

SCANFIL

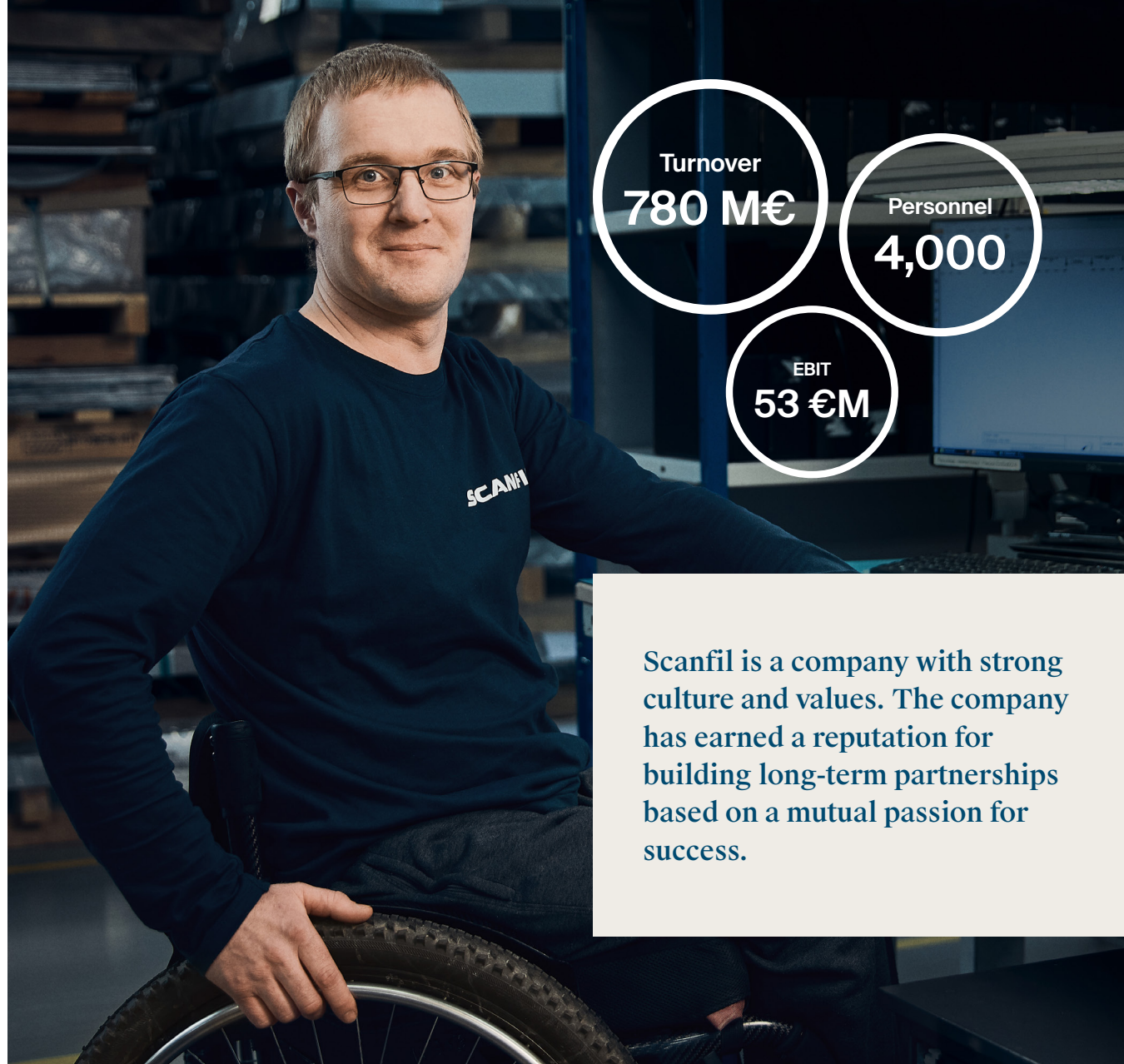
Annual Report 2024

Trusted manufacturing partner



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Turnover
780 M€

Personnel
4,000

EBIT
53 €M

Scanfil is a company with strong culture and values. The company has earned a reputation for building long-term partnerships based on a mutual passion for success.

Scanfil in brief

Scanfil plc is the largest European stock-listed electronics manufacturing service company in terms of turnover.

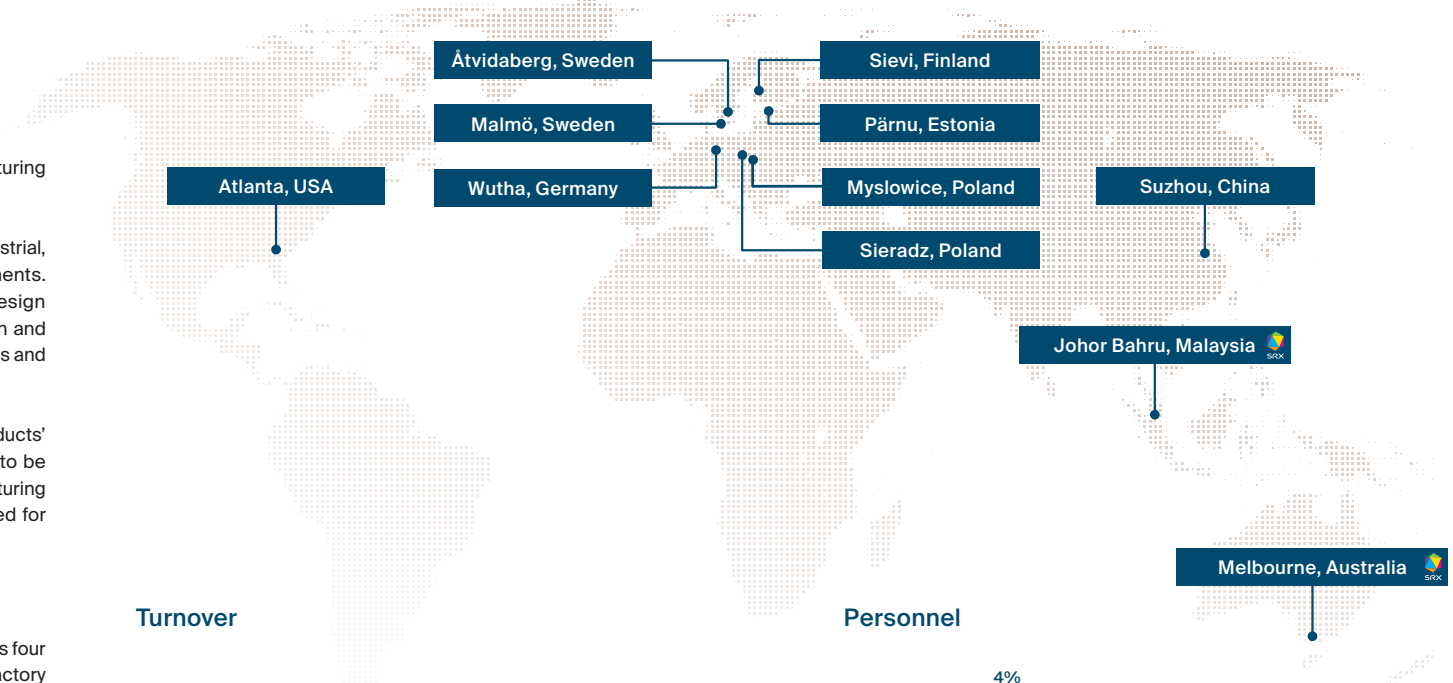
The company serves industry-leading customers worldwide in the Industrial, Energy & Cleantech and Medtech & Life Science customer segments. Its services include design services, prototype manufacturing, design for manufacturability (DFM) services, test development, supply chain and logistics services, circuit board assembly, manufacturing of subsystems and components, and complex system integration services.

Scanfil's objective is to grow customer value by improving their products' competitiveness and reducing time to market. The company aims to be customers' primary supply chain and long-term international manufacturing partner. Scanfil's longest-standing customer account has continued for more than 30 years.

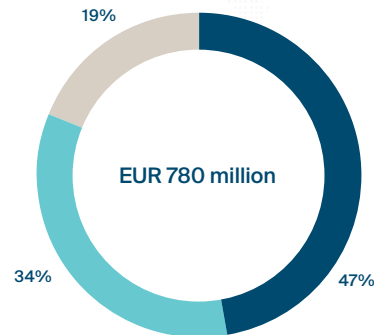
Factory network and operating model

Scanfil has global supply capabilities and 11 production facilities across four continents. On October 3, 2024 Scanfil acquired SRXGlobal and factory network expanded to Johor Bahru in Malaysia and Melbourne in Australia. The global network enables lower transportation costs and time, good market knowledge, and possible benefits from avoiding import-related costs such as customs.

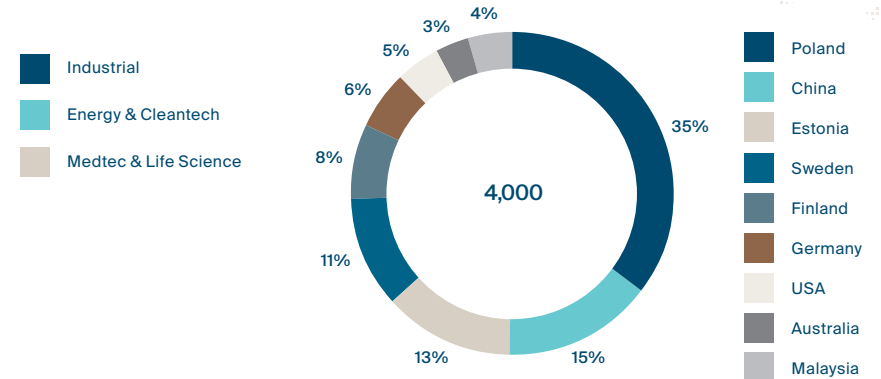
Scanfil's factories are self-reliant and responsible for their P&L. They benefit from the Group's resources in sales, sourcing, finance, IT and processes. The operating model enables Scanfil to react quickly to changing customer needs, obtain competitive purchase prices, reasonable financing costs for necessary investments, and enable efficient and high-quality operations through mutually compatible systems and processes.



Turnover



Personnel



CEO's review

"The first full year at the helm of Scanfil has been exciting. We navigated a year marked by strategic reorganization, regional expansion, and financial resilience, achieving significant milestones despite facing challenges.

In March, we announced updated values, strategy, customer segments, and financial targets. We are positioning for growth and aim to balance organic and inorganic growth. Our strategic changes marked a significant step towards achieving our ambitious goals and solidifying our position as a European leader in the EMS industry. We reorganized our sales into three customer segments: Industrial, Energy & Cleantech, and Medtech & Life Science. This reorganization was designed to enhance sales growth and profitability, with dedicated sales teams for each segment.

In September, we announced a new regional structure, which came into force on January 1, 2025. The new regions are the Americas, APAC, Central Europe, and Northern Europe. The change should enable faster decision-making and drive organic and inorganic growth by bringing decision-making closer to the region and factories.

In October, we expanded our global footprint by acquiring SRXGlobal Pty Ltd., enhancing our capabilities and market reach. SRX has two well-situated factories in Melbourne, Australia, and Johor Bahru, Malaysia. The acquisition brings us new customers and allows our existing customers to expand their operations with us

in the new areas of the fast-growing Asia Pacific region.

Scanfil navigated a year marked by both challenges and achievements. Our financial performance faced headwinds, leading to a revised turnover estimate of EUR 770–780 million and an adjusted operating profit of EUR 53–54 million. The turnover landed at EUR 779.9 million, a decrease of 13.5% compared to 2023.

Despite these challenges, our commitment to operational excellence remained steadfast. We achieved an adjusted operating margin of 6.8%. Excluding full-year impacts of foreign exchange rates, layoff costs, and material consignment sales, the full-year operating margin reached our long-term target of 7.0%.

On the customer side, we continued to focus on winning new contracts and had a very active year in sales, winning new projects with a value of EUR 187.5 million in total. This implies turnover growth for the future. The growth seems to be led by the Medtech & Life Science segment with fourth-quarter turnover growth of 7.6% compared to the same period last year. Turnover for the other two customer segments was still declining slightly but started showing signs of stabilization towards the end of the year.

We believe demand will gradually speed up in 2025, and in the first quarter of the year, we will focus on ramping up customer projects won in 2024. Our outlook for 2025 in turnover is EUR 780–920 million and an adjusted operating profit EUR 53–66 million.

Our financial position strengthened, with gearing reduced to 7.3% and an equity ratio of 55.5%. These metrics reflect our strong balance sheet. This enables us to continue to investigate possible M&As and build our presence in selected geographies and customer segments.

Looking ahead, we remain focused on our long-term targets: achieving 10% annual turnover growth, sustaining an operating profit level of 7–8%, and maintaining a net debt/EBITDA ratio of ≤ 1.5 . We aim to pay an increasing dividend of approximately one-third of earnings per share, reflecting our commitment to delivering value to our shareholders.

The Board proposed a dividend of EUR 0.24, which is 41% of the earnings per share, to be distributed to our shareholders. If the Annual General Meeting approves, it will be 12 years of increasing dividends. The dividend level will also leave us flexibility for future acquisitions and other investments.

I extend my gratitude to our dedicated employees, valued customers, and supportive shareholders for their unwavering trust and commitment. Together, we will continue to navigate the evolving market landscape, leveraging our strengths to drive sustainable growth and success."

CHRISTOPHE SUT
CEO



Strategy and value creation

Scanfil was founded in 1976. Over the decades, the company has adjusted its strategy according to the prevailing market situation, but the focus has remained on manufacturing products containing electronics.

In March 2024, Scanfil updated its values, strategy, and long-term financial targets. The Geared for Growth strategy is divided into two main elements: growth and efficiency. The strategy supports the long-term goals. The company targets an average annual revenue growth of 10 percent, an operating profit margin of 7-8%, and keeping its net debt/EBITDA ≤ 1.5 .

Empowered as a value

Empowered is one of Scanfil's core values. To enable fast and flexible decision-making at the lower levels of the organization, Scanfil has divided its business into customer segments and geographic business segments. The customer segments are Industrial, Energy & Cleantech and Medtech & Life Science and the geographical business segments that took effect on 1 January 2025 are Americas, APAC, Central Europe and Northern Europe.

Growth through acquisitions

Scanfil's strategy is based on two growth factors: acquisitions and organic. The new customer segment division supports organic growth through clear responsibility and customer and industry knowledge. Scanfil has three main criteria in its acquisition strategy:

1. The target must have customers that fit into Scanfil's customer

portfolio. Therefore, the acquired company's customer base should not include much consumer business and customer relationships in the automotive industry. It should bring in new customers, especially in the fields of energy technology, clean technology, and medical and life science technology.

2. It should improve Scanfil's geographical positioning in areas where rapid economic growth is expected and should also preferably serve the growth projects of Scanfil's existing customers. North America including Mexico, Southeast Asia excluding China, and Eastern Central Europe have been identified as areas of interest.
3. The company to be acquired should have more than 200 employees and growth potential.

Offering and differentiators

Scanfil offers a full range of electronics manufacturing services, from prototyping to manufacturing to a complete, fully tested, and packaged product. In mechanics, Scanfil offers flexible manufacturing means and expert manufacturing of metal sheets from sub-assemblies to finished integrated products. One of the company's key strengths is its ability to combine electronics and mechanics manufacturing, building high-quality and technically advanced integrated devices.

Scanfil primarily provides its expertise and services to large and medium-sized international companies with low or medium volumes and complex products. In addition, Scanfil selectively serves smaller growth companies.

Scanfil stands out from its competitors mainly because of its strong

design-driven manufacturing (DDM) capabilities, cost optimization, and test development. Design-oriented manufacturing is a significant part of a new product's early stages of industrialization. Nearly 60% of costs and price competitiveness are determined at this stage, determining the components, materials, and manufacturing methods to use. The life cycle of industrial products can be more than ten years long, and without redesign, the cost structure remains fairly unchanged. Costs are also considered in cost optimization, which usually requires at least some redesign and re-evaluation of manufacturing methods. The need for cost optimization may be caused by component obsolescence, which increases prices and reduces availability. Testing is an essential part of manufacturing, especially for industrial customers whose products have a long lifespan and high-quality standards. Scanfil offers its customers testing as a service, where testing has been developed specifically for the customer's product.

Business model

Scanfil is a global electronics contract manufacturing company specializing in industrial customers and low- and medium-volume production. When purchasing production services from electronics contract manufacturing companies such as Scanfil, its benefits are mainly in production economies of scale, materials and components sourcing, logistics, warranty and repair services, and value-added services such as product testing, design, and redesign services. Scanfil has approximately 160 active customers and produces approximately 10,000 different products for different companies each year. The electronics contract manufacturing business is guided by the utilization rate of machinery and people and the purchasing power of materials and support services, such as logistics.

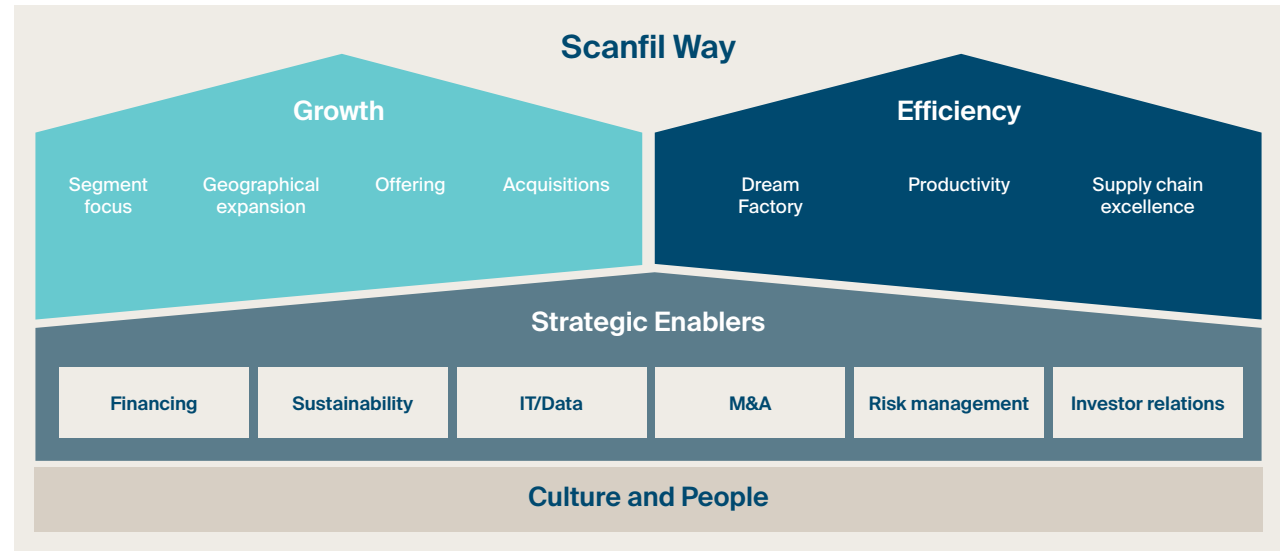
Value chain and value creation

In the value chain, an electronics contract manufacturing company can be a subcontractor to the original equipment manufacturer (OEM), for example, Tomra, who sells the reverse vending machine to a supermarket, or Danfoss, who supplies the heat pump for cooling and heating the building. A contract manufacturer of electronics can manufacture all or part of their customers' products, such as a control panel or a component like a printed circuit board assembly (PCBA).

Value is created through efficient purchasing and manufacturing, where the utilization rate should be higher than the customer's own production. Many customers choose an electronics contract manufacturer, especially when there is a need to make significant investments in the manufacturing capabilities of a new product or to expand the production of an existing product.

Efficiency

Scanfil improves the efficiency of its operations with continuous improvement methods and the Dream Factory development program, which develops production technology and processes. Among other things, the adopted Manufacturing Execution System (MES) and the harmonization of the machinery base are part of this program. The availability and price of materials and components are part of the contract manufacturer's competitive advantage. Large purchase volumes often mean better availability and lower pricing. The efficiency of inventory management improved significantly during 2024.



Customer segments and megatrends

Scanfil has three customer segments that typically have different business cycles, and therefore, it balances changes in demand. We have identified Energy & Cleantech and Medtech & Life Science as high-growth potential customer segments.

Industrial

The customer base consists of industrial and B2B customers. The end products include, for example, industrial automation systems, self-service vending machines and lifts.

