

Q2

January–June 2024

Half-yearly report



DETECTION TECHNOLOGY PLC HALF-YEARLY REPORT JANUARY-JUNE 2024

Detection Technology Q2 2024: Strong result, record industrial sales**April-June 2024 highlights**

- Net sales increased by 3.5% to EUR 26.1 million (25.2)
- Net sales of Industrial Solutions Business Unit (IBU) increased by 42.6% to EUR 5.3 million (3.7)
- Net sales of Medical Business Unit (MBU) decreased by -25.3% to EUR 9.3 million (12.4)
- Net sales of Security Business Unit (SBU) increased by 26.7% to EUR 11.5 million (9.1)
- Operating profit (EBITA) was EUR 3.3 million (1.4)
- Operating margin (EBITA-%) was 12.7% of net sales (5.4%)

January-June 2024 highlights

- Net sales increased by 1.7% to EUR 48.8 million (48.0)
- Net sales of IBU increased by 24.8% to EUR 8.9 million (7.2)
- Net sales of MBU decreased by -23.1% to EUR 18.8 million (24.5)
- Net sales of SBU increased by 28.8% to EUR 21.1 million (16.3)
- Operating profit (EBITA) was EUR 5.6 million (2.8)
- Operating margin (EBITA-%) was 11.4% of net sales (5.9%)

(Figures in parentheses refer to the corresponding period of the previous year.)

President and CEO, Hannu Martola:

“Our Q2 result strengthened both year-on-year and when compared to Q1. Our total net sales were slightly better than expected, thanks to strong sales in security and record sales in industrial applications. Sales in the medical market were weak as expected, but market signals are encouraging.

The positive trend in the industrial market continued and our industrial application sales soared, which resulted into record quarterly sales. Better-than-expected demand in TFT (thin-film transistor) flat panel detectors in Asia and growth in our legacy business were the underlying factors of this positive turn. Demand improved in all main applications, including the applications for the food industry. We expect growth to continue in Q3, too.

Demand in the medical market was particularly poor, and our sales remained modest, as anticipated. Sales were negatively affected by the same factors as in Q1, including, in particular, the measures by the Chinese government to reform its healthcare sector and the related anticorruption campaign targeted at healthcare end operators. However, it was delightful to see some positive signals from the market indicating the easing of the anti-corruption campaign towards the end of the year. Our order book and sales prospects have improved, and we, therefore, expect medical sales to increase from Q3 onwards.

Robust growth in our security application sales continued. Sales in computed tomography (CT) applications for the aviation industry in the Western market were strong, but demand was also good for line scanner applications. Our view on the accelerated growth in the global security market strengthened. We have an advantageous position to meet increasing demand in particular in the CT segment, and we expect our security application sales to continue growing.

Our Q2 result improved both year-on-year and when compared to Q1. Improved productivity, sales mix, and growth in sales from Q1 were the cornerstones of our good result. Good results and strong cashflow allowed the early repayment of the long-term loan used for the acquisition of Haobo Imaging. We are confident that we will be close to our medium-term operating margin target of 15 percent this year.

We have made progress in the development of our Indian business and founded a subsidiary in the New Delhi area. Our goal is to build a local service and manufacturing unit for the growing Indian market. India is spending big on infrastructure, and we want to participate in these projects.

The first EU Origin products were delivered from our Oulu unit during the review period, and our modular production will allow us to flexibly increase our production capacity. This has enhanced customer experience and improved our competitiveness and risk mitigation. Nearly 10 percent of our products sold will be manufactured in Finland by the end of the year.

The factors that have negatively impacted business due to the healthcare reform in China and the related anti-corruption campaign are estimated to gradually ease towards the end of the year, and we expect our medical sales to grow in Q3. Robust growth will continue in our other main markets, and both our security and industrial application sales will experience double-digit growth in Q3. We expect our total net sales to have double-digit growth in Q3 and H2 of 2024.”

