

Vaisala Corporation Half Year Financial Report January–June 2022

Strong demand and delivery performance continued

Second quarter 2022 highlights

- Orders received EUR 131.9 (120.1) million, increase 10%
- Order book at the end of the period EUR 182.9 (165.3) million, increase 11%
- Net sales EUR 120.5 (109.5) million, increase 10%
- Operating result (EBIT) EUR 10.3 (10.9) million, 8.6 (10.0) % of net sales
- Earnings per share EUR 0.18 (0.25)
- Cash flow from operating activities EUR -9.8 (11.1) million

January–June 2022 highlights

- Orders received EUR 256.9 (226.3) million, increase 14%
- Net sales EUR 239.3 (201.5) million, increase 19%
- Operating result (EBIT) EUR 27.9 (19.0) million, 11.7 (9.5) % of net sales
- Earnings per share EUR 0.55 (0.43)
- Cash flow from operating activities EUR -0.2 (29.4) 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. Inflation, weakening of economic development, as well as continuation of the pandemic and related shut down measures especially in China create uncertainty in economic environment. Weak visibility to component availability and component supply constraints are expected to continue throughout 2022, thus, additional material costs related to spot purchases are expected to remain at high level during the second half of 2022.

Vaisala continues to estimate that its full-year 2022 net sales will be in the range of EUR 465–495 million and its operating result (EBIT) will be in the range of EUR 55–70 million.

Key figures

MEUR	4-6/ 2022	4-6/ 2021	Change	1-6/ 2022	1-6/ 2021	Change	1-12/ 2021
Orders received	131.9	120.1	10%	256.9	226.3	14%	455.2
Order book	182.9	165.3	11%	182.9	165.3	11%	160.0
Net sales	120.5	109.5	10%	239.3	201.5	19%	437.9
Gross profit	66.6	60.6	10%	133.4	110.9	20%	241.8
Gross margin, %	55.3	55.3		55.7	55.1		55.2
Operating expenses	56.3	47.4	19%	105.7	89.8	18%	186.5
Operating result	10.3	10.9		27.9	19.0		50.1
Operating result, %	8.6	10.0		11.7	9.5		11.5
Result before taxes	9.3	10.1		26.7	18.0		48.3
Result for the period	6.2	9.4		20.0	15.7		39.5
Earnings per share	0.18	0.25	-30%	0.55	0.43	30%	1.08
Return on equity, %				17.5	15.5		18.1
Research and development costs	16.7	14.0	20%	31.4	27.2	15%	55.3
Capital expenditure	2.8	4.8	-41%	6.3	9.3	-32%	19.2
Depreciation, amortization and Impairment	5.8	5.3	9%	11.4	10.5	8%	21.6
Cash flow from operating activities	-9.8	11.1	-188%	-0.2	29.4	-101%	80.0
Cash and cash equivalents				48.4	52.3	-7%	77.9
Interest-bearing liabilities				74.5	66.1	13%	50.2
Gearing, %				11.5	6.9		-12.0

Vaisala's President and CEO Kai Öistämö

“Vaisala had yet another excellent quarter despite the challenging market environment. Strong demand continued during the second quarter and our order book reached new record level of EUR 183 million. We succeeded in maintaining good delivery performance, which resulted to excellent 10% net sales growth.

Our second quarter order intake grew strongly in Industrial Measurements business area. Strongest market segment was industrial instruments, life science and power industry market segments growing nicely as well. Orders received in ground transportation market segment were back to more normal quarterly level and aviation market segment continued its recovery towards pre-pandemic level. Meteorology market segment fell short from previous year's strong second quarter. Overall, Weather and Environment business area has suffered from lack of large project orders.

Industrial Measurements business area continued its growth trend during second quarter with 24% net sales growth. Industrial instruments, life science and power industry market segments all continued to grow strongly. Weather and Environment business area's net sales were flat partly due to seasonality. Net sales in aviation market segment grew reflecting strong order intake during the past quarters.

Our gross margin remained above 55% despite three percentage point negative impact caused by component spot purchases. I was extremely pleased to see that we were able to offset this with pricing and more profitable sales mix. Operating expenses increased as planned, because we continued our planned investments in renewal of IT systems, sales and marketing as well as R&D for the future growth. This resulted to second quarter operating result margin decreasing from previous year.