Driving megatrends

- Industrial automation
- Digitalization
- Urbanization

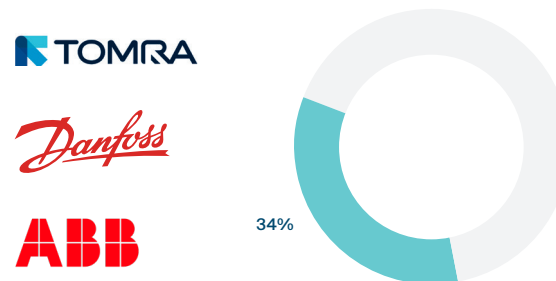


Energy & Cleantech

The end products included in the segment include energy saving solutions, electricity distribution and automatic collection and sorting solutions.

Driving megatrends

- Energy efficiency, renewable energy production and solutions for circular economy
- Urbanization and electrification of transport
- Monitoring, controlling and cleaning of water and air quality

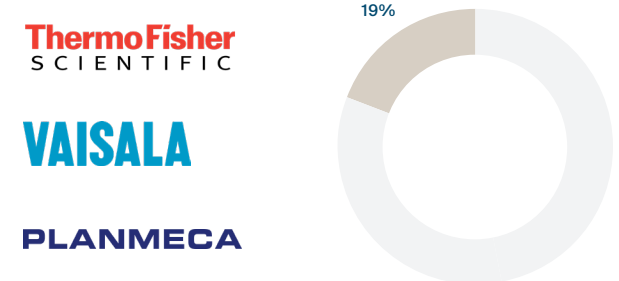


Medtech & Life Science

End products for the segment are, e.g., dental chairs, analyzers, mass spectrometers and solutions for environmental measuring.

Driving megatrends

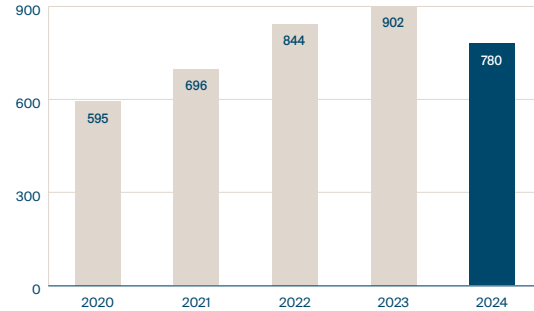
- Ageing population
- The increasing needs for healthcare and technology in emerging markets
- Climate change and need to predict weather phenomena



Investor information

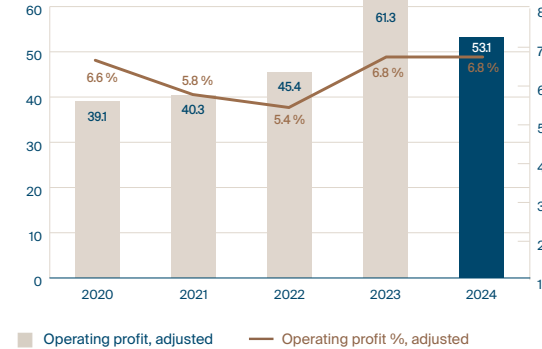
Turnover

EUR million



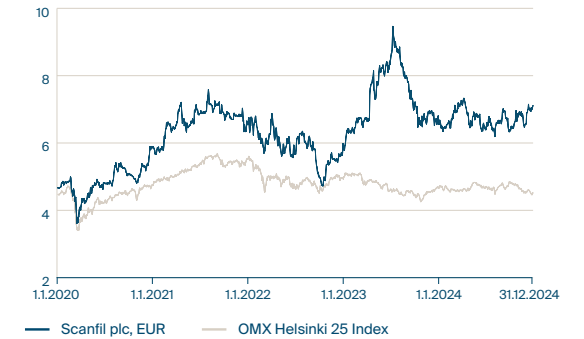
Operating profit & operating profit %, adj.

EUR million



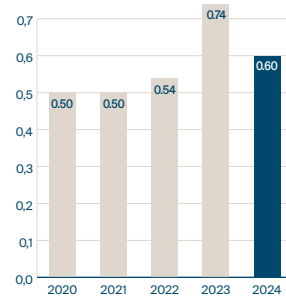
Scanfil share price

EUR/share



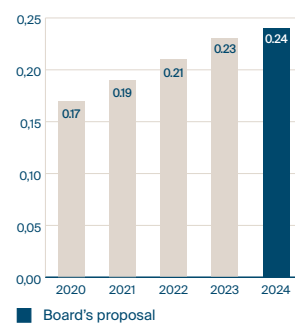
Earnings per share, adj.

EUR



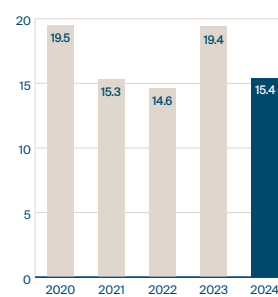
Dividend per share

EUR



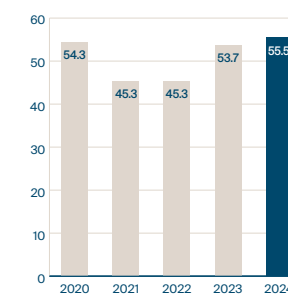
Return on investment

%



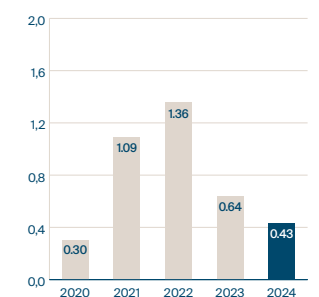
Equity ratio

%



Net Debt/EBITDA

Ratio



Scanfil as an investment

Scanfil is a company with strong culture and values. The company has been profitable since the beginning. Profitability has made it possible for Scanfil to invest and secure its future.

Scanfil is its' customers preferred manufacturing partner and systems supplier. The company has earned a reputation for building long-term partnerships based on a mutual passion for success.

Solvent and financially reliable partner

Scanfil is a solvent and financially reliable partner for its customers, suppliers, shareholders and employees.

Scanfil's goal is to work in sustainable, long-term cooperation with its customers. Like its customers, the company operates internationally, and its customers include numerous significant international automation, cleantech, recycling and health technology providers, as well as companies operating in the field of urbanization. Scanfil is one of the market leaders in the Nordic countries, among the biggest companies in its sector in Europe, and a household name in the global market.

Long-term targets

Scanfil is aiming for 10% annual turnover growth on average and 7%-8% operating profit level, while keeping net debt/EBITDA ≤ 1.5 .

Outlook for 2025

Scanfil estimates that its turnover for 2025 will be EUR 780–920 million, and its adjusted operating profit will be EUR 53–66 million.

The guidance is based on customer forecasts and Scanfil's normal forecasting process. The outlook is associated with uncertainty related to global economic development.

Dividend

Scanfil aims to pay an increasing dividend of approximately 1/3 of the earnings per share. The level of dividends paid and the date of payment are affected by the result, financial position, need for capital and other possible factors.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.24 (0.23) per share be paid for a total of EUR 15,645,901.20 for the financial year ending on 31 December 2024. The dividend matching day is 29 April 2025 and the dividend payment date 7 May 2025. The dividend will be paid to shareholders registered in the Register of Shareholders maintained by Euroclear Finland Ltd on the matching date.

Annual General Meeting

Scanfil plc's Annual General Meeting will be held on 25 April 2025 without a meeting venue using remote connection in real time. More information www.scanfil.com/agm

Financial publications in 2025

- Interim report for January–March, 24 April 2025
- Interim report for January–June, 17 July 2025
- Interim report for January–September, 24 October 2025

The financial publications are released in Finnish and English languages. They will be available on the company's website at scanfil.com.

Financial review

SCANFIL



BOARD OF DIRECTORS' REPORT

Scanfil plc is the largest European stock-listed electronics manufacturing service company in terms of turnover. The company serves global sector leaders in the customer segments of Industrial, Energy & Cleantech, and Medtech & Life Science. The company's services include design services, prototype manufacture, design for manufacturability (DFM) services, test development, supply chain and logistics services, circuit board assembly, manufacture of subsystems and components, and complex systems integration services. Scanfil's objective is to grow customer value by improving their competitiveness and by being their primary supply chain partner and long-term manufacturing partner internationally. The company has global supply capabilities and eleven production facilities across four continents.

Year 2024

Scanfil's turnover decreased due to customers' destocking and low end-customer demand. Despite the negative development in turnover, Scanfil maintained its profitability, and the adjusted operating profit margin remained at the 2023 level of 6.8%.

In March, Scanfil announced its updated strategy and set new long-term financial targets, which include an average annual growth of 10% in turnover, an operating profit margin of 7%-8%, and a net debt to EBITDA ratio of ≤1.5.

To accelerate organic growth, the company divided the sales organization into three customer segments: Industrial, Energy & Cleantech and Medtech & Life Science. By specializing, it is possible to make better use of sales' customer industry expertise and improve customer understanding and boost new customer sales.

In September, we announced a transfer from a function-based operating model to a geographical model that supports and accelerates local decision-making in areas such as mergers and acquisitions, investments and new customer acquisition was published. As of January 1, 2025, the Group Management Team was renewed to support new geographic segments Americas, APAC, Central Europe and Northern Europe.

In October, Scanfil announced its first acquisition since 2019. The acquisition of SRXGlobal Pty Ltd. expanded Scanfil's operations in the rapidly growing Asia-Pacific region. Scanfil plans to develop SRXGlobal and strengthen its position in the region.

For the first time, Scanfil reported on its responsibility in accordance with CSRD standards and committed to the greenhouse gas emission reduction targets established by the Science Based Targets initiative. The company aims to move to a 60% fossil-free energy consumption by 2030.

Turnover and result

The turnover for 2024 was EUR 779.9 (2023: 901.6) million, a decrease of 13.5% compared to the previous year. The turnover decreased by EUR 121.7 million, of which EUR -14.5 million were spot market purchases. Excluding spot market purchases, turnover decreased by 12.1%.

The adjusted operating profit was EUR 53.1 (61.3) million, 6.8% (6.8%) of turnover. Operating profit was adjusted for EUR 0.5 million acquisition costs related to the SRX transaction. The adjusted operating margin was affected by a EUR 1.0 million change in foreign exchange rates, EUR 0.5 million in lay-off costs, and EUR 14.5 million in consignment revenue, resulting in a total impact of -0.3%. The operating profit was EUR 52.6 (61.3) million, 6.7% (6.8%) of turnover.

The net profit was EUR 38.6 (48.2) million, a decrease of 19.9%. Earnings per share were EUR 0.59 (0.74). The return on investment was 15.4% (19.4%).

The effective tax rate was 24.4% (21.7%). The difference in the rates is due to a negative adjustment of taxes in the Poland Special Economic Zone and a tax refund resulting from a mutual agreement process in 2023 concerning the 2014 tax year in Poland. These factors had a total impact of 1.4% on the tax rate. Otherwise, the tax rate reflects the weighted average tax rates, including withholding taxes on dividends.

The Group's key figures over five years are presented under "The Group's key figures" in the financial statements.

Financing position and investments

Scanfil has a strong financial position. The consolidated balance sheet total was EUR 539.1 (518.0) million at the end of the review period. Cash and cash equivalents totaled EUR 48.5 (21.2) million. Liabilities amounted to EUR 248.0 (252.0) million, of which non-interest-bearing liabilities totaled EUR 178.3 (179.0) million and interest-bearing liabilities totaled EUR 69.7 (73.0) million. Interest-bearing liabilities consisted of EUR 42.7 (50.4) million in liabilities from financial institutions and EUR 27.0 (22.6) million in leasing liabilities. The Group has a strong liquidity position with EUR 91.5 million in unused credit facilities.

The equity ratio on December 2024 was 55.5% (53.7%), and net gearing was 7.3% (19.4%). Net debt to EBITDA was 0.43 (0.64). Equity per share was EUR 4.46 (4.08).

The Group's financial arrangement includes discharge covenants related to equity ratio and interest-bearing net debt/EBITDA ratio. Compliance with the terms of the covenants is reviewed quarterly. At the end of the period under review, the terms have been complied with.

On October 3, 2024, Scanfil plc acquired the entire share capital of SRXGlobal Pty. Ltd., an Australian electronics contract manufacturer. The purchase price was EUR 33.2 million. SRXGlobal has two factories in Melbourne, Australia and Johor Bahru, Malaysia. Factories have in total 8 automated SMT lines and ca. 300 employees.

The net cash flow from operating activities was EUR 92.1 (68.9) million. The positive change resulted from the EUR 50.4 million impact of the reduction in the inventory values. The net cash flow from investing activities was EUR -37.6 (-21.9) million, which includes a cash flow effect of EUR -22.3 million related to the acquisition of SRXGlobal Pty Ltd. Furthermore, Scanfil invested in the Dream Factory manufacturing efficiency program and necessary capacity replacements. Sieradz factory expansion was postponed due to the prevailing demand environment.

Free cash flow was EUR 54.5 (46.8) million.

The cash flow from financing activities was EUR -27.6 (-46.4) million, including EUR -15.0 (-13.6) million dividend payment, EUR -6.0 (-6.0) million in repayments of long-term loans, changes in the leasing liabilities of EUR -4.4 (-4.2) million and change in overdraft facility EUR -2.2 (-23.9) million.

Gross investments totaled EUR 48.6 (22.2) million, which was 6.2% (2.5%) of the turnover. Depreciations, including impairments, totaled EUR 21.1 (19.1) million. The gross investments include EUR 33.9 million in acquisition expenses related to the share capital of SRXGlobal Pty Ltd.

The Board of Directors' authorizations

Scanfil plc's Annual General Meeting was held on April 25, 2024 as a remote meeting in accordance with the law. The Meeting authorized the Board of Directors to decide on the acquisition of the company's own shares and to decide on share issues through one or more issues.

The Board of Directors' proposals to the General Meeting and the minutes of the Annual General Meeting are available on the company website at scanfil.com/agm.

Option schemes

The Group has two valid option schemes. On April 24, 2019, the Annual General Meeting accepted the 2019 option scheme (A-C) and on April 21, 2022 the Annual General Meeting authorized the Board to decide on the issue of option rights to the Scanfil Group's key personnel and to decide on the terms and conditions of the option scheme. Based on the authorization on 27 October 2022, the Board

decided on the option scheme 2022 (AI/All) – (CI/CI).) On the basis of the 2019 option scheme, a maximum of 900,000 option rights can be granted and on the basis of the 2022 option scheme, a maximum of 1,200,000 option rights can be granted. Each option right enables its holder to subscribe to one Scanfil plc share.

Share

Scanfil plc has a total of 65,269,993 shares. The company's registered share capital is EUR 2,000,000. The company has one series of shares, and each share entitles the holder to one vote and an equal right to receive dividends.

Scanfil plc's shares are quoted on Nasdaq Helsinki Ltd. The shares have been publicly traded since January 2, 2012. The trading code of the shares is SCANFL. The shares are included in the book-entry securities system maintained by Euroclear Finland Oy.

In 2024, a total number of shares traded on Nasdaq Helsinki Ltd was 4,470,037 comprising 7% of all outstanding shares. The value of shares traded was EUR 34.5 million and the volume weighted average price was EUR 7.73. The market value of the share capital was EUR 538.5 million on December 31, 2024. The highest trading price was EUR 8.70 and the lowest EUR 6.72. The closing price was EUR 8.25.

Members of the Board of Directors of Scanfil plc, the CEO and members of the Group Management Team held a total of 10,126,193 shares on December 31, 2024, comprising 15.5% of the company's shares and votes.

More detailed information on the distribution of shareholdings, shareholders and the share price development is presented under "Shares and shareholders" in the financial statements.

Own shares

On December 31, 2024, the company owned 78,738 of its own shares, representing 0.1% of all shares.

Personnel

At the end of the period the Group employed 3,997 (3,797). The change was driven by the acquisition of SRXGlobal. The average number of Group employees during the review period was 3,593 (3,671) people.

PERSONNEL, AVERAGE	2024	2023	2022
Parent company	13	13	13
The Group	3,593	3,671	3,403

PAID SALARIES, WAGES AND FEES EUR MILLION	2024	2023	2022
Parent company	1.9	2.3	1.9
The Group	96.6	95.6	82.5

Board of Directors and CEO

On April 25, 2024, the Annual General Meeting re-elected Harri Takanen, Thomas Dekorsy, Bengt Engström, Christina Lindstedt, Juha Räisänen and Minna Yrjönmäki as Board members. At its organizing meeting on April 25, 2024, the Board of Directors elected Harri Takanen as its chair. The chair of the Audit Committee was Juha Räisänen, and members were Christina Lindstedt and Minna Yrjönmäki.

Risks

Scanfil has determined the most significant risks in its operations. Risks related to sustainability have been discussed in the Sustainability Report. The Group monitors and follows all identified and potential risks. The Board of Directors steers the risk management processes and Audit Committee supervises the implementation. Operative management of the risk management is led by CFO. More information can be found in the Corporate Governance Statement's risk management section.

Near-future business risks and uncertainties

In this section, the most essential risk factors, that may have an impact on Scanfil's ability to achieve its targets and means to manage related risks, are discussed briefly. Scanfil seeks actively to reduce the impact of these risk factors by preventive actions.

STRATEGIC RISKS

The weakening of the global economy and the declining demand of investment goods might have a negative impact on the development of business of Scanfil's customers and weaken the demand in the contract manufacturing market.

The continuation and expansion of conflicts in Ukraine and the Middle East may have an impact on the business environments of Scanfil and its customers.

Also, political and trade political tense and related actions may impact on the Scanfil business environment. This risk is eliminated by Scanfil's global factory network and its development.

OPERATIONAL RISKS

The vast majority of materials and components used in the supply chain are purchased from external suppliers or subcontractors. This exposes the Group to the availability and cost risks related to materials, components and other subcontracted products in addition to the contingency of the business relationship.

The group has a global procurement unit whose task is to ensure the availability of materials using trusted suppliers. With its purchasing power and procurement department, Scanfil is able to influence suppliers' delivery reliability and pricing to a reasonable extent.

Obsolete materials and components may create a financial risk for the group limited to their book value. Material responsibilities are agreed upon in customer contracts.

Scanfil needs electricity and heat in its production. The risk of rising energy availability and costs is believed to be small in the short term in Europe, and will not have a significant impact on short-term revenue or profitability expectations. In the longer term, there may still be risks to the availability of energy.

Scanfil is also involved in a few claims that may lead to or are in arbitration proceedings and legal proceedings. If the group estimates that the outcome of the proceedings has a potential financial impact, it is reflected in the accounting.

CUSTOMER RISKS

The Group has approximately 160 active customers, of which the largest customers are Nordic companies that are leaders in their respective industries. The client companies are spread over several different industries and geographical areas. In general, the business of the Group's key customers is not particularly sensitive to economic cycles and the life cycles of products are often long. During 2024, the largest customer's share of turnover was 13% (13%), and the ten largest customers' share of turnover was approximately 55% (55%).

FINANCIAL AND EXCHANGE RATE RISKS

Scanfil operates internationally and is thus exposed to exchange rate risks. The

group's exchange rate risks consist of transaction risks related to business and financing cash flows, translation risks related to foreign subsidiaries, and financial risks caused by exchange rate changes. Currency forwards are used to hedge the transaction risk. Investments in foreign subsidiaries are not protected.

Interest rate risk is included in the return on financial investments and interest-bearing debts. Changes in the interest rate have an impact on the Group's result. The interest rate risk of loans can be managed with credit swaps and by adjusting the relative shares of fixed and variable rate loans. The prevailing interest rate risk is moderate with current contracts and credit levels.

Credit risks are related to trade receivables from customers. The Group's largest customers are solvent Nordic market leaders in their industries. Overdue trade receivables are monitored regularly on a monthly basis at the Group level. The creditworthiness of new customers is checked and only standard payment terms are granted to customers. The customers' credit ratings are monitored and most of Scanfil's largest customers have a good credit rating. Trade receivables do not include significant credit loss risk.

Financial risk is mainly related to securing the Group's financing. The management of the Group's finances and the management of financial risks are managed in accordance with the principles approved by the Board of the Group's parent company. Scanfil's finance function, which is part of the Group's financial administration, is responsible for ensuring that financial services and financial transactions are carried out in a way that aims to enable the availability of sufficient funding under all circumstances. Scanfil's debt level is moderate and the credit rating is good.

INFLATION RISK

Overall inflation has an impact on the Group's cost structure. Inflation has slowed down, but the future development is uncertain.

