

Q4 2019

January-December

Financial statements review



Detection
Technology
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DETECTION TECHNOLOGY PLC FINANCIAL STATEMENTS REVIEW JANUARY-DECEMBER 2019

Detection Technology Q4 2019: Financial outcome less than expected, market growth unchanged**October-December 2019 highlights**

- Net sales decreased by -2.5% to EUR 25.0 million (25.7)
- Net sales of Security and Industrial Business Unit (SBU) increased by 6.0% to EUR 16.4 million (15.5)
- Net sales of Medical Business Unit (MBU) decreased by -15.4% to EUR 8.6 million (10.1)
- Operating profit (EBIT) excluding non-recurring items (NRI) was EUR 3.9 million (4.9)
- Operating margin (EBIT-%) excluding NRI was 15.6% of net sales (19.2%)
- Operating profit (EBIT) was EUR 3.2 million (4.4)
- Operating margin (EBIT-%) was 12.8% of net sales (17.2%)
- Earnings per share were EUR 0.12 (0.22)

January-December 2019 highlights

- Net sales increased by 9.1% to EUR 102.5 million (93.9)
- Net sales of SBU increased by 24.0% to EUR 68.9 million (55.6)
- Net sales of MBU decreased by -12.4% to EUR 33.6 million (38.3)
- Operating profit (EBIT) excluding NRI was EUR 17.7 million (19.0)
- Operating margin (EBIT-%) excluding NRI was 17.3% of net sales (20.3%)
- Operating profit (EBIT) was EUR 17.0 million (18.5)
- Operating margin (EBIT-%) was 16.6% of net sales (19.7%)
- Earnings per share were EUR 0.87 (1.03)
- Dividend EUR 0.38 per share* (0.38)

(Figures in parentheses refer to the corresponding period of the previous year.) (*The Board of Directors' proposal to the AGM.)

President and CEO, Hannu Martola:

"We expected a better financial outcome for Q4, and were disappointed with the couple of percentage points' decrease in our net sales. Lower-than-expected demand in both business units was reflected in our net sales in the last quarter of the year. Our annual net sales exceeded EUR 100 million, which is an important milestone for us. Our goal set out in the 2020 strategy was to become a leader in the computed tomography (CT) and line-scan X-ray detector and solution markets by the end of 2020, which we reached ahead of time, thanks to our almost 20% market share. Our profitability in January–December was also in line with our targets.

Our SBU sales skyrocketed in the first three quarters of the year, and growth also continued in line with the market in Q4. However, temporarily lower sales in CT products for security applications resulted into lower-than-expected Q4 overall sales. Demand in CT products has continued strongly in all security applications, but the CT deliveries of one of our key customers were temporarily delayed, which had an impact on our sales. We expect the situation to be balanced in Q1 2020. Price competition in the line-scan segment has become fiercer, particularly in China, and we feel we are in a good position to meet the challenges with our Aurora product family. Aurora deliveries started in Q4, and the number of customers exceeded our expectations. Aurora will strengthen our competitiveness and market share in the line-scanning segment, which is known for its high

price erosion, and still is the most commonly used imaging application in critical infrastructure. Overall, we can be satisfied with the development of SBU sales in 2019; net sales increased by a total of 24%.

In the MBU business, sales increased from Q3 to Q4, but less than expected. As we have indicated over the past year, the medical CT market was characterized by softening at the end of the year. In addition, the production ramp-up of the X-Panel product family took longer than expected. Apart from Q1, MBU sales were slow in 2019. In addition to a temporary CT market slowdown, the ramp-down of the production of a product family by our key customer and record-high figures in the previous year explain the decrease in MBU sales. The main highlights of MBU business in 2019 were high interest in our X-Panel product family based on the CMOS technology in dental and other medical applications, as well as positive customer feedback for small-series production. We expect sales for dental applications to start during the spring 2020. We have increased expectations regarding X-Tile sales in the medical CT market due to the increasing interest in our standard CT module, particularly in the developing markets.

The key projects from multi-energy technology and the multi-energy (ME) product line progressed as planned. The first commercial products are available, and we consider commencing production by the end of 2020. In December, we decided to move our activities in the Grenoble area to a new facility, which will better support ME product development and enable start of production. Our French team will move into the new facilities in the summer. We are excited about potential of the ME product line and are expecting positive commercial results in the coming years.

