



Annual review

**2020**











# Content

## Annual review 2020

- 4** Detection Technology in brief
- 6** Facts and figures
- 8** Review by the President and CEO
- 12** Sustainable development goals and highlights of 2020
- 22** Events and releases 2020
- 26** X-ray imaging solutions for unique customer experience
- 28** Global trends as growth drivers
- 30** Mission, vision and strategy
- 33** Financial reporting schedule in 2021

## Report of the Board of Directors and financial statements 2020

- 34** Report of the Board of Directors
- 47** Group income statement
- 48** Group balance sheet
- 49** Group cash flow statement
- 50** Detection Technology Plc income statement
- 51** Detection Technology Plc balance sheet
- 52** Detection Technology Plc cash flow statement
- 53** Accounting principles for consolidated financial statements
- 55** Notes to group's financial statement
- 61** Notes to parent company's financial statement
- 68** List of accounting books
- 69** Signatures for the financial statements and report of the Board of Directors
- 70** Auditor's Report (Translation of the Finnish original)

# 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 totaled EUR 82 million in 2020, and operating margin excluding non-recurring items totaled 11%.

The company has 330 active customers in 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.



FOREKNOW. FORESAVE.®





# Facts and figures

**81.6**

net sales, €m

**-20.4**

net sales change-%

**330**

active customers  
in over 40 countries

**8.9**

EBIT excluding NRI, €m

**3,140**

number of shareholders  
31 Dec 2020

**10.9**

EBIT-% excluding NRI

**444**

employees in Finland, China,  
France and the US

**344**

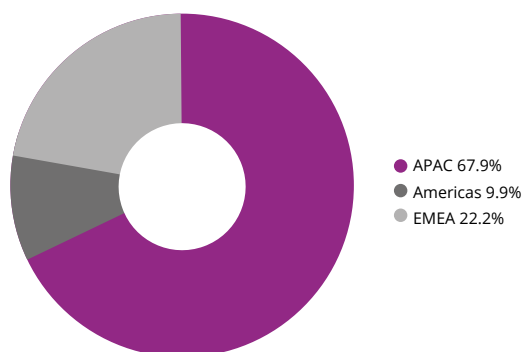
market capitalization, €m  
31 Dec 2020

**0.28**

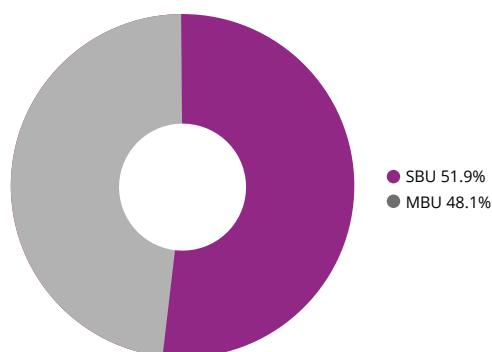
dividend proposal, €/share



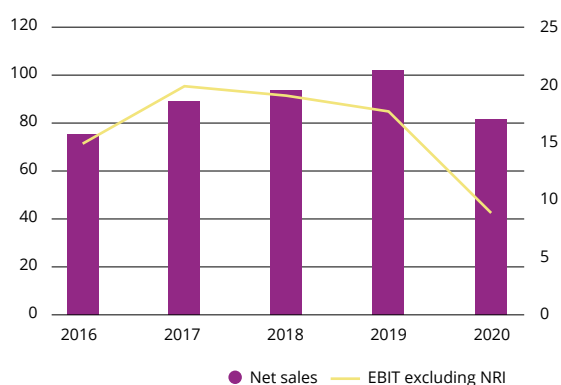
## Net sales by region 2020



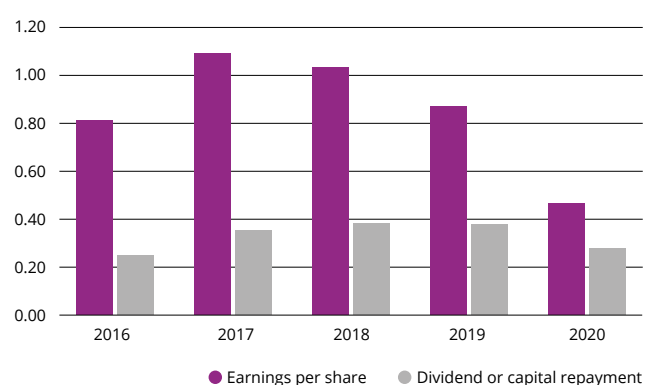
## Net sales by business unit 2020



## Net sales and EBIT excluding NRI (€m)



## Earnings per share and dividend (€)



## Financial development 2016–2020

	2020	2019	2018	2017	2016
Net sales, MEUR	81.6	102.5	93.9	89.0	75.5
EBIT excluding NRI, MEUR	8.9	17.7	19.0	19.9	14.8
EBIT excluding NRI, %	10.9	17.3	20.3	22.4	19.6
EBIT, MEUR	8.7	17.0	18.5	19.9	14.8
EBIT, %	10.7	16.6	19.7	22.4	19.6
Return on investment (ROI), %	13.6	28.5	36.4	47.0	38.7
Gearing, %	-33.1	-34.9	-35.6	-52.3	-27.0
Investments, MEUR	3.1	4.0	4.7	1.8	1.6
R&D costs, MEUR	-9.8	-10.7	-8.8	-7.2	-6.1





Review by the President and CEO

# COVID-19 challenges but also some growth

*Last year, the year of COVID-19, was challenging in terms of demand in the security sector, while sales of medical applications saw double-digit growth. Our financial performance remained at a good level and our competitive position strengthened – growth drivers in the market are also in the right place for future growth.*



The COVID-19 pandemic had two kinds of impacts on demand for our products. It negatively affected the demand in security applications, particularly in aviation, but the escalation of the pandemic boosted sales in basic medical CT equipment. The demand for our industrial applications remained stable, but the annual growth of the market lagged behind pre-pandemic figures. The gap in security sales was too wide for medical CT and industrial solutions sales to close. Our total net sales decreased by -20%, being EUR 82 million in FY 2020.

The drastic drop in air transport, restrictions on mass gatherings and uncertainty in the global economy stagnated the security market. In addition, apart from the food and pharmaceutical industries, investments in the industrial segment were postponed. As a result, the net sales of our Security and Industrial Business unit (SBU) decreased by -39%, standing at EUR 42 million.

The net sales of our Medical Business Unit (MBU), however, increased by 17% to EUR 39 million, boosted by demand in CT applications. After the increase in sales at the beginning of the year characterized by COVID-19, CT sales focused on more advanced devices, and the demand for our standard X-Tile product also held its ground. Demand in dental applications started to recover toward the end of the year, but it will take time for demand to normalize at the global level.

The distribution of net sales between business units became more even, with SBU being stronger at 52% compared to MBU's 48%. There were no significant changes in the geographical distribution of our sales: Asia was still by far our largest market.

Although our overall net sales decreased significantly year-on-year, our profitability remained at a good level and we were able to achieve a double-digit profit margin during these exceptional times. Operating profit excluding non-recurring items was EUR 8.9 million, which is 11% of net sales.

## The number of customers increased by one fifth

We keep our focus strictly on the future. In light of this, it is noteworthy that our competitive position has strengthened. The number of active customers increased by nearly 20% in FY 2020, being 330 at the end of the review period: we acquired new customers in all our businesses. Net growth was strongest in the industrial sector, which holds plenty of potential, although it is more fragmented than the security and medical markets dominated by larger-scale operators.

We also won product projects that are important for our competitive position. We were awarded security and medical CT projects that are important in terms of both strategy and sales, and we also offered solutions for more demanding imaging needs in the industrial segment.

The year also saw a high number of product launches. We launched new products in all our target markets. We were the first in the field to introduce a standard CT detector product family – Aurora CT – for demanding security and industrial imaging systems. Another important event in terms of strategy and sales was the expansion of the X-Panel product family to cover surgical and industrial imaging needs. In addition, we made progress in the commercialization of multi-energy (ME) technology, and we introduced the X-Scan ME product family for demanding industrial environments.

In our view, we are in a good position to benefit from new business opportunities in years to come. Although it is too early to estimate the long-term consequences of COVID-19, growth drivers in all our target markets are in the right place, and we will be able to flexibly meet increasing demand as the security market is revived.



## Focus on profitable growth

We seek profitable growth through the development of our business in line with the DT-2025 strategy. The High and New Technology (HNTE) certification granted to our Beijing subsidiary serves as a good example. The HNTE status will significantly reduce the subsidiary's corporate income tax rate and offers a number of other benefits related to local innovation and our brand value.

We also seek to boost our growth by introducing a new organizational structure. We split SBU into two separate business units at the end of the financial year. The renewed SBU focuses on security application sales and the Industrial Solutions Business Unit (IBU) champions the industrial segment.

In this way, we will be able to improve the scouting of market signals and building a more target market-oriented offering. Our objective is to complement our industrial portfolio with higher-end detector solutions in which software and algorithms play a more significant role. The X-Scan ME series based on multi-energy technology serves as a good example: it received an enthusiastic welcome in the markets. In line with our "Beyond hardware" principle, we are looking for opportunities to commercialize not only hardware but software and services, too.

We launched the small series production on our ME product line at our new site in France on schedule, and we expect to see positive results from this new business in two years' time. In addition to successful product transfers, we invested in the development of added-value production processes at our Wuxi production and service site.

## Sustainable growth

We only seek growth in a sustainable way. We believe that sustainability is an integral part of successful business. For us, being sustainability means transparency, honesty, and reliability toward all our stakeholders. We care about our customers, employees, investors, partners, and society, and aim to reduce our impact on the environment.

During 2020, we have continued to implement our Code of Conduct, to work on our sustainability agenda, and to develop our business model on the basis of the guidelines of the Responsible Business Alliance (RBA). For the first time, in this annual review we are publishing the sustainability goals 2020 and information on how we met them, and we also share the goals set for 2021 with you.

We made progress on our journey toward sustainability in 2020. For this, we have received recognition from our customers related to our reliable delivery of critical products under the state of emergency and our sustainable operations. In addition, the local government in China recognized our support during the COVID-19 pandemic.

I would like to warmly thank our customers, shareholders, partners and, in particular, our DT team! 2020 was challenging but I'm sure it also taught us all a lot – and now we are emerging with an even stronger ecosystem. We will continue our work with passion and pride to secure the future, in line with our slogan: Foreknow. Foresave.

