

SCANFIL

Scanfil plc

2021

Financial Statement

FEBRUARY 22, 2022



Scanfil Group's Financial Statement 2021

Record high turnover supported by strong customer demand

October–December

Turnover totalled EUR 191.7 million (10-12 2020: 154.1), an increase of 24.5%.

Adjusted operating profit was EUR 10.2 (10.4) million, 5.3% (6.8%) of turnover.

Operating profit was EUR 9.5 (4.3) million, 5.0% (2.8%) of turnover.

Adjusted net profit was EUR 9.1 (9.2) million.

Net profit was EUR 8.4 (3.1) million.

Adjusted earnings per share were EUR 0.14 (0.14), earnings per share were EUR 0.13 (0.05).

January–December

Turnover totalled EUR 695.7 million (1-12 2020: 595.3), an increase of 16.9%.

Adjusted operating profit was EUR 40.3 (39.1) million, 5.8% (6.6%) of turnover.

Operating profit was EUR 39.6 (44.4) million, 5.7% (7.5%) of turnover. Comparison includes a capital gain of EUR 11.4 million from the sale of the Hangzhou factory.

Adjusted net profit was EUR 32.0 (32.5) million.

Net profit was EUR 29.8 (36.9) million.

Adjusted earnings per share were EUR 0.50 (0.50), earnings per share were EUR 0.46 (0.57).

The Board of Directors proposes a dividend of EUR 0.19 (0.17) per share to be paid for year 2021, increase of 11.8%

Future Outlook

Scanfil estimates that its turnover for 2022 will be EUR 710–760 million and its adjusted operating profit will be EUR 43–48 million.

The guidance involves uncertainty especially arising from the availability and price level of semiconductors and the delivery capability of the supply chain. In addition, the COVID-19 pandemic and risks related to it creates uncertainty.

Long-Term Financial Targets

- Organic turnover growth of 5%-7% p.a. and operating profit level of 7%
- Increasing dividend, which is approximately 1/3 of the earnings per share

KEY FIGURES

	Q4 2021	Q4 2020	Change%	2021	2020	Change %
Turnover, EUR million	191.7	154.1	24.5	695.7	595.3	16.9
Operating Profit, EUR million	9.5	4.3	120.8	39.6	44.4	-10.8
Operating Profit, Adjusted ¹ , EUR million	10.2	10.4	-1.8	40.3	39.1	3.0
Operating Profit, %	5.0	2.8		5.7	7.5	
Operating Profit, Adjusted, %	5.3	6.8		5.8	6.6	
Net Profit, EUR million	8.4	3.1	169.7	29.8	36.9	-19.4
Net Profit, Adjusted, EUR million	9.1	9.2	-1.1	32.0	32.5	-1.4
Earnings per Share, EUR	0.13	0.05	168.1	0.46	0.57	-19.8
Earnings per Share, Adjusted, EUR	0.14	0.14	-1.5	0.50	0.50	-1.9
Return on Equity, %				15.2	21.1	
Return on Equity, Adjusted, %				16.3	18.4	
Equity Ratio, %				45.3	54.3	
Net Gearing, %				28.9	9.9	
Net Cash Flow from Operations, EUR million				-12.5	35.2	-135.6
Employees, average				3,267	3,387	-3.5

¹ The adjusted operating profit for 2021 includes an adjustment of EUR -0.7 million related to the closure of the Hamburg factory, booked in the fourth quarter of the 2021. The adjusted operating profit for 2020 includes the following adjustments: EUR +11.4 million related to the divestment of the Hangzhou factory, booked in the third quarter of 2020 and EUR -6.1 million related to the closure of the Hamburg factory, booked in the fourth quarter of 2020.

CEO PETTERI JOKITALO:

“Driven by the strong customer demand, the year 2021 became a record year of growth and turnover. This all despite the pandemic and the challenges of material availability. Turnover increased by 16.9% to EUR 696 million. Nearly reaching the target of EUR 700 million set for 2023 - two years ahead of schedule!

The turnover for the last quarter of the year was record high EUR 191.7 million which increased by 24.5% compared to the last year. Growth was propelled by strong customer demand and in addition increase in material costs.

Adjusted operating profit in 2021 was EUR 40.3 million, 5.8% of turnover and the fourth quarter was at EUR 10.2 million, 5.3% of turnover falling short of the long-term target level of 7%.

The biggest negative effects on operating profit for the period were caused by material availability challenges, abnormal high prices paid for spot market purchases, and the relocation of production of the Hamburg factory. The challenging material situation hampered us, especially in the second half of the year. The product transfer from Hamburg was completed by the end of the third quarter, and operations at the Hamburg factory ended during the fourth quarter.

Net cash flow from operating activities in 2021 was EUR 12.5 million negative, mainly due to a strong increase in inventories. The increase in inventories was affected by rising customer demand as well as a slowdown in inventory turnover caused by challenging material availability situation, and higher material costs. Inventory management will continue to be the focus area in 2022.

Scanfil's balance sheet is still strong, with an equity ratio of 45.3% and a gearing of 28.9%, enabling the necessary investments and the implementation of a dividend policy. The Board of Directors proposes a dividend of EUR 0.19 per share for 2021, an increase of 11.8% compared to a year ago. If implemented, Scanfil's dividend will increase for the ninth year in a row.

The demand outlook for Scanfil's customers is strong for 2022, and our focus is very clear: we continue to respond to our customer demand, organic growth and turning our profitability to the target we have set. The short-term challenges and risks are mainly related to the availability of materials, especially semiconductors, which we believe will continue to be challenging at least in the first half of the year.