Our profitability in Q4 developed in line with our medium-term financial targets, and our Q4 operating margin without non-recurring items was 16%. Lower year-on-year sales, ramp-up of the commercial production of the Aurora and X-Panel product families and increased R&D costs eroded our profitability. Regarding other financial key figures, it is noteworthy that the decreased working capital improved our cash flow.

The launching of the TDI-based (Time Delay Integration) X-Scan T product family for demanding industrial applications was a significant event at the end of the year. X-Scan T, optimized in particular for food industry applications, expands our technology base, and it is a significant addition to our industrial portfolio. X-Scan T received an enthusiastic welcome in the markets. Thanks to good customer service and successful product launches, the number of all of our active customers increased by about 40 year-on-year, totaling about 280 at the end of the year.

The new production and service site in Wuxi has been completed on schedule, and deliveries to customers will be started in Q1 2020. We are now creating services related to testing and training, for example, to enhance the customer experience at the new site. Profitability for 2020 will be burdened by the fixed costs and depreciations of the new facility before full-scale operations are ramped up in the next couple of years.

Demand for security CT applications remains good, and we expect SBU sales to increase in 2020. However, softness of the medical CT market is expected to continue outside China in Q1 2020, which will be reflected on MBU demand. We believe the segment to grow at the end of the year, but the market will be characterized by fluctuations in demand that may be significant.

The influenza epidemic caused by the coronavirus is expected to have a negative impact on our Q1 business in Asia. On the other hand, CT scanning is used to detect virus-related pulmonary changes, which increases demand in CT scanners especially in China. Despite the risks, we believe that the DT Group will grow in the first half of 2020.

We consider that market will continue to grow globally in line with last year's figures after the market slowdown. We expect the company's net sales to grow in 2020. We will focus on strengthening our competitiveness in all our target markets and develop our business in line with the DT-2025 strategy.

We have set new financial targets for the company's medium-term performance. According to the previous targets, valid until 10 February 2020, Detection Technology aims to increase sales by at least 15% per annum and to achieve an operating margin at or above 15% in the medium term. The aim is 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.

The new targets entered into force on 10 February 2020. According to them, the company adjusts its annual growth target to correspond to the market situation and keeps its profitability target and dividend distribution policy unchanged. Detection Technology aims to increase sales by at least 10% per annum and to achieve an operating margin at or above 15% in the medium term. The aim is 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."

Key figures

(EUR 1,000)	10-12/2019	10-12/2018	1-12/2019	1-12/2018
Net sales	25,021	25,652	102,480	93,916
Change in net sales, %	-2.5%	-6.8%	9.1%	5.5%
Operating profit excluding non-recurring items (NRI)	3,912	4,914	17,719	19,029
Operating margin excluding NRI, %	15.6%	19.2%	17.3%	20.3%
Non-recurring items (NRI)*	699	507	699	507
Operating profit	3,213	4,407	17,019	18,522
Operating margin, %	12.8%	17.2%	16.6%	19.7%
R&D costs	2,661	2,394	10,706	8,839
R&D costs, % of net sales	10.6%	9.3%	10.4%	9.4%
Cash flow from operating activities	8,360	364	11,599	6,122
Net interest-bearing debt at end of period	-20,385	-18,290	-20,385	-18,290
Investments	1,859	1,146	4,041	4,741
Return on investment (ROI), %			28.5%	36.4%
Gearing, %	-34.9%	-35.6%	-34.9%	-35.6%
Earnings per share, EUR	0.12	0.22	0.87	1.03
Number of shares at end of period	14,375,430	14,375,430	14,375,430	14,375,430

*NRI was registered related to the commissioning of the new production and service site in Wuxi, the ramp-down of a product significant for the company, and the reorganization of the Group structure.

Net sales

Detection Technology's net sales in Q4 totaled EUR 25.0 million (25.7). Net sales decreased by -2.5% (-6.8%) year-on-year.

