

Vaisala Corporation Financial Statement Release January–December 2023

Year ended with record-high order book and Q4 operating result increased

Fourth quarter 2023 highlights

- Orders received EUR 147.1 (129.1) million, increase 14%
- Order book at the end of the period EUR 172.5 (154.6) million, increase 12%
- Net sales EUR 147.4 (141.6) million, increase 4%
- Operating result (EBIT) EUR 16.3 (12.6) million, 11.0 (8.9) % of net sales
- Earnings per share EUR 0.36 (0.25)
- Cash flow from operating activities EUR 29.5 (22.7) million

January–December 2023 highlights

- Orders received EUR 528.1 (500.8) million, increase 5%
- Net sales EUR 540.4 (514.2) million, increase 5%
- Operating result (EBIT) EUR 66.6 (62.5) million, 12.3 (12.2) % of net sales
- Earnings per share EUR 1.35 (1.24)
- Cash flow from operating activities EUR 83.8 (29.8) million
- The Board proposes a dividend of EUR 0.75 (0.72) per share

Market outlook for 2024

Markets for high-end industrial instruments and life science slowed down significantly during Q2/2023 and remained on a lower level for the rest of the year. Markets are expected to remain flat in H1/2024 and start improving during H2/2024. Markets for power and energy, and liquid measurements markets are expected to grow.

Markets for the more mature markets, meteorology, aviation, and roads, are expected to be stable. Market for renewable energy is expected to grow.

Business outlook for 2024

Vaisala estimates that its full-year 2024 net sales will be in the range of EUR 530–570 million and its operating result (EBIT) will be in the range of EUR 63–78 million.

Vaisala's President and CEO Kai Öistämö

“Vaisala's year 2023 ended with strong order intake during the fourth quarter resulting to record-high order book of EUR 173 million. Despite the uncertain business environment, our fourth quarter net sales grew and both gross margin and operating result margin improved from previous year.

The business environment in 2023 deteriorated from previous year. The inflationary environment, continuation of geopolitical instability, and slow down in industrial investments are main factors that affected our performance. Despite the challenges in Industrial Measurements business area, and with strong performance in Weather and Environment business area, our full year order intake and net sales grew by 5%, and gross

margin improved by one percentage point to 55.8%. Our operating expenses increased as planned due to investments in sales and marketing, R&D, and IT system renewal. Hence, our operating result margin remained at previous year's level.

Our fourth quarter orders received grew by strong 14%. In Weather and Environment business area, we saw very strong growth of orders received, which was boosted by an approximately EUR 20 million order for an airport surface observation system for Kuwait International airport. Finalization of several-year negotiations is great evidence of persistent work in our governmental business. Fourth quarter order intake grew also in renewable energy and meteorology market segments. In Industrial Measurements business area, orders received decreased by 8%. The challenging market environment was visible especially in life science market segment. At the same time, orders for power and energy market segment grew very strongly.

Our fourth quarter net sales growth was a result of solid orders received during previous quarters in aviation, meteorology, renewable energy, as well as in roads and automotive market segment and through the continued strong growth in power and energy market segment. Our fourth quarter gross margin improved helped by significantly lower additional costs related component spot purchases compared to previous year.

Our strategy execution progressed during the year, while challenging business environment affected our financial performance. We continued our targeted investments to develop our technology leadership and to ensure future growth. In Weather and Environment business area, we developed our business operations and offering in the subscription-based data and software business. The net sales growth of both subscription sales and renewable energy business continued very strong. Moreover, we improved the profitability of the business in the more mature market of weather systems such as in meteorology and aviation. In Industrial Measurements business area, we further strengthened our product leadership with several new product launches. The business area's net sales grew slightly despite the difficult market environment. As the year changed to 2024, we also reached an important milestone when our new company-wide ERP system went live. Vaisala employees showed perseverance and flexibility throughout the year, and I would like to thank all colleagues and partners for their commitment to continue executing our strategy.

In 2024, the uncertainty in the business environment is expected to continue high. We anticipate that our second half performance will be stronger compared to the first half as market improves. In the first quarter, combined impact of implementation of new ERP system and industrial actions in Finland is expected to affect our operations and financial performance. We expect the situation to normalize by the second quarter.

We estimate that our full-year 2024 net sales will be in the range of EUR 530–570 million and operating result (EBIT) to be in the range of EUR 63–78 million.”

Key figures						
MEUR	10-12/ 2023	10-12/ 2022	Change	1-12/ 2023	1-12/ 2022	Change
Orders received	147.1	129.1	14%	528.1	500.8	5%
Order book	172.5	154.6	12%	172.5	154.6	12%
Net sales	147.4	141.6	4%	540.4	514.2	5%
Gross profit	80.1	75.7	6%	301.7	282.0	7%
Gross margin, %	54.3	53.5		55.8	54.8	
Operating expenses	64.4	63.1	2%	235.9	219.7	7%
Operating result	16.3	12.6		66.6	62.5	
Operating result, %	11.0	8.9		12.3	12.2	
Result before taxes	16.1	12.1		63.1	59.6	
Result for the period	12.9	9.0		48.9	45.1	
Earnings per share	0.36	0.25	44%	1.35	1.24	8%
Return on equity, %				18.9	18.7	
Research and development costs	18.1	17.4	4%	67.7	62.4	8%
Capital expenditure	3.1	4.1	-25%	13.9	13.7	2%
Depreciation, amortization, and impairment	6.1	6.3	-4%	24.3	23.6	3%
Cash flow from operating activities	29.5	22.7	30%	83.8	29.8	181%
Cash and cash equivalents				90.3	55.5	63%
Interest-bearing liabilities				62.1	63.4	-2%
Gearing, %				-10.5	3.2	

As of the beginning of 2023, Weather and Environment business area's subscription business has been excluded from orders received and order book. Comparison period has been reported accordingly.

Financial review Q4/2023

Orders received and order book

MEUR	10-12/ 2023	10-12/ 2022	Change	FX*
Orders received	147.1	129.1	14%	16%
Order book, end of period	172.5	154.6	12%	

* Change with comparable exchange rates

Fourth quarter 2023 orders received increased by 14% compared to previous year and totaled EUR 147.1 (129.1) million. Orders received increased very strongly in Weather and Environment business area including approximately EUR 20 million airport surface observation system order for Kuwait International airport, whereas decreased in Industrial Measurements business area.

