



# Detection Technology

Financial statements  
and Report of the Board of Directors

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# 2021

# Board of Director's report

## Financial year 2021 in brief

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Net sales and financial result development

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

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

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

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

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

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

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

### Key figures of financial performance

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

\* Earnings per share has been calculated based on Weighted average number of shares outstanding.

\*\* Earnings per share (diluted) has been calculated based on Weighted average number of shares outstanding, diluted.

### Number of shares

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

## Research and development

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

## Personnel

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

### Headcount, salaries and rewards

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

### Personnel by geography

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

## Board of Directors and management

The Annual General Meeting resolved that the Board of Directors consists of six members (6). Carina Andersson, Vera Backström, Richard Ingram, Pasi Koota, Henrik Roos and Hannu Syrjälä were re-elected. Heikki Allonen had informed that he is not available for re-election to the Board of Directors. In its organizing meeting, the Board of Directors elected Hannu Syrjälä as Chairman of the Board until the next Annual General Meeting in accordance with the recommendation of the Shareholders' Nomination Board.

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

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

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

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

At the end of FY 2021, the management group consist of President and CEO Hannu Martola, Vice President of Medical Business Unit (MBU) Chen Wu, Vice President of Security Business Unit (SBU) Arve Lukander, Vice President of Industrial Solutions Business Unit Juha Talasmäki, Vice President of People and Culture Sari Holopainen, CFO Petri Hiljanen, CTO Jyrki Still, and Vice President of Operations Kai Utela.

## Report on the Corporate Governance

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

## Annual General Meeting

Detection Technology Plc's Annual General Meeting (AGM) 2021 was held on 30 March 2021. The following matters were handled and resolved in the AGM, in addition to the matters referred to in the company's Articles of Association:

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

## Shareholders' Nomination Board

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

The proposals of the Nomination Board to the Annual General Meeting were published on 20 January 2022. The proposals and the Charter of the Nomination Board are available on the company's website.

## Shares and shareholders

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

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

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

### The largest, registered shareholders on 31 December 2021

	Shares	%
AHLSTROM CAPITAL BV	5,280,167	36.0%
SKANDINAVISKA ENSKILDA BANKEN AB (PUBL) HELSINGIN SIVUKONTTORI	1,719,038	11.7%
OP-SUOMI -SIIJOITUSRAHASTO	617,376	4.2%
SIIJOITUSRAHASTO AKTIA CAPITAL	548,762	3.7%
KESKINÄINEN TYÖELÄKEVAKUUTUSYHTIÖ VARMA	515,000	3.5%
KESKINÄINEN ELÄKEVAKUUTUSYHTIÖ ILMARINEN	435,737	3.0%
MARTOLA HANNU VEIKKO	431,690	2.9%
SIIJOITUSRAHASTO EVLI SUOMI PIENYHTIÖT	330,345	2.3%
SEB FINLAND SMALL CAP	315,000	2.1%
OP-SUOMI MIKROYHTIÖT -ERIKOISSIIJOITUSRAHASTO	242,265	1.7%
SÄÄSTÖPANKKI KOTIMAA -SIIJOITUSRAHASTO	240,000	1.6%
OP-SUOMI PIENYHTIÖT	193,058	1.3%
ERIKOISSIIJOITUSRAHASTO AKTIA MIKRO MARKKA	189,937	1.3%
NACAWI AB	186,025	1.3%
FONDITA NORDIC MICRO CAP SIIJOITUSRAHASTO	186,000	1.3%
SIIJOITUSRAHASTO SÄÄSTÖPANKKI PIENYHTIÖT	156,904	1.1%
NORDEA HENKIVAKUUTUS SUOMI OY	147,435	1.0%
EQ POHJOISMAAT PIENYHTIÖ	134,262	0.9%
SIIJOITUSRAHASTO AKTIA NORDIC SMALL CAP	125,000	0.9%
CHEN WU	101,875	0.7%
<b>The 20 largest shareholders in total</b>	<b>12,095,876</b>	<b>82.5%</b>
<b>Other shareholders</b>	<b>2,560,054</b>	<b>17.5%</b>
<b>Shares in total</b>	<b>14,655,930</b>	<b>100.00%</b>



**Breakdown of share ownership on 31 December 2021**

Number of shares	Owners	%	Shares	%
1-100	2,066	59.5%	83,268	0.6%
101-500	971	28.0%	240,270	1.6%
501-1,000	195	5.6%	150,560	1.0%
1,001-5,000	145	4.2%	302,706	2.1%
5,001-10,000	27	0.8%	198,441	1.4%
10,001-50,000	39	1.1%	966,640	6.6%
50,001-100,000	9	0.3%	618,169	4.2%
100,001-	20	0.6%	12,095,876	82.5%
	<b>3,472</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 2021**