Key figures

(EUR 1,000)	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Net sales	26,093	25,219	48,799	47,972	103,794
Change in net sales, %	3.5%	10.8%	1.7%	11.4%	5.3%
EBITA excluding NRI	3,306	1,351	5,570	2,827	9,656
EBITA excluding NRI, %	12.7%	5.4%	11.4%	5.9%	9.3%
Non-recurring items (NRI)	0	0	0	0	-873
EBITA	3,306	1,351	5,570	2,827	8,784
EBITA, %	12.7%	5.4%	11.4%	5.9%	8.5%
R&D costs	3,049	3,079	5,560	6,041	11,702
R&D costs, % of net sales	11.7%	12.2%	11.4%	12.6%	11.3%
Cash flow from operating activities	3,911	2,426	6,827	1,941	9,672
Net interest-bearing debt at end of period	-14,744	-18,530	-14,744	-18,530	-12,665
Investments	352	376	1,485	828	14,426
Return on investment (ROI), %	13.9%	6.5%	13.9%	6.5%	9.9%
Gearing, %	-19.9%	-27.2%	-19.9%	-27.2%	-17.4%
Earnings per share, EUR	0.15	0.03	0.26	0.09	0.38
Earnings per share (diluted), EUR	0.15	0.03	0.26	0.09	0.38
Number of shares at the end of the period	14,655,930	14,655,930	14,655,930	14,655,930	14,655,930
Weighted average number of shares outstanding	14,655,930	14,655,930	14,655,930	14,655,930	14,655,930
Weighted average number of shares outstanding, diluted	14,661,754	14,662,206	14,658,842	14,665,894	14,660,912

Net sales

Detection Technology's total net sales were slightly better than expected. The company expected its total year-on-year net sales to remain stable in Q2. Sales increased 3.5 % (10.8%) year-on-year, totaling EUR 26.1 (25.2) million. As expected, demand in medical applications was modest, but strong demand in both security and industrial applications pushed the company to growth.

Recovery in the industrial market gained momentum. Demand was strong in NDT (non-destructive testing) and sorting applications. In the food industry, customers seem to have reached the end of stock optimization, and demand continued to recover, although still remaining somewhat soft. Detection Technology had record quarterly sales in industrial applications. The net sales of the Industrial Solutions Business Unit (IBU) grew by 42.6% (-6.2%), totaling EUR 5.3 (3.7) million in Q2 of 2024. The better-than-expected sales of TFT flat panel detector solutions in Asia was a significant growth driver, but the company's legacy sales of industrial solutions also grew, thanks to improved demand in all of the company's main applications, including applications for the food industry. IBU generated a total of 20.5% (14.8%) of the company's net sales.

As expected, there were no significant changes in demand in the medical market in Q2, and the factors negatively affecting demand remained unchanged when compared to Q1. The healthcare sector reform in China and the related anticorruption campaign continued in Q2, which caused further delays in purchasing processes in the domestic market in China. In addition, stagnation in investments in the global market and price competition decreased demand. As a result, the year-on-year net sales of the Medical Business Unit (MBU) decreased by -25.3% (22.3%), totaling EUR 9.3 (12.4) million in Q2. MBU generated a total of 35.5% (49.2%) of the company's net sales.

Growth continued in the security markets, and the forecast of the medium-term annual growth of about 8% was reinforced. Detection Technology has a strong competitive position in aviation CT applications, and good demand in CT applications in the Western markets continued. In addition, demand in line scanner applications in the aviation industry increased in particular in India. The net sales of the Security Business Unit (SBU) increased by 26.7% (5.0%) year-on-year, totaling EUR 11.5 (9.1) million in Q2. SBU generated a total of 44.0% (35.9%) of the company's total net sales.

