

**Detection Technology**

# Financial statements and Report of the Board of Directors

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**2023**



# Report of the Board of Directors

## Financial year 2023 in brief

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Net sales and financial result development

The company's total net sales for January-December 2023 increased by 5.3% to EUR 103.8 million (98.6). Net sales of IBU increased by 0.2% (25.8%) to EUR 16.1 million (16.1). Net sales of MBU increased by 0.5% (-2.0%) to EUR 48.4 million (48.1). Net sales of SBU increased by 14.3% (23.1%) to EUR 39.3 million (34.4). IBU's share of total net sales was 15.5% (16.3%), MBU's 46.6% (48.8%) and SBU's 37.9% (34.9%).

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

The company's operating profit (EBITA) for the review period January-December 2023 was EUR 8.8 million (5.8), or 8.5% (5.9%) of net sales. Non-recurring items (NRI) were EUR 0.9 million (0.3). Of these, EUR 0.7 million were attributed to the decrease in the number of personnel and EUR 0.2 million to the reorganization of the operations of the company's French site. EBITA excluding NRI was EUR 9.7 million (6.1), or 9.3% (6.2%) of net sales.

In January-December 2023, the company recorded credit loss provisions of EUR 1.3 million. At the end of the review period, the credit loss provisions totaled EUR 1.7 million (1.6).

Financial items totaled EUR -0.9 million (-0.2), and income taxes were EUR -1.8 million (-0.5). The increase in income taxes was mainly attributed to an increase in profitability in higher tax rate countries, withholding taxes on dividend income in the group, and changes in deferred taxes.

In the review period, the company's Chinese subsidiary was re-certified as a High and New Technology Enterprise (HNTE) for the upcoming three-year period. The HNTE classification will reduce the subsidiary's corporate income tax rate from 25% to 15%.

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

## Financial position

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

Investments in January-December 2023 totaled EUR 14.4 million (1.6). The change is attributed to the acquisition of Shanghai Haobo Imaging Technology Co., Ltd. made by the company in 2023. Otherwise, the investments were mainly targeted on modifications to the new facility in Oulu, Finland as well as production and measurement equipment.

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

In January–December 2023, the company withdrew a loan of EUR 6.0 million from a financial institution to finance the purchase price of shares of Shanghai Haobo Imaging Technology Co., Ltd. The change to the long-term loans was EUR 4.2 million (0.0). Use of bank limit amounted to EUR -0.7 million (1.0).

Net interest-bearing debt totaled EUR -12.7 million at the end of the year (-20.6). Gearing was -17.4% (-28.3%). Cash and cash equivalents amounted to EUR 19.1 million (23.7) at the end of the year.

The company has secured its liquidity by agreeing with banks on lines of credit totaling EUR 17.7 million (16.6) at the closing rate of the review period. During the financial year, the line of credit was increased by EUR 2.0 million. At the end of the review period, the unused line of credit was EUR 16.7 million (13.4).

The company's working capital increased by EUR 1.1 million during the financial period. Stocks decreased by EUR -1.8 million. Current receivables increased by EUR 1.1 million. Short-term payables decreased by EUR -1.7 million.

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

### Key figures of financial performance

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

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

**Number of shares**

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

## Research and development

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

## Personnel

At the end of December 2023, Detection Technology employed 478 people (469). A total of 369 people worked in China, 95 in Finland, 10 in France and 4 in the US. In January-December 2023, personnel expenses totaled EUR 24.1 million (23.0).

**Headcount, salaries and rewards**

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

**Personnel by geography**

	<b>31.12.2023</b>	31.12.2022	Change, %
APAC	<b>369</b>	343	7.6%
Americas	<b>4</b>	5	-20.0%
EMEA	<b>105</b>	121	-13.2%
Total	<b>478</b>	469	1.9%

## Board of Directors and management

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

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

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

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

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

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

## Report on the Corporate Governance

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

## Annual General Meeting

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

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

## Shareholders' Nomination Board

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

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

## Shares and shareholders

The average share price of Detection Technology was EUR 15.86 in January–December 2023. The highest price for 2023 was EUR 20.90 and the lowest EUR 10.80. The closing price at the end of December was EUR 13.70, and the company had a market capitalization of approximately EUR 201 million.

A total of 1.35 million shares, which is 9.2% of the total number of shares, were traded between 2 January and 29 December. The number of outstanding shares in Detection Technology was 14,655,930 at the end of 2023. The company does not hold its own shares, and the authorization given to the Board of Directors by the Annual General Meeting to acquire the company's own shares has not been used.

The number of shareholders at the end of the review period was 3,745. Approximately 72.1% of the shares were held by the ten largest shareholders. The nominee-registered foreign holding of shares in the company was 13.6% at the end of the review period.

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



**The largest, registered shareholders on 31 December 2023**

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

**Breakdown of share ownership on 31 December 2023**

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

**Shareholding of the management on 31 December 2023**

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

## Stock option programs

The subscription period of Detection Technology's stock options 2018B1 and 2018B2 ended on 31 May 2023. The subscription period of stock options 2020A1 and 2020A2 started on 2 May 2023 and will end on 31 May 2024. No subscriptions of stocks were made in either of the programs during the financial year 2023. The share subscription period for stock options 2020B1 and 2020B2 will start on 2 May 2024 and will end on 31 May 2025.

The company has had two stock option programs: stock option program 2018 and stock option program 2020. The stock option program 2018 ended in May 2023. The description and terms of the stock option programs can be found on the company's website.

## Share-based long-term incentive scheme

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

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

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

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

## Risks and uncertainties

The company's most significant short-term direct and indirect risk factors and uncertainties are changes in geopolitics, in particular changes in US-China and EU-China relations, global economic uncertainty, and inflation. In addition, the Russian war in Ukraine and the war in Gaza, along with their ramifications on global and European security and economy, availability and prices of raw materials and the consequent increase in global political uncertainty may have an adverse impact on the company's business.

Other risks are related to business operations in developing markets, changes in the compet-

itive landscape, price competition, a significant share of net sales being generated by the five largest customers, APAC countries' large share of sales, customer liquidity, customers' stocks, product quality, the startup of production of new products, exchange rate fluctuations, an overall cost development, particularly in China, the permanence and competence of personnel, recruitment of experts and organizational efficiency.

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

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

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

## Sustainability

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

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

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

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

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

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

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

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

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

## Events after financial year ended

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

## Business outlook

Detection Technology expects its year-on-year total net sales to remain stable in Q1 and H1 of 2024.

Geopolitical situation, U.S.–China relations, global economy, inflation, the high stocks of some of the company's customers, the indirect impacts of the war in Ukraine, and events in the Middle East create uncertainty.

## Financial targets

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

## Board of Directors' profit distribution proposal

The distributable funds of the parent company Detection Technology Plc are EUR 35,907,781, of which EUR 4,055,176 represents loss for the f the net profit for the financial year. The company's funds eligible for dividend distribution total EUR 7,502,696. After the end of the financial year, there have not been significant changes in the company's financial situation, nor does the solvency test referred to in Chapter 13, Section 2 of the Companies Act affect the amount of distributable funds.

The Board of Directors proposes to the Annual General Meeting to be held on 27 March 2024 that, based on the balance sheet adopted for 2023, a dividend of EUR 0.23 per share be paid (0.20). The number of shares entitling to dividend is 14,655,930, which means that the total amount of the dividend would be EUR 3,370,864.

## Group income statement

(EUR)

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

## Group balance sheet

(EUR)

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

## Group cash flow statement

(EUR)

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



## Detection Technology Plc income statement

(EUR)

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

## Detection Technology Plc balance sheet

(EUR)

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

## Detection Technology Plc cash flow statement

(EUR)

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

## Accounting principles for consolidated financial statements

### Principles for consolidated financial statements

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

### Company shares

#### Share's basic information

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

### Group companies

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

### Associated companies

The company does not have any associated companies.

### Goodwill

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

### Deferred taxes

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

### Valuation methods and principles

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

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

Planned depreciation periods for different asset types are as follows:

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

### Net sales recognition principles

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

### Conversion of foreign currency items

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

### Detection Technology Plc

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Domicile Espoo, Finland

Business ID 0878389-8

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

## Notes to group's financial statements

1.1.-31.12.2023 (EUR)

## NOTES TO INCOME STATEMENT

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

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

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

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

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

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

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

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

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

### OTHER OPERATING EXPENSES

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

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

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

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

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

<b>INCOME TAXES</b>	<b>2023</b>	<b>2022</b>
Income taxes	1,785,440	455,819
<b>Total</b>	<b>1,785,440</b>	<b>455,819</b>

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



## NOTES TO BALANCE SHEET

## INTANGIBLE ASSETS

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

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

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

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

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

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

#### NOTES TO EQUITY AND LIABILITIES

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

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

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

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

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

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

## Notes to parent company's financial statements

1.1.-31.12.2023 (EUR)

## NOTES TO INCOME STATEMENT

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

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

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

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

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

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

AUDITING SERVICES	2023	2022
Annual audits	69,300	61,000
<b>Total</b>	<b>69,300</b>	<b>61,000</b>

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

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

<b>GROUP CONTRIBUTIONS</b>	<b>2023</b>	<b>2022</b>
Group contributions	-1,650,000	0
<b>Total</b>	<b>-1,650,000</b>	<b>0</b>

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

## NOTES TO BALANCE SHEET

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

**TANGIBLE ASSETS**

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

**INVESTMENTS**

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



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

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

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

## NOTES TO EQUITY AND LIABILITIES

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

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

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

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

Espoo 5 March 2024

**Hannu Syrjälä**  
Chair of the Board

**Henrik Roos**  
Vice chair of the Board

**Carina Andersson**  
Member of the Board

**Marion Björkstén**  
Member of the Board

**Richard Ingram**  
Member of the Board

**Pasi Koota**  
Member of the Board

**Hannu Martola**  
President and CEO

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

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

Espoo 5 March 2024

### **Petri Kettunen, Authorized Public Accountant**

KPMG Oy Ab

Authorized Public Accountant Firm

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

# Auditor's Report

**To the Annual General Meeting of Detection Technology Oyj**

## Report on the Audit of the Financial Statements

### Opinion

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

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

### Basis for Opinion

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

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

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

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

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

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

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

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

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

## Other Reporting Requirements

### Other Information

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

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

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

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

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

Espoo, 5 March 2024

KPMG OY AB

**Petri Kettunen**

Authorised Public Accountant, KHT



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