Our strategy execution proceeded according to plan. Flagship businesses performed steadily and growth businesses, like life science and renewable energy, continued to generate excellent growth. In emerging businesses, our Data as a Service and Software as a Service business grew nicely supported by acquisition of AerisWeather in the beginning of the year.

The war in Ukraine and sanctions against Russia did not have or are not expected to have direct material impact on Vaisala, although we decided to suspend all our business in Russia and Belarus in March. Vaisala's historical average annual net sales to Russia, Belarus and Ukraine have totaled only 1–2% of our annual net sales. Inflation, weakening of economic development, as well as continuation of the pandemic and related shut down measures especially in China create uncertainty in economic environment. Weak visibility to component availability and component supply constraints are expected to continue throughout 2022, and additional material costs related to spot purchases are expected to remain at high level during the second half of 2022. Despite these headwinds, we continue to estimate that our full-year 2022 net sales will be in the range of EUR 465–495 million and operating result (EBIT) to be in the range of EUR 55–70 million.”

Financial review Q2 2022

Orders received and order book

MEUR	4-6/ 2022	4-6/ 2021	Change	FX*	1-12/ 2021
Orders received	131.9	120.1	10%	5%	455.2
Order book, end of period	182.9	165.3	11%		160.0

* Change with comparable exchange rates

Second quarter 2022 orders received increased by 10% compared to previous year and totaled EUR 131.9 (120.1) million. Growth of orders received was very strong in Industrial Measurements business area. In Weather and Environment business area, orders received was at previous year's level. Orders received increased strongly in industrial instruments, life science, ground transportation, and aviation market segments. Orders received decreased in meteorology market segment as comparison period included EUR 13 million weather infrastructure project in Ethiopia.

At the end of June 2022, order book amounted to all-time high EUR 182.9 (165.3) million and increased by 11% compared to previous year. Order book increased in both business areas. EUR 124.9 (96.2) million of the order book is scheduled to be delivered in 2022.

Financial performance

MEUR	4-6/ 2022	4-6/ 2021	Change	FX**	1-12/ 2021
Net sales	120.5	109.5	10%	5%	437.9
Products	88.1	79.3	11%		320.3
Projects	17.6	17.4	1%		63.6
Services	14.5	12.3	18%		51.8
Lease income	0.4	0.4	-11%		2.1
Gross margin, %	55.3	55.3			55.2
Operating result	10.3	10.9			50.1
% of net sales	8.6	10.0			11.5
R&D costs	16.7	14.0	20%		55.3
Amortization*	2.1	1.8			7.6

* Amortization of intangible assets related to the acquired businesses

** Change with comparable exchange rates

Second quarter 2022 net sales increased by 10% compared to previous year and were EUR 120.5 (109.5) million. In constant currencies, net sales increased by 5%. Net sales growth was very strong in Industrial Measurements business area, whereas net sales in Weather and Environment business area were at previous year's level. Net sales increased strongly in industrial instruments, life science, and aviation market segments.

Gross margin was at previous year's level 55.3 (55.3) %. Additional costs related to component spot purchases had almost three percentage point negative impact on gross margin. This was offset by higher share of more profitable product business and pricing.

Second quarter 2022 operating result decreased compared to previous year despite growth in net sales and was EUR 10.3 (10.9) million, 8.6 (10.0) % of net sales. Operating expenses increased due to IT system renewal and investments in sales and marketing as well as in R&D.

Second quarter 2022 financial income and expenses were EUR -1.0 (-0.8) million. This was mainly a result of valuation of USD denominated receivables, USD currency hedging and interest expenses. Income taxes increased to EUR 3.1 (0.7) million and estimated effective tax rate for the whole year was 24.9 (13.0) %. 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 9.3 (10.1) million and result for the period EUR 6.2 (9.4) million. Earnings per share was EUR 0.18 (0.25).

