

SCANFIL

SCANFIL PLC Q1/2020 INTERIM REPORT

Scanfil Plc
2020 Q1
Interim Report

24 APRIL 2020



Scanfil Group's Interim Report for January – March 2020

Q1/2020: A robust start of the year; we keep our outlook for the year

January - March

- Turnover totalled EUR 144.1 million (Q1 2019: 129.9), increase of 10.9%
- Operating profit EUR 8.6 (6.8) million, 6.0% (5.3%) of turnover, increase of 26.1%
- Net profit was EUR 7.5 (4.8) million
- Earnings per share were EUR 0.12 (0.08)

Future Outlook

Scanfil estimates that its turnover for 2020 will be EUR 590 – 640 million and adjusted operating profit will amount to EUR 39 – 43 million. The estimation is based on our existing understanding of impact of Coronavirus.

Scanfil update its definition of uncertainties related to the future outlook as following: “The 2020 guidance is subject to exceptional uncertainty due to the potential negative effects of the coronavirus pandemic on customer demand, supply chain capacity as well as the safety and operational capability of our own plants and personnel.”

The earlier definition of uncertainties was “The 2020 guidance is subject to exceptional uncertainty due to the potential negative impact of the Coronavirus epidemic on customer demand and, in particular, the situation in China.”

Long Term Target

Scanfil's long-term target: In 2023, Scanfil is organically aiming for EUR 700 million turnover and 7% operating profit.

In addition, Scanfil is actively exploring acquisitions, especially in the Nordic countries and Central Europe.

KEY FIGURES

| | Q1/2020 | Q1/2019 | Change% | 2019 |
|--|---------|---------|---------|-------|
| Turnover, EUR million | 144.1 | 129.9 | 10.9% | 579.4 |
| Operating Profit, EUR million | 8.6 | 6.8 | 26.1% | 35.3 |
| Operating Profit, Adjusted, EUR million | 8.6 | 6.8 | 26.1% | 39.4 |
| Operating Profit, % | 6.0 | 5.3 | | 6.1 |
| Operating Profit, Adjusted, % | 6.0 | 5.3 | | 6.8 |
| Net Profit, EUR million | 7.5 | 4.8 | 55.4% | 28.1 |
| Net Profit, Adjusted, EUR million | 7.5 | 4.8 | 55.4% | 32.1 |
| Earnings per Share, EUR | 0.12 | 0.08 | 53.4% | 0.44 |
| Earnings per Share, Adjusted, EUR | 0.12 | 0.08 | 53.4% | 0.50 |
| Return on Equity, % | 17.9 | 13.0 | | 18.0 |
| Return on Equity, Adjusted, % | 17.9 | 13.0 | | 20.4 |
| Equity Ratio, % | 48.8 | 46.4 | | 49.1 |
| Net Gearing, % | 25.0 | 30.8 | | 27.7 |
| Net Cash Flow from Operations, EUR million | 5.9 | -0.4 | | 35.9 |
| Employees (Average) | 3 522 | 3 443 | 2.3% | 3 530 |

The first quarter included no adjustment items.

CEO PETERI JOKITALO

Our turnover during the first quarter was EUR 144.1 million, showing an increase of EUR 14.2 million, or 10.9%, year-on-year. The development of sales was particularly strong in March, compensating for the slower February. Longer than expected, shutdowns of plants in China due to the coronavirus situation had a negative impact on realized sales in February. The delivery capacity of the supply chain did not set any major restrictions on our deliveries during the quarter.

Demand developed positively in the Communication, Energy & Automation, and Industrial segments. The acquisition of HASEC during the previous year attributed to two thirds of the growth.

The operating profit was EUR 8.6 (6.8) million, comprising 6.0% of the turnover, and increased by 26% from the previous year. Profitability developed as expected during the quarter.

In the first quarter of 2020, the net cash flow from operations, before investments and financial items, was EUR 5.6 (-0.4) million. Scanfil's liquidity is strong: we had EUR 21 million in cash assets and an unused credit facility of EUR 37 million at the end of the quarter. The equity ratio was 48.8% and net gearing 25%. Scanfil's financial position is strong, allowing our planned investments, providing safety in terms of short-term challenges and enabling flexibility for opportunities.

We have been determined to continue our investment program as planned. In 2020 we have invested, for example, in an electronics assembly line at the Sieradz plant and an automated storage system at the Åtvidaberg plant.

As a result of the coronavirus pandemic, Scanfil's visibility for the rest of the year has decreased, and

uncertainties have increased. Scanfil has risks related to customer demand, the delivery capacity of the supply chain, as well as the safety and capability of Scanfil's plants and employees. We have already seen some of these risks materializing, and this trend will likely continue during the next months.

The health and safety of our employees is always priority number one. We always comply with the instructions of local health authorities, and we also share the best practices between our plants to minimize coronavirus risks. If necessary, we are also ready to take rapid and drastic measures to protect our employees.