PANDEMIC RISKS

Pandemics could affect the Group's business. The effects can include, for example, factory closings, increased staff sick leave and quarantines, the costs of protective measures, even a temporary stoppage of production and/or delays in the delivery of materials and manufactured products.

CYBER SECURITY RISK

Cyber security is recognized as a growing risk. Scanfil continuously monitors and develops the ICT environment and systems to reduce risks.

The Group's risks and risk management are described in more detail on the company's website in the Corporate Governance section and in the notes to the consolidated financial statements.

Changes in the Group structure

Scanfil acquired SRXGlobal Pty Ltd. on 3 October 2024 for EUR 23.3 million. SRX has two well-situated factories in Melbourne, Australia and Johor Bahru, Malaysia. The factories have in total 8 automated SMT lines and approximately 300 employees.

Research and development

As a result of the nature of the company's business operations, R&D activities are primarily carried out with customers, and the company's R&D activities do not account for any significant part of the company's cost structure.

Proposals by the Board of Directors to the Annual General Meeting

Scanfil plc's Annual General Meeting has been planned to be held on April 25, 2025.

Dividend for 2024

The parent company's distributable assets total EUR 70,308,241.25 including undistributed profits of EUR 36,674,749.71. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.24 (0.23) per share, in total EUR 15,645,901.20 to be paid for the financial year ending on December 31, 2024. The dividend will be paid to shareholders, who are recorded on April 29, 2025, in the company's list of shareholders maintained by Euroclear Finland Oy. The dividend will be paid on May 7, 2025.

No significant changes have taken place in the company's financial position since the end of the financial year. In the view of the Board of Directors, the proposed dividend pay-out will not put the company's liquidity at risk.

The proposal of Scanfil plc's nomination committee to the General Meeting for the composition of Scanfil plc's Board of Directors will be published in connection with the invitation to the General Meeting.

Future Outlook

Scanfil estimates that its turnover for 2025 will be EUR 780-920 million, and its adjusted operating profit will be EUR 53-66 million.

The outlook is based on customer forecasts and Scanfil's normal forecasting process. The outlook is associated with uncertainty related to the economy, customer destocking and end-demand.

Long-term targets

Scanfil is aiming for 10% annual turnover growth and 7%-8% operating profit level while keeping its net debt/EBITDA ≤ 1.5 . Scanfil aims to pay an increasing dividend of approximately 1/3 of the earnings per share.

Events after the reporting period

There were no significant events after the reporting period.

Corporate Governance Statement

The Corporate Governance Statement will be published with the financial statements separately from the annual report.

KEY RATIOS

	2024	2023	2022	2021	2020
Financial key ratios					
Turnover, EUR m	779.9	901.6	843.8	695.7	595.3
Turnover, growth from previous year, %	-13.5	6.9	21.3	16.9	2.7
Operating profit, EUR m	52.6	61.3	45.4	39.6	44.4
Operating profit, % of turnover	6.7	6.8	5.4	5.7	7.5
Operating profit adjusted, EUR m	53.1	61.3	45.4	40.3	39.1
Operating profit adjusted, % of turnover	6.8	6.8	5.4	5.8	6.6
Profit/loss for the period, EUR m	38.6	48.2	35.0	29.8	36.9
Profit/loss for the period, % of turnover	5.0	5.3	4.2	4.3	6.2
Return on equity, %	13.9	19.6	16.1	15.2	21.1
Return on investment, %	15.4	19.4	14.6	15.3	19.5
Interest-bearing liabilities, EUR m	69.7	73.0	106.3	85.2	44.0
Gearing, %	7.3	19.5	37.8	28.9	9.9
Equity ratio, %	55.5	53.7	45.3	45.3	54.3
Gross investments in fixed assets, EUR m	48.5	22.2	19.0	15.5	9.4
Gross investments in fixed assets, % of turnover	6.2	2.5	2.3	2.2	1.6
Average number of employees for the period *	3,593	3,671	3,403	3,267	3,387

*At the end of the financial period, the Group employed 3,997.

	2024	2023	2022	2021	2020
Key indicators per share					
Earnings per share, EUR	0.59	0.74	0.54	0.46	0.57
Shareholders' equity per share, EUR	4.46	4.08	3.49	3.18	2.82
Dividend per share, EUR	0.24	0.23	0.21	0.19	0.17
Dividend per earnings, %	40.7	31.1	38.9	41.3	29.8
Effective dividend yield, %	2.91	2.94	3.19	2.55	2.61
Price-to-earnings ratio (P/E)	14.0	10.6	12.2	16.2	11.4
Share trading					
No. of shares traded, thousands	4,470	6,731	4,166	4,415	6,290
Percentage of total shares, %	7.0	10.0	6.4	6.8	9.7
Share performance					
Lowest price for year, EUR	6.72	6.40	4.90	6.24	3.26
Highest price for year, EUR	8.70	11.58	8.06	9.02	6.70
Average price for year, EUR	7.73	8.60	6.59	7.61	5.07
Price at the end of year, EUR	8.25	7.83	6.58	7.46	6.52
Market value of share capital at the end of financial year, EUR million	538.5	511.1	427.4	484.6	422.7
Share-issue adjusted number of shares					
At the end of the period, thousands	65,270	65,270	64,960	64,960	64,830
On average during the period, thousands	65,191	64,864	64,830	64,701	64,387

DEFINITIONS OF KEY RATIOS

Return on equity, %	$\frac{\text{Net profit for the period} \times 100}{\text{Shareholders' equity (average)}}$	Dividend per share	$\frac{\text{Dividend to be distributed for the period (Board's proposal)}}{\text{Number of shares at the end of year}}$
Adjusted return on equity, %	$\frac{\text{Adjusted net profit for the period} \times 100}{\text{Adjusted shareholders' equity (average)}}$	Dividend per earnings (%)	$\frac{\text{Dividend per share} \times 100}{\text{Earnings per share}}$
Return on investment, %	$\frac{(\text{Profit before taxes} + \text{interest and other financial expenses}) \times 100}{\text{Balance sheet total} - \text{non-interest-bearing liabilities (average)}}$	Effective dividend yield (%)	$\frac{\text{Dividend per share} \times 100}{\text{Share price at the end of year}}$
Gearing (%)	$\frac{(\text{Interest-bearing liabilities} - \text{cash and other liquid financial assets})}{\text{Shareholders' equity}}$	Price-to-earnings ratio (P/E)	$\frac{\text{Share price at the end of year}}{\text{Earnings per share}}$
Equity ratio (%)	$\frac{\text{Shareholders' equity} \times 100}{\text{Balance sheet total} - \text{advance payments received}}$	Average share price	$\frac{\text{Total share turnover}}{\text{Number of shares traded}}$
Earnings per share	$\frac{\text{Net profit for the period}}{\text{Average adjusted number of shares during the year}}$	Market capitalization	Number of shares x last trading price of the financial period
Shareholders' equity per share	$\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares at the end of the financial period}}$	Adjusted item	A non-recurring significant item that deviates from normal business operations, which affects the comparability between different periods.

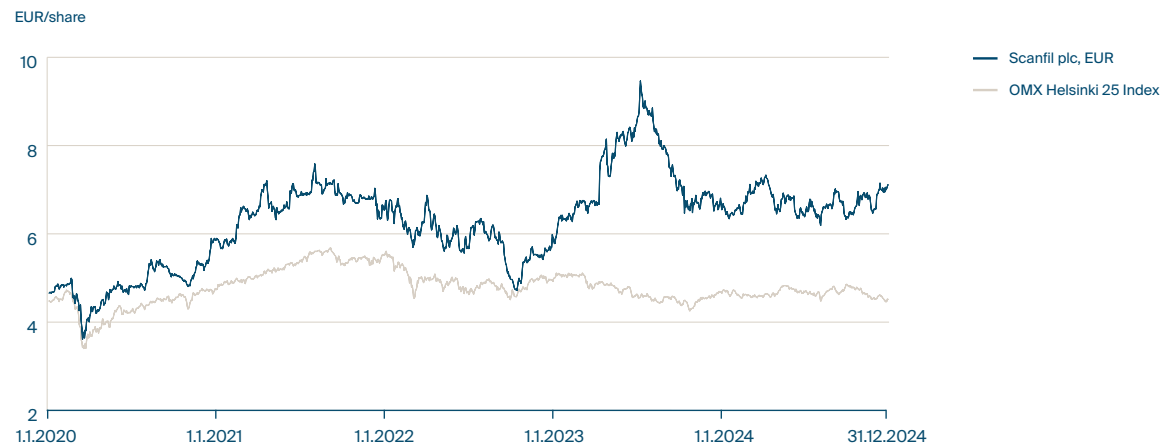
SHARES AND SHAREHOLDERS

Shares and share capital

Scanfil plc has a total of 65,269,993 shares. The company's registered share capital is EUR 2,000,000. The company has one series of shares, and each share entitles the holder to one vote and an equal right to receive dividends.

Scanfil shares are quoted on Nasdaq Helsinki Ltd. The shares have been publicly traded since January 2, 2012. The trading code of the shares is SCANFL. The shares are included in the book-entry securities system maintained by Euroclear Finland Ltd.

SCANFIL SHARE PRICE DEVELOPMENT 2020-2024



Board's authorizations in force

The Scanfil plc's Board of Directors did not have any authorizations to issue convertible bonds or bonds with warrants.

The Annual General Meeting (AGM) of Scanfil plc held on April 25, 2024 authorized the Board of Directors to decide on the acquisition of at most 5,000,000 treasury shares. The authorization will remain in force for 18 months after its issuance.

The AGM authorized the Board of Directors to decide on share issue, granting shares and issue of special rights entitling to shares. The number of shares to be issued

based on the authorization can be no more than 12,000,000 shares. The Board of Directors decides on terms and conditions of share issues. The authorization concerns both the issue of new shares and the transfer of treasury shares. Shares can be issued in deviation from the shareholders' pre-emptive rights (directed issue). The authorization is valid until 30 June 2025.

Own shares

The company held 78,738 of its own shares on December 31, 2024.

Dividend distribution policy

The company aims to pay dividends annually. The level of dividends paid and the date of payment are affected, inter alia, by the Group's financial result and position, need for capital and other possible factors. The aim is to distribute approximately one-third of the Group's annual profit as dividend to shareholders.

Dividend

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.24 per share, totalling EUR 15,645,901.20 be paid for the financial year ending on December 31, 2024.

Share price development, trading and market value

During 2024, the number of Scanfil plc shares traded on Nasdaq Helsinki Ltd was 4,470,037 comprising 7% of all outstanding shares. The value of shares traded was EUR 34.5 million and the volume weighted average price was EUR 7.73. The market value of the share capital was EUR 538.5 million on December 31, 2024. The highest trading price was EUR 8.70 and the lowest EUR 6.72. The closing price was EUR 8.25.

Information on shareholders

On December 31, 2024, Scanfil had a total of 8,161 shareholders, 85.6% of whom owned a maximum of 1,000 shares in the company. The ten major shareholders owned 71.0% of the shares. Nominee-registered shares accounted for 5.7% of the shares.

Shares held by management

Members of the Board of Directors of Scanfil plc, the CEO and members of the Group Management Team held a total of 10,126,193 shares on December 31, 2024, comprising 15.5% of the company's shares and votes.

BREAKDOWN OF SHARE OWNERSHIP

BREAKDOWN OF SHARE OWNERSHIP BY NUMBER OF SHARES HELD ON DECEMBER 31, 2024

Number of shares	Number of known owners	% of known owners	Total number of shares, pcs	% of shares
1-100	2,874	35.2	125,449	0.2
101-1,000	4,117	50.4	1,596,196	2.5
1,001-10,000	1,010	12.4	2,716,274	4.0
10,001-100,000	119	1.5	3,622,087	5.6
100,001-9,999,999	32	0.4	53,543,055	82.0
Nominee registered	10	0.1	3,686,993	5.7
Total	8,162	100.0	65,269,993	100.0

BREAKDOWN OF SHARE OWNERSHIP BY OWNER CATEGORY ON DECEMBER 31, 2024

	Number of shareholders	% of shareholders	Total number of shares, pcs	% of shares
Private individuals	7,775	95.3	9,153,063	14.0
Companies	291	3.6	2,718,586	4.2
Pension & Insurance	14	0.1	527,355	0.8
Foundations	34	0.4	2,090,026	3.2
Other	7,775	0.3	45,288,619	69.2
Fund company	10	0.2	3,686,325	5.7
Nominee registered	10	0.1	3,686,993	5.7
Total	8,162	100.0	65,269,993	100.0

INFORMATION ON SHAREHOLDERS

MAJOR SHAREHOLDERS ON DECEMBER 31, 2024

	Shares	Percentage of shares, %
1. Takanen Harri	9,913,146	15.2
2. Takanen Jarkko	8,251,169	12.6
3. Varikot Oy	7,606,442	11.7
4. Takanen Jorma Jussi	6,474,305	9.9
5. Tolonen Jonna	3,351,950	5.1
6. Pöllä Reijo	3,328,745	5.1
7. Laakkonen Mikko	2,531,187	3.9
8. Riitta ja Jorma J. Takasen säätiö	1,900,000	2.9
9. Takanen Martti	1,647,018	2.5
10. Sijoitusrahasto Aktia Capital	1,319,203	2.0
Ten largest shareholders, in total	46,323,165	71.0

Sustainability statement



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1. General Information

1.1 General basis for preparation of the Sustainability Statement

This Sustainability Statement complies with the EU's Corporate Sustainability Reporting Directive (CSRD) and its reporting requirements ESRS.

The Sustainability Statement has been prepared on the Position Green cloud service reporting and consolidation solution. It follows the same consolidation principles as financial statements for all Scanfil subsidiaries that belong to the Group in 2024. SRXGlobal Pty Ltd was acquired on October 3, 2024, and has been consolidated since. The progress made in Scanfil's strategy regarding its 2030 sustainability targets is also reported.

The disclosed sustainability topics are based on a Double Materiality Assessment conducted in 2024. The material topics and sustainability targets based on the materiality assessment were approved in May 2024, and reporting based on them was initiated in June 2024.

Scanfil's sustainability reporting complies with the Group's common principles and processes for statutory reporting, risk management, and internal control. In sustainability reporting, internal control is based on risk identification and analysis, focusing on the most material risks identified and applying the best internal control practices.

Scanfil's Chief Financial Officer, supported by the sustainability function, oversees the implementation of sustainability reporting. Data is collected from all Scanfil sites, including its factories and offices. The data is consolidated in Scanfil's sustainability reporting platform, Position Green, in such a way that the data is traceable and auditable.

The risks identified in sustainability reporting include the accuracy of information and the timing of reporting. To ensure that the disclosed information is accurate and appropriately timed, Scanfil has defined and adopted a process and a governance structure that specify the roles, responsibilities, and reporting timelines in sustainability reporting for the data included.

Data providers from each site are responsible for ensuring the correctness of site-level information. The Global Sustainability Function supervises the correctness of the consolidated data and then provides it to Group Accounting.

An internal auditor is responsible for ensuring the accuracy and timeliness of disclosed information as a part of the audit work. The internal auditing results are monitored, and supervised by Scanfil's Chief Financial Officer, Audit Committee, and Group Management Team.

The Scanfil Sustainability Statement covers all the parts of the upstream and downstream value chain that are assessed as material in the Double Materiality Assessment and discloses metrics on:

- Raw material manufacturers
- Component manufacturers/suppliers
- Own operations
- Customers

End-users are excluded as Scanfil only manufactures according to a customer's specifications and has no product ownership or market surveillance.

Scanfil has not identified any specific information corresponding to intellectual property rights, neither results of innovations nor expertise that have been decided not to be disclosed in this report, and has not used any exemptions based on articles 19a(3) and 29a(3) of Directive 2013/34/EU.

1.2 The role of the administrative, management and supervisory bodies

Business Conduct

The supreme decision-making bodies are the Annual General Meeting (General Meeting) of the parent company Scanfil plc and the Board of Directors (the Board). The Board has an Audit Committee to supervise the financial reporting process and the reporting of the financial statements, sustainability statements, and interim reports, as well as monitoring the functionality of Scanfil's internal control and risk management. It also evaluates the appropriateness of auditing and prepares the proposal for the appointment of an auditor.

The Shareholders' Nomination Board (Nomination Board) prepares proposals for General Meetings concerning the election of Board members, their remuneration, as well as the remuneration of Board Committee members. The Nomination Board is also responsible for ensuring that the Board and its members have sufficient knowledge and experience corresponding to the company's needs, e.g., strategy development, sustainability, and financial accounting. The Board appoints the CEO to set Scanfil's strategic goals and objectives and ensure the necessary resources are in place to achieve them. The Group Management Team assists the CEO with expertise in the business' code of conduct and sustainability.

The Group's General Counsel reports directly to the CEO and acts as a secretary to the Board. The General Counsel is a part of the Extended Management Team. The area of sustainability is led by the Chief Development Officer, assisted by a Director for Global Sustainability. All members of the Board have long and comprehensive expertise on business conduct matters throughout their professional careers.

Scanfil's Board of Directors comprises six Board members, all of whom are non-executive. No employees or other workers are represented on the Board of Directors. 83.3% of the Board members are independent of the company. Four men (66.7%) and two women (33.3%) are represented on the Board. 80% of the Board members have previous experience in the Electronic Manufacturing Service (EMS) industry and/or Scanfil's customers' businesses, while 100% of the members have geographical knowledge of the locations where Scanfil is active. 33.3% of the Board members have a deep understanding of sustainability-related matters through their professional careers or research work. The Group Management Team (Management Team) comprises of seven people: Five men (71.4%) and two women (28.6%).

The Board of Directors

The Board of Directors is the company's highest body overseeing sustainability. The company's Board of Directors approves Scanfil's sustainability targets as part of the company's strategy and supervises the achievement of the targets.

Sustainability is incorporated into Scanfil's strategy, long-term business and investment plans, risk assessments, and annual action plans. They are prepared by the Group Management Team and approved by the Board of Directors. In accordance with the annual cycle, the Board of Directors reviews the Sustainability Statement once a year. The Board also discusses other sustainability-related matters when required and consults with sustainability management.

CEO and Group Management Team

The CEO and the Group Management Team review the progress of the sustainability strategy and target achievements quarterly. In addition, sustainability progress is reported and evaluated in bi-annual management reviews defined in the Scanfil Quality Management System.

The Group Management Team makes decisions related to capital expenditure, expenses, and organization to enable the successful execution of the sustainability strategy, following the Group Authorization Manual. The Group Management Team is also responsible for proposing adjustments to the sustainability strategy to be decided by the Board of Directors and to ensure that it remains relevant and aligned with any possible changes, i.e., in the regulatory landscape.

Sustainability Function

The Sustainability Function prepares and follows up on the Group sustainability strategy execution plans, supervises the preparation of site-specific plans, and ensures alignment with the group-level plans. The function also defines the lower-level sustainability targets and sets up the tools, processes, and partnerships to enable the successful execution of the sustainability strategy.

Sites

Local sites prepare, execute, and follow up on the local sustainability plans and provide the local reporting data to the Group's sustainability reporting platform. Sites also decide or prepare proposals for sustainability-related capital expenditure, expenses, and organization according to the limits specified in the Group Authorization Manual.

Internal audit

The responsibility of the internal auditor is described in section 1.1 General basis for the preparation of the Sustainability Statement.

Audit Committee

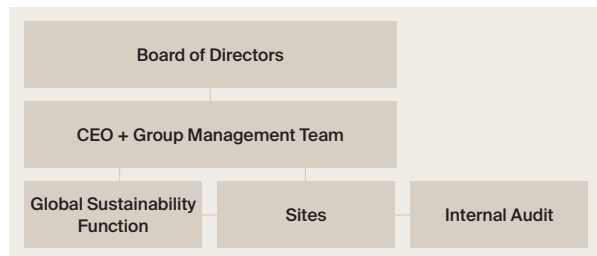
The Board of Directors has established an Audit Committee. The Board of Directors holds primary responsibility for the oversight of the organization's impacts, risks, and opportunities. Within the Board, the Audit Committee is specifically tasked with monitoring financial reporting and evaluating financial and operational risks, including ESG (Environmental, Social, and Governance) topics. The Audit Committee reports regularly to the Board and ensures accountability through quarterly assessments and annual impact reviews. The CEO and the Group Management Team work closely with the Audit Committee to implement strategies and respond to emerging risks, ensuring alignment with the organization's long-term objectives.