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

## Stock options

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

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

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

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

## Risks and uncertainties

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

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

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

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

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

## Sustainability

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

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

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

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

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

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

## Events after financial year ended

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

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

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

## Business outlook

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

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

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

## Financial targets

Detection Technology aims to increase sales by at least 10% per annum and to achieve an operating margin at or above 15% in the medium term. The company aims to distribute approximately 30–60% of the Group's annual result (earnings per share) to shareholders either in the form of dividend or returned capital.

## Board of Directors' profit distribution proposal

The distributable funds of the parent company Detection Technology Plc are EUR 42,181,467, of which EUR 8,069,574 represents the net profit for the financial year. The company's funds eligible for dividend distribution total EUR 13,776,382. After the end of the financial year, there have not been significant changes in the company's financial situation, nor does the solvency test referred to in Chapter 13, Section 2 of the Companies Act affect the amount of distributable funds.

The Board of Directors proposes to the Annual General Meeting to be held on 30 March 2022 that, based on the balance sheet adopted for 2021, a dividend of EUR 0.35 per share be paid (0.28). The number of shares entitling to dividend is 14,655,930, which means that the total amount of the dividend would be EUR 5,129,575.50.

## Group income statement

(EUR)

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

## Group balance sheet

(EUR)

<b>ASSETS</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
NON-CURRENT ASSETS		
Intangible assets	3,246,288	4,135,938
Tangible assets	5,578,440	5,991,295
Investments	10,501	10,501
<b>TOTAL NON-CURRENT ASSETS</b>	<b>8,835,230</b>	<b>10,137,734</b>
CURRENT ASSETS		
Inventories	22,225,085	15,909,363
Non-current receivables	487,749	391,042
Current receivables	30,799,333	24,173,716
Cash and cash equivalents	29,810,150	25,186,729
<b>TOTAL CURRENT ASSETS</b>	<b>83,322,317</b>	<b>65,660,849</b>
<b>TOTAL ASSETS</b>	<b>92,157,547</b>	<b>75,798,584</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	28,405,085	22,452,875
Retained earnings	30,622,963	24,062,014
Profit for the financial period	9,308,625	6,735,055
<b>TOTAL EQUITY</b>	<b>73,546,697</b>	<b>58,459,969</b>
LIABILITIES		
Current liabilities	18,610,849	17,338,615
<b>TOTAL LIABILITIES</b>	<b>18,610,849</b>	<b>17,338,615</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>92,157,547</b>	<b>75,798,584</b>

## Group cash flow statement

(EUR)

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

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

## Detection Technology Plc income statement

(EUR)

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



## Detection Technology Plc balance sheet

(EUR)

	31.12.2021	31.12.2020
<b>ASSETS</b>		
NON-CURRENT ASSETS		
Intangible assets	1,580,339	2,104,789
Tangible assets	805,549	911,571
Investments	6,866,531	6,229,890
TOTAL NON-CURRENT ASSETS	9,252,418	9,246,250
CURRENT ASSETS		
Inventories	2,172,233	2,016,051
Non-current receivables	7,924,350	7,079,801
Current receivables	11,570,642	9,699,510
Cash and cash equivalents	20,388,233	12,055,233
TOTAL CURRENT ASSETS	42,055,458	30,850,595
<b>TOTAL ASSETS</b>	<b>51,307,876</b>	<b>40,096,845</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	28,405,085	22,452,875
Retained earnings	5,706,808	2,187,129
Profit for the financial year	8,069,574	7,544,799
TOTAL EQUITY	47,391,492	37,394,828
LIABILITIES		
Current liabilities	3,916,384	2,702,017
TOTAL LIABILITIES	3,916,384	2,702,017
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>51,307,876</b>	<b>40,096,845</b>

## Detection Technology Plc cash flow statement

(EUR)

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

## Accounting principles for consolidated financial statements

### Principles for consolidated financial statement

The consolidated financial statements of Detection Technology Group have been prepared in accordance with Finnish Accounting Standards (FAS) and include all Group companies. Intercompany transactions, account receivables and account payables as well as group internal shareholdings have been eliminated from consolidated financial statements. The income statements of subsidiaries have been converted to euro by using monthly average exchange rate for the financial period, and balance sheets have been converted by using the official rates at the end of the financial period. Differences arising from the currency conversion as well as the translation of foreign subsidiaries' share capitals are included in retained earnings. Cash flow statements for DT Group and Detection Technology Plc have been prepared in compliance with the cash flow reporting model recommended by Finnish Accounting Board (KILA).

