



Detection Technology

Financial statements and Report of the Board of Directors

2019

Report of the Board of Directors

Financial year 2019 in brief

Detection Technology became the leader in the computed tomography (CT) and line-scan X-ray detector markets with its about 20% market share and strengthened its position in new target markets in financial year. Growth in number of active customer by about 40 from the previous year indicates also good customer service and successful product launches. The growth in the company's net sales outperformed market growth, and overall profitability remained good in a competitive market.

Forecasts in the industry estimate that the medical X-ray imaging market will grow on average by about 5% a year, security X-ray imaging by 6% and the industrial X-ray imaging market by some 5%. Apart from the temporary slowdown in the medical CT market from H2, the global X-ray imaging market grew steadily in FY2019. The 9% growth in the company's net sales outperformed market growth, totalling EUR 102.5 million.

The net sales of the Security and Industrial Business Unit (SBU) grew significantly faster than the target segments in the first three quarters of the year, and growth continued in line with the market in Q4. SBU's net sales in FY2019 increased by 24% to EUR 68.9 million. The expectations of smooth air travel, more stringent security requirements, new standards and the increasing number of passengers and cargo boosted CT equipment investments in airports, which reflected positively on SBU's business. In addition, CT demand in other security applications remained at a good level. Price competition in the line-scan segment became fiercer, particularly in China, but the company feels it is in a good position to meet the challenges with its Aurora product family. SBU generated a total of 67% of the company's net sales.

The net sales of the Medical Business Unit (MBU) experienced double-digit growth in Q1, but net sales development turned negative as of Q2. In the January–December review period, MBU's net sales decreased by -12% to EUR 33.6 million. This negative development in MBU sales was attributed to the temporary softening of the global medical CT market, the ramp-down in production of a product family by one of the company's key customers, and record-high year-on-year figures and the slower-than-expected production ramp-up of the X-Panel product family. MBU generated 33% of total net sales.

There were no significant changes in the geographical distribution of the company's net sales. The Asia-Pacific countries (APAC) still accounted for the company's largest market area, with its about 65% share.

Profitability in FY2019 developed in line with the company's medium-term financial targets. Operating profit excluding non-recurring items was EUR 17.7 million, which is 17% of net sales. Thanks to improved productivity and moderate development in fixed costs, overall profitability remained good, although the ramp-up of the commercial production of the Aurora and X-Panel product families, price competition and increased R&D costs eroded profitability year-on-year.

The work to update Detection Technology's strategy for 2025 was launched. In the DT-2025-strategy, the company's goal was set to be the growth leader in digital X-ray imaging detector solutions and a significant player in other technologies where the company sees good business opportunities.

Detection Technology developed its business on several fronts in line with the new strategic target. Market interest in the company's Aurora and X-Panel product families exceeded the company's expectations. Aurora deliveries started as planned at the end of the year. To ensure X-Panel sales and quality of production, the company created an ISO 13485:2016-compliant quality management system for medical devices, which was audited in October.

The key projects of the multi-energy (ME) technology and product line progressed as planned. The first commercial products are available, and the goal is to start production by the end of 2020. In addition, the company launched the TDI-based (Time Delay Integration) X-Scan T product family for demanding industrial applications. X-Scan T, optimized in particular for food industry applications, is an important addition to the company's technology base and industrial portfolio.

Other significant events in the review period were the on-schedule completion of the new production and service site in Wuxi, Greater Shanghai area, and the certification of its operations in compliance with the ISO 9001:2015 quality standard. After the review period, the company has started to create services to enhance the customer experience at the new site. The new site will improve customer service in Central and Southern China, decrease risks related to having only one production site, and increase the production capacity of end-products.

Net sales and financial result development

The company's net sales for January–December 2019 grew by 9.1% to EUR 102.5 million (93.9). Net sales for SBU grew faster than the market at 24.0% and totaled EUR 68.9 million (55.6). MBU's net sales decreased by -12.4% to EUR 33.6 million (38.3). SBU's share of total net sales was 67.2% (59.2%) and MBU's 32.8% (40.8%).

In January–December, APAC's share of net sales was 65.1% (62.2%), Americas' 14.3% (18.9%) and EMEA's 20.6% (18.9%). The share of net sales accounted for by the top five customers was 56.3% (53.6%).

The operating profit for the review period January–December 2019 was EUR 17.0 million

(18.5), or 16.6% (19.7%) of net sales. A total of EUR 0.7 million (0.5) of non-recurring items (NRI) were registered related to the commissioning of the new production and service site in Wuxi, the ramp-down of a product significant for the company, and the reorganization of the Group structure. EBIT excluding NRI was EUR 17.7 million (19.0), or 17.3% (20.3%) of net sales.

Financial items totaled EUR -0.1 million (-0.1), and income taxes were EUR -4.4 million (-3.6) in January–December. The result for FY2019 was EUR 12.5 million (14.9). Earnings per share were EUR 0.87 (1.03).