We had in our Myslowice plant in Poland a two-week production stop due to coronavirus infections and related quarantine periods among employees. During the production stop, we revisited our plans and procedures to better avoid spreading of the COVID-19 virus in the factory and are ensuring normal operations after re-starting on Monday, April 27. The revisited plan will also be implemented in our other ten factories, where so far we have not experienced any similar disruptions.

Even we have seen some of our customers' expected demand to drop during the second and third quarters, the big picture based on our customers' forecasts for 2020 is still strong. We keep our guidance unchanged for the whole year, and we expect our turnover for 2020 to be EUR 590 – 640 million and our operating profit to be EUR 39 – 43 million. Uncertainties and risks are increasing, and we will update our guidance if this is necessary.

I am satisfied with our strong start at the beginning of the year. We are in good stroke now when we are heading to stormy times. I would like to thank all our customers and suppliers for your trust and support, and all our employees for a job well done.

MARKETS AND CUSTOMER SEGMENTS

Scanfil divides its customers into the following customer segments: Communication, Consumer Applications, Energy & Automation, Industrial, and Medtec & Life Science. Typical products of the different customer segments are as following:

- Communication segment include base stations, exchanges and amplifiers, as well as different camera and radio systems.
- Consumer Applications segment's products are typically used by consumers. These include reverse vending machines, machines for self-service laundromats and photo booths, for example.
- Energy & Automation segment's products include frequency converters, inverters, switches and automation systems.
- Industrial segment's products are used in industrial applications, such as forklift guidance systems and smart lighting systems.
- Medtec & Life Science segment include dental chairs, analyzers, mass spectrometers and cloud height indicators.

During the first quarter, the Group's turnover increased by EUR 14.2 million, or 10.9%, compared to the corresponding period of the previous year. Two thirds of the increase in turnover came from the acquisition of HASEC during the previous year, while one third comprised organic growth.

Turnover for the quarter was EUR 144.1 million, somewhat lower than we expected due to the longer-than-planned closure of Chinese facilities in February due to the corona epidemic.

The turnover of the Communication segment increased compared to first quarter of the previous year by EUR 4.4 million (24.7%). The biggest single growth driver was the demand for 5G network elements.

The Consumer Applications segment's turnover decreased by EUR 4.8 million (-20.6%). The main reason for the decline in turnover in the first quarter is due to the timing of demand from a major customer which is starting in the second quarter of the year, unlike last year. In addition, in this segment we experienced a softening demand from a few customers due to the corona epidemic.

The turnover of the Energy & Automation segment increased by EUR 5.0 million (19.5%). This increase came broadly from the segment's customers and strengthened throughout the quarter.

The turnover of the Industrial segment increased by EUR 9.7 million (27.0%). This was mainly due to the acquisition of HASEC.

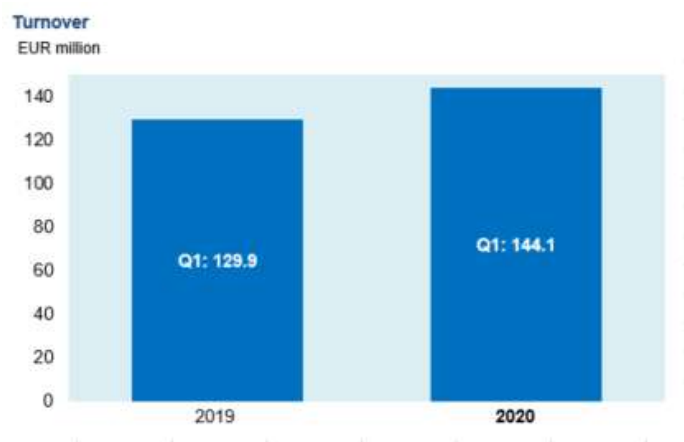
The turnover of the Medtec & Life Science segment remained at the previous year's level.

During the first quarter the largest customer accounted for about 13% (14%) of turnover and the top ten customers accounted for about 58% (56%) of turnover.

| EUR million | Q1/2019 | Q2 /2019 | Q3/2019 | Q4/2019 | 2019 | Q1/2020 | % of Q1 turnover 2020 |
|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------------------|
| Communication | 17.9 | 19.4 | 21.4 | 20.7 | 79.4 | 22.4 | 15.5% |
| Consumer Applications | 23.5 | 27.6 | 27.8 | 28.3 | 107.3 | 18.7 | 12.9% |
| Energy & Automation | 25.7 | 28.3 | 27.9 | 29.4 | 111.3 | 30.7 | 21.3% |
| Industrial | 35.9 | 41.5 | 49.0 | 46.8 | 173.3 | 45.6 | 31.7% |
| Medtec & Life Science | 26.9 | 25.7 | 26.1 | 29.4 | 108.1 | 26.7 | 18.5% |
| Total | 129.9 | 142.6 | 152.3 | 154.7 | 579.4 | 144.1 | 100.0% |

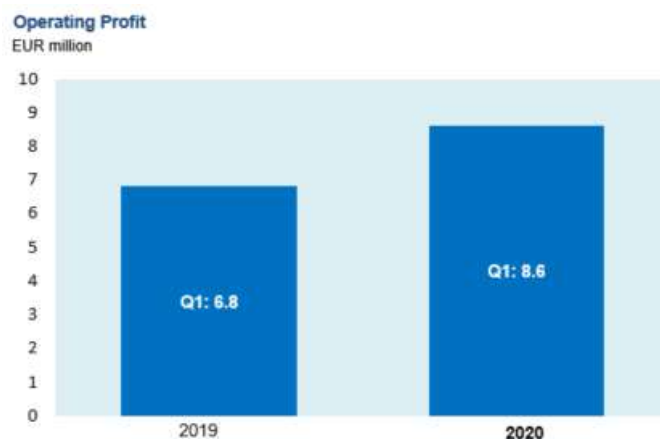
TURNOVER

- **January – March** turnover totaled to EUR 144.1 million, increase of EUR 14.2 million, 10.9%, compared to the corresponding period of the previous year.
- Two thirds of the increase in turnover was due to the acquisition of HASEC during the previous year.
- Key changes per customer segment are presented under Markets and customer segments on the previous page.



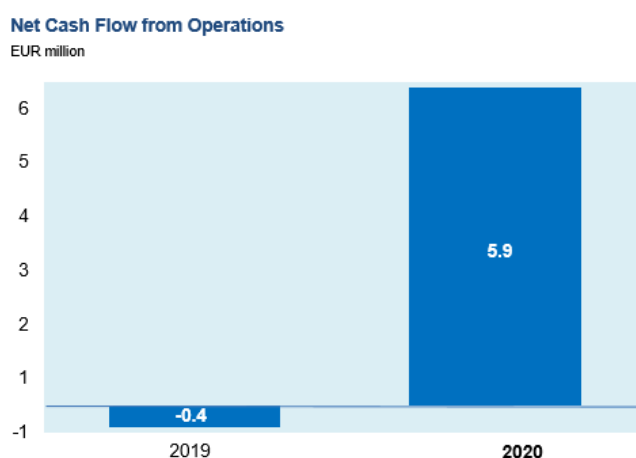
OPERATING PROFIT

- **January – March** operating profit was EUR 8.6 million, 6.0% of turnover. Operating profit increased EUR 1.8 million, 26.1%, compared to the corresponding of the previous year.
 - The increase in operating profit mainly resulted from the increase in turnover. Particularly in March, the strong turnover supported factories' profit-making in general.
 - Operational efficiency improved, driving the operating profit rate up by 0.7 percentage points compared with the corresponding period in the previous year.



NET CASH FLOW FROM OPERATIONS

- **January – March** the net cash flow from operating activities was EUR 5.9 million and was EUR 6.3 million better compared to the previous year.
 - The improvement in the net cash flow from operations resulted from the positive development of the operating profit and less working capital being tied up than in the previous year.



Scanfil Group's Interim Report for 1 January – 31 March 2020

FINANCIAL DEVELOPMENT

The Group's turnover for January – March was EUR 144.1 (129.9) million, increase of 10.9% compared to the corresponding period of the previous year.

Two thirds of the increase in turnover came from the acquisition of HASEC during the previous year, while one third comprised organic growth.

Turnover for the quarter was EUR 144.1 million, somewhat lower than we expected due to the longer-than-planned closure of Chinese facilities in February due to the corona epidemic.

The turnover of the Communication segment increased compared to first quarter of the previous year by EUR 4.4 million (24.7%). The biggest single growth driver was the demand for 5G network elements.

The Consumer Applications segment's turnover decreased by EUR 4.8 million (-20.6%). The main reason for the decline in turnover in the first quarter is due to the timing of demand from a major customer which is starting in the second quarter of the year, unlike last year. In addition, in this segment we experienced a softening demand from a few customers due to the corona epidemic.

The turnover of the Energy & Automation segment increased by EUR 5.0 million (19.5%). This increase came broadly from the segment's customers and strengthened throughout the quarter.

The turnover of the Industrial segment increased by EUR 9.7 million (27.0%). This was mainly due to the acquisition of HASEC.

The turnover of the Medtec & Life Science segment remained at the previous year's level.

The Group's operating profit for January – March was EUR 8.6 (6.8) million, 6.0% (5.3%) of turnover. Operating profit increased 26.1% compared the corresponding period of the previous year. The increase in the operating profit resulted from the increase in turnover and improved operational efficiency. The net profit for the review period was EUR 7.5 (4.8) million.

Earnings per share for the review period were EUR 0.12 (0.08). Return on investment was 17.8% (14.0%). The improved return on investment resulted from results being higher than in the previous year.

FINANCING AND CAPITAL EXPENDITURE

The Group's financial position is stable. The consolidated balance sheet total stood at EUR 345.5 (327.9). Cash assets totalled EUR 20.7 (19.1) million. Liabilities amounted to EUR 177.4 (175.7) million, of which non-interest-bearing liabilities totalled EUR 114.73 (109.8) million and interest-bearing liabilities totalled EUR 62.7 (65.9) million. The equity ratio was 48.8% (46.4%), and net gearing was 25.0% (30.8%). Equity per share was EUR 2.60 (2.38).

