

SCANFIL

**Scanfil plc
Interim Report
January-September 2022**

26 OCTOBER 2022



Scanfil Group's Interim Report January–September 2022

Improved profit with strong sales

July–September

- Turnover totaled EUR 211.9 million (7-9 2021: 167.8), an increase of 26.3%
- Operating profit was EUR 11.5 (9.5) million, an increase of 21.5%
- Operating margin was 5.4% (5.7%) of turnover
- Net profit was EUR 9.4 (5.1) million, an increase of 84.1%
- Earnings per share was EUR 0.15 (0.08)

January–September

- Turnover totaled EUR 621.4 million (1-9 2021: 504.0), an increase of 23.3%
- Operating profit was EUR 32.0 (30.0) million, an increase of 6.5%
- Operating margin was 5.1% (6.0%) of turnover
- Net profit was EUR 24.6 (21.3) million, an increase of 15.3%
- Earnings per share was EUR 0.38 (0.33)

Future Outlook for 2022

The outlook was revised by the company on 13 July 2022 and it is as follows:

Scanfil estimates that its turnover for 2022 will be EUR 800–880 million (previous, issued on 14 April 2022: EUR 750–820 million) and its adjusted operating profit will be EUR 43–48 (unchanged) million.

The outlook involves uncertainty especially arising from the availability and price level of semiconductors and the delivery capability of the supply chain. In addition, the war in Ukraine and COVID-19 might create risks and uncertainties.

Long-term targets

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

Key Figures

	7-9 2022	7-9 2021	Change,%	1-9 2022	1-9 2021	Change,%	2021
Turnover, EUR million	211.9	167.8	26.3	621.4	504.0	23.3	695.7
Operating Profit, EUR million	11.5	9.5	21.4	32.0	30.0	6.5	39.6
Operating Profit, %	5.4	5.7		5.1	6.0		5.7
Net Profit, EUR million	9.4	5.1	84.1	24.6	21.3	15.3	29.8
Earnings per Share, EUR	0.15	0.08	83.6	0.38	0.33	15.0	0.46
Return on Equity, %				15.4	15.0		15.2
Equity Ratio, %				42.5	46.8		45.3
Net Gearing, %				44.2	25.2		28.9
Net Cash Flow from Operations, EUR million	8.0	-19.2		-3.7	-12.1	69.4	-12.5
Employees, Average				3,374	3,267	3.3	3,267

CEO PETTERI JOKITALO:

“The turnover for the third quarter of the year increased by 26 percent compared to last year, and it was EUR 211.9 million. Customer demand was strong in all customer segments. Individual customer products with a strong demand were analyzers, building heating systems, elevators, parcel lockers, reverse vending machines and process automation systems.

The availability of electronic components still caused challenges even if the situation turned out to be a little bit better than before. In order to meet customer demand, we had to buy semiconductor components on the spot market. Spot purchases affected the turnover of the third quarter approximately by EUR 20 million, which is about one third lower than in the previous quarter. Without this transitory invoicing, the turnover for the third quarter was EUR 192.3 million. We invoiced our customers for the additional costs that arose from the spot purchases, but in general without a material margin.

The operating profit improved compared to last year and the previous quarter, and it was EUR 11.5 million. The operating profit was positively affected by the still increased delivery volumes, and on the other hand, the decrease in foreign exchange rate losses. The COVID-19 did not significantly affect the operating profit in the third quarter. We expect the operating profit to develop positively in the last quarter of the year.

The net cash flow from operations turned positive in the second quarter, and it continued to strengthen in the third quarter. The net cash flow from operations in the third quarter was EUR 8 million. Strengthened net cash flow was affected by the improved profitability and halting of inventory growth. Strengthening net cash flow and the related halting of inventory growth will remain as key focus areas.

The equity ratio and net debt ratio developed positively. The equity ratio at the end of the quarter was 42.5 percent, and the net debt ratio was 44.2 percent. Scanfil’s financial position is stable, which enables needed investments to be implemented.