The Asia-Pacific countries (APAC) accounted for the company's largest geographical market area in Q2, with its 65.9% (67.2%) share. The net sales of Europe, Middle East, and Africa (EMEA) were 28.1% (18.6%) and the Americas 6.0% (14.2%). Sales in Americas were still decreasing due to exceptional reasons. A significant proportion of end products sold in the American markets is manufactured elsewhere. The share of net sales accounted for by Detection Technology's top five customers was 51.3% (52.2%).

The company's total net sales in January–June 2024 increased by 1.7% (11.4%), totaling EUR 48.8 (48.0) million. The net sales of IBU increased by 24.8% (-4.7%), totaling EUR 8.9 (7.2) million. The net sales of MBU decreased by -23.1% (18.4%), totaling EUR 18.8 (24.5) million. The net sales of SBU increased by 28.8% (9.7%), totaling EUR 21.1 (16.3) million. IBU generated a total of 18.3% (14.9%), MBU 38.5% (51.0%) and SBU 43.2% (34.1%) of the company's total net sales.

In January–June, APAC countries' share of total net sales was 68.8% (67.8%), that of EMEA's 26.2% (19.5%) and the Americas' 5.1% (12.7%). The company's top five customers accounted for 52.1% (50.2%) of the company's total net sales.

NET SALES BY BUSINESS UNITS

(EUR 1,000)	4-6/2024	4-6/2023	Change, %	1-6/2024	1-6/2023	Change, %	1-12/2023
IBU	5,340	3,745	42.6%	8,943	7,166	24.8%	16,102
MBU	9,273	12,410	-25.3%	18,798	24,456	-23.1%	48,386
SBU	11,480	9,064	26.7%	21,058	16,350	28.8%	39,306
TOTAL	26,093	25,219	3.5%	48,799	47,972	1.7%	103,794

NET SALES BY GEOGRAPHY

(EUR 1,000)	4-6/2024	4-6/2023	Change, %	1-6/2024	1-6/2023	Change, %	1-12/2023
APAC	17,199	16,937	1.5%	33,551	32,518	3.2%	70,930
Americas	1,567	3,586	-56.3%	2,473	6,092	-59.4%	13,577
EMEA	7,327	4,696	56.0%	12,774	9,361	36.5%	19,287
TOTAL	26,093	25,219	3.5%	48,799	47,972	1.7%	103,794

Operating result and profitability

The company's operating profit (EBITA) in Q2 amounted to EUR 3.3 (1.4) million, 12.7% (5.4%) of net sales. Improved profitability was driven particularly by enhanced productivity and sales mix, but also by sales growth.

Q2 fixed costs were EUR 9.8 (10.1) million, out of which personnel expenses totaled EUR 6.2 (6.1), depreciation and goodwill amortization EUR 0.9 (0.8) and other operating expenses EUR 2.8 (3.3) million. Financial items amounted to EUR 0.4 (0.6) million, and income taxes were EUR 0.4 (0.3) million.

The Q2 result totaled EUR 2.2 (0.5) million. Earnings per share were EUR 0.15 (0.03). Earnings per share (diluted) were EUR 0.15 (0.03).

The operating profit (EBITA) for the review period January-June 2024 was EUR 5.6 (2.8) million, 11.4% (5.9%) of net sales.

In January-June 2024, fixed costs were EUR 19.0 (19.4) million, out of which personnel expenses totaled EUR 11.8 (11.9), depreciation and goodwill amortization EUR 1.7 (1.5) and other operating expenses EUR 5.5 (6.0) million. Financial items totaled EUR 0.4 (0.9) million, and income taxes were EUR 0.8 (0.7) million.

The result for H1 of 2024 was EUR 3.8 (1.3) million. Earnings per share were EUR 0.26 (0.09). Earnings per share (diluted) were EUR 0.26 (0.09).

Cash flow and financing

Cash flow from operations continued strong and was EUR 3.9 (2.4) million in Q2 of 2024. Cash flow from operations for January-June 2024 amounted to EUR 6.8 (1.9) million.