Group's financial arrangement includes dismissal 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.

Net cash flow from operating activities for the review period January - March was EUR 5.9 (-0.4) million. The change in net working capital during the period amounted to EUR -4.3 (-8.0) million. The change in working capital in January – March 2020 compared to the turn of the previous year consists of the following items: short-term non-interest-bearing receivables increased by EUR 3.8 million, inventories increased by EUR 8.5 million and short-term non-interest-bearing liabilities increased by EUR 8.0 million. Net cash flow from investments was EUR -1.5 (-2.7) million. Cash flow from financing was EUR -4.1 (2.3) million including EUR 3.2 million in repayments of long-term loans.

Gross investments in January – March totalled EUR 1.6 (2.6) million, which was 1.1% (2.0%) of the turnover. The investments included mainly machinery and equipment acquisitions. Depreciation totalled EUR 3.8 (3.2) million.

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

Scanfil plc's Annual General Meeting was held on 23 April 2020 in the company headquarters in Sievi, Finland.

According to Board of Directors' proposal, The Annual General Meeting decided to distribute a dividend of EUR 0.15 per outstanding share. The record date for the payment of dividend is 27 April 2020 and the date of payment of the dividend is 5 May 2020.

The Meeting resolved that the Board of Directors consists of six members. Harri Takanen, Jarkko Takanen, Christer Härkönen, Bengt Engström and

Christina Lindstedt were re-elected as members of the Board of Directors and Juha Räisänen as a new member of the Board. The meeting decided that the remuneration of Chairman of the Board of Directors is EUR 4,000/month and remuneration of a member of the Board of Directors is EUR 2,400/month. Additionally members of the Committee will receive a compensation of EUR 550/meeting. Additional fee of EUR 200 per face-to-face meeting will be paid for the Board Members living outside of Finland.

In its meeting, held after the General Meeting, the Board of Directors elected Harri Takanen as the Chairman of the Board of Directors.

The company's auditor is KPMG Oy AB, a company of Authorized Public Accountants, and the main auditor is Authorized Public Accountant Kirsi Jantunen. The auditor is appointed for an indefinite term.

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 are available on the company website at www.scanfil.com.

The minutes of the Annual General Meeting will be available on the company's website, www.scanfil.com, as of 7 May 2020.

OWN SHARES

On 31 March 2020 company owned 389,192 its own shares, representing 0.6% of all shares.

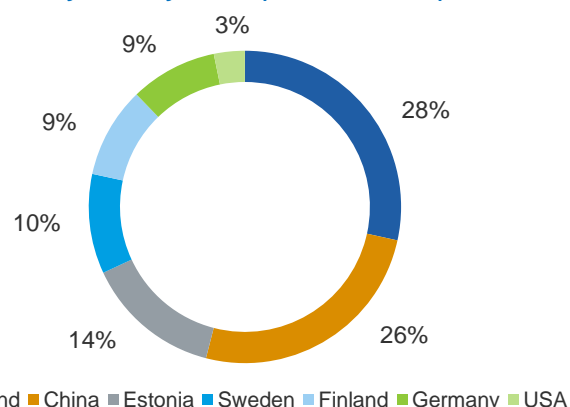
SHARE TRADING AND SHARE PERFORMANCE

The highest trading price during the review period was EUR 5.40 and the lowest EUR 3.26, the closing price for the period standing at EUR 4.17. A total of 2,012,669 shares were traded during the period, corresponding to 3.1% of the total number of shares. The market value of the shares on 31 March 2020 was EUR 269.8 million

PERSONNEL

At the end of the period under review, the Group employed 3,501 (3,460) people, of whom 3,172 (3,135) worked outside Finland and 329 (325) in Finland. The average number of Group employees during the review period was 3,522 (3,443) people.

Personnel by Country 3,501 (31 March 2020)



FUTURE OUTLOOK

Scanfil estimates that its turnover for 2020 will be EUR 590 – 640 million and adjusted operating profit will amount to EUR 39 – 43 million.

The estimation is based on our existing understanding of impact of Coronavirus. The 2020 guidance is subject to exceptional uncertainty due to the potential negative effects of the coronavirus pandemic on customer demand, supply chain capacity as well as the safety and operational capability of our own plants and personnel.

LONG TERM TARGET

In 2023, Scanfil is organically aiming for EUR 700 million turnover and 7% operating profit level.

In addition, Scanfil is actively exploring acquisitions, especially in the Nordic countries and Central Europe.

OPERATIONAL RISKS AND UNCERTAINTIES

At present, uncertainty in the current year is caused by the yet unknown negative effects of the spread of the Coronavirus pandemic. No essential changes have taken place in the Scanfil's other business risks during the review period.

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 is exposed to risks resulting from exchange rate fluctuations in its business operations.

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.

ACCOUNTING PRINCIPLES

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

The accounting principles applied in this Interim Report correspond with those defined in the Group's 2019 financial statements.