Our customers indicate further strengthening demand for the last quarter of the year. The near-term business risks are related to the availability of electronic components, especially semiconductors, the development of the COVID-19 pandemic, especially in China, the effects of the war in Ukraine and the economic development especially in Europe. Even if the availability of electronic components is improving, the availability issues of semiconductors are expected to continue next year. We see that spot market purchases and the resulting transitory invoicing is on a clear downward trend and to decrease rapidly as the availability of components improves. This also has a positive effect on inventories.

To strengthen our position and delivery capabilities in North America, we have decided to invest in an electronics manufacturing line (SMT line) in our factory in Atlanta. The investment enables the manufacturing of Printed Circuit Board Assemblies used in the final products assembled in Atlanta and expanding our customer offering to both existing and new customers in the North America. The total value of the investment is about EUR 4 million and the line is expected to be in use in the third quarter of 2023.

In 2022, we have significantly invested in acquiring new production space to respond to the increase in customer demand. We have acquired new production space at the Atlanta, Suzhou, Malmö and Wutha factories. The majority, about 6,000 m², was acquired in Atlanta, and the share of other factories was under 2,000 m² each. The previously announced plan to expand the production space at Suzhou factory has been carried out this far in a significantly smaller scale than the initial 11,000 m² and by converting other premises into production space.

I want to thank our committed personnel for their excellent work in challenging conditions and our customers for their support and trust.”

Scanfil Group's Interim Report January–September 2022

TURNOVER

The Group's turnover for **July–September** was EUR 211.9 (167.8) million, an increase of 26.3% compared to the previous year. Turnover includes EUR 19.6 (11.7) million invoicing of spot-market purchases and some other costs related to securing customer deliveries. Invoicing of these costs are separately agreed with customers. This revenue is low or no margin to Scanfil.

Turnover in **January–September** was EUR 621.4 (504.0) million, an increase of 23.3% compared to the previous year. Turnover includes EUR 66.1 (17.6) million of spot-market purchases and some other costs related to securing customer deliveries.



TURNOVER BY CUSTOMER SEGMENT

Advanced Consumer Applications

Turnover in **July–September** was EUR 67.8 (55.4) million, an increase of 22.6% compared to July–September in 2021. Separately agreed customer invoicing for the segment was EUR 11.4 (9.0) million.

Turnover in **January–September** was EUR 191.6 (151.7) million, an increase of 26.3% compared to January–September in 2021. The key driver was good demand for elevator products and hand-over solutions. Separately agreed customer invoicing was EUR 32.0 (9.9) million.

Automation & Safety

Turnover in **July–September** was EUR 44.2 (32.5) million, an increase of 35.9%. Separately agreed customer invoicing for the segment was EUR 3.8 (0.1) million.

Turnover in **January–September** was EUR 132.5 (103.9) million, an increase of 27.5% compared to January–September in 2021. The key driver was good

demand in process automation solutions. Separately agreed customer invoicing was EUR 8.4 (2.6) million.

Connectivity

Turnover in **July–September** was EUR 7.8 (7.3) million, an increase of 6.9%. Separately agreed customer invoicing for the segment was EUR 0.1 (-) million.

Turnover in **January–September** was EUR 27.7 (22.7) million, an increase of 22.0% compared to January–September in 2021. Demand was good throughout the customer base. Separately agreed customer invoicing for the segment was EUR 0.8 (-) million.

Energy & Cleantech

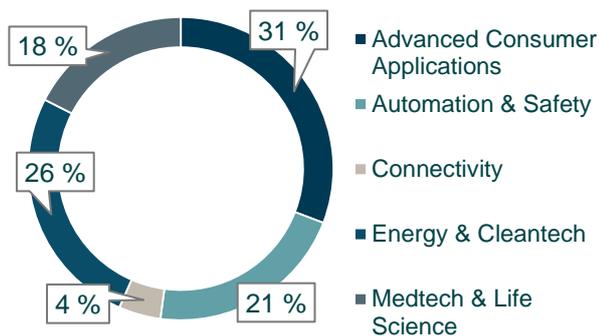
Turnover in **July–September** was EUR 53.1 (43.5) million, an increase of 22.0%. Separately agreed customer invoicing for the segment was EUR 0.5 (1.5) million.