**Hannu Martola**  
President and CEO







# Sustainable development goals

In FY 2020, we have continued our work to recognize the sustainability aspects that are essential for our business and business environment, to prepare sustainability themes and agenda and to develop our operating model based on the framework of the Responsible Business Alliance (RBA). In this report, we announce the realization of our sustainability targets set for FY 2020, and the targets set for 2021.

We have defined and categorized sustainability themes and sustainable development targets in line with our Code of Conduct. Detection Technology's quality, environmental, business ethics, labor, and health and safety policies comprise the company's

Code of Conduct. The goals have been set to match these areas, with a focus on the most essential sustainability aspects from the perspective of the company's business. Our management group approved the sustainability agenda in January 2020.

We are developing our operating model, sustainability reporting, metrics, and goal-setting in compliance with the principles of continuous improvement. Some of the themes and metrics of the sustainability agenda are still works in progress, and the objective is to report on them in more detail in future reviews.

Themes and subitems	Metric	2020 target	2020 result	2021 target
---------------------	--------	-------------	-------------	-------------

## Quality

Six Sigma	% of trained employees	>65%	70.4%	>80%
Quality awareness	Build cross-functional team of internal auditors	Auditors from 3 functions	Auditors from 4 functions (Finland)	Auditors from 3 functions (China)

## Environment

Scrap weight	Scrap weight index	<2 per month	<2 every month	<1.5 per month
--------------	--------------------	--------------	----------------	----------------

## Occupational Health and Safety

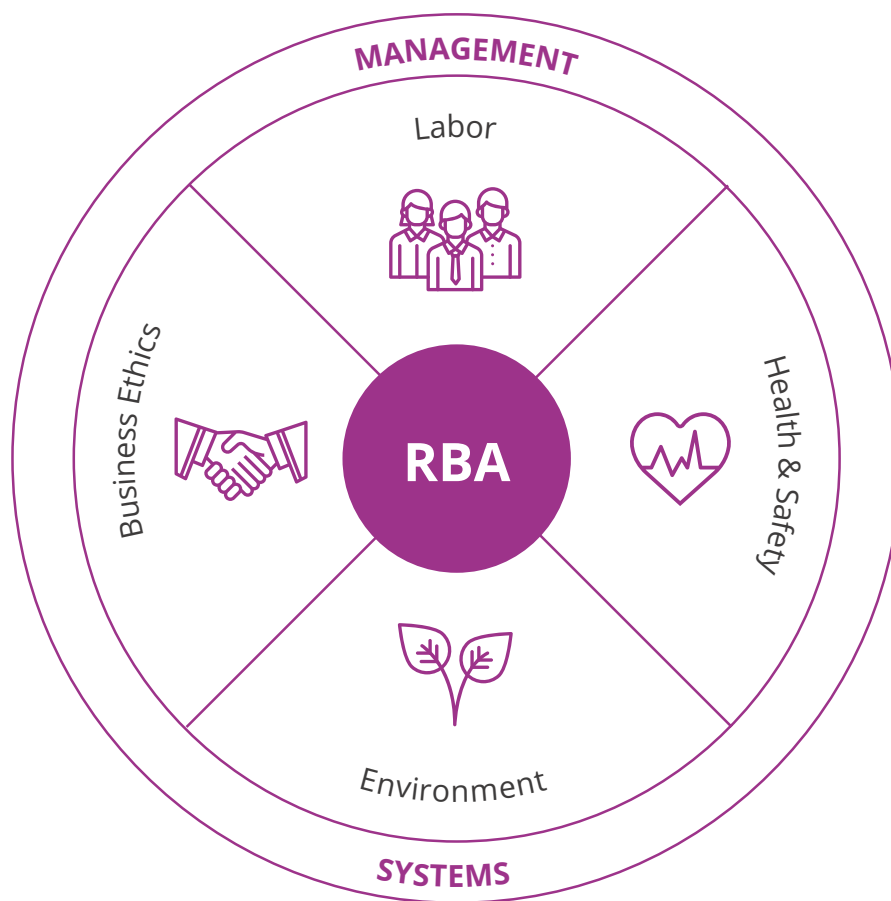
Incident rate	Lost time injuries	0	1	0
---------------	--------------------	---	---	---

## Labor and Business Ethics

Compliance to DT Code of Conduct	Reported violations of the DT Code of Conduct	0	0	0
----------------------------------	---	---	---	---

## Supplier sustainability

Supplier sustainability evaluations	Sustainability assessments of selected key suppliers	According to a yearly plan	Completed as planned	According to a yearly plan
-------------------------------------	--	----------------------------	----------------------	----------------------------



## Highlights of 2020: sustainable development

*Sustainable development is a journey. Much remains to be done, but we are happy to share with you some highlights from our journey in 2020 for a more sustainable future.*

### Quality

To do things right first time is extremely important from a sustainable development point of view. This requires a quality-first mindset and the right kinds of tools to control variation.

Certified operations are a starting point for delivering quality solutions and services. During 2020, our sites in Beijing, China and Finland were recertified as compliant with the ISO 9001:2015 quality management system and the ISO 14001:2015 environmental man-

agement system. Our newly-established site in Wuxi, China was certified compliant with the said standards for the first time.

In addition, we successfully completed an ISO 13485:2016 certification audit at the Wuxi site, which covers the design and development, production, and distribution of X-ray flat panel detectors. Certification audits at our sites are carried out by an independent third-party auditor according our audit program.



In 2020, we set a target to build a cross-functional internal auditor team, and the target was met successfully. The internal auditor team is regularly trained in ISO standard requirements as well as auditing skills.

The main purpose of establishing a cross-functional internal auditor team was to increase quality and environmental awareness throughout the company, to improve understanding of work done in other functions, and to provide an opportunity to contribute to the development of areas outside one's own responsibilities.

We have taken our approach for continuous improvement beyond the standards. For a number of years, we have used the Six Sigma methodology to systematically reduce variation. The number of Six Sigma-trained employees has been set as a key per-

formance indicator for our sustainable development targets.

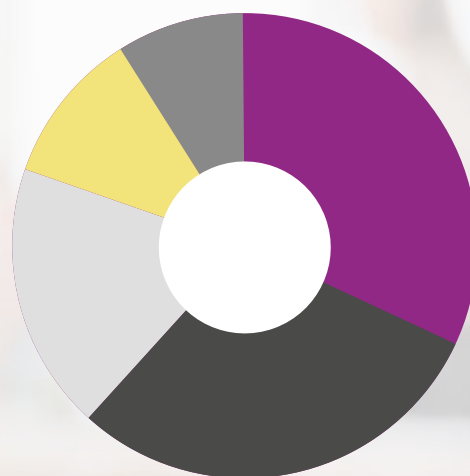
Furthermore, we have actively promoted the use of Kaizen, especially in production. Employees are encouraged to share any improvement ideas that can contribute to the overall continuous improvement of the company. In 2020, we exceeded our goal to complete 1,000 Kaizen activities globally. For 2021, we have set the bar even higher, and in the longer-term, we aim to implement the practice in all functions around the world.

In addition, we have developed Lean manufacturing based on consultation with Toyota, and have systematically provided training on Toyota Production System (TPS) since 2016. Around 80 employees had been trained by end of 2020.

# 1,075

Kaizens in 2020

Kaizens  
by categories



- SS 32%
- Productivity 30%
- Quality 18%
- Environment, health and safety 11%
- Cost 9%

## 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 pro-environmental trend also as a business opportunity – X-ray imaging will be used increasingly in recycling, optimizing manufacturing processes, and the quality assurance of components. This way, our solutions have a clear positive environmental impact.

By implementing and continuously developing our environmental management system, we ensure compliance with applicable environmental laws and

regulations, regularly identify the most significant environmental aspects, and strive to minimize the environmental impact of our operations and products. We are proud to state that 95% of our employees work on ISO 14001:2015 -certified sites, and we are not aware of any environmental damage caused in FY 2020.

We have recognized the electronic and hazardous waste generated when disposing of our products as one of the main significant environmental aspects. We have several mechanisms to minimize this, such as by:

### DT Group

#### Environmental Performance 2020

CO2 EMISSIONS - SCOPE 2  
(tCO2e)

2,077

CO2 INTENSITY - SCOPE 2  
(tCO2e/kEUR)

0.025

ELECTRICITY CONSUMPTION (kWh)

3,727,869

ENERGY INTENSITY (kWh/kEUR)

45.7

SHARE OF RENEWABLE ELECTRICITY

13%



- minimizing the product scrap generated in our production
- ensuring any product scrap waste is managed responsibly (reusing and recycling when possible)
- implementing our value of simplicity to optimize our designs, which enable us to do more with less
- regularly monitoring the relevant environmental directives and regulations governing our products to ensure compliance. Examples of such directives and regulations are RoHS, REACH, and WEEE.

At the end of 2020

# 95%

of employees worked on  
ISO 14001:2015 -certified sites

## Occupational health and safety

We recognize that good occupational health and safety practices have a positive effect on our employees and partners, and as result on our business. We aim to identify the potential for injury or illness before it occurs and take action to prevent its occurrence.

We have Occupational Health and Safety Committees to oversee and drive improvement actions locally. The committees complete regular health and safety risk assessments, and organize training programs and safety tours. Below you will find some examples of the key milestones in 2020.

At the end of 2019, we started a process to renew our certification on Work Safety Standardization at our main manufacturing site in Beijing, China. After self-evaluation, numerous independent audits and

a final review by the local safety bureau, we were awarded the certification in 2020. This certification is the highest recognition in the field of safe production in China, and our certificate is valid for the next three years.

On 27 September 2020, our main manufacturing site in Beijing achieved 1,000 safe production days. This kind of achievement requires commitment from all employees to enhance safe working conditions and the zero-tolerance philosophy that is embedded into our company culture. To mark this milestone, we organized an emergency evacuation drill in cooperation with the business park where the site is located. The drill proceeded smoothly, and no major issues were recorded as a result.

**444** employees at the end of 2020

**36%** women

**64%** men

**11** nationalities

**18.3%** employee turnover rate

**3.9%** employee turnover rate in Finland, France and the US

**22.4%** employee turnover rate in China



## Labor

Committed and inspired professionals are the foundation of our success. We aim to provide excellent working conditions for our employees and to build an environment to maximize their full potential. We respect the human rights of all our employees, comply with the applicable labor laws, value the diversity of personnel, and promote company culture that supports open dialog.