Cash flow from financing activities in Q2 totaled EUR -8.7 (2.0) million. Cash flow from financing activities for January-June 2024 was EUR -9.7 (4.8) million.

A dividend of EUR 3.4 (2.9) million, resolved at the Annual General Meeting on 27 March 2024, was paid in Q2.

In Q2 short-term loans were repaid by EUR -2.1 (0.3) million and long-term loans were repaid by EUR -3.2 (4.6) million. In January-June short-term loans were repaid by EUR -2.1 (3.1) million, and the change of long-term loans was EUR -4.2 (4.6) million. The majority of the repayments is attributed to the early repayment of the long-term loan used for the acquisition of Shanghai Haobo Imaging Technology Co., Ltd.

At the end of the review period, the company's net interest-bearing debt totaled EUR -14.7 (-18.5) million, and gearing was -19.9% (-27.2%).

Cash and cash equivalents amounted to EUR 14.9 (29.2) million at the end of the review period.

The company has secured its liquidity by agreeing with banks on lines of credit totaling EUR 24.3 (17.7) million at the closing rate of the review period. At the end of the review period, the unused line of credit was EUR 24.1 (13.0) million.

Company's net working capital has decreased during Q2 by EUR 0.9 million and decreased during H1 by EUR 1.7 million.

Investments

Investments in Q2 totaled EUR 0.4 (0.4) million. Investments in H1 of 2024 totaled EUR 1.5 (0.8) million.

Investments were mainly directed at modifications of new premises in Oulu, Finland, as well as production and measuring equipment.

Research and development

Q2 research and development (R&D) costs totaled EUR 3.0 (3.1) million, 11.7% (12.2%) of net sales. During the review period January-June 2024, R&D expenses were EUR 5.6 (6.0) million, corresponding to 11.4% (12.6%) of net sales. All R&D costs are recognized as expenses.

Personnel

At the end of June 2024, Detection Technology employed 464 (479) people. A total of 355 people worked in China, 95 in Finland, 10 in France and 4 in the US. Personnel expenses in Q2 of 2024 amounted to EUR 6.2 (6.1) million. In the review period January-June 2024, personnel expenses totaled EUR 11.8 (11.9) million.

PERSONNEL BY GEOGRAPHY

	30.6.2024	30.6.2023	Change, %	31.12.2023
APAC	355	349	1.7%	369
Americas	4	5	-20.0%	4
EMEA	105	125	-16.0%	105
TOTAL	464	479	-3.1%	478

Changes in the management group

The company announced on 30 January 2024 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. Mr. Nylander started in his new role on 13 May 2024, and he is responsible for the financial management and information systems of the Group, as well as their global development. Tiina Välkky acted as interim Chief Financial Officer and member of the management group from 1 December 2023 to 12 May 2024.

The members of the management group are President and CEO Hannu Martola, Vice President of Medical Business Unit (MBU) Chen Wu, Vice President of Security Business Unit (SBU) Arve Lukander, CFO Matti Nylander, Vice President of Industrial Solutions Business Unit (IBU) Juha Talasmäki, Vice President of People and Culture Sari Holopainen, CTO Jyrki Still and Vice President of Operations Kai Utela.

Strategy implementation

During the review period, Detection Technology started the process of establishing a limited liability company in India. The registration of the company was completed in July. The new company, DT Detection Technology India Private Ltd., is a subsidiary fully owned by the parent company Detection Technology Plc., and its registered domicile is Gurgaon, in the New Delhi area.

As planned, Detection Technology will now build a local service and manufacturing unit to support its customers' business in India. The company has previously announced its decision to expand its business to India, where the government is heavily investing in infrastructure, such as healthcare, transport, and manufacturing industries in order to develop society. According to the government's plans, more than 100 airports will be built in India in the coming years.

The manufacture of EU Origin products at the new facilities in Oulu, Finland, has commenced, and the first products have been delivered. The production capacity in Oulu will be increased based on demand. The company has the capability to manufacture 10 percent of its sales in Finland by the end of the year. Production has been expanded to offer a wider range of EU Origin products and to minimize risks.

During the review period, Detection Technology has continued the development and sales of TFT flat panel detector solutions. The company launched a wide range of TFT flat panel detector solutions to the international market in April. The selection includes IGZO (indium gallium zinc oxide) flat panel detectors for medical and a-Si (amorphous silicon) based solutions for industrial imaging. The company launched IGZO flat panel detector solutions for dental imaging applications in May. The company foresees that the new business based on TFT flat panel detectors will grow faster than its legacy business.

Sustainability

During H1 2024, Detection Technology continued to develop and measure the environmental sustainability of its business. The company promoted environmental awareness by encouraging its employees to participate in global initiatives, such as Earth Hour in March and World Environment Day in June. The company has not received information on any environmental infringements in H1 2024.

The company developed its management system and implemented a new 1+QR goal-setting framework, which is based on an internationally well-known, collaborative OKR (Objectives and Key Results) methodology. Its purpose is to improve the up-to-date management of the company's business and sustainable development projects in order to achieve strategic goals. The system and quarterly objective setting will be further developed based on the feedback.

Detection Technology measured the employee experience with the bi-annual DT Heartbeat pulse survey, which included also questions about the 1+QR framework. The response rate was 88% (85%). The average score was 3.4 (3.3) on a scale of 1–4. The feedback has been analyzed, and development measures and their monitoring have been agreed upon together with the personnel.

During the review period, the company recorded one small lost-time incident. Preventative measures have been implemented to avoid similar occurrences in the future.

China Work Safety, the 23rd theme month focusing on occupational safety, was organized in June. The company participated in the national theme month by organizing a number of activities at its units in China. The company also organized safety drills and first aid trainings at its sites in Beijing and Wuxi, China, and in Moirans, France in H1 of 2024. The drills covered fires, the evacuation of employees, and chemical spills, among others.

Detection Technology continued its Six Sigma Yellow Belt and Six Sigma Green Belt certification programs. In addition to these programs, the company launched a new program dedicated to the training of specific Six Sigma tools. This new initiative aims to enhance the practical application skills of the participants within their specific fields or roles. This approach fosters a more tailored and effective application of Six Sigma methodologies throughout the whole organization.

Detection Technology continued its work for children's rights and global education as a member of the Ahlström Collective Impact (ACI) network, which collaborates with UNICEF Finland. The company continued internal and external communications and engagement activities as part of the ACI network.

The company has not received any notifications of infringements of EU or national laws or the company's Code of Conduct through its Whistleblowing channel or other reporting channels in H1 2024. The Whistleblowing channel adds to the company's other reporting channels, and it is targeted at both the internal and external interest groups of the company. The system can be used to anonymously report any practices or events that are against the law or are inconsistent with the company's Code of Conduct.

The company's Code of Conduct consists of the company's quality, environmental, business ethics, people, and occupational health and safety policies. The company's internal and external interest groups are regularly informed of the company's Code of Conduct. In H1 2024, the company continued comprehensive sustainability assessments of its key suppliers in order to promote and uphold the commitments expressed in the company's Code of Conduct. The Code of Conduct is available on the company's website.

Detection Technology's corporate social responsibility complies with the certified ISO 9001:2015, ISO 14001:2015 and ISO 13485:2016 standards. The company acknowledges and complies with the Code of Conduct of the Responsible Business Alliance (RBA).

The company has set metrics to measure continuous improvement in every area of its Code of Conduct, and it monitors developments in quarterly reviews. Measures related to sustainability and the materialization of corporate social responsibility have been described in more detail in the company's 2023 annual review. In addition, the company also published its sustainability goals for 2024 in the annual review. Detection Technology's annual review is available on the company's website.

In the fiscal year 2024, the company is preparing for a reporting obligation in accordance with the Corporate Sustainability Reporting Directive (CSRD). The CSRD reporting obligation will be applicable for the company as of 2026, when publishing the financial statements for 2025. During H1 2024, the company kicked-off its efforts towards complying with the CSRD requirements, including preparations for double material assessment (DMA) as a first key milestone. The work has started in collaboration with key stakeholders such as auditors, consultants, customers, suppliers, peer companies, and key personnel.

Shares and shareholders

The subscription period of Detection Technology's stock options 2020A1 and 2020A2 terminated on 31 May 2024, and the subscription period of stock options 2020B1 and 2020B2 started on 2 May 2024. No subscription of stocks were made in either of the programs during the review period January–June 2024.

The company has one ongoing stock option program. The description and terms of the stock option programs can be found on the company's website.

In addition to the stock option program 2020, Detection Technology has Performance Share Plan (PSP). This long-term incentive scheme established for the company's management and other key employees consists of separate stock awards, which the company's Board of Directors resolve each year.

On 1 February 2024, the company announced the decision by the Board of Directors to launch the third PSP program. The performance period of PSP 2024–2026 started in the beginning of January 2024, and it will end at the end of 2026. The potential awards under the performance share plan will be paid in H1 of 2027 as listed shares of Detection Technology.

The primary performance measure on the basis of which the potential share rewards under the PSP 2024–2026 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 2024–2026 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 2024–2026 program.

The performance period of the first performance share plan, PSP 2022–2024, started in the beginning of August 2022, and it will end at the end of 2024. The performance period of the second performance share plan, PSP 2023–2025, started in the beginning of January 2023, and it will end at the end of 2025.

The average share price of Detection Technology was EUR 16.31 in Q2 and EUR 15.10 in H1 2024. The highest price for Q2 was EUR 20.00 and the lowest EUR 13.15. The highest share price for H1 2024 was EUR 20.00 and the lowest EUR 12.15.

The closing price at the end of June was EUR 19.40 and the company had a market capitalization of approximately EUR 284 million. A total of 0.50 million shares, which is 3.4% of the total number of shares, were traded between 2 January and 28 June. The number of shares outstanding in Detection Technology was 14,655,930 at the end of the review period.

The number of shareholders at the end of the review period was 3,840. Approximately 74.3% of the shares were held by the ten largest shareholders. The nominee-registered foreign holding of shares in the company was 14.6% at the end of the review period.

Detection Technology 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.

Notifications of major holdings

As a result of the amendment in the scope of application of Chapter 9 of the Finnish Securities Markets Act the obligation to notify and disclose major holdings and proportions of voting rights, the so-called flagging obligation, was extended to cover the Nasdaq First North Growth Market Finland market as of 19 April 2024. During the two-month transition period from 19 April to 19 June 2024, current shareholders notified the reaching and exceeding of the 5 percent flagging threshold in their holdings and proportions of voting rights that took place prior to 19 April 2024. Any reaching, exceeding, or falling below the flagging thresholds during and after the transition period must be notified in compliance with the new regulations. The issuer has the obligation to publish any flagging notifications it receives by means of a company announcement without undue delay.

Detection Technology received a notification intended in Chapter 9, Section 5 of the Finnish Securities Markets Act from OP-Rahastoyhtiö Oy on 22 April. According to the notification, the combined share of the investment funds managed by OP-Rahastoyhtiö Oy in Detection Technology's shares and votes exceeded the 5 percent flagging threshold before 19 April 2024. Detection Technology received a notification intended in Chapter 9, Section 5 of the Finnish Securities Markets Act from Ahlstrom Capital B.V. on 6 June. According to the

notification, its share of Detection Technology's shares and votes had exceeded the 30 percent flagging threshold before 19 April 2024.

Detection Technology received a notification intended in Chapter 9, Section 5 of the Finnish Securities Markets Act from Aktia Rahastoyhtiö Oy on 27 June. According to the notification, the combined share of the investment funds managed by Aktia Rahastoyhtiö Oy in Detection Technology's shares and votes decreased below the 5 percent flagging threshold on 27 June 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 the US-China and the EU-China relations, and global economic uncertainty. In addition, the Russian war in Ukraine and the unrest in the Middle East, along with their ramifications on the 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, the changes in the competitive landscape, the ongoing healthcare anti-corruption campaign in China, price competition, a significant share of net sales being generated by the five largest customers, APAC countries' large share of sales, customer liquidity, product quality, the startup of production of new products, exchange rate fluctuations, overall cost development particularly in China, the permanence and competence of personnel, recruitment of experts and organizational efficiency.

The company takes continuous measures to mitigate the aforementioned risks. Other risks related to the company and its business operations are described in more detail in Detection Technology's financial statements for 2023.

Business outlook

Detection Technology expects its total net sales to grow double-digit in Q3 and H2 of 2024.

Geopolitical situation, U.S.–China relations, global economy, the measures taken in China to reform its healthcare, price competition especially in China, the indirect impacts of the war in Ukraine, and events in the Middle East create uncertainty.

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.

Business review January–September 2024

Detection Technology will publish a business review January—September 2024 on 29 October 2024.

UNAUDITED HALF-YEARLY REPORT 1.1.-30.6.2024

ACCOUNTING PRINCIPLES

This unaudited half-yearly report for the period 1.1.-30.6.2024 has been prepared according to Finnish Accounting Standards (FAS).

CONSOLIDATED INCOME STATEMENT (FAS)

(EUR 1,000)	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Net sales	26,093	25,219	48,799	47,972	103,794
Other operating income	61	193	585	315	750
Materials and services	-13,285	-13,943	-25,411	-26,061	-55,688
Personnel expenses	-6,151	-6,095	-11,846	-11,870	-24,084
Depreciations	-581	-762	-1,097	-1,532	-2,979
Other operating expenses	-2,830	-3,262	-5,460	-5,996	-13,009
EBITA	3,306	1,351	5,570	2,827	8,784
Amortizations	-282	0	-564	0	-564
Financial income and expenses	-402	-569	-385	-880	-918
Profit before taxes	2,622	782	4,620	1,947	7,302
Income taxes	-373	-328	-758	-674	-1,785
Minority interest	-18	0	-25	0	-14
Profit for the reporting period	2,231	454	3,838	1,273	5,502

CONSOLIDATED BALANCE SHEET (FAS)

(EUR 1,000)	30.6.2024	30.6.2023	31.12.2023
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	11,941	1,455	11,907
Tangible assets	4,465	4,673	4,792
Investments	11	11	11
TOTAL NON-CURRENT ASSETS	16,417	6,138	16,710
CURRENT ASSETS			
Inventories	21,978	25,003	23,601
Non-current receivables	320	537	594
Current receivables	35,275	31,285	34,516
Cash and cash equivalents	14,903	29,158	19,101
TOTAL CURRENT ASSETS	72,475	85,983	77,812
TOTAL ASSETS	88,892	92,122	94,522
EQUITY AND LIABILITIES			
EQUITY			
Share capital	80	80	80
Share premium account	5,130	5,130	5,130
Invested non-restricted equity fund	28,405	28,405	28,405
Retained earnings	36,328	33,317	33,688
Profit for the financial period	3,838	1,273	5,502
TOTAL EQUITY	73,781	68,206	72,805
Minority interest	215	0	188
LIABILITIES			
Non-current liabilities	0	4,600	4,200
Current liabilities	14,896	19,316	17,329
TOTAL LIABILITIES	14,896	23,916	21,529
TOTAL EQUITY AND LIABILITIES	88,892	92,122	94,522

CONSOLIDATED CASH FLOW STATEMENT (FAS)

(EUR 1,000)	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Cash flow from operations					
Operating profit	3,024	1,351	5,005	2,827	8,219
Depreciations	863	762	1,662	1,532	3,543
Other non-cash business activities	389	-292	445	-298	1,037
Change in working capital	875	1,505	1,696	-560	-1,100
Financial income and expenses	-429	-192	-481	-503	-570
Income taxes paid	-811	-708	-1,500	-1,057	-1,458
Cash flow from operations	3,911	2,426	6,827	1,941	9,672
Cash flow from investments					
Investments in intangible and tangible assets	-352	-376	-1,485	-828	-2,119
Payment for shares in subsidiaries	0	0	0	0	-12,307
Cash flow from investments	-352	-376	-1,485	-828	-14,426
Free cash flow	3,559	2,050	5,342	1,113	-4,754
Cash flow from financing					
Change in non-current loans	-3,200	4,600	-4,200	4,600	4,200
Change in current loans	-2,089	321	-2,089	3,114	-694
Dividend paid	-3,371	-2,931	-3,371	-2,931	-2,931
Cash flow from financing	-8,660	1,990	-9,660	4,783	574
Change in cash and cash equivalents					
Cash and cash equivalents at the beginning of the reporting period	19,949	25,442	19,101	23,710	23,710
Foreign exchange rate effect	54	-325	119	-449	-430
Cash and cash equivalents at the end of the reporting period	14,903	29,158	14,903	29,158	19,101
Change in cash and cash equivalents	-5,100	4,040	-4,318	5,896	-4,179
Change in working capital					
Change in current receivables	-1,205	1,118	543	2,414	-1,135
Change in inventories	1,059	1,264	1,707	-1,679	1,777
Change in current liabilities	1,021	-877	-555	-1,295	-1,742
Change in working capital	875	1,505	1,696	-560	-1,100

STATEMENT OF EQUITY CHANGES

	Share capital	Share premium	Invested unrestricted equity fund	Retained earnings	Profit for the period	Total
(EUR 1,000)						
Equity 1.1.2024	80	5,130	28,405	39,190	0	72,805
Dividend paid	0	0	0	-3,371	0	-3,371
Conversion differences	0	0	0	509	0	509
Profit for the period	0	0	0	0	3,838	3,838
Equity 30.6.2024	80	5,130	28,405	36,328	3,838	73,781
Equity 1.1.2023	80	5,130	28,405	39,143	0	72,758
Dividend paid	0	0	0	-2,931	0	-2,931
Conversion differences	0	0	0	-2,894	0	-2,894
Profit for the period	0	0	0	0	1,273	1,273
Equity 30.6.2023	80	5,130	28,405	33,317	1,273	68,206
Equity 1.1.2023	80	5,130	28,405	39,143	0	72,758
Dividend paid	0	0	0	-2,931	0	-2,931
Conversion differences	0	0	0	-2,709	0	-2,709
Items belonging to previous financial years	0	0	0	185	0	185
Profit for the period	0	0	0	0	5,502	5,502
Equity 31.12.2023	80	5,130	28,405	33,688	5,502	72,805

Espoo 5 August 2024

Board of Directors
Detection Technology Plc

CALCULATION OF KEY FINANCIAL RATIOS

EBITA	= Operating profit (EBIT) - Amortizations
Change in net sales, %	= (Net sales - Previous financial year's net sales) / Previous financial year's net sales x 100
EBITA, %	= EBITA / Net sales x 100
Net interest-bearing debt	= Interest-bearing liabilities - Cash and cash equivalents
Return on investment (ROI), %	= (Net result + Financial expenses + Taxes (12 months)) / (Equity + Interest-bearing liabilities (average 12 months)) x 100
Gearing, %	= (Interest-bearing liabilities - Cash and cash equivalents) / Equity x 100
Earnings per share, EUR	= Profit for the reporting period / Weighted average number of shares outstanding
Earnings per share (diluted), EUR	= Profit for the reporting period / Weighted average number of shares outstanding, diluted



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