Turnover in **January–September** was EUR 161.1 (128.7) million, an increase of 25.2% compared to January–September in 2021. The key driver behind the strong growth was good demand for recycling and energy-saving solutions. Separately agreed customer invoicing was EUR 15.2 (3.9) million.

Medtech & Life Science

Turnover in **July–September** was EUR 39.0 (29.1) million, an increase of 33.8%. Separately agreed customer invoicing for the segment was EUR 3.8 (1.1) million.

Turnover in **January–September** was EUR 108.7 (86.7) million, an increase of 25.4% compared to January–September in 2021. The key driver behind the strong growth was good demand for diagnostics and analytical test solutions. Separately agreed customer invoicing was EUR 9.7 (1.3) million.



In January-September 2022, the largest customer accounted for 20% (18%) of turnover, and the top ten customers accounted for about 56% (55%) of turnover.

OPERATING PROFIT

Operating profit for **July–September** was EUR 11.5 (9.5) million, 5.4% (5.7%) of turnover. The operating profit was positively affected by the continuation of good customer demand. The performance of the factories was generally at the good level. Especially Polish factories were performing well. Currency hedging process has improved and the negative impact on foreign exchange rate changes were gradually mitigated towards the end of the quarter. The negative impact of foreign exchange rate changes was EUR -0.7 million. In the second quarter of 2022 the effect on operating profit was EUR -1.4 million. The operating margin was negatively impacted by the separately agreed customer invoicing with no or low margin.

Operating profit for **January–September** was EUR 32.0 (30.0) million, 5.1% (6.0%) of turnover. The operating profit was positively affected by good customer demand. Overall, the factories performance has been at the good level. China COVID lockdowns in April had a negative effect on the profitability. The foreign exchange rate changes had a negative impact of EUR 2.8 million on operating profit. The operating margin was negatively impacted by the separately agreed customer invoicing with low or no margin.

Operating profit, adj. Jan-Sept, EUR million



NET PROFIT AND EARNINGS

The net profit for **July–September** was EUR 9.4 (5.1) million. In the comparison year net profit was negatively impacted by a non-recurring tax adjustment of EUR 1.7 million. The adjusted net profit for 2021 were EUR 6.8 million. Earnings per share was EUR 0.15 (0.08). Previous year adjusted earnings per share was EUR 0.10.

The net profit for **January–September** was EUR 24.6 (21.3) million. In the comparison year adjusted net profit was EUR 23.0 million. Earnings per share was EUR 0.38 (0.33). The adjusted earnings per share for 2021 was EUR 0.36. Return on investment was 13.7% (16.7%).

The effective tax rate in **January–September** was 15.2% (24.7%). The tax rate was positively affected mostly by the revaluation of the deferred taxes of intercompany dividend payments in the third quarter. The tax rate for the comparison year was negatively affected by a tax adjustment of EUR 1.7 million.

FINANCING AND CAPITAL EXPENDITURE

The Group has a stable financing position. The consolidated balance sheet total was EUR 541.4 (424.4) million **at the end of the review period**. Cash and cash equivalents totaled EUR 19.9 (7.5) million. Liabilities amounted to EUR 323.4 (227.7) million, of which non-interest-bearing liabilities totaled EUR 207.0 (170.5) million and interest-bearing liabilities totaled EUR 116.3 (57.2) million. Interest-bearing liabilities consisted of EUR 90.2 (40.1) million of financial liabilities and EUR 26.2 (17.1) million of leasing liabilities. The increase in non-interest-bearing liabilities was caused by the increase in accounts payables. The interest-bearing liabilities were increased by the long-term debt of EUR 30.0 million, drawn in November 2021. Besides the new loan, company increased the use of available credit facilities by EUR 25.4 million. Loan

payments were EUR 6.0 (6.0) million. The Group has EUR 51.7 million of unused credit facilities.

The equity ratio was 42.5% (46.8%), and net gearing was 44.2% (25.2%). Equity per share was EUR 3.36 (3.03).

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.

CASH FLOW

The net cash flow from operating activities for the review period **January–September** was EUR -3.7 (-12.1) million. In period **July–September**, the cash flow from operations turned clearly positive being at EUR 8.0 million. In **January–September** the working capital increased by EUR -39.8 (-43.1) million due to the turnover growth, challenges in material availability, and increase in material prices. Working capital consisted of the following items: short-term non-interest-bearing receivables increased by EUR 28.0 (30.8) million, inventories increased by EUR 38.6 (68.6) million, and short-term non-interest-bearing liabilities increased by EUR 26.8 (56.3) million. In **July–September** the improvement actions in the supply chain management stabilized the inventory level and working capital increased only by EUR -4.4 million from the second quarter and it was mainly driven by the increasing volumes.

Cash flow from operations Jan-Sept,
EUR million



The net cash flow in **January–September** from investing activities was EUR -14.9 (-9.4) million. The cash flow from financing activities was EUR 12.7 (3.0) million, including a EUR -12.3 (-11.0) million dividend payment, EUR -6.0 (-6.0) million in repayments of long-term loans, change in short term loans EUR +33.5 (+21.8) million and repayment of lease liabilities EUR -2.7 (-2.8) million.

Gross investments in **January–September** totaled EUR 15.3 (9.7) million, which was 2.5% (1.9%) of the turnover. The increase in investments was mainly attributable to capacity adjustments. The Group acquired more machinery and equipment to respond to high demand. Depreciation totaled EUR 12.8 (11.4) million.

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

Scanfil plc's Annual General Meeting was held on April 21, 2022, at the premises of Borenius 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 issue and granting option rights, and granting shares and issue special rights entitling to shares.

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 September 30, 2022, the company owned 118,738 of its own shares, representing 0.2% of all shares.

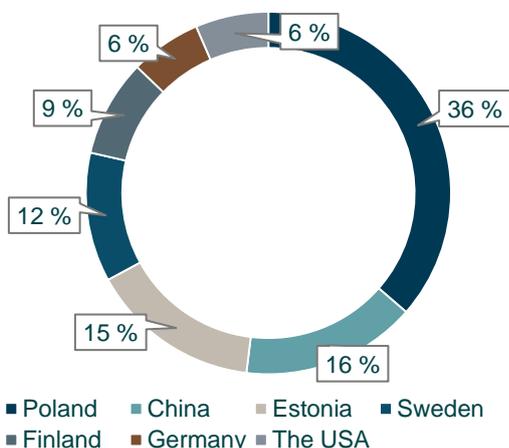
SHARE TRADING AND SHARE PERFORMANCE

During **January–September**, a total of 40,000 treasury shares were subscribed under Scanfil Plc's stock options 2016C with EUR 179,200. The whole subscription price for subscriptions made with the stock options was recognized in the company's reserve for invested unrestricted equity. The number of Scanfil shares was 64,959,993 in total as of September 30, 2022.

The highest trading price during January–September was EUR 8.06, and the lowest was EUR 5.26, with the closing price for the period standing at EUR 5.30. A total of 3,019,501 shares were traded during the period, corresponding to 4.6% of the total number of shares. As of September 30, 2022, the market value of the shares was EUR 344.3 million.

PERSONNEL

At the end of the period under review, the Group employed 3,478 (3,276) people, 3,177 (2,953) of whom worked outside Finland and 301 (323) in Finland. The average number of Group employees during the review period was 3,374 (3,267) people.



CHANGES IN GROUP STRUCTURE

There were no changes in the Group structure during the reporting period.

FUTURE OUTLOOK

Scanfil estimates (revised on 13 July 2022) that its turnover for 2022 will be EUR 800–880 (previous: 750–820 million), and its adjusted operating profit will be EUR 43–48 (unchanged) million.

The guidance is based on customer forecasts and Scanfil’s normal forecasting process. The outlook involves uncertainty, especially arising from the availability and price level of semiconductors and the delivery capability of the supply chain. In addition, the war in Ukraine and COVID-19 might create risks and uncertainties.

LONG-TERM TARGETS

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

RISKS AND UNCERTAINTIES

Current recognized risks are related to uncertainties in the global economy, materials prices and availability, high inflation, exchange rates and COVID-19.

Before the beginning of the war in Ukraine, Scanfil had only a few suppliers and subcontractors in Russia and Ukraine. The company has replaced these with new vendors operating in other countries. Scanfil did not have customers in Russia and therefore economic sanctions set on Russia did not have direct sales impact. Energy availability and cost in Europe can cause increasing pricing pressure and risk on the profitability.

The overall inflation has an effect on the company’s cost structure. Scanfil has and will increase customer prices in relation to increase in costs.

Material availability, especially semiconductors, has been challenging since 2021 and it might remain challenging in the near future. Scarcity has increased semiconductor prices and created challenges in getting orders on time and in full. In order to solve these challenges, Scanfil has used spot market purchases to secure materials for customer deliveries.

COVID-19 situation has improved, but it could still have an effect on Scanfil’s operations directly or indirectly through the supply and subcontractor chain. In addition, Scanfil’s business involves operational risks, exchange and interest rate risk 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 for 2021.

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

	7 - 9 2022	7 - 9 2021	1 - 9 2022	1 - 9 2021	1 - 12 2021
EUR million					
Operating profit	11.5	9.5	32.0	30.0	39.6
Operating profit, % of turnover	5.4 %	5.7 %	5.1 %	6.0 %	5.7 %
Adjustment items:					
<i>Other operating income</i>					
<i>Expenses</i>					0.7
<i>Depreciation and amortization</i>					
Total adjustment items					
Adjusted operating profit	11.5	9.5	32.0	30.0	40.3
Adjusted operating profit, % of turnover	5.4 %	5.7 %	5.1 %	6.0 %	5.8 %
Financial income and expenses	-1.7	-0.9	-3.0	-1.7	-1.9
Profit before taxes	9.9	8.6	29.0	28.3	37.7
Income taxes	-0.4	-3.4	-4.4	-7.0	-7.9
Adjustment items:					
<i>Income taxes</i>		1.7		1.7	1.6
Total adjustment items		1.7		1.7	1.6
Net profit for the period	9.4	5.1	24.6	21.3	29.8
Earnings per share, EUR	0.15	0.08	0.38	0.33	0.46
Adjusted net profit for the period	9.4	6.8	24.6	23.0	32.0
Adjusted earnings per share, EUR	0.15	0.10	0.38	0.36	0.50
Equity			218.0	196.7	207.4
Return on equity, %			15.4 %	15.0 %	15.2 %
Adjustment items:					
<i>Net profit for the period</i>				1.7	2.3
<i>Impact of the sale of the subsidiary on net asset</i>					
Adjusted equity			218.0	198.3	209.7
Adjusted return on equity, %			15.4 %	16.1 %	16.3 %

In 2022, there were no adjustment items.

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 in September, 2021. The company has appealed on Assessment Adjustment Board's decision to Northern Finland's administrative court in January 2022.

KEY INDICATORS

	1 - 9 2022	1 - 9 2021	1 - 12 2021
Return on equity, %	15.4	15.0	15.2
Return on investment, %	13.7	16.7	15.3
Interest-bearing liabilities, EUR million	116.3	57.2	85.2
Gearing, %	44.2	25.2	28.9
Equity ratio, %	42.5	46.8	45.3
Gross investments, EUR million	15.3	9.7	15.5
% of net turnover	2.5	1.9	2.2
Personnel, average	3,374	3,267	3,267
Earnings per share, EUR	0.38	0.33	0.46
Shareholders' equity per share, EUR	3.36	3.03	3.19
Number of shares at the end of period, 000's			
- not counting own shares	65,079	64,631	64,671
- weighted average	64,824	64,675	64,701

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

	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21	Q2/21	Q1/21	Q4/20	Q3/20
Turnover, MEUR	211.9	212.9	196.6	191.7	167.8	172.9	163.3	154.1	141.6
Operating profit, MEUR	11.5	10.1	10.3	9.5	9.5	10.6	10.0	4.3	21.2
Operating profit, %	5.4	4.8	5.3	5.0	5.7	6.1	6.1	6.0	15.0
Net profit, MEUR	9.4	7.1	8.0	8.4	5.1	8.6	7.6	3.1	18.0

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	$\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares at the end of the financial period}}$
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

EUR million	Note	7 - 9 2022	7 - 9 2021	1 - 9 2022	1 - 9 2021	1 - 12 2021
Turnover	1	211.9	167.8	621.4	504.0	695.7
Other operating income		0.2	0.4	0.7	0.8	1.2
Changes in inventories of finished goods and work in progress		0.2	0.1	-0.2	2.9	3.0
Manufacturing for own use						
Expenses		-196.2	-155.1	-577.1	-466.3	-644.9
Depreciation and amortization		-4.5	-3.8	-12.8	-11.4	-15.4
Operating profit		11.5	9.5	32.0	30.0	39.6
Financial income and expenses		-1.7	-0.9	-3.0	-1.7	-1.9
Profit before taxes		9.9	8.6	29.0	28.3	37.7
Income taxes		-0.4	-3.4	-4.4	-7.0	-7.9
Net profit for the period		9.4	5.1	24.6	21.3	29.8
Attributable to:						
Equity holders of the parent		9.4	5.1	24.6	21.3	29.8
Earnings per share for profit attributable to shareholders of the parent:						
undiluted (EUR)		0.15	0.08	0.38	0.33	0.46
diluted (EUR)		0.14	0.08	0.38	0.33	0.46

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	7 - 9 2022	7 - 9 2021	1 - 9 2022	1 - 9 2021	1 - 12 2021
Net profit for the period	9.4	5.1	24.6	21.3	29.8
Items that may later be recognized in profit or loss					
Translation differences	-1.5	0.0	-2.2	1.8	3.7
Cash flow hedges	0.3	-0.2	0.1	0.3	0.5
Other comprehensive income, net of tax	-1.3	-0.2	-2.1	2.1	4.2
Total Comprehensive Income	8.1	4.9	22.5	23.4	33.9
Attributable to:					
Equity holders of the parent	8.1	4.9	22.5	23.4	33.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	Note	30.9.2022	30.9.2021	31.12.2021
Assets				
Non-current assets				
Property, plant and equipment	2	55.7	48.9	49.8
Right-of-use asset	2	25.2	15.8	22.2
Goodwill	3	7.8	8.2	8.2
Other intangible assets		11.3	13.2	12.9
Available-for-sale investments		0.5	0.5	0.5
Deferred tax assets		9.8	7.7	8.5
Total non-current assets		110.4	94.4	102.1
Current assets				
Inventories		229.3	172.8	193.4
Trade and other receivables		177.1	145.5	149.0
Advance payments		3.1	0.7	1.3
Current tax		1.6	3.5	2.6
Cash and cash equivalents		19.9	7.5	25.3
Total current assets		431.0	330.0	371.7
Total assets		541.4	424.4	473.8
		30.9.2022	30.9.2021	31.12.2021
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		33.3	33.0	33.2
Fair value reserve		-0.0	-0.3	-0.1
Other reserves		2.6	2.6	2.6
Translation differences		-4.5	-4.2	-2.4
Retained earnings		184.6	163.6	172.0
Total equity		218.0	196.7	207.4
Non-current liabilities				
Deferred tax liabilities		5.3	5.2	5.3
Provisions	6	0.8	0.7	0.7
Interest bearing liabilities		36.0	12.1	42.1
Lease liability		22.4	13.9	19.9
Total non-current liabilities		64.6	31.8	67.9
Current liabilities				
Trade and other liabilities		197.8	160.7	172.3
Current tax		2.8	1.9	1.4
Provisions	6	0.4	2.1	1.6
Interest bearing liabilities		54.2	27.9	20.0
Lease liability		3.7	3.3	3.2
Total current liabilities		258.8	195.9	198.4
Total liabilities		323.4	227.7	266.4
Total shareholder's equity and liabilities		541.4	424.4	473.8

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

Equity attributable to equity holders of the parent company

EUR million	Share capital	Reserve for invested unrestricted equity fund	Fair value reserve	Reserve fund	Translation differences	Retained earnings	Equity total
Equity 1.1.2022	2.0	33.2	-0.1	2.6	-2.4	172.0	207.4
Total comprehensive income			0.1		-2.2	24.6	22.5
Option scheme						0.2	0.2
Share options exercised		0.2					0.2
Paid dividend						-12.3	-12.3
Equity 30.9.2022	2.0	33.3	-0.0	2.6	-4.5	184.6	218.0

Equity attributable to equity holders of the parent company

EUR million	Share capital	Reserve for invested unrestricted equity fund	Fair value reserve	Reserve fund	Translation differences	Retained earnings	Equity total
Equity 1.1.2021	2.0	31.8	-0.6	2.6	-6.1	153.0	182.9
Total comprehensive income			0.3		1.8	21.3	23.4
Option scheme						0.2	0.2
Share options exercised		1.2					1.2
Paid dividend						-11.0	-11.0
Equity 30.9.2021	2.0	33.0	-0.3	2.6	-4.2	163.6	196.7

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	1.1.-30.9.2022	1.1.-30.9.2021	1.1.-31.12.2021
EUR million			
Cash flow from operating activities			
Net profit	24.6	21.3	29.8
Adjustments for the net profit	16.9	18.2	22.7
Change in net working capital	-39.8	-43.1	-52.7
Paid interests and other financial expenses	-1.5	-0.9	-1.0
Interest received	0.2	0.0	0.0
Taxes paid	-4.1	-7.6	-11.3
Net cash from operating activities	-3.7	-12.1	-12.5
Cash flow from investing activities			
Investments in tangible and intangible assets	-15.3	-9.8	-12.9
Sale of tangible and intangible assets	0.3	0.3	0.4
Net cash from investing activities	-14.9	-9.4	-12.5
Cash flow from financing activities			
Related-party investment company shares	0.2	1.2	1.3
Proceeds from long term loans			30.0
Repayment of long-term loans	-6.0	-6.0	-6.0
Proceeds from short term loans	33.7	21.8	13.9
Repayment of short-term loans	-0.2	-0.1	-0.2
Repayment of lease liabilities	-2.7	-2.8	-3.7
Dividends paid	-12.3	-11.0	-11.0
Net cash from financing activities	12.7	3.0	24.3
Net increase/decrease in cash and cash equivalents	-5.9	-18.5	-0.8
Cash and cash equivalents at beginning of period	25.3	25.8	25.8
Changes in exchange rates	0.4	0.2	0.3
Cash and cash equivalents at end of period	19.9	7.5	25.3

Notes to the interim report

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 report correspond with those defined in the Group's 2021 Financial Statement.

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 release is unaudited.

In its meeting held on October 25, 2022, the Board of Directors of Scanfil plc approved this interim report release for publication.

1. DISAGGREGATION OF REVENUES

EUR million	7 - 9 2022			7 - 9 2021		
	Goods	Services	Total	Goods	Services	Total
Customer Segments						
Advanced Consumer Applications	66.6	1.3	67.8	53.5	1.8	55.4
Automation & Safety	37.3	6.9	44.2	30.2	2.3	32.5
Connectivity	6.5	1.3	7.8	7.2	0.1	7.3
Energy & Cleantech	52.4	0.7	53.1	42.5	1.0	43.5
Medtec & Life Science	37.2	1.8	39.0	27.5	1.6	29.1
Total	199.9	12.0	211.9	160.9	6.9	167.8
Timing of revenue recognition						
Goods and services transferred at a point of time	199.9	11.6	211.6	160.9	6.1	167.1
Services transferred over time		0.4	0.4		0.8	0.8
Total	199.9	12.0	211.9	160.9	6.9	167.8