Financial review January–June 2022

Orders received and order book

MEUR	1-6/ 2022	1-6/ 2021	Change	FX*	1-12/ 2021
Orders received	256.9	226.3	14%	9%	455.2
Order book, end of period	182.9	165.3	11%		160.0

* Change with comparable exchange rates

January–June 2022 orders received increased by 14% compared to previous year and totaled EUR 256.9 (226.3) 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, renewable energy, aviation, and ground transportation market segments. Orders received decreased in meteorology market segment partially due to strong comparison period.

Financial performance

MEUR	1-6/ 2022	1-6/ 2021	Change	FX**	1-12/ 2021
Net sales	239.3	201.5	19%	14%	437.9
Products	176.2	145.4	21%		320.3
Projects	33.4	30.6	9%		63.6
Services	28.9	24.9	16%		51.8
Lease income	0.8	0.6	36%		2.1
Gross margin, %	55.7	55.1			55.2
Operating result	27.9	19.0			50.1
% of net sales	11.7	9.5			11.5
R&D costs	31.4	27.2	15%		55.3
Amortization*	4.1	3.8			7.6

* Amortization of intangible assets related to the acquired businesses

** Change with comparable exchange rates

January–June 2022 net sales increased by 19% compared to previous year and were EUR 239.3 (201.5) million. In constant currencies, net sales increased by 14%. Net sales growth was strong in both business areas. Net sales increased in all market segments and strongly in industrial instruments, life science, and renewable energy market segments.

Gross margin improved from previous year and was 55.7 (55.1) %. Additional costs related to component spot purchases had almost two percentage point negative impact on gross margin. This was more than offset by higher share of more profitable product business, pricing, and economies of scale generated by volume increase.

January–June 2022 operating result increased compared to previous year and was EUR 27.9 (19.0) million, 11.7 (9.5) % of net sales following growth in net sales and gross margin improvement. Operating expenses increased due to IT system renewal and investments in sales and marketing as well as in R&D.

January–June 2022 financial income and expenses were EUR -1.2 (-1.0) million. This was mainly a result of valuation of USD denominated receivables, USD currency hedging and interest expenses. Income taxes increased to EUR 6.6 (2.3) million and estimated effective tax rate was 24.9 (13.0) %. 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 26.7 (18.0) million and result for the period EUR 20.0 (15.7) million. Earnings per share was EUR 0.55 (0.43).

Statement of financial position, cash flow and financing

Vaisala's financial position remained strong during January–June 2022. At the end of June, statement of financial position totaled EUR 418.0 (Dec 31, 2021: 408.0) million. Cash and cash equivalents totaled EUR 48.4 (Dec 31, 2021: 77.9) million. In January 2022, Vaisala acquired Whether or Knot, LLC (dba AerisWeather), 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–June 2022, cash flow from operating activities decreased to EUR -0.2 (29.4) million. Net result increased cash flow, whereas increase in net working capital had a negative impact on cash flow. Inventories and liabilities increased net working capital.

On June 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. On June 30, 2022, Vaisala was in compliance with the covenant. For short term liquidity purposes, Vaisala had drawn financing from the domestic commercial paper markets totaling EUR 25 million on June 30, 2022 (Dec 31, 2021: EUR 0 million). Vaisala has also a EUR 50 million committed revolving credit facility, which was undrawn on June 30, 2022 (Dec 31, 2021: EUR 0 million). In addition, interest-bearing lease liabilities totaled EUR 9.4 (Dec 31, 2021: 10.1) million.

Capital expenditure and acquisitions

In January–June 2022, capital expenditure in intangible assets and property, plant and equipment totaled EUR 6.3 (9.3) 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 11.4 (10.5) million. This included EUR 4.1 (3.8) 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 AerisWeather), 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 AerisWeather'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–June 2022 was 2,077 (1,955). At the end of June 2022, the number of employees was 2,187 (Dec 31, 2021: 1,979). 77 (77) % of employees were located in EMEA, 15 (15) % in Americas and 8 (8) % in APAC. 66 (66) % of employees were based in Finland.

Q2 and January–June 2022 review by business area

Industrial Measurements business area

MEUR	4-6/ 2022	4-6/ 2021	Change	FX**	1-6/ 2022	1-6/ 2021	Change	FX**	1-12/ 2021
Orders received	56.2	45.2	24%	17%	111.0	91.1	22%	16%	194.4
Order book, end of period	37.2	26.0	43%		37.2	26.0	43%		32.9
Net sales	54.7	44.1	24%	17%	107.8	83.9	29%	22%	181.0
Products	50.4	40.3	25%		99.4	76.4	30%		165.9
Services	4.3	3.8	12%		8.4	7.5	12%		15.1
Gross margin, %	63.2	63.7			63.7	63.6			62.8
Operating result	11.5	10.5			26.1	19.9			43.9
of net sales, %	21.0	23.7			24.2	23.7			24.3
R&D costs	6.9	5.4	29%		12.8	10.2	26%		21.1
Amortization*	0.4	0.4			0.8	0.8			1.7

* Amortization of intangible assets related to the acquired businesses

** Change with comparable exchange rates

Q2 2022 review

Industrial Measurements business area's second quarter 2022 orders received increased by 24% compared to previous year totaling EUR 56.2 (45.2) million. Orders received increased strongly in industrial instruments, life science, and power industry market segments, whereas orders received for liquid measurements were at previous year's level.

At the end of June 2022, Industrial Measurements business area's order book amounted to EUR 37.2 (26.0) million and increased by 43% compared to previous year. EUR 32.8 (23.1) million of the order book is scheduled to be delivered in 2022. Order book increased in industrial instruments and life science and was at previous year's level in power industry and liquid measurements market segments.

Second quarter 2022 net sales were EUR 54.7 (44.1) million and increased by 24% compared to previous year. In constant currencies, net sales increased by 17%. Net sales growth was strong in industrial instruments, life science, and power industry market segments. Net sales in liquid measurement market segment were at previous year's level.

Gross margin decreased compared to previous year and was 63.2 (63.7) %. Additional costs related to component spot purchases had a three percentage point negative impact on gross margin. This was almost offset by pricing and economies of scale generated by volume increase.

Industrial Measurements business area's second quarter 2022 operating result increased compared to previous year and totaled EUR 11.5 (10.5) million, 21.0 (23.7) % of net sales. Operating expenses increased due to IT system renewal and investments in sales and marketing as well as in R&D.

January–June 2022 review

Industrial Measurements business area's January–June 2022 orders received increased by 22% compared to previous year totaling EUR 111.0 (91.1) million. Orders received increased strongly in industrial instruments

and life science markets segments, whereas orders received in power industry and liquid measurements market segments were at previous year's level.

January–June 2022 net sales were EUR 107.8 (83.9) million and increased by 29% compared to previous year. In constant currencies, net sales increased by 22%. Net sales growth was strong in all market segments.

Gross margin was at previous year's level 63.7 (63.6) %. Additional costs related to component spot purchases had a two percentage point negative impact on gross margin. This was offset by pricing and economies of scale generated by volume increase.

Industrial Measurements business area's January–June 2022 operating result increased compared to previous year and totaled EUR 26.1 (19.9) million, 24.2 (23.7) % 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	4-6/ 2022	4-6/ 2021	Change	FX**	1-6/ 2022	1-6/ 2021	Change	FX**	1-12/ 2021
Orders received	75.7	74.9	1%	-3%	146.0	135.1	8%	4%	260.8
Order book, end of period	145.6	139.4	4%		145.6	139.4	4%		127.1
Net sales	65.9	65.4	1%	-3%	131.6	117.6	12%	9%	256.9
Products	37.7	39.0	-3%		76.8	69.0	11%		154.4
Projects	17.6	17.4	1%		33.4	30.6	9%		63.6
Services	10.2	8.5	20%		20.5	17.5	17%		36.7
Lease income	0.4	0.4	-11%		0.8	0.6	36%		2.1
Gross margin, %	48.8	49.6			49.2	49.0			49.9
Operating result	-1.1	1.0			1.8	0.1			7.6
of net sales, %	-1.6	1.5			1.4	0.1			3.0
R&D costs	9.8	8.6	14%		18.6	17.0	9%		34.2
Amortization*	1.7	1.4			3.2	2.9			5.9

* Amortization of intangible assets related to the acquired businesses

** Change with comparable exchange rates

Q2 2022 review

Weather and Environment business area's second quarter 2022 orders received increased by 1% compared to previous year and totaled EUR 75.7 (74.9) million. Orders received increased strongly in ground transportation and aviation market segments. Orders received were flat in renewable energy market segment and decreased in meteorology market segment as comparison period included EUR 13 million weather infrastructure project in Ethiopia.

At the end of June 2022, Weather and Environment business area's order book amounted to EUR 145.6 (139.4) million and increased by 4% compared to previous year. EUR 92.1 (73.1) million of the order book is scheduled to be delivered in 2022. Order book grew in ground transportation, aviation, and renewable energy market segments, whereas order book in meteorology market segment decreased.

Second quarter 2022 net sales were EUR 65.9 (65.4) million and increased by 1% compared to previous year. In constant currencies, net sales decreased by 3%. Net sales grew in aviation market segment and were at previous year's level in ground transportation and renewable energy market segments. Net sales decreased in meteorology market segment.

Gross margin decreased to 48.8 (49.6) %. Additional costs related to component spot purchases had almost three percentage point negative impact on gross margin. This was almost offset by improved gross margin in project deliveries and higher share of more profitable digital services.

Weather and Environment business area's second quarter 2022 operating result decreased compared to previous year and totaled EUR -1.1 (1.0) million, -1.6 (1.5) % of net sales. Operating expenses increased due to IT system renewal and investments in sales and marketing as well as in R&D.

January–June 2022 review

Weather and Environment business area's January–June quarter 2022 orders received increased by 8% compared to previous year and totaled EUR 146.0 (135.1) million. Orders received increased strongly in renewable energy, aviation and ground transportation market segments. Orders received decreased in meteorology market segment due to strong comparison period.

January–June 2022 net sales were EUR 131.6 (117.6) million and increased by 12% compared to previous year. In constant currencies, net sales increased by 9%. Net sales grew strongly in renewable energy market segment, and well in aviation, meteorology, and ground transportation market segments.

Gross margin was at previous year's level 49.2 (49.0) %. Additional costs related to component spot purchases had more than one percentage point negative impact on gross margin. This was offset by improved gross margin in project deliveries and higher share of more profitable digital services.

Weather and Environment business area's January–June 2022 operating result increased compared to previous year and totaled EUR 1.8 (0.1) million, 1.4 (0.1) % 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 June 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–June 2022, a total of 1,448,807 series A shares with a value totaling EUR 65.0 million were traded on the Nasdaq Helsinki Ltd. The closing price of the series A share on the Nasdaq Helsinki stock exchange was EUR 40.90. Shares registered a high of EUR 54.40 and a low of EUR 38.00. Volume-weighted average share price was EUR 44.90.

The market value of series A shares on June 30, 2022, was EUR 1,206.4 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 June, the total market value of all the series A and series K shares together was EUR 1,481.7 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 June 30, 2022, was 208,487, which represents 0.7% of series A shares and 0.6% of total shares.

Shareholders

At the end of June 2022, Vaisala had 13,450 (11,841) registered shareholders. Ownership outside of Finland and nominee registrations represented 21.0 (19.1) % of the company's shares. Households owned 40.4 (40.6) %, private companies 12.9 (13.1) %, financial and insurance institutions 11.7 (13.2) %, non-profit organizations 10.4 (10.6) % and public sector organizations 3.5 (3.4) % of the shares.

More information about Vaisala's shares and shareholders are presented on the company's website at 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.

Financial calendar 2022

Interim Report January–September 2022, October 28, 2022

Vantaa, July 21, 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 Half Year Financial 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 Half Year Financial Report are group figures. All presented figures have been rounded and consequently the sum of individual figures may deviate from the sum presented. This Half Year Financial Report is unaudited.

Preparation of Half Year Financial 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 Half Year Financial 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.

Consolidated statement of income					
EUR million	4-6/ 2022	4-6/ 2021	1-6/ 2022	1-6/ 2021	1-12/ 2021
Net sales	120.5	109.5	239.3	201.5	437.9
Cost of goods sold	-53.9	-48.9	-106.0	-90.5	-196.0
Gross profit	66.6	60.6	133.4	110.9	241.8
Sales, marketing and administrative costs	-39.6	-33.5	-74.3	-62.7	-131.2
Research and development costs	-16.7	-14.0	-31.4	-27.2	-55.3
Other operating income and expenses	0.1	-2.2	0.2	-2.1	-5.2
Operating result	10.3	10.9	27.9	19.0	50.1
Share of result in associated company	-	-	-	-	0.2
Financial income and expenses	-1.0	-0.8	-1.2	-1.0	-2.1
Result before taxes	9.3	10.1	26.7	18.0	48.3
Income taxes	-3.1	-0.7	-6.6	-2.3	-8.9
Result for the period	6.2	9.4	20.0	15.7	39.5
Attributable to					
Owners of the parent company	6.4	9.2	20.0	15.4	39.0
Non-controlling interests	-0.2	0.2	0.0	0.3	0.5
Result for the period	6.2	9.4	20.0	15.7	39.5
Earnings per share for result attributable to the equity holders of the parent company					
Earnings per share, EUR	0.18	0.25	0.55	0.43	1.08
Diluted earnings per share, EUR	0.18	0.25	0.55	0.42	1.07

Consolidated statement of comprehensive income					
EUR million	4-6/ 2022	4-6/ 2021	1-6/ 2022	1-6/ 2021	1-12/ 2021
Items that will not be reclassified to profit or loss (net of taxes)					
Actuarial profit (loss) on post-employment benefits	0.0	0.0	0.0	0.0	-0.1
Total	0.0	0.0	0.0	0.0	-0.1
Items that may be reclassified subsequently to profit or loss					
Translation differences	4.2	-0.9	5.6	1.6	4.5
Total	4.2	-0.9	5.6	1.6	4.5
Total other comprehensive income	4.2	-0.9	5.6	1.6	4.3
Comprehensive income for the period	10.4	8.5	25.6	17.3	43.8
Attributable to					
Owners of the parent company	10.6	8.3	25.6	17.0	43.4
Non-controlling interests	-0.2	0.2	0.0	0.3	0.5
Comprehensive income for the period	10.4	8.5	25.6	17.3	43.8

Consolidated statement of financial position

EUR million

Assets	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021
Non-current assets			
Intangible assets	77.2	60.1	56.9
Property, plant and equipment	95.8	89.7	94.1
Right-of-use assets	10.5	11.8	11.1
Investments in shares	0.1	0.1	0.1
Investment in associated company	1.3	1.2	1.3
Non-current receivables	0.9	0.9	0.9
Deferred tax assets	9.2	9.1	9.2
Total non-current assets	195.0	172.8	173.5
Current assets			
Inventories	64.0	46.1	49.9
Trade and other receivables	86.1	71.6	73.5
Contract assets and other accrued revenue	21.0	25.8	28.1
Income tax receivables	3.6	3.9	5.1
Cash and cash equivalents	48.4	52.3	77.9
Total current assets	223.0	199.7	234.5
Total assets	418.0	372.5	408.0

	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021
Equity and liabilities			
Equity			
Share capital	7.7	7.7	7.7
Other reserves	1.3	2.9	7.0
Translation differences	7.2	-1.2	1.7
Treasury shares	-3.3	-4.6	-4.6
Retained earnings	213.9	194.4	218.0
Total equity attributable to owners of parent company	226.8	199.1	229.6
Non-controlling interests	0.0	0.5	0.7
Total equity	226.8	199.6	230.3
Non-current liabilities			
Interest-bearing borrowings	*0.0	40.0	40.0
Interest-bearing lease liabilities	7.0	8.4	7.7
Post-employment benefits	2.5	2.3	2.7
Deferred tax liabilities	6.8	7.0	6.7
Provisions	0.3	0.3	0.3
Other non-current liabilities	0.7	1.0	1.3
Total non-current liabilities	17.3	59.0	58.6
Current liabilities			
Interest-bearing borrowings	*65.0	15.1	0.1
Interest-bearing lease liabilities	2.4	2.6	2.4
Trade and other payables	70.3	64.2	83.9
Contract liabilities and other deferred revenue	32.6	29.3	29.0
Income tax liabilities	1.0	0.9	1.8
Provisions	2.6	1.7	2.0
Total current liabilities	173.9	113.9	119.1
Total liabilities	191.2	172.9	177.7
Total equity and liabilities	418.0	372.5	408.0

* Term loan, EUR 40.0 million, has been classified from non-current to current liabilities as the loan matures on May 25, 2023. Loan has a financial covenant (gearing) and on June 30, 2022, Vaisala was in compliance with the covenant.

Consolidated cash flow statement			
EUR million	1-6/ 2022	1-6/ 2021	1-12/ 2021
Result for the period	20.0	15.7	39.5
Depreciation, amortization and impairment	11.4	10.5	21.6
Financial income and expenses	1.2	1.0	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	6.6	2.3	8.9
Other adjustments	-2.4	-0.9	3.1
Inventories, increase (-) / decrease (+)	-13.9	-2.6	-6.7
Non-interest-bearing receivables, increase (-) / decrease (+)	-2.9	-9.2	-11.5
Non-interest-bearing liabilities, increase (+) / decrease (-)	-13.4	17.4	34.7
Changes in working capital	-30.2	5.6	16.6
Financial items paid/received	-1.4	0.3	-0.2
Income taxes paid	-5.5	-5.3	-11.2
Cash flow from operating activities	-0.2	29.4	80.0
Acquisition of subsidiaries, net of cash acquired	-23.1	-	-
Capital expenditure on intangible assets and property, plant and equipment	-6.3	-9.3	-19.2
Proceeds from sale of intangible assets and property, plant and equipment	0.3	0.0	0.1
Cash flow from investing activities	-29.1	-9.3	-19.1
Dividends paid	-24.6	-22.0	-22.0
Change in loan receivables	0.0	0.0	0.0
Proceeds from borrowings	42.5	30.0	45.0
Repayment of borrowings	-17.5	-20.2	-49.9
Principal payments of lease liabilities	-1.4	-1.5	-3.1
Cash flow from financing activities	-1.1	-13.8	-30.0
Change in cash and cash equivalents increase (+) / decrease (-)	-30.4	6.3	30.8
Cash and cash equivalents at the beginning of period	77.9	45.4	45.4
Change in cash and cash equivalents	-30.4	6.3	30.8
Effect from changes in exchange rates	0.9	0.6	1.7
Cash and cash equivalents at the end of period	48.4	52.3	77.9

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, 2020	7.7	5.6	-2.8	-6.3	200.8	205.1	0.4	205.5
Result for the period					15.4	15.4	0.3	15.7
Other comprehensive income		0.0	1.6			1.6		1.6
Dividend distribution					-22.0	-22.0		-22.0
Share-based payments		-2.8		1.7		-1.1		-1.1
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	
Equity at Jun 30, 2021	7.7	2.9	-1.2	-4.6	194.4	199.1	0.5	199.6

	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
Result for the period					20.0	20.0	0.0	20.0
Other comprehensive income		0.0	5.6			5.6		5.6
Dividend distribution					-24.6	-24.6		-24.6
Share-based payments		-5.7		1.4		-4.3		-4.3
Changes in non-controlling interests that did not result in changes in control					0.7	0.7	-0.7	
Equity at Jun 30, 2022	7.7	1.3	7.2	-3.3	213.9	226.8	0.0	226.8

Notes to the report

Orders received by business area

EUR million	4-6/ 2022	4-6/ 2021	1-6/ 2022	1-6/ 2021	1-12/ 2021
Industrial Measurements	56.2	45.2	111.0	91.1	194.4
Weather and Environment	75.7	74.9	146.0	135.1	260.8
Total	131.9	120.1	256.9	226.3	455.2

Order book by business area

EUR million	4-6/ 2022	4-6/ 2021	1-6/ 2022	1-6/ 2021	1-12/ 2021
Industrial Measurements	37.2	26.0	37.2	26.0	32.9
Weather and Environment	145.6	139.4	145.6	139.4	127.1
Total	182.9	165.3	182.9	165.3	160.0

Net sales by business area

EUR million	4-6/ 2022	4-6/ 2021	1-6/ 2022	1-6/ 2021	1-12/ 2021
Industrial Measurements					
Products	50.4	40.3	99.4	76.4	165.9
Services	4.3	3.8	8.4	7.5	15.1
Total	54.7	44.1	107.8	83.9	181.0
Weather and Environment					
Products	37.7	39.0	76.8	69.0	154.4
Projects	17.6	17.4	33.4	30.6	63.6
Services	10.2	8.5	20.5	17.5	36.7
Lease income	0.4	0.4	0.8	0.6	2.1
Total	65.9	65.4	131.6	117.6	256.9
Total net sales	120.5	109.5	239.3	201.5	437.9

Operating result by business area

EUR million	4-6/ 2022	4-6/ 2021	1-6/ 2022	1-6/ 2021	1-12/ 2021
Industrial Measurements	11.5	10.5	26.1	19.9	43.9
Weather and Environment	-1.1	1.0	1.8	0.1	7.6
Other	-0.1	-0.5	0.0	-0.9	-1.4
Total	10.3	10.9	27.9	19.0	50.1

Net sales by region

EUR million	4-6/ 2022	4-6/ 2021	1-6/ 2022	1-6/ 2021	1-12/ 2021
Americas	44.4	36.5	81.7	68.6	150.2
APAC	38.1	36.7	79.8	67.0	144.7
EMEA	38.0	36.3	77.8	65.9	143.0
Total	120.5	109.5	239.3	201.5	437.9

Timing of revenue recognition					
EUR million	4-6/ 2022	4-6/ 2021	1-6/ 2022	1-6/ 2021	1-12/ 2021
Performance obligations satisfied at a point in time	95.8	86.0	191.1	158.1	346.6
Performance obligations satisfied over time	24.4	23.1	47.4	42.7	89.2
Lease income recognized on a straight-line basis	0.4	0.4	0.8	0.6	2.1
Total	120.5	109.5	239.3	201.5	437.9

Personnel					
	4-6/ 2022	4-6/ 2021	1-6/ 2022	1-6/ 2021	1-12/ 2021
Average personnel	2,132	1,980	2,077	1,955	1,967
Personnel at the end of period	2,187	2,016	2,187	2,016	1,979

Derivative financial instruments					
EUR million			Jun 30, 2022	Jun 30, 2021	Dec 31, 2021
Nominal value of derivative financial contracts			36.7	36.3	35.2
Fair values of derivative financial contracts, assets			0.2	0.1	0.0
Fair values of derivative financial contracts, liabilities			1.7	0.7	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.

Share information					
EUR/thousand	4-6/ 2022	4-6/ 2021	1-6/ 2022	1-6/ 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	36,391	36,294	36,337	36,254	36,354
Number of shares, weighted average	36,228	36,101	36,185	36,062	36,082
Number of shares traded	432	787	1,449	1,639	2,939
Share price, highest	45.50	37.25	54.40	43.15	55.80
Share price, lowest	38.00	31.20	38.00	30.00	30.00

Key ratios					
EUR	4-6/ 2022	4-6/ 2021	1-6/ 2022	1-6/ 2021	1-12/ 2021
Earnings per share	0.18	0.25	0.55	0.43	1.08
Diluted earnings per share	0.18	0.25	0.55	0.42	1.07
Equity per share			6.26	5.51	6.36
Return on equity, %			17.5	15.5	18.1
Cash flow from operating activities per share	-0.27	0.31	-0.00	0.81	2.21
Solvency ratio, %			55.3	54.3	57.2
Gearing, %			11.5	6.9	-12.0

Key exchange rates					
	Average rates		Jun 30, 2022	Period end rates	
	1-6/ 2022	1-6/ 2021		Jun 30, 2021	Dec 31, 2021
USD	1.1006	1.2089	1.0387	1.1884	1.1326
CNY	7.0804	7.8221	6.9624	7.6742	7.1947
JPY	133.00	129.62	141.54	131.43	130.38
GBP	0.8406	0.8724	0.8582	0.8581	0.8403

Further information

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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 July 22, 2022, starting at 1:00 p.m. (Finnish time). Numbers for conference call, during which questions may be presented, are:

Finland: +358 9 8171 0310

UK: +44 33 3300 0804

Sweden: +46 8 5664 2651

US: +1 63 1913 1422

PIN: 25951253#

A link to the live audiocast will be available at vaisala.com/investors. A recording will be available on the website later the same day.

Distribution

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Key media

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