### Company shares

#### Share's basic information

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

### Group companies

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

### Associated companies

Company does not have any associated companies.

### Goodwill

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

### Deferred taxes

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

**Valuation methods and principles**

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

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

Planned depreciation periods for different asset types are as follows:

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

**Net sales recognition principles**

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

**Conversion of foreign currency items**

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

**Detection Technology Oyj**

A Grid, Otakaari 5A, 02150 Espoo

Tel +358 (0) 20 766 9700

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

Domicile Espoo

Business ID 0878389-8

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

## Notes to group's financial statement

1.1.-31.12.2021 (EUR)

## NOTES TO INCOME STATEMENT

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

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

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

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

CEO has a voluntary pension scheme provided by the company.

### Comparability of personnel expenses

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

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

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

Average number of personnel during the financial year	2021	2020
Officers	226	223
Workers	215	248
<b>Total</b>	<b>441</b>	<b>471</b>

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

AUDITING SERVICES	2021	2020
Annual audits	184,054	118,744
Other services	4,400	22,030
<b>Total</b>	<b>188,454</b>	<b>140,774</b>

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

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

<b>INCOME TAXES</b>	<b>2021</b>	<b>2020</b>
Income taxes	2,041,340	1,350,379
<b>Total</b>	<b>2,041,340</b>	<b>1,350,379</b>

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

## NOTES TO BALANCE SHEET

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



<b>TANGIBLE ASSETS</b>	<b>2021</b>	<b>2020</b>
Machinery and equipment		
Carrying amount at 1.1.	4,947,314	5,181,758
Increases	385,614	244,611
Reclassification	1,507,633	1,620,134
Decreases	-23,147	0
Conversion items	371,008	-72,712
Depreciations	-1,876,492	-2,026,476
Carrying amount at 31.12.	5,311,931	4,947,314
Other tangible assets		
Carrying amount at 1.1.	3,000	3,000
Carrying amount at 31.12.	3,000	3,000
Prepayment for tangible assets		
Carrying amount at 1.1.	1,040,982	529,256
Increases	622,875	2,144,551
Reclassification	-1,507,633	-1,620,135
Conversion items	107,286	-12,691
Carrying amount at 31.12.	263,509	1,040,982
<b>Total</b>	<b>5,578,440</b>	<b>5,991,295</b>
<b>INVESTMENTS</b>	<b>2021</b>	<b>2020</b>
Other shares		
Carrying amount at 1.1.	10,501	10,500
Increases	0	1
Carrying amount at 31.12.	10,501	10,501
<b>INVENTORIES</b>	<b>2021</b>	<b>2020</b>
Materials and supplies	15,327,354	10,517,038
Work in progress	1,826,650	1,088,815
Finished goods	5,071,081	4,303,509
<b>Total</b>	<b>22,225,085</b>	<b>15,909,363</b>

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

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

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

#### NOTES TO EQUITY AND LIABILITIES

EQUITY	2021	2020
Share capital 1.1.	80,000	80,000
Share capital 31.12.	80,000	80,000
Share premium account 1.1.	5,130,025	5,130,025
Share premium account 31.12.	5,130,025	5,130,025
<b>Total restricted equity</b>	<b>5,210,025</b>	<b>5,210,025</b>
Invested non-restricted equity fund 1.1.	22,452,875	22,452,875
Share issue	5,952,210	0
Invested non-restricted equity fund 31.12.	28,405,085	22,452,875
Retained earnings 1.1.	30,797,069	30,691,655
Conversion items	3,851,014	-1,166,977
Dividend payment	-4,025,120	-5,462,663
Profit for financial year	9,308,625	6,735,055
Retained earnings 31.12.	39,931,588	30,797,069
<b>Total</b>	<b>73,546,697</b>	<b>58,459,969</b>

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

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

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

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

## Notes to parent company's financial statement

1.1.-31.12.2021 (EUR)

### NOTES TO INCOME STATEMENT

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

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

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

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

CEO has a voluntary pension scheme provided by the company.