At the end of 2020, we employed 444 professionals. The number of personnel decreased by -11% year-on-year. The change is attributed to the decrease in the number of production personnel due to reduced production volumes. A total of 340 people worked in China, 83 in Finland, 17 in France and four in the US.

Our employee turnover is low and below the industry average. The rate is also moderate among production personnel in China, where the recruitment market for production operators is much faster-paced than in Western countries. Most of our employment relationships are permanent.

Of Detection Technology's personnel, 36% were women and 64% men. At the end of the year, 14% of the Group's management team members were women.

We conduct an anonymous Employee Engagement Survey every other year. In 2020, we had an all-time high response rate of 79%, and the Group's total score improved to 4.2 from 4.0 in 2018.

The scale we are utilizing is 1–6. The survey follows the "Say-Stay-Strive" methodology, and is divided into four main sections: company culture and practices, communications, teamwork and leadership, and achievements and renewal.

### Employee Engagement Survey results

	2014	2016	2018	2020
The Group total (scale 1-6)	4.1	4.4	4.0	4.2

After the surveys are conducted, all employees were invited to workshops to analyze the results together and to propose improvement plans. The 2020 workshops were held in November and December, and implementation of improvement actions is ongoing.

At Detection Technology, personnel training programs are mainly organized internally and content is carefully customized for our needs. We also highly value on-the-job learning and job rotation.

Our main rolling internal programs including several modules are as follows:

Program	Kicked off	Number of participants by the end of 2020
Lean manufacturing based on Toyota Production System (TPS)	2016	80
DT Academy – our own mini-MBA organized together with Aalto Executive Education	2018	40
DT Sales and Customer Service training program	2019	85

## Business ethics

Our business is driven by performance as well as integrity, and we expect the same commitment from our employees and partners. We have communicated the DT Code of Conduct to all our employees and suppliers.

We encourage employees to raise and report any compliance concerns to their superiors or local HR departments. During the review period January–December 2020, no violations of the DT Code of Conduct were reported internally or by third parties.

In 2020, we started rolling out a Supplier Sustainability Evaluation Program. Over the coming years, we aim to improve our knowledge and competence on this topic, and to be able to broaden the scope and depth of our evaluations.

In addition, the Conflict Minerals Policy has been communicated to our suppliers, and together with our partners we ensure that no conflict minerals are used in Detection Technology's products.

## Awards and recognitions

In October 2020, we received a sustainability award from a key medical customer as part of their Sustainability Performance Program. This award is granted based on the overall score and percentage (%) improvement compared to the previous year. Our customer's experts in the field evaluate our sustainability performance on-site in a systematic way, covering the areas of environment, health and safety, labor, and business ethics. The program is conducted annually, and we have participated in it since 2018.

At the beginning of the COVID-19 pandemic in particular, our customers in the medical market recognized our flexibility and commitment to meet the rapidly increased demand for CT detectors. Radiology plays an important part in the diagnosis and treatment of COVID-19, and the escalation of the pandemic therefore created a peak in the demand for basic CT products in H1 of 2020.

In June 2020, our factory in Beijing received the "Most outstanding support during the COVID-19 pandemic" award from the business park where we operate. We performed in the frontline in organizing regular disinfection and temperature measurement of employees, and actively promoting prevention measures for the pandemic.

In February 2020, we expressed our support and care for the community in Wuxi, Greater Shanghai area, by donating thousands masks to Huishan local authority to help to tackle a shortage. Medical-grade masks are used in Detection Technology's clean rooms, so our donation met the quality requirements set by the authorities. The local authorities welcomed and recognized our efforts.



## DT way to manage sustainability

The DT way to conduct responsible business stems from the company's vision, mission and values – simplicity, integrity, driven and result. The DT way is business-driven and closely linked to the company culture, which aims at providing 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.

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

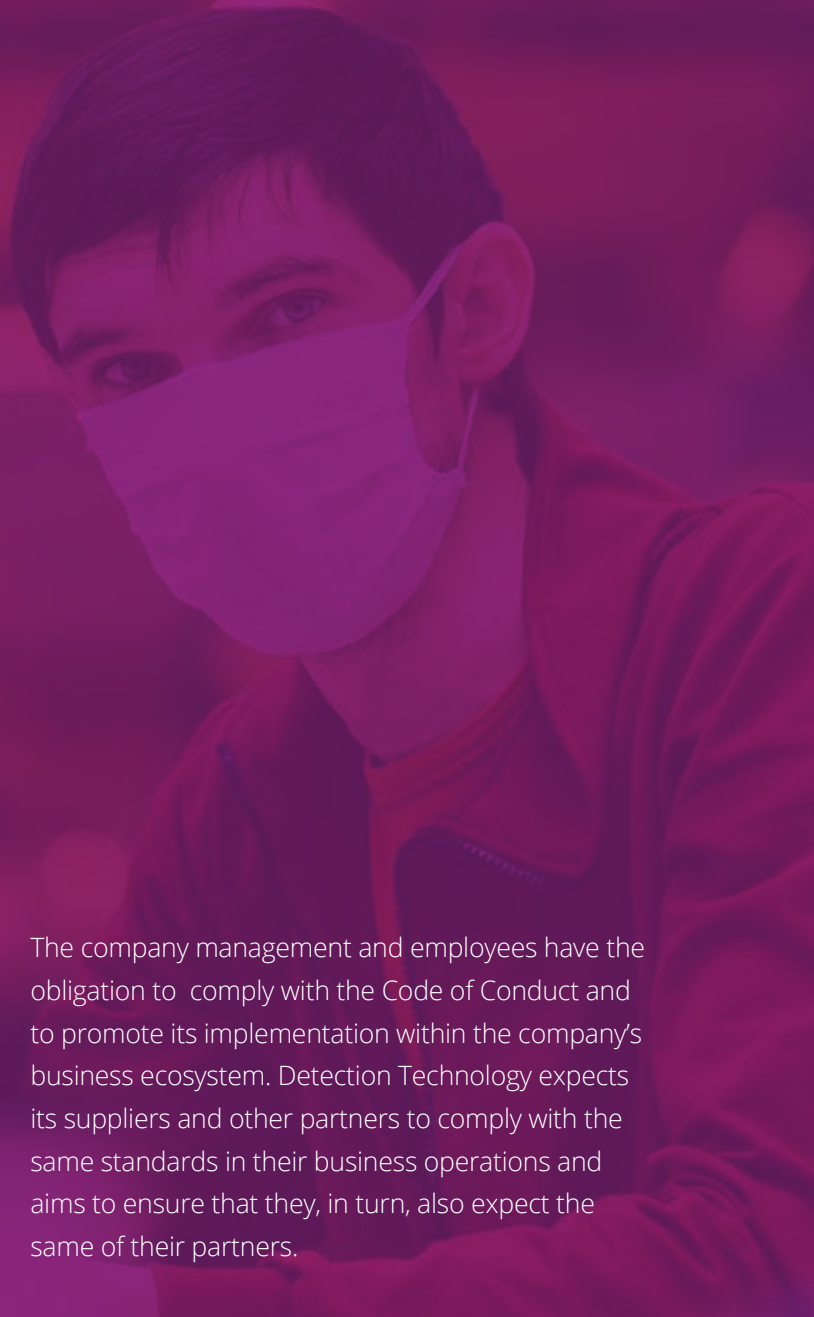
The everyday work of DT employees is guided by the principles set forth in the Code of Conduct and many other company policies. The company's quality, environmental, business ethics, labor, and health and safety policies create the DT Code of Conduct. These policies ensure that working conditions are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

The company management and employees have the obligation to comply with the Code of Conduct and to promote its implementation within the company's business ecosystem. Detection Technology expects its suppliers and other partners to comply with the same standards in their business operations and aims to ensure that they, in turn, also expect the same of their partners.

Detection Technology's Board of Directors approved the Code of Conduct in December 2018, and the company published it in January 2019. The Code of Conduct is available on the company's website [www.deetee.com/company/sustainability](http://www.deetee.com/company/sustainability).

## RBA

The Responsible Business Alliance (RBA) is a nonprofit coalition of companies dedicated to improve 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](http://www.responsiblebusiness.org)



# Events and releases 2020

## 6 JANUARY

DT's Wuxi site was certified compliant with the ISO 9001:2015 quality management system.

## 3 APRIL

DT announced the official production launch at its new production and service site in Wuxi, Greater Shanghai area. The company had completed the first customer shipments of X-Card detector boards for security line scanners.



2020

## 7 MAY

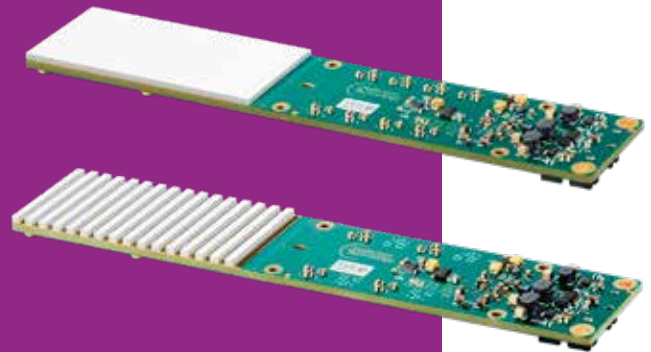
DT rolled out the X-Scan C series to trim the time-to-market and costs of industrial X-rays. The series is a perfect fit for the quality control, and sorting and grading of various goods in very harsh environments, such as the food and pharmaceutical industries with their high imaging quality and throughput time requirements.





**13 MAY**

DT unveiled the industry-first off-the-shelf detector subsystem for security CT (computed tomography) applications. The plug-and-play-type subsystem, branded as Aurora CT, includes ready-made, multislice detector boards and a data acquisition system (DAS).

**10 JUNE**

DT released the X-Panel 1615 to increase image-guided surgery and dental scan capabilities. This CMOS X-ray flat panel detector series has application-fitted features for X-ray systems with slender form-factors and state-of-the-art imaging performance.

**29 SEPTEMBER**

DT launched the X-Panel 1412 to enhance advanced industrial and dental X-ray imaging applications. The X-Panel 1412 is a CMOS technology-based flat panel detector series that provides high scanning speeds yet razor-sharp images, and covers a wide energy range.



### 30 SEPTEMBER

DT's French operations moved to new facilities, which better support product development and small-series production.

### 26-27 NOVEMBER

DT successfully completed an ISO 13485:2016 certification audit at the Wuxi site, which covers the development, manufacture, and distribution of medical X-ray flat panel detectors.

### 7 OCTOBER

DT introduced the X-Scan ME to simplify multi-energy imaging in harsh industrial environments. The X-Scan ME is a product family of photon-counting line cameras and accessories for imaging needs that require material discrimination capability beyond dual-energy configurations, yet seek robustness.





**8 DECEMBER**

DT announced, that its subsidiary was certified as a High and New Technology Enterprise (HNTE) in China. The HNTE status reduces the local corporate income tax rate and offers a number of other benefits related to innovation and brand value.

**17 DECEMBER**

DT launched small-series production for the ME (multi-energy) product line at its new facilities in France during Q4 2020, and shipped first X-Scan ME solutions in December.

**2021****17 DECEMBER**

DT's Wuxi operations were certified compliant with the ISO 14001:2015 environmental management system.

**31 DECEMBER**

DT announced a new business structure, and launched the Industrial Solutions Business Unit (IBU) to scout tacit market needs, and to introduce high-tier detector solutions, beyond hardware, in which software and algorithms play a more significant role.

# X-ray imaging solutions for unique customer experience

We offer off-the-shelf and customized X-ray imaging solutions for original equipment manufacturers (OEMs) and system integrators. Our solutions range from photodiodes 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 architectures.

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
- Mammography
- Bone densitometry
- Digital radiography



## 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



## INSECURITY CONCERNS

have made governments and organizations focus on increasing spending on security.



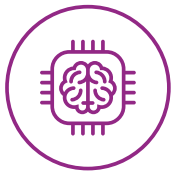
## AGEING POPULATIONS

are leading to increased healthcare investments as morbidity and the number of disabilities grow.



## CLIMATE CHANGE

accelerates indirectly demand for imaging applications as a result of increased insecurity and recycling requirements.



## DIGITALIZATION AND AI

raise X-ray imaging to a new level and boosts device renewal.



## QUALITY AND EFFICIENCY REQUIREMENTS

increase the need for quality assurance of components and processes, and material sorting.



## EMERGING MARKETS

are investing more in healthcare and security, as purchasing power increases with GDP growth.



## ACCESSIBILITY

of imaging technology



X-rays used to image an

## INCREASING

number of objects



## MEDICAL MARKET

Annual growth rate

**5%**



## SECURITY MARKET

Annual growth rate

**6%**



## INDUSTRIAL MARKET

Annual growth rate

**5%**

(Estimation 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 business model enables growth as we focus on our core competences: technology development, design, critical processes, final assembly and testing. This business model is asset-light and allows flexibility in the production and delivery of the products.

## Financial targets

**MEDIUM TERM**  
**Annual sales growth**

**>10%**

**MEDIUM TERM**  
**Operating margin**

**≥15%**

**ANNUAL**  
**Dividend or returned capital**

**30–60%**

4,800,000+

Cumulative number of solutions shipped.

1,000,000+

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 2021

**Detection Technology Plc will disclose  
the following financial releases in 2021:**

Business review January-March 2021: 27 April 2021

Half-yearly report January-June 2021: 3 August 2021

Business review January-September 2021: 27 October 2021

**The Annual General Meeting is on 30 March 2021 at 15:00 (EEST).**





**Detection Technology**

# Financial statements

and Report of the Board of Directors

---

# 2020

# Report of the Board of Directors

## Financial year 2020 in brief

Due to COVID-19, the financial year 2020 saw weakened demand and profitability on one hand, but on the other Detection Technology managed under the circumstances to minimize the negative impact of the pandemic to its business in an exceptionally challenging market situation. The company's financial performance stayed at a good level with a double-digit operating margin. It is noteworthy, from the perspective of future growth, that the company's competitive position strengthened in all its businesses: the number of active customers increased by nearly 20%, the company won new CT (computed tomography) product projects that are important for its competitive position, and its product portfolio strengthened in all market segments.

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%. Due to the market disturbance caused by the pandemic, the annual growth rate remained below the aforementioned estimates in all segments apart from medical CT imaging in 2020.

The consequences of the pandemic reflected demand in the company's main markets in two ways: the escalation of the pandemic resulted in an increase in basic CT equipment demand, but the demand for security applications plummeted, particularly in the aviation industry. Demand in industrial solutions remained stable, although growth lagged behind the typical annual growth rate of the segment due to wariness to invest. The gap in security sales was too wide for medical CT and industrial solutions sales to close. The total net sales of the company decreased by -20% being EUR 82 million in FY 2020.

The COVID-19 pandemic cut both air and land transport from 30 to 90%, depending on the segment. Regulations by the authorities regarding mass gatherings and the overall uncertainty in the global economy adversely affected demand at traffic hubs as well as in other critical infrastructure. In addition, some investments in industrial imaging, with the exception of the food and pharmaceutical industries, were postponed. As a result, the net sales of the company's Security and Industrial Business unit (SBU) decreased by -39% to EUR 42 million in FY 2020. SBU generated 52% of total net sales.

Radiology plays an important part in the diagnosis and treatment of COVID-19, and the escalation of the pandemic therefore created a peak in the demand for basic CT products in H1 of 2020. The CT demand by product category normalized in H2 of 2020, and the growth in the sales of the company's Medical Business Unit (MBU) was mainly attributed to more advanced CT products, such as X-Tile, at the end of the year. Demand in dental solutions decreased at the beginning of the pandemic, but normalized in China in H2 2020, and the market also showed signs of recovery elsewhere. Global equipment sales have not, however, recovered to pre-pandemic levels, which slowed down the company's X-Panel sales in that segment. MBU's net sales increased by 17% totaling EUR 39 million in FY 2020. MBU generated 48% 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 the company's largest market area with its circa 68% share.

The company's investments in the commercialization of the multi-energy (ME) technology, the new facility in France and the commissioning of the production and service site in Wuxi, China, negatively affected profitability. However, decreased personnel expenses, decreased traveling, other cost-saving measures, employer's contribution relief and the decrease in corporate income tax related the High and New Technology Enterprise (HNTE) status of the company's Chinese subsidiary improved the result. Despite the significant decrease in the company's net sales, profitability remained at a good level in a particularly challenging market situation. Operating profit excluding non-recurring items (NRI) was EUR 8.9 million, which is 11% of net sales.

The pandemic did not essentially lengthen the company's product development cycle, and 2020 saw a high number of product launches. The company launched new products in all target markets: the X-Scan C product family for demanding industrial environments, the first standardized CT detector system in its field for security applications, the X-Panel 1615 product family for surgical and dental imaging, the X-Panel 1412 series for industrial and dental applications, and the X-Scan ME product family for simplifying multi-energy imaging in demanding industrial environments.

Despite the pandemic, the availability of materials and components was good and production was uninterrupted. Thanks to critical medical CT application deliveries, the company was able to keep its Beijing factory up and running during the entire review period and start deliveries from the new Wuxi site, despite the restrictions set by the authorities.

At the end of September, the company's French operations moved into new site, which better support product development and small-series production. Move of the site did not affect the ramp-up of the ME product line, and the company started small-series production in the new facility according to plan.

Another significant event in the review period was the HNTE certification granted by the authorities to the company's Beijing subsidiary. In addition to tax relief, the HNTE status will



increase local innovation, and the status is also considered to have brand value in both the customer and supplier interface as well as in the recruitment market.

Detection Technology announced at the end of December that it will implement a new business structure as of January 1, 2021. The company divided the SBU into two separate business units. The renewed SBU focusses in security application sales, whereas the Industrial Solutions Business Unit (IBU) champions the industrial segment, in addition to which it will introduce higher-end detector solutions in which software and algorithms play a more significant role to target markets. The company will report the development of net sales of the three business units – the Medical Business Unit (MBU), the Security Business Unit (SBU) and the Industrial Solutions Business Unit (IBU) – as of Q1 of 2021.

Although it is still too early to forecast the long-term impacts of the COVID-19 pandemic on the global economy and the company's business, Detection Technology considers that the fundamental growth drivers in all its target markets have remained unchanged. Despite the challenges posed by COVID-19, the company has strengthened its market position, and it is ready to flexibly meet increasing demand as the security markets recover.

## Net sales and financial result development

The company's net sales for January-December 2020 decreased by -20.4% to EUR 81.6 million (102.5). Net sales for MBU grew faster than the market, by 16.9% and totaled EUR 39.3 million (33.6). Net sales for SBU decreased by -38.6% to EUR 42.3 million (68.9). MBU's share of total net sales was 48.1% (32.8%) and SBU's was 51.9% (67.2%).

In January-December, Asia-Pacific's (APAC) share of total net sales was 67.9% (65.1%), Europe, Middle East, Africa's (EMEA) 22.2% (20.6%) and Americas' 9.9% (14.3%). Stagnation in the security market in Americas and relocations of medical device manufacturing to Asia affected the geographical distribution of sales. The share of net sales accounted for by the top five customers decreased slightly and was 53.0% (56.3%) in the review period January-December 2020.

The operating profit for the review period January-December 2020 was EUR 8.7 million (17.0), or 10.7% (16.6%) of net sales. Non-recurring items (NRI) totaling EUR 0.2 million (0.7) were registered related to the reorganization of the Group structure. EBIT excluding NRI was EUR 8.9 million (17.7), or 10.9% (17.3%) of net sales.

The company received a total of EUR 1.2 million in employer contribution relief from the governments of the countries in which it operates in the review period January-December 2020. The impact of tax relief attributed to the HNTE classification granted by the authorities to the company's Chinese subsidiary on the company's net result was approximately EUR 0.5 million.

Financial items totaled EUR -0.6 million (-0.1), and income taxes were EUR -1.4 million (-4.4). The result for the year 2020 was EUR 6.7 million (12.5). Earnings per share were EUR 0.47 (0.87).

**Key figures of financial performance**

	<b>Group</b>	Group	Group	<b>Parent</b>	Parent	Parent
	<b>2020</b>	2019	2018	<b>Company</b>	Company	Company
	<b>2020</b>			<b>2020</b>	2019	2018
Net sales, EUR 1,000	<b>81,561</b>	102,480	93,916	<b>26,241</b>	28,963	24,873
Operating profit excluding NRI, EUR 1,000	<b>8,877</b>	17,719	19,029	<b>4,672</b>	4,487	5,844
Operating profit excluding NRI,%	<b>10.9%</b>	17.3%	20.3%	<b>17.8%</b>	15.5%	23.5%
Operating profit, EUR 1,000	<b>8,714</b>	17,019	18,522	<b>4,672</b>	4,487	5,844
Operating profit,%	<b>10.7%</b>	16.6%	19.7%	<b>17.8%</b>	15.5%	23.5%
Return on investment (ROI),%	<b>13.6%</b>	28.5%	36.4%	<b>12.9%</b>	12.8%	17.0%
Earnings per share, EUR	<b>0.47</b>	0.87	1.03	-	-	-
Earnings per share (diluted), EUR*	<b>0.47</b>	0.87	1.07	-	-	-
Equity ratio,%	<b>77.3%</b>	76.5%	72.3%	<b>93.3%</b>	90.6%	90.1%
Equity per share, EUR	<b>4.07</b>	4.06	3.57	<b>2.60</b>	2.46	2.41
Equity per share (diluted), EUR*	<b>4.07</b>	4.06	3.70	<b>2.60</b>	2.46	2.49

\* The number of shares (14,375,430) has been used in the calculation for diluted earnings per share for 2020.

## Research and development

During the financial year January-December 2020, R&D expenses were EUR 9.8 million (10.7), corresponding to 12.0% of net sales (10.4%). All R&D costs are written off as expenses.

## Personnel

At the end of December 2020 Detection Technology employed 444 people (496). The change is attributed to the decrease in the number of production personnel due to reduced production volumes. A total of 340 people worked in China, 83 in Finland, 17 in France and 4 in the US. In January-December 2020, personnel expenses totaled EUR 17.4 million (18.0).

**Headcount, salaries and rewards**

	<b>Group</b>	Group	Group	<b>Parent</b>	Parent	Parent
	<b>2020</b>	2019	2018	<b>Company</b>	Company	Company
				<b>2020</b>	2019	2018
Average headcount	<b>471</b>	487	447	<b>86</b>	76	65
Salaries and rewards (EUR 1,000)	<b>14,306</b>	14,026	11,740	<b>5,858</b>	5,274	4,798

**Personnel by geography**

	<b>31.12.2020</b>	<b>31.12.2019</b>	Change, %
APAC	<b>340</b>	393	-13.5%
Americas	<b>4</b>	5	-20.0%
EMEA	<b>100</b>	98	2.0%
Total	<b>444</b>	496	-10.5%

## Board of Directors and management

The Annual General Meeting resolved that the Board of Directors consists of seven members (7). Heikki Allonen, Carina Andersson, Vera Backström, Pasi Koota, Henrik Roos and Hannu Syrjälä were re-elected, and Richard Ingram was elected as a new member to the Board of Directors. Petri Niemi 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, Henrik Roos and Richard Ingram. The Remuneration Committee appointed Hannu Syrjälä to chair the committee. The members of the Auditing Committee were Pasi Koota, Heikki Allonen and Carina Andersson. Pasi Koota acted as the chair of the Auditing Committee.

The company's President and CEO was Hannu Martola. The company's auditor was Ernst & Young Ltd with Juha Hilmola APA (Authorized Public Accountant) as the auditor in charge.

Sari Näkki, Vice President of Human Resources and a member of the management group at Detection Technology, left her position at the Group as of 30 April 2020. The company announced in August, that Sari Holopainen (M.Ed.) has been appointed Vice President, Human Resources and a member of the management group at Detection Technology, and she is responsible for the Group's HR management and development globally. Sari Holopainen started in the position on 30 September 2020.

The company appointed Juha Talasmäki M.Sc. (Eng.) as Vice President of the new Industrial



Solutions Business Unit and a member of the management group in December. He started work in his new position on 1 January 2021 and is responsible for the overall development of the unit's business globally.

At the same time, the company announced that Kari Hyvärinen, Vice President of the former Security and Industrial Business Unit (SBU) and a member of the management group, will leave the company as of 11 April 2021. The company has launched a recruitment process for the position of Vice President of the renewed Security Business Unit.

At the time of writing the financial statements, 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) Kari Hyvärinen, Vice President of Industrial Solutions Business Unit Juha Talasmäki, Vice President of Human Resources 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 2020. The report can be found on the company's website.

## Annual General Meeting

Detection Technology Plc's Annual General Meeting (AGM) 2020 was held on 16 April 2020. 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 2021. At the end of FY 2020, 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 2021. The Board of Directors launched stock option programs 2020A and 2020B during the financial year, under which 760,000 stock options were granted, entitling to subscribe for a total of 760,000 shares under the terms of the stock option terms and conditions. At the end of the review period, 657,500 shares had not yet been issued under the authorization.

## Shareholders' Nomination Board

Based on the holdings on 1 September 2020, 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 Senior Vice President Pekka Pajamo of Varma Mutual Pension Insurance Company as Members. The Chairman of Detection Technology's Board of Directors Hannu Syrjälä serves as an expert of the Nomination Board.

The proposals of the Nomination Board to the Annual General Meeting were published on 21 January 2021 and can be found on the company's website. The Charter of the Nomination Board is also available on the company's website.

## Shares and shareholders

The average share price of Detection Technology was EUR 20.95 in January–December 2020. The highest price for 2020 was EUR 28.90 and the lowest EUR 15.05. The closing price at the end of December was EUR 23.90, and the company had a market capitalization of approximately EUR 344 million. A total of 2.38 million shares, which is 16.5% of the total number of shares, were traded between 2 January and 30 December. The number of outstanding shares in Detection Technology was 14,375,430 at the end of 2020.

The number of shareholders at the end of the review period was 3,140. Approximately 69.4% of the shares were held by the ten largest shareholders. The nominee-registered foreign holding of shares in the company was 11.4% 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 2020

	Shares	%
AHLSTROM CAPITAL BV	5,280,167	36.73%
SKANDINAVISKA ENSKILDA BANKEN AB (PUBL) HELSINGIN SIVUKONTTORI	986,498	8.94%
OP-SUOMI -SIIJOITUSRAHASTO	635,876	4.42%
NORDEA BANK ABP	574,130	6.98%
KESKINÄINEN TYÖELÄKEVAKUUTUSYHTIÖ VARMA	515,000	3.58%
SIIJOITUSRAHASTO AKTIA CAPITAL	465,762	3.37%
KESKINÄINEN ELÄKEVAKUUTUSYHTIÖ ILMARINEN	435,737	3.03%
MARTOLA HANNU VEIKKO	431,690	3.00%
EVLI FINNISH SMALL CAP FUND	400,000	2.65%
SEB FINLAND SMALL CAP	256,000	1.39%
NACAWI AB	229,797	1.13%
OP-SUOMI MIKROYHTIÖT -ERIKOISSIIJOITUSRAHASTO	204,118	1.33%
SÄÄSTÖPANKKI KOTIMAA -SIIJOITUSRAHASTO	200,000	1.24%
ERIKOISSIIJOITUSRAHASTO TAALERI MIKRO MARKKA OSAKE	190,000	0.96%
OP-SUOMI PIENYHTIÖT	183,192	0.95%
FONDITA NORDIC MICRO CAP SIIJOITUSRAHASTO	165,000	0.95%
NORDEA HENKIVAKUUTUS SUOMI OY	157,150	0.71%
SIIJOITUSRAHASTO SÄÄSTÖPANKKI PIENYHTIÖT	136,904	0.65%
SIIJOITUSRAHASTO AKTIA NORDIC SMALL CAP	125,000	0.63%
DANSKE INVEST FINNISH EQUITY FUND	120,000	0.52%
<b>The 20 largest shareholders in total</b>	<b>11,692,021</b>	<b>81.33%</b>
<b>Other shareholders</b>	<b>2,683,409</b>	<b>18.67%</b>
<b>Shares in total</b>	<b>14,375,430</b>	<b>100.00%</b>

**Breakdown of share ownership on 31 December 2020**

Number of shares	Owners	%	Shares	%
1-100	1,736	55.3%	73,936	0.5%
101-500	959	30.5%	242,302	1.7%
501-1,000	209	6.7%	163,035	1.1%
1,001-5,000	140	4.5%	283,589	2.0%
5,001-10,000	28	0.9%	206,885	1.4%
10,001-50,000	39	1.2%	988,022	6.9%
50,001-100,000	5	0.2%	291,049	2.0%
100,001-	24	0.8%	12,126,612	84.4%
	<b>2 518</b>	<b>100.0%</b>	<b>14,375,430</b>	<b>100.0%</b>

**Shareholding by the management and the entities they control on 31 December 2020**

	Shares	%
Members of the Board	28,728	0.2%
President and CEO	466,690	3.2%
Other members of the management team	300,694	2.1%

## Stock options 2020

Based on the authorization granted by the Annual General Meeting held on 16 April 2020, Detection Technology's Board of Directors decided on 24 August 2020 to issue stock options free of charge to the Group's key personnel. The stock options will be issued in separate series, which are marked with the symbols 2020A1, 2020A2, 2020B1, and 2020B2. The share subscription period will be for the stock options 2020A1 and 2020A2 from 2 May 2023 until 31 May 2024, and for the stock options 2020B1 and 2020B2 from 2 May 2024 until 31 May 2025.

The combined aggregate number of stock options marked with the symbols 2020A1 and 2020A2 is a maximum of 380,000 and that of stock options marked with the symbols 2020B1 or 2020B2 380,000. Thus, the maximum total number of stock options and shares that may be subscribed with them is 760,000. The maximum number of shares to be subscribed with the stock options is approximately five percent of the company's shares on a fully diluted basis.

At the same time, an allocation round related to stock options 2020A1 and 2020A2 was carried out, resulting in the issuing of a total of 360,000 stock option rights to key personnel. The strike price of stock options 2020A1 and 2020A2 was confirmed to be EUR 18.88.

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



## Risks and uncertainties

According to the view of Detection Technology's management, the most significant short-term risks and uncertainties of the company are the prolongation of the COVID-19 pandemic due to vaccine availability and viral mutations, the tightening relationship between the United States and China, development of international stability, and availability of semiconductor components. Other short-term risks are associated with factors related to political and trade policy uncertainty, and operating in emerging markets.

Other risks are related to price competition, a significant share of net sales being generated by the five largest customers, APAC countries' large share of sales, the commissioning of the new production and service site in Wuxi, product quality, the startup of production of new products, customer liquidity, exchange rate fluctuations, an overall cost development — particularly in China, employee loyalty 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.

## The impacts of the COVID-19 pandemic on business

The impacts of the COVID-19 pandemic on the development of the company's net sales in review period January–December 2020 varied for each market segment. As a consequence of the pandemic demand in security applications decreased, and according the company

estimate sales halved in the said segment. Aviation application sales took the hardest hit, but sales also softened in other security applications due to various restrictions. The industrial segment grew, but the growth remained below the typical annual growth rate in the field. The pandemic had two kinds of impacts on medical device sales: on one hand, the escalation of the pandemic resulted in a peak in basic CT equipment sales but on the other hand, sales of dental applications decreased. Overall, around half of the growth in medical application sales was a result of the pandemic. The company estimates that the ramifications of COVID-19 decreased the company's total net sales by about a third in January-December 2020.

Although the company's net sales decreased, the company's profit-making ability remained good in particularly challenging markets, and the company's profit margin was 11%. Cost savings, employment contribution relief and the new High and New Technology Enterprise (HNTE) classification granted to the company's Chinese subsidiary had a positive impact on profitability. The company received a total of EUR 1.2 million in employer contribution relief from the governments of the countries in which it operates in January-December 2020.

The company managed under the circumstances to minimize the impacts of the pandemic on its supply chain, production, and product development projects. The pandemic has not caused significant problems with the availability of components and materials, and the company's production has continued uninterrupted. Thanks to critical medical CT application shipments, the company was able to keep the Beijing factory up and running throughout the entire review period and to start deliveries from the new Wuxi unit, despite restrictions introduced by the local authorities. The pandemic has not significantly prolonged the company's product development cycle either.

The pandemic did not have any significant impacts on personnel during the review period. The company's primary goal has been to ensure the good health and safety of its employees by promoting remote work, among other measures. There have been a couple of individual infections among personnel, but no mass infections or mass quarantines. In addition, the personnel has managed to avoid the more serious forms of the disease. Cost savings did not have a direct impact on the personnel, and the number of personnel in the review period decreased due to natural turnover and the conclusion of fixed-term employments.

In Detection Technology's view, it is too early to estimate the pandemic effect in longer term. According to the current management's view, the COVID-19 pandemic has not endangered the continuity of the company's business nor will it do so provided the business environment does not materially change. Therefore the company has continued developing its business in line with the DT-2025 strategy in order to secure its competitiveness. The company works continuously to mitigate the ramifications of the COVID-19 pandemic that may have adverse effects on its business.

## Sustainability

The company has not received information on any infringements of the Code of Conduct

in FY 2020. The company describes its measures to support sustainable development and corporate social responsibility in more detail in the annual review for 2020. In addition, the targets set for 2021 can be found in the annual report.

Detection Technology's corporate social responsibility complies with certified ISO 9001:2015, ISO 14001:2015 and ISO 13485:2016 standards. The company acknowledges and continuously implements the Code of Conduct of the Responsible Business Alliance (RBA). The company's Code of Conduct consists of the company's quality, environmental, business ethics, labor and health, and safety policies. The company has set metrics to measure continuous improvement in every area, and it monitors development in quarterly reviews.

These policies ensure that working conditions are safe, employees are treated with respect and dignity, and business operations are environmentally responsible and conducted ethically. The principles of the company's Code of Conduct guide the everyday work of the company's management and employees, and the company expects its suppliers and other partners to comply with the same principles and standards. Detection Technology's Code of Conduct is available on the company's website.

At Detection Technology, environmental responsibility means offering customers environmentally friendly product and production solutions and reducing the environmental impacts of the company's own operations. The company constantly assesses the environmental impacts of its functions and products, improves production processes and product structures with consideration for environmental aspects, minimizes the use of materials that are harmful to the environment, wastage and the amount of waste, and develops environmental awareness within the organization. The company is not aware of any environmental damage in FY 2020.

## Events after financial year ended

After FY 2020, the company's business has continued without abnormal events.

## Outlook for 2021

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%. In Detection Technology's view, the medical and industrial markets will grow according to the estimates by the experts, but the market disruption caused by the pandemic will continue in the security market, and the said market will decline in H1 of 2021. The latest estimates in market research indicate that post-pandemic growth will compensate the lower demand during the pandemic and, as a result, the security segment will grow more strongly after the temporary market disruption, and will reach the pre-pandemic market estimate around 2025.

Detection Technology expects growth in IBU sales and double-digit growth in MBU sales in



H1 of 2021. Demand in the security market is expected to head for growth in Q2 of 2021 at the earliest. SBU sales will decrease in Q1 year-on-year, but will start to grow in Q2, although demand is still subject to uncertainty. Total net sales is expected to decrease in Q1 and grow in H1 of 2021.

The COVID-19 pandemic creates extraordinary uncertainty for the global economy and the company's business, and the predictability of the company's target markets is still lower than usual. 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.

## Financial targets

At the beginning of the financial year, the Board of Directors of Detection Technology updated the company's medium-term financial targets, and the new guidance was announced in the financial statements review January-December 2019. The company adjusted its annual growth target to correspond to the market situation and kept its profitability target and dividend distribution policy unchanged.

New targets as of 10 February 2020: 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 32,184,804, of which EUR 7,544,799 represents the net profit for the financial year. The company's funds eligible for dividend distribution total EUR 9,731,928. 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 2021 that, based on the balance sheet adopted for 2020, a dividend of EUR 0.28 per share be paid. The number of shares entitling to dividend is 14,375,430, which means that the total amount of the dividend would be EUR 4,025,120.40.

## Group income statement

1.1.2020–31.12.2020 (EUR)

	2020	2019
<b>NET SALES</b>	<b>81,561,340</b>	<b>102,480,113</b>
Change in inventories of finished goods and work in progress	388,797	341,177
Other operating income	1,017,284	142,314
Materials and services	-42,994,757	-52,957,041
Personnel expenses	-17,351,795	-18,016,128
Depreciations	-3,254,281	-2,881,070
Other operating expenses	-10,652,727	-12,089,878
<b>OPERATING PROFIT</b>	<b>8,713,861</b>	<b>17,019,488</b>
Financial income and expenses	-628,428	-140,401
<b>PROFIT BEFORE TAXES</b>	<b>8,085,433</b>	<b>16,879,087</b>
Income taxes	-1,350,379	-4,404,033
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>6,735,055</b>	<b>12,475,054</b>

## Group balance sheet

31.12.2020 (EUR)

ASSETS	2020	2019
NON-CURRENT ASSETS		
Intangible assets	4,135,938	4,547,990
Tangible assets	5,991,295	5,714,013
Investments	10,501	10,500
TOTAL NON-CURRENT ASSETS	10,137,734	10,272,503
CURRENT ASSETS		
Inventories	15,909,363	14,121,326
Non-current receivables	391,042	0
Current receivables	24,173,716	26,517,354
Cash and cash equivalents	25,186,729	26,011,935
TOTAL CURRENT ASSETS	65,660,849	66,650,615
<b>TOTAL ASSETS</b>	<b>75,798,584</b>	<b>76,923,118</b>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	80,000	80,000
Share premium account	5,130,025	5,130,025
Invested non-restricted equity fund	22,452,875	22,452,875
Retained earnings	24,062,014	18,216,601
Profit for the financial period	6,735,055	12,475,054
TOTAL EQUITY	58,459,969	58,354,555
LIABILITIES		
Current liabilities	17,338,615	18,568,563
TOTAL LIABILITIES	17,338,615	18,568,563
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>75,798,584</b>	<b>76,923,118</b>

## Group cash flow statement

(EUR)

	2020	2019
<b>CASH FLOW FROM OPERATIONS</b>		
Operating profit	8,713,861	17,019,488
Depreciations	3,254,281	2,881,070
Other non-cash business activities	-1,382,314	-705,682
Change in working capital	-142,079	-2,471,806
Financial income and expenses	-394,449	-127,894
Income taxes paid	-2,527,559	-4,995,878
<b>CASH FLOW FROM OPERATIONS</b>	<b>7,521,741</b>	<b>11,599,298</b>
<b>CASH FLOW FROM INVESTMENTS</b>		
Investments in intangible and tangible assets	-3,080,551	-4,041,434
<b>CASH FLOW FROM INVESTMENTS</b>	<b>-3,080,551</b>	<b>-4,041,434</b>
<b>FREE CASH FLOW</b>	<b>4,441,190</b>	<b>7,557,863</b>
<b>CASH FLOW FROM FINANCING</b>		
Change in current loans	196,268	1,571,102
Dividend paid	-5,462,663	-5,462,663
<b>CASH FLOW FROM FINANCING</b>	<b>-5,266,395</b>	<b>-3,891,562</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>-825,206</b>	<b>3,666,302</b>
Cash and cash equivalents at the beginning of the year	26,011,935	22,345,633
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>25,186,729</b>	<b>26,011,935</b>
<b>CHANGE IN WORKING CAPITAL</b>		
Change in current receivables	1,530,399	-172,224
Change in inventories	-1,814,107	-1,224,419
Change in current liabilities	141,628	-1,075,164
<b>CHANGE IN WORKING CAPITAL</b>	<b>-142,079</b>	<b>-2,471,806</b>

\* Deferred conversion differences are included into change in working capital, as a change of current receivables.



## Detection Technology Plc income statement

1.1.2020–31.12.2020 (EUR)

	2020	2019
<b>NET SALES</b>	<b>26,241,022</b>	<b>28,962,606</b>
Change in inventories of finished goods and work in progress	277,932	3,622
Other operating income	5,572,686	6,716,201
Materials and services	-14,233,354	-17,122,805
Personnel expenses	-7,012,771	-6,446,788
Depreciations	-1,104,081	-1,130,334
Other operating expenses	-5,069,027	-6,495,625
<b>OPERATING PROFIT</b>	<b>4,672,405</b>	<b>4,486,877</b>
Financial income and expenses	3,806,304	2,722,918
<b>PROFIT BEFORE TAXES</b>	<b>8,478,710</b>	<b>7,209,795</b>
Income taxes	-933,911	-1,013,885
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>7,544,799</b>	<b>6,195,910</b>

## Detection Technology Plc balance sheet

31.12.2020 (EUR)

<b>ASSETS</b>	<b>2020</b>	<b>2019</b>
NON-CURRENT ASSETS		
Intangible assets	2,104,789	2,769,413
Tangible assets	911,571	1,055,878
Investments	6,229,890	5,598,146
<b>TOTAL NON-CURRENT ASSETS</b>	<b>9,246,250</b>	<b>9,423,437</b>
CURRENT ASSETS		
Inventories	2,016,051	1,717,886
Non-current receivables	7,079,801	4,377,950
Current receivables	9,699,510	12,363,379
Cash and cash equivalents	12,055,233	11,098,555
<b>TOTAL CURRENT ASSETS</b>	<b>30,850,595</b>	<b>29,557,770</b>
<b>TOTAL ASSETS</b>	<b>40,096,845</b>	<b>38,981,207</b>
<b>EQUITY AND LIABILITIES</b>		
EQUITY		
Share capital	80,000	80,000
Share premium account	5,130,025	5,130,025
Invested non-restricted equity fund	22,452,875	22,452,875
Retained earnings	2,187,129	1,453,882
Profit for the financial year	7,544,799	6,195,910
<b>TOTAL EQUITY</b>	<b>37,394,828</b>	<b>35,312,692</b>
LIABILITIES		
Current liabilities	2,702,017	3,668,515
<b>TOTAL LIABILITIES</b>	<b>2,702,017</b>	<b>3,668,515</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>40,096,845</b>	<b>38,981,207</b>

## Detection Technology Plc cash flow statement

(EUR)

	2020	2019
<b>CASH FLOW FROM OPERATIONS</b>		
Operating profit	4,672,405	4,486,877
Depreciations	1,104,081	1,130,334
Other non-cash business activities	-228,554	-110,671
Change in working capital	3,643,473	1,368,177
Financial income and expenses	4,050,955	341,011
Income taxes paid	-765,695	-1,370,774
<b>CASH FLOW FROM OPERATIONS</b>	<b>12,476,666</b>	<b>5,844,953</b>
<b>CASH FLOW FROM INVESTMENTS</b>		
Investments in intangible and tangible assets	-295,150	-1,074,879
Investment in shares in subsidiaries	-631,744	-2,608,601
<b>CASH FLOW FROM INVESTMENTS</b>	<b>-926,894</b>	<b>-3,683,479</b>
<b>FREE CASH FLOW</b>	<b>11,549,772</b>	<b>2,161,473</b>
<b>CASH FLOW FROM FINANCING</b>		
Change in non-current loans to group companies	-2,701,850	-2,412,885
Change in current loans to group companies	-2,428,580	-17,730
Dividend paid	-5,462,663	-5,462,663
<b>CASH FLOW FROM FINANCING</b>	<b>-10,593,094</b>	<b>-7,893,278</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>956,678</b>	<b>-5,731,804</b>
Cash and cash equivalents at the beginning of the year	11,098,555	16,830,359
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>12,055,233</b>	<b>11,098,555</b>
<b>CHANGE IN WORKING CAPITAL</b>		
Change in current receivables	4,642,358	1,267,603
Change in inventories	-245,442	-555,986
Change in current liabilities	-753,443	656,559
<b>CHANGE IN WORKING CAPITAL</b>	<b>3,643,473</b>	<b>1,368,177</b>

## Accounting principles for consolidated financial statements

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

### Principles for consolidated financial statement

The consolidated financial statements of Detection Technology Group have been prepared in accordance with Finnish Accounting Standards (FAS). 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	14,375,430 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

Chinese subsidiary Beijing DT Electronic Technology Co., Ltd. was de-registered during 2020. The activities had been transferred over to DT Electronic Manufacturing (Beijing) Co., Ltd. already earlier and hence, there were no essential non-recurring costs occurring during the financial year 2020.

### 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 accrues material receivables or liabilities from deferred income taxes, but not from subsidiaries that are operating on a 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.

The company's fixed assets have been valued at variable acquisition cost.

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 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.

## Notes to group's financial statement

### NOTES TO INCOME STATEMENT

#### NET SALES

	2020	2019
Net sales by geography		
Finland	1,763,030	2,728,855
Other EMEA	16,373,751	18,382,096
APAC	55,361,375	66,723,728
Americas	8,063,183	14,645,435
<b>Total</b>	<b>81,561,340</b>	<b>102,480,113</b>
Net sales by business unit		
Medical Business Unit (MBU)	39,252,904	33,568,291
Security and Industrial Business Unit (SBU)	42,308,436	68,911,823
<b>Total</b>	<b>81,561,340</b>	<b>102,480,113</b>

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

#### MATERIALS AND SERVICES

	2020	2019
Materials, supplies and goods	44,114,784	52,955,819
Change in inventories	-1,399,239	-491,362
External services	279,212	492,584
<b>Total</b>	<b>42,994,757</b>	<b>52,957,041</b>

#### PERSONNEL

	2020	2019
Personnel expenses		
Salaries and wages	14,306,333	14,025,738
Pension expenses	1,351,865	2,176,403
Other indirect personnel expenses	1,693,598	1,813,986
<b>Total</b>	<b>17,351,795</b>	<b>18,016,128</b>
Board of Directors' rewards and CEO's salaries and benefits		
Board of Directors' rewards	362,083	274,039
CEO's salaries and benefits	329,139	419,047
<b>Total</b>	<b>691,222</b>	<b>693,086</b>

CEO has a voluntary pension scheme provided by the company.

**COVID-19 pandemic effect on personnel expenses**

During financial year 2020, group companies received in total 1,173,139 EUR country-specific reliefs for personnel pension and other indirect personnel expenses, due to COVID-19 pandemic.

**Key personnel's share-based incentive scheme**

Company's key personnel has a share-based incentive scheme that has not been recorded in financial statement.

Average number of personnel during the financial year	2020	2019
Officers	223	208
Workers	248	279
<b>Total</b>	<b>471</b>	<b>487</b>

DEPRECIATIONS	2020	2019
Depreciations according to plan		
Intangible rights	748,311	646,950
Other capitalized expenses	479,494	238,564
Machinery and equipment	2,026,476	1,995,557
<b>Total</b>	<b>3,254,281</b>	<b>2,881,070</b>

AUDITING SERVICES	2020	2019
Annual audits	118,744	175,277
Other services	22,030	10,795
<b>Total</b>	<b>140,774</b>	<b>186,072</b>

FINANCIAL INCOME AND EXPENSES	2020	2019
Financial income	37,656	32,139
Interest expenses	-236,489	-230,918
Other financial expenses	-6,240	-5,286
Conversion items	-423,354	63,664
<b>Total</b>	<b>-628,428</b>	<b>-140,401</b>

<b>INCOME TAXES</b>	<b>2020</b>	<b>2019</b>
Income taxes	1,350,379	4,404,033
<b>Total</b>	<b>1,350,379</b>	<b>4,404,033</b>

Chinese subsidiary DT Electronic Manufacturing (Beijing) Co., Ltd. received a certification for High and New Technology Enterprise (HNTE) classification. The HNTE status reduced the subsidiary's corporate income tax (CIT) rate for 2020 from 25% to 15%. French subsidiary Detection Technology S.A.S. had been granted a relief of corporate income tax, based on its development expenses, which decreased corporate income taxes by 391,042 EUR.

## NOTES TO BALANCE SHEET

<b>INTANGIBLE ASSETS</b>	<b>2020</b>	<b>2019</b>
Immaterial rights		
Carrying amount at 1.1.	2,555,032	404,156
Increases	24,499	563,050
Reclassification	577,133	2,231,185
Conversion items	-1,183	3,591
Depreciations	-748,311	-646,950
Carrying amount at 31.12.	2,407,171	2,555,032
Other capitalized expenses		
Carrying amount at 1.1.	1,566,446	834,054
Increases	267,081	1,336,340
Reclassification	388,201	-351,233
Decreases	0	-18,513
Conversion items	-26,967	4,361
Depreciations	-479,494	-238,564
Carrying amount at 31.12.	1,715,267	1,566,446
Prepayments for intangible assets		
Carrying amount at 1.1.	426,512	2,231,185
Increases	557,695	426,512
Reclassification	-965,335	-2,231,185
Conversion items	-5,373	0
Carrying amount at 31.12.	13,500	426,512
<b>Total</b>	<b>4,135,938</b>	<b>4,547,990</b>



**TANGIBLE ASSETS**

## Machinery and equipment

	2020	2019
Carrying amount at 1.1.	5,181,758	5,191,596
Increases	244,611	1,649,414
Reclassification	1,620,134	289,361
Decreases	0	-22,269
Conversion items	-72,712	69,212
Depreciations	-2,026,476	-1,995,557
Carrying amount at 31.12.	4,947,314	5,181,758

## Other tangible assets

Carrying amount at 1.1.	3,000	0
Increases	0	3,000
Carrying amount at 31.12.	3,000	3,000

## Prepayment for tangible assets

Carrying amount at 1.1.	529,256	75,135
Increases	2,144,551	467,384
Reclassification	-1,620,135	61,872
Decreases	0	-75,135
Conversion items	-12,691	0
Carrying amount at 31.12.	1,040,982	529,256

**Total**
**5,991,295** **5,714,013**
**INVESTMENTS**

## Other shares

	2020	2019
Carrying amount at 1.1.	10,500	10,500
Increases	1	0
Carrying amount at 31.12.	10501	10500

**INVENTORIES**

## Materials and supplies

	2020	2019
Materials and supplies	10,517,038	9,117,799
Work in progress	1,088,815	1,550,192
Finished goods	4,303,509	3,453,335
<b>Total</b>	<b>15,909,363</b>	<b>14,121,326</b>

<b>RECEIVABLES</b>	<b>2020</b>	<b>2019</b>
Non-current receivables		
Other receivables	391,042	0
<b>Total</b>	<b>391,042</b>	<b>0</b>
Current receivables		
Trade receivables	22,016,984	24,865,170
Other receivables	819,212	602,638
Accrued income	1,337,520	1,049,546
<b>Total</b>	<b>24,173,716</b>	<b>26,517,354</b>

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

## NOTES TO EQUITY AND LIABILITIES

<b>EQUITY</b>	<b>2020</b>	<b>2019</b>
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
Invested non-restricted equity fund 1.1.	22,452,875	22,452,875
Invested non-restricted equity fund 31.12.	22,452,875	22,452,875
Retained earnings 1.1.	30,691,655	23,720,672
Conversion items	-1,166,977	-41,408
Dividend payment	-5,462,663	-5,462,663
Profit for financial year	6,735,055	12,475,054
Retained earnings 31.12.	30,797,069	30,691,655
<b>Total</b>	<b>58,459,969</b>	<b>58,354,555</b>

LIABILITIES	2020	2019
Current liabilities		
Loans from financial institutions	5,822,959	5,626,691
Advances received	153,476	649,287
Trade payables	7,385,790	6,891,817
Other liabilities	662,288	564,721
Accrued income tax payables	152,410	558,655
Warranty provision	885,613	1,024,767
Accrued salaries	1,519,996	1,855,774
Other accrued liabilities	756,083	1,396,851
<b>Total</b>	<b>17,338,615</b>	<b>18,568,563</b>

Accrued liabilities include warranty provision estimated by the management. The provision equals to approximately 1.0% of group net sales.

PLEDGES AND COMMITMENTS	2020	2019
Pledges		
Unclaimed enterprise mortgages	7,734,913	7,734,913
Enterprise mortgages for un-utilized check account	3,000,000	3,000,000
<b>Total</b>	<b>10,734,913</b>	<b>10,734,913</b>
Lease commitments		
Payable in the following financial year	1,273,874	995,023
Payable in later years	1,486,487	629,436
<b>Total</b>	<b>2,760,361</b>	<b>1,624,459</b>

## Notes to parent company's financial statement

### NOTES TO INCOME STATEMENT

#### NET SALES

	2020	2019
Finland	1,763,030	2,728,855
Rest of the world	24,477,991	26,233,751
<b>Total</b>	<b>26,241,022</b>	<b>28,962,606</b>

#### MATERIALS AND SERVICES

	2020	2019
Materials, supplies and goods	14,184,415	17,350,116
Change in inventories	-20,233	-361,363
External services	69,172	134,052
<b>Total</b>	<b>14,233,354</b>	<b>17,122,805</b>

#### PERSONNEL

	2020	2019
Personnel expenses		
Salaries and wages	5,858,333	5,273,639
Pension expenses	887,160	999,658
Other indirect personnel expenses	267,279	173,490
<b>Total</b>	<b>7,012,771</b>	<b>6,446,788</b>
Board of Directors' rewards and CEO's salaries and benefits		
Members of the Board of Directors' rewards	362,083	274,039
CEO's salaries and benefits	329,139	419,047
<b>Total</b>	<b>691,222</b>	<b>693,086</b>

CEO has a voluntary pension scheme provided by the company.

#### COVID-19 pandemic effects on personnel expenses

Pension expenses decreased by 96,104 EUR, due to relief related to COVID-19 pandemic.

#### 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.

**Average number of personnel during the financial year**

	2020	2019
Officers	83	73
Workers	3	3
<b>Total</b>	<b>86</b>	<b>76</b>

**DEPRECIATIONS**

	2020	2019
Depreciations		
Intangible rights	654,564	592,256
Other capitalized expenses	87,615	70,367
Machinery and equipment	361,902	467,711
<b>Total</b>	<b>1,104,081</b>	<b>1,130,334</b>

**AUDITING SERVICES**

	2020	2019
Annual audits	63,185	114,133
Other services	22,030	10,795
<b>Total</b>	<b>85,215</b>	<b>124,928</b>

**FINANCIAL INCOME AND EXPENSES**

	2020	2019
Dividend income from group companies	4,206,617	2,396,693
Financial income from group companies	445,998	290,039
Financial income from others	5,713	9,108
Interest expenses	-16,506	-16,500
Other financial expenses	-5,549	-9,424
Conversion items	-829,969	53,002
<b>Total</b>	<b>3,806,304</b>	<b>2,722,918</b>



**NOTES TO BALANCE SHEET****INTANGIBLE ASSETS**

Intangible rights

Carrying amount at 1.1.

2,384,393

277,268

Increases

15,539

468,195

Reclassification

261,648

2,231,185

Depreciations

-654,564

-592,256

Carrying amount at 31.12.

2,007,017

2,384,393

Other capitalized expenses

Carrying amount at 1.1.

171,888

481,314

Increases

0

130,688

Reclassification

0

-351,233

Decreases

0

-18,513

Depreciations

-87,615

-70,368

Carrying amount at 31.12.

84,272

171,888

Prepayments for intangible rights

Carrying amount at 1.1.

213,133

2,231,185

Increases

62,015

213,133

Reclassification

-261,648

-2,231,185

Carrying amount at 31.12.

13,500

213,133

**Total****2,104,789****2,769,413**

**TANGIBLE ASSETS**

	2020	2019
Machinery and equipment		
Carrying amount at 1.1.	1,027,640	864,400
Increases	106,833	279,717
Reclassification	97,176	351,233
Depreciations	-361,902	-467,710
Carrying amount at 31.12.	869,747	1,027,640
Other tangible assets		
Carrying amount at 1.1.	3,000	0
Increases	0	3,000
Carrying amount at 31.12.	3,000	3,000
Prepayments for tangible assets		
Carrying amount at 1.1.	25,238	75,135
Increases	110,763	25,238
Reclassification	-97,176	0
Decreases	0	-75,135
Carrying amount at 31.12.	38,825	25,238
<b>Total</b>	<b>911,571</b>	<b>1,055,878</b>

**INVESTMENTS**

	2020	2019
Shares in Group companies		
Carrying amount at 1.1.	5,587,646	2,979,045
Increases	631,744	2,608,601
Carrying amount at 31.12.	6,219,390	5,587,646
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.	3,237,844	2,606,101
DTF (H.K.) Ltd.	163,463	163,463
Virpiniemi Golf Oy	10,500	10,500
<b>Total</b>	<b>6,229,890</b>	<b>5,598,147</b>

**INVENTORIES**

	<b>2020</b>	<b>2019</b>
Materials and supplies	647,894	627,661
Work in progress	37,264	70,266
Finished goods	1,330,893	1,019,959
<b>Total</b>	<b>2,016,051</b>	<b>1,717,886</b>

**RECEIVABLES**

	<b>2020</b>	<b>2019</b>
Non-current receivables from group companies		
Loan receivables	7,079,801	4,377,950
<b>Total</b>	<b>7,079,801</b>	<b>4,377,950</b>

Current receivables from group companies		
Accounts receivable	30,773	52,729
Loan receivables	4,985,960	2,557,380
Other receivables	1,134,696	4,204,219
Accrued income	331,668	116,552
<b>Total</b>	<b>6,483,098</b>	<b>6,930,880</b>

Current receivables from others		
Accounts receivable	2,611,169	4,223,525
Other receivables	93,843	172,547
Accrued income	511,400	1,036,426
<b>Total</b>	<b>3,216,412</b>	<b>5,432,499</b>

## NOTES TO EQUITY AND LIABILITIES

## EQUITY

	2020	2019
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
Invested non-restricted equity fund 1.1.	22,452,875	22,452,875
Invested non-restricted equity fund 31.12.	22,452,875	22,452,875
Retained earnings 1.1.	7,649,793	6,916,546
Dividend payment	-5,462,663	-5,462,663
Profit for financial year	7,544,799	6,195,910
Retained earnings 31.12.	9,731,928	7,649,793
<b>Total</b>	<b>37,394,828</b>	<b>35,312,692</b>
<b>Distributable equity at the end of period</b>	<b>32,184,804</b>	<b>30,102,668</b>

## LIABILITIES

	2020	2019
Current liabilities to others		
Trade payables	296,177	571,492
Other payables	190,789	177,736
Accrued salary payables	917,112	1,077,636
Other accrued liabilities	306,613	351,419
<b>Total</b>	<b>1,710,691</b>	<b>2,178,283</b>
Current liabilities to group companies		
Trade payables	991,326	1,490,231
<b>Total</b>	<b>991,326</b>	<b>1,490,231</b>

**PLEDGES AND COMMITMENTS**

## Pledges

Unclaimed enterprise mortgages

Enterprise mortgages for un-utilized check account

Collateral on behalf of subsidiaries

**Total****2020****2019**

7,734,913

7,734,913

3,000,000

3,000,000

12,464,942

6,393,453

**23,199,855****17,128,366**

## Lease commitments

Payable in the following financial year

Payable in later years

**Total**

426,167

437,868

240,737

235,944

**666,904****673,813**



## List of accounting books

### ACCOUNTING BOOKS

Financial statement  
Specification of balance sheet  
Journal  
General ledger  
Income statement  
Balance sheet

### Archiving method

Stapled hardcopy  
Stapled hardcopy  
Electronic filing  
Electronic filing  
Electronic filing  
Electronic filing

### ACCOUNTING RECORDS

Item	Series	Archiving method
Purchase and travel invoices	INP, PUI, PUX	Electronic filing
Sales invoices	600, 900	Electronic filing
Vouchers	GLM, GLR	Electronic filing
Payroll vouchers		Electronic filing
Bank journals	100-105	Electronic filing
Notes	LT	Paper copy

### DETECTION TECHNOLOGY OYJ

A Grid, Otakaari 5A, 02150 Espoo  
Tel +358 (0) 20 766 9700  
[www.deetee.com](http://www.deetee.com)

Domicile Espoo

Trade Register number 0878389-8

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

Espoo 3 March 2021

**Hannu Syrjälä**

Chairman of the Board

**Richard Ingram**

Member of the Board

**Heikki Allonen**

Member of the Board

**Pasi Koota**

Member of the Board

**Carina Andersson**

Member of the Board

**Henrik Roos**

Member of the Board

**Vera Backström**

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 3 March 2021

**Juha Hilmola, Authorized Public Accountant**

Ernst & Young Oy

Authorized Public Accountant Firm

# Auditor's Report

(Translation of the Finnish original)

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 Plc (business identity code 0878389-8) for the year ended 31 December, 2020. 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 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 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 on 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

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

## Other reporting requirements

### Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual 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.

Helsinki 3.3.2021

Ernst & Young Oy  
Authorized Public Accountant Firm

**Juha Hilmola**

KHT







[www.deetee.com](http://www.deetee.com)