The growth in the security market continued at a good level, and the company's Security and Industrial Business Unit's (SBU) sales grew in line with the market. SBU sales increased by 6.0%, totaling EUR 16.4 million (15.5) in Q4. Due to the temporarily lower sales in the security CT applications and price erosion in the line-scan segment, the actual overall financial outcome fell short of the company's expectation. Demand in CT products has continued strongly in all security applications, but the CT deliveries of one of the company's key customers

were temporarily delayed, which had an adverse impact on Q4 sales. The company expects the situation to stabilize in Q1 2020. Price competition in the line-scan market has become fiercer, particularly in China, and the company considers that it is in a good position to face the challenges with the Aurora product family. Aurora deliveries started in Q4, and the number of customers exceeded the company's expectations. SBU generated a total of 65.7% (60.5%) of the company's net sales.

The medical CT market in Q4 was characterized by softening, and the ramp-up of the commercial production of the X-Panel product family took longer than expected. Because of these, Medical Business Unit's (MBU) net sales decreased by -15.4% totaling EUR 8.6 million (10.1). MBU generated a total of 34.3% (39.5%) of the company's net sales.

APAC's share of the company's net sales increased by a couple of percentage points in Q4, and it was the company's largest market area with its 65.2% (63.5%) share. EMEA's share of total net sales was 17.7% (18.0%) and Americas' 17.0% (18.5%). Share of net sales generated by the company's top five customers decreased significantly in Q4 to 50.0% (59.2%).

The company's net sales in January–December 2019 increased by 9.1% to EUR 102.5 million (93.9). SBU outperformed the market with net sales growth of 24.0%, and SBU sales totaled EUR 68.9 million (55.6). MBU net sales decreased by -12.4% totaling EUR 33.6 million (38.3). SBU's share of net sales was 67.2% (59.2%) and MBU's 32.8% (40.8%).

APAC's share of net sales was 65.1% (62.2%), EMEA's 20.6% (18.9%), and Americas' 14.3% (18.9%) in January–December. Share of net sales generated by the company's top five customers increased and accounted for 56.3% (53.6%) in the review period January–December 2019.

NET SALES BY BUSINESS UNITS

(EUR 1,000)	10-12/2019	10-12/2018	Change, %	1-12/2019	1-12/2018	Change, %
MBU	8,573	10,132	-15.4%	33,568	38,320	-12.4%
SBU	16,448	15,521	6.0%	68,912	55,596	24.0%
TOTAL	25,021	25,652	-2.5%	102,480	93,916	9.1%

NET SALES BY GEOGRAPHY

(EUR 1,000)	10-12/2019	10-12/2018	Change, %	1-12/2019	1-12/2018	Change, %
APAC	16,321	16,274	0.3%	66,724	58,420	14.2%
Americas	4,266	4,755	-10.3%	14,645	17,710	-17.3%
EMEA	4,434	4,624	-4.1%	21,111	17,786	18.7%
TOTAL	25,021	25,652	-2.5%	102,480	93,916	9.1%

Operating result and profitability

The company's operating profit in Q4 amounted to EUR 3.2 million (4.4), which was 12.8% (17.2%) of net sales. A total of EUR 0.7 million (0.5) of non-recurring items (NRI) were registered in Q4, related to the commissioning of the new production and service site in Wuxi, the ramp-down of a product significant for the company, and the reorganization of the Group structure. Operating profit excluding NRI was EUR 3.9 million (4.9), corresponding to 15.6% (19.2%) of net sales. The result was in line with the company's medium-term

profitability target, although lower year-on-year sales, ramp-up of the commercial production of the Aurora and X-Panel product families, and increased R&D costs eroded profitability.

Q4 fixed costs were EUR 8.4 million (8.2), of which personnel expenses were EUR 4.5 million (4.1), depreciations EUR 0.7 million (0.6) and other operating expenses EUR 3.2 million (3.6). Financial income and expenses were EUR -0.2 million (-0.1) and income taxes EUR -1.3 million (-1.1).

The Q4 result was EUR 1.8 million (3.2). Earnings per share were EUR 0.12 (0.22).

The company's operating profit in January–December 2019 amounted to EUR 17.0 million (18.5), which was 16.6% (19.7%) of net sales. Non-recurring items totaling EUR 0.7 million (0.5) were registered related to the aforementioned Q4 items. Operating profit excluding NRI in January–December was EUR 17.7 million (19.0) corresponding to 17.3% (20.3%) of net sales.