At the end of December 2023, order book was all-time high and amounted to EUR 172.5 (154.6) million and increased by 12% compared to previous year. Order book increased very strongly in Weather and Environment business area but decreased very strongly in Industrial Measurements business area. EUR 127.7 (126.8) million of the order book is scheduled to be delivered in 2024.

Financial performance

MEUR	10-12/ 2023	10-12/ 2022	Change	FX**	1-12/ 2022
Net sales	147.4	141.6	4%	8%	514.2
Product sales	104.3	102.4	2%		375.5
Project sales	23.0	20.3	13%		73.5
Service sales	10.5	9.7	9%		35.0
Subscription sales	9.1	8.5	7%		28.4
Lease income	0.4	0.6	-36%		1.7
Gross margin, %	54.3	53.5			54.8
Operating result	16.3	12.6			62.5
% of net sales	11.0	8.9			12.2
R&D costs	18.1	17.4	4%		62.4
Amortization*	1.9	2.1			8.2

* Amortization of intangible assets related to the acquired businesses

** Change with comparable exchange rates

Fourth quarter 2023 net sales increased by 4% compared to previous year and were EUR 147.4 (141.6) million. In constant currencies, net sales increased by 8%. Net sales increased in Weather and Environment business area but decreased in Industrial Measurements business area. Net sales increased very strongly in aviation as well as in power and energy market segment, but on the other hand, decreased very strongly in life science market segment.

Gross margin improved to 54.3 (53.5) %. Additional costs related to component spot purchases had a 0.1 (3.0) percentage point negative impact on gross margin.

Fourth quarter 2023 operating result increased compared to previous year following net sales growth and improved gross margin and was EUR 16.3 (12.6) million, 11.0 (8.9) % of net sales. Operating expenses increased somewhat compared to previous year.

Fourth quarter 2023 financial income and expenses were EUR -0.5 (-0.6) million. This was mainly a result of valuation of foreign currency denominated items, currency hedging and interest expenses. Income taxes were EUR 3.2 (3.2) million and effective tax rate for the whole year was 22.5 (24.4) %. Result before taxes was EUR 16.1 (12.1) million and result for the period EUR 12.9 (9.0) million. Earnings per share was EUR 0.36 (0.25).

Financial review January–December 2023

Orders received and order book

MEUR	1-12/ 2023	1-12/ 2022	Change	FX*
Orders received	528.1	500.8	5%	8%
Order book, end of period	172.5	154.6	12%	

* Change with comparable exchange rates

January–December 2023 orders received increased by 5% compared to previous year and totaled EUR 528.1 (500.8) million. Orders received grew very strongly in Weather and Environment business area but decreased in Industrial Measurements business area. Orders received grew very strongly in aviation, roads and automotive, as well as in power and energy market segments, whereas in life science market segment orders received decreased strongly.

Financial performance

MEUR	1-12/ 2023	1-12/ 2022	Change	FX**
Net sales	540.4	514.2	5%	8%
Product sales	397.7	375.5	6%	
Project sales	69.5	73.5	-5%	
Service sales	38.9	35.0	11%	
Subscription sales	32.5	28.4	14%	
Lease income	1.8	1.7	10%	
Gross margin, %	55.8	54.8		
Operating result	66.6	62.5		
% of net sales	12.3	12.2		
R&D costs	67.7	62.4	8%	
Amortization*	8.1	8.2		

* Amortization of intangible assets related to the acquired businesses

** Change with comparable exchange rates

January–December 2023 net sales increased by 5% compared to previous year and were EUR 540.4 (514.2) million. In constant currencies, net sales increased by 8%. Operations outside Finland accounted for 98 (98) % of net sales. Net sales grew in Weather and Environment business area and were at previous year's level in Industrial Measurements business area. Net sales increased very strongly in roads and automotive, renewable energy, as well as in power and energy market segments, but net sales decreased in life science market segment.

Gross margin improved to 55.8 (54.8) %. Additional costs related to component spot purchases had a 0.7 (2.7) percentage point negative impact on gross margin.

January–December 2023 operating result increased from previous year following net sales growth and improved gross margin and totaled EUR 66.6 (62.5) million, 12.3 (12.2) % of net sales. Operating expenses increased due to investments in sales and marketing as well as in R&D and IT system renewal.

January–December 2023 financial income and expenses were EUR -3.7 (-3.1) million. This was mainly a result of valuation of foreign currency denominated items, currency hedging and interest expenses. Income taxes decreased somewhat from previous year and were EUR 14.2 (14.5) million and effective tax rate was 22.5 (24.4) %. Result before taxes was EUR 63.1 (59.6) million and result for the period EUR 48.9 (45.1) million. Earnings per share was EUR 1.35 (1.24).

Statement of financial position and cash flow

Vaisala's financial position remained strong during January–December 2023. At the end of December, statement of financial position totaled EUR 442.8 (439.2) million. Net debt amounted to EUR -28.2 (7.9) million. Cash and cash equivalents totaled EUR 90.3 (55.5) million. Dividend payment, decided by the Annual General Meeting on March 28, 2023, totaled EUR 26.1 million. On December 31, 2023, Vaisala had interest-bearing borrowings totaling EUR 50.0 (52.5) million, which related to an unsecured term loan due in 2026. The loan has a financial covenant (gearing) tested semi-annually. On December 31, 2023, Vaisala was in compliance with the covenant. Vaisala had not issued any domestic commercial papers on December 31, 2023 (EUR 12.5 million). Vaisala has also a EUR 50 million committed revolving credit facility, which was undrawn on December 31, 2023, as at the end of 2022. In addition, interest-bearing lease liabilities totaled EUR 12.1 (10.9) million.

In January–December 2023, cash flow from operating activities increased to EUR 83.8 (29.8) million. Change in net working capital was EUR 9.5 (-38.0) million and this was mainly a result of decrease in trade receivables.