The Board of Directors plays an important role in overseeing the identification, assessment, and management of key impacts, risks, and opportunities that are vital to Scanfil's long-term success. This responsibility is clearly articulated in the Board's mandate, ensuring that considerations of risk and opportunity are integral to strategic decision-making. Through routine reviews and updates to governance policies, the Board incorporates sustainability factors, financial risks, and emerging opportunities into its accountability framework, guided by specific policies including the Risk Management Policy and Code of Conduct.

The Shareholders' Nomination Board is responsible for ensuring that the Board of Directors has sufficient capabilities represented. The Board of Directors and its Audit Committee are responsible for acquiring external expertise if it cannot be covered with internal resources. Operationally, the CEO is responsible for staffing the company's sustainability function to fulfill legislative requirements. Scanfil continuously trains its personnel in sustainability matters to meet the requirements.

Sustainability Governance at Scanfil

The Global Sustainability Function reports regularly to the Group Management Team, which communicates with the Board of Directors and its committees to govern the creation process of objectives linked to material consequences, risks and opportunities and the progress of objectives presented in the double materiality analysis. This is done through administrative documentation and meetings, where representatives from the Sustainability Function are involved when convenient. If there should be any updates of objectives related to Scanfil's material consequences, risks and opportunities, these are reviewed and approved by the Group Management Team and the Board, and later considered in the corporate strategy which is updated on a yearly basis.



Scanfil has had a Director Global Sustainability since 2024. Scanfil will develop its sustainability agenda further in 2025, and there is a plan to incorporate the sustainability structure into the Corporate Management System.

Every site has a Quality & Environmental Manager covering environmental topics and an HR Manager covering social topics. Governance topics are handled globally by the Group Management Team and locally by the Factory Manager supported by the Factory Management Team. They consult with the expertise of Global Functions when needed e.g. on sustainability, HR and legal matters.

The Board and the Group Management Team have limited expertise in sustainability-related matters. The Board's Audit Committee is the key body in guiding and gathering expertise in sustainability reporting. Scanfil has utilized its internal resources and external expertise to increase its knowledge level. Scanfil has also hired third-party consultancy experts when needed.

1.3 Information provided to and sustainability matters addressed by the undertaking's administrative, management, and supervisory bodies

The Board has appointed the Audit Committee to have the main responsibility over Scanfil's sustainability topics. Throughout 2024, the Audit Committee has had three major topics on the agenda: CSRD, SBTi, and Sustainability as a brand pillar. The CDO together with the Chair of the Audit Committee, CFO and Director of Global Sustainability have governed Scanfil's progress towards fulfilling the requirements related to the ESRS and EU-taxonomy, where the focus has been put on developing the sustainability reporting process, the corresponding double materiality assessment and its risk management process. The DMA was conducted during 2024 and was reviewed by the Board, Scanfil's Group Management Team, and Scanfil's external auditor. Scanfil was validated by the Science Based Targets initiative (SBTi) short-term target 2030, and the company is committed to setting a net-zero target for 2050 within the next few years. Moreover, The Group Management Team has recognized the opportunity to position Scanfil as one of the leading companies in sustainability, strengthening its reputation and embedding sustainability as a core element of the brand. Material risk monitoring is part of Scanfil's risk management process. Risks are reported and revalued monthly as part of Scanfil's financial reporting, where proactive measures and corrective actions are taken when certain thresholds are exceeded.

The Board of Directors convened 15 times in 2024. Sustainability related matters were discussed four times on the following dates:

22 February - The plan for participating in the SBTi NetZero with the Letter of Commitment to achieve zero emissions in Scope 3 by 2050 at the latest. The matter was presented by the CEO Christophe Sut.

22 February - CEO Christophe Sut presented the Sustainability Report (NFI/ESG Report) from fiscal period 2023.

22 May - Discussion and conclusions of the Audit Committee meeting held on May 21, 2024 on CSRD and the sustainability reporting process, the double materiality assessment and its pre-assurance. Matters were presented by the Audit Committee's Chairman Juha Räisänen.

20 November - Status of the sustainability process including updates on the NetZero journey. Matters were presented by the Chief Development Officer Riku Hynninen.

1.4 Integration of sustainability-related performance in incentive schemes

Scanfil is a listed company, and its sustainability agenda affects the company's share value, which is linked to management incentives through option programs. The general principles of a company's remuneration, together with the sustainability-related incentive scheme set for Scanfil's Management Team, are described in the Remuneration Report.

Scanfil has a Remuneration Policy that guides general principles of remuneration for the Board of Directors, the CEO, and other senior management.

Scanfil has annual and share-based incentive schemes. The annual scheme is linked to short, usually annual targets, but it may also include longer-term indicators, which are typically set for three years. The scheme aims to encourage and guide the achievement of short-term financial and operational goals and reward the achievement of short-term goals in the implementation of the company's strategy, including sustainability targets.

Scanfil is gradually moving towards a one-year target setting. However, the sustainability target was set for three years until 2026. In addition, Scanfil has a share-based incentive plan that links the CEO and other Group Management members to the shareholders. Scanfil is a listed company, and share-based incentives expose beneficiaries to sustainability risks through the company's reputation on the share price.

The Board of Directors decides on the remuneration for the CEO. The remuneration that relates to the members of the Group Management Team is managed by the CEO. Updates are made on an annual basis.

Climate change

Scanfil's Remuneration Policy outlines compensation principles for the Board, CEO, and Group Management. The company uses annual and share-based incentives. In 2024, the scope 1 and 2 GHG (greenhouse gas) emission target was $\leq 8,800$ tCO_{2e}, based on 2023's calculation method and numbers of production units. The multiplier is 0.9x, implying that the annual short-term remuneration will be deducted by 10% if the target is not met. The Board annually reviews and decides on the remuneration based on the CEO's proposal.

1.5 Statement on due diligence

Due diligence in sustainability

Scanfil is committed to embed sustainability into the core operations and business strategy. The due diligence processes align with the ESRS framework, ensuring that sustainability is integrated at every level of decision-making. Below is a breakdown of how Scanfil approaches due diligence across key areas:

Incorporating sustainability into policies and management system

Sustainability principles are embedding into its corporate policies and management systems. Scanfil continuously updates the environmental, social, and governance (ESG) policies to reflect the industry's best

practices, regulatory requirements, and stakeholder expectations. This alignment drives accountability across the organization, ensuring that sustainability considerations are integral to operational processes.

The key policies are: Environmental Policy, Work Environment Policy, Code of Conduct, and Supplier Code of Conduct. All of these policies are communicated internally and externally, and employees receive regular trainings on these policies

Identifying and assessing consequences, risks, and opportunities

Scanfil conducts regular risk assessments to identify sustainability-related risks and opportunities throughout its supply chain and operations. The assessments cover environmental impacts, social responsibility, and governance issues, which are evaluated for both short-term and long-term consequences. This proactive approach helps Scanfil to anticipate the potential risks and capitalize on emerging opportunities.

Preventing, mitigating, and responding to negative impacts

Scanfil employs a framework for preventing, mitigating, and addressing negative impacts associated with its operations. Preventive measures include supplier audits, resource efficiency initiatives, and employee training. Mitigation strategies focus on minimizing risks through innovation and collaboration with stakeholders, while response plans ensure swift action in case of any adverse impacts.

Measuring progress

Progress on sustainability efforts is followed up through key performance indicators (KPIs) tied to Scanfil's environmental and social goals. Metrics such as carbon emissions, energy consumption, and labor practices, are regularly reviewed to ensure alignment with Scanfil's sustainability objectives. The data is used to refine strategies and inform stakeholders on the company's sustainability performance.

Open and transparent communication

Transparency is a core part of Scanfil's sustainability reporting. Scanfil

is committed to openly communicating with stakeholders and providing regular updates on its progress, challenges, and initiatives. The reports are adapted to the ESRS standard, which ensures that stakeholders have clear insights into the sustainability work and future plans.

Actions to address consequences

In the event of any negative consequences to its operations, Scanfil takes immediate action. This includes corrective actions such as reviewing policies, engaging with stakeholders, and implementing changes to prevent recurrence. The goal is not only to address the immediate issue but also to ensure long-term improvements in the business.

By addressing these six areas, Scanfil ensures that sustainability is an integral part of the company's operations, governance, and strategic decision-making, thereby reflecting its commitment to responsible business practices.

Scanfil does not currently have any specific sustainability due diligence process but plans to prepare for the Corporate Sustainability Due Diligence Directive (CSDDD), which will impact the company in 2028.

Current due diligence processes related to people and the environment are embedded in several of Scanfil's policies: Scanfil Environmental Policy, Work Environment Policy, Code of Conduct, Supplier Code of Conduct, and Sustainable Procurement Policy. For each of these policies, there are processes and instructions ensuring suppliers fulfill Scanfil's policy aspects that are connected to people and the environment. In the introduction of new suppliers, Scanfil follows a specific approval process, which includes risk analyses and assessments related to these two topics. For new customers, there is currently a process related to adverse impacts on the environment but not related to the topic of people.

If there should be any potential adverse impacts identified during the due diligence process with new suppliers, Scanfil acts through the supplier audit process, where the process identifies and mitigates impacts. If any adverse impacts are identified outside the due diligence process

of Scanfil's value chain, the whistleblower channel is a useful element in which adverse impacts can be reported by both internal and external stakeholders.

■ 1.6 Risk management and internal controls over sustainability reporting

Scanfil's process for sustainability reporting currently follows the Group's common principles and processes for statutory reporting, risk management and internal control. The internal control process is based on risk identification and analysis and focuses on the most material risks that are identified. This is currently also the risk assessment methodology that Scanfil is using.

The Sustainability Report is compiled by the Global Sustainability Team, where Scanfil's Chief Financial Officer oversees the reporting process. Data is collected from all Scanfil sites, including its factories and office locations, and is consolidated in Scanfil's sustainability reporting platform in a way that the data is traceable and auditable. The risks identified in relation to the process of compiling the Sustainability Report include the accuracy of information and the timing of reporting. Data providers from each geographical site are responsible for ensuring that the site-level information provided is correct. The Global Sustainability Team supervises the accuracy of the consolidated data and then provides it to the Group Accounting Team.

To ensure that the disclosed information is as accurate as possible and delivered on time, Scanfil is currently developing a process and structure that specify the roles, responsibilities, and reporting timelines for the data collection. The plan for 2025 is to develop this process by utilizing more features of the Position Green reporting tool.

■ 1.7 Strategy, business model, and value chain

Strategy

Scanfil has divided its customers into three segments: 1. Industrial 2. Energy & Cleantech and 3. Medtech & Life Science. New sales organizations is expected to drive organic growth, and improve customer focus and industrial knowledge. This transformative change from a generalist EMS to an industry-focused one occurred in the first half of 2024.

In 2024, Scanfil also announced its new regional structure, which comes into force as of January 1, 2025. New regions are the Americas, APAC, Central Europe, and Northern Europe. The change should enable faster decision-making, and drive organic and inorganic growth by bringing decision-making closer to the region and factories.

Primarily, Scanfil provides its expertise and services to international large and medium-sized companies with low or medium volumes and complex products. In addition, Scanfil selectively serves smaller growth companies.

Scanfil differentiates itself from its competitors mainly by having strong capabilities in design-driven manufacturing (DDM), cost optimization, and test development. Design-driven manufacturing is involved, especially in the early phases of industrialization of a new product. Nearly 60% of the costs are defined in this phase and, thereby, the cost competitiveness of the product as well. In this phase, the use of components, materials, and manufacturing methods are defined. In industrial products, the life span of a product can be over a decade, and unless it is redesigned, the cost structure remains unchanged. These costs are also revisited in a cost optimization, which usually needs at least some level of redesign and reconsideration of manufacturing methods. Cost optimization could be driven by component obsolescence, which drives up prices and lowers availability. Testing is an integral part of manufacturing, especially among industrial customers with long product lifespans and high-quality requirements. Scanfil offers its customers test-as-a-service packages

where testing is developed especially for the customer's product.

Scanfil's strategy is based on two growth aspects: acquisitive and organic. It aims for 10% annual turnover growth considering both growth components. In its acquisition strategy, Scanfil has three main criteria. (i) Target(s) should include customers that fit Scanfil's customer portfolio. This means that the customer base of the acquired company does not include much B2C business and customer relationships in the automotive industry. It should add new customers, especially in Energy & Cleantech and Medtech & Life Science. (ii) It should add to Scanfil's geographical footprint in regions with expected high economic growth and preferably also serve the growth aspirations of Scanfil's existing customers. North America, including Mexico, Southeast Asia outside of China, and Eastern Central Europe, have been identified as interesting. (iii) The target should have a scale of >200 employees and growth potential.

Business model

Scanfil is a global EMS company that specializes in industrial customers and low-to-mid-volume production. The advantages of purchasing production services from an EMS company like Scanfil are mainly the scale in manufacturing, materials and component procurement, logistics, warranty and repairs, and value-added services like testing, design, and the redesign of products. Scanfil has approximately 160 active customers and produces approximately 10,000 different products per annum for different companies. The EMS business is driven by the utilization rate of machinery and people as well as purchasing power in materials and supporting services, e.g., logistics.

Value chain and creation

In the value chain, an EMS company can be a subcontractor to an Original Equipment Manufacturer (OEM), e.g., Tomra, which sells the reverse vending machine to a supermarket or Danfoss, which supplies a heat pump to cool and heat a building. An EMS can manufacture the whole product for its customer or a part of it, such as a control panel or a component, e.g., a PCBA.

Value is created in efficient procurement through purchasing power and high-utilization manufacturing, which should be higher than the customer's own production. Many customers choose an EMS, especially in circumstances where it should make significant investments in manufacturing capabilities for a new product or expand the production of an existing product.

The headcount per geographical area is presented in section 3.1 Own workforce.

Scanfil has no products or services that are banned in certain markets.

Scanfil reports total revenue according to IFRS 8. Total revenue by customer segments is reported in note 1.1 in the financial statement.

Since Scanfil's business strategy does not relate to any controversial sustainability matters like coal, oil, gas, chemicals production, controversial weapons, cultivation or production of tobacco, there is no corresponding revenue to be presented in this report.

Scanfil has specific sustainability related goals for suppliers:

- 80% of suppliers should have been assessed with a sustainability rating by 2030
- All new suppliers must sign the Supplier Code of Conduct to be able to be a Scanfil supplier
- 50% of current suppliers must have signed the Supplier Code of Conduct by 2025

Scanfil has specific sustainability related goals for its own workforce. These targets are described in section 3.1.5.

Scanfil has made the sustainability assessment based on its generic value chain, and has not adopted any assessment related to any significant products and/or services, and significant markets or customer groups.

One of Scanfil's corporate strategy goals for 2030 relates to the main challenge of reducing the greenhouse gas (GHG) footprint. Read more about this in section 2.1 Climate change. The largest contributor is the emissions from the manufacturing of purchased goods. This is handled by the upstream supply chain.

To achieve this long-term goal, Scanfil must understand the supply chain and its challenges, and be able to select materials and suppliers that can deliver on its goals.

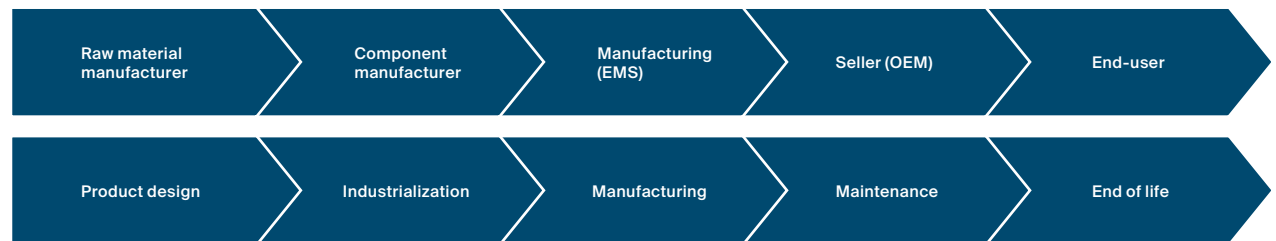
An important activity to support this objective is to improve the data quality for GHG calculations on purchased goods. The ongoing work to implement real GHG emission data on all purchased goods into its business system allows Scanfil to continuously improve. By having access to this data, Scanfil gets the opportunity to choose purchasing materials based on the component's GHG content. This together with more detailed supplier performance data, enables Scanfil to contribute refined

calculations on delivered products, that can be used for a customer's product life cycle assessments (LCA).

Scanfil does not currently report according to ESRS sectors. Since Scanfil is an EMS company, it mainly produces electric products for its customers. Thus, the only significant ESRS sector for Scanfil is currently 'Electronics'.

Scanfil specializes in Business-to-Business customers and High-Mix Low-Volume Manufacturing.

Scanfil offers a full range of electronic manufacturing services, starting from prototyping to manufacturing and ending with a complete, fully tested and packaged product. In mechanics, Scanfil offers flexible manufacturing methods and expert sheet metal fabrication from sub-assemblies to ready-made integrated units. One of the key strengths is the ability to combine the manufacture of electronics and mechanics and, in this way, build high-quality and technically advanced integrated equipment.



Stakeholder	Stakeholder engagement	How engagement is organized	Purpose of engagement	How Scanfil takes the results into account
Customers	Customer experience surveys	Bi-annual customer surveys are sent by Scanfil's Sales and Marketing Function.	Getting customers' input on Scanfil's ability to meet their requirements and understand how satisfied the customer is. The survey is anonymous.	The result of the study is analyzed and Scanfil sets an action plan for improvement. Topics are addressed by the affected departments.
	Quarterly business review	Quarterly business meetings between Scanfil's Global Account Manager and customers.	The meeting is to emphasize close cooperation between Scanfil and its customer. The meetings ensure that the relationship and cooperation develop and maintain in a positive way.	Scanfil's Account Manager takes care of the actions needed and that they are initiated with the affected functions. The Account Manager is also responsible for following up on actions addressed to the customer.
Own workforce <i>Read more about how Scanfil engages with its own workforce in section 3.1 Own workforce</i>	Employee survey	Yearly employee surveys are managed by Scanfil's HR Department.	Gain insight into Scanfil's workforce by measuring employee engagement and their perception of the company.	The result from the yearly survey will be escalated down the organization and each management area needs to establish action plans for improvements.
	Town hall meetings	Quarterly virtual town hall meetings for all employees organized by the Group Management Team.	Inform and discuss with employees about operational status and strategy.	Possible concerns are brought to management's attention.
Workers in the value chain <i>Read more about how Scanfil engages workers in the value chain in section 3.2 Workers in the value chain</i>	Supplier quarterly business reviews	Quarterly meetings between Scanfil's Sourcing Function and Scanfil's preferred suppliers.	The meeting is to emphasize a close cooperation between Scanfil and its suppliers. The meetings will secure that the relationship and cooperation develop and maintain in a positive way.	Scanfil's Sourcing Category Manager takes care of the actions needed and initiates actions with affected functions. The manager is also responsible for following up actions addressed to the supplier.
	Supplier evaluations, balanced scorecards	An evaluation of suppliers' performance indicators is done quarterly.	The evaluation will give Scanfil's supplier a clear understanding of how Scanfil experiences its performance and indicate areas for improvements.	If suppliers do not meet targets, the supplier evaluation will result in Scanfil requesting action plans for improvements. The action plans shall be presented to Scanfil by the suppliers.
	Supplier days/ supplier webinars	A supplier sustainability webinar is held twice per year Local supplier days are arranged by local sites (non-mandatory).	Sustainability webinars are held with suppliers that need to improve their operations. The purpose is to communicate Scanfil's requirements in terms of sustainability. Supplier days are used to communicate and encourage suppliers to cooperate and to improve their relationship with Scanfil.	Meetings are informative and do not result in any action plans.
	Supplier audits	On-site supplier audits are done by following a pre-defined questionnaire. All audits are initiated based on business needs, regulatory requirements and/or upon customers requests. They can also be organized on-site or at the global level.	The purpose is to get an evaluation of a supplier's ability to meet Scanfil's requirements in terms of quality and sustainability.	The audit results lead to audit action plans. The suppliers need to address the tasks and provide a time plan for how the results are handled by them.
Scanfil Management	Management review meeting	Monthly report meetings with Scanfil's Group Management Team, where sustainability is part of the agenda.	The meeting is held to ensure that Scanfil meets its targets in terms of sustainability.	The Group Management Team is responsible for assigning resources to handle the requirements and will track that targets are met. If targets cannot be met, measures will be taken by the Group Management Team in order to mitigate potential risks.
Shareholder/investor	Meeting notes	Active and open dialog one-on-one and group meetings, factory visits, Capital Markets Days, Annual General Meetings, and answering emails and phone inquiries in a timely manner.	Provide investors with accurate information about Scanfil's financials, strategy and goals for investment decisions in a timely manner.	To meet the expectations of its investors and shareholders, Scanfil is continuously developing its Investor Relations- and Financial Reporting processes.
Authorities	Laws/ directives	No direct engagement (one-way engagement)	Scanfil monitors updates regularly to understand, prepare and act on new laws and governmental laws and directives.	New laws and directives that affect Scanfil's processes and business, must be handled, and affected functions must immediately be informed. This is handled both on a local level to secure local initiatives and also from a global perspective when needed.