Fixed costs in January–December 2019 totaled EUR 33.0 million (29.0), of which personnel expenses were EUR 18.0 million (15.0), depreciations EUR 2.9 million (2.4), and other operating expenses EUR 12.1 million (11.7). Financial income and expenses were EUR -0.1 million (-0.1) and income taxes EUR -4.4 million (-3.6).

The amount of income tax for the review period and financial year is increased by investments in developing the business operations of a French subsidiary, which generated a negative result in the financial year. Deferred tax assets are not recorded, which increases the relative tax burden of the Group. In addition, withholding tax for intra-Group financial transactions was paid during the financial year.

The net result for 2019 was EUR 12.5 million (14.9). Earnings per share were EUR 0.87 (1.03).

Cash flow and financing

Cash flow from financing activities in Q4 was EUR 0.8 million (4.1). Cash flow from financing activities in January–December 2019 was EUR -3.9 million (-5.5).

Cash flow from operations in Q4 2019 was EUR 8.4 million (0.4). Cash flow from operations in January–December was EUR 11.6 million (6.1). Working capital employed decreased by EUR -7.1 million (-2.4), which had a positive impact on cash flow from operations in Q4. The turnaround of trade receivables and inventories improved significantly. However, working capital increased by EUR 2.5 million (10.0) during the year.

The company's net interest-bearing debt totaled EUR -20.4 million (-18.3) at the end of the year and gearing was -34.9% (-35.6%).

Cash and cash equivalents amounted to EUR 26.0 million (22.3) at the end of 2019.

Investments

Investments totaled EUR 1.9 million (1.1) in Q4. Investments were mainly made into the production equipment, machinery and measuring equipment at the new Wuxi site. Investments in January–December 2019 amounted to EUR 4.0 million (4.7).

Research and development

Q4 research and development (R&D) costs totaled EUR 2.7 million (2.4), which is 10.6% of net sales (9.3%). The company's R&D costs in review period January–December 2019 amounted to EUR 10.7 million (8.8), which was 10.4% (9.4%) of net sales. The company expects R&D costs to remain at the approximately 11% level in 2020. All R&D costs are written off as expenses.

Personnel

At the end of December 2019, Detection Technology employed 496 people (507), of whom 393 were in China, 84 in Finland, 14 in France and 5 in the US. Q4 personnel expenses totaled EUR 4.5 million (4.1). The number of white-collar workers increased and the number of blue-collar workers decreased, which resulted in an increase in personnel expenses. Personnel expenses in the review period January–December 2019 totaled EUR 18.0 million (15.0).

PERSONNEL BY GEOGRAPHY

	31.12.2019	31.12.2018	Change, %
APAC	393	414	-5.1%
Americas	5	6	-16.7%
EMEA	98	87	12.6%
TOTAL	496	507	-2.2%

Strategy implementation

Detection Technology has continued to implement its DT-2025 strategic targets announced in its half-yearly report and to work on the strategy as planned. The company reached the main goal of its 2020 strategy ahead of time. According to the 2020 strategy, the company's goal was to become a leader in the CT and line scan X-ray detector and solution markets by the end of 2020, which the company reached during this review period with its approximately 20% market share.

The company has continued to invest in new customer acquisitions, startup of production of new products and the expansion of its technology base in line with its new strategy. The deliveries of the Aurora product family started in Q4, and the number of customers exceeded the company's expectations. Detection Technology estimates that, thanks to Aurora, its market and competition positions have strengthened especially in China in the line-scanning segment, which is known for its price erosion, and still is the most commonly used imaging application in critical infrastructure.

The company received positive customer feedback for its small series production of its X-Panel product family, and interest in the product family continued in dental and other medical applications throughout the rest of the year. The company estimates that sales of the X-Panel product family for dental applications will start in the spring of 2020.

The key projects of the multi-energy (ME) product line have progressed as planned, and the first commercial products are available. The company considers commencing production by the end of 2020. In December, the company decided to move its activities in the Grenoble area to a new facility, which will better support ME product development and enable start of production. The company's personnel in France will move into the

new facilities in the summer of 2020. The company expects a positive result from the new business in about two years.