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 Interim Report is unaudited.

In its meeting held on 23 April 2020, the Board of Director of Scanfil plc approved this Interim Report release for publication.

CONSOLIDATED INCOME STATEMENT

EUR million

| | 1 - 3 2020 | 1 - 3 2019 | 1 - 12 2019 |
|---|---------------|---------------|----------------|
| Turnover | 144.1 | 129.9 | 579.4 |
| Other operating income | 0.2 | 0.1 | 1.0 |
| Changes in inventories of finished goods and work in progress | 2.1 | 0.4 | 0.8 |
| Manufacturing for own use | | | 0.0 |
| Expenses | -134.0 | -120.4 | -528.2 |
| Depreciation | -3.8 | -3.2 | -17.7 |
| Operating profit | 8.6 | 6.8 | 35.3 |
| Financial income and expenses | 0.1 | -0.8 | -1.3 |
| Profit before taxes | 8.7 | 6.0 | 34.0 |
| Income taxes | -1.2 | -1.2 | -5.9 |
| Net profit for the period | 7.5 | 4.8 | 28.1 |
| Attributable to: | | | |
| Equity holders of the parent | 7.5 | 4.8 | 28.1 |
| Earnings per share for profit attributable to shareholders of the parent: | | | |
| undiluted (EUR) | 0.12 | 0.08 | 0.45 |
| diluted (EUR) | 0.12 | 0.08 | 0.43 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million

| | 1 - 3 2020 | 1 - 3 2019 | 1 - 12 2019 |
|--|---------------|---------------|----------------|
| Net profit for the period | 7.5 | 4.8 | 28.1 |
| Items that may later be recognized in profit or loss | | | |
| Translation differences | -5.2 | 2.3 | 0.3 |
| Cash flow hedges | -0.6 | 0.2 | 0.4 |
| Other comprehensive income, net of tax | -5.8 | 2.5 | 0.7 |
| Total Comprehensive Income | 1.7 | 7.3 | 28.8 |
| Attributable to: | | | |
| Equity holders of the parent | 1.7 | 7.3 | 28.8 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million

| Assets | 31.3.2020 | 31.3.2019 | 31.12.2019 |
|--|------------------|------------------|-------------------|
| Non-current assets | | | |
| Property, plant and equipment | 48.3 | 48.1 | 50.7 |
| Right-of-use asset | 19.9 | 17.6 | 21.0 |
| Goodwill | 7.7 | 10.0 | 8.0 |
| Other intangible assets | 16.0 | 12.0 | 16.8 |
| Available-for-sale investments | 0.5 | 0.0 | 0.5 |
| Deferred tax assets | 5.7 | 4.8 | 5.7 |
| Total non-current assets | 98.2 | 92.5 | 102.7 |
| Current assets | | | |
| Inventories | 107.8 | 105.6 | 101.9 |
| Trade and other receivables | 115.7 | 107.0 | 112.1 |
| Advance payments | 0.6 | 0.6 | 0.5 |
| Current tax | 2.5 | 3.1 | 2.4 |
| Cash and cash equivalents | 20.7 | 19.1 | 20.4 |
| Total current assets | 247.4 | 235.4 | 237.3 |
| Total assets | 345.5 | 327.9 | 340.0 |
| Shareholder's equity and liabilities | | | |
| Equity attributable to equity holders of the parent | | | |
| Share capital | 2.0 | 2.0 | 2.0 |
| Reserve for invested unrestricted equity fund | 31.0 | 28.4 | 31.0 |
| Fair value reserve | -0.5 | -0.0 | 0.2 |
| Other reserves | 6.9 | 6.9 | 6.9 |
| Translation differences | -0.6 | 6.6 | 4.6 |
| Retained earnings | 129.3 | 108.2 | 122.0 |
| Total equity | 168.1 | 152.1 | 166.7 |
| Non-current liabilities | | | |
| Deferred tax liabilities | 6.6 | 5.9 | 7.0 |
| Provisions | 0.5 | 0.3 | 0.4 |
| Interest bearing liabilities | 21.6 | 13.3 | 24.7 |
| Lease liability | 17.5 | 16.1 | 18.8 |
| Total non-current liabilities | 46.1 | 35.6 | 50.9 |
| Current liabilities | | | |
| Trade and other liabilities | 104.2 | 101.3 | 96.1 |
| Current tax | 3.2 | 2.1 | 3.0 |
| Provisions | 0.2 | 0.2 | 0.2 |
| Interest bearing liabilities | 19.8 | 33.5 | 19.5 |
| Lease liability | 3.8 | 3.1 | 3.5 |
| Total current liabilities | 131.2 | 140.1 | 122.4 |
| Total liabilities | 177.4 | 175.7 | 173.3 |
| Total shareholder's equity and liabilities | 345.5 | 327.9 | 340.0 |

CONSOLIDATED CASH FLOW STATEMENT

EUR million

| | 1.1.-31.3.2020 | 1.1.-31.3.2019 | 1.1.-31.12.2019 |
|---|----------------|----------------|-----------------|
| Cash flow from operating activities | | | |
| Net profit | 7.5 | 4.8 | 28.1 |
| Adjustments for the net profit | 4.6 | 5.3 | 25.6 |
| Change in net working capital | -4.3 | -8.0 | -7.6 |
| Paid interests and other financial expenses | -0.7 | -0.4 | -2.3 |
| Interest received | 0.1 | 0.0 | 0.3 |
| Taxes paid | -1.3 | -2.1 | -8.2 |
| Net cash from operating activities | 5.9 | -0.4 | 35.9 |
| Cash flow from investing activities | | | |
| Acquisition of subsidiaries less cash and cash equivalents at the time of acquisition | | | -7.5 |
| Investments in tangible and intangible assets | -1.9 | -2.7 | -10.6 |
| Sale of tangible and intangible assets | 0.3 | 0.0 | 0.5 |
| Dividends received | 0.1 | | |
| Net cash from investing activities | -1.5 | -2.7 | -17.6 |
| Cash flow from financing activities | | | |
| Related-party investment company shares | | | 0.4 |
| Purchase of own shares | -0.3 | | -1.2 |
| Proceeds from long term loans | | | 30.0 |
| Repayment of long-term loans | -3.2 | | -23.8 |
| Proceeds from short term loans | 0.4 | 3.1 | 5.3 |
| Repayment of short-term loans | | | -16.1 |
| Repayment of lease liabilities | -0.9 | -0.8 | -3.3 |
| Dividends paid | | | -8.3 |
| Net cash from financing activities | -4.1 | 2.3 | -17.1 |
| Net increase/decrease in cash and cash equivalents | 0.3 | -0.8 | 1.1 |
| Cash and cash equivalents at beginning of period | 20.5 | 19.1 | 19.2 |
| Changes in exchange rates | 0.0 | 0.7 | 0.1 |
| Cash and cash equivalents at end of period | 20.7 | 19.1 | 20.4 |

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

EUR million

Equity attributable to equity holders of the parent company

| Equity | Share capital | Reserve for invested unrestricted equity fund | Fair value reserve | Reserve fund | Translation differences | Retained earnings | Equity total |
|----------------------------|---------------|---|--------------------|--------------|-------------------------|-------------------|--------------|
| 1.1.2020 | 2.0 | 31.0 | 0.2 | 6.9 | 4.6 | 122.0 | 166.7 |
| Total comprehensive income | | | -0.6 | | -5.2 | 7.5 | 1.7 |
| Option Scheme | | | | | | 0.1 | 0.1 |
| Purchase of own shares | | | | | | -0.3 | -0.3 |
| Equity 31.3.2020 | 2.0 | 31.0 | -0.5 | 6.9 | -0.6 | 129.3 | 168.1 |

Equity attributable to equity holders of the parent company

| Equity | Share capital | Reserve for invested unrestricted equity fund | Fair value reserve | Reserve fund | Translation differences | Retained earnings | Equity total |
|----------------------------|---------------|---|--------------------|--------------|-------------------------|-------------------|--------------|
| 1.1.2019 | 2.0 | 28.4 | -0.2 | 6.7 | 4.3 | 103.6 | 144.7 |
| Total comprehensive income | | | 0.2 | | 2.3 | 4.8 | 7.3 |
| Fund transfer | | | | 0.2 | | -0.2 | |
| Option Scheme | | | | | | 0.0 | 0.0 |
| Equity 31.3.2019 | 2.0 | 28.4 | -0.0 | 6.9 | 6.6 | 108.2 | 152.1 |

KEY INDICATORS

| | 1 - 3 2020 | 1 - 3 2019 | 1 - 12 2019 |
|---|---------------|---------------|----------------|
| Return on equity, % | 17.9 | 13.0 | 18.0 |
| Return on investment, % | 17.8 | 14.0 | 17.0 |
| Interest-bearing liabilities, EUR million | 62.7 | 65.9 | 66.6 |
| Gearing, % | 25.0 | 30.8 | 27.7 |
| Equity ratio, % | 48.8 | 46.4 | 49.1 |
| Gross investments, EUR million | 1.6 | 2.6 | 21.1 |
| % of net turnover | 1.1 | 2.0 | 3.6 |
| Personnel, average | 3,522 | 3,443 | 3,530 |
| Earnings per share, EUR | 0.12 | 0.08 | 0.44 |
| Shareholders' equity per share, EUR | 2.60 | 2.38 | 2.58 |
| Number of shares at the end of period, 000's | | | |
| - not counting own shares | 64,311 | 64,035 | 64,400 |
| - weighted average | 64,389 | 64,035 | 64,296 |

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.