We expect our turnover continues to grow, being EUR 710–760 million this year, and operating profit to increase to EUR 43–48 million euros.

We aim for organic annual growth of 5–7% and an operating profit level of 7% in the longer term. To reach our growth target, we have acquired more production space at our Atlanta and Wutha factories, and started planning expansion options at our Suzhou factory. In the long run, we see North America and Asian markets as interesting expansion areas.

The year 2021 was strongly two-folded: strong customer demand combined with material availability challenges, the pandemic, and the relocation of production of Hamburg was very demanding on our personnel. I want to thank our dedicated employees for their perseverance and good work, as well as the support and trust of our customers.

MARKETS AND CUSTOMER SEGMENTS

Scanfil offers products and solutions, which are typically modules and integrated products. Typical customer segment products are as follows:

- **Advanced Consumer Applications:** End products and solutions are often used in public places. End products are e.g. self-service applications, handover automation (e.g. parcel lockers for logistic services) and elevators.
- **Automation & Safety:** End products in this segment are e.g. cameras for network video solutions, access control systems and automation systems.
- **Connectivity:** End products in this segment are e.g. wireless connectivity modules and radio systems.
- **Energy & Cleantech:** End products in this segment are e.g. reverse vending machines, air and water cleaners, indoor climate control systems, energy systems and automated collection and sorting solutions.
- **Medtech & Life Science:** End products for the segment are e.g. dental chairs, analyzers, mass spectrometers and solutions for environmental measuring.

During the fourth quarter of 2021, the Group's turnover increased by EUR 37.7 million, or 24.5% compared to the corresponding period of the previous year. The growth was organic. EUR 14.4 million of the turnover was low margin invoicing in order to secure deliveries such as material and component spot market purchase and special freight.

Advanced Consumer Applications: Turnover increased by EUR 11.6 million (28.0%) compared to the fourth quarter of 2020. The key driver behind this strong growth was good demand in elevator products and handover automation solutions. Separate invoicing related to securing deliveries was EUR 4.7 million.

Automation & Safety: Turnover increased by EUR 7.1 million (20.8%) compared to the fourth quarter of 2020. Separate invoicing related to securing deliveries was EUR 2.3 million.

Connectivity: Turnover increased by EUR 3.9 million (61.3%) compared to the last quarter of 2020. Strong growth was attributable to good new customer sales development. Separate invoicing related to securing deliveries was EUR 0.1 million.

Energy & Cleantech: Turnover increased by EUR 16.0 million (42.9%) compared to the fourth quarter of 2020. The key drivers behind this strong growth were good demand in recycling and energy systems. Separate invoicing related to securing deliveries was EUR 5.0 million.

Medtech & Life Science: Turnover increased by EUR 4.4 million (15.0%) compared to the fourth quarter of 2020. Separate invoicing related to securing deliveries was EUR 2.2 million.

During the year 2021, the largest customer accounted for about 18% (15%) of turnover and the top ten customers accounted for about 55% (59%) of turnover.

EUR million	Q4 2020	FY 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Turnover, %
Advanced Consumer Applications	41.4	151.3	42.9	53.4	55.4	52.9	204.6	29.4
Automation & Safety	34.0	142.1	34.5	36.8	32.5	41.1	144.9	20.8
Connectivity	6.4	28.6	8.1	7.3	7.3	10.4	33.0	4.8
Energy & Cleantech	37.4	135.6	40.3	44.8	43.5	53.4	182.1	26.2
Medtech & Life Science	29.4	107.8	29.1	28.5	29.1	33.9	120.6	17.3
Discontinued	5.4	29.9	8.5	2.0	-	-	10.5	1.5
In total	154.1	595.3	163.3	172.9	167.8	191.7	695.7	100.0

Discontinued was an intermediary trading segment related to the Hangzhou factory divestment, which ended in the second quarter.

TURNOVER

Turnover for **October–December** was EUR 191.7 (154.1) million, showing an increase of 24.5% from the corresponding period in 2020. Turnover includes EUR 14.4 million of separately agreed purchases, which aimed to secure the materials needed for production and deliveries to customers. Costs related to securing deliveries were usually spot market purchases or special freight. The turnover for the period, excluding this invoicing, increased by 15.1 %.

January–December turnover was EUR 695.7 (595.3) million, an increase of 16.9% compared to the previous year, including EUR 32.0 million of the above mentioned purchases related to securing deliveries. Turnover excluding this invoicing increased by 11.5%.

OPERATING PROFIT

In **October–December**, the adjusted operating profit was EUR 10.2 (10.4) million. The adjusted profit margin was 5.3% (6.8%), which was negatively affected by:

- Challenges in material availability caused continuous changes in planned production, which lowered productivity and operating profit.
- Abnormal high prices paid for materials and special freights used to secure deliveries. These costs were mainly charged from customers, but usually they did not include a margin for materials.
- Challenges in the availability of materials decreased productivity and operating profit by approximately EUR 2.0 million i.e., 1.0% of turnover.

In **January–December**, the adjusted operating profit was EUR 40.3 (39.1). The adjusted operating profit increased by 3.0% compared to the previous year.

- Operating profit was positively affected by an increase in customer demand. The operational efficiency and profitability increase especially in China, Eastern Europe and the USA.
- The negative impact arising from material availability and Hamburg factory relocation to year’s operating profit was approximately EUR 5.0 million i.e., 0.7% of turnover.

NET CASH FLOW FROM OPERATIONS

In **October–December**, the net cash flow from operations turned positive.