Capital expenditure

In January–December 2023, capital expenditure in intangible assets and property, plant, and equipment totaled EUR 13.9 (13.7) million. Capital expenditure was mainly related to investments in machinery and equipment to develop and maintain Vaisala's production, R&D, and service operations as well as facilities.

Depreciation, amortization, and impairment were EUR 24.3 (23.6) million. This included EUR 8.1 (8.2) million of amortization of identified intangible assets related to the acquired businesses.

Personnel

The average number of personnel employed during January–December 2023 was 2,327 (2,141). At the end of December 2023, the number of employees was 2,314 (2,235). 77 (77) % of employees were located in EMEA, 16 (16) % in Americas and 7 (8) % in APAC. 66 (66) % of employees were based in Finland.

Number of employees by region

	Dec 31, 2023	Dec 31, 2022	Change
Americas	360	350	10
APAC	167	173	-6
EMEA (excluding Finland)	254	237	17
Finland	1,533	1,475	58
Total	2,314	2,235	79

Number of employees by function

	Dec 31, 2023	Dec 31, 2022	Change
Sales and marketing	442	431	11
R&D	647	637	10
Operations	566	567	-1
Services	390	350	40
Administration	269	250	19
Total	2,314	2,235	79

Increase in number of employees reflects business growth. Services personnel increased partly due to internal transfers from a subunit to another.

In November 2023, Weather and Environment business area in Finland started change negotiations to reshape the operations and organization. The changes support the execution of Weather and Environment business area's strategy and performance priorities. The negotiations resulted in reduction of 15 people's employment.

In January–December 2023, personnel expenses totaled EUR 210.9 (190.4) million.

Vaisala has share-based incentive plans that are targeted to its key employees. In 2023, expenses related to share-based incentive plans totaled EUR 3.4 (4.0) million.

Q4 and January–December 2023 review by business area

Industrial Measurements business area

MEUR	10-12/ 2023	10-12/ 2022	Change	FX**	1-12/ 2023	1-12/ 2022	Change	FX**
Orders received	59.4	64.4	-8%	-4%	222.4	234.2	-5%	-1%
Order book, end of period	35.2	41.8	-16%		35.2	41.8	-16%	
Net sales	57.6	60.2	-4%	1%	227.3	225.6	1%	5%
Product sales	52.5	55.7	-6%		207.4	208.1	0%	
Service sales	5.1	4.5	11%		19.9	17.5	14%	
Gross margin, %	60.7	59.7			61.8	61.9		
Operating result of net sales, %	8.7	10.8			45.2	51.5		
	15.1	17.9			19.9	22.8		
R&D costs	6.8	6.6	2%		25.9	25.3	3%	
Amortization*	0.4	0.4			1.7	1.7		

* Amortization of intangible assets related to the acquired businesses

** Change with comparable exchange rates

Q4/2023 review

Industrial Measurements business area's fourth quarter 2023 orders received decreased by 8% compared to previous year totaling EUR 59.4 (64.4) million. Orders received decreased very strongly in life science market segment and somewhat in industrial instruments and liquid measurements market segments. Orders received in power and energy market segment increased very strongly.

At the end of December 2023, Industrial Measurements business area's order book amounted to EUR 35.2 (41.8) million and decreased by 16% compared to previous year. EUR 31.6 (39.0) million of the order book is scheduled to be delivered in 2024. Order book decreased in life science and industrial instruments market segments. Order book for power and energy and well as in liquid measurements market segments was at previous year's level.

Fourth quarter 2023 net sales were EUR 57.6 (60.2) million and decreased by 4% compared to previous year. In constant currencies, net sales were flat compared to previous year. Net sales decreased very strongly in life science market segment and were at previous year's level in industrial instruments and liquid measurements market segments. Net sales in power and energy market segment grew very strongly.

Gross margin improved compared to previous year and was 60.7 (59.7) %. Additional costs related to component spot purchases had a 0.0 (4.3) percentage point negative impact on gross margin. Lower volume and price pressure especially in China burdened gross margin.

Industrial Measurements business area's fourth quarter 2023 operating result decreased compared to previous year following decrease in net sales and increase in operating expenses and totaled EUR 8.7 (10.8) million, 15.1 (17.9) % of net sales.

January–December 2023 review

Industrial Measurements business area's January–December 2023 orders received decreased by 5% compared to previous year and totaled EUR 222.4 (234.2) million. Orders received decreased strongly in life science and somewhat in industrial instruments market segment. Orders received increased very strongly in power and energy market segment and somewhat in liquid measurements market segment.

January–December 2023 net sales were at previous year's level and totaled EUR 227.3 (225.6) million. In constant currencies, net sales increased by 5%. Net sales grew strongly in power and energy market segment and were flat in industrial instruments and liquid measurements market segments. Net sales in life science market segment decreased compared to previous year.

Gross margin was at previous year's level 61.8 (61.9) %. Additional costs related to component spot purchases had a 1.0 (3.6) percentage point negative impact on gross margin. Price pressure especially in China burdened gross margin.

Industrial Measurements business area's January–December 2023 operating result decreased compared to previous year following increase in operating expenses and totaled EUR 45.2 (51.5) million, 19.9 (22.8) % of net sales. Operating expenses increased due to investments in sales and marketing as well as in R&D and IT system renewal.

Weather and Environment business area

MEUR	10-12/ 2023	10-12/ 2022	Change	FX**	1-12/ 2023	1-12/ 2022	Change	FX**
Orders received	87.7	64.7	35%	37%	305.8	266.6	15%	16%
Order book, end of period	137.3	112.8	22%		137.3	112.8	22%	
Net sales	89.8	81.3	10%	14%	313.1	288.6	8%	10%
Product sales	51.8	46.7	11%		190.3	167.4	14%	
Project sales	23.0	20.3	13%		69.5	73.5	-5%	
Service sales	5.5	5.2	6%		19.0	17.5	8%	
Subscription sales	9.1	8.5	7%		32.5	28.4	14%	
Lease income	0.4	0.6	-36%		1.8	1.7	10%	
Gross margin, %	50.3	49.0			51.5	49.3		
Operating result	7.5	1.8			21.1	11.1		
of net sales, %	8.3	2.2			6.7	3.8		
R&D costs	11.3	10.8	4%		41.8	37.2	12%	
Amortization*	1.5	1.7			6.4	6.6		

* Amortization of intangible assets related to the acquired businesses

** Change with comparable exchange rates

Q4/2023 review

Weather and Environment business area's fourth quarter 2023 orders received increased by 35% compared to previous year and totaled EUR 87.7 (64.7) million. Orders received increased in aviation, renewable energy, and meteorology market segments but decreased in roads and automotive market segment. Orders received in aviation market segment included approximately EUR 20 million airport surface observation system order for Kuwait International airport.