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

EUR million

| | 1 - 3 2020 | 1 - 3 2019 | 1 - 12 2019 |
|---|---------------|---------------|----------------|
| Operating profit | 8.6 | 6.8 | 35.3 |
| Operating profit, % of turnover | 6.0% | 5.3% | 6.1% |
| Adjustment items: | | | |
| <i>Goodwill write-down</i> | | | 3.6 |
| <i>Acquisition costs of acquired transactions</i> | | | 0.4 |
| Adjustment items total | | | 4.0 |
| Adjusted operating profit | 8.6 | 6.8 | 39.4 |
| Adjusted operating profit, % of turnover | 6.0% | 5.3% | 6.8% |
| Financial income and expenses | 0.1 | -0.8 | -1.3 |
| Profit before taxes | 8.7 | 6.0 | 34.0 |
| Income taxes | -1.2 | -1.2 | -5.9 |
| Net profit for the period | 7.5 | 4.8 | 28.1 |
| Earnings per share, EUR | 0.12 | 0.08 | 0.44 |
| Adjusted net profit for the period | 7.5 | 4.8 | 32.1 |
| Adjusted earnings per share, EUR | 0.12 | 0.08 | 0.50 |
| Equity | 168.1 | 152.1 | 166.7 |
| Return on equity, % | 17.9% | 13.0% | 18.0% |
| Adjustment items: | | | |
| <i>Net profit for the period</i> | | | 4.0 |
| Adjusted equity | 168.1 | 152.1 | 170.7 |
| Adjusted return on equity, % | 17.9% | 13.0% | 20.4% |

The first quarter included no adjustment items.

DISAGGREGATION OF REVENUES

EUR million

| | 1 - 3 2020 | | | 1 - 3 2019 | | | 1 - 12 2019 | | |
|---|---------------|------------|--------------|---------------|------------|--------------|----------------|-------------|--------------|
| | Goods | Services | Total | Goods | Services | Total | Goods | Services | Total |
| Customer Segments | | | | | | | | | |
| Communication | 19.3 | 3.1 | 22.4 | 14.9 | 3.1 | 17.9 | 66.9 | 12.5 | 79.4 |
| Consumer Applications | 17.9 | 0.7 | 18.7 | 22.6 | 0.9 | 23.5 | 103.2 | 4.1 | 107.3 |
| Energy & Automation | 29.1 | 1.6 | 30.7 | 24.7 | 1.0 | 25.7 | 105.7 | 5.7 | 111.3 |
| Industrial | 43.7 | 1.9 | 45.6 | 33.5 | 2.4 | 35.9 | 161.9 | 11.3 | 173.3 |
| Medtec & Life Science | 25.4 | 1.4 | 26.7 | 25.1 | 1.8 | 26.9 | 100.9 | 7.2 | 108.1 |
| Total | 135.3 | 8.7 | 144.1 | 120.7 | 9.2 | 129.9 | 538.6 | 40.8 | 579.4 |
| Timing of revenue recognition | | | | | | | | | |
| Goods and services transferred at a point of time | 135.3 | 8.0 | 143.4 | 120.7 | 8.3 | 129.0 | 538.6 | 37.3 | 575.9 |
| Services transferred over time | | 0.7 | 0.7 | | 0.9 | 0.9 | | 3.5 | 3.5 |
| Total | 135.3 | 8.7 | 144.1 | 120.7 | 9.2 | 129.9 | 538.6 | 40.8 | 579.4 |

CHANGES IN GOODWILL

EUR million

| | 1 - 3 | 1 - 3 | 1 - 12 |
|--|--------------|--------------|---------------|
| | 2020 | 2019 | 2019 |
| Book value at the beginning of the period | 8.0 | 10.1 | 10.1 |
| Business combinations | | | 1.6 |
| Impairment | | | -3.6 |
| Exchange rate differences | -0.3 | -0.1 | -0.2 |
| Book value at the end of the period | 7.7 | 10.0 | 8.0 |

In the financial year 2019, the business combination consists of the goodwill recognized from the acquisition of Hasec-Elektronik GmbH and the impairments include the write-down of goodwill of Scanfil GmbH.

CHANGES IN TANGIBLE NON-CURRENT ASSETS

EUR million

| | 1 - 3 | 1 - 3 | 1 - 12 |
|--|--------------|--------------|---------------|
| | 2020 | 2019 | 2019 |
| Book value at the beginning of the period | 71.6 | 63.9 | 63.9 |
| Additions | 1.6 | 3.8 | 10.0 |
| Deductions | -0.1 | 0.0 | 0.2 |
| Business combinations | | | 10.4 |
| Depreciations | -3.1 | -2.7 | -11.8 |
| Exchange rate differences | -1.8 | 0.6 | -1.3 |
| Book value at the end of the period | 68.2 | 65.7 | 71.6 |

FINANCIAL ASSETS AND LIABILITIES, CARRYING AMOUNT AND FAIR VALUE

EUR million

| | 31.3.2020 | 31.3.2020 |
|--|---|---|
| | Book values of balance sheet values | 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 | 104.3 | 104.3 |
| Cash and cash equivalents | 20.7 | 20.7 |
| Current assets total | 124.9 | 124.9 |
| Total financial assets | 125.5 | 125.5 |
| Non-current financial liabilities | | |
| Interest bearing liabilities from financial institutions | 21.6 | 21.6 |
| Lease liability | 17.5 | 17.5 |
| Non-current financial liabilities total | 39.1 | 39.1 |
| Current financial liabilities | | |
| Interest bearing liabilities from financial institutions | 6.3 | 6.3 |
| Lease liability | 3.8 | 3.8 |
| Loans withdrawn from the credit limit | 13.5 | 13.5 |
| Trade payables | 79.6 | 79.6 |
| Derivatives | 0.6 | 0.6 |
| Current financial liabilities total | 103.8 | 103.8 |
| Total financial liabilities | 142.8 | 142.8 |

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.

SCANFIL

OPEN DERIVATIVE CONTRACTS

EUR million

| | Positive | Negative | Net | Nominal value |
|---------------------------------|----------|----------|------|---------------|
| Interest rate swaps, protective | 0.0 | -0.5 | -0.5 | 22.8 |

PROVISIONS

EUR million

| | Reclamation and guarantee | Pension | Other | Total |
|---------------------------|------------------------------|------------|------------|------------|
| 1.1.2020 | 0.2 | 0.1 | 0.3 | 0.6 |
| Exchange rate differences | 0.0 | 0.0 | 0.0 | 0.0 |
| Additions | 0.0 | 0.0 | 0.1 | 0.1 |
| 31.3.2020 | 0.2 | 0.1 | 0.4 | 0.7 |

Long term provisions are EUR 0.5 million and short term provisions EUR 0.2 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.

CONTINGENT LIABILITIES

EUR million

| | 1 - 3 2020 | 1 - 3 2019 | 1 - 12 2019 |
|--------------------|---------------|---------------|----------------|
| Business mortgages | | 110.0 | 10.0 |
| Pledged guarantees | 8.4 | 8.6 | 8.6 |

The amount of bank guarantees is due to the guarantees given to the customer in connection with the storage arrangement.

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

Scanfil Oyj has given absolute 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 Oyj has provided a guarantee for the lease obligations of its subsidiary Scanfil Inc.

Scanfil EMS Oy has provided 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.

KEY INDICATORS QUARTERLY

EUR million

| | Q1/20 | Q4/19 | Q3/19 | Q2/19 | Q1/19 | Q4/18 | Q3/18 | Q2/18 | Q1/18 |
|------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Turnover, MEUR | 144.1 | 154.7 | 152.3 | 142.6 | 129.9 | 140.2 | 131.5 | 151.7 | 139.6 |
| Operating profit, MEUR | 8.6 | 10.0 | 12.1 | 6.4 | 6.8 | 7.5 | 8.8 | 11.2 | 10.3 |
| Operating profit, % | 6.0 | 6.5 | 7.9 | 4.5 | 5.3 | 5.4 | 6.7 | 7.4 | 7.4 |
| Net income, MEUR | 7.5 | 9.8 | 8.8 | 4.6 | 4.8 | 6.4 | 6.9 | 8.0 | 7.6 |

CALCULATION OF KEY INDICATORS

| | |
|--------------------------------|---|
| Return on equity, % | $\frac{\text{Net profit for the period} \times 100}{\text{Shareholders' equity (average)}}$ |
| Adjusted return on equity, % | $\frac{\text{Adjusted net profit for the period} \times 100}{\text{Adjusted shareholders' equity (average)}}$ |
| 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 | $\frac{\text{Net profit for the period}}{\text{Average adjusted number of shares during the year}}$ |
| Adjusted earnings per share | $\frac{\text{Adjusted net profit for the period}}{\text{Average adjusted number of shares during the year}}$ |
| 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 capitalisation | Number of shares x last trading price of the financial period |

SCANFIL PLC

Petteri Jokitalo
CEO

Additional information:
CEO Petteri Jokitalo
Tel +358 8 4882 111

Distribution NASDAQ OMX, Helsinki
 Major Media
 www.scanfil.com

Scanfil is an international contract manufacturer and system supplier for the electronics industry with over 40 years of experience in demanding contract 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 include mobile and communications network devices, automation system modules, frequency converters, lift control systems, analysers, various slot and vending machines, and devices related to medical technology and meteorology. Scanfil services are used by numerous international automation, energy, IT and health service providers, as well as companies operating in the field of urbanisation. Scanfil's network of factories consists of 11 production units in Europe, Asia and North America. The total number of employees is about 3,500.

Not to be published or distributed, directly or indirectly, in any country where its distribution or publication is unlawful. Forward looking statements: certain statements in this stock exchange release may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements of Scanfil Oyj to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this stock exchange release, such statements use such words as "may," "will," "expect," "anticipate," "project," "believe," "plan" and other similar terminology. New risk factors may arise from time to time and it is not possible for management to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance and achievements of Scanfil Oyj to be materially different from those contained in forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. The forward-looking information contained in this stock exchange release is current only as of the date of this stock exchange release. There should not be an expectation that such information will in all circumstances be updated, supplemented or revised, except as provided by the law or obligatory regulations, whether as a result of new information, changing circumstances, future events or otherwise.