In **January–December**, the net cash flow from operations was EUR -12.5 (35.2) million, which decreased by EUR 47.7 million compared to the previous year. The main reasons for net cash flow being lower than in comparison year:

- In general, turnover growth increased the working capital.
- Inventories were increased to correspond the forecasted demand and to secure customer deliveries.
- An increase in customer demand, challenges in material availability, long delivery times and price increases caused an increase in the inventory values.

TURNOVER, EUR million



OPERATING PROFIT, ADJ. EUR million



NET CASH FLOW FROM OPERATIONS, EUR million



Scanfil Group's Financial Statement for January 1–December 31, 2021

FINANCIAL DEVELOPMENT

The Group's turnover for **January–December** was EUR 695.7 (595.3) million, an increase of 16.9% compared to the previous year. Turnover includes EUR 42.5 million of low margin invoicing, of which EUR 32.0 million was separately agreed purchases related to securing the availability of materials needed for production. These purchases related to securing deliveries were usually spot market purchases of materials and special freights. This invoicing was no or low margin for Scanfil in 2021. Turnover excluding invoicing of separately agreed purchases was EUR 663.7 million, an increase of 11.7% compared to the previous year. In addition, turnover included EUR 10.5 million of low-margin intermediary trading.

Turnover by customer segment developed as follows:

Advanced Consumer Applications: Turnover increased by EUR 53.4 million (35.3%) compared to January–December in 2020. The key drivers behind this strong growth were new customer ramp-ups and good demand in elevator products and hand-over solutions. Invoicing related to securing deliveries was EUR 14.6 million.

Automation & Safety: Turnover increased by EUR 2.8 million (2.0%). The development has been steady. Invoicing related to securing deliveries was EUR 4.9 million.

Connectivity: Turnover increased by EUR 4.4 million, to EUR 33.0 million (15.5%). Invoicing related to securing deliveries was EUR 0.1 million.

Energy & Cleantech: Turnover increased compared to the corresponding period in 2020 by EUR 46.5 million (34.3%). The key drivers behind this strong growth were good demand in recycling and energy systems. Invoicing related to securing deliveries was EUR 8.9 million.

Medtech & Life Science: Turnover increased by EUR 12.8 million (11.8%) compared to the corresponding period in 2020. Invoicing related to securing deliveries was EUR 3.5 million.

Turnover of "Discontinued" was EUR 10.5 million and consisted only low margin intermediary trading.

The Group's operating profit for January–December was EUR 39.6 (44.4) million, 5.7% (7.5%) of turnover. The operating profit for 2021 includes an adjustment of EUR

-0.7 million related to the closure of the Hamburg factory. The operating profit for the comparison year includes adjustments of EUR +11.4 million related to the divestment of the Hangzhou factory and EUR -6.1 million related to the closure of the Hamburg factory. The adjusted operating profit was EUR 40.3 (39.1) million, representing 5.8% (6.6%) of turnover. The operating profit was positively affected by the increase in customer demand, but received a negative impact from the Hamburg production transfer as well as inefficiency caused by material shortages. In addition, the transitory low margin invoicing of EUR 42.5 million lowered the profit margin. The negative impact arising from these was approximately EUR 5.0 million i.e., 0.7% of turnover.

The net profit for the review period was EUR 29.8 (36.9) million. The adjusted net profit was EUR 32.0 (32.5) million.

Earnings per share for the review period were EUR 0.46 (0.57). The adjusted earnings per share were EUR 0.50 (0.50). Return on investment was 15.3% (19.5%).

The Group's effective tax rate was 21.0% (11.7%). The comparison figure was affected by the low tax on sales gains from the Chinese subsidiary Scanfil (Hangzhou) Co., Ltd. and the tax relief related to investments made in Poland's special economic zone.

The Group's turnover in **October–December** was EUR 191.7 (154.1) million. Turnover increased by 24.5% compared to the corresponding period of the previous year. This turnover includes EUR 14.4 million of invoicing related to price increases of materials, components and freights and securing deliveries. Turnover for the period excluding the above-mentioned invoicing was EUR 177.3 million, an increase of 15.1%.

The operating profit was EUR 9.5 (4.3) million, 5.0% (2.8) of the turnover. The adjusted operating profit for the fourth quarter was EUR 10.2 (10.4) million, or 5.3% (6.8%) of turnover. The adjustments were related to the costs of the closure of the Hamburg factory: EUR -0.7 million in the fourth quarter of 2021 and in the comparison period EUR -6.1 million. Inefficiencies due to material shortages had a negative impact on the operating profit. In addition, the low margin invoicing related to securing deliveries of EUR 14.4 million lowered the profit margin. The total negative impact on

the operating profit was about EUR 2.0 million or about 1.0 % of the turnover.

The net profit in October–December was EUR 8.4 (3.1) million. The adjusted net profit was EUR 9.1 (9.2) million.

FINANCING AND CAPITAL EXPENDITURE

The Group has a stable financing position. The consolidated balance sheet total was EUR 473.8 (339.2) million at the end of the review period. Cash and cash equivalents totalled EUR 25.3 (25.8) million. Liabilities amounted to EUR 266.4 (156.3) million, of which non-interest-bearing liabilities totalled EUR 181.2 (112.3) million and interest-bearing liabilities totalled EUR 85.2 (44.0) million. Interest-bearing liabilities consisted of EUR 62.1 (24.4) million of financial liabilities and EUR 23.1 (19.6) million of leasing liabilities. The increase in non-interest bearing liabilities was caused by the increase in current assets, which rose due to an increase in turnover, the slowdown of inventory rotation caused by material availability challenges and an increase in material prices. The interest-bearing liabilities were increased by the long-term debt of EUR 30.0 million, drawn in November. The equity ratio was 45.3% (54.3%), and net gearing was 28.9% (9.9%). Equity per share was EUR 3.19 (2.82).