Before manufacturing begins, several preliminary steps must be recognised and completed by the EMS company. This includes gaining a thorough understanding of the customer's product, technical requirements, specifications, and expectations. Once these requirements are gathered, a feasibility study should be conducted.

When a detailed cost breakdown is done, including material, labor, tooling, test equipment, and overhead costs, the contract will be finalized. The final agreement shall include all negotiation terms, final agreements, outline deliverables, timelines, and payment terms.

The workforce consists of skilled workers essential for manufacturing and testing. The workers should be put in place before starting manufacturing and the production can start when components and purchased materials are in place.

Products: A diverse range of electronic, PCBAs, boxbuilds, and system integration solutions, based on customer specifications.

Customer benefits: Enhanced production efficiency, cost savings (no need for investments in manufacturing capabilities), and access to value-added services such as testing, warranty, and repairs.

Investor benefits: Stable revenue streams from a broad customer base and efficient utilization of resources. High return on investment and equity.

Stakeholder benefits: Reliable supply chain partnerships and contributions to local economies through employment and business activities. A financially solid company is a reliable investment for its financiers (shareholders and banks).

Upstream value chain

Scanfil's upstream value chain consists of suppliers of different sizes and importance. Scanfil focuses on consolidating procurement with its Preferred and Key suppliers, but suppliers can also be directed by

the customers. All purchases related to the manufacturing of products adhere to the specifications provided by the customer. This means that a high number of suppliers must be managed by Scanfil's procurement. Global processes are used for handling the purchase and all activities are managed and stored in Scanfil's Integrated Management System. This enables the opportunity to consolidate and streamline the supplier portfolio.

In addition, all suppliers are monitored and evaluated where continuous communication ensures timely and cost-effective sourcing.

Downstream value chain

The downstream value chain solely consists of Business-to-Business customer relationships, where industrial customers require electronic manufacturing services from Scanfil. This means that Scanfil produces products based on customers' specifications and are customers of Scanfil's customers. Scanfil works closely with its own customers to understand their needs based on product specifications and then provide tailored solutions suitable for the use of the end-users.

Scanfil's position in the value chain

Scanfil is positioned at the intersection of the upstream and downstream value chain.

Scanfil plays a crucial role in transforming materials and components from suppliers into finished products for customers. This position allows Scanfil to leverage economies of scale, optimize production processes, and offer comprehensive services that add value to customers.

1.8 Interests and views of stakeholders

Scanfil's stakeholders are involved in the company's sustainability work in various ways. The table in the section 1.9 lists each stakeholder, how the engagement with them occurs and how it is organised, as well as the purpose and how its outcome is considered in Scanfil's strategy

and business model. During the development of the Double Materiality Assessment (DMA), Scanfil sent out stakeholder surveys to the majority of its main stakeholders to receive their views and interests on various material and financial impacts throughout the Scanfil value chain. The stakeholders listed financial and material impacts following the ESRS list of sub-sub topics. Each stakeholder scored a level of criticality for these impacts according to their views and interests. The input was later used as a baseline throughout the DMA process and its finalization. The final DMA was communicated in 2024 to the Group Management Team and the Board of Directors and has been used as input into the Annual Review and update of Scanfil's strategy and business model.

No amendments have been made to Scanfil's strategy and business model since there has not been any input from its stakeholders that affects the current model and strategy. Thus, no plan to change the current set up is presented.

As stated above, stakeholder engagement is a key component of the DMA and has been embedded throughout the whole DMA process to consider their interests and potential impacts.

Own workforce

Scanfil's strategy indicates that culture and people are the fundamental enablers for any strategically important deliverables.

The strategy creation and follow-up process involve input from Scanfil's workforce. Each function performs strategic workshops involving the function's managers from factories as well as global experts. These are preceded by factory strategy work where key employees are invited to share their observations, input received from external stakeholders (customers, suppliers, subcontractors, other partners) as well as their own ideas for development. Utilizing the workforce's knowledge and expertise is a crucial asset. Similarly, the business model is monitored for its efficiency and competitiveness as well as the impact it generates.

Strategic growth through geographical expansion and acquisitions brings the necessity to investigate if there are any risks related to child labor or forced labor. As human rights standards are crucial for Scanfil's culture and business, none of the growth opportunities that would hold these kinds of risks would be accepted.

The strategic approach to efficiency expressed by productivity-focused initiatives as well as the Dream Factory concept supports developing high standards of working conditions. Those are meant as the ones that ensure safe and effective workplaces for employees as well as secure employment characterized by adequate wages, optimized work time, and a healthy work-life balance. All of that is provided in a respectful environment.

The company strategy is openly shared with its workforce by the Group Management Team through quarterly town hall meetings and the monthly Scanfil Way Bulletin distributed to all factories. Common practices are regular meetings with the whole crew as well as channeled meetings and discussion forums with employee representatives, including unions and works councils. Factories also use digital communication platforms to keep the workforce engaged.

The Scanfil business model definition with its drivers, is part of the onboarding process for employees. The company believes that as a service provider, it is crucial to continuously increase business awareness and enhance the engagement of its workforce. Only engaged individuals can provide high-quality service to the company's customers. Therefore, employees are informed about the business drivers that may impact them, such as:

- Variations in volumes of customer demand and periodical fluctuation
- Manufacturing processes that require different technologies and, therefore, different competencies from Scanfil's workforce
- Cost plus price model that calls for efficient cost management to ensure competitiveness.

Workers in the value chain

As for Scanfil's own employees, workers throughout the value chain play a crucial role in supporting Scanfil's strategy. Culture and people are fundamental enablers to reach Scanfil's deliveries of high efficiency and supply chain excellence. This includes all workers in the value chain, from suppliers of raw materials and manufacturers of components to EMS production, but also for work done with Scanfil's customers and during the transportation of goods. To reach their full potential in the value chain, workers must be able to perform their duties in a healthy and safe environment, in which human rights, diversity and inclusion are respected. The Scanfil way is to explain the business model and emphasize the importance of Supply Chain Excellence. This is a strategic enabler of sustainability. Following Scanfil's value chain, workers in the value chain can be found in all steps. This means workers who are in direct contact with Scanfil, such as tier 1 suppliers, transport companies, and customers. Scanfil's upstream suppliers are normally distributors of electronic components, but can also be manufacturers of machined components, plastic components, PCBs, and cables. For sheet metal manufacturing, Scanfil works with suppliers of metal blanks.

1.9 Material impacts, risks and opportunities, and their interaction with the strategy and business model

The identification and assessment of material impacts, risks, and opportunities

Scanfil's sustainability-related material impacts, risks, and opportunities have been identified in a Double Materiality Assessment based on the principles of Scanfil's Risk Management Process. The key goal is to identify and assess the risks, threats, and opportunities potentially significant to the implementation of Scanfil's values and strategy and to the achievement of long-term targets as well as to identify and assess Scanfil's impacts on society and the environment. In addition to Scanfil's own operations, the identification and assessment of impacts, risks, and opportunities encompasses the upstream and downstream value

chain and any other parties that Scanfil's operations affect. Scanfil's Risk Management Process and its responsibilities are described in more detail in the Corporate Governance Statement.

Scanfil updated its materiality assessment of sustainability matters in 2024. The updating of the materiality assessment proceeded in two phases. In the first phase, in 2023, the views of external and internal stakeholders on Scanfil's real and potential impacts, risks, and opportunities were collected through interviews and surveys. The stakeholders interviewed included the company's own employees as well as its customers, investors, and goods and service suppliers. Based on the material collected, the impacts, risks, and opportunities were prioritized in management workshops. The prioritization was based on double materiality, meaning that the workshop participants paid attention to the company's impacts on the environment, society, employees, and other stakeholders, as well as to the qualitative and financial risks and opportunities for Scanfil's business related to sustainability matters. The likelihood and scope of the impact, risk, or opportunity were considered in prioritization.

The next table gives a description of Scanfil's material impacts, risks and opportunities resulting from Scanfil's materiality assessment, including a description of where in its business model, its own operations, and its upstream and downstream value chains these material impacts, risks and opportunities are concentrated. A description of each material topic's specific impacts, risks and opportunities are disclosed for each topical ESRS. Scanfil has not yet anticipated the current and expected effects of the impacts, risks, and opportunities with respect to the company's strategy and business model. Scanfil plans to analyze the anticipated effects in 2025.

Each material topic's negative or positive impact on people and/or the environment, including the expected time horizon, is disclosed under each relevant chapter in this Sustainability Statement.

The material impacts originate from Scanfil's business model as an EMS company.

Scanfil has not identified any significant risk of a substantial adjustment to the reported values of assets and liabilities in the relevant financial statements during the next annual reporting period.

Scanfil has not yet conducted an analysis of the resilience of its strategy and business model regarding its material impacts, risks and opportunities except for the information disclosed in section 1.8. Material impacts, risks and opportunities, and their interaction with the strategy and business model.

Since the DMA was conducted for the first time in 2024, the impacts, risks and opportunities that are presented in this report have not been changed from last year.

Scanfil's only additional entity-specific disclosure, other than ESRS Disclosure Requirements, is regarding cyber security which is disclosed in the Sustainability Statement in section 4. Governance.

Topic	Sub-topic	Sub-sub topics	Description	Value chain direction	Potential and actual impacts	Time horizon	Nature of activities or business relationships	Where in the business model	Location	Impact Materiality	Financial Materiality
E- ENVIRONMENT											
Climate change	Climate change adaptation		Scanfil operates across four continents, where energy consumption for facility heating and cooling is significant, especially in warmer regions, e.g., China and the US, and colder regions, e.g., Nordics.	Own operations	Actual	-	Own activities: Adapting own facilities to climate change.	Manufacturing, Facilities	Local	Material	Not Material
	Climate change mitigation		Scanfil operates globally, focusing on energy-efficient, fossil-free solutions, especially in warmer regions e.g. China and the US, where cooling demands are high. While stable conditions are expected elsewhere, uncertainties around climate change prompt a commitment to sustainability and increased fossil-free energy use.	Upstream, Own operations, Downstream	Actual	-	Own activities: Greenhouse gas emissions from procurement and usage of energy and combustion of fuels at own facilities.	Manufacturing, Facilities, Suppliers, Logistics	Global	Material	Not Material
	Energy		Scanfil operates worldwide, prioritizing energy-efficient, fossil-free solutions, where heating and cooling needs are high. Commitment to sustainability drives increased use of fossil-free energy, despite stable conditions elsewhere.	Own operations	Potential	Short, medium and long term	Own activities: Need of energy for manufacturing at facilities.	Manufacturing	Local	Material	Material
Pollution	Substances of very high concern		Scanfil complies with REACH regulations. This commitment ensures product safety, environmental protection, and customer trust. Scanfil collaborates with suppliers to drive a cleaner electronics industry.	Upstream, Downstream	Actual	-	Business relationship: Product specifications drives the need and purchase of components that can contain substances of very high concern.	Customer specification	Local	Material	Not Material
Circular economy	Resource inflows, including resource use		Resource inflows represent the acquisition of materials, energy, and services necessary for Scanfil's operations. The efficient and sustainable use of these resources is critical to minimizing environmental impact and ensuring long-term viability.	Upstream	Potential	Medium and long term	Business relationship: Product specification that may include non-renewable resources.	Customer specification	Local	Material	Material
	Resource outflows related to products and services		Renewable resources like water, plants, and wind energy can replenish naturally. Non-renewable resources like fossil fuels and minerals cannot. Sustainable or regenerative sources minimize environmental harm and ensure long-term availability.	Downstream	Actual	-	Business relationship: Customer order drives resource outflows of products and services.	Customer orders	Local	Material	Not Material
	Waste		Effective waste management benefits the environment, economy, and society. It reduces pollution, conserves resources, and creates jobs. By reducing waste, Scanfil improves public health and creates cleaner communities.	Downstream	Actual	-	Own activities: Hazardous and non-hazardous waste generated via manufacturing activities.	Customer specification	Local	Material	Material

Topic	Sub-topic	Sub-sub topics	Description	Value chain direction	Potential and actual impacts	Time horizon	Nature of activities or business relationships	Where in the business model	Location	Impact Materiality	Financial Materiality
S - SOCIAL RESPONSIBILITY											
Own workforce	Working conditions	Secure employment	Secure employment at Scanfil fosters trust and stability, boosting morale and productivity. The commitment to job security strengthens the company's workforce and enables it to focus on innovation and quality.	Own operations	Actual	Short, medium and long term	Own activities: Scanfil follows country regulations on secure employment and enhances it by applying own policies.	Manufacturing, Sales & Marketing, Procurement	Local	Material	Not material
		Working time	Effective management of working time enhances productivity and employee well-being. Balanced working hours reduce burnout and absenteeism, leading to higher morale and retention. Compliance with labor laws minimizes legal risks and potential fines. Overall, an effective working time approach improves operational efficiency, employee satisfaction, and company reputation, driving profitability and sustainable growth.	Own operations	Actual	Short and medium term	Own activities: Scanfil follows country regulations on working time and enhances it by applying own policies, e.g., on remote work.	Manufacturing, Sales & Marketing, Procurement	Local	Material	Not material
		Adequate wages	Adequate wages ensure financial stability and workforce loyalty, strengthening morale and productivity. Fair compensation strengthens the team and fosters innovation and quality.	Own operations	Actual	Short term	Own activities: Scanfil follows country regulations on minimal wage and enhances it by applying own Salary Regulations Process.	Manufacturing, Sales & Marketing, Procurement	Local	Material	Not material
		Social dialog	Social dialog fosters collaboration and mutual understanding between management and employees. Open communication channels promote transparency and trust, driving innovation and problem-solving.	Own operations	Actual	Short term	Own activities: Scanfil cultivates open dialog culture and supports that through own processes.	Manufacturing, Sales & Marketing, Procurement	Local	Material	Not material
		Work-life balance	Without a good work-life balance, employees may experience increased stress, burnout, and dissatisfaction. This can lead to higher turnover rates, increasing recruitment and training costs. Productivity and quality of work may suffer, affecting client satisfaction and company reputation. Moreover, health issues arising from chronic stress can result in higher healthcare costs and absenteeism.	Own operations	Potential	Short and medium term	Own activities: Scanfil monitors workload and work-life balance through in-house activities.	Manufacturing, Sales & Marketing, Procurement	Local	Material	Not material
		Health and safety	Health and safety are top priorities at Scanfil. Risks are minimized through safety protocols, training, and risk assessments. By fostering a safety culture, Scanfil protects its own employees and demonstrates a commitment to corporate responsibility and operational excellence.	Own operations	Actual	Short, medium and long term	Own activities: Scanfil follows country regulations on work safety and enhances it by internal experts forum Safety Council.	Manufacturing, Sales & Marketing, Procurement	Local	Material	Material
		Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value	Gender equality and equal pay ensure fairness. It promotes a just society, boosts the economy, and improves well-being for all. By valuing everyone equally, Scanfil creates a better future.	Own operations	Potential	Short, medium and long term	Own activities: Scanfil ensures equal treatment and opportunities for all in its policies.	Manufacturing, Sales & Marketing, Procurement	Local	Material

Topic	Sub-topic	Sub-sub topics	Description	Value chain direction	Potential and actual impacts	Time horizon	Nature of activities or business relationships	Where in the business model	Location	Impact Materiality	Financial Materiality
Own workforce		Training and skills development	Continuous training improves safety, compliance, and environmental impact. It fosters employee growth and satisfaction, leading to higher retention and efficiency. This supports Scanfil's sustainability and competitiveness.	Own operations	Actual	Short, medium and long term	Own activities: Scanfil offers internal and external training.	Manufacturing, Sales & Marketing, Procurement	Local	Material	Not material
		Employment and inclusion of people with disabilities	Inclusive hiring benefits everyone. It boosts diversity, innovation, and productivity. By creating a welcoming workplace, Scanfil attracts top talent, improves employee morale, and enhances the company's reputation.	Own operations	Potential	Medium term	Own activities: Inclusion of people with disabilities is Scanfil in-house activity.	Manufacturing, Sales & Marketing, Procurement	Local	Material	Not material
		Diversity	Diversity drives innovation at Scanfil. A diverse workforce fosters creativity, improves employee satisfaction, and attracts top talent. It also enhances the reputation and attracts customers and investors. Ultimately, diversity contributes to the company's long-term success.	Own operations	Actual	Short, medium and long term	Own activities: Scanfil's company culture and policy promotes diversity.	Manufacturing, Sales & Marketing, Procurement	Local	Material	Not material
	Other work-related rights	Child labor	Child labor is unacceptable at Scanfil. It would damage the reputation, lead to legal penalties, and harm the workforce. Preventing child labor is crucial for integrity and long-term success.	Own operations	Actual	Short, medium and long term	Own activities: Scanfil follows country regulations which eliminates risk of child labor.	Manufacturing, Sales & Marketing, Procurement	Local	Material	Not material
		Forced labor	Forced labor is unacceptable at Scanfil. It would damage the reputation, lead to legal penalties, and harm the workforce. Preventing forced labor is crucial for ethics, legality, and long-term success.	Own operations	Actual	Short, medium and long term	Own activities: Scanfil follows country regulations which eliminates risk of forced labor.	Manufacturing, Sales & Marketing, Procurement	Local	Material	Not material
Workers in the value chain	Working conditions	Health and safety	At Scanfil, the health and safety of employees, contractors, and stakeholders is a top priority. While striving to eliminate risks associated with manufacturing, accidents, injuries, and illnesses can still occur. To mitigate these risks, Scanfil implements robust safety protocols, provides comprehensive training, and conducts regular assessments. By fostering a culture of safety awareness, promoting ergonomic practices, and investing in protective equipment, Scanfil creates a safer workplace and safeguards the well-being of its workforce. The commitment to health and safety reflects Scanfil's dedication to corporate responsibility, employee welfare, and operational excellence, ultimately contributing to a more sustainable and resilient organization.	Upstream	Actual	Long term	Business relationship: Relationship with supplier partner guided by International standards for Labor and human rights (ILO and UN).	Suppliers	Global	Material	Material

Topic	Sub-topic	Sub-sub topics	Description	Value chain direction	Potential and actual impacts	Time horizon	Nature of activities or business relationships	Where in the business model	Location	Impact Materiality	Financial Materiality
G - GOVERNANCE											
Business conduct	Corporate culture		Scanfil values and cherishes diversity, equality, and inclusion. The value "Achieving Together" highlights how being one team globally is emphasized, how diversity is benefited from: ideas are shared, respect and reliance on each other are emphasized, collective success is aimed for, and how every individual is respected with no tolerance for bullying, harassment, or discrimination.	Own operations	Actual	-	Own activities and business relationship: Corporate culture and customer business ethical requirements are driven by the Code of Conduct.	Manufacturing, Sales & Marketing, Procurement	Global	Material	Not Material
	Management of relationships with suppliers including payment practices		By managing supplier relationships and payment practices effectively, businesses can significantly impact their operational efficiency and financial health. Timely payments strengthen trust, foster loyalty, and attract high-quality suppliers, ultimately leading to a more stable and reliable supply chain. Fair and ethical payment practices also contribute to social responsibility, supporting fair wages and working conditions. Conversely, delayed or unfair payments can strain relationships, leading to disruptions, quality issues, and increased costs.	Upstream	Potential	Short and medium term	Business relationship: Relationships with suppliers, including payment practices are a part of healthy supplier relationships.	Procurement, Suppliers	Global	Material	Not Material
	Corruption and bribery	Prevention and detection, including training	Effective prevention and detection of corruption and bribery are essential for maintaining organizational integrity and building stakeholder trust. By implementing robust policies, procedures, and controls, businesses can significantly reduce the risk of legal and financial penalties. Regular audits and compliance training further strengthen these efforts, fostering a culture of transparency, ethics, and accountability.	Upstream, Own operations, Downstream	Potential	Short, medium and long term	Own activities and business relationships: Corruption and bribery can have a financial impact on the business. These incidents can result in increased regulatory scrutiny and loss of business opportunities.	Sales & Marketing, Procurement	Global	Material	Not Material
	Cybersecurity		Cybersecurity breaches can have severe financial consequences. Direct losses include theft, fraud, and ransom payments. Legal and regulatory penalties arise from data breaches and non-compliance. Reputational damage can lead to customer loss and reduced revenue. Operational disruptions cause downtime and productivity loss. Finally, insurance premiums may increase, further impacting costs.	Upstream, Own operations, Downstream	Potential	Short, medium and long term	Own activities and business relationships: Cybersecurity breaches can have direct financial losses, legal and regulatory costs, operational disruptions and reputation damage.	Manufacturing, Sales & Marketing, Procurement	Global	Material	Not Material

Climate change

Scanfil has not conducted any resilience analysis or climate scenario analysis of its strategy and business model in relation to climate change. Consequently, Scanfil cannot report the scope, method or results of such an analysis.

Although Scanfil has not conducted these types of analyses, it has assessed its exposure to physical climate-related hazards using a Disaster Evaluation Matrix, which considers risk severity and likelihood but lacks specific time horizons and high-emission scenarios. The assessment is based on local knowledge. For transitional climate-related

risks and opportunities, Scanfil has initiated a process to identify climate-related transition risks and opportunities within its operations and value chain. However, no climate scenario analysis has been conducted for this matter.

The resilience analysis will be conducted once the process to identify physical and transitional climate-related risks and opportunities are finalized. For further information, see section Description of the processes to identify and assess the material climate-related impacts, risks, and opportunities. The table below presents the results from the initial assessment of material physical climate-related hazards.

Material physical risks and their management

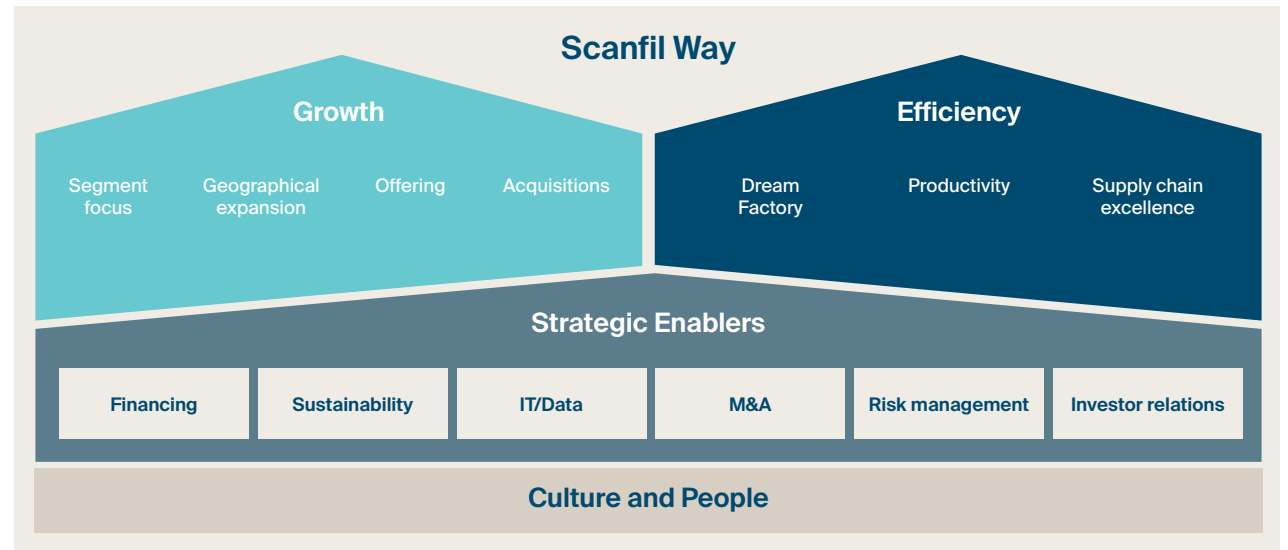
Risks for Scanfil Group	Management
Acute	
<p>↓ Storms, fires, and floods cause disruptions in Scanfil's production. Scanfil's factories are not directly in any risk area, even if risks are considered. Supply chain disruptions: If a supplier's production facilities are in vulnerable areas, extreme weather events may interrupt their ability to deliver goods and services. This can cause delays and increased costs for the business.</p>	<p>Scanfil prepares for the risks arising from extreme weather by implementing comprehensive resilience strategies across its global operations. These include fortifying infrastructure to withstand extreme weather and adopting relevant fire prevention systems. Scanfil is managing risks by diversifying suppliers and establishing rapid response protocols. Furthermore, Scanfil invests in continuous training and awareness programs for employees and collaborates with local authorities to ensure preparedness. These proactive measures ensure business continuity while safeguarding the employees, assets, and the environment.</p>
Chronic	
<p>↓ Increasing temperatures can strain cooling systems in Scanfil's manufacturing plants, reduce productivity, and harm workers' health.</p>	<p>Adequate cooling and ventilation systems are implemented. Scanfil continues to develop and implement heat-resistant technology, provide adequate hydration and rest periods for workers, and adapt work schedules to cooler times of the day.</p>

Own workforce

The material impacts, risks, and opportunities related to the company's own workforce have been identified in a Double Materiality Assessment based on the principles of the company's Risk Management Process. Scanfil's Risk Management Process and its responsibilities are described in more detail in section 1.6 Risk management and internal controls over sustainability reporting. The materiality assessment process is described in the section Description of the process to identify and assess material impacts, risks, and opportunities.

The strategic initiatives chosen by the Human Resources function for 2024 are focused on three pillars:

- Scanfil Way culture roll-out addressing updated Scanfil core values as well as their practical application to workforce's behaviors.
- Productivity support by HR-driven activities, designed and driven according to local needs.
- Internal job market to roll-out cross-factory resource sharing and offer attractive personal development opportunities for individuals.



Material sub-sub topics	Impacts	Risks and opportunities for Scanfil	Management
Working conditions			
<ul style="list-style-type: none"> • Secure employment • Working time • Adequate wages • Social dialog • Work-life balance • Health and safety 	<p>↑</p> <p>Actual:</p> <p>Scanfil ensures secure employment, which positively impacts employee engagement and productivity. It has a powerful positive impact on people's sense of safety, which is a fundamental basic human need. Scanfil pays adequate wages, which ensures good living standards for employees and their families.</p> <p>Offering flexible work time and remote work schemes for positions where the nature of work makes it possible, as well as prioritizing work-life balance, enables employees to better organize their working time in a way that supports their family-related duties.</p> <p>Social dialog, which is a vital part of Scanfil's collaboration culture, provides empowerment for employees, helps them grow in their business awareness, and enhances their engagement.</p> <p>Potential:</p> <p>Scanfil observes the opportunity to support employees' mental health through professional EAP (Employee Assistance Programs) differentiating the company from other employers.</p>	<p>↑</p> <p>Opportunity:</p> <p>A high standard of workplace safety positively impacts employees engagement and loyalty, leading to increased productivity and reduced turnover and sick leave costs. This, in turn, can boost productivity, reduce employee turnover, and lower costs associated with sick leave. Moreover, this would enhance Scanfil's reputation and elevate its standing in the employer market within its operating areas. As a result, it would facilitate the recruitment of desired professionals and help retain talent within the company.</p>	<ul style="list-style-type: none"> • Scanfil follows all the country-specific legal requirements to ensure high-quality working conditions. Additionally, both the development ideas driven from the Employee Engagement Survey as well as from the Safety Council meetings are shared between factories as best practices to continuously enhance company standards, even exceeding the country's regulations. • In all of Scanfil's operating countries, the requirement for minimum required wages is met. Furthermore, Scanfil monitors market remuneration to be able to offer attractive salaries and annually review its own workforce's wages. • Scanfil offers flexible or hybrid/remote work schemes for the positions where the nature of the work allows it. • Health and safety aspects are managed in line with the country's regulations as well as manufacturing standards for the technologies used. The Safety Council monitors and enhances the sharing of best practices on preventive measures. • The well-being of employees is supported both by monitoring the workload in each department as well as by promoting healthy habits and offering sports or leisure activities. • The dialog with employees and their representatives is executed through both need-based meetings benefiting from a direct and open communication culture as well as through structured processes like Employee Engagement Surveys, and regular meetings with unions or workers councils.
	<p>↓</p> <p>Actual:</p> <p>Restricting remote work possibilities is negatively impacting employees' satisfaction in some locations where other employers widely offer it (e.g. Poland).</p> <p>Any work-related accident occurring on Scanfil premises can negatively impact employee health. Accidents can happen at all locations. However, these incidents have been very minor with no severe impact on the employee's health. There have not been any fatalities, but one serious accident requiring hospitalization in 2024.</p> <p>Potential:</p> <p>Improper working conditions could negatively impact on the health of employees on the job as well as the well-being of their families if secure living conditions are not ensured. Furthermore, insecure employment terms or disrespectful dialog and communication practices could lead to chronic stress, impacting employee health and potentially damaging the company's reputation.</p>	<p>↓</p> <p>Risk:</p> <p>A high rate of sick leave incurs costs associated with absenteeism. Additionally, periods in which absent employees need replacement lead to competence gaps and risks of lower service quality as well as increased overtime costs for other employees covering the tasks. In cases of long-term absences, this may require additional training for stand-in staff.</p>	

Material sub-sub topics	Impacts	Risks and opportunities for Scanfil	Management
Equal treatment and opportunities for all			
<ul style="list-style-type: none"> • Gender equality and equal pay for work of equal value • Training and skills development • Employment and the inclusion of persons with disabilities • Diversity 	<p>↑</p> <p>Actual: The diversity supported by Scanfil's corporate culture brings exclusive benefits to the business owing to higher creativity and the ability to see the wider context of business situations as well as attract a wider range of diverse customers. The openness for this is cultivated in the company's core values as well as the Scanfil Way leadership. They both encourage empathy which supports cross-cultural acceptance among employees and naturally enhances equal treatment and opportunities for all. The training and development opportunities are available to all employees, regardless of their personal characteristics.</p> <p>Potential: Increasing diversity at Scanfil, especially in China and Europe where the sites are generally (very) homogeneous, would have a significant positive impact on the social acceptance and understanding of both diverse cultures and backgrounds, as well as different personal perspectives.</p>	<p>↑</p> <p>Opportunity: Well-developed equal treatment standards enhance Scanfil's reputation as an employer, attracting top talents from diverse backgrounds who are eager to work for Scanfil. This, in turn, contributes to the company's innovation and overall performance.</p>	<ul style="list-style-type: none"> • Competence and skills development are monitored in both the annual appraisal process and monthly skills matrix reviews. • Training is offered and done both through internal and external trainers. Development opportunities are equally available for all employees, independent of gender. • Diversity in the management is actively searched through both external recruitment and structured succession planning. • Scanfil adapts selected workplaces for disabled persons.
	<p>↓</p> <p>Actual: Scanfil can offer a limited number of positions for individuals with disabilities, as the majority of roles require high precision and full mobility.</p> <p>Potential: A highly homogeneous workplace can lead to the isolation of individuals, fostering a lack of understanding and tolerance for alternative views and approaches, which can fuel conflicts. In such an environment, inequality in the treatment of the workforce lowers employee morale, limits development opportunities for underrepresented groups, and widens gaps in pay and living standards.</p>	<p>↓</p> <p>Risk: Retaining experienced professionals becomes challenging if they are not provided with opportunities for growth and a salary that distinguishes them from junior employees. Scanfil plans to invest in a new salary grading system to monitor pay gaps, and if discrepancies are identified, adjustments will be made to address these inequalities. This could lead to higher salary costs for the company.</p>	
Other work related rights			
<ul style="list-style-type: none"> • Child labor • Forced labor 	<p>↓</p> <p>Actual: Scanfil upholds high ethical standards in its employment policies, ensuring that neither child labor nor forced labor is tolerated.</p> <p>Potential: If child labor or forced labor were observed at Scanfil, it would have a detrimental impact on people's lives. Child labor disrupts the natural course of human development, while forced labor infringes on the basic human right to freedom. These situations would also negatively affect the families of the employees involved.</p>	<p>↑</p> <p>n/a</p>	<ul style="list-style-type: none"> • Scanfil operates in countries where there are high-quality standards for employment practices. The birth date is one of the measures that is mandatorily validated prior to the start of the employment. All employment relationships are on a voluntary basis as all applications are employee-initiated.

In the section, 3.1 Own workforce, Scanfil discloses the required information for its own workforce, which covers all employees and non-employees in its own operations. The impacts related to workers in the value chain are described in section 3.2 Workers in the value chain.

The Scanfil workforce mainly consists of Scanfil contracted employees comprising 86% of the total workforce. The remaining workforce is third-party contracted employees. The participation of self-employed delivering services to Scanfil is minimal and globally totals less than 1% of its workforce. The company's goal is to incorporate third-party employees to the greatest extent to the work standards and company culture, providing seamless services to the customers.

The identified potential negative impacts refer to working conditions, equal treatment and opportunities for everyone, and other work-related rights like child labor or forced labor. None of those can be seen as widespread or systematic in Scanfil operations.

Within working conditions, Scanfil observes that restricting remote work possibilities is negatively impacting employee satisfaction in some locations where other employers widely offer it (e.g. Poland).

Any work-related accident occurring at Scanfil premises can negatively impact employee health. Accidents can happen in all locations. However, the incidents which occurred in 2024 have been very minor, with no severe impact on the employee's health. There have been no fatalities in 2024, but there was one serious accident requiring hospitalization.

Scanfil can offer a limited number of positions for individuals with disabilities, as the majority of roles require high precision and full mobility. This is negatively impacting its capability of employment and inclusion of persons with disabilities.

Through appropriate risk management, Scanfil has identified potential negative impacts that should be prevented. One impact is improper working conditions, which could adversely affect employee health

and the well-being of their families if secure living conditions are not ensured. Furthermore, insecure employment terms or disrespectful dialog and communication practices could lead to chronic stress, impacting employees health and potentially damaging the company's reputation. Another potential impact could be a highly homogeneous workplace, which can lead to the isolation of individuals, fostering a lack of understanding and tolerance for alternative views and approaches, which can fuel conflicts. In such an environment, inequality in the treatment of the workforce lowers employee morale, limits development opportunities for underrepresented groups, and widens gaps in pay and living standards. Scanfil upholds high ethical standards in its employment policies, ensuring that neither child labor nor forced labor is tolerated. It would have a detrimental impact on people's lives. Child labor disrupts the natural course of human development, while forced labor infringes on the basic human right to freedom. These situations would also negatively affect the families of the employees involved.

Scanfil ensures secure employment for its own workforce; all employees hold legally valid work contracts. Scanfil pays adequate wages which ensures good living standards for the employees and their families. The company performs annual salary reviews and benchmarking analysis towards the local markets to ensure optimal pay development. The company uses third-party work agencies to hire employees, which ensures both higher stability and security of employment for its own employees as well as flexibility for the business, needed to address the periodic demand fluctuations. The third-party providers are thoroughly verified on the employment conditions offered to Scanfil's non-employees.

Offering flexible work hours and remote work schemes for the positions where the nature of work makes it possible, as well as prioritizing work-life balance, enable employees to better organize their working time in a way that supports their family-related duties.

Scanfil continuously improves its working conditions as part of both strategic efficiency-centric projects, for example Dream Factory or

Lean Six Sigma certification projects performed by its own employees as well as working conditions development initiatives driven from the input of employee engagement surveys inputs.

Social dialog between the employer and the workforce is a common practice at Scanfil. It is a vital part of the company's collaboration culture and provides empowerment for the employees by helping them grow in their business awareness and enhancing their engagement. It is performed through the regular meetings of Factories' Management Teams with employees representatives (both formed in unions or works councils as well as simply nominated by the crew), periodic meetings with the whole factory personnel, and quarterly town hall meetings led by the company's Group Management Team.

Scanfil promotes diversity in its operations, e.g., through the DEI (Diversity Equity Inclusion) Forum. This community meets online on a quarterly basis to discuss the best practices on how to enhance diversity as well as increases awareness and understanding regarding diverse cultures. Another initiative that takes place monthly is the SWAT (Scanfil Women Appreciation Team) meetings that are focused on enhancing opportunities for professional growth and development of women. The community explores new ways to support talented individuals, e.g., by mentoring as well as encouraging recognition and sharing achievements of females who are still in the minority in higher positions.

Scanfil effectively performs internal campaigns on well-being and safety which promote good habits among employees.

A high standard of workplace safety positively impacts employee engagement and loyalty, leading to increased productivity and reduced turnover and sick leave costs. This, in turn, would boost productivity, reduce employee turnover, and lower costs associated with sick leave. Furthermore, this would enhance Scanfil's reputation and elevate its standing in the employer market within its operating areas. As a result, it would facilitate the recruitment of desired professionals and help retain talent within the company.

At the same time, a high sick leave rate generates absenteeism costs. Additionally, periods in which absent employees need replacement lead to competence gaps and risks of lower service quality, as well as increased overtime costs for other employees covering the tasks. In cases of long-term absences, this may require additional training for the stand-in staff.

Well-developed equal treatment standards enhance Scanfil's reputation as an employer, attracting top talents from diverse backgrounds who are eager to work for Scanfil. This, in turn, contributes to the company's innovation and overall performance.

At the same time, retaining experienced professionals becomes challenging if they are not provided with opportunities for growth and a salary that distinguishes them from junior employees. Scanfil plans to invest in a new pay equity software to monitor pay gaps, and if discrepancies are identified, adjustments will be made to address these inequalities. This could lead to higher salary costs for the company.

Scanfil's commitment to environmental and sustainability standards is very serious and thus executed thoroughly. Employees are expected to perform the mandatory training delivered by Scanfil and follow the sustainability standards. In case of a serious breach of these standards, disciplinary actions can be applied.

The enhancement of travel policy and business meeting guidelines which prioritize virtual collaboration channels requires employees to develop new skills, both in the use of advanced technologies as well as professional and impactful communication techniques. It is observed that managers face challenges when leading remote teams and having limited possibilities to travel for face-to-face meetings. They are supported with training and mentoring.

It is not tolerated at Scanfil to allow forced labor, compulsory labor, or child labor. Scanfil strictly follows the legal standards ensuring freedom of movement for all its employees and employment of only legally allowed

employees (adults and teenagers after the age defined by the laws in the operating countries). However, when operating globally, it might be considered that the manufacturing plants in Asia may uphold the potential risk of forced or compulsory or even child labor.

Scanfil applies the same health and safety measures to both employees and third-party employees in its workforce. All individuals performing particular kinds of tasks use the same workstations and personal protection equipment.

Third-party employees might be impacted negatively regarding the security of employment as, by definition, their contracts offer significantly shorter notice periods.

Employees who have hourly-based contracts may have limited possibilities for personal leave as these days or hours are unpaid. The potential risks for the workforce might be observed in very few areas.

The most highly desirable positions at Scanfil, especially in specialist work and engineering, are dominated by male employees. This may negatively impact the career possibilities for women thereby resulting in the underrepresentation of women in senior management. Scanfil's definition of senior management is the Group Management Team, Factories Management Teams and Directors and Heads of global functions. As of the end of 2024, the percentage of women in these teams was at 27%. At the same time, the total employee gender balance in the organization is close to a 50/50 split between females and males, which proves equal accessibility to all and fair treatment driven by company culture and policies.

Another risk is the possibility of losing an experienced workforce driven by just minor differentiation in pay between employees with long years of work compared to junior employees. This is observed mainly in Poland where the minimum wage which is offered to junior employees was increased significantly due to country regulations, while more experienced worker salaries did not increase to the same extent.

Workers in the value chain

Based on the information under section Interest and views of stakeholders, Scanfil has identified four main areas of risk and opportunities for value chain workers:

Upstream value chain workers: These are workers employed by suppliers and based in facilities managed by suppliers. These are workers in the value chain employed by direct suppliers or by other tier-up suppliers.

In-house value chain workers: These are employees of suppliers, but they work at Scanfil's premises. It could be suppliers working with installations, temporary employees contracted via a service provider, etc. All supplier employees working at Scanfil's premises undergo safety training and are guaranteed to have personal safety protection. It is the responsibility of the site's top management to ensure that no one visits Scanfil's premises without the right safety gear.

Downstream value chain workers: These are employees of customers and will be impacted by the quality and service that are provided by Scanfil.

Distribution value chain workers: These are employees of contracted transportation companies and transport goods either to or from Scanfil.

Particularly vulnerable worker: All people have equal value, and Scanfil prioritizes work guided by the DEI principles. This is applicable in the Scanfil value chain. For more information, please refer to the Own workforce section.

Scanfil has very limited possibilities to impact the workers in the value chain downwards, as these are controlled by customers. It is part of the sales process to decline businesses that do not meet a decent maturity level of sustainability. It was, therefore, natural to focus on upstream suppliers and/or suppliers that Scanfil can impact directly through the procurement channels. The below matrix shows how Scanfil impacts or will be impacted by the thematic sub-sub topics according to ESRS. In Scanfil's DMA, health and safety were identified as material.

Material sub-sub topics	Impacts	Risks and opportunities for Scanfil	Management
Working conditions			
<ul style="list-style-type: none"> Health and safety 	<p>↑ Potential: Implementing health and safety across the value chain yields significant benefits e.g., safeguarding the well-being of employees, reducing risks, boosting operational efficiency, and saving costs.</p> <p>Compliance ensures resilience and enhances brand reputation, while fostering innovation and continuous improvement. This proactive approach not only protects employees but also drives sustainable business success.</p>	<p>↑ Opportunity: Enhancing working conditions in the supply chain offers the opportunity to build resilient and ethical supply networks, and strengthens the company's reputation which attracts socially conscious consumers and investors. Improved working conditions also leads to higher productivity and quality from suppliers, reducing defects and delays.</p> <p>↓ Risk: Breaches related to bad or dangerous working environment can damage Scanfil's reputation.</p>	<p>To ensure that suppliers share the same values as Scanfil, the aim is to have all suppliers to sign the Scanfil's Supplier Code of Conduct.</p> <p>Scanfil does also evaluate the suppliers compliance during supplier audits and visits in general.</p>

As a global company, Scanfil operates in various regions with diverse regulatory environments. Human rights and labor standards vary significantly across different countries. Among the different regions that Scanfil's supply chain is operating in, the APAC region is considered to have a higher risk of child or forced labor. In addition, Africa is considered high-risk, but Scanfil does not have any direct business in this region.

The current political situation in the world addresses risks to Scanfil's supply chain. Much of the electronic components come from countries located in Asia with high political tensions. In case of conflict, there is a risk that the supply chain will be disrupted and that would cause disturbances in Scanfil's production.

No material negative impacts have been identified within Scanfil's own operations or in any of the company's partners in the value chain. Scanfil is aware of the risks related to the mining of minerals in conflict areas and, for that purpose, has included processes for reporting conflict minerals according to the guidelines set by the RBA (Responsible Business Association).

1.10 Description of the process to identify and assess material impacts, risks and opportunities

The DMA covers all the sustainability matters covered by ESRS. Scanfil has analyzed its impacts, risks, and opportunities within the sub-topics provided by ESRS. For those sub-topics where ESRS has identified a sub-sub-topic, Scanfil has been able to choose the relevant sub-sub-topic for the identified impact, risk, or opportunity. Scanfil has been able to add entity-specific sustainability matters that they see as relevant.

Time horizon identification

For potential impacts, risks, and opportunities, the time horizon has been identified within which the impact, risk, or opportunity will occur. The default time horizons used are based on those defined in the ESRS:

- Short-term: Reporting period
- Medium-term: Reporting period to 5 years
- Long-term: > 5 years

Value chain parameters

Scanfil's value chain has been taken into consideration for each identified

impact, risk, and opportunity. Scanfil has identified what direction(s) of the value chain (upstream, own operations, and downstream) the impact, risk, or opportunity occurs in as well as the specific position(s) within the value chain direction.

Impact identification

For each impact identified, the company has analyzed the following criteria:

- Whether the impact is actual or potential
- Whether the impact is negative or positive
- Whether the impact is direct or indirect

Impact scoring criteria

The impacts were then scored based on the following criteria, in line with ESRS:

- Negative impacts were scored based on severity, a combination of scale, scope and remediability, and likelihood. Severity was prioritized over the likelihood of negative impacts on human rights.
- Positive impacts were scored based on their scale, scope, and likelihood.

Scale, scope, remediability, and likelihood were determined based on the following default criteria:

Scale:

1. Minimal consequence on people/environment
2. Low consequences on people/environment that are easily managed or mitigated
3. Medium consequence that is manageable within reasonable means
4. High consequence that can cause substantial disruption and require immediate attention
5. Absolute: Major disruption with long-term consequences

Scope*:

1. Few individuals / Very low – Isolated location
2. Groups / Minority of customers / Low – Multiple locations
3. Departments / Large groups / Roughly half of customers / Medium – Several large areas
4. Business divisions / Majority / Entire region
5. Global / Entire populations / All customers/end-users

* Dependent on the most affected stakeholder group

Remediability:

1. Easily reversible
2. Low
3. Reversible with material effort/cost
4. High
5. Permanent

Likelihood:

1. Rare (<10%)
2. Low (10-25%)

3. Possible (25-50%)
4. Likely (50-75%)
5. Almost certain (>75%)
6. Actual (100%)

Scoring and threshold methodology

The scoring and threshold methodology for impact materiality included:

- Each impact was assessed by positive/negative and actual/potential
- Assessment of the severity of the impact was then plotted against the likelihood of it occurring
- The product of both is the impact score
 - Impact score = Likelihood x Severity
 - Severity of negative impacts = (Scale + Scope + Irremediability)
 - Severity of positive impacts = (Scale + Scope)

All impacts related to that sustainability matter were plotted on a 5x5 grid of Severity vs. Likelihood. The threshold for impact is set as a sloping line, dependent on the combination of severity and likelihood.

A threshold line was established that gave precedence to severity over likelihood (i.e., all impacts with severity scores > 4 were considered material irrespective of likelihood, while also taking into account less severe risks that were more likely).

If any impacts for a given sustainability matter were above the threshold, then the sustainability matter itself would be deemed to be material.

Risk and opportunity identification

For each risk and opportunity identified, Scanfil has analyzed the following criteria:

- The direct or indirect ownership of the risk/opportunity
- The negative or positive financial effect of the risk or opportunity, respectively

Risk and opportunity scoring criteria

The risks and opportunities were then scored based on the magnitude of the financial effect and the likelihood of it occurring.

The magnitude of the financial effect and likelihood was determined using the following criteria:

Magnitude of financial effect*:

1. Minor
2. Moderate
3. High
4. Very High
5. Major

* The default is based on the Net Asset Value entered by the company.

Likelihood:

1. Rare (<10%)
2. Low (10-25%)
3. Possible (25-50%)
4. Likely (50-75%)
5. Almost certain (>75%)

Scoring and threshold methodology

The scoring and threshold methodology for financial materiality included:

- The product of both is the Financial score
- Financial score = Likelihood X Magnitude
- All of the risks and opportunities related to that sustainability matter were plotted on a 5x5 grid of Size of financial effect vs. Likelihood. The threshold for financial materiality is set as a sloping line, dependent on the combination of Size of financial effect and Likelihood. An approximate materiality threshold line had been established, which captured all the highest tiers of financial effects and less affecting risks that were more likely. This means that, for each risk/opportunity where the product of Size of financial effect and Likelihood score is above the threshold, it is considered to be material.

Scanfil's sustainability-related material impacts, risks, and opportunities have been identified in a Double Materiality Assessment based on the principles of the company's risk management process. The key goal is to identify and assess the risks, threats, and opportunities potentially significant to the implementation of the company's values and strategy and to the achievement of long-term targets as well as to identify and assess the company's impacts on society and the environment. In addition to the company's own operations, the identification and assessment of impacts, risks, and opportunities encompasses the upstream and downstream value chain and any other parties that the company's operations affect. Scanfil's Risk Management Process and its responsibilities are described in more detail in the Corporate Governance Statement.

Scanfil updated its materiality assessment of sustainability matters in 2024. The updating of the materiality assessment proceeded in two phases. In the first phase, in 2023, the views of external and internal stakeholders on the company's real and potential impacts, risks, and opportunities were collected through interviews and surveys. The stakeholders interviewed included the company's own employees as well as its customers, investors, goods and service suppliers, Scanfil

management, creditors, and shareholders. Based on the material collected, the impacts, risks, and opportunities were prioritized in management workshops. The prioritization was based on double materiality, meaning that the workshop participants paid attention to the company's impacts on the environment, society, employees, and other stakeholders as well as to the qualitative and financial risks and opportunities for the company's business related to sustainability matters. The likelihood and scope of the impact, risk, or opportunity were considered in prioritization.

Scanfil's process for identifying potential and actual impacts is partially based on the due diligence process that explains whether and how business relationships are considered. This procedure is described in detail under the section Statement on due diligence. The sustainability matters presented by the ESRS standards have been included in the materiality assessment and have been connected to the impacts on Scanfil's value chain and business relationships.

Furthermore, Scanfil conducts qualitative risk assessments of geographical locations and parameters connected to a heightened risk of adverse impacts taking into consideration that a majority of the sourcing base of electronic components is in potential risk areas. Scanfil works systematically to reduce adverse impacts immediately, e.g., ensure alternative suppliers for the supply of key components already at the contract writing phase. In addition to these processes, the DMA takes into account parameters such as affected stakeholders, value chain position, actual or potential impact, recurring or non-recurring impacts, and more.

The key goal is to identify and assess the risks, threats, and opportunities potentially significant to the implementation of the company's values and strategy and to the achievement of long-term targets as well as to identify and assess the company's impacts (actual and potential) on society and the environment. In addition to the company's own operations,

the identification and assessment of impacts, risks, and opportunities encompasses the upstream and downstream value chain and any other business relationships that the company's operations affect.

Stakeholder consultation through a survey is a part of the process to identify, assess, prioritize, and monitor Scanfil's potential and actual impacts. In the impact identification process, a stakeholder dialog was conducted to collect data and sustainability matter concerns from different stakeholder groups. This data was used as input to the DMA and impact description. The survey, comprising 68 questions, was divided into two parts aimed at assessing both the material impacts and material risks related to Scanfil's overall business approach. The questions focused on three areas: Environmental, Social, and Governance, with respondents being asked to rate their answers on a scale of 0-5, with 0 indicating no impact, or no risk and 5 representing critical impact or very high risk. Scanfil's management, shareholders, investors, and creditors were directed to questions on Financial Materiality, while customers, employees, subcontractors, and business partners answered on Impact Materiality.

After the survey was completed, the results were analyzed, and the second phase of the DMA implementation started. This phase was a more qualitative assessment, where different representatives from Scanfil participated, covering the scope of sustainability. The second part was performed in a newly purchased digital system named Position Green, where the input for this more qualitative assessment came from Scanfil participants and partly from the survey performed earlier.

Position Green has helped to perform the DMA by providing a comprehensive and user-friendly platform to identify and assess material sustainability issues. The software guides users through the process of identifying relevant topics, collecting and analyzing data, and prioritizing material issues based on their impact on the company's business model and operations, as well as their importance to external

stakeholders. Position Green also helps the organization comply with the regulations, as all sustainability matters in topical ESRS are covered. The assessment procedure of impacts takes into consideration whether the impact is positive or negative, the severity of the impact (scale, scope, irremediability), and the likelihood of the impact (for potential impacts). The prioritization of materiality is based on the assessment results from Position Green of severity and likelihood and the stakeholder survey.

Scanfil connects its impacts, risks, and opportunities in its Risk Management Process. Scanfil strives to maintain a holistic perspective in its risk assessment, even though financial risks remain the top priority. Sustainability risks that are considered financial are identified and assessed in the Risk Management Process, including in the Double Materiality Assessment and the Risk Management System. In the system, the financial risks are assessed by the likelihood of occurrence, the magnitude of the financial impact, and the nature of the effects. These assessments are based on three scales – the percentage of occurrence, financial impact in monetary terms, and the scoring of the level of risk control.

The Risk Management System is used by all local sites and departments where Scanfil has its own business operations. In 2025, Scanfil will start integrating severe sustainability risks from the Risk Management System into its DMA review process.

At Scanfil, the Director Global Sustainability is the owner of the DMA process. The results from the DMA have been presented to the Group Management Team and the Board. In addition to this, there are currently no other established decision-making processes or related internal control procedures related to DMA. However, Scanfil has internal control procedures regarding the overall Risk Management Process. This control procedure is handled by the Internal Auditing group and is owned by the Chief Financial Officer.

All local entities and global divisions conduct financial risk analysis on their own operations from a top-down level, where the results are implemented in Scanfil's Risk Management System. To align with Scanfil's focus on financial risks, a new Risk Management System was implemented in 2024. The system is used to support Scanfil in assessing the financial risks and opportunities that have been identified previously and newly identified risks and opportunities. The system is used to monitor financial risks and mitigate negative impacts.

Currently, Scanfil has not implemented any method to track the impacts of the CSRD sustainability topics in any Risk Management System. In 2025, Scanfil will develop a process to integrate the Risk Management System with the DMA process.

Scanfil uses multiple different parameters as inputs to its risk management and double materiality process. A comprehensive overview of each ESRS input parameter, data sources, and assumptions are presented below:

Climate change: Stakeholder engagement, SBTi targets, and ISO 14001 management system. Scanfil will decide in 2025 when a climate scenario analysis will be carried out.

Pollution: ISO 14001 management system. Compliance with REACH & RoHS. Mandated material compliance in the Supplier Code of Conduct, EcoVadis.

Resource use and circular economy: Stakeholder engagement. Detailed data collection on waste. Resource inflows and outflows have been estimated at a high level. Ecovadis, and mandated material compliance in the Supplier Code of Conduct. ISO 14001 management system.

Own workforce: Stakeholder engagement, country-specific legal requirements, employee dialogs, employee engagement survey, internal Code of Conduct.

Workers in the value chain: Stakeholder engagement, Supplier Code of Conduct, International Labour Organization (ILO), EcoVadis, supplier monitoring process (supplier selection criteria, balanced scorecard)

Business conduct: Stakeholder engagement (shareholders, investors, creditors) Supplier Code of Conduct, internal Code of Conduct, legal requirements, UN Global Compact, OECD conflict minerals, ILO, EcoVadis.

The Double Materiality Assessment was developed and conducted for the first time in the present reporting year. Based on this condition, changes have not been made to the process to identify impacts, risks, and opportunities. Scanfil is planning to review the Double Materiality Assessment annually starting in 2025. See the Scoring and threshold methodology for financial and impact materiality in the Appendix for more details.

Climate change

The material impacts, risks, and opportunities related to climate change have been identified in a Double Materiality Assessment based on the principles of the company's risk management process. Scanfil identified the topics of climate change adaptation, climate change mitigation and energy as material topics. The materiality assessment is discussed in section Material impacts, risks and opportunities, and their interaction with the strategy and business model.

Scanfil has an ongoing but not finalized high-level company analysis to screen and assess whether assets and business activities may be exposed to, or the sensitivity to the identified climate-related hazards. The ongoing work is conducted by each site through a Disaster Evaluation Matrix. The matrix takes into consideration the severity and likelihood of the physical risk occurring but has not defined short-, medium- and long-term time horizons, nor is it based on high emissions climate-related scenarios.

The Disaster Evaluation Matrix is part of the process to identify and assess climate-related physical risks. It has a qualitative approach and is based on the classification table of climate-related hazards presented in the ESRS standard, where physical risks for Scanfil's own operations per manufacturing site have been identified. The qualitative approach is based on local know-how and local circumstances. However, a detailed physical risk assessment with the latest scientific data or climate-related scenarios is not yet in place.

Scanfil has started working on a process to identify climate-related transition risks and opportunities for its own operations and along the value chain.

Scanfil has yet to conduct a climate scenario analysis that is in line with the UN target of limiting global warming to 1.5 °C to identify transition risks and opportunities for the short-, medium- and long-term time horizons.

Since no climate scenario analysis has been carried out, there are still great uncertainties relating to the coverage of plausible risks, time horizons, details, geographical data, trends, key forces, drivers, and endpoints.

Scanfil will decide in 2025 to implement a climate scenario analysis as part of the transition risk identification process.

The transition risks and opportunities have been identified in relation to the negative impacts of the Double Materiality Assessment. When carrying out the DMA the assets and business activities were screened for their potential exposure to these risks and opportunities. The extent of the anticipated effects and any possible business activities that are incompatible with transitioning to a climate-neutral economy are yet to be identified.

As the analysis has not been based on climate-related scenarios, Scanfil is not able to make any critical assumptions in the financial statement.

Material sub -topics	Impacts	Risks and opportunities for Scanfil	Management
Climate change adaptation			
	<p>↓</p> <p>Actual: Climate changes and changes in weather patterns, such as a warmer climate, can have a negative impact on facilities and increase energy use for cooling and air conditioning.</p>		<ul style="list-style-type: none"> • Working on adapting own facilities to climate change. • Adapting heating and cooling units in facilities. • Having adaptation strategies for extreme weather events.
Climate change mitigation			
	<p>↓</p> <p>Actual: Emissions of greenhouse gases have a direct negative impact on climate change. Mitigation activities drive energy consumption.</p>		
Energy			
	<p>↓</p> <p>Potential: Energy consumption significantly impacts pollution levels and the surrounding environment. High consumption leads to increased emissions of greenhouse gases and pollutants, worsening air quality in local areas.</p>	<p>↑</p> <p>Opportunity: By consuming renewable energy, Scanfil can replace fossil-based energy sources. Renewable energy already accounts for 52% of the energy used in Scanfil's production (scope 1 and scope 2).</p>	<ul style="list-style-type: none"> • Scanfil's strategic target is to improve its energy efficiency and the transition to fossil-free fuels, as well as fossil-free purchased electricity and heat. • During the financial year, a survey was carried out on the feasibility of energy-saving activities in Scanfil's operations. Energy-saving geothermal heat will be tested when the expansion in Sieradz is completed. Solar panels are installed in Scanfil's factory in Suzhou, China.

Pollution

The material impacts, risks, and opportunities related to pollution have been identified in the Double Materiality Assessment based on the principles of the company's risk management process. The materiality assessment is discussed under the section Material impacts, risks and opportunities, and their interaction with the strategy and business model.

Ensuring uninterrupted production is a critical part of the company's risk management process for its manufacturing facilities. The environmental risks of these production units are evaluated through the ISO 14001 management system. The most significant risks identified are incorporated into the overall corporate risk management process. Regular risk assessments and official inspections help ensure the comprehensive monitoring and performance of the production units.

Substances of very high concern (SVHC) are a key focus area for Scanfil and were considered a material topic in the Double Materiality Assessment. The company carefully procures components to ensure they meet regulatory and customer requirements. Scanfil prefers to work

with recognized, established suppliers and regularly communicates with them about the updated regulations. Scanfil's supplier agreements and Supplier Code of Conduct mandate "Material Compliance". This requirement is included in every purchase order. If a customer requests a deeper analysis of purchased materials, Scanfil provides this as an extended service.

By prioritizing the elimination or reduction of SVHC, Scanfil can reduce risk, protect stakeholders, and demonstrate its commitment to sustainability and responsible stewardship.

SVHC are present in the manufacturing process within the Electronic Manufacturing Service (EMS) business and are critical for ensuring product safety, environmental protection, and regulatory compliance. Despite efforts, SVHC may still be present throughout the supply chain and the manufacturing processes, posing risks to human health and the environment. Specific consultations have not been conducted with the affected communities, except when it is mandatory by legislation such as for environmental permits.

SVHC are material downstream in the value chain. At Scanfil, customers and the European Chemical Agency (ECHA) authority are informed through Substances of Concern in Products (SCIP) reports whether products and components contain substances above a certain threshold. If any SVHC exceeds the threshold, this information is forwarded to the individual customer along with a message to SCIP.

Reporting principles for metrics

Scanfil reports regularly according to the regulations on substances of very high concern. The reporting is provided to customers but also to organizations that require the traceability of SVHC. The reporting is done by the local units and in accordance with applicable regulations and customer requirements.

One example is the SCIP database, which is an EU database designed to improve transparency and facilitate the safe use of chemicals in products. Companies are obliged to provide information about the presence of substances of very high concern in their products.

Pollution-related impacts, risks, and opportunities

Material sub-topics	Impacts	Risks and opportunities for Scanfil	Management
Substances of very high concern	<p>↓</p> <p>Actual: Managing substances of very high concern within Scanfil is critical for ensuring product safety, environmental protection, and regulatory compliance. Despite efforts, SVHC may still be present throughout the supply chain and manufacturing processes, posing risks to human health and the environment. Exposure to SVHC can lead to adverse health effects, workplace accidents, and environmental contamination. Addressing SVHC requires proactive measures such as implementing strict material sourcing policies and substituting substances of very high concern with safer alternatives. By prioritizing the elimination or reduction of SVHC, Scanfil can mitigate risks, protect stakeholders, and demonstrate its commitment to sustainability and responsible stewardship.</p>	<p>↓</p> <p>Risk: Weak management of substances of very high concern might lead to losses in several areas. These can be:</p> <ul style="list-style-type: none"> • Compliance costs: Non-compliance with regulations such as REACH or RoHS can lead to fines, legal fees, and increased operational costs to rectify the issue. • Supply chain disruption: Changes in regulations or restrictions on certain substances can disrupt the supply chain, leading to increased costs due to sourcing alternative materials or redesigning products. • Reputation damage: Negative publicity due to the presence of substances of very high concern in products can lead to decreased customer trust, brand damage, and loss of market share. • Product recalls: Discovering substances of very high concern in products post-production can result in costly recalls, including expenses for product retrieval, replacement, and potential legal liabilities. <p>↑</p> <p>Opportunity: By prioritizing the elimination or reduction of substances of very high concern, Scanfil can mitigate risks, protect stakeholders, and demonstrate its commitment to sustainability and responsible stewardship.</p>	<ul style="list-style-type: none"> • Good management of substances of very high concern involves a proactive approach to identifying, assessing, and mitigating the risks associated with these. This includes measures to prevent pollution, protect human health, and ensure environmental sustainability. • Regulatory adherence: Stay up to date with the relevant regulations and standards. • Audits and inspections: Conduct regular audits and inspections to verify compliance.

Water and marine resources

The impacts, risks, and opportunities related to water and marine resources have been investigated as part of the preparations of the DMA, where a qualitative assessment based on internal knowledge and through consultations with the stakeholders was made. The consultations with stakeholders were conducted through surveys, with a focus on own operational activities as well as downstream and upstream activities. Together with a third-party consultant agency, Scanfil has identified this ESRS topic as not material. Read more about the conclusion from the DMA in the section Disclosures incorporated by reference in the Appendix to this report. In the stakeholder survey process, Scanfil involved the following stakeholders: own employees, supplier business partners, customers, Scanfil's management, shareholders and investors. Scanfil did not involve affected communities and thus no consultations were made with this group.

Biodiversity and ecosystems

The impacts, risks, dependencies and opportunities related to biodiversity and ecosystems have been investigated as part of the preparations of the DMA, where a qualitative assessment based on internal knowledge and through consultations with stakeholders was made. The consultations with stakeholders were conducted through surveys, with a focus on Scanfil's own operational activities as well as downstream and upstream activities. Together with a third-party consultant agency, Scanfil has identified this ESRS topic as not material. Read more about the conclusion from the DMA in section Disclosures incorporated by reference in the Appendix to this report. In the stakeholder survey process, Scanfil involved the following stakeholders: own employees, supplier business partners, customers, Scanfil's management, shareholders and investors. Scanfil did not involve affected communities and thus no consultations

were made with this group. Since Scanfil has identified this topic as not material, no scenario analysis of identified and assessed material risks and opportunities over different time horizons was conducted. Moreover, Scanfil production sites and offices around the world are in industrial parks and in areas not close to any biodiversity-sensitive areas, and it has not been concluded that any necessary measures regarding biodiversity mitigation need to be implemented at its own sites or among other stakeholders in the value chain.

Resource use and circular economy

In the DMA, resource use and circular economy were identified as a material topic. The materiality assessment is discussed under the section Material impacts, risks and opportunities, and their interaction with the strategy and business model. Scanfil found the sub-topics Resource inflows, including resource use, Resource outflows related to products and services, and Waste as material.

The focus of Scanfil's previous reporting was on waste from its own operations. Resource inflows (components, materials, and capital goods such as equipment used in Scanfil's operations) and resource outflows (products and waste) related to products and services have so far been out of scope, and the data has not previously been collected.

From the 2024 reporting, Scanfil has detailed data collection on waste, while resource inflows and outflows of components and materials are estimated at a high level. Scanfil will refine the data quality over time. In 2025, Scanfil plans to implement initiatives that will improve data availability. For purchased goods and services and capital goods, the internal purchasing system is used to collect data.

Scanfil conducted a DMA to identify and evaluate sustainability-related impacts, risks, and opportunities, in line with its risk management principles relating to resource use and the circular economy. This assessment aimed to pinpoint significant factors affecting the company's values, strategy, long-term objectives, and environmental impacts. It covers Scanfil's own operations, and other affected parties both upstream and downstream in the value chain.

In 2023, insights from internal and external stakeholders were gathered via surveys with employees, customers, investors and shareholders, Scanfil's management, and suppliers. However, no special consideration was taken for affected communities as this stakeholder is considered non-material for Scanfil. This data was used to prioritize stakeholder insights, risks, opportunities and other relevant matters during management workshops which was later used to identify impacts, risks and opportunities for the core process, and upstream as well as downstream in the DMA. The positive and negative impacts were then combined with risks and opportunities to gain valuable strategic insights into Scanfil's material aspects.

In the table below, the identified impacts, risks and opportunities and integrated management routines and processes are presented.

Material sub topics	Impacts	Risks and opportunities for Scanfil	Management
Resource inflows, including resource use			
	<p>↓ Potential: The extensive use of metals, components, and chemicals poses a risk to the environment, particularly when these materials are not sourced sustainably. The reliance on customer-chosen materials can lead to the use of less sustainable options. Scanfil utilizes global natural resources economically and efficiently by developing production processes in a more efficient direction.</p>	<p>↑ Opportunity: There is an opportunity in the legislation that recognizes the environmental benefits of using fossil-free raw materials in production. Such legislation could require replacing primary fossil-based raw materials with more sustainable alternatives, particularly for packaging materials.</p> <p>↑ Opportunity: All Scanfil's factories have a certified ISO 14001-compliant environmental management system. Waste materials are recycled if they cannot be reused in the company's own production. Steel is an important raw material used by Scanfil. Its effective use is closely monitored in the production process to reduce negative impacts.</p>	<p>Effective management of resource inflows and their subsequent use is critical for fostering sustainability in any organization. This approach not only ensures the long-term availability of resources but also aligns with global sustainability goals, such as reducing environmental impact and promoting social responsibility. The management of resource inflows encompasses the processes of sourcing, procurement, and the initial handling of resources, while resource use involves the efficient, equitable, and sustainable consumption of these resources throughout their lifecycle.</p> <p>Scanfil has taken the step of managing resource inflows by adopting sustainable purchasing methods. This was done by introducing a Sustainable Procurement Policy, which will guide procurement personnel to include sustainability in the supplier selection process. The Scanfil Supplier Code of Conduct addresses Scanfil's expectations that raw materials are obtained from renewable sources or recycled inputs, which minimizes the depletion of natural resources. In addition, it promotes ethical working practices, fair trade and reduces the carbon footprint associated with transport and production.</p> <p>Scanfil is using the Ecovadis sustainable procurement platform to assess the preferred and key suppliers, and all new suppliers have to sign Scanfil's Supplier Code of Conduct.</p>
Resource outflows related to products and services			
	<p>↓ Potential: The manufacturing of electrical components from a resource outflow perspective has a negative impact from increased e-waste volumes, including defective units and obsolete components.</p>	<p>↑ Opportunity: Legislation that promotes recyclable products made from renewable materials rather than plastic components, presents business development opportunities.</p>	<p>Cooperation with customers and suppliers creates a good basis for the development of sustainable production and a healthy outflow of resources. Scanfil often does not participate in the design work of products that are manufactured, but has good opportunities for influence over time, both upstream and downstream.</p> <p>By understanding resource outflows, Scanfil can take steps to reduce the environmental impact. Some strategies include:</p> <ul style="list-style-type: none"> • Efficient resource use: Implementing measures to minimize waste and optimize resource consumption. • Material substitution: Replacing harmful materials with more sustainable alternatives. • Energy efficiency: Investing in energy-saving technologies and practices. • Water conservation: Reducing water usage through efficient processes and recycling.
Waste			
	<p>↓ Actual: Waste from Scanfil's operations could negatively impact the environment by dispersing pollutants into the surrounding areas, leading to contamination and potential harm to ecosystems and human health.</p>	<p>↑ Opportunity: Waste reduction and proper management have significant effects on the environment, the economy and society.</p> <ul style="list-style-type: none"> • Environmentally: It reduces pollution, conserve resources and minimize habitat destruction. • Economically: Efficient waste management lowers waste disposal costs, creates jobs in the recycling and composting industry, and promotes innovation in waste-to-energy technology. • Socially: It improves public health by reducing exposure to hazardous materials and improves community well-being by promoting clean and attractive surroundings. <p>For the Scanfil Group, adopting effective waste reduction and management methods is essential for a sustainable and healthy future and promotes the company's business development.</p> <p>↓ Risk: Managing waste management in an efficient and sustainable manner is important from an environmental, legal and regulatory point of view, as well as from a reputational standpoint. Stakeholders expect Scanfil to take responsibility and invest in facilities and knowledge to manage waste in the best sustainable way. Improper waste management can lead to fines.</p>	<ul style="list-style-type: none"> • Invest in new technology and follow the development of new methods to take care of waste in a more sustainable way. • Develop cleaner process technologies that reduce waste. • Choose suppliers based on the sustainability perspective and always try to promote recycling options.

Business Conduct

Scanfil has followed Position Green's approach in identifying material impacts, risk and opportunities related to business conduct matters. The areas that have been identified as relevant and material are corporate culture, corruption and bribery, cyber security and management of

relationships with suppliers' payment practices. The criteria that have been used to identify material impacts, risks and opportunities related to these areas have been to assess whether Scanfil and its value chain stakeholders have any direct operational activities related to these in the geographical locations where they operate.

Material sub topics	Impacts	Risks and opportunities for Scanfil	Management
Corporate culture			
<ul style="list-style-type: none"> Diversity, Equity, and Inclusion 	<p>↑ Actual: A strong corporate culture rooted in Diversity, Equity, and Inclusion (DEI) fosters innovation, collaboration, and belonging. It empowers diverse voices, ensuring equitable opportunities and representation at all levels. DEI-driven cultures attract top talent, improve employee engagement, and enhance decision-making through varied perspectives. By addressing systemic barriers and promoting fairness, organizations build trust and resilience. An inclusive environment boosts morale and retention while strengthening connections with diverse customers and communities. Prioritizing DEI is essential for driving business success, fostering innovation, and creating a workplace where everyone can thrive.</p>	n/a	Scanfil values and cherishes diversity, equality, and inclusion. The value "Achieving Together" highlights how being one team globally is emphasized, how diversity is benefited from shared ideas, how respect and reliance on each other are emphasized, the aim for collective success, and how every individual is respected with no tolerance for bullying, harassment, or discrimination.
Corruption and bribery			
<ul style="list-style-type: none"> Prevention & Detection 	<p>↑ Potential: Effective prevention and detection of corruption and bribery protect organizational integrity and stakeholder trust. Implementing robust policies, regular audits, and compliance training reduces legal risks, financial losses, and reputational damage. These measures foster a transparent, ethical culture, promoting sustainable and fair business practices.</p>	n/a	All employees receive comprehensive training in Scanfil's Code of Conduct. Raising awareness of corruption and bribery risks strengthens prevention efforts, mitigates potential threats, and reinforces stakeholder trust while promoting a culture of integrity and compliance.
Cybersecurity			
	<p>↓ Potential: Strong cybersecurity protects sensitive data, ensures business continuity, and builds stakeholder trust. It prevents financial losses, enhances compliance, and safeguards reputation. Effective cybersecurity also promotes innovation by reducing operational risks.</p>	n/a	Likelihood is determined through threat intelligence, historical data, and industry trends. Sources include cybersecurity frameworks (NIS, ISO), threat intelligence platforms (Cyber awareness platform), incident response data, and vulnerability assessments. Conducting regular audits, penetration tests, and staying informed through industry reports ensures a proactive and adaptive cyber-security strategy.
Management of relationships with suppliers including payment practices			
	<p>↓ Potential: Effective management of supplier relationships and payment practices improves operational efficiency, strengthens trust, and ensures supply chain stability. Timely and fair payments foster loyalty, attract high-quality suppliers, enhance product quality, and promote innovation. Ethical practices support social responsibility and long-term sustainable partnerships, contributing to overall business success.</p>	n/a	Scanfil is committed to foster strong partnerships with suppliers who align with its core values. Through well-defined agreements, both parties ensure mutual accountability in fulfilling business commitments. These agreements encompass clear guidelines on deliveries and payment practices, promoting transparency, reliability, and sustainable collaboration.

■ 1.11 Disclosures in relation to specific circumstances

Measures including estimated value chain data, using indirect sources and the basis for preparation of these metrics, are presented below:

Upstream metrics:

- **Scope 3.1 Purchased Goods and Services**
 - Calculated on spend of purchased material and use of emission factors from Exiobase 3.9
- **Scope 3.2 Capital Goods**
 - Calculated on spend of purchased capital goods and use of emission factors from Exiobase 3.9
- **Scope 3.3 Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2**
 - Calculated on energy used and use of emission factors from DEFRA WTT: factors from T&D and generation (2021)
- **Scope 3.4 Upstream Transportation and Distribution**
 - Calculated on spend method of inbound transport and use of emission factors from Exiobase 3.9. Reported by site.
- **Resource inflows - purchased goods**
 - Reference to E5-4 32

Own operation metrics:

- **Scope 1**
 - Calculation of direct emissions that are owned or controlled by Scanfil. Combustion and Fugitive emissions (refrigerants): DEFRA (2023),
- **Scope 2**
 - Purchased electricity includes indirect greenhouse gas (GHG) emissions from the generation of purchased electricity. Emission factor AIB (2022)
 - Emission factor - Scope 3 Source: DEFRA WTT: factors from T&D and generation
- **Scope 3.5 Waste Generated in Operations**
 - Calculated by waste-type specific method, tonnes of waste. Reported per site. DEFRA (2023) emission factor
- **Scope 3.6 Business Travel**
 - Calculated on a spend-based method and estimates emissions from the cost associated with each travel segment, using cost as a proxy for emissions and applying spend-based emission factors. Reported per site. Emission factor from Exiobase 3.9
- **Scope 3.7 Employee commuting**
 - Employee commuting includes emissions from employee travel between their homes and their workplace. This includes various modes of transportation such as personal vehicles, public transportation, carpooling, and cycling. The average-data method uses industry-standard emission factors and averages to estimate emissions when specific commute data is not available.

- The following emission factor sources have been used:
 - Petrol car commuting: NTM (2018)
 - Diesel car commuting: NTM (2018)
 - Battery Electric Average Car: DEFRA (2022)
 - Plug-in Hybrid: DEFRA (2022)
 - Bicycle: ZERO
 - Electric bike: AIB (2020)
 - Bus: NTM (2018)
 - Electric scooter: Severengiz, Semih & Finke, Sebastian & Schelte, Nora & Wendt, Norman. (2020). Life Cycle Assessment on the Mobility Service E-Scooter Sharing. 1-6. 10.1109/E-T EMS46250.2020.9111817. All emissions assigned to Scope 3.
 - Motorbike, average: DEFRA (2022)
 - Subway/Metro: NTM (2018)
 - Regional train: NTM (2018)
- **Energy consumption and combination of energy sources**
 - Reporting in the Position Green sustainability system. Reporting per site
- **GHG intensity**
 - GHG intensity based on turnover, Scopes 1, 2, 3 (market-based), tCO_{2e} / euros
- **Resource inflows - Water consumption**
 - Calculated on reported measured water consumption per site
- **Waste generated in the company's own operations**
 - Tons of waste types reported per site

Downstream metrics:

- **Scope 3.9 Downstream transportation and distribution**

- Calculated on spend method and use of emission factors from Exiobase 3.9. **Reported by site.**

- **Scope 3.11 Use of sold products**

- Calculated on estimated usage of delivered products. Average electricity emission factor

- **Substances of very high concern**

- Number of reports in the SCIP database

Scanfil's Sustainability Statement contains disclosures related to the company's own operations, and the upstream and downstream value chains including suppliers, customers, and other business partners. There are inherent uncertainties about the completeness, availability, quality, and accuracy of this information as it relates to performance and activities that are beyond Scanfil's direct influence and control.

In appendix, the level of accuracy for activity data and environmental data is presented with respect to metrics that include upstream and/or downstream value chain data based on indirect sources. The level of accuracy has been qualitatively assessed and categorized as:

1. High: Minimal margin of error or uncertainty.
2. Medium: Some uncertainty exists due to limitations in data collection or methodology.
3. Low: High level of uncertainty due to limitations in methodology or lack of verification.

The level of accuracy for environmental data has been assessed as "Medium" in all cases as the data is based on third-party data.

Scanfil has a goal to continuously improve the level of accuracy in its value chain data. The company has implemented a specific software that gathers and provides the necessary data for its own operations, as well as downstream and upstream value chain data relevant to Scanfil. The plan is to continuously raise the level of digitalization and data accuracy by improving the conditions for this software to provide the metrics that are needed and in case where estimates still are needed, improve the accuracy of the estimations.

When primary data cannot be used, Scanfil uses the method of spend analysis. Spend analysis is a method used for collecting, cleansing, classifying and analyzing expenditure data. By using the expenditure data, the data is multiplied with suitable equivalent factors. All spend data is taken out of Scanfil's ERP system.

Some measurements are associated with inherent uncertainties due to limitations in the availability and quality of primary data, which is why the reported figures should not be regarded as exact measurements. At the moment, Scanfil has not identified or assessed future events that provide measurement uncertainties.

Scanfil uses the same assumptions, approximations, and judgments that are presented by the databases and software used for retrieving the data. There have not been any other assumptions, approximations, or judgments.

The Sustainability Statement reported for 2023 was based on the Non-financial Reporting Directive (NFRD). Since the CSRD requires both more qualitative and quantitative data, changes in comparison to last year's

report are inevitable. Moreover, Scanfil has integrated the Position Green system this year which has enhanced the collection process and data structure, as well as enabled us to refine and validate the actual data. As a result of these factors, there has been one change in comparison to last year, directly related to metrics. 'Occupational accidents which resulted in sick leave' was measured as the percentage of accidents vs active workforce in 2023. The measurement in this report is provided under section the Own workforce.

At the beginning of Q4 this year, two new entities in Australia and Malaysia were acquired by Scanfil and are included in this report. Although the available data provided by these new entities follow a clear structure for data collection, the volume and quality of the data are at relatively lower levels in comparison to the rest of the Group.

The metric occupational accidents which resulted in sick leave' will not be recalculated as the metric includes different parameters.

As per Scanfil's recalculation policy for GHG reporting, if the acquisition of these units will increase Scanfil's GHG emissions by more than 5%, the baseline, as well as the target, will be recalculated, and the updated figures will be reported in 2025.

No changes or errors in comparison to reports delivered in prior periods have been identified in the preparation of this report. Therefore, Scanfil is not presenting any corrections, circumstances, or the nature of such errors.

2. Environmental information

2.1 Taxonomy report outline

The EU Taxonomy (EU 2020/852) is a classification system established to determine whether an economic activity is environmentally sustainable. It aims to provide companies, investors, and policymakers with appropriate definitions to help navigate the transition to a low-carbon, resilient, and resource-efficient economy.

It is important to clarify that alignment with the EU Taxonomy does not necessarily mean that an activity is sustainable in all aspects, or vice versa, but rather that it meets specific criteria set out by the taxonomy.

In the reporting period, Scanfil has conducted a wide screening to identify taxonomy-eligible economic activities. The screening process was conducted for all six environmental objectives in the EU taxonomy regulation.

■ 2.1.1 How Scanfil is affected by the EU Taxonomy

Scanfil is an electronics manufacturing service (“EMS”) company that almost exclusively produces according to customer specifications, with little control over how the specifications are developed. Most of its operations fall under NACE code 26 (Manufacturing of computers and electronic and optical products), and its products are primarily sold as components for further assembly and manufacturing by clients. Despite these constraints, Scanfil remains committed to aligning its operations with the EU Taxonomy to the greatest extent possible, ensuring that its contributions to the supply chain support the transition to a sustainable economy.

Updates to the reporting methodology

Previously, the reporting of alignment with the EU Taxonomy followed a fully customer-centered approach which presented difficulties since Scanfil cannot always know what the produced components are used for by the customer in the final product or application. Components may be used for taxonomy eligible or non-eligible, aligned, and non-aligned economic activities, complicating the assessment and influencing usage in detