

## Vaisala Corporation Interim Report January–September 2022

Excellent performance during third quarter, business outlook for 2022 was increased on October 14

### Third quarter 2022 highlights

- Orders received EUR 137.2 (109.9) million, increase 25%
- Order book at the end of the period EUR 187.7 (164.8) million, increase 14%
- Net sales EUR 133.3 (111.5) million, increase 20%
- Operating result (EBIT) EUR 22.0 (19.2) million, 16.5 (17.3) % of net sales
- Earnings per share EUR 0.44 (0.44)
- Cash flow from operating activities EUR 7.3 (19.6) million

### January–September 2022 highlights

- Orders received EUR 394.1 (336.2) million, increase 17%
- Net sales EUR 372.6 (312.9) million, increase 19%
- Operating result (EBIT) EUR 49.9 (38.3) million, 13.4 (12.2) % of net sales
- Earnings per share EUR 1.00 (0.87)
- Cash flow from operating activities EUR 7.1 (48.9) million
- Vaisala acquired US-based AerisWeather for a purchase price of EUR 23 million

### Market development and business outlook for 2022

Markets for high-end industrial instruments, life science, power industry, and liquid measurements are expected to continue to grow.

Markets for meteorology and ground transportation are expected to be stable. Aviation market is expected to recover towards pre-pandemic level. Renewable energy market is expected to continue to grow.

The war in Ukraine and sanctions against Russia are not expected to have direct material impact on Vaisala's operations, financial position or cash flow. The uncertainty in the business environment remains high caused by the weakened economic outlook and increasing inflation. The global shortage of components is expected to continue during the fourth quarter of 2022 causing additional material costs.

Vaisala reiterates the business outlook that was published on October 14, 2022:

Vaisala estimates that its full-year 2022 net sales will be in the range of EUR 500–520 million and its operating result (EBIT) will be in the range of EUR 62–72 million.

In the earlier business outlook published on July 22, 2022, Vaisala estimated that its full-year 2022 net sales would be in the range of EUR 465–495 million and its operating result (EBIT) would be in the range of EUR 55–70 million.

<b>Key figures</b>							
MEUR	7-9/ 2022	7-9/ 2021	Change	1-9/ 2022	1-9/ 2021	Change	1-12/ 2021
Orders received	137.2	109.9	25%	394.1	336.2	17%	455.2
Order book	187.7	164.8	14%	187.7	164.8	14%	160.0
Net sales	133.3	111.5	20%	372.6	312.9	19%	437.9
Gross profit	72.9	64.3	13%	206.2	175.3	18%	241.8
Gross margin, %	54.7	57.7		55.3	56.0		55.2
Operating expenses	50.9	42.8	19%	156.6	132.7	18%	186.5
Operating result	22.0	19.2		49.9	38.3		50.1
Operating result, %	16.5	17.3		13.4	12.2		11.5
Result before taxes	20.7	18.8		47.4	36.8		48.3
Result for the period	16.1	16.0		36.1	31.7		39.5
Earnings per share	0.44	0.44	1%	1.00	0.87	15%	1.08
Return on equity, %				20.1	19.9		18.1
Research and development costs	13.6	12.5	9%	45.0	39.7	13%	55.3
Capital expenditure	3.3	4.6	-28%	9.6	13.9	-31%	19.2
Depreciation, amortization and impairment	5.9	5.5	8%	17.3	16.0	8%	21.6
Cash flow from operating activities	7.3	19.6	-63%	7.1	48.9	-85%	80.0
Cash and cash equivalents				52.1	51.9	0%	77.9
Interest-bearing liabilities				76.0	50.7	50%	50.2
Gearing, %				9.6	-0.6		-12.0

## Vaisala's President and CEO Kai Öistämö

“Vaisala’s excellent performance continued during the third quarter, and thanks to this we increased our business outlook for 2022 earlier in October. Despite the challenging market environment, demand for Vaisala’s products and solutions continued strong in both business areas. Our order book ended again up to a new record level of EUR 188 million. Although there still are challenges in component availability, we managed to maintain high delivery capability resulting to 20% net sales growth.

Our third quarter order intake grew by 25% and it is also notable that orders increased for the fourth quarter in a row. Growth of orders received was strong in all market segments in Industrial Measurements business area led by industrial instruments and life science. Orders in power industry market segment almost doubled compared to previous year. In Weather and Environment business area, order intake grew strongly in meteorology and renewable energy.

Net sales growth was excellent in both business areas and in all market segments. Industrial instruments was again the strongest market segment followed by impressive growth in life science, meteorology, aviation, and renewable energy as well.

Thanks to net sales growth, our operating result increased compared to previous year. Additional costs related to component spot purchases caused a four percentage point negative impact on our gross margin when the impact was one percentage point last year. We managed partially to offset this with higher share of more profitable product business and by pricing actions. Our operating expenses continued to increase due to increased activity in renewal projects of IT systems as well as investments in line with our growth strategy.

Our strategy execution moved forward as planned. Steady performance of flagship businesses continued with high profitability. Growth businesses, like life science and renewable energy, continued excellent performance. Our emerging businesses grew in line with our expectations adding several new customers. During the quarter, we also launched Xweather, a suite of services providing real-time and hyperlocal weather and environmental data.

The uncertainty in the business environment remains high caused by the weakened economic outlook and increasing inflation. The global shortage of components is expected to continue during the fourth quarter of 2022 causing additional material costs. Despite these headwinds, we now estimate that our full-year 2022 net sales will be in the range of EUR 500–520 million and operating result (EBIT) to be in the range of EUR 62–72 million.”

## Financial review Q3 2022

### Orders received and order book

MEUR	7-9/ 2022	7-9/ 2021	Change	FX*	1-12/ 2021
Orders received	137.2	109.9	25%	17%	455.2
Order book, end of period	187.7	164.8	14%		160.0

\* Change with comparable exchange rates

Third quarter 2022 orders received increased by 25% compared to previous year and totaled EUR 137.2 (109.9) million. Growth of orders received was very strong in both business areas. Orders received increased strongly in industrial instruments, life science, power industry, meteorology, and renewable energy market segments. Orders received decreased in ground transportation and aviation market segments and were at comparison period's level in liquid measurements market segment.

At the end of September 2022, order book amounted to all-time high EUR 187.7 (164.8) million and increased by 14% compared to previous year. Order book increased in both business areas. EUR 98.4 (79.8) million of the order book is scheduled to be delivered in 2022.

### Financial performance

MEUR	7-9/ 2022	7-9/ 2021	Change	FX**	1-12/ 2021
Net sales	133.3	111.5	20%	12%	437.9
Products	96.9	81.7	19%		320.3
Projects	19.8	16.0	24%		63.6
Services	16.3	12.9	26%		51.8
Lease income	0.3	0.8	-65%		2.1
Gross margin, %	54.7	57.7			55.2
Operating result	22.0	19.2			50.1
% of net sales	16.5	17.3			11.5
R&D costs	13.6	12.5	9%		55.3
Amortization*	2.1	2.0			7.6

\* Amortization of intangible assets related to the acquired businesses

\*\* Change with comparable exchange rates

Third quarter 2022 net sales increased by 20% compared to previous year and were EUR 133.3 (111.5) million. In constant currencies, net sales increased by 12%. Net sales growth was very strong in both business areas. Net sales increased strongly in industrial instruments, life science, meteorology, aviation, and renewable energy market segments.

Gross margin decreased to 54.7 (57.7) %. Additional costs related to component spot purchases had a 4.2 (1.0) percentage point negative impact on gross margin. This was partially offset by higher share of more profitable product business, pricing and economies of scale generated by volume increase.

Third quarter 2022 operating result increased compared to previous year following growth in net sales and was EUR 22.0 (19.2) million, 16.5 (17.3) % of net sales. Operating expenses increased due to IT system renewal and investments in sales and marketing as well as in R&D.

Third quarter 2022 financial income and expenses were EUR -1.3 (-0.5) million. This was mainly a result of valuation of USD currency hedging, USD denominated receivables and interest expenses. Income taxes increased to EUR 4.7 (2.8) million and estimated effective tax rate for the whole year was 23.9 (14.0) %. Due to high amount of expected utilization of tax losses carried forward, estimated effective tax rate in comparison period was exceptionally low. Result before taxes was EUR 20.7 (18.8) million and result for the period EUR 16.1 (16.0) million. Earnings per share was EUR 0.44 (0.44).

## Financial review January–September 2022

### Orders received and order book

MEUR	1-9/ 2022	1-9/ 2021	Change	FX*	1-12/ 2021
Orders received	394.1	336.2	17%	12%	455.2
Order book, end of period	187.7	164.8	14%		160.0

\* Change with comparable exchange rates

January–September 2022 orders received increased by 17% compared to previous year and totaled EUR 394.1 (336.2) million. Growth of orders received was very strong in Industrial Measurements business area and good in Weather and Environment business area. Orders received increased strongly in industrial instruments, life science, power industry, renewable energy, and aviation market segments. Orders received decreased in meteorology market segment partially due to strong comparison period.

### Financial performance

MEUR	1-9/ 2022	1-9/ 2021	Change	FX**	1-12/ 2021
Net sales	372.6	312.9	19%	13%	437.9
Products	273.1	227.1	20%		320.3
Projects	53.2	46.6	14%		63.6
Services	45.2	37.9	19%		51.8
Lease income	1.1	1.4	-20%		2.1
Gross margin, %	55.3	56.0			55.2
Operating result	49.9	38.3			50.1
% of net sales	13.4	12.2			11.5
R&D costs	45.0	39.7	13%		55.3
Amortization*	6.1	5.7			7.6

\* Amortization of intangible assets related to the acquired businesses

\*\* Change with comparable exchange rates

January–September 2022 net sales increased by 19% compared to previous year and were EUR 372.6 (312.9) million. In constant currencies, net sales increased by 13%. Net sales growth was strong in Industrial Measurements business area and good in Weather and Environment business area. Net sales increased in all market segments and strongly in industrial instruments, life science, renewable energy, meteorology, and aviation market segments.

Gross margin was close to previous year's level 55.3 (56.0) %. Additional costs related to component spot purchases had a 2.5 (0.4) percentage point negative impact on gross margin. This was partially offset by higher share of more profitable product business, pricing, and economies of scale generated by volume increase.

January–September 2022 operating result increased compared to previous year and was EUR 49.9 (38.3) million, 13.4 (12.2) % of net sales following growth in net sales. Operating expenses increased due to IT system renewal and investments in sales and marketing as well as in R&D.

January–September 2022 financial income and expenses were EUR -2.5 (-1.5) million. This was mainly a result of valuation of USD currency hedging, USD denominated receivables and interest expenses. Income taxes increased to EUR 11.3 (5.1) million and estimated effective tax rate was 23.9 (14.0) %. Due to high amount of expected utilization of tax losses carried forward, estimated effective tax rate in comparison period was exceptionally low. Result before taxes was EUR 47.4 (36.8) million and result for the period EUR 36.1 (31.7) million. Earnings per share was EUR 1.00 (0.87).

## **Statement of financial position, cash flow and financing**

Vaisala's financial position remained strong during January–September 2022. At the end of September, statement of financial position totaled EUR 437.7 (Dec 31, 2021: 408.0) million. Cash and cash equivalents totaled EUR 52.1 (Dec 31, 2021: 77.9) million. In January 2022, Vaisala acquired Whether or Knot, LLC (dba AeriWeather), which increased net assets by EUR 23.1 million. Dividend payment, decided by the Annual General Meeting on March 29, 2022, totaled EUR 24.6 million.

In January–September 2022, cash flow from operating activities decreased to EUR 7.1 (48.9) million. Net result increased cash flow, whereas increase in net working capital had a negative impact on cash flow.

On September 30, 2022, Vaisala had interest-bearing borrowings totaling EUR 65.0 (Dec 31, 2021: 40.1) million. EUR 40.0 million of the interest-bearing borrowings related to a term loan, which has a financial covenant (gearing) tested semi-annually. For short term liquidity purposes, Vaisala had drawn financing from the domestic commercial paper markets totaling EUR 25 million on September 30, 2022 (Dec 31, 2021: EUR 0 million). Vaisala has also a EUR 50 million committed revolving credit facility, which was undrawn on September 30, 2022 (Dec 31, 2021: EUR 0 million). In addition, interest-bearing lease liabilities totaled EUR 11.0 (Dec 31, 2021: 10.1) million.

## **Capital expenditure and acquisitions**

In January–September 2022, capital expenditure in intangible assets and property, plant and equipment totaled EUR 9.6 (13.9) 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 17.3 (16.0) million. This included EUR 6.1 (5.7) million of amortization of identified intangible assets related to the acquired businesses.

In January 2022, Vaisala announced acquisition of US-based Whether or Knot, LLC (dba AeriWeather), a subscription-based software company providing weather and environmental information. The purchase price (cash and debt free) was USD 26 million (EUR 23 million), and it was paid with cash. This acquisition supports execution of Vaisala's Weather and Environment business area's strategy to drive growth in Data as a Service and Software as a Service recurring revenue businesses. The acquisition was closed during the first quarter and following this acquisition, 17 professionals, located in the US, transferred to Vaisala. Vaisala has reported AeriWeather's results as part of Weather and Environment business area's financial results as from February 2022.

## **Personnel**

The average number of personnel employed during January–September 2022 was 2,115 (1,964). At the end of September 2022, the number of employees was 2,187 (Dec 31, 2021: 1,979). 77 (77) % of employees were located in EMEA, 16 (15) % in Americas and 8 (8) % in APAC. 66 (66) % of employees were based in Finland.



## Q3 and January–September 2022 review by business area

### Industrial Measurements business area

MEUR	7-9/ 2022	7-9/ 2021	Change	FX**	1-9/ 2022	1-9/ 2021	Change	FX**	1-12/ 2021
Orders received	58.8	45.1	30%	21%	169.8	136.2	25%	18%	194.4
Order book, end of period	39.1	24.5	60%		39.1	24.5	60%		32.9
Net sales	57.6	47.1	22%	14%	165.3	130.9	26%	19%	181.0
Products	53.0	43.3	22%		152.4	119.7	27%		165.9
Services	4.6	3.8	22%		13.0	11.2	15%		15.1
Gross margin, %	60.9	64.4			62.8	63.9			62.8
Operating result	14.6	14.2			40.7	34.1			43.9
of net sales, %	25.3	30.2			24.6	26.1			24.3
R&D costs	5.8	5.0	17%		18.6	15.1	23%		21.1
Amortization*	0.4	0.4			1.2	1.2			1.7

\* Amortization of intangible assets related to the acquired businesses

\*\* Change with comparable exchange rates

### Q3 2022 review

Industrial Measurements business area's third quarter 2022 orders received increased by 30% compared to previous year totaling EUR 58.8 (45.1) million. Orders received increased strongly in industrial instruments, life science, and power industry market segments, whereas orders received in liquid measurements market segment grew somewhat.

At the end of September 2022, Industrial Measurements business area's order book amounted to EUR 39.1 (24.5) million and increased by 60% compared to previous year. EUR 28.7 (19.1) million of the order book is scheduled to be delivered in 2022. Order book increased in industrial instruments, life science and power industry market segments, and was at previous year's level in liquid measurements market segment.

Third quarter 2022 net sales were EUR 57.6 (47.1) million and increased by 22% compared to previous year. In constant currencies, net sales increased by 14%. Net sales growth was strong in industrial instruments and life science market segments. Net sales grew somewhat in power industry and liquid measurements market segments.

Gross margin decreased compared to previous year and was 60.9 (64.4) %. Additional costs related to component spot purchases had a 6.3 (1.8) percentage point negative impact on gross margin. This was partially offset by pricing, product mix, and economies of scale generated by volume increase.

Industrial Measurements business area's third quarter 2022 operating result was at previous year's level and totaled EUR 14.6 (14.2) million, 25.3 (30.2) % of net sales. Operating expenses increased due to IT system renewal and investments in sales and marketing as well as in R&D.

### January–September 2022 review

Industrial Measurements business area's January–September 2022 orders received increased by 25% compared to previous year totaling EUR 169.8 (136.2) million. Growth of orders received was strong in

industrial instruments and life science markets segments, and good in power industry market segment. Orders received in liquid measurements market segment were at previous year's level.

January–September 2022 net sales were EUR 165.3 (130.9) million and increased by 26% compared to previous year. In constant currencies, net sales increased by 19%. Net sales growth was strong in industrial instruments and life science market segments, and good in power industry and liquid measurements market segments.

Gross margin was at previous year's level 62.8 (63.9) %. Additional costs related to component spot purchases had a 3.4 (0.7) percentage point negative impact on gross margin. This was offset by pricing, product mix, and economies of scale generated by volume increase.

Industrial Measurements business area's January–September 2022 operating result increased compared to previous year and totaled EUR 40.7 (34.1) million, 24.6 (26.1) % of net sales following strong net sales growth. Operating expenses increased due to IT system renewal and investments in sales and marketing as well as in R&D.

**Weather and Environment business area**

MEUR	7-9/ 2022	7-9/ 2021	Change	FX**	1-9/ 2022	1-9/ 2021	Change	FX**	1-12/ 2021
Orders received	78.4	64.8	21%	14%	224.3	200.0	12%	8%	260.8
Order book, end of period	148.6	140.4	6%		148.6	140.4	6%		127.1
Net sales	75.7	64.4	18%	11%	207.3	182.0	14%	9%	256.9
Products	43.9	38.4	14%		120.7	107.4	12%		154.4
Projects	19.8	16.0	24%		53.2	46.6	14%		63.6
Services	11.8	9.2	28%		32.3	26.6	21%		36.7
Lease income	0.3	0.8	-65%		1.1	1.4	-20%		2.1
Gross margin, %	49.9	52.9			49.5	50.3			49.9
Operating result	7.5	5.3			9.3	5.3			7.6
of net sales, %	9.9	8.2			4.5	2.9			3.0
R&D costs	7.8	7.6	3%		26.4	24.6	7%		34.2
Amortization*	1.7	1.6			4.9	4.5			5.9

\* Amortization of intangible assets related to the acquired businesses

\*\* Change with comparable exchange rates

**Q3 2022 review**

Weather and Environment business area's third quarter 2022 orders received increased by 21% compared to previous year and totaled EUR 78.4 (64.8) million. Orders received increased strongly in meteorology and renewable energy market segments, whereas orders received in ground transportation and aviation market segments decreased.

At the end of September 2022, Weather and Environment business area's order book amounted to EUR 148.6 (140.4) million and increased by 6% compared to previous year. EUR 69.7 (60.7) million of the order book is scheduled to be delivered in 2022. Order book grew in all other market segments except in meteorology.

Third quarter 2022 net sales were EUR 75.7 (64.4) million and increased by 18% compared to previous year. In constant currencies, net sales increased by 11%. Net sales growth was good in meteorology, aviation, and renewable energy market segments. Net sales grew somewhat in ground transportation market segment.

Gross margin decreased to 49.9 (52.9) % mainly due to additional costs related to component spot purchases having a 2.5 (0.4) percentage point negative impact.

Weather and Environment business area's third quarter 2022 operating result increased compared to previous year and totaled EUR 7.5 (5.3) million, 9.9 (8.2) % of net sales following net sales growth. Operating expenses increased due to IT system renewal and investments in sales and marketing as well as in R&D.

**January–September 2022 review**

Weather and Environment business area's January–September 2022 orders received increased by 12% compared to previous year and totaled EUR 224.3 (200.0) million. Orders received increased strongly in renewable energy and aviation market segments, whereas orders received in ground transportation market

segment grew somewhat. Orders received decreased in meteorology market segment due to strong comparison period.

January–September 2022 net sales were EUR 207.3 (182.0) million and increased by 14% compared to previous year. In constant currencies, net sales increased by 9%. Net sales grew strongly in renewable energy, meteorology, and aviation market segments, and well in ground transportation market segment.

Gross margin decreased compared to previous year and was 49.5 (50.3) %. Additional costs related to component spot purchases had a 1.8 (0.2) percentage point negative impact on gross margin. This was partially offset by improved gross margin of product business, higher share of more profitable digital services, and economies of scale generated by volume increase.

Weather and Environment business area's January–September 2022 operating result increased compared to previous year and totaled EUR 9.3 (5.3) million, 4.5 (2.9) % of net sales following growth in net sales. Operating expenses increased due to IT system renewal and investments in sales and marketing as well as in R&D.

## Science-Based Targets initiative

In March 2022, Vaisala announced commitment to set a near-term science-based target aligned with the requirements of the Science-Based Targets initiative (SBTi). The more detailed target and methods to achieve it will be set based on calculations in 2022, after which the target is sent for validation to SBTi in 2023.

## Annual General Meeting 2022

Vaisala Corporation's Annual General Meeting was held on March 29, 2022. 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, 2021.

### Dividend

The Annual General Meeting decided a dividend of EUR 0.68 per share. The record date for the dividend payment was March 31, 2022, and the payment date was April 11, 2022.

### 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 Chair 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 Chair of the Audit Committee will be EUR 1,500 per attended meeting and EUR 1,000 for each member of the Audit Committee and Chair and each member of the People and Sustainability Committee and any other committee established by the Board of Directors for a term until the close of the Annual General Meeting in 2023. 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 re-elected Deloitte Oy as the auditor of the company and APA Reeta Virolainen will act as the auditor with the principal responsibility. The Auditors are reimbursed according to invoice presented to the company.

### 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 29, 2023.

### 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 1,008,487 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 plans. 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 29, 2023. The authorization for the company's incentive program shall however be valid until March 29, 2026.

## **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. The Chair and all members of the Audit Committee as well as the People and Sustainability 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 September 30, 2022. Vaisala has 36,436,728 shares, of which 6,731,092 are series K shares and 29,705,636 series A shares. 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–September 2022, a total of 1,774,485 series A shares with a value totaling EUR 78.4 million were traded on the Nasdaq Helsinki Ltd. The closing price of the series A share on the Nasdaq Helsinki stock exchange was EUR 37.40. Shares registered a high of EUR 54.40 and a low of EUR 37.00. Volume-weighted average share price was EUR 44.25.

The market value of series A shares on September 30, 2022, was EUR 1,103.2 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 September, the total market value of all the series A and series K shares together was EUR 1,354.9 million, excluding company's treasury shares.

### **Treasury shares**

In March 2022, a total of 125,950 of Vaisala's treasury shares were conveyed without consideration to the 42 key employees participating in Share-based incentive plan 2019–2021 under the terms and conditions of the plan. Of these shares, 2,000 were conveyed to the President and CEO Kai Öistämö. In addition, a total of 1,218 of Vaisala's treasury shares were conveyed without consideration to an employee participating in the Share-based incentive plans 2020–2022 and 2021–2023 under the terms and conditions of the plans. This directed share issue was based on an authorization given by the Annual General Meeting held on March 30, 2021.

Following this directed share issue, the number of series A treasury shares on September 30, 2022, was 208,487, which represents 0.7% of series A shares and 0.6% of total shares.

## Shareholders

At the end of September 2022, Vaisala had 13,605 (12,676) registered shareholders. Ownership outside of Finland and nominee registrations represented 21.1 (19.5) % of the company's shares. Households owned 40.3 (40.5) %, private companies 12.9 (13.2) %, financial and insurance institutions 11.7 (13.0) %, non-profit organizations 10.3 (10.6) % and public sector organizations 3.7 (3.4) % of the shares.

More information about Vaisala's shares and shareholders are presented on the company's website at [vaisala.com/investors](https://vaisala.com/investors).

## Near-term risks and uncertainties

COVID-19 pandemic's impact on Vaisala's business is depending on regional implications and shut down measures especially in China as well as development of possible new virus variants. Component shortage may cause delays or interruptions in deliveries or generate additional material costs. Vaisala's delivery capability may deteriorate due to disruptions in suppliers' operations, Vaisala's production or project delivery organization, or disruptions in incoming and/or outgoing logistics. Demand may fluctuate materially by country or market segment.

The war in Ukraine will affect economic situation especially in Europe and increase risk of achieving Vaisala's financial targets. 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. Cyber risk and downtime of IT systems may impact operations and delivery capability.

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](https://vaisala.com).

## Financial calendar 2023

Financial Statement Release 2022, February 16, 2023

Annual Report 2022, week 9

Interim Report January–March 2023, May 5, 2023

Half Year Financial Report 2023, July 28, 2023

Interim Report January–September 2023, October 27, 2023

Vantaa, October 27, 2022

Vaisala Corporation  
Board of Directors

The forward-looking statements in this report 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 Interim Report 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 2021. All figures in this Interim Report are group figures. All presented figures have been rounded and consequently the sum of individual figures may deviate from the sum presented. This Interim Report is unaudited.

Preparation of Interim Report 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 Interim Report, actual results may differ from those estimates.

### **New and amended IFRS standards effective for the year 2022**

Amendments to IFRS 3, IAS 16, IAS 37 and IFRS 9 have been adopted from January 1, 2022. The adoption of the amendments may have an impact on the group's consolidated financial statements in future periods should such transactions arise.

<b>Consolidated statement of income</b>					
EUR million	<b>7-9/ 2022</b>	<b>7-9/ 2021</b>	<b>1-9/ 2022</b>	<b>1-9/ 2021</b>	<b>1-12/ 2021</b>
Net sales	133.3	111.5	372.6	312.9	437.9
Cost of goods sold	-60.4	-47.1	-166.4	-137.6	-196.0
<b>Gross profit</b>	<b>72.9</b>	<b>64.3</b>	<b>206.2</b>	<b>175.3</b>	<b>241.8</b>
Sales, marketing and administrative costs	-37.3	-30.3	-111.6	-93.0	-131.2
Research and development costs	-13.6	-12.5	-45.0	-39.7	-55.3
Other operating income and expenses	0.0	-2.3	0.2	-4.3	-5.2
<b>Operating result</b>	<b>22.0</b>	<b>19.2</b>	<b>49.9</b>	<b>38.3</b>	<b>50.1</b>
Share of result in associated company	-	-	-	-	0.2
Financial income and expenses	-1.3	-0.5	-2.5	-1.5	-2.1
<b>Result before taxes</b>	<b>20.7</b>	<b>18.8</b>	<b>47.4</b>	<b>36.8</b>	<b>48.3</b>
Income taxes	-4.7	-2.8	-11.3	-5.1	-8.9
<b>Result for the period</b>	<b>16.1</b>	<b>16.0</b>	<b>36.1</b>	<b>31.7</b>	<b>39.5</b>
<b>Attributable to</b>					
Owners of the parent company	16.1	15.9	36.1	31.3	39.0
Non-controlling interests	0.0	0.1	0.0	0.4	0.5
<b>Result for the period</b>	<b>16.1</b>	<b>16.0</b>	<b>36.1</b>	<b>31.7</b>	<b>39.5</b>
<b>Earnings per share for result attributable to the equity holders of the parent company</b>					
Earnings per share, EUR	0.44	0.44	1.00	0.87	1.08
Diluted earnings per share, EUR	0.44	0.44	0.99	0.86	1.07

<b>Consolidated statement of comprehensive income</b>					
<b>EUR million</b>	<b>7-9/ 2022</b>	<b>7-9/ 2021</b>	<b>1-9/ 2022</b>	<b>1-9/ 2021</b>	<b>1-12/ 2021</b>
<b>Items that will not be reclassified to profit or loss (net of taxes)</b>					
Actuarial profit (loss) on post-employment benefits	0.0	0.0	0.0	0.0	-0.1
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.1</b>
<b>Items that may be reclassified subsequently to profit or loss</b>					
Translation differences	4.6	1.4	10.2	3.0	4.5
<b>Total</b>	<b>4.6</b>	<b>1.4</b>	<b>10.2</b>	<b>3.0</b>	<b>4.5</b>
<b>Total other comprehensive income</b>	<b>4.6</b>	<b>1.4</b>	<b>10.2</b>	<b>3.0</b>	<b>4.3</b>
<b>Comprehensive income for the period</b>	<b>20.7</b>	<b>17.4</b>	<b>46.3</b>	<b>34.7</b>	<b>43.8</b>
<b>Attributable to</b>					
Owners of the parent company	20.7	17.3	46.3	34.3	43.4
Non-controlling interests	0.0	0.1	0.0	0.4	0.5
<b>Comprehensive income for the period</b>	<b>20.7</b>	<b>17.4</b>	<b>46.3</b>	<b>34.7</b>	<b>43.8</b>

**Consolidated statement of financial position**

EUR million

<b>Assets</b>	<b>Sep 30, 2022</b>	<b>Sep 30, 2021</b>	<b>Dec 31, 2021</b>
<b>Non-current assets</b>			
Intangible assets	74.3	58.4	56.9
Property, plant and equipment	97.2	91.8	94.1
Right-of-use assets	12.0	11.5	11.1
Investments in shares	0.1	0.1	0.1
Investment in associated company	1.3	1.1	1.3
Non-current receivables	0.9	0.9	0.9
Deferred tax assets	12.2	8.2	9.2
<b>Total non-current assets</b>	<b>198.1</b>	<b>172.0</b>	<b>173.5</b>
<b>Current assets</b>			
Inventories	65.0	48.7	49.9
Trade and other receivables	88.8	71.9	73.5
Contract assets and other accrued revenue	32.7	30.3	28.1
Income tax receivables	1.2	4.7	5.1
Cash and cash equivalents	52.1	51.9	77.9
<b>Total current assets</b>	<b>239.6</b>	<b>207.5</b>	<b>234.5</b>
<b>Total assets</b>	<b>437.7</b>	<b>379.5</b>	<b>408.0</b>

	Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	7.7	7.7	7.7
Other reserves	2.4	4.4	7.0
Translation differences	11.9	0.2	1.7
Treasury shares	-3.3	-4.6	-4.6
Retained earnings	230.0	210.3	218.0
<b>Total equity attributable to owners of parent company</b>	<b>248.6</b>	<b>218.0</b>	<b>229.6</b>
<b>Non-controlling interests</b>	<b>0.0</b>	<b>0.6</b>	<b>0.7</b>
<b>Total equity</b>	<b>248.6</b>	<b>218.6</b>	<b>230.3</b>
<b>Non-current liabilities</b>			
Interest-bearing borrowings	0.0	40.0	40.0
Interest-bearing lease liabilities	8.3	8.0	7.7
Post-employment benefits	2.5	2.4	2.7
Deferred tax liabilities	6.6	6.8	6.7
Provisions	0.4	0.3	0.3
Other non-current liabilities	0.7	1.0	1.3
<b>Total non-current liabilities</b>	<b>18.4</b>	<b>58.5</b>	<b>58.6</b>
<b>Current liabilities</b>			
Interest-bearing borrowings	*65.0	0.1	0.1
Interest-bearing lease liabilities	2.7	2.5	2.4
Trade and other payables	68.1	69.2	83.9
Contract liabilities and other deferred revenue	31.9	27.9	29.0
Income tax liabilities	0.2	0.9	1.8
Provisions	2.7	1.7	2.0
<b>Total current liabilities</b>	<b>170.7</b>	<b>102.4</b>	<b>119.1</b>
<b>Total liabilities</b>	<b>189.1</b>	<b>160.9</b>	<b>177.7</b>
<b>Total equity and liabilities</b>	<b>437.7</b>	<b>379.5</b>	<b>408.0</b>

\* Term loan, EUR 40 million, has been classified from non-current to current liabilities as the loan matures on May 25, 2023. Loan has a financial covenant (gearing), which is tested semi-annually.

<b>Consolidated cash flow statement</b>			
EUR million	<b>1-9/ 2022</b>	<b>1-9/ 2021</b>	<b>1-12/ 2021</b>
Result for the period	36.1	31.7	39.5
Depreciation, amortization and impairment	17.3	16.0	21.6
Financial income and expenses	2.5	1.5	2.1
Gains and losses on sale of intangible assets and property, plant and equipment	0.0	0.0	0.0
Share of result in associated company	-	-	-0.2
Income taxes	11.3	5.1	8.9
Other adjustments	-0.8	1.1	3.1
Inventories, increase (-) / decrease (+)	-14.0	-5.4	-6.7
Non-interest-bearing receivables, increase (-) / decrease (+)	-15.8	-13.1	-11.5
Non-interest-bearing liabilities, increase (+) / decrease (-)	-19.1	19.4	34.7
Changes in working capital	-48.8	0.9	16.6
Financial items paid/received	-1.6	0.8	-0.2
Income taxes paid	-8.8	-8.1	-11.2
<b>Cash flow from operating activities</b>	<b>7.1</b>	<b>48.9</b>	<b>80.0</b>
Acquisition of subsidiaries, net of cash acquired	-23.1	-	-
Capital expenditure on intangible assets and property, plant and equipment	-9.6	-13.9	-19.2
Proceeds from sale of intangible assets and property, plant and equipment	0.0	0.1	0.1
<b>Cash flow from investing activities</b>	<b>-32.7</b>	<b>-13.8</b>	<b>-19.1</b>
Dividends paid	-24.6	-22.0	-22.0
Change in loan receivables	0.1	-0.1	0.0
Proceeds from borrowings	84.9	45.0	45.0
Repayment of borrowings	-59.9	-50.3	-49.9
Principal payments of lease liabilities	-2.1	-2.3	-3.1
<b>Cash flow from financing activities</b>	<b>-1.7</b>	<b>-29.7</b>	<b>-30.0</b>
<b>Change in cash and cash equivalents increase (+) / decrease (-)</b>	<b>-27.3</b>	<b>5.5</b>	<b>30.8</b>
Cash and cash equivalents at the beginning of period	77.9	45.4	45.4
Change in cash and cash equivalents	-27.3	5.5	30.8
Effect from changes in exchange rates	1.5	1.0	1.7
<b>Cash and cash equivalents at the end of period</b>	<b>52.1</b>	<b>51.9</b>	<b>77.9</b>

**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								
<b>Equity at Dec 31, 2020</b>	<b>7.7</b>	<b>5.6</b>	<b>-2.8</b>	<b>-6.3</b>	<b>200.8</b>	<b>205.1</b>	<b>0.4</b>	<b>205.5</b>
Result for the period					31.3	31.3	0.4	31.7
Other comprehensive income		0.0	3.0			3.0		3.0
Dividend distribution					-22.0	-22.0		-22.0
Share-based payments		-1.2		1.7		0.4		0.4
Transfer between items		0.0			-0.0			
Changes in non-controlling interests that did not result in changes in control					0.2	0.2	-0.2	
<b>Equity at Sep 30, 2021</b>	<b>7.7</b>	<b>4.4</b>	<b>0.2</b>	<b>-4.6</b>	<b>210.3</b>	<b>218.0</b>	<b>0.6</b>	<b>218.6</b>

	Share capital	Other reserves	Translation differences	Treasury shares	Retained earnings	Equity attributable to owners of the parent company	Non-controlling interests	Total
EUR million								
<b>Equity at Dec 31, 2021</b>	<b>7.7</b>	<b>7.0</b>	<b>1.7</b>	<b>-4.6</b>	<b>218.0</b>	<b>229.6</b>	<b>0.7</b>	<b>230.3</b>
Result for the period					36.1	36.1	0.0	36.1
Other comprehensive income		0.0	10.2			10.2		10.2
Dividend distribution					-24.6	-24.6		-24.6
Share-based payments		-4.6		1.4		-3.2		-3.2
Changes in non-controlling interests that did not result in changes in control					0.7	0.7	-0.7	
<b>Equity at Sep 30, 2022</b>	<b>7.7</b>	<b>2.4</b>	<b>11.9</b>	<b>-3.3</b>	<b>230.0</b>	<b>248.6</b>	<b>0.0</b>	<b>248.6</b>

## Notes to the report

### Orders received by business area

EUR million	7-9/ 2022	7-9/ 2021	1-9/ 2022	1-9/ 2021	1-12/ 2021
Industrial Measurements	58.8	45.1	169.8	136.2	194.4
Weather and Environment	78.4	64.8	224.3	200.0	260.8
<b>Total</b>	<b>137.2</b>	<b>109.9</b>	<b>394.1</b>	<b>336.2</b>	<b>455.2</b>

### Order book by business area

EUR million	7-9/ 2022	7-9/ 2021	1-9/ 2022	1-9/ 2021	1-12/ 2021
Industrial Measurements	39.1	24.5	39.1	24.5	32.9
Weather and Environment	148.6	140.4	148.6	140.4	127.1
<b>Total</b>	<b>187.7</b>	<b>164.8</b>	<b>187.7</b>	<b>164.8</b>	<b>160.0</b>

### Net sales by business area

EUR million	7-9/ 2022	7-9/ 2021	1-9/ 2022	1-9/ 2021	1-12/ 2021
Industrial Measurements					
Products	53.0	43.3	152.4	119.7	165.9
Services	4.6	3.8	13.0	11.2	15.1
<b>Total</b>	<b>57.6</b>	<b>47.1</b>	<b>165.3</b>	<b>130.9</b>	<b>181.0</b>
Weather and Environment					
Products	43.9	38.4	120.7	107.4	154.4
Projects	19.8	16.0	53.2	46.6	63.6
Services	11.8	9.2	32.3	26.6	36.7
Lease income	0.3	0.8	1.1	1.4	2.1
<b>Total</b>	<b>75.7</b>	<b>64.4</b>	<b>207.3</b>	<b>182.0</b>	<b>256.9</b>
<b>Total net sales</b>	<b>133.3</b>	<b>111.5</b>	<b>372.6</b>	<b>312.9</b>	<b>437.9</b>

### Operating result by business area

EUR million	7-9/ 2022	7-9/ 2021	1-9/ 2022	1-9/ 2021	1-12/ 2021
Industrial Measurements	14.6	14.2	40.7	34.1	43.9
Weather and Environment	7.5	5.3	9.3	5.3	7.6
Other	0.0	-0.2	-0.1	-1.2	-1.4
<b>Total</b>	<b>22.0</b>	<b>19.2</b>	<b>49.9</b>	<b>38.3</b>	<b>50.1</b>

### Net sales by region

EUR million	7-9/ 2022	7-9/ 2021	1-9/ 2022	1-9/ 2021	1-12/ 2021
Americas	51.0	39.1	132.7	107.7	150.2
APAC	40.8	35.7	120.6	102.7	144.7
EMEA	41.5	36.6	119.4	102.5	143.0
<b>Total</b>	<b>133.3</b>	<b>111.5</b>	<b>372.6</b>	<b>312.9</b>	<b>437.9</b>



<b>Timing of revenue recognition</b>					
EUR million	7-9/ 2022	7-9/ 2021	1-9/ 2022	1-9/ 2021	1-12/ 2021
Performance obligations satisfied at a point in time	105.4	88.5	296.5	246.6	346.6
Performance obligations satisfied over time	27.7	22.2	75.1	64.9	89.2
Lease income recognized on a straight-line basis	0.3	0.8	1.1	1.4	2.1
<b>Total</b>	<b>133.3</b>	<b>111.5</b>	<b>372.6</b>	<b>312.9</b>	<b>437.9</b>

<b>Personnel</b>					
	7-9/ 2022	7-9/ 2021	1-9/ 2022	1-9/ 2021	1-12/ 2021
Average personnel	2,192	1,984	2,115	1,964	1,967
Personnel at the end of period	2,187	1,965	2,187	1,965	1,979

<b>Derivative financial instruments</b>					
EUR million			Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
Nominal value of derivative financial contracts			38.0	39.0	35.2
Fair values of derivative financial contracts, assets			0.3	0.0	0.0
Fair values of derivative financial contracts, liabilities			2.8	1.3	1.3

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.

<b>Share information</b>					
EUR/thousand	7-9/ 2022	7-9/ 2021	1-9/ 2022	1-9/ 2021	1-12/ 2021
Number of shares outstanding	36,228	36,101	36,228	36,101	36,101
Number of treasury shares	208	336	208	336	336
Number of shares, weighted average, diluted	36,405	36,357	36,356	36,311	36,354
Number of shares, weighted average	36,228	36,101	36,199	36,075	36,082
Number of shares traded	326	472	1,774	2,111	2,939
Share price, highest	46.05	44.95	54.40	44.95	55.80
Share price, lowest	37.00	34.50	37.00	30.00	30.00

<b>Key ratios</b>					
EUR	7-9/ 2022	7-9/ 2021	1-9/ 2022	1-9/ 2021	1-12/ 2021
Earnings per share	0.44	0.44	1.00	0.87	1.08
Diluted earnings per share	0.44	0.44	0.99	0.86	1.07
Equity per share			6.86	6.04	6.36
Return on equity, %			20.1	19.9	18.1
Cash flow from operating activities per share	0.20	0.54	0.20	1.36	2.21
Solvency ratio, %			57.8	58.2	57.2
Gearing, %			9.6	-0.6	-12.0

<b>Key exchange rates</b>					
	<b>Average rates</b>		<b>Sep 30, 2022</b>	<b>Period end rates</b>	
	<b>1-9/ 2022</b>	<b>1-9/ 2021</b>		<b>Sep 30, 2021</b>	<b>Dec 31, 2021</b>
USD	1.0736	1.2016	0.9748	1.1579	1.1326
CNY	7.0234	7.7708	6.9368	7.4847	7.1947
JPY	134.97	129.94	141.01	129.67	130.38
GBP	0.8447	0.8669	0.8830	0.8605	0.8403

**Further information**

Kaarina Muurinen, CFO

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Vaisala Corporation

**Audiocast and conference call**

An audiocast and a conference call for analysts, investors and media will be held in English on October 28, 2022, starting at 2:00 p.m. (Finnish time). Numbers for conference call, during which questions may be presented, are:

Finland: +358 9 2319 5437

UK: +44 33 0551 0200

Sweden: +46 8 5052 0424

US: +1 212 999 6659

Password: Vaisala

A link to the live audiocast will be available at [vaisala.com/investors](https://vaisala.com/investors). A recording will be available on the website later the same day.

PIN: 25951253#

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Key media

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