The Group's financial arrangement includes discharge covenants related to equity ratio and interest-bearing net debt/EBITDA ratio. The terms of the covenants are reviewed quarterly. At the end of the period under review, the terms have been clearly complied with.

The net cash flow from operating activities for the review period **January–December** was EUR -12.5 (35.2) million. The change in net working capital during the period amounted to EUR -52.7 (-8.0) million. The change in working capital consists of the following items: short-term non-interest-bearing receivables increased by EUR 34.6 (17.5) million; inventories increased by EUR 88.3 (17.5) million, and short-term non-interest-bearing liabilities increased by EUR 70.3 (16.1) million.

The net cash flow from investing activities was EUR -12.5 (4.1) million. The cash flow from financing activities was EUR 24.3 (-33.3) million, including a EUR 11.0 (9.6) million dividend payment, 6.0 (6.0) million in repayments of long-term loans and change in overdraft facility EUR 13.9 (13.2) million.

Gross investments in January–December totalled EUR 15.5 (9.4) million, which was 2.2% (1.6%) of the turnover. The investments mainly include the acquisition of machinery and equipment. Depreciation including impairments totalled EUR 15.4 (16.1) million.

THE IMPACT OF COVID-19 DURING THE REVIEW PERIOD

The COVID-19 pandemic had only a small negative impact on the Group's productivity and operating profit. The impacts mainly arose from costs related to preventive actions at the factories.

COVID-19 did not have any significant negative impact on the Group's cash flow during January–December nor on the Group's financial structure or costs. The pandemic had no impact on balance sheet valuations, such as inventories, fixed assets or goodwill.

Factories have factory-specific measures to prevent the spread of COVID-19 in accordance with the prevailing situation and instructions given by the authorities. These measures include e.g., shift changes being undertaken so that employees working different shifts do not meet one another during shift changes; the enhanced cleaning of work facilities; the restriction of travel and visits, remote work when possible; the use of protective equipment and safety distances; and hygiene guidelines for employees.

The situation might change rapidly, and the company management is conscious of the importance of active monitoring and quick response.

DECISIONS BY THE ANNUAL GENERAL MEETING AND BOARD OF DIRECTORS' AUTHORISATION

Scanfil plc's Annual General Meeting was held on April 22, 2021, at the premises of Borenus Attorneys Ltd. Due to the COVID-19 pandemic, shareholders and their proxies had to vote in advance and physical attendance at the Meeting was not possible.

The Meeting authorized the Board of Directors to decide on the acquisition of the company's own shares and to decide on share issues through one or more issues.

The Board of Directors' proposals to the General Meeting and the minutes of the Annual General Meeting are available on the company website at www.scanfil.com/agm.

OWN SHARES

On December 31, 2021, the company owned 158,738 of its own shares, representing 0.3% of all shares.

SHARE TRADING AND SHARE PERFORMANCE

During January–December, a total of 290,000 treasury shares were subscribed under Scanfil Plc’s stock options 2016B (160,000 shares with EUR 571,200) and 2016C (130,000 shares with EUR 582,400). The whole subscription price of EUR 1,153,600 for subscriptions made with the stock options was recognized in the company’s reserve for invested unrestricted equity. As a result of the subscriptions, the number of Scanfil shares was 64,959,993 in total as of December 31, 2021.

The highest trading price during January–December was EUR 9.02 and the lowest was EUR 6.24, with the closing price for the period standing at EUR 7.46. A total of 4,414,796 shares were traded during the period, corresponding to 6.8% of the total number of shares. As of December 31, 2021, the market value of the shares was EUR 484.6 million.

CHANGES IN GROUP STRUCTURE

There have been no changes in the Group structure during the reporting period.

FUTURE OUTLOOK

Scanfil estimates that its turnover for 2022 will be EUR 710–760 million, and its adjusted operating profit will be EUR 43–48 million.

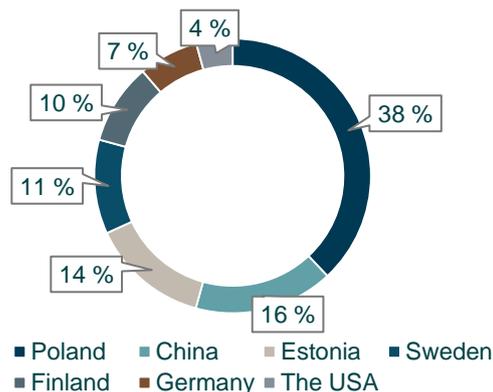
The guidance is based on customer forecasts and Scanfil’s normal forecasting process. Outlook involves uncertainty arising from the potential negative impact of the availability and prices of certain materials, especially semiconductors, and supply chains delivery capability. In addition, the COVID-19 pandemic might have a negative impact on customer demand and supply chain.

LONG-TERM TARGET

Scanfil is organically aiming for 5%-7% annual turnover growth and 7% operating profit level. Scanfil aims to pay an increasing dividend of approximately 1/3 of the earnings per share.

PERSONNEL

At the end of the period under review, the Group employed 3,282 (3,211) people, 2,970 (2,898) of whom worked outside Finland and 312 (313) in Finland. The average number of Group employees during the review period was 3,267 (3,387) people. The majority of the change is attributable to the divestment of the Hangzhou factory and personnel transferred outside of Scanfil.



OPERATIONAL RISKS AND UNCERTAINTIES

Current risks are mainly associated with the availability and prices of certain materials, especially semiconductors, and freights. In addition, COVID-19 might create currently unknown challenges for the operating environment.

A weakening of the global economy and a decrease in the international demand for capital goods could have a negative effect on the development of the business operations of Scanfil’s customers and could subsequently reduce demand in the contract manufacturing market. In particular, changes in international trade agreements and an increase in international trade restrictions could increase uncertainty in the development of the world economy. In addition, Scanfil’s business involves operational risks as well as exchange rate, interest rate and credit risks.

The company’s risks and risk management are described on the company’s website under Corporate Governance and in the notes to the consolidated financial statements.

ANNUAL GENERAL MEETING IN 2022 AND PROPOSALS BY THE BOARD OF DIRECTORS

Scanfil plc's Annual General Meeting has been planned to be held on April 21, 2022, as a remote meeting in accordance with the temporary legislative act.

The parent company's distributable assets total EUR 64,773,284.67, including undistributed profits of EUR 31,264,893.13. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.19 (0.17) per share, totalling EUR 12,316,038.45 be paid for the financial year ending on December 31, 2021. The dividend will be paid to shareholders, who are recorded

on 25 April 2022 in the company's list of shareholders maintained by Euroclear Finland Oy. The dividend will be paid on May 2, 2022.

No significant changes have taken place in the company's financial position since the end of the financial year. In the view of the Board of Directors, the proposed dividend pay-out will not put the company's liquidity at risk.

The proposal of Scanfil plc's nomination committee to the General Meeting for the composition of Scanfil plc's Board of Directors will be published in connection with the invitation to the General Meeting.

RECONCILIATION OF ADJUSTED OPERATING PROFIT, NET PROFIT FOR THE PERIOD AND SHAREHOLDERS' EQUITY

EUR million	10 - 12 2021	10 - 12 2020	1 - 12 2021	1 - 12 2020
Operating profit	9.5	4.3	39.6	44.4
Operating profit, % of turnover	5.0 %	2.8 %	5.7 %	7.5 %
Adjustment items:				
<i>Other operating income</i>				-11.5
<i>Expenses</i>	0.7	5.1	0.7	5.2
<i>Depreciation and amortization</i>		1.0		1.0
Total adjustment items	0.7	6.1		-5.3
Adjusted operating profit	10.2	10.4	40.3	39.1
Adjusted operating profit, % of turnover	5.3 %	6.8 %	5.8 %	6.6 %
Financial income and expenses	-0.2	-1.3	-1.9	-2.6
Profit before taxes	9.3	3.0	37.7	41.8
Income taxes	-0.9	0.1	-7.9	-4.9
Adjustment items:				
<i>Income taxes</i>			1.6	0.9
Total adjustment items			1.6	0.9
Net profit for the period	8.4	3.1	29.8	36.9
Earnings per share, EUR	0.13	0.05	0.46	0.57
Adjusted net profit for the period	9.1	9.2	32.0	32.5
Adjusted earnings per share, EUR	0.14	0.14	0.50	0.50
Equity			207.4	182.9
Return on equity, %			15.2 %	21.1 %
Adjustment items:				
<i>Net profit for the period</i>			2.3	7.2
<i>Impact of the sale of the subsidiary on net asset</i>				-3.7
Adjusted equity			209.7	186.4
Adjusted return on equity, %			16.3 %	18.4 %

In 2021, an adjustment of EUR 0.7 million was recognized related to the costs of closure of Hamburg subsidiary and a tax adjustment of EUR 1.6 million related to confirmed losses of EUR 8.1 million of Hungarian subsidiary, which was merged into the parent company in 2018. Based on the losses, the parent company made cross-border tax deductions in 2018 and 2019. Finnish tax authorities resolved this matter against Scanfil's interest on September 28, 2021. The company has appealed on Assessment Adjustment Board's decision to Northern Finland's administrative court in January 2022.

In the year 2020 the adjustment for other operating income consists of the Scanfil (Hangzhou) Co. Ltd capital gain of EUR 11.5 million, which includes translation differences in equity of EUR 7.9 million. The Expenses adjustment item includes expenses incurred from the sale of the Hangzhou subsidiary (EUR 0.2 million) and the closure of the Scanfil GmbH factory (EUR 5.1 million). Depreciations and decreases in the value of fixed assets EUR 1.0 million are related to the closure of the Scanfil GmbH factory. The Income taxes adjustment item includes taxes amounting to EUR 0.9 million incurred on the sale of Hangzhou subsidiary.

The result for the financial year presented in equity adjustments includes the costs and income taxes incurred on the sale of the Chinese Hangzhou subsidiary and costs incurring from the closure of the Scanfil GmbH in 2020.

KEY INDICATORS

	1 - 12 2021	1 - 12 2020
Return on equity, %	15.2	21.1
Return on investment, %	15.3	19.5
Interest-bearing liabilities, EUR million	85.2	44.0
Gearing, %	28.9	9.9
Equity ratio, %	45.3	54.3
Gross investments, EUR million	15.5	9.4
% of net turnover	2.2	1.6
Personnel, average	3 267	3 387
Earnings per share, EUR	0.46	0.57
Shareholders' equity per share, EUR	3.19	2.82
Dividend per share, EUR	0.19	0.17
Dividend per earnings, %	41.3	29.8
Effective dividend yield, %	2.55	2.61
Price-to-earnings ratio (P/E)	16.2	11.4
Year's lowest share price, EUR	6.24	3.26
Year's highest share price, EUR	9.02	6.70
Average share price for year, EUR	7.61	5.07
Share price at year's end, EUR	7.46	6.52
Market capitalization at end of year, EUR million	484.6	422.7
Number of shares at the end of period, 000's		
- not counting own shares	64 671	64 830
- weighted average	64 701	64 387

Owing to the nature of the sector, the company's order book covers only a short period of time and does not give an accurate picture of future development.