The company launched the TDI (Time Delay Integration) technology based X-Scan T product family for demanding industrial applications in December. X-Scan T, optimized in particular for food industry applications, expands the company's technology base and it is a significant addition to the company's industrial portfolio. X-Scan T received an enthusiastic welcome in the markets.

The new production and service site in Wuxi, Greater Shanghai area, has been completed on schedule, and deliveries to customers will start in Q1 2020. The company is creating services related to testing and training, for example, to enhance the customer experience at the new site. The Wuxi site received the ISO 9001:2015 certification at the end of the year, and the company aims to apply for the ISO 14001:2015 certification as soon as decisions by the authorities allow.

Shares and shareholders

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

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

The average share price of Detection Technology was EUR 24.20 in Q4 and EUR 20.95 in January–December 2019. The highest share price for Q4 was EUR 29.00 and the lowest EUR 19.75. The highest price for 2019 was EUR 29.00 and the lowest EUR 15.30.

The closing price at the end of December was EUR 25.60, and the company had a market capitalization of approximately EUR 368 million. A total of 1.78 million shares, which is 12.4% of the total number of shares, were traded between 2 January and 30 December. The number of outstanding shares in Detection Technology was 14,375,430 at the end of 2019.

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

Risks and uncertainties

According to the management's view, no material changes have occurred in the risks and uncertainties related to the company's business during the review period. The company's short-term risks are associated with the coronavirus epidemic, geopolitics, the development of international security, factors related to political and trade policy uncertainty, and operating in emerging markets.

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

The company takes continuous measures to mitigate the aforementioned risks. Risks related to the company and its business operations are described in more detail in the company's 2019 financial statements.

Board of Directors' profit distribution proposal

The distributable funds of the parent company Detection Technology Plc are EUR 30,102,668, of which EUR 6,195,910 represents the net profit for the financial year. The company's funds eligible for dividend distribution total EUR 7,649,793. There have not been any significant changes in the company's financial situation after the end of the financial year, nor does the solvency test intended in Chapter 13, Section 2 of the Finnish Limited Liability Companies Act affect the amount of distributable funds.

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

Business outlook

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

The company estimates the temporary slowdown in the global medical CT market to continue in Q1, and the situation to normalize at the end of 2020, but demand may fluctuate significantly. Although CT scanning is used to detect virus-related pulmonary changes, which increases demand for scanners, it is too early to estimate its overall impacts on the company's operations. Detection Technology expects its net sales to grow in 2020 after these temporary market slowdowns have passed. There is some uncertainty regarding demand, and intense competition may reflect on pricing.

Financial targets

Targets until 10 February 2020:

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

New targets as of 10 February 2020:

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

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

Financial reporting schedule in 2020

Detection Technology Plc will disclose the following financial releases in 2020:

- Business review January-March 2020: 27 April 2020
- Half-yearly report January-June 2020: 4 August 2020
- Business review January-September 2020: 27 October 2020

The financial statements and annual review for 2019 will be published on 24 March 2020 at the latest on the company's website. The Annual General Meeting is scheduled for 16 April 2020 at 15:00 (EEST). The Board of Directors of the company will convene the meeting. Detection Technology Plc's financial calendar can be found on the company's website.

SUMMARY OF FINANCIAL STATEMENTS AND APPENDICES

ACCOUNTING PRINCIPLES

This unaudited financial statements review for the period 1.1.-31.12.2019 has been prepared according to the Finnish Accounting Standards (FAS).

CONSOLIDATED INCOME STATEMENT (FAS)

(EUR 1,000)	10-12/2019	10-12/2018	01-12/2019	01-12/2018
Net sales	25,021	25,652	102,480	93,916
Other operating income	-9	67	142	719
Materials and services	-13,367	-13,069	-52,616	-47,112
Personnel expenses	-4,488	-4,072	-18,016	-14,968
Depreciations	-731	-577	-2,881	-2,351
Other operating expenses	-3,212	-3,595	-12,090	-11,682
Operating profit	3,213	4,407	17,019	18,522
Financial income and expenses	-187	-102	-140	-77
Profit before taxes	3,026	4,305	16,879	18,445
Income taxes	-1,254	-1,072	-4,404	-3,579
Profit for the reporting period	1,772	3,233	12,475	14,866

