Weak net sales in Q1, record-high order book

Interim Report January–March 2024

Kai Öistämö, President and CEO
Weak net sales in Q1, record-high order book

**Net sales**

112.1 \(\text{MEUR} -15\%\)  

123.3 \(\text{MEUR} -7\%\)

**Order book**

190.4 \(\text{MEUR} +10\% \text{ Q/Q}\)

**Orders received**

123.3 \(\text{MEUR} -7\%\)

**Operating result margin**

6.4\% \(\text{10.1}\)

**Q1/2024**

- Slow start of the year, low market activity level continued.
- Industrial actions in Finland and ERP ramp-up affected Q1 net sales.
- ERP situation normalizing after expected slowness during ramp-up phase.
- Purpose, brand, and strategic priorities refined to mirror commitment to climate action.
- SBTi approves greenhouse gas emissions reduction targets.
Instruments and intelligence for climate action

Taking every measure for the planet

MEGATRENDS
- Energy transition & decarbonization
- AI & process optimization
- Health & well-being

PURPOSE

Customer focus
Innovation & renewal
Strong together
Integrity

SUCCESS DRIVERS
- Customer understanding and application know-how
- Product and technology leadership
- Excellence in supply chain
- Purpose-driven culture and talent

STRATEGIC PRIORITIES
- Grow in industrial measurements with breakthrough technologies
- Expand in energy transition and build recurring revenue in data
- Drive profitability as global leader in weather systems
- Simplify and scale

VALUES
- Customer focus
- Innovation & renewal
- Strong together
- Integrity
Enabling climate action with our customers

Supporting the construction industry’s decarbonization goals
Finland-based startup Carbonaide transforms concrete from emission source into a carbon storage sink.

Effectively managing winter weather conditions
City of Independence in Missouri improves its response to snowstorms with real-time weather data.

Reducing the environmental impact of shipping
Norsepower optimizes wind-assisted propulsion with accurate wind data, leading to 5–25% less fuel consumption.
Our commitment:

- We will more than halve our direct greenhouse gas emissions (scope 1) and purchased-energy emissions (scope 2) from 2021 level by 2030.
- We will more than halve our other indirect emissions (scope 3) in relation to gross profit within the same timeframe.

Science Based Targets initiative approves our emission reduction targets

Scope 3 emissions make up over 99% of Vaisala’s total emissions.

Use of sold products, purchased goods and services, and logistics play the biggest role.
Financials
Slow start for the year

• Orders received reflect continued low market activity level
• Order book record-high EUR 190.4 million, up by 10% Q/Q
  • Order book for 2024 EUR 141.4 million
• Net sales decreased by 15% Y/Y
  • Slow market, industrial actions in Finland and ramp-up of the new ERP system
  • Decrease in net sales partly mitigated by temporarily lower operating expenses
• Gross margin 54.2 (56.1)
Industrial Measurements: EBIT margin 13.5% despite low net sales

- Orders received decreased by 14% Y/Y
- Order book up by 5% Q/Q
- Net sales decreased by 24% Y/Y
  - Slow market, industrial actions in Finland, and ramp-up of the new ERP system
  - Strong comparison period
  - Service sales grew by 30%
- Low delivery volumes, hence, low utilization rate at the factory burdened gross margin
- EBIT% 13.5 (23.8)
Weather and Environment: Timing of project deliveries impacted net sales

- Orders received at previous year’s level
- Order book up by 12% Q/Q
- Net sales decreased by 7% Y/Y
  - Growth of subscription sales 15%
- Gross margin improved to 51.0 (50.2) %
  - Favorable business mix
- EBIT% 1.0 (-2.5)
Cash flow continued on good level

- Cash flow from operating activities decreased to EUR 17.1 (26.9) million
  - Lower result for the period
  - Decrease in net working capital
- Increase in trade and other payables drive decrease in net working capital
- Cash conversion 2.4
- Free cash flow ~EUR 15 million
Strong financial position

- Low leverage in the balance sheet
- Asset light business model
- Dividend liability EUR 27.2 million
  - 2023 dividends (EUR 0.75 per outstanding share) were paid in April 2024
- New ~EUR 10 million CAPEX investment into automated logistics center in Vantaa, Finland in 2024–2025
  - Estimated start in Q2/24

### Financial Highlights

<table>
<thead>
<tr>
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<th>Q1/2024</th>
<th>Q1/2023</th>
<th>2023</th>
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<tbody>
<tr>
<td>Equity per share</td>
<td>6.76</td>
<td>6.33</td>
<td>7.39</td>
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<tr>
<td>Return on equity, %</td>
<td>8.0</td>
<td>16.0</td>
<td>18.9</td>
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<tr>
<td>Solvency ratio, %</td>
<td>53.8</td>
<td>52.7</td>
<td>61.3</td>
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<tr>
<td>CAPEX</td>
<td>2.0</td>
<td>3.1</td>
<td>13.9</td>
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<tr>
<td>Cash and cash equivalents</td>
<td>105.0</td>
<td>75.4</td>
<td>90.3</td>
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<tr>
<td>Interest-bearing liabilities</td>
<td>61.4</td>
<td>60.4</td>
<td>62.1</td>
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<tr>
<td>Gearing, %</td>
<td>-17.8</td>
<td>-6.5</td>
<td>-10.5</td>
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Market and business outlook

VAISALA
Market outlook for 2024

**Growth**
- Power and energy
- Liquid measurements
- Renewable energy

**Stable**
- Industrial instruments
- Life science
- Meteorology
- Aviation
- Roads

May 3, 2024
Vaisala estimates that its full-year 2024 net sales will be in the range of EUR 530–570 million.

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