KEY INDICATORS QUARTERLY

	Q4/21	Q3/21	Q2/21	Q1/21	Q4/20	Q3/20	Q2/20	Q1/20	Q4/19
Turnover, MEUR	191.7	167.8	172.9	163.3	154.1	141.6	155.6	144.1	154.7
Operating profit, MEUR	9.5	9.5	10.6	10.0	4.3	21.2	10.2	8.6	10.0
Operating profit, %	5.0	5.7	6.1	6.1	6.0	15.0	6.5	6.0	6.5
Net income, MEUR	8.4	5.1	8.6	7.6	3.1	18.0	8.3	7.5	9.8

CALCULATION OF KEY INDICATORS

Return on equity, %	$\frac{\text{Net profit for the period} \times 100}{\text{Shareholders' equity (average)}}$
Return on investment, %	$\frac{(\text{Profit before taxes} + \text{interest and other financial expenses}) \times 100}{\text{Balance sheet total} - \text{non-interest-bearing liabilities (average)}}$
Gearing (%)	$\frac{(\text{Interest-bearing liabilities} - \text{cash and other liquid financial assets}) \times 100}{\text{Shareholders' equity}}$
Equity ratio (%)	$\frac{\text{Shareholders' equity} \times 100}{\text{Balance sheet total} - \text{advance payments received}}$
Earnings per share	$\frac{\text{Net profit for the period}}{\text{Average adjusted number of shares during the year}}$
Shareholders' equity per share	$\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares at the end of the financial period}}$
Dividend per share	$\frac{\text{Dividend to be distributed for the period (Board's proposal)}}{\text{Number of shares at the end of year}}$
Dividend per earnings (%)	$\frac{\text{Dividend per share} \times 100}{\text{Earnings per share}}$
Effective dividend yield (%)	$\frac{\text{Dividend per share} \times 100}{\text{Share price at the end of year}}$
Price-to-earnings ratio (P/E)	$\frac{\text{Share price at the end of year}}{\text{Earnings per share}}$
Average share price	$\frac{\text{Total share turnover}}{\text{Number of shares traded}}$
Market capitalization	Number of shares x last trading price of the financial period
Adjusted item	A non-recurring significant item that deviates from normal business operations, which affects the comparability between different periods

CONDENSED CONSOLIDATED INCOME STATEMENT

	10 - 12 2021	10 - 12 2020	1 - 12 2021	1 - 12 2020
EUR million				
Turnover	191.7	154.1	695.7	595.3
Other operating income	0.3	0.3	1.2	12.4
Changes in inventories of finished goods and work in progress	0.1	0.7	3.0	2.4
Manufacturing for own use		0.0		0.0
Expenses	-178.7	-146.0	-644.9	-549.7
Depreciation and amortization	-4.0	-4.8	-15.4	-16.1
Operating profit	9.5	4.3	39.6	44.4
Financial income and expenses	-0.2	-1.3	-1.9	-2.6
Profit before taxes	9.3	3.0	37.7	41.8
Income taxes	-0.9	0.1	-7.9	-4.9
Net profit for the period	8.4	3.1	29.8	36.9
Attributable to:				
Equity holders of the parent	8.4	3.1	29.8	36.9
Earnings per share for profit attributable to shareholders of the parent:				
undiluted (EUR)	0.13	0.05	0.46	0.57
diluted (EUR)	0.13	0.05	0.46	0.57

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	10 - 12 2021	10 - 12 2020	1 - 12 2021	1 - 12 2020
EUR million				
Net profit for the period	8.4	3.1	29.8	36.9
Items that may later be recognized in profit or loss				
Translation differences	1.9	1.9	3.7	-2.8
Cash flow hedges	0.2	-0.2	0.5	-0.7
Other comprehensive income, net of tax	2.1	1.7	4.2	-3.5
Total Comprehensive Income	10.5	4.9	33.9	33.4
Attributable to:				
Equity holders of the parent	10.5	4.9	33.9	33.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	31.12.2021	31.12.2020
Assets		
Non-current assets		
Property, plant and equipment	49.8	46.4
Right-of-use asset	22.2	18.1
Goodwill	8.2	8.3
Other intangible assets	12.9	14.3
Available-for-sale investments	0.5	0.5
Deferred tax assets	8.5	6.9
Total non-current assets	102.1	94.5
Current assets		
Inventories	193.4	103.3
Trade and other receivables	149.0	113.3
Advance payments	1.3	0.6
Current tax	2.6	1.8
Cash and cash equivalents	25.3	25.8
Total current assets	371.7	244.7
Total assets	473.8	339.2
	31.12.2021	31.12.2020
Shareholder's equity and liabilities		
Equity attributable to equity holders of the parent		
Share capital	2.0	2.0
Reserve for invested unrestricted equity fund	33.2	31.8
Fair value reserve	-0.1	-0.6
Other reserves	2.6	2.6
Translation differences	-2.4	-6.1
Retained earnings	172.0	153.0
Total equity	207.4	182.9
Non-current liabilities		
Deferred tax liabilities	5.3	5.7
Provisions	0.7	0.6
Interest bearing liabilities	42.1	18.2
Lease liability	19.9	15.9
Total non-current liabilities	67.9	40.4
Current liabilities		
Trade and other liabilities	172.3	100.1
Current tax	1.4	1.8
Provisions	1.6	4.2
Interest bearing liabilities	20.0	6.2
Lease liability	3.2	3.7
Total current liabilities	198.4	115.9
Total liabilities	266.4	156.3
Total shareholder's equity and liabilities	473.8	339.2

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

Equity attributable to equity holders of the parent company

EUR million		Reserve for invested	Fair				
	Share	unrestricted	value	Reserve	Translation	Retained	Equity
Equity	capital	equity fund	reserve	fund	differences	earnings	total
1.1.2021	2.0	31.8	-0.6	2.6	-6.1	153.0	182.9
Total comprehensive income			0.5		3.7	29.8	33.9
Option scheme						0.3	0.3
Paid dividends						-11.0	-11.0
Share options exercised		1.3					1.3
Equity							
31.12.2021	2.0	33.2	-0.1	2.6	-2.4	172.0	207.4

Equity attributable to equity holders of the parent company

EUR million		Reserve for invested	Fair				
	Share	unrestricted	value	Reserve	Translation	Retained	Equity
Equity	capital	equity fund	reserve	fund	differences	earnings	total
1.1.2020	2.0	31.0	0.2	6.9	4.6	122.0	166.7
Total comprehensive income			-0.7		-2.8	36.9	33.4
Selling of subsidiary				-4.3	-7.9	4.3	-7.9
Purchase of own shares						-0.8	-0.8
Option scheme						0.2	0.2
Paid dividends						-9.6	-9.6
Share options exercised		0.9					0.9
Equity							
31.12.2020	2.0	31.8	-0.6	2.6	-6.1	153.0	182.9

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

EUR million	1.1.-31.12.2021	1.1.-31.12.2020
Cash flow from operating activities		
Net profit	29.8	36.9
Adjustments for the net profit	22.7	15.2
Change in net working capital	-52.7	-8.0
Paid interests and other financial expenses	-1.0	-1.7
Interest received	0.0	0.2
Taxes paid	-11.3	-7.3
Net cash from operating activities	-12.5	35.2
Cash flow from investing activities		
Sale of a subsidiary less cash and cash equivalents at the time of disposal		13.1
Investments in tangible and intangible assets	-12.9	-9.4
Sale of tangible and intangible assets	0.4	0.3
Dividends received		0.1
Net cash from investing activities	-12.5	4.1
Cash flow from financing activities		
Related-party investment company shares	1.3	0.9
Purchase of own shares		-0.8
Proceeds from long term loans	30.0	
Repayment of long-term loans	-6.0	-6.0
Proceeds from short term loans	13.9	1.2
Repayment of short-term loans	-0.2	-15.1
Repayment of lease liabilities	-3.7	-4.0
Dividends paid	-11.0	-9.6
Net cash from financing activities	24.3	-33.3
Net increase/decrease in cash and cash equivalents	-0.8	6.0
Cash and cash equivalents at beginning of period	25.8	20.4
Changes in exchange rates	0.3	-0.5
Cash and cash equivalents at end of period	25.3	25.8

Notes to the financial statements

ACCOUNTING PRINCIPLES

The Group's financial statement has been prepared in compliance with the IAS 34 Interim Financial Reporting standard.

The accounting principles applied in this report correspond with those defined in the Group's 2020 Financial Statement.

In April 2021, the IFRS IC finalized its agenda decision Configuration or Customization Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets). The Group has carefully analyzed its implementation costs related to cloud computing arrangements and reached a conclusion that there are no impacts that should be implemented.

All individual figures and totals presented in tables have been rounded, due to which the total sum of individual figures may differ from the sum presented. The key figures have been calculated using precise values.

This financial statement release is unaudited.

In its meeting held on October 21, 2022, the Board of Directors of Scanfil plc approved this financial statement release for publication.

DISAGGREGATION OF REVENUES

EUR million	10 - 12 2021			10 - 12 2020		
	Goods	Services	Total	Goods	Services	Total
Customer Segments						
Advanced Consumer Applications	51.9	1.0	52.9	39.1	2.2	41.4
Automation & Safety	33.2	7.9	41.1	29.6	4.4	34.0
Connectivity	8.4	1.9	10.4	6.2	0.2	6.4
Energy & Cleantech	52.6	0.8	53.4	36.0	1.3	37.4
Medtec & Life Science	33.6	0.4	33.9	27.3	2.3	29.5
Discontinued	0.0	0.0	0.0	5.3	0.0	5.4
Total	179.7	12.0	191.7	143.6	10.4	154.1
Timing of revenue recognition						
Goods and services transferred at a point of time	179.7	11.3	191.0	143.6	10.0	153.6
Services transferred over time		0.7	0.7		0.5	0.5
Total	179.7	12.0	191.7	143.6	10.4	154.1

EUR million	1 - 12 2021			1 - 12 2020		
	Goods	Services	Total	Goods	Services	Total
Customer Segments						
Advanced Consumer Applications	197.5	7.1	204.6	146.5	4.7	151.3
Automation & Safety	124.6	20.3	144.9	120.6	21.5	142.1
Connectivity	32.6	2.4	35.0	28.1	0.5	28.6
Energy & Cleantech	177.8	4.3	182.1	132.8	2.8	135.6
Medtec & Life Science	114.9	5.7	120.6	101.3	6.6	107.8
Discontinued	8.5	0.0	8.5	29.7	0.2	29.9
Total	655.9	39.8	695.7	559.0	36.3	595.3
Timing of revenue recognition						
Goods and services transferred at a point of time	655.9	37.3	693.2	559.0	34.3	593.4
Services transferred over time		2.5	2.5		2.0	2.0
Total	655.9	39.8	695.7	559.0	36.3	595.3

CHANGES IN GOODWILL

EUR million	1 - 12 2021	1 - 12 2020
Book value at the beginning of the period	8.3	8.0
Exchange rate differences	-0.1	0.3
Book value at the end of the period	8.2	8.3