EUR million	1 - 9 2022			1 - 9 2021		
	Goods	Services	Total	Goods	Services	Total
Customer Segments						
Advanced Consumer Applications	187.2	4.3	191.5	145.5	6.1	151.7
Automation & Safety	113.7	18.8	132.5	91.4	12.4	103.9
Connectivity	24.6	3.0	27.7	24.2	0.5	24.7
Energy & Cleantech	157.3	3.8	161.1	125.2	3.5	128.7
Medtec & Life Science	102.7	6.0	108.7	81.4	5.3	86.7
Discontinued				8.5	0.0	8.5
Total	585.5	35.9	621.4	476.2	27.8	504.0
Timing of revenue recognition						
Goods and services transferred at a point of time	585.5	32.8	618.3	476.2	26.0	502.2
Services transferred over time		3.0	3.0		1.8	1.8
Total	585.5	35.9	621.4	476.2	27.8	504.0

2. CHANGES IN TANGIBLE NON-CURRENT ASSETS

EUR million	1 - 9 2022	1 - 9 2021	1 - 12 2021
Book value at the beginning of the period	72.0	64.5	64.5
Additions	20.8	9.3	23.6
Deductions	-0.2	-0.0	-4.4
Depreciations and decreases in value	-10.8	-9.4	-12.6
Exchange rate differences	-0.9	0.4	0.9
Book value at the end of the period	80.9	64.7	72.0

3. CHANGES IN GOODWILL

EUR million	1 - 9 2022	1 - 9 2021	1 - 12 2021
Book value at the beginning of the period	8.2	8.3	8.3
Exchange rate differences	-0.4	-0.1	-0.1
Book value at the end of the period	7.8	8.2	8.2

4. FINANCIAL ASSETS AND LIABILITIES, CARRYING AMOUNT AND FAIR VALUE

EUR million	30.9.2022 Book values of balance sheet values	30.9.2022 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	159.1	159.1
Derivatives	1.6	1.6
Cash and cash equivalents	19.9	19.9
Current assets total	180.7	180.7
Total financial assets	181.2	181.2
Non-current financial liabilities		
Interest bearing liabilities from financial institutions	36.0	36.0
Non-current financial liabilities total	36.0	36.0
Current financial liabilities		
Interest bearing liabilities from financial institutions	6.1	6.1
Loans withdrawn from the credit limit	48.1	48.1
Trade payables	137.0	137.0
Derivatives	0.5	0.5
Current financial liabilities total	191.6	191.6
Total financial liabilities	227.6	227.6

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.

5. OPEN DERIVATIVE CONTRACTS REGARDING CASH FLOW HEDGING

EUR million	30.9.2022 Fair net value	Nominal value
Interest rate swaps	0.3	12.0
Forward exchange contracts	-0.4	30.3
Forward exchange contracts, outside hedge accounting	0.7	65.1

6. PROVISIONS

	Reclamation and guarantee	Pension	Other	Restructuring provisions	Total
EUR million					
1.1.2022	0.1	0.1	0.5	1.4	2.2
Exchange rate differences	-0.0	-0.0	-0.0		-0.0
Additions	0.2	0.0	0.1		0.4
Used provisions				-1.4	-1.4
30.9.2022	0.3	0.2	0.6	0.1	1.2

Long term provisions are EUR 0.8 million and short term provisions are EUR 0.4 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 were related to the closure of the Scanfil GmbH's Hamburg factory.

7. CONTINGENT LIABILITIES

	1 - 9 2022	1 - 9 2021	1 - 12 2021
EUR million			
Pledged guarantees	1.8	1.6	2.3

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 3.7 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.

Scanfil EMS Oy and Scanfil Sweden AB have provided guarantees to Nordea Bank Abp as security for the performance and payment of the obligations under the derivative master agreements entered into between the Group companies Scanfil Oü, Scanfil Poland Sp. z o.o, Scanfil Åtvidaberg AB, Scanfil Malmö AB and Nordea Bank Abp.

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

There were no significant events after the review period.

SCANFIL PLC

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Scanfil is an international manufacturing partner and system supplier for the electronics industry with over 45 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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