At the end of December 2023, Weather and Environment business area's order book amounted to EUR 137.3 (112.8) million and increased by 22% compared to previous year. EUR 96.1 (87.8) million of the order book is scheduled to be delivered in 2024. Order book increased in aviation market segment but decreased in all other market segments.

Fourth quarter 2023 net sales grew by 10% compared to previous year and totaled EUR 89.8 (81.3) million. In constant currencies, net sales increased by 14%. Net sales grew in all market segments, very strongly in aviation market segment and strongly in renewable energy market segment.

Gross margin improved compared to previous year and was 50.3 (49.0) %. Additional costs related to component spot purchases had a 0.1 (2.0) percentage point negative impact on gross margin.

Weather and Environment business area's fourth quarter 2023 operating result increased compared to previous year following net sales growth and improved gross margin and totaled EUR 7.5 (1.8) million, 8.3 (2.2) % of net sales. Operating expenses were at previous year's level.

January–December 2023 review

Weather and Environment business area's January–December 2023 orders received increased by 15% compared to previous year and totaled EUR 305.8 (266.6) million. Orders received grew very strongly in aviation as well as in roads and automotive market segments, whereas orders received in meteorology and renewable energy market segments were at previous year's level.

January–December 2023 net sales increased by 8% compared to previous year and were EUR 313.1 (288.6) million. In constant currencies, net sales increased by 10%. Net sales grew very strongly in roads and automotive as well as in renewable energy market segments and were at previous year's level in meteorology and aviation market segments.

Gross margin improved compared to previous year and was 51.5 (49.3) %. Additional costs related to component spot purchases had a 0.5 (1.9) percentage point negative impact on gross margin. Higher share of more profitable product and subscription sales improved gross margin. In addition, gross margin improved in more mature market of weather systems.

Weather and Environment business area's January–December 2023 operating result increased compared to previous year following growth in net sales and improved gross margin and totaled EUR 21.1 (11.1) million, 6.7 (3.8) % of net sales. Operating expenses increased due to investments in sales and marketing as well as in R&D and IT system renewal.

Changes in Leadership Team

On May 6, 2023, Heli Lindfors started as Chief Financial Officer and member of the Vaisala Leadership Team. Vaisala's Chief Sustainability and Strategy Officer Anne Jalkala was appointed member of the Vaisala Leadership Team as of May 5, 2023. They report to President and CEO Kai Öistämö.

Members of the Vaisala Leadership Team on December 31, 2023

- Kai Öistämö, President and CEO, Chair of the Leadership Team
- Anne Jalkala, Chief Sustainability and Strategy Officer
- Sampsa Lahtinen, EVP, Industrial Measurements business area
- Timo Leskinen, EVP, Human Resources
- Heli Lindfors, Chief Financial Officer
- Olli Nastamo, EVP, Operational Excellence
- Vesa Pylvänäinen, EVP, Operations
- Jarkko Sairanen, EVP, Weather and Environment business area
- Katriina Vainio, EVP, Group General Counsel

Annual General Meeting 2023

Vaisala Corporation's Annual General Meeting was held on March 28, 2023. The meeting approved the financial statements and discharged the members of the Board of Directors and the President and CEO from liability for the financial period January 1–December 31, 2022.

Dividend

The Annual General Meeting decided a dividend of EUR 0.72 per share. The record date for the dividend payment was March 30, 2023, and the payment date was April 12, 2023.

Board of Directors

The Annual General Meeting confirmed that the number of Board members is eight. Petri Castrén, Antti Jääskeläinen, Petra Lundström, Jukka Rinnevaara, Kaarina Ståhlberg, Tuomas Syrjänen, Raimo Voipio and Ville Voipio will continue as members of the Board of Directors.

The Annual General Meeting confirmed that the annual remuneration payable to the Chairman of the Board of Directors is EUR 55,000 and each Board member EUR 40,000 per year. Approximately 40% of the annual remuneration will be paid in Vaisala Corporation's series A shares acquired from the market and the rest in cash. In addition, the Annual General Meeting confirmed that the meeting fee for the Chairman of the Audit Committee would be EUR 1,500 per attended meeting and EUR 1,000 for each member of the Audit Committee and Chairman and each member of the People and Sustainability Committee, the Nomination Committee and any other committee established by the Board of Directors for a term until the close of the Annual General Meeting in 2024. The meeting fees are paid in cash. Possible travel expenses are reimbursed according to the travel policy of the company.

Auditor

The Annual General Meeting elected PricewaterhouseCoopers Oy as the auditor of the company and APA Niina Vilske will act as the auditor with the principal responsibility. The Auditors are reimbursed according to invoice presented to the company.

Proposal by the Board of Directors to amend the articles of association

The Annual General Meeting resolved to amend the articles of association so that the § 6 of Articles of Association stipulates that the term of Board members from now on terminates on the closing of the first Annual General Meeting, and the number of board members is 6–9, and § 13 of Articles of Association stipulates that a general meeting can be organized without a meeting venue as a so-called remote meeting.

Authorization for the directed repurchase of own series A shares

The Annual General Meeting authorized the Board of Directors to resolve on the directed repurchase of a maximum of 800,000 of the company's own series A shares in one or more instalments by using company's unrestricted equity. The authorization is valid until the closing of the next Annual General Meeting, however, no longer than September 28, 2024.

Authorization on the issuance of the company's own series A shares

The Annual General Meeting authorized the Board of Directors to resolve on the issuance of a maximum of 935,976 company's own series A shares. The issuance of own shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorization entitles the issuance of treasury series A shares as a directed issue without payment as part of the company's share-based incentive plan. The subscription price of the shares can instead of cash also be paid in full or in part as contribution in kind. The authorization is valid until September 28, 2024. The authorization for the company's incentive program shall however be valid until March 28, 2027.

The organizing meeting of the Board of Directors

At its organizing meeting held after the Annual General Meeting the Board elected Ville Voipio as the Chair of the Board of Directors and Raimo Voipio as the Vice Chair.

Kaarina Ståhlberg was elected as the Chair and Petri Castrén, Antti Jääskeläinen and Raimo Voipio as members of the Audit Committee. Ville Voipio was elected as the Chair and Petra Lundström, Jukka Rinnevaara and Tuomas Syrjänen as members of the People and Sustainability Committee. Ville Voipio was elected as the Chair and Petra Lundström, Kaarina Ståhlberg and Raimo Voipio as members of the Nomination Committee. The Chair and all members of the Audit Committee, People and Sustainability Committee as well as Nomination Committee are independent both of the company and of significant shareholders.

Shares and shareholders

Share capital and shares

Vaisala's share capital totaled EUR 7,660,808 on December 31, 2023. Vaisala has 36,436,728 shares, of which 6,731,092 are series K shares and 29,705,636 series A shares. Series A shares are listed on the Nasdaq Helsinki Ltd. The series K shares and series A shares are differentiated by the fact that each series K share entitles its owner to 20 votes at a General Meeting of Shareholders while each series A share entitles its owner to 1 vote. The series A shares represented 81.5% of the total number of shares and 18.1% of the total votes. The series K shares represented 18.5% of the total number of shares and 81.9% of the total votes.

Trading and share price development

In January–December 2023, a total of 3,089,946 series A shares with a value totaling EUR 118.3 million were traded on the Nasdaq Helsinki Ltd. During the year, the share price increased by 1% while OMXHCAPPI index decreased by 5%. The closing price of the series A share on the Nasdaq Helsinki stock exchange was

EUR 39.70. Shares registered a high of EUR 44.55 and a low of EUR 30.30. Volume-weighted average share price was EUR 38.28.

The market value of series A shares on December 31, 2023, was EUR 1,172.0 million, excluding company's treasury shares. Valuing the series K shares – which are not traded on the stock market – at the rate of the series A share's closing price on the last trading day of December, the total market value of all the series A and series K shares together was EUR 1,439.2 million, excluding company's treasury shares.

Treasury shares

In September 2023, a total of 500 of Vaisala's Corporation's treasury shares were conveyed without consideration to a person participating in the Restricted Share Unit Plan 2022–2026 under the terms and conditions of the plan. The directed share issue was based on an authorization given by the Annual General Meeting held on March 28, 2023.

In May 2023, the Board of Directors decided to exercise the authorization of the 2023 Annual General Meeting to repurchase own series A shares. The repurchases started on May 10, 2023, and ended on June 15, 2023. During this period, Vaisala repurchased a total of 50,000 own series A shares for an average price of EUR 42.4587 per share. The shares were repurchased in public trading on Nasdaq Helsinki Ltd. at the market price prevailing at the time of purchase. The shares are planned to be used as a reward payment for Vaisala's share-based incentive plans.

In March 2023, a total of 72,511 of Vaisala Corporation's treasury shares were conveyed without consideration to the 43 key employees participating in the Performance Share Plan 2020–2022 under the terms and conditions of the plan. The directed share issue was based on an authorization given by the Annual General Meeting held on March 29, 2022.

The total number of series A treasury shares on December 31, 2023, was 185,476, which represents 0.6% of series A shares and 0.5% of total shares.

Shareholders

At the end of December 2023, Vaisala had 15,210 (13,794) registered shareholders. Ownership outside of Finland and nominee registrations represented 21.6 (21.3) % of the company's shares. Households owned 40.4 (40.3) %, private companies 13.6 (12.9) %, financial and insurance institutions 10.2 (11.7) %, non-profit organizations 10.0 (10.1) % and public sector organizations 4.2 (3.8) % of the shares.

Shareholding by the Board of Directors and the Leadership Team

On December 31, 2023, the Board of Directors held and controlled 995,971 (992,647) series A shares. These shares accounted for 3.4 (3.3) % of series A shares and 2.7 (2.7) % of total shares. The number of series K shares held and controlled by the Board was 524,008 (524,008). Total votes attached to the series A and K shares held and controlled by the Board were 11,476,131 (11,427,807), which accounted for 7.0 (7.0) % of the total votes of all shares.

On December 31, 2023, Kai Öistämö, the President and CEO, held and controlled 14,860 (6,000) series A shares but no series K shares. Other Leadership Team members held and controlled 133,161 (166,768) series A shares but no series K shares. Number of series A shares held and controlled by the Leadership Team members decreased compared to 2022 mainly due to change of CFO.

More information about Vaisala’s shares and shareholders are presented on the company’s website at vaisala.com/investors.

Near-term risks and uncertainties

Changes in inflationary environment, interest rates, and geopolitical situation may affect industrial investments and economic situation and increase risk of achieving Vaisala’s financial targets.

Industrial actions in Finland may cause disruptions in Vaisala’s operations and deteriorate Vaisala’s delivery capability. Vaisala’s delivery capability may deteriorate due to disruptions in suppliers’ operations, Vaisala’s production or project delivery operation, or disruptions in incoming and/or outgoing logistics. Component availability has normalized during the past 12 months, but temporary component shortage may cause delays or interruptions in deliveries or generate additional material costs. Cyber risk and long disruptions in IT systems may impact operations and delivery capability.

New and changing regulations impacting product acceptance, operation’s capability to meet changing compliance requirements, and changes in international trade policies may cause delays or interruptions in supply chain. Customers’ preference for local manufacturing may reduce demand for Vaisala’s products and services. Customers’ budgetary constraints, complex decision-making processes, and missing financing solutions may postpone closing of infrastructure contracts in Weather and Environment business area.

Further information about risk management and risks are available on Annual Report’s Corporate Governance/Risk management section and on the company’s website at vaisala.com.

Board of Directors’ proposal for dividend

The parent company’s distributable earnings amount to EUR 189,890,179.05 of which the result for the period is EUR 51,628,491.26.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.75 per share be paid out of distributable earnings totaling EUR 27.2 million and the rest to be carried forward in the shareholders’ equity. No dividend will be paid for treasury shares held by the company.

There have been no significant changes in the company’s financial position since the close of the financial period. According to the Board of Directors, the proposed dividend distribution does not endanger the company’s financial standing.

Annual General Meeting 2024

Vaisala Corporation’s Annual General Meeting will be held on Tuesday March 26, 2024, at 2:00 p.m. (EET) at Vaisala Corporation headquarters, address Vanha Nurmijärventie 21, 01670 Vantaa, Finland.

Financial calendar 2024

Annual Report 2023: Week 9

Interim Report January–March 2024: May 3, 2024

Half Year Financial Report 2024: July 25, 2024

Interim Report January–September 2024: October 24, 2024

Vantaa, February 13, 2024

Vaisala Corporation
Board of Directors

The forward-looking statements in this release are based on the current expectations, known factors, decisions, and plans of Vaisala's management. Although the management believes that the expectations reflected in these forward-looking statements are reasonable, there is no assurance that these expectations would prove to be correct. Therefore, the results could differ materially from those implied in the forward-looking statements, due to for example changes in the economic, market and competitive environments, regulatory or other government-related changes, or shifts in exchange rates.

Financial information and changes in accounting policies

This Financial Statement Release has been prepared in accordance with IAS 34 Interim Financial Reporting, following the same accounting policies and principles as in the annual financial statements for 2023. All figures in this Financial Statement Release are group figures. All presented figures have been rounded and consequently the sum of individual figures may deviate from the sum presented. The figures in this Financial Statement Release are based on Vaisala's audited 2023 financial statements.

Preparation of Financial Statement Release in accordance with IFRS requires Vaisala's management to make estimates and assumptions that affect the valuation of the reported assets and liabilities and the recognition of income and expenses in statement of income. Although estimates are based on management's best knowledge at the date of Financial Statement Release, actual results may differ from those estimates.

New and amended IFRS standards effective for the year 2023

Amendments to IAS 1, IAS 1 and IFRS Practice Statement 2 as well as IAS 8 have been adopted from January 1, 2023. The adoption of these amendments is not expected to have an impact on the group's consolidated financial statements in future periods.

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Vaisala has applied the amendments in accordance with transition rule with the effect of initial application recognized as of January 1, 2022.

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognizes:

- A deferred tax asset and a deferred tax liability for all deductible and taxable temporary differences associated with:
 - o Right-of-use assets and lease liabilities
 - o Decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date

Table below presents year 2022 quarterly comparative figures after amendments described above:

	1-3/ 2022		4-6/ 2022		7-9/ 2022		10-12/ 2022		1-12/ 2022	
	Earlier reported	Restated	Earlier reported	Restated	Earlier reported	Restated	Earlier reported	Restated	Earlier reported	Restated
EUR million										
Income taxes	-3.6	-3.6	-3.1	-3.1	-4.7	-4.7	-3.2	-3.2	-14.5	-14.5
Result for the period	13.8	13.8	6.2	6.2	16.1	16.1	9.0	9.0	45.0	45.1
Attributable to										
Owners of the parent										
company	13.6	13.6	6.4	6.4	16.1	16.1	9.0	9.0	45.0	45.0
Non-controlling interests	0.2	0.2	-0.2	-0.2	0.0	0.0	0.0	0.0	0.0	0.0
Comprehensive income for the period	15.2	15.2	10.4	10.4	20.7	20.7	1.0	1.0	47.3	47.3
Attributable to										
Owners of the parent										
company	15.0	15.0	10.6	10.6	20.7	20.7	1.0	1.0	47.3	47.3
Non-controlling interests	0.2	0.2	-0.2	-0.2	0.0	0.0	0.0	0.0	0.0	0.0
Retained earnings	206.8	206.6	213.9	213.7	230.0	229.7	238.7	238.5	238.7	238.5
Total equity	215.6	215.4	226.8	226.6	248.6	248.4	250.7	250.5	250.7	250.5
Deferred tax liabilities	7.0	7.2	6.8	7.1	6.6	6.8	4.3	4.5	4.3	4.5
Total non-current liabilities	58.0	58.2	17.3	17.6	18.4	18.7	17.6	17.9	17.6	17.9
Total liabilities	214.3	214.5	191.2	191.4	189.1	189.3	188.5	188.7	188.5	188.7
Total equity and liabilities	429.9	429.9	418.0	418.0	437.7	437.7	439.2	439.2	439.2	439.2
Earnings per share, EUR	0.38	0.38	0.18	0.18	0.44	0.44	0.25	0.25	1.24	1.24
Diluted earnings per share, EUR	0.37	0.37	0.18	0.18	0.44	0.44	0.25	0.25	1.24	1.24
Equity per share, EUR									6.92	6.91
Return on equity, %									18.7	18.7
Solvency ratio, %									58.2	58.1
Gearing, %									3.2	3.2

Consolidated statement of income				
EUR million	10-12/ 2023	10-12/ 2022	1-12/ 2023	1-12/ 2022
Net sales	147.4	141.6	540.4	514.2
Cost of goods sold	-67.3	-65.8	-238.8	-232.2
Gross profit	80.1	75.7	301.7	282.0
Sales, marketing, and administrative costs	-46.3	-45.7	-168.2	-157.3
Research and development costs	-18.1	-17.4	-67.7	-62.4
Other operating income and expenses	0.6	0.0	0.9	0.3
Operating result	16.3	12.6	66.6	62.5
Share of result in associated company	0.2	0.2	0.2	0.2
Financial income	1.8	0.9	8.2	7.7
Financial expenses	-2.3	-1.6	-11.9	-10.8
Result before taxes	16.1	12.1	63.1	59.6
Income taxes	-3.2	-3.2	-14.2	-14.5
Result for the period	12.9	9.0	48.9	45.1
Attributable to				
Owners of the parent company	12.9	9.0	48.9	45.0
Non-controlling interests	-	0.0	-	0.0
Result for the period	12.9	9.0	48.9	45.1
Earnings per share for result attributable to the equity holders of the parent company				
Earnings per share, EUR	0.36	0.25	1.35	1.24
Diluted earnings per share, EUR	0.35	0.25	1.35	1.24