Key figures of financial performance

	Group	Group	Group	Parent	Parent	Parent
	2019	2018	2017	Company	Company	Company
				2019	2018	2017
Net sales, EUR 1,000	102,480	93,916	89,003	28,963	24,873	22,453
Operating profit excluding NRI, EUR 1,000	17,719	19,029	19,893	4,487	5,844	4,889
Operating profit excluding NRI, %	17.3%	20.3%	22.4%	15.5%	23.5%	21.8%
Operating profit, EUR 1,000	17,019	18,522	19,893	4,487	5,844	4,889
Operating profit, %	16.6%	19.7%	22.4%	15.5%	23.5%	21.8%
Return on investment (ROI), %	28.5%	36.4%	47.0%	12.8%	17.0%	14.2%
Earnings per share, EUR	0.87	1.03	1.09	-	-	-
Earnings per share (diluted), EUR*	0.87	1.07	1.13	-	-	-
Equity ratio, %	76.5%	72.3%	66.8%	90.6%	90.1%	92.5%
Equity per share, EUR	4.06	3.57	3.00	2.46	2.41	2.45
Equity per share (diluted), EUR*	4.06	3.70	3.10	2.46	2.49	2.53

* The number of shares (14,375,430) has been used in the calculation for diluted earnings per share for 2019.

Research and development

R&D expenses were EUR 10.7 million (8.8), corresponding to 10.4% of net sales (9.4%) in the fiscal year January–December 2019. All R&D costs are written off as expenses.

Personnel

At the end of December 2019, Detection Technology employed 496 people (507), of whom 393 were in China, 84 in Finland, 14 in France and 5 in the US. In January–December 2019, personnel expenses totaled EUR 18.0 million (15.0).

Headcount, salaries and rewards

	Group	Group	Group	Parent	Parent	Parent
	2019	2018	2017	Company	Company	Company
				2019	2018	2017
Average headcount	487	447	417	76	65	56
Salaries and rewards (EUR 1,000)	14,026	11,740	10,522	5,274	4,798	4,146

Personnel by geography

	31 Dec 2019	31 Dec 2018	Change, %
APAC	393	414	-5.1%
Americas	5	6	-16.7%
EMEA	98	87	12.6%
Total	496	507	-2.2%

Strategy

Detection Technology started to update the company's strategy to 2025 and published its new strategic target in the half-yearly report. In line with the DT-2025 strategy, the company's 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 the company sees good business opportunities. The company estimates that the market for digital X-ray imaging detector solutions will be around EUR 3 billion in 2025.

According to the 2020 strategy, the company aimed to become a leader in the CT and line scan X-ray detector and solution markets by the end of 2020, which the company already reached in FY2019 with its approximately 20% market share. The company achieved the main target of the DT-2020 strategy ahead of time.

The company's strategic cornerstones are a focus on X-ray technology, customer- and equipment-specific tailoring, investments in research and product development, and geographical reach.

The company focuses on its core competencies that support new growth goals. These include technology development, design, critical processes, final assembly and testing. In the company's view, this business model is asset-light and allows flexibility in the production and delivery of the products.

Board of Directors and management

The Annual General Meeting 2019 resolved that the Board of Directors consists of seven members. Heikki Allonen, Vera Backström, Pasi Koota, Petri Niemi, Henrik Roos and Hannu Syrjälä were re-elected, and Carina Andersson was elected as a new member to the Board of Directors. Carina Andersson's term started on 15 April 2019 as of the registration of the amendment to the Articles of Association regarding the number of the Board members. The Board elected Hannu Syrjälä to chair the Board.

The Board of Directors has appointed Remuneration and Auditing Committees from amongst its members. The members of the Remuneration Committee were Hannu Syrjälä, Vera Backström, Petri Niemi, and Henrik Roos. The Remuneration Committee appointed Hannu Syrjälä to chair the committee. The members of the Auditing Committee were Pasi Koota and Heikki Allonen. 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.

Report on Corporate Governance

A report on the company's Corporate Governance (CG) has been given for FY2019. The report can be found on the company's website.

Annual General Meeting

Detection Technology Plc's Annual General Meeting (AGM) 2019 was held on 28 March 2019. 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 2020. At the end of FY2019, 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 2020. At the end of FY2019, the authorization had not been used.
- 3) Section 4 of the company's Articles of Association were amended as follows: "The Company's Board of Directors shall have a minimum of four and a maximum of seven members. The term of office of a member of the Board of Directors shall terminate at the time of the Annual General Meeting at which the director was elected."

In addition, Section 7 of the company's Articles of Association was amended as follows: "The General Meeting shall elect one (1) auditor to examine the administration and accounts of the Company. The auditor shall be an audit firm approved by the Auditor Oversight with an authorized public accountant in charge. The term of the auditor shall expire at the closing of the Annual General Meeting following their election."

4) A permanent Shareholders' Nomination Board was established to be responsible for preparing and presenting proposals on the remuneration and number of the members of the Board of Directors, as well as a proposal on the members of the Board of Directors to the Annual General Meeting and, where needed, to an Extraordinary General Meeting. In addition, the Nomination Board is responsible for identifying successors for the existing Board members.

Shareholders' Nomination Board

As of 2 September 2019, the Nomination Board has consisted of the Chairman of the Nomination Board CEO of Ahlström Capital Lasse Heinonen as the representative of AC Invest Seven B.V.; and the following members: 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. The Chairman of Detection Technology's Board of Directors Hannu Syrjälä has served as an expert to the Nomination Board.

The proposals of the Nomination Board to the Annual General Meeting were published on 31 January 2020 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

During FY2019, a total of 384,000 stock option rights were issued under the 2018 stock option program, and the Board of Directors confirmed the strike price of EUR 20.66. The program is described in more detail in the stock options 2018 section.

The average share price of Detection Technology was EUR 20.95 in January–December 2019. The highest share price for 2019 was EUR 29.00 and the lowest EUR 15.30. The closing price at the end of December was EUR 25.60, and the company had a market capitalization of approximately EUR 368 million. A total of 1.78 million shares, which is 12.4% 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 2019.

The number of shareholders at the end of the review period was 2,518. Approximately 60.7% of the shares were held by the ten largest shareholders. The nominee-registered foreign holding of shares in the company was 16.7% at the end of FY2019.

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 2019

	Shares	%
AC INVEST SEVEN B.V.	5,280,167	36.73%
SKANDINAVISKA ENSKILDA BANKEN AB (PUBL) HELSINGIN SIVUKONTTORI *	1,284,555	8.94%
NORDEA BANK ABP *	1,003,898	6.98%
OP-SUOMI -SIIJOITUSRAHASTO	635,876	4.42%
KESKINÄINEN TYÖELÄKEVAKUUTUSYHTIÖ VARMA	515,000	3.58%
SIIJOITUSRAHASTO AKTIA CAPITAL	484,762	3.37%
KESKINÄINEN ELÄKEVAKUUTUSYHTIÖ ILMARINEN	435,737	3.03%
MARTOLA HANNU VEIKKO	431,690	3.00%
SIIJOITUSRAHASTO EVLI SUOMI PIENYHTIÖT	380,672	2.65%
SÄÄSTÖPANKKI KOTIMAA -SIIJOITUSRAHASTO	200,000	1.39%
OP-SUOMI PIENYHTIÖT	191,538	1.33%
FONDITA NORDIC MICRO CAP PLACERINGSF	177,610	1.24%
NACAWI AB	163,000	1.13%
SEB FINLAND SMALL CAP	138,000	0.96%
NORDEA HENKIVAKUUTUS SUOMI OY	137,150	0.95%
SIIJOITUSRAHASTO SÄÄSTÖPANKKI PIENYHTIÖT	136,904	0.95%
CHEN WU	101,875	0.71%
KIRKON ELÄKERAHASTO	93,000	0.65%
SR DANSKE INVEST SUOMEN PIENYHTIÖT	90,000	0.63%
SIIJOITUSRAHASTO AKTIA NORDIC SMALL CAP	75,000	0.52%
20 largest shareholders in total	11,956,434	83.17%
Other shareholders	2,418,996	16.83%
Shares in total	14,375,430	100.00%

* Nominee register

Breakdown of share ownership on 31 December 2019

Number of shares	Owners	%	Shares	%
1-100	1,244	49.4%	58,522	0.4%
101-500	821	32.6%	209,218	1.5%
501-1,000	203	8.1%	162,498	1.1%
1,001-5,000	154	6.1%	324,031	2.3%
5,001-10,000	30	1.2%	218,330	1.5%
10,001-50,000	39	1.5%	1,038,657	7.2%
50,001-100,000	10	0.4%	665,740	4.6%
100,001-	17	0.7%	11,698,434	81.4%
	2,518	100.0%	14,375,430	100.0%

Shareholding of the management on 31 December 2019

	Shares	%
Members of the Board	26,098	0.2%
CEO	431,690	3.0%
Other members of the management team	300,694	2.1%

In addition to the above-mentioned shareholdings, a corporation controlled by President and CEO Hannu Martola, Expedir Oy, owned 35,000 of the company's shares at the end of FY2019.

Stock options 2018

Based on the authorization granted by the Annual General Meeting held on 27 March 2018, the company's Board of Directors has decided to issue stock options. The stock options are offered free of charge to key personnel in the company and its affiliated companies, and stock options entitle to subscribe for the company's shares according to the terms of the stock option program.

The allocation round regarding stock options 2018B1 and 2018B2 was carried out on 24 October 2019. As a result, the company's Board of Directors resolved to issue a total of 384,000 stock option rights to key personnel. The share subscription period for stock options 2018B1 and 2018B2 is from 2 May 2022 to 31 May 2023. At the same time, the Board of Directors confirmed the strike price of EUR 20.66 for stock options 2018B1 and 2018B2.

The combined aggregate number of stock options issued in the 2018 option program and the maximum number of shares that may be subscribed using the said options is 760,000, which is approximately five percent of the company's shares on a fully diluted basis. Stock options have been issued in separate series marked with the symbols 2018A1, 2018A2, 2018B1, and 2018B2. The allocation round of stock options 2018A1 and 2018A2 was carried out in September 2018. The description and terms of the stock option program and stock options can be found on the company's website.

Risks and uncertainties

According to the management's view, no material changes have occurred in the risks and uncertainties related to the company's business during the financial year. The company's short-term risks are associated with the coronavirus epidemic, geopolitics, the development of international security, 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, renewal of information systems, customer liquidity, exchange rate fluctuations, an overall cost development, particularly in China, the adequacy and competence of personnel, and organizational efficiency.

The company aims to mitigate these risks with normal control and precautionary measures. 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.