CONSOLIDATED BALANCE SHEET (FAS)

(EUR 1,000)	31.12.2019	31.12.2018
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	4,548	3,469
Tangible assets	5,714	5,267
Investments	11	11
TOTAL NON-CURRENT ASSETS	10,273	8,747
CURRENT ASSETS		
Inventories	14,121	13,289
Trade receivables	24,865	25,003
Other receivables	603	769
Accrued income	1,050	887
Cash and cash equivalents	26,012	22,346
TOTAL CURRENT ASSETS	66,651	62,294
TOTAL ASSETS	76,923	71,040
EQUITY AND LIABILITIES		
EQUITY		
Share capital	80	80
Share premium account	5,130	5,130
Invested non-restricted equity fund	22,453	22,453
Retained earnings	18,217	8,854
Profit for the financial period	12,475	14,866
TOTAL EQUITY	58,355	51,384
LIABILITIES		
Current liabilities		
Loans from financial institutions	5,627	4,056
Advances received	649	66
Trade payables	6,892	9,320
Other liabilities	565	175
Accrued liabilities	4,836	6,040
Total	18,569	19,657
TOTAL LIABILITIES	18,569	19,657
TOTAL EQUITY AND LIABILITIES	76,923	71,040

CONSOLIDATED CASH FLOW STATEMENT (FAS)

(EUR 1,000)	10-12/2019	10-12/2018	01-12/2019	01-12/2018
Cash flow from operations				
Operating profit	3,213	4,407	17,019	18,522
Depreciations	731	577	2,881	2,351
Other non-cash business activities	-706	413	-706	413
Change in working capital	7,141	-2,357	-2,472	-10,006
Financial income and expenses	-174	-466	-128	-441
Income taxes paid	-1,846	-2,210	-4,996	-4,717
Cash flow from operations	8,360	364	11,599	6,122
Cash flow from investments				
Investments in intangible and tangible assets	-1,859	-1,146	-4,041	-4,741
Cash flow from investments	-1,859	-1,146	-4,041	-4,741
Free cash flow	6,500	-782	7,558	1,381
Cash flow from financing				
Change in current loans	815	4,056	1,571	-670
Dividend paid	0	0	-5,463	-4,865
Cash flow from financing	815	4,056	-3,892	-5,535
Change in cash and cash equivalents	7,315	3,273	3,666	-4,154
Cash and cash equivalents at beginning of reporting period	18,697	19,072	22,346	26,500
Cash and cash equivalents at end of reporting period	26,012	22,346	26,012	22,346

STATEMENT OF EQUITY CHANGES

(EUR 1,000)	Share capital	Share premium	Invested unrestricted equity fund	Retained earnings	Profit for the period	Total
Balance on 1.1.2019	80	5,130	22,453	23,721	0	51,384
Dividend paid	0	0	0	-5,463	0	-5,463
Translation differences	0	0	0	-41	0	-41
Profit for the period	0	0	0	0	12,475	12,475
Balance on 31.12.2019	80	5,130	22,453	18,217	12,475	58,355
Balance on 1.1.2018	80	5,130	22,453	13,976	0	41,639
Dividend paid	0	0	0	-4,865	0	-4,865
Translation differences	0	0	0	-257	0	-257
Profit for the period	0	0	0	0	14,866	14,866
Balance on 31.12.2018	80	5,130	22,453	8,854	14,866	51,384

Espoo 7 February 2020

Board of Directors
Detection Technology Plc

CALCULATION OF KEY FINANCIAL RATIOS

Change in net sales, % = $(\text{Net sales} - \text{previous financial year's net sales}) / \text{previous financial year's net sales} \times 100$

Operating margin, % = $\text{Operating profit} / \text{net sales} \times 100$

Net interest-bearing debt = $\text{Interest-bearing liabilities} - \text{cash and cash equivalents}$

Return on investment (ROI), % = $((\text{Profit before tax} + \text{interest and other financial expenses}) / (\text{total equity and liabilities} + \text{non-interest bearing liabilities average of the financial year})) \times 100$

Gearing, % = $(\text{Interest-bearing liabilities} - \text{cash and cash equivalents}) / \text{equity} \times 100$



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