Consolidated statement of comprehensive income				
EUR million	10-12/ 2023	10-12/ 2022	1-12/ 2023	1-12/ 2022
Items that will not be reclassified to profit or loss (net of taxes)				
Actuarial profit (loss) on post-employment benefits	-0.0	-0.2	-0.0	-0.2
Total	-0.0	-0.2	-0.0	-0.2
Items that may be reclassified subsequently to profit or loss				
Translation differences	-3.2	-7.8	-3.3	2.4
Total	-3.2	-7.8	-3.3	2.4
Total other comprehensive income	-3.2	-8.0	-3.3	2.2
Comprehensive income for the period	9.7	1.0	45.6	47.3
Attributable to				
Owners of the parent company	9.7	1.0	45.6	47.3
Non-controlling interests	-	0.0	-	0.0
Comprehensive income for the period	9.7	1.0	45.6	47.3

Consolidated statement of financial position

EUR million

Assets	Dec 31, 2023	Dec 31, 2022
Non-current assets		
Intangible assets	62.5	71.3
Property, plant, and equipment	95.0	96.0
Right-of-use assets	13.1	11.9
Investments in shares	0.1	0.1
Investment in associated company	1.4	1.4
Non-current receivables	1.3	1.0
Deferred tax assets	7.8	9.5
Total non-current assets	181.1	191.1
Current assets		
Inventories	58.8	61.6
Trade and other receivables	85.5	101.7
Contract assets and other accrued revenue	24.2	26.2
Income tax receivables	2.8	3.1
Cash and cash equivalents	90.3	55.5
Total current assets	261.7	248.1
Total assets	442.8	439.2

Equity and liabilities	Dec 31, 2023	Dec 31, 2022
Equity		
Share capital	7.7	7.7
Other reserves	2.3	3.5
Translation differences	0.8	4.1
Treasury shares	-4.2	-3.3
Retained earnings	261.3	238.5
Total equity attributable to owners of parent company	267.9	250.5
Non-controlling interests	-	0.0
Total equity	267.9	250.5
Non-current liabilities		
Interest-bearing borrowings	50.0	0.0
Interest-bearing lease liabilities	9.3	8.3
Post-employment benefits	2.3	2.7
Deferred tax liabilities	2.9	4.5
Provisions	0.4	0.3
Other non-current liabilities	4.2	2.1
Total non-current liabilities	69.0	17.9
Current liabilities		
Interest-bearing borrowings	0.0	52.5
Interest-bearing lease liabilities	2.8	2.7
Trade and other payables	66.5	74.0
Contract liabilities and other deferred revenue	30.7	37.1
Income tax liabilities	3.3	1.8
Provisions	2.5	2.8
Total current liabilities	105.9	170.8
Total liabilities	175.0	188.7
Total equity and liabilities	442.8	439.2

Consolidated cash flow statement		
EUR million	1-12/ 2023	1-12/ 2022
Result for the period	48.9	45.1
Depreciation, amortization, and impairment	24.3	23.6
Financial income and expenses	3.7	3.1
Gains and losses on sale of intangible assets and property, plant, and equipment	-0.2	0.0
Share of result in associated company	-0.2	-0.2
Income taxes	14.2	14.5
Other adjustments	-0.7	0.3
Inventories, increase (-) / decrease (+)	3.0	-11.2
Non-interest-bearing receivables, increase (-) / decrease (+)	16.2	-26.0
Non-interest-bearing liabilities, increase (+) / decrease (-)	-9.7	-0.8
Changes in working capital	9.5	-38.0
Interest and other financial items received	1.7	0.2
Interest and other financial items paid	-4.4	-5.2
Income taxes paid	-12.9	-13.6
Cash flow from operating activities	83.8	29.8
Acquisition of subsidiaries, net of cash acquired	-	-23.1
Capital expenditure on intangible assets and property, plant, and equipment	-13.9	-13.7
Proceeds from sale of intangible assets and property, plant, and equipment	0.3	0.0
Cash flow from investing activities	-13.7	-36.8
Dividends paid	-26.1	-24.6
Purchase of treasury shares	-2.1	-
Change in loan receivables	-0.3	-0.1
Proceeds from borrowings	77.4	114.9
Repayment of borrowings	-79.9	-102.4
Principal payments of lease liabilities	-3.1	-2.9
Cash flow from financing activities	-34.1	-15.1
Change in cash and cash equivalents increase (+) / decrease (-)	36.0	-22.1
Cash and cash equivalents at the beginning of period	55.5	77.9
Change in cash and cash equivalents	36.0	-22.1
Effect from changes in exchange rates	-1.2	-0.3
Cash and cash equivalents at the end of period	90.3	55.5

Consolidated statement of changes in equity

	Share capital	Other reserves	Translation differences	Treasury shares	Retained earnings	Equity attributable to owners of the parent company	Non-controlling interests	Total
EUR million								
Equity at Dec 31, 2021	7.7	7.0	1.7	-4.6	218.0	229.6	0.7	230.3
IAS 12 amendment					-0.2	-0.2		-0.2
Equity at Jan 1, 2022	7.7	7.0	1.7	-4.6	217.7	229.4	0.7	230.1
Result for the period					45.1	45.1	0.0	45.1
Other comprehensive income		-0.0	2.4		-0.2	2.2		2.2
Dividend distribution					-24.6	-24.6		-24.6
Share-based payments		-3.4		1.4		-2.1		-2.1
Changes in non-controlling interests that did not result in changes in control					0.7	0.7	-0.7	
Equity at Dec 31, 2022	7.7	3.5	4.1	-3.3	238.5	250.5	0.0	250.5

	Share capital	Other reserves	Translation differences	Treasury shares	Retained earnings	Equity attributable to owners of the parent company	Non-controlling interests	Total
EUR million								
Equity at Dec 31, 2022	7.7	3.5	4.1	-3.3	238.5	250.5	0.0	250.5
Result for the period					48.9	48.9		48.9
Other comprehensive income		0.0	-3.3		0.0	-3.3		-3.3
Dividend distribution					-26.1	-26.1		-26.1
Purchase of treasury shares				-2.1		-2.1		-2.1
Share-based payments		-1.2		1.2		-0.1		-0.1
Changes in non-controlling interests that did not result in changes in control					0.0	0.0	-0.0	
Equity at Dec 31, 2023	7.7	2.3	0.8	-4.2	261.3	267.9	-	267.9

Notes to the report

Orders received by business area

EUR million	10-12/ 2023	10-12/ 2022	1-12/ 2023	1-12/ 2022
Industrial Measurements	59.4	64.4	222.4	234.2
Weather and Environment	87.7	64.7	305.8	266.6
Total	147.1	129.1	528.1	500.8

Order book by business area

EUR million	10-12/ 2023	10-12/ 2022	1-12/ 2023	1-12/ 2022
Industrial Measurements	35.2	41.8	35.2	41.8
Weather and Environment	137.3	112.8	137.3	112.8
Total	172.5	154.6	172.5	154.6

Net sales by business area

EUR million	10-12/ 2023	10-12/ 2022	1-12/ 2023	1-12/ 2022
Industrial Measurements				
Product sales	52.5	55.7	207.4	208.1
Service sales	5.1	4.5	19.9	17.5
Total	57.6	60.2	227.3	225.6
Weather and Environment				
Product sales	51.8	46.7	190.3	167.4
Project sales	23.0	20.3	69.5	73.5
Service sales	5.5	5.2	19.0	17.5
Subscription sales	9.1	8.5	32.5	28.4
Lease income	0.4	0.6	1.8	1.7
Total	89.8	81.3	313.1	288.6
Total net sales	147.4	141.6	540.4	514.2

Operating result by business area

EUR million	10-12/ 2023	10-12/ 2022	1-12/ 2023	1-12/ 2022
Industrial Measurements	8.7	10.8	45.2	51.5
Weather and Environment	7.5	1.8	21.1	11.1
Other	0.1	0.0	0.3	-0.1
Total	16.3	12.6	66.6	62.5

Net sales by region

EUR million	10-12/ 2023	10-12/ 2022	1-12/ 2023	1-12/ 2022
Americas	58.1	58.4	200.4	191.2
APAC	41.2	39.7	160.2	160.3
EMEA	48.1	43.4	179.8	162.7
Total	147.4	141.6	540.4	514.2

Timing of revenue recognition				
EUR million	10-12/ 2023	10-12/ 2022	1-12/ 2023	1-12/ 2022
Performance obligations satisfied at a point in time	114.4	111.7	434.8	408.1
Performance obligations satisfied over time	32.6	29.3	104.0	104.4
Lease income recognized on a straight-line basis	0.4	0.6	1.7	1.7
Total	147.4	141.6	540.4	514.2

Personnel				
	10-12/ 2023	10-12/ 2022	1-12/ 2023	1-12/ 2022
Average personnel	2,321	2,221	2,327	2,141
Personnel at the end of period	2,314	2,235	2,314	2,235

Derivative financial instruments				
EUR million			Dec 31, 2023	Dec 31, 2022
Nominal value of derivative financial contracts			43.7	38.3
Fair values of derivative financial contracts, assets			0.4	1.0
Fair values of derivative financial contracts, liabilities			0.4	0.5

Derivative financial instruments consist solely of foreign exchange forward contracts, and they are measured based on price information derived from active markets and commonly used valuation methods (Fair value hierarchy 2). Derivative financial contracts are executed only with counterparties that have high credit ratings.

Share information				
EUR/thousand	10-12/ 2023	10-12/ 2022	1-12/ 2023	1-12/ 2022
Number of shares outstanding	36,251	36,228	36,251	36,228
Number of treasury shares	185	208	185	208
Number of shares, weighted average, diluted	36,384	36,403	36,379	36,367
Number of shares, weighted average	36,251	36,228	36,259	36,207
Number of shares traded	659	610	3,090	2,385
Share price, highest	40.65	43.40	44.55	54.40
Share price, lowest	30.30	36.15	30.30	36.15

Key ratios				
EUR	10-12/ 2023	10-12/ 2022	1-12/ 2023	1-12/ 2022
Earnings per share	0.36	0.25	1.35	1.24
Diluted earnings per share	0.35	0.25	1.35	1.24
Equity per share			7.39	6.91
Return on equity, %			18.9	18.7
Cash flow from operating activities per share	0.81	0.63	2.31	0.82
Solvency ratio, %			61.3	58.1
Gearing, %			-10.5	3.2

Key exchange rates				
	Average rates		Period end rates	
	1-12/ 2023	1-12/ 2022	Dec 31, 2023	Dec 31, 2022
USD	1.0797	1.0555	1.1050	1.0666
CNY	7.6429	7.0607	7.8509	7.3582
JPY	151.87	137.28	156.33	140.66
GBP	0.8703	0.8509	0.8691	0.8869

Further information

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Vaisala Corporation

Audiocast and teleconference

An audiocast and a conference call for analysts, investors and media will be held in English on February 14, 2024, starting at 2:00 p.m. (Finnish time).

You can participate in the live audiocast via following link: <https://vaisala.videosync.fi/q4-2023>

Questions may be presented by participating in the teleconference. You can access the teleconference by registering on the link below. After the registration, you will receive an email with the dial-in numbers and a conference ID.

<https://palvelu.flik.fi/teleconference/?id=50048550>

A recording will be available at [Vaisala.com/investors](https://vaisala.com/investors) later the same day.

Distribution

Nasdaq Helsinki

Key media

vaisala.com

Vaisala is a global leader in weather, environmental, and industrial measurements. Building on over 85 years of experience, Vaisala provides observations for a better world, with space-proof technology even exploring Mars and beyond. We are a reliable partner for customers around the world, offering a comprehensive range of innovative observation and measurement products and services. Headquartered in Finland, Vaisala employs over 2,000 professionals worldwide and is listed on the Nasdaq Helsinki stock exchange.

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