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

Sustainability

The Group complies with a Code of Conduct approved by the company's Board of Directors and published at the beginning of the financial year. The company started to roll out the Code of Conduct globally amongst the personnel and partners. In addition, the company built and developed processes supporting the Code of Conduct and improved site-specific practices.

Detection Technology's corporate social responsibility complies with certified ISO 9001:2015, ISO 14001:2015 and 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.

The company is not aware of any infringements of the Code of Conduct. 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.

The company received a recognition for the sustainable development of its business from one of the key MBU customers. In addition to Detection Technology, this internationally important industry player only recognized the work of one other company in its extensive network of partners. The creation and development process of the new service and production site in Wuxi serves as an example of the company's determined development of sustainable business operations. In Wuxi, special attention was paid to sustainability aspects, such as environmental permits and the training of new recruits. In addition, the Safety Production Standardization Certificate and the Occupational Health License of the company's site in Beijing were renewed.

Events after the reporting period

The coronavirus epidemic that started in China has had an adverse impact on the company's business in Asia and has resulted in stoppages in the company's sites in China at the beginning of FY2020. However, the epidemic has increased demand in CT applications in China. At the time of drafting the financial statements, the direct and indirect impacts of the epidemic to the company and its markets and customers as well as the supplier and partner network were unclear. Although the spreading of the epidemic in China appears to be under control, the virus has spread to other parts of the world and has already had significant global impacts.

Outlook for 2020

Forecasts in the industry estimate the medical X-ray imaging market to grow on average by about 5% a year, security X-ray imaging by 6% and industrial X-ray imaging market by some 5%. Detection Technology estimates annual growth to remain at this level in all market segments in 2020, but the indirect impacts of the corona virus epidemic in Asia may have a temporary adverse impact on growth in H1.

The company estimates the temporary slowdown in the global medical CT market to continue in Q1, and the situation to normalize at the end of 2020, but demand may fluctuate significantly. Although CT scanning is used to detect virus-related pulmonary changes, which increases demand for scanners, it is too early to estimate its overall impacts on the company's operations.

Detection Technology expects its net sales to grow in 2020 after these temporary market slowdowns have passed. There is some uncertainty regarding demand, and intense competition may reflect on pricing.

Financial targets

The Board of Directors of Detection Technology has updated the company's medium-term financial targets, and the new guidance was announced in the financial statements review on 10 February 2020.

Targets until 10 February 2020:

Detection Technology aims to increase sales by at least 15% 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.

New targets as of 10 February 2020:

The company will adjust its annual growth target to correspond to the market situation and keep its profitability target and dividend distribution policy unchanged.

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 30,102,668, of which EUR 6,195,910 represents the net profit for the financial year. The company's funds eligible for dividend distribution total EUR 7,649,793. There have not been any significant changes in the company's financial situation after the end of the financial year, and does the solvency test intended in Chapter 13, Section 2 of the Finnish Limited Liability Companies Act does not affect the amount of distributable funds.

The Board of Directors proposes to the Annual General Meeting to be held on 16 April 2020 that, based on the balance sheet adopted for 2019, a dividend of EUR 0.38 per share be paid. The number of shares entitling to dividend is 14,375,430, which means that the total amount of dividends paid would be EUR 5,462,663.40.

Group income statement

1.1.2019–31.12.2019 (EUR)

	2019	2018
NET SALES	102,480,113	93,916,146
Change in inventories of finished goods and work in progress	341,177	1,722,958
Other operating income	142,314	719,016
Materials and services	-52,957,041	-48,835,407
Personnel expenses	-18,016,128	-14,967,906
Depreciations	-2,881,070	-2,350,768
Other operating expenses	-12,089,878	-11,682,217
OPERATING PROFIT	17,019,488	18,521,822
Financial income and expenses	-140,401	-76,896
PROFIT BEFORE TAXES	16,879,087	18,444,927
Income taxes	-4,404,033	-3,578,729
PROFIT FOR THE FINANCIAL YEAR	12,475,054	14,866,197

Group balance sheet

31.12.2019 (EUR)

ASSETS	2019	2018
NON-CURRENT ASSETS		
Intangible assets	4,547,990	3,469,395
Tangible assets	5,714,013	5,266,731
Investments	10,500	10,500
TOTAL NON-CURRENT ASSETS	10,272,503	8,746,626
CURRENT ASSETS		
Inventories	14,121,326	13,288,787
Current receivables	26,517,354	26,659,340
Cash and cash equivalents	26,011,935	22,345,633
TOTAL CURRENT ASSETS	66,650,615	62,293,760
TOTAL ASSETS	76,923,118	71,040,386
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	18,216,601	8,854,475
Profit for the financial period	12,475,054	14,866,197
TOTAL EQUITY	58,354,555	51,383,572
LIABILITIES		
Current liabilities	18,568,563	19,656,814
TOTAL LIABILITIES	18,568,563	19,656,814
TOTAL EQUITY AND LIABILITIES	76,923,118	71,040,386

Group cash flow statement

(EUR)

	2019	2018
CASH FLOW FROM OPERATIONS		
Operating profit	17,019,488	18,521,822
Depreciations	2,881,070	2,350,768
Other non-cash business activities	-705,682	413,330
Change in working capital	-2,471,806	-10,006,207
Financial income and expenses	-127,894	-440,804
Income taxes paid	-4,995,878	-4,717,179
CASH FLOW FROM OPERATIONS	11,599,298	6,121,730
CASH FLOW FROM INVESTMENTS		
Investments in intangible and tangible assets	-4,041,434	-4,740,826
CASH FLOW FROM INVESTMENTS	-4,041,434	-4,740,826
FREE CASH FLOW	7,557,863	1,380,904
CASH FLOW FROM FINANCING		
Change in current loans	1,571,102	-670,079
Dividend paid	-5,462,663	-4,865,208
CASH FLOW FROM FINANCING	-3,891,562	-5,535,288
CHANGE IN CASH AND CASH EQUIVALENTS	3,666,302	-4,154,384
Cash and cash equivalents at the beginning of the year	22,345,633	26,500,017
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	26,011,935	22,345,633
CHANGE IN WORKING CAPITAL		
Change in current receivables *	-172,224	-4,650,926
Change in inventories	-1,224,419	-4,721,007
Change in current liabilities	-1,075,164	-634,274
CHANGE IN WORKING CAPITAL	-2,471,806	-10,006,207

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

Detection Technology Plc income statement

1.1.2019–31.12.2019 (EUR)

	2019	2018
NET SALES	28,962,606	24,872,725
Change in inventories of finished goods and work in progress	3,622	691,058
Other operating income	6,716,201	7,405,526
Materials and services	-17,122,805	-13,534,392
Personnel expenses	-6,446,788	-5,919,791
Depreciations	-1,130,334	-681,698
Other operating expenses	-6,495,625	-6,989,198
OPERATING PROFIT	4,486,877	5,844,231
Financial income and expenses	2,722,918	525,103
PROFIT BEFORE TAXES	7,209,795	6,369,334
Income taxes	-1,013,885	-917,360
PROFIT FOR THE FINANCIAL YEAR	6,195,910	5,451,973

Detection Technology Plc balance sheet

31.12.2019 (EUR)

ASSETS	2019	2018
NON-CURRENT ASSETS		
Intangible assets	2,769,413	2,989,767
Tangible assets	1,055,878	939,535
Investments	5,598,146	2,989,545
TOTAL NON-CURRENT ASSETS	9,423,437	6,918,847
CURRENT ASSETS		
Inventories	1,717,886	1,352,901
Non-current receivables	4,377,950	1,965,066
Current receivables	12,363,379	11,330,622
Cash and cash equivalents	11,098,555	16,830,359
TOTAL CURRENT ASSETS	29,557,770	31,478,948
TOTAL ASSETS	38,981,207	38,397,795
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	1,453,882	1,464,572
Profit for the financial year	6,195,910	5,451,973
TOTAL EQUITY	35,312,692	34,579,445
LIABILITIES		
Current liabilities	3,668,515	3,818,349
TOTAL LIABILITIES	3,668,515	3,818,349
TOTAL EQUITY AND LIABILITIES	38,981,207	38,397,795

Detection Technology Plc cash flow statement

(EUR)

	2019	2018
CASH FLOW FROM OPERATIONS		
Operating profit	4,486,877	5,844,231
Depreciations	1,130,334	681,698
Other non-cash business activities	-110,671	221,047
Change in working capital	1,368,177	-2,124,931
Financial income and expenses	341,011	139,877
Income taxes paid	-1,370,774	-1,061,048
CASH FLOW FROM OPERATIONS	5,844,953	3,700,873
CASH FLOW FROM INVESTMENTS		
Investments in intangible and tangible assets	-1,074,879	-2,114,179
Investment in shares in subsidiaries	-2,608,601	0
CASH FLOW FROM INVESTMENTS	-3,683,479	-2,114,179
FREE CASH FLOW	2,161,473	1,586,694
CASH FLOW FROM FINANCING		
Change in non-current loans to group companies	-2,412,885	3,202,574
Change in current loans to group companies	-17,730	791,804
Dividend paid	-5,462,663	-4,865,208
CASH FLOW FROM FINANCING	-7,893,278	-870,831
CHANGE IN CASH AND CASH EQUIVALENTS	-5,731,804	715,864
Cash and cash equivalents at the beginning of the year	16,830,359	16,114,496
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	11,098,555	16,830,359
CHANGE IN WORKING CAPITAL		
Change in current receivables	1,267,603	-3,468,532
Change in inventories	-555,986	-177,931
Change in current liabilities	656,559	1,521,533
CHANGE IN WORKING CAPITAL	1,368,177	-2,124,931

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
Beijing DT Electronic Technology Co., Ltd.	Subsidiary	100%	China
DT Electronic Manufacturing (Beijing) Co., Ltd.	Subsidiary	100%	China
DT Electronic Technology (Wuxi) Co., Ltd.	Subsidiary	100%	China
Detection Technology S.A.S.	Subsidiary	100%	France

Associated companies

Company does not have any associated companies.

Goodwill

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

Deferred taxes

Company 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 the 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 euros 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	2019	2018
Net sales by geography		
Finland	2,728,855	2,868,207
Other EMEA	18,382,096	14,917,990
APAC	66,723,728	58,420,039
Americas	14,645,435	17,709,910
Total	102,480,113	93,916,146
Net sales by business unit		
Medical Business Unit (MBU)	33,568,291	38,319,777
Security and Industrial Business Unit (SBU)	68,911,823	55,596,369
Total	102,480,113	93,916,146

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

MATERIALS AND SERVICES	2019	2018
Materials, supplies and goods	52,955,819	51,450,866
Change in inventories	-491,362	-2,998,049
External services	492,584	382,590
Total	52,957,041	48,835,407

PERSONNEL	2019	2018
Personnel expenses		
Salaries and wages	14,025,738	11,739,970
Pension expenses	2,176,403	1,797,754
Other indirect personnel expenses	1,813,986	1,430,182
Total	18,016,128	14,967,906
Board of Directors' rewards and CEO's salaries and benefits		
Board of Directors' rewards	274,039	186,782
CEO's salaries and benefits	419,047	403,596
Total	693,086	590,378

CEO has a voluntary pension scheme provided by the company

Key personnel's share-based incentive scheme

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

Average number of personnel during the financial year	2019	2018
Officers	208	176
Workers	279	271
Total	487	447

DEPRECIATIONS	2019	2018
Depreciations according to plan		
Intangible rights	646,950	190,665
Other capitalized expenses	238,564	557,000
Machinery and equipment	1,995,557	1,603,102
Total	2,881,070	2,350,768

AUDITING SERVICES	2019	2018
Annual audits	175,277	88,000
Other services	10,795	41,588
Total	186,072	129,588

FINANCIAL INCOME AND EXPENSES	2019	2018
Financial income	32,139	27,120
Interest expenses	-230,918	-130,048
Other financial expenses	-5,286	-4,432
Conversion items	63,664	30,464
Total	-140,401	-76,896

NOTES TO BALANCE SHEET

INTANGIBLE ASSETS	2019	2018
Immaterial rights		
Carrying amount at 1.1.	404,156	305,282
Increases	563,050	191,322
Reclassification	2,231,185	98,233
Conversion items	3,591	-17
Depreciations	-646,950	-190,665
Carrying amount at 31.12.	2,555,032	404,156
Other capitalized expenses		
Carrying amount at 1.1.	834,054	903,480
Increases	1,336,340	396,062
Reclassification	-351,233	89,960
Decreases	-18,513	0
Conversion items	4,361	1,552
Depreciations	-238,564	-557,000
Carrying amount at 31.12.	1,566,446	834,054
Prepayments for intangible assets		
Carrying amount at 1.1.	2,231,185	313,907
Increases	426,512	2,105,472
Reclassification	-2,231,185	0
Decreases	0	-188,194
Carrying amount at 31.12.	426,512	2,231,185
Total	4,547,990	3,469,395

TANGIBLE ASSETS	2019	2018
Machinery and equipment		
Carrying amount at 1.1.	5,191,596	4,260,110
Increases	1,649,414	2,552,978
Reclassification	289,361	0
Decreases	-22,269	0
Conversion items	69,212	-18,390
Depreciations	-1,995,557	-1,603,102
Carrying amount at 31.12.	5,181,758	5,191,596
Other tangible assets		
Carrying amount at 1.1.	0	0
Increases	3,000	0
Carrying amount at 31.12.	3,000	0
Prepayments for tangible assets		
Carrying amount at 1.1.	75,135	62,696
Increases	467,384	75,135
Reclassification	61,872	0
Decreases	-75,135	-62,696
Carrying amount at 31.12.	529,256	75,135
Total	5,714,013	5,266,731

INVESTMENTS	2019	2018
Other shares		
Carrying amount at 1.1.	10,500	10,500
Carrying amount at 31.12.	10,500	10,500

INVENTORIES	2019	2018
Materials and supplies	9,117,799	8,626,437
Work in progress	1,550,192	1,802,104
Finished goods	3,453,335	2,860,246
Total	14,121,326	13,288,787

RECEIVABLES	2019	2018
Current receivables		
Trade receivables	24,865,170	25,003,281
Other receivables	602,638	1,358,239
Accrued income	1,049,546	297,820
Total	26,517,354	26,659,340

NOTES TO EQUITY AND LIABILITIES

EQUITY	2019	2018
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.	23,720,672	13,976,035
Conversion items	-41,408	-256,352
Dividend payment	-5,462,663	-4,865,208
Profit for financial year	12,475,054	14,866,197
Retained earnings 31.12.	30,691,655	23,720,672
Total	58,354,555	51,383,572

LIABILITIES	2019	2018
Current liabilities		
Loans from financial institutions	5,626,691	4,055,590
Advances received	649,287	65,983
Trade payables	6,891,817	9,320,081
Other liabilities	564,721	174,916
Accrued income tax payables	558,655	793,379
Warranty provision	1,024,767	1,896,784
Accrued salaries	1,855,774	2,027,580
Other accrued liabilities	1,396,851	1,322,501
Total	18,568,563	19,656,814

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

PLEDGES AND COMMITMENTS	2019	2018
Pledges		
Unclaimed enterprise mortgages	7,734,913	7,734,913
Enterprise mortgages for un-utilized check account	3,000,000	3,000,000
Total	10,734,913	10,734,913
Lease commitments		
Payable in the following financial year	995,023	1,190,306
Payable in later years	629,436	665,975
Total	1,624,459	1,856,281

Notes to parent company's financial statement

NOTES TO INCOME STATEMENT

NET SALES	2019	2018
Finland	2,728,855	2,868,207
Other world	26,233,751	22,004,518
Total	28,962,606	24,872,725

MATERIALS AND SERVICES	2019	2018
Materials, supplies and goods	17,350,116	12,848,107
Change in inventories	-361,363	513,127
External services	134,052	173,157
Total	17,122,805	13,534,392

PERSONNEL	2019	2018
Personnel expenses		
Salaries and wages	5,273,639	4,797,722
Pension expenses	999,658	941,007
Other indirect personnel expenses	173,490	181,062
Total	6,446,788	5,919,791
Board of Directors' rewards and CEO's salaries and benefits		
Members of the Board of Directors' rewards	274,039	186,782
CEO's salaries and benefits	419,047	403,596
Total	693,086	590,378

CEO has a voluntary pension scheme provided by the company.

Key personnel's share-based incentive scheme

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

Average number of personnel during the financial year	2019	2018
Officers	73	62
Workers	3	3
Total	76	65

DEPRECIATIONS	2019	2018
Depreciations		
Intangible rights	592,256	112,344
Other capitalized expenses	70,367	208,810
Machinery and equipment	467,711	360,544
Total	1,130,334	681,698

AUDITING SERVICES	2019	2018
Annual audits	114,133	55,000
Other services	10,795	41,588
Total	124,928	96,588

FINANCIAL INCOME AND EXPENSES	2019	2018
Dividend income from group companies	2,396,693	0
Financial income from group companies	290,039	274,818
Financial income from others	9,108	14,524
Interest expenses	-16,500	-27,550
Other financial expenses	-9,424	-4,960
Conversion items	53,002	268,271
Total	2,722,918	525,103

NOTES TO BALANCE SHEET

INTANGIBLE ASSETS	2019	2018
Intangible rights		
Carrying amount at 1.1.	277,268	234,153
Increases	468,195	155,459
Reclassification	2,231,185	0
Depreciations	-592,256	-112,344
Carrying amount at 31.12.	2,384,393	277,268
Other capitalized expenses		
Carrying amount at 1.1.	481,314	457,983
Increases	130,688	232,140
Reclassification	-351,233	0
Decreases	-18,513	0
Depreciations	-70,368	-208,809
Carrying amount at 31.12.	171,888	481,314
Prepayments for intangible rights		
Carrying amount at 1.1.	2,231,185	313,907
Increases	213,133	2,231,185
Reclassification	-2,231,185	0
Decreases	0	-313,907
Carrying amount at 31.12.	213,133	2,231,185
Total	2,769,413	2,989,767

TANGIBLE ASSETS

	2019	2018
Machinery and equipment		
Carrying amount at 1.1.	864,400	967,092
Increases	279,717	257,852
Reclassification	351,233	0
Depreciations	-467,710	-360,544
Carrying amount at 31.12.	1,027,640	864,400
Other tangible assets		
Carrying amount at 1.1.	0	0
Increases	3,000	0
Carrying amount at 31.12.	3,000	0
Prepayments for tangible assets		
Carrying amount at 1.1.	75,135	62,696
Increases	25,238	75,135
Decreases	-75,135	-62,696
Carrying amount at 31.12.	25,238	75,135
Total	1,055,878	939,535

INVESTMENTS

	2019	2018
Shares in Group companies		
Carrying amount at 1.1.	2,979,045	2,979,045
Increases	2,608,601	0
Carrying amount at 31.12.	5,587,646	2,979,045
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	0
DT Electronic Manufacturing (Beijing) Co., Ltd.	2,814,721	2,814,721
DT Electronic Technology (Wuxi) Co., Ltd.	2,606,101	0
DTF (H.K.) Ltd.	163,463	163,463
Virpiniemi Golf Oy	10,500	10,500
Total	5,598,147	2,989,546

INVENTORIES	2019	2018
Materials and supplies	627,661	266,297
Work in progress	70,266	43,761
Finished goods	1,019,959	1,042,842
Total	1,717,886	1,352,901

RECEIVABLES	2019	2018
Non-current receivables from group companies		
Loan receivables	4,377,950	1,965,066
Total	4,377,950	1,965,066

Current receivables from group companies		
Accounts receivable	52,729	299,852
Loan receivables	2,557,380	2,539,650
Other receivables	4,204,219	2,977,387
Accrued income	116,552	94,811
Total	6,930,880	5,911,700

Current receivables from others		
Accounts receivable	4,223,525	4,123,466
Other receivables	172,547	694,600
Accrued income	1,036,426	600,856
Total	5,432,499	5,418,922

NOTES TO EQUITY AND LIABILITIES

EQUITY	2019	2018
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.	6,916,546	6,329,780
Dividend payment	-5,462,663	-4,865,208
Profit for financial year	6,195,910	5,451,973
Retained earnings 31.12.	7,649,793	6,916,546
Total	35,312,692	34,579,445
Distributable equity at the end of period	30,102,668	29,369,421

LIABILITIES	2019	2018
Current liabilities to others		
Trade payables	571,492	614,606
Other payables	177,736	130,021
Accrued salary payables	1,077,636	1,356,286
Other accrued liabilities	351,419	784,675
Total	2,178,283	2,885,587
Current liabilities to group companies		
Trade payables	1,490,231	932,763
Total	1,490,231	932,763

PLEDGES AND COMMITMENTS

Pledges

Unclaimed enterprise mortgages

7,734,913

7,734,913

Enterprise mortgages for un-utilized check account

3,000,000

3,000,000

Collateral on behalf of subsidiaries

6,393,453

6,349,126

Total**17,128,366****17,084,039**

Lease commitments

Payable in the following financial year

437,868

433,222

Payable in later years

235,944

278,058

Total**673,813****711,280**

List of accounting books

ACCOUNTING BOOKS

	Archiving method
Financial statement	Stapled hardcopy
Specification of balance sheet	Stapled hardcopy
Journal	Electronic filing
General ledger	Electronic filing
Income statement	Electronic filing
Balance sheet	Electronic filing

ACCOUNTING RECORDS

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

DETECTION TECHNOLOGY OYJ

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Domicile Espoo

Trade Register number 0878389-8

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

Espoo 23 March 2020

Hannu Syrjälä

Chairman of the Board

Pasi Koota

Member of the Board

Heikki Allonen

Member of the Board

Petri Niemi

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 23 March 2020

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, 2019. 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 that we have obtained prior to the date of this auditor's report is the report of the Board of Directors.

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.

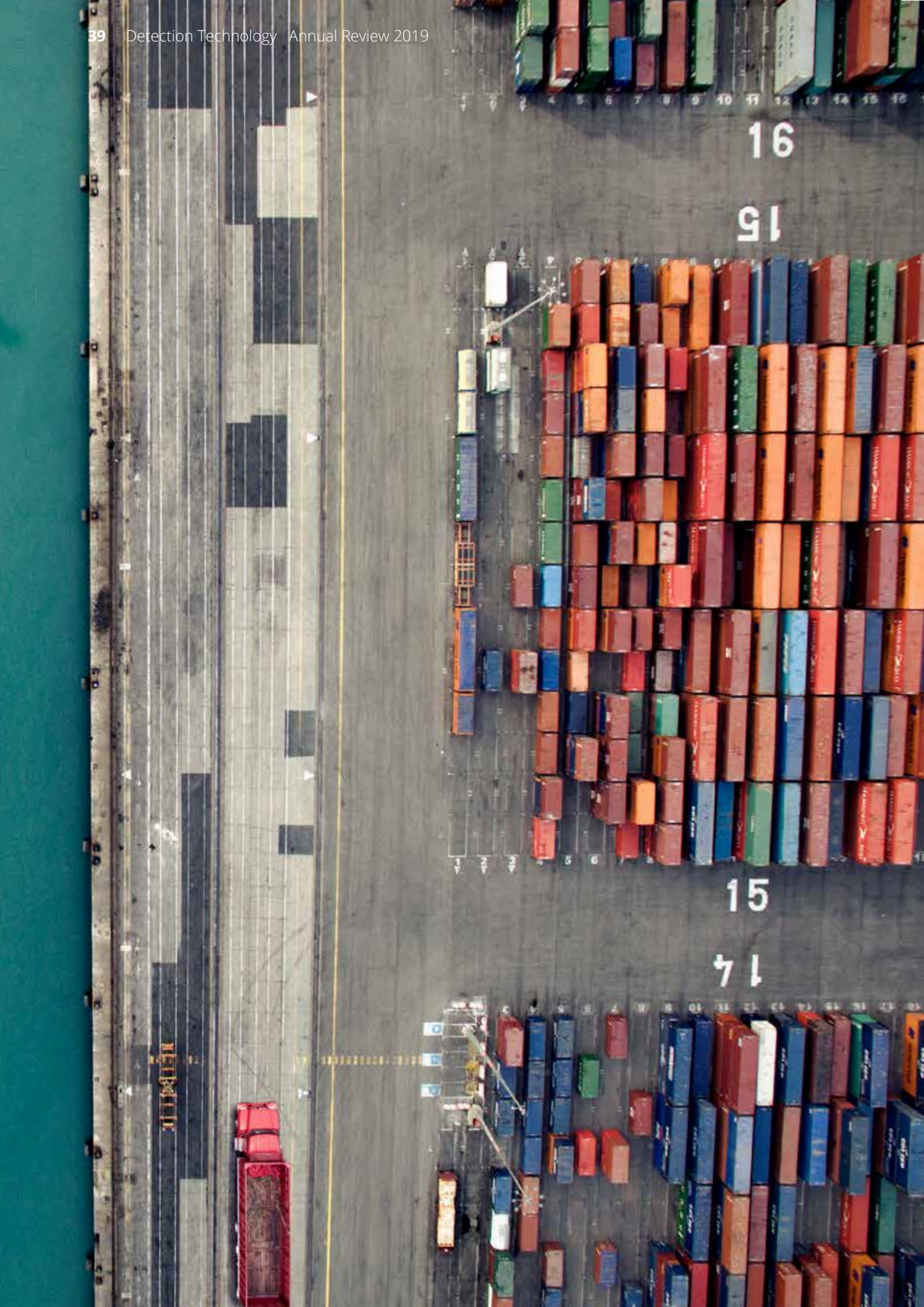
In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

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

Helsinki 23.3.2020

Ernst & Young Oy
Authorized Public Accountant Firm

Juha Hilmola
Authorized Public Accountant





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