CHANGES IN TANGIBLE NON-CURRENT ASSETS

EUR million	1 - 12 2021	1 - 12 2020
Book value at the beginning of the period	64.5	71.6
Additions	23.6	11.4
Deductions	-4.4	-1.6
Selling of subsidiary		-2.0
Depreciations and decreases in value	-12.6	-13.4
Exchange rate differences	0.9	-1.6
Book value at the end of the period	72.0	64.5

In the financial year of 2020 Scanfil plc's subsidiary Scanfil EMS Oy sold the entire share capital of Scanfil (Hangzhou) Co., Ltd, a subsidiary located in China, for the sale price of EUR 18.4 million. The decrease in tangible non-current assets presented in the line 'Selling of subsidiary' is related to the transaction in question. Depreciations and decreases in value of fixed assets EUR 1.0 million are related to the closure of the Scanfil GmbH factory in 2021.

FINANCIAL ASSETS AND LIABILITIES, CARRYING AMOUNT AND FAIR VALUE

EUR million	31.12.2021 Book values of balance sheet values	31.12.2021 Fair values of balance sheet values
Non-current assets		
Investments	0.5	0.5
Non-current assets total	0.5	0.5
Current assets		
Trade receivables	132.6	132.6
Cash and cash equivalents	25.3	25.3
Current assets total	158.0	158.0
Total financial assets	158.5	158.5
Non-current financial liabilities		
Interest bearing liabilities from financial institutions	42.1	42.1
Non-current financial liabilities total	42.1	42.1
Current financial liabilities		
Interest bearing liabilities from financial institutions	6.2	6.2
Loans withdrawn from the credit limit	13.9	13.9
Trade payables	127.3	127.3
Derivatives	0.1	0.1
Current financial liabilities total	147.4	147.4
Total financial liabilities	189.5	189.5

The valuation of derivatives is based on market data (level 2).

The valuation of investments is based on the acquisition cost (level 3) as the fair value of the shares cannot be determined reliably.

OPEN DERIVATIVE CONTRACTS

EUR million	31.12.2021	Positive	Negative	Net	Nominal value
Interest rate swaps, protective			-0.0	-0.0	18.0
Forward exchange contracts, hedge accounting		0.1	-0.2	-0.1	30.5

PROVISIONS

EUR million	Reclamation and guarantee	Pension	Other	Restructuring provisions	Total
1.1.2021	0.2	0.1	0.4	4.0	4.7
Exchange rate differences	0.0	0.0	0.0		0.0
Additions	0.0	0.0	0.1	0.2	0.4
Used provisions				-2.8	-2.8
Cancellation of unused provisions	-0.1	0.0			-0.1
31.12.2021	0.1	0.1	0.5	1.4	2.2

Long term provisions are EUR 0.7 million and short term provisions are EUR 1.6 million.

The reclamation and warranty provision includes the estimated cost of repairing defective products that is related to customer complaints and warranty obligations, and any fees resulting from delayed deliveries. Other provisions are related to a bonus agreed upon locally in Poland to be paid on the basis of service years. It applies to employees who have worked in the company for several years. The restructuring provision includes the costs related to the closure of the Scanfil GmbH's Hamburg factory and includes mainly personnel costs.

CONTINGENT LIABILITIES

EUR million	31.12.2021	31.12.2020
Pledged guarantees	2.3	0.8

In addition to the above commitments, the following guarantees have been given:

Scanfil plc has given guarantees to Nordea Bank Abp as security for payment of the liabilities which Scanfil Sweden AB has created from time to time towards Nordea Bank Abp on the basis of derivative contracts concluded, as well as to Skandinaviska Enskilda Banken AB replacing the previous liabilities of Scanfil Sweden AB. The maximum liability to Skandinaviska Enskilda Banken AB is EUR 3.6 million.

Scanfil plc has given a guarantee for the lease obligations of its subsidiary Scanfil Inc

Scanfil EMS Oy has given a guarantee to Nordea Bank AB Shanghai Branch of any obligations arising from a loan facility of CNY 137 million between the subsidiary Scanfil (Suzhou) Co., Ltd. and the Nordea Bank AB Shanghai Branch.

Scanfil EMS Oy has given a guarantee of any obligations arising from the subsidiary's delivery contracts with its customers. The guarantee is limited to a maximum of EUR 7.5 million and seven years after the expiry of the last product agreement.

Scanfil Sweden AB has given a guarantee to the lessor as security for the liabilities under the lease contract regarding the premises leased by the Polish subsidiary Scanfil Poland Sp. z o.o.

On behalf of the group companies may be given usual parent company guarantees from time to time as security for the fulfillment of their customer agreement obligations.

EVENTS AFTER THE REVIEW PERIOD

No material events to be reported have occurred after the reporting period.

SCANFIL PLC

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CEO

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Scanfil is an international manufacturing partner and system supplier for the electronics industry with 40 years of experience in demanding manufacturing. Scanfil provides its customers with an extensive array of services, ranging from product design to product manufacturing, material procurement and logistics solutions. Vertically integrated production and a comprehensive supply chain are the foundation of Scanfil's competitive advantages: speed, flexibility and reliability.

Typical Scanfil products are modules or integrated products for e.g. self-service application, automation systems, wireless connectivity modules, climate control systems, collection and sorting systems, analyzers and environmental measurement solutions. Scanfil services are used by numerous international automation, safety, energy, cleantech and health service providers, as well as companies operating in the field of urbanization. Scanfil's network of factories consists of nine production units in Europe, Asia and North America.

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