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

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

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

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

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

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

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

## NOTES TO BALANCE SHEET

## INTANGIBLE ASSETS

	2021	2020
Intangible rights		
Carrying amount at 1.1.	2,007,017	2,384,393
Increases	17,500	15,539
Reclassification	18,140	261,648
Depreciations	-677,455	-654,564
Carrying amount at 31.12.	1,365,202	2,007,017
Other capitalized expenses		
Carrying amount at 1.1.	84,272	171,888
Depreciations	-48,300	-87,615
Carrying amount at 31.12.	35,973	84,272
Prepayments for intangible rights		
Carrying amount at 1.1.	13,500	213,133
Increases	183,804	62,015
Reclassification	-18,140	-261,648
Carrying amount at 31.12.	179,164	13,500
<b>Total</b>	<b>1,580,339</b>	<b>2,104,789</b>

<b>TANGIBLE ASSETS</b>	<b>2021</b>	<b>2020</b>
Machinery and equipment		
Carrying amount at 1.1.	869,747	1,027,640
Increases	48,377	106,833
Reclassification	132,508	97,176
Decreases	-23,147	0
Depreciations	-298,827	-361,902
Carrying amount at 31.12.	728,657	869,747
Other tangible assets		
Carrying amount at 1.1.	3,000	3,000
Carrying amount at 31.12.	3,000	3,000
Prepayments for tangible assets		
Carrying amount at 1.1.	38,825	25,238
Increases	167,575	110,763
Reclassification	-132,508	-97,176
Carrying amount at 31.12.	73,891	38,825
<b>Total</b>	<b>805,549</b>	<b>911,571</b>
<b>INVESTMENTS</b>		
Shares in Group companies		
Carrying amount at 1.1.	6,219,390	5,587,646
Increases	636,641	631,744
Carrying amount at 31.12.	6,856,031	6,219,390
Other shares		
Carrying amount at 1.1.	10,500	10,500
Carrying amount at 31.12.	10,500	10,500
Shares in subsidiaries and other companies:		
Detection Technology, Inc.	862	862
Detection Technology S.A.S.	2,500	2,500
DT Electronic Manufacturing (Beijing) Co., Ltd.	2,814,721	2,814,721
DT Electronic Technology (Wuxi) Co., Ltd.	3,874,485	3,237,844
DTF (H.K.) Ltd.	163,463	163,463
Virpiniemi Golf Oy	10,500	10,500
<b>Total</b>	<b>6,866,531</b>	<b>6,229,890</b>

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

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

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

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



## NOTES TO EQUITY AND LIABILITIES

EQUITY	2021	2020
Share capital 1.1.	80,000	80,000
Share capital 31.12.	80,000	80,000
Share premium account 1.1.	5,130,025	5,130,025
Share premium account 31.12.	5,130,025	5,130,025
<b>Total restricted equity</b>	<b>5,210,025</b>	<b>5,210,025</b>
Invested non-restricted equity fund 1.1.	22,452,875	22,452,875
Share issue	5,952,210	0
Invested non-restricted equity fund 31.12.	28,405,085	22,452,875
Retained earnings 1.1.	9,731,928	7,649,793
Dividend payment	-4,025,120	-5,462,663
Profit for financial year	8,069,574	7,544,799
Retained earnings 31.12.	13,776,382	9,731,928
<b>Total</b>	<b>47,391,492</b>	<b>37,394,828</b>
<b>Distributable equity at the end of the period</b>		
Invested non-restricted equity fund	28,405,085	22,452,875
Retained earnings 1.1.	9,731,928	7,649,793
Dividend payment	-4,025,120	-5,462,663
Profit for financial year	8,069,574	7,544,799
<b>Distributable equity at the end of the period</b>	<b>42,181,467</b>	<b>32,184,804</b>

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

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

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

Espoo 2 March 2022

**Hannu Syrjälä**  
Chairman of the Board

**Carina Andersson**  
Member of the Board

**Vera Backström**  
Member of the Board

**Richard Ingram**  
Member of the Board

**Pasi Koota**  
Member of the Board

**Henrik Roos**  
Member of the Board

**Hannu Martola**  
President and CEO

### **The Auditor's note to the financial statements**

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

Espoo 2 March 2022

**Petri Kettunen, Authorized Public Accountant**  
KPMG Oy Ab  
Authorized Public Accountant Firm

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

# Auditor's Report

To the Annual General Meeting of Detection Technology Plc

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Detection Technology Oyj (business identity code 0878389-8) for the year ended 31 December, 2021. The financial statements comprise the balance sheets, the income statements, cash flow statements and notes for the group as well as for the parent company.

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

### Basis for Opinion

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

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

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



## Other Reporting Requirements

### Other Information

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

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

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

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

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

Espoo, 2 March 2022

KPMG OY AB

### **Petri Kettunen**

Authorised Public Accountant, KHT



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