the increasing demand for higher-end detector solutions, in which software and algorithms play a key role. The Nanjing talent hub is profiled as a competence pool of software, algorithm, firmware, and electronics developers. The talent hub has been operational since 1 January 2022.

Detection Technology rolled out major leadership and corporate culture development programs in FY2021. In addition, the company completed a value project, in which it redefined its values and the corresponding behaviors. In December, the company celebrated its 30th anniversary as the pioneer in the digital X-ray detector industry.

Although the COVID-19 pandemic is not yet over and risks related to the availability of materials and components have increased, Detection Technology considers that all of its fundamental growth drivers in all of its target markets have remained unchanged. The company's competitive position is strong and it is ready to flexibly meet the recovering demand.

Net sales and financial result development

The company's net sales for January-December 2021 increased by 10.1% to EUR 89.8 million (81.6). Net sales for IBU increased by 10.1% to EUR 12.8 million (11.6). Net sales for MBU grew by 25.1% and totaled EUR 49.1 million (39.3). Net sales for SBU decreased by -9.1% to EUR 27.9 million (30.7). MBU's share of total net sales was 54.7% (48.1%), SBU's was 31.1% (37.7%) and IBU's was 14.2% (14.2%).

In January-December, Asia-Pacific's (APAC) share of total net sales was 74.2% (67.9%), Europe, Middle East, Africa's (EMEA) 17.8% (22.2%) and Americas' 8.0% (9.9%). The share of net sales accounted for by the top five customers was 55.7% (53.0%).

The operating profit for the review period January-December 2021 was EUR 10.6 million (8.7), or 11.8% (10.7%) of net sales. Financial items totaled EUR 0.8 million (-0.6), and income taxes were EUR -2.0 million (-1.4). The result for the year 2021 was EUR 9.3 million (6.7). Earnings per share were EUR 0.64 (0.47).

Unlike in FY 2021, Group companies received a total of EUR 1.2 million of country-specific reliefs for pensions and other employer's contributions due to the COVID-19 pandemic in FY 2020.

Conversion items consist mainly of realized and unrealized foreign exchange conversion profits related to the parent company's currency position on CNY and USD, the foreign exchange rates of which strengthened against the EUR in FY 2021. In FY 2020, the CNY and USD had weaker foreign exchange rates against the EUR, causing realized and unrealized foreign exchange conversion losses on parent company's currency positions.

The Chinese subsidiary DT Electronic Manufacturing (Beijing) Co., Ltd. received a certification for High and New Technology Enterprise (HNTE) in 2020, which temporarily reduced the subsidiary's corporate income tax (CIT) rate from 25% to 15%. The lower rate of 15% has been applied also in FY 2021. The French subsidiary Detection Technology S.A.S. was granted a relief of corporate income tax on the basis of its R&D costs, which decreased corporate income taxes by EUR 0.1 million (0.4).

Warranty provision equals to approximately 0.5% of the Group's net sales, according to the estimate by the management. Warranty provision was reversed with EUR 0.5 million in FY2021, as the estimate for the previous year was 1.0% of the Group's net sales.

Key figures of financial performance

	Group	Group	Group	Parent	Parent	Parent
	2021	2020	2019	company	company	company
				2021	2020	2019
Net sales, EUR 1,000	89,813	81,561	102,480	23,872	26,241	28,963
Operating profit excluding NRI, EUR 1,000	10,580	8,877	17,719	3,092	4,672	4,487
Operating profit excluding NRI,%	11.8%	10.9%	17.3%	13.0%	17.8%	15.5%
Operating profit, EUR 1,000	10,580	8,714	17,019	3,092	4,672	4,487
Operating profit,%	11.8%	10.7%	16.6%	13.0%	17.8%	15.5%
Return on investment (ROI),%	15.1%	13.6%	28.5%	7.3%	12.9%	12.8%
Earnings per share, EUR	0.64	0.47	0.87	-	-	-
Earnings per share (diluted), EUR*	0.63	0.47	0.87	-	-	-
Equity ratio,%	80.4%	77.3%	76.5%	92.4%	93.3%	90.6%

* 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

	2021	2020	2019
Number of shares at the end of the period	14,655,930	14,375,430	14,375,430
Weighted average number of shares outstanding	14,477,138	14,375,430	14,375,430
Weighted average number of shares outstanding, diluted	14,722,265	14,375,430	14,375,430

Research and development

During the review period January-December 2021, R&D expenses were EUR 10.5 million (9.8), corresponding to 11.7% of net sales (12.0%). All R&D costs are recognized as expenses.

Personnel

At the end of December 2021 Detection Technology employed 451 people (444). A total of 336 people worked in China, 95 in Finland, 15 in France and 5 in the US. In January-December 2021, personnel expenses totaled EUR 19.2 million (17.4).

Headcount, salaries and rewards

	Group	Group	Group	Parent	Parent	Parent
	2021	2020	2019	company	company	company
	2021			2021	2020	2019
Average headcount	441	471	487	87	86	76
Salaries and rewards (EUR 1,000)	15,100	14,306	14,026	6,158	5,858	5,274

Personnel by geography

	31.12.2021	31.12.2020	Change, %
APAC	336	340	-1.2%
Americas	5	4	25.0%
EMEA	110	100	10.0%
Total	451	444	1.6%

Board of Directors and management

The Annual General Meeting resolved that the Board of Directors consists of six members (6). Carina Andersson, Vera Backström, Richard Ingram, Pasi Koota, Henrik Roos and Hannu Syrjälä were re-elected. Heikki Allonen had informed that he is not available for re-election to the Board of Directors. In its organizing meeting, the Board of Directors elected Hannu Syrjälä as Chairman 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 were Hannu Syrjälä, Vera Backström and Henrik Roos. The Remuneration Committee appointed Hannu Syrjälä to chair the committee. The members of the Auditing Committee were Pasi Koota, Carina Andersson and Richard Ingram. Pasi Koota acted as the 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.

In December 2020, the company appointed Juha Talasmäki as Vice President of the new Industrial Solutions Business Unit and a member of the management group. He started working in the position on 1 January 2021 and has been responsible for the overall development of business of IBU globally.

In April, the company appointed Arve Lukander Vice President, Security Business Unit (SBU) and a member of the management group. He started working in the position on 14 June 2021, and has been responsible for the overall development of business of SBU globally. Member of the management group Kari Hyvärinen, who headed the SBU before, left the company on 11 April 2021.

At the end of FY 2021, 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, CFO Petri Hiljanen, CTO Jyrki Still, and Vice President of Operations Kai Utela.

Report on the Corporate Governance

A report on the company's Corporate Governance (CG) has been given for FY 2021. The report can be found on the company's website.

Annual General Meeting

Detection Technology Plc's Annual General Meeting (AGM) 2021 was held on 30 March 2021. 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 718,750 shares, and is valid until the conclusion of the following Annual General Meeting, but no later than 30 June 2022. At the end of FY 2021, the authorization had not been used.
2. The company's Board of Directors was authorized to issue a total of 1,437,500 new shares in the company. This authorization is valid until the conclusion of the following Annual General Meeting, but no later than 30 June 2022. At the end of FY2021, the authorization had not been used.

Shareholders' Nomination Board

Based on the holdings on 1 September 2021, the Nomination Board has consisted of the Chairman of the Nomination Board CEO of Ahlström Capital Lasse Heinonen as the representative of Ahlstrom Capital BV; and Board Member of OP Fund Management Company Kalle Saariaho, representing OP-Finland Mutual Fund, and Director, Sustainability of Aktia Bank Markus Lindqvist representing the Aktia Capital Mutual Fund. The Chairman of Detection Technology's Board of Directors Hannu Syrjälä serves as an expert member of the Nomination Board.

The proposals of the Nomination Board to the Annual General Meeting were published on 20 January 2022. 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 28.95 in January–December 2021. The highest price for 2021 was EUR 36.40 and the lowest EUR 24.30. The closing price at the end of December was EUR 29.30, and the company had a market capitalization of approximately EUR 429 million. A total of 1.35 million shares, which is 9.1% of the total number of shares, were traded between 4 January and 30 December. The number of outstanding shares in Detection Technology was 14,655,930 at the end of 2021.

The number of shareholders at the end of the review period was 3,472. 71.2% of the shares were held by the ten largest shareholders. The nominee-registered foreign holding of shares in the company was 12.4% 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 2021

	Shares	%
AHLSTROM CAPITAL BV	5,280,167	36.0%
SKANDINAVISKA ENSKILDA BANKEN AB (PUBL) HELSINGIN SIVUKONTTORI	1,719,038	11.7%
OP-SUOMI -SIIJOITUSRAHASTO	617,376	4.2%
SIIJOITUSRAHASTO 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%
SIIJOITUSRAHASTO EVLI SUOMI PIENYHTIÖT	330,345	2.3%
SEB FINLAND SMALL CAP	315,000	2.1%
OP-SUOMI MIKROYHTIÖT -ERIKOISSIIJOITUSRAHASTO	242,265	1.7%
SÄÄSTÖPANKKI KOTIMAA -SIIJOITUSRAHASTO	240,000	1.6%
OP-SUOMI PIENYHTIÖT	193,058	1.3%
ERIKOISSIIJOITUSRAHASTO AKTIA MIKRO MARKKA	189,937	1.3%
NACAWI AB	186,025	1.3%
FONDITA NORDIC MICRO CAP SIIJOITUSRAHASTO	186,000	1.3%
SIIJOITUSRAHASTO SÄÄSTÖPANKKI PIENYHTIÖT	156,904	1.1%
NORDEA HENKIVAKUUTUS SUOMI OY	147,435	1.0%
EQ POHJOISMAAT PIENYHTIÖ	134,262	0.9%
SIIJOITUSRAHASTO AKTIA NORDIC SMALL CAP	125,000	0.9%
CHEN WU	101,875	0.7%
The 20 largest shareholders in total	12,095,876	82.5%
Other shareholders	2,560,054	17.5%
Shares in total	14,655,930	100.00%

Breakdown of share ownership on 31 December 2021

Number of shares	Owners	%	Shares	%
1-100	2,066	59.5%	83,268	0.6%
101-500	971	28.0%	240,270	1.6%
501-1,000	195	5.6%	150,560	1.0%
1,001-5,000	145	4.2%	302,706	2.1%
5,001-10,000	27	0.8%	198,441	1.4%
10,001-50,000	39	1.1%	966,640	6.6%
50,001-100,000	9	0.3%	618,169	4.2%
100,001-	20	0.6%	12,095,876	82.5%
	3,472	100.0%	14,375,430	100.0%

Shareholding by the management and the entities they control on 31 December 2021

	Shares	%
Members of the Board	21,593	0.1%
CEO	466,690	3.2%
Other members of the management team	258,959	1.8%

Stock options

Detection Technology Plc's Board of Directors confirmed in its meeting on 26 October 2021 that the share subscription price with the stock options 2020B1 and 2020B2 is EUR 31.32. At the same time, the Board also decided to grant a total of 364,300 stock options within the stock option series 2020B1 and 2020B2 to key personnel. The share subscription period is from 2 May 2024 until 31 May 2025.

The total number of stock options granted within the stock option program 2020 is 724,300. On 24 August 2020, the Board of Directors decided to grant a total of 360,000 stock options in the series 2020A1 and 2020A2.

Between 2 May 2021 and 9 June 2021, a total of 203,000 new shares in Detection Technology Plc were subscribed with the company's stock options 2018A1 and 2018A2. A total of 2,500 new shares were subscribed with the series 2018A1 between 22 July 2021 and 14 October 2021, and a total of 75,000 new shares were subscribed with the series 2018A1 and 2018A2 between 15 October 2021 and 8 December 2021. At the end of the review period, the total number of the company's shares was 14,655,930.

The company has two existing stock option programs: stock option program 2018 and stock option program 2020. The description and terms of the stock option programs and stock options can be found on the company's website.

Risks and uncertainties

The most significant short-term risks and uncertainties of the company are the war between Russia and Ukraine and its implications for the security in Europe and the world as well as for the availability and cost of energy and raw materials, the development of the relationship between the US and China, the development of international security, the availability of special materials and electronic components as well as the prolongation of the COVID-19 pandemic due to viral mutations, as well as the coverage and efficiency of vaccinations. Other short-term risks are related to political and trade policy uncertainty, and operating in emerging markets.

Other risks are related to the changes in the competitive landscape, price competition, a significant share of net sales being generated by the five largest customers, APAC countries' large share of sales, product quality, the start-up of the production of new products, customer liquidity, exchange rate fluctuations, an overall cost development particularly in China, the permanence and competence of personnel, 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

In 2021, Detection Technology continued its work to define in more detail sustainability aspects that are essential for the company's business and the wider business environment, to evaluate its sustainability themes and agenda, and to further develop its operating model based on the framework of the Responsible Business Alliance (RBA). Detection Technology's corporate social responsibility complies with certified ISO 9001:2015, ISO 14001:2015 and ISO 13485:2016 standards, and the company acknowledges and continuously implements the Code of Conduct of RBA.

Detection Technology's Code of Conduct consists of its quality, environmental, business ethics, people, and occupational health and safety policies. The company is not aware of any Code of Conduct or environmental infringements during the 2021 fiscal year.

Detection Technology announced its sustainable development goals for the first time in the 2020 annual review, which was published in March 2021. Detection Technology has set metrics to measure continuous improvement in every area of its Code of Conduct, and it monitors development in quarterly reviews.

During the review period, Detection Technology achieved all of the sustainable development key performance indicators (KPI) set for 2021 with the exception of the scrap weight index target. The company has kept the same scrap weight index KPI for 2022 and has taken measures to achieve it. Another highlight to note from the 2021 KPIs is that the company completed the building of a cross-functional team of internal auditors. This new addition to the company's global internal audit network will give extra strength to the development of the company on many frontiers in the coming years.

Themes and subitems on the company's sustainability agenda remain mainly unchanged in 2022. Detection Technology has set new environmental KPIs on energy and CO₂e (Scope 2) intensity, which have an ever-increasing global importance. In addition, targets in people and business ethics areas have been aligned with the company's aim to enhance its feedback culture. In FY 2022, Detection Technology aims to establish and launch a whistleblowing channel as an additional feedback mechanism for reporting any practices or events that are inconsistent with its Code of Conduct.

Detection Technology has described the outcomes of the 2021 sustainable development KPIs and the targets set for 2022 in more detail in the 2021 annual review. In addition, the company has shared some highlights related to its other measures to support corporate social responsibility in the said report.

Events after financial year ended

After the end of the FY 2021, the company's business continued as usual and there were no anomalous events prior to the war in Ukraine that started on 24 February 2022. The direct and indirect impacts of the war in Ukraine to Detection Technology's business are still unknown.

Overall, Detection Technology has only minor business in the area of crisis. The main impacts will be related to the development of security at the European and global levels, logistics, and the availability and prices of energy, raw materials and materials.

The company carries out responsible business and complies with all sanctions and embargos. The company continuously monitors the development of the situation and will give further information on the impacts of the crisis in line with its progress and duration.

Business outlook

According to Detection Technology's view, the medical and industrial markets will grow in line with the pre-pandemic estimates by the experts, on average about 5% per year. The market disturbance caused by the pandemic is passing in the security market, as demand has taken an upward turn also in the aviation segment, but the normalization of growth to the pre-pandemic level of 6% will be slow.

According to Detection Technology's view, demand will continue to be strong in all of the company's main markets. The company expects double-digit growth in total net sales both in Q1 and Q2 of 2022, although the shortage of materials and components is expected to curb some of the growth.

Due to the pandemic, global economy and the company's business have faced exceptional and temporary uncertainty. Predictability of the company's target markets is still lower than usual, and risks related to the availability of materials have increased. The effect of material and component shortage has been acknowledged as a limiting factor in the outlook, however a further degradation in supply chain might affect the business outlook.

Financial targets

Detection Technology aims to increase sales by at least 10% per annum and to achieve an operating margin at or above 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 42,181,467, of which EUR 8,069,574 represents the net profit for the financial year. The company's funds eligible for dividend distribution total EUR 13,776,382. 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 30 March 2022 that, based on the balance sheet adopted for 2021, a dividend of EUR 0.35 per share be paid (0.28). The number of shares entitling to dividend is 14,655,930, which means that the total amount of the dividend would be EUR 5,129,575.50.

Group income statement

(EUR)

	1.1.-31.12.2021	1.1.-31.12.2020
NET SALES	89,813,298	81,561,340
Change in inventories of finished goods and work in progress	1,505,407	388,797
Other operating income	375,587	1,017,284
Materials and services	-47,574,719	-42,994,757
Personnel expenses	-19,205,469	-17,351,795
Depreciations	-3,279,484	-3,254,281
Other operating expenses	-11,054,985	-10,652,727
OPERATING PROFIT	10,579,635	8,713,861
Financial income and expenses	770,331	-628,428
PROFIT BEFORE TAXES	11,349,965	8,085,433
Income taxes	-2,041,340	-1,350,379
PROFIT FOR THE FINANCIAL YEAR	9,308,625	6,735,055

Group balance sheet

(EUR)

ASSETS	31.12.2021	31.12.2020
NON-CURRENT ASSETS		
Intangible assets	3,246,288	4,135,938
Tangible assets	5,578,440	5,991,295
Investments	10,501	10,501
TOTAL NON-CURRENT ASSETS	8,835,230	10,137,734
CURRENT ASSETS		
Inventories	22,225,085	15,909,363
Non-current receivables	487,749	391,042
Current receivables	30,799,333	24,173,716
Cash and cash equivalents	29,810,150	25,186,729
TOTAL CURRENT ASSETS	83,322,317	65,660,849
TOTAL ASSETS	92,157,547	75,798,584
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	22,452,875
Retained earnings	30,622,963	24,062,014
Profit for the financial period	9,308,625	6,735,055
TOTAL EQUITY	73,546,697	58,459,969
LIABILITIES		
Current liabilities	18,610,849	17,338,615
TOTAL LIABILITIES	18,610,849	17,338,615
TOTAL EQUITY AND LIABILITIES	92,157,547	75,798,584

Group cash flow statement

(EUR)

	1.1.–31.12.2021	1.1.–31.12.2020
CASH FLOW FROM OPERATIONS		
Operating profit	10,579,635	8,713,861
Depreciations	3,279,484	3,254,281
Other non-cash business activities	590,226	-1,382,314
Change in working capital	-6,281,200	288,910
Financial income and expenses	19,514	-394,449
Income taxes paid	-1,066,969	-2,527,559
CASH FLOW FROM OPERATIONS	7,120,690	7,952,730
CASH FLOW FROM INVESTMENTS		
Investments in intangible and tangible assets	-1,359,290	-3,225,748
CASH FLOW FROM INVESTMENTS	-1,359,290	-3,225,748
FREE CASH FLOW	5,761,400	4,726,982
CASH FLOW FROM FINANCING		
Change in current loans	-4,314,284	337,944
Share issue	5,952,210	0
Dividend paid	-4,025,120	-5,462,663
CASH FLOW FROM FINANCING	-2,387,195	-5,124,720
CHANGE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the beginning of the year	25,186,729	26,011,935
Foreign exchange rate effect	1,249,215	-427,468
Cash and cash equivalents at the end of the year	29,810,150	25,186,729
CHANGE IN CASH AND CASH EQUIVALENTS	3,374,206	-397,738
CHANGE IN WORKING CAPITAL		
Change in current receivables	-4,539,030	2,029,354
Change in inventories	-4,964,015	-2,131,590
Change in current liabilities	3,221,846	391,147
CHANGE IN WORKING CAPITAL	-6,281,200	288,910

Reporting of conversion differences in Group cash flow statement has been changed during the financial year. Material conversion differences have been eliminated from cash flows, both in current and comparable reporting period.

Detection Technology Plc income statement

(EUR)

	1.1.–31.12.2021	1.1.–31.12.2020
NET SALES	23,871,689	26,241,022
Change in inventories of finished goods and work in progress	14,858	277,932
Other operating income	6,559,396	5,572,686
Materials and services	-13,060,036	-14,233,354
Personnel expenses	-7,399,009	-7,012,771
Depreciations	-1,024,582	-1,104,081
Other operating expenses	-5,869,994	-5,069,027
OPERATING PROFIT	3,092,322	4,672,405
Financial income and expenses	6,070,658	3,806,304
PROFIT BEFORE TAXES	9,162,981	8,478,710
Income taxes	-1,093,407	-933,911
PROFIT FOR THE FINANCIAL YEAR	8,069,574	7,544,799

Detection Technology Plc balance sheet

(EUR)

ASSETS	31.12.2021	31.12.2020
NON-CURRENT ASSETS		
Intangible assets	1,580,339	2,104,789
Tangible assets	805,549	911,571
Investments	6,866,531	6,229,890
TOTAL NON-CURRENT ASSETS	9,252,418	9,246,250
CURRENT ASSETS		
Inventories	2,172,233	2,016,051
Non-current receivables	7,924,350	7,079,801
Current receivables	11,570,642	9,699,510
Cash and cash equivalents	20,388,233	12,055,233
TOTAL CURRENT ASSETS	42,055,458	30,850,595
TOTAL ASSETS	51,307,876	40,096,845
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	22,452,875
Retained earnings	5,706,808	2,187,129
Profit for the financial year	8,069,574	7,544,799
TOTAL EQUITY	47,391,492	37,394,828
LIABILITIES		
Current liabilities	3,916,384	2,702,017
TOTAL LIABILITIES	3,916,384	2,702,017
TOTAL EQUITY AND LIABILITIES	51,307,876	40,096,845

Detection Technology Plc cash flow statement

(EUR)

	1.1.–31.12.2021	1.1.–31.12.2020
CASH FLOW FROM OPERATIONS		
Operating profit	3,092,322	4,672,405
Depreciations	1,024,582	1,104,081
Other non-cash business activities	371,714	-228,554
Change in working capital	-112,155	3,643,473
Financial income and expenses	5,329,074	4,050,955
Paid income taxes	-827,501	-765,695
CASH FLOW FROM OPERATIONS	8,878,036	12,476,666
CASH FLOW FROM INVESTMENTS		
Investments in intangible and tangible assets	-417,256	-295,150
Investment in shares in subsidiaries	-636,641	-631,744
CASH FLOW FROM INVESTMENTS	-1,053,896	-926,894
CASH FLOW FROM FINANCING		
Change in non-current loans to group companies	-844,550	-2,701,850
Change in current loans to group companies	-573,680	-2,428,580
Share issue	5,952,210	0
Dividend payment	-4,025,120	-5,462,663
CASH FLOW FROM FINANCING	508,860	-10,593,094
CHANGE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the beginning of the year	12,055,233	11,098,555
Cash and cash equivalents at the end of the year	20,388,233	12,055,233
CHANGE IN CASH AND CASH EQUIVALENTS	8,333,000	956,678
CHANGE IN WORKING CAPITAL		
Change in current receivables	-819,165	4,642,358
Change in inventories	-191,084	-245,442
Change in current liabilities	898,094	-753,443
CHANGE IN WORKING CAPITAL	-112,155	3,643,473

Accounting principles for consolidated financial statements

Principles for consolidated financial statement

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, account receivables and account payables as well as group internal shareholdings have been eliminated from consolidated financial statements. The income statements of subsidiaries have been converted to euro by using monthly average exchange rate 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' share capitals are included in retained earnings. Cash flow statements for DT Group and Detection Technology Plc have been prepared in compliance with the cash flow reporting model recommended by 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 Oyj	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

Associated companies

Company does not have any associated companies.

Goodwill

Company does not have any goodwill in its balance sheet as the company has established all subsidiaries.

Deferred taxes

Company does not recognize deferred income tax receivables and liabilities, as those are considered immaterial. According to precautionary principle, deferred income tax receivables has not been recognized from subsidiaries operating on loss.

Valuation methods and principles

Inventories have been valued at variable acquisition cost on basis of Chapter 5 Section 6 of the Finnish Accounting Act that defines the rules for valuation.

Intangible and tangible assets have been valued at acquisition cost, arising from activities to acquire and to take into operations. Planned depreciations have been decreased from assets' acquisition cost. Planned depreciations have been calculated based on the economical service life of assets.

Planned depreciation periods for different asset types are as follows:

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

Net sales recognition principles

Net sales for the products and services produced by the company is being recognized based on delivery.

Conversion of foreign currency items

Receivables and payables recorded in foreign currencies are converted to euro based on the average rates of the end date of the financial period.

Detection Technology Oyj

A Grid, Otakaari 5A, 02150 Espoo

Tel +358 (0) 20 766 9700

www.deetee.com

Domicile Espoo

Business ID 0878389-8

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

Notes to group's financial statement

1.1.-31.12.2021 (EUR)

NOTES TO INCOME STATEMENT

NET SALES	2021	2020
Net sales by geography		
Finland	2,832,380	1,763,030
Other EMEA	13,122,414	16,373,751
APAC	66,631,352	55,361,375
Americas	7,227,152	8,063,183
Total	89,813,298	81,561,340
Net sales by business unit		
Industrial Solutions Business Unit (IBU)	12,769,613	11,596,191
Medical Business Unit (MBU)	49,122,924	39,252,904
Security Business Unit (SBU)	27,920,761	30,712,245
Total	89,813,298	81,561,340

Top five customers accounted for 56% (53%) of net sales in the review period.

MATERIALS AND SERVICES	2021	2020
Materials, supplies and goods	51,958,345	44,114,784
Change in inventories	-4,810,315	-1,399,239
External services	426,689	279,212
Total	47,574,719	42,994,757

PERSONNEL	2021	2020
Personnel expenses		
Salaries and wages	15,099,751	14,306,333
Pension expenses	2,253,798	1,351,865
Other indirect personnel expenses	1,851,920	1,693,598
Total	19,205,469	17,351,795
Board of Directors' rewards and CEO's salaries and benefits		
Board of Directors' rewards	273,500	362,083
CEO's salaries and benefits	293,454	329,139
Total	566,954	691,222

CEO has a voluntary pension scheme provided by the company.

Comparability of personnel expenses

Unlike in financial year 2021, Group companies received in total EUR 1,173,139 of country-specific reliefs for pensions and other employer's contributions due to COVID-19 pandemic in 2020.

Key personnel's share-based incentive scheme

The company's key personnel has a share-based incentive scheme that has not been recorded in financial statement. Stock options enables a share issue at most with 1,110,000 new shares by end of 2025. Incentive scheme is not having material impact on company's profit or financial position.

Average number of personnel during the financial year

	2021	2020
Officers	226	223
Workers	215	248
Total	441	471

DEPRECIATIONS

	2021	2020
Intangible rights	789,602	748,311
Other capitalized expenses	613,390	479,494
Machinery and equipment	1,876,492	2,026,476
Total	3,279,484	3,254,281

AUDITING SERVICES

	2021	2020
Annual audits	184,054	118,744
Other services	4,400	22,030
Total	188,454	140,774

FINANCIAL INCOME AND EXPENSES

	2021	2020
Financial income	23,166	37,656
Interest expenses	-183,874	-236,489
Other financial expenses	-15,155	-6,240
Conversion items	946,194	-423,354
Total	770,331	-628,428

Conversion items consist mainly of realized and unrealized foreign exchange conversion profits related to parent company's currency position on CNY and USD, the foreign exchange rates of which strengthened against the EUR in FY 2021. In FY 2020, the CNY and USD had weaker foreign exchange rates against the EUR, causing realized and unrealized foreign exchange conversion losses on parent company's currency positions.

INCOME TAXES	2021	2020
Income taxes	2,041,340	1,350,379
Total	2,041,340	1,350,379

The Chinese subsidiary DT Electronic Manufacturing (Beijing) Co., Ltd. received a certification for High and New Technology Enterprise (HNTE) classification in 2020, which temporarily reduced the subsidiary's corporate income tax (CIT) rate from 25% to 15%. The lower rate of 15% has been applied also in FY 2021. The French subsidiary Detection Technology S.A.S. was granted a relief of corporate income tax on the basis of its R&D costs, which decreased corporate income taxes by EUR 96,708 (391,042).

NOTES TO BALANCE SHEET

INTANGIBLE ASSETS

	2021	2020
Immaterial rights		
Carrying amount at 1.1.	2,407,171	2,555,032
Increases	42,100	24,499
Reclassification	18,140	577,133
Conversion items	30,130	-1,183
Depreciations	-789,602	-748,311
Carrying amount at 31.12.	1,707,939	2,407,171
Other capitalized expenses		
Carrying amount at 1.1.	1,715,267	1,566,446
Increases	6,000	267,081
Reclassification	110,915	388,201
Conversion items	132,412	-26,967
Depreciations	-613,390	-479,494
Carrying amount at 31.12.	1,351,204	1,715,267
Prepayments for intangible assets		
Carrying amount at 1.1.	13,500	426,512
Increases	302,700	557,695
Reclassification	-129,055	-965,335
Conversion items	0	-5,373
Carrying amount at 31.12.	187,145	13,500
Total	3,246,288	4,135,938

TANGIBLE ASSETS

	2021	2020
Machinery and equipment		
Carrying amount at 1.1.	4,947,314	5,181,758
Increases	385,614	244,611
Reclassification	1,507,633	1,620,134
Decreases	-23,147	0
Conversion items	371,008	-72,712
Depreciations	-1,876,492	-2,026,476
Carrying amount at 31.12.	5,311,931	4,947,314
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.	1,040,982	529,256
Increases	622,875	2,144,551
Reclassification	-1,507,633	-1,620,135
Conversion items	107,286	-12,691
Carrying amount at 31.12.	263,509	1,040,982
Total	5,578,440	5,991,295

INVESTMENTS

	2021	2020
Other shares		
Carrying amount at 1.1.	10,501	10,500
Increases	0	1
Carrying amount at 31.12.	10,501	10,501

INVENTORIES

	2021	2020
Materials and supplies	15,327,354	10,517,038
Work in progress	1,826,650	1,088,815
Finished goods	5,071,081	4,303,509
Total	22,225,085	15,909,363

In the end of FY 2021, materials and supplies include EUR 917,378 prepayment for components to be used in future subcontracting activities.

RECEIVABLES	2021	2020
Non-current receivables		
Other receivables	487,749	391,042
Total	487,749	391,042
Current receivables		
Trade receivables	29,045,458	22,016,984
Other receivables	669,528	819,212
Accrued income		
Tax receivables	0	403,645
Other accrued income	1,084,348	933,875
Accrued income total	1,084,348	1,337,520
Total	30,799,333	24,173,716

Long-term receivables include corporate income tax refund of EUR 487,749 (391,042) that French subsidiary Detection Technology S.A.S. will receive in future years.

NOTES TO EQUITY AND LIABILITIES

EQUITY	2021	2020
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.	22,452,875	22,452,875
Share issue	5,952,210	0
Invested non-restricted equity fund 31.12.	28,405,085	22,452,875
Retained earnings 1.1.	30,797,069	30,691,655
Conversion items	3,851,014	-1,166,977
Dividend payment	-4,025,120	-5,462,663
Profit for financial year	9,308,625	6,735,055
Retained earnings 31.12.	39,931,588	30,797,069
Total	73,546,697	58,459,969

LIABILITIES	2021	2020
Current liabilities		
Loans from financial institutions	2,176,668	5,822,959
Advances received	713,663	153,476
Trade payables	10,476,800	7,385,790
Other liabilities	1,066,021	662,288
Accrued liabilities		
Accrued salaries	1,962,043	1,519,996
Accrued indirect personnel expenses	425,169	336,501
Accrued tax payables	459,212	152,410
Warranty provision	446,298	885,613
Other accrued liabilities	884,976	419,581
Accrued liabilities total	4,177,698	3,314,102
Total	18,610,849	17,338,615

Warranty provision equals to approximately 0.5% of the Group's net sales, according to the estimate by the management. Warranty provision was reversed with EUR 462,862 in FY 2021, as the estimate for previous year was 1.0% of the Group's net sales.

PLEDGES AND COMMITMENTS	2021	2020
Pledges		
Enterprise mortgages provided as collateral	10,734,913	10,734,913
Total	10,734,913	10,734,913
Credit limit		
Credit limit granted	16,899,120	15,464,942
Credit limit in use	2,176,668	5,760,373
Credit limit available	14,722,452	9,704,569
Other commitments		
Bank guarantee	232,630	227,726
Total	232,630	227,726
Lease commitments		
Payable in the following financial year	1,441,557	1,273,874
Payable in later years	910,402	1,486,487
Total	2,351,959	2,760,361

Credit limit granted contains a credit limit arrangement to Chinese subsidiaries, with amount of CNY 100,000,000, both in the end of current and previous financial year.

Notes to parent company's financial statement

1.1.-31.12.2021 (EUR)

NOTES TO INCOME STATEMENT

NET SALES

	2021	2020
Finland	2,832,380	1,763,030
Rest of the world	21,039,309	24,477,991
Total	23,871,689	26,241,022

OTHER OPERATING INCOME

	2021	2020
Royalty income from group companies	6,512,034	5,409,093
Other income from group companies	38,174	46,681
Other income	9,187	116,912
Total	6,559,396	5,572,686

MATERIALS AND SERVICES

	2021	2020
Materials, supplies and goods	13,060,712	14,184,415
Change in inventories	-141,324	-20,233
External services	140,648	69,172
Total	13,060,036	14,233,354

PERSONNEL

	2021	2020
Personnel expenses		
Salaries and wages	6,158,026	5,858,333
Pension expenses	955,502	887,160
Other indirect personnel expenses	285,480	267,279
Total	7,399,009	7,012,771
Board of Directors' rewards and CEO's salaries and benefits		
Members of the Board of Directors' rewards	273,500	362,083
CEO's salaries and benefits	293,454	329,139
Total	566,954	691,222

CEO has a voluntary pension scheme provided by the company.

Key personnel's share-based incentive scheme

The company's key personnel has a share-based incentive scheme that has not been recorded in financial statement. Stock options enables a share issue at most with 1,110,000 new shares by end of 2025. Incentive scheme is not having material impact on company's profit or financial position.

Average number of personnel during the financial year	2021	2020
Officers	84	83
Workers	3	3
Total	87	86

DEPRECIATIONS	2021	2020
Intangible rights	677,455	654,564
Other capitalized expenses	48,300	87,615
Machinery and equipment	298,827	361,902
Total	1,024,582	1,104,081

AUDITING SERVICES	2021	2020
Annual audits	83,200	63,185
Other services	4,400	22,030
Total	87,600	85,215

FINANCIAL INCOME AND EXPENSES	2021	2020
Dividend income from group companies	4,301,075	4,206,617
Financial income from group companies	637,019	445,998
Financial income from others	128	5,713
Interest expenses	-16,500	-16,506
Other financial expenses	-15,089	-5,549
Conversion items	1,164,025	-829,969
Total	6,070,658	3,806,304

Conversion items are consist mainly of realized and unrealized foreign exchange conversion profits related to currency position on CNY and USD, the foreign exchange rates of which strengthened against EUR during FY 2021. In FY 2020, the CNY and USD had weaker foreign exchange rates against the EUR, causing realized and unrealized foreign exchange conversion losses on currency positions.

NOTES TO BALANCE SHEET

INTANGIBLE ASSETS

Intangible rights

Carrying amount at 1.1.

2,007,017

2,384,393

Increases

17,500

15,539

Reclassification

18,140

261,648

Depreciations

-677,455

-654,564

Carrying amount at 31.12.

1,365,202

2,007,017

Other capitalized expenses

Carrying amount at 1.1.

84,272

171,888

Depreciations

-48,300

-87,615

Carrying amount at 31.12.

35,973

84,272

Prepayments for intangible rights

Carrying amount at 1.1.

13,500

213,133

Increases

183,804

62,015

Reclassification

-18,140

-261,648

Carrying amount at 31.12.

179,164

13,500

Total**1,580,339****2,104,789**

TANGIBLE ASSETS

	2021	2020
Machinery and equipment		
Carrying amount at 1.1.	869,747	1,027,640
Increases	48,377	106,833
Reclassification	132,508	97,176
Decreases	-23,147	0
Depreciations	-298,827	-361,902
Carrying amount at 31.12.	728,657	869,747
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.	38,825	25,238
Increases	167,575	110,763
Reclassification	-132,508	-97,176
Carrying amount at 31.12.	73,891	38,825
Total	805,549	911,571

INVESTMENTS

Shares in Group companies		
Carrying amount at 1.1.	6,219,390	5,587,646
Increases	636,641	631,744
Carrying amount at 31.12.	6,856,031	6,219,390
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	3,237,844
DTF (H.K.) Ltd.	163,463	163,463
Virpiniemi Golf Oy	10,500	10,500
Total	6,866,531	6,229,890

INVENTORIES	2021	2020
Materials and supplies	789,218	647,894
Work in progress	48,407	37,264
Finished goods	1,334,609	1,330,893
Total	2,172,233	2,016,051

RECEIVABLES	2021	2020
Non-current receivables from group companies		
Loan receivables	7,924,350	7,079,801
Total	7,924,350	7,079,801

Current receivables from group companies		
Accounts receivable	28,756	30,773
Loan receivables	5,559,640	4,985,960
Other receivables	1,597,679	1,134,696
Accrued income		
Interest receivables	631,839	331,668
Accrued income total	631,839	331,668
Total	7,817,914	6,483,098

Current receivables from others		
Accounts receivable	2,888,296	2,611,169
Other receivables	161,717	93,843
Accrued income		
Other accrued income	702,715	511,400
Accrued income total	702,715	511,400
Total	3,752,728	3,216,412

NOTES TO EQUITY AND LIABILITIES

EQUITY	2021	2020
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.	22,452,875	22,452,875
Share issue	5,952,210	0
Invested non-restricted equity fund 31.12.	28,405,085	22,452,875
Retained earnings 1.1.	9,731,928	7,649,793
Dividend payment	-4,025,120	-5,462,663
Profit for financial year	8,069,574	7,544,799
Retained earnings 31.12.	13,776,382	9,731,928
Total	47,391,492	37,394,828
Distributable equity at the end of the period		
Invested non-restricted equity fund	28,405,085	22,452,875
Retained earnings 1.1.	9,731,928	7,649,793
Dividend payment	-4,025,120	-5,462,663
Profit for financial year	8,069,574	7,544,799
Distributable equity at the end of the period	42,181,467	32,184,804

LIABILITIES	2021	2020
Current liabilities to others		
Trade payables	356,815	296,177
Other payables	579,415	190,789
Accrued liabilities		
Accrued salaries	1,188,245	917,112
Accrued indirect personnel expenses	197,054	168,233
Income tax liabilities	101,345	45,345
Other accrued liabilities	188,615	93,036
Total accrued liabilities	1,675,259	1,223,725
Total	2,611,489	1,710,691
Current liabilities to group companies		
Trade payables	1,304,895	991,326
Total	1,304,895	991,326
PLEDGES AND COMMITMENTS	2021	2020
Pledges		
Enterprise mortgages provided as collateral	10,734,913	10,734,913
Total	10,734,913	10,734,913
Credit limit		
Credit limit granted	3,000,000	3,000,000
Credit limit in use	0	0
Credit limit available	3,000,000	3,000,000
Other commitments		
Collateral on behalf of subsidiaries	13,899,120	12,464,942
Bank guarantee	232,630	227,726
Total	14,131,750	12,692,668
Lease commitments		
Payable in the following financial year	454,042	426,167
Payable in later years	169,329	240,737
Total	623,371	666,904

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

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

Espoo 2 March 2022

Hannu Syrjälä

Chairman of the Board

Carina Andersson

Member of the Board

Vera Backström

Member of the Board

Richard Ingram

Member of the Board

Pasi Koota

Member of the Board

Henrik Roos

Member of the Board

Hannu Martola

President and CEO

The Auditor's note to the financial statements

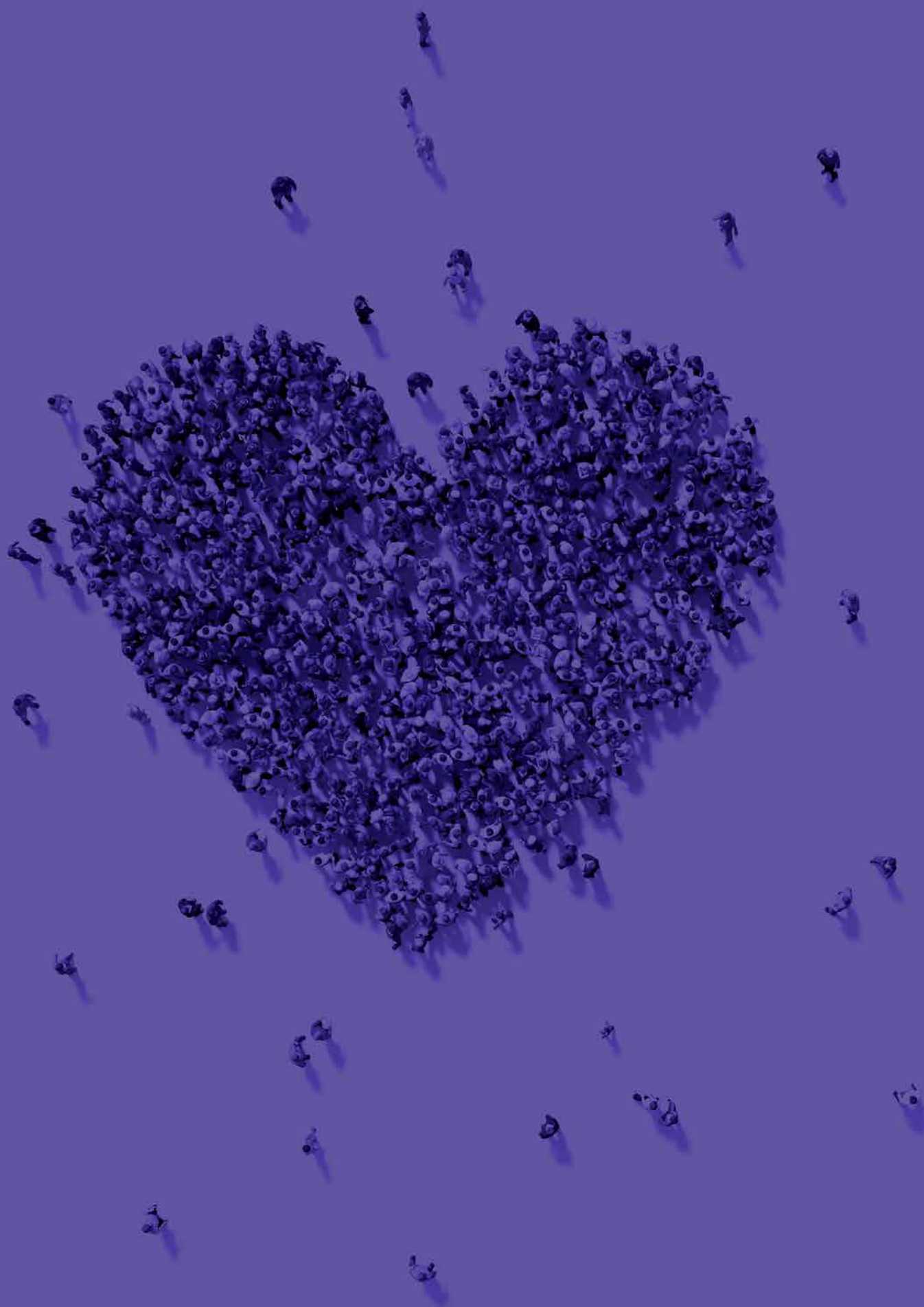
Auditor's report has been given on the date of signature

Espoo 2 March 2022

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 Plc

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, 2021. 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.

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 Report 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, 2 March 2022

KPMG OY AB

Petri Kettunen

Authorised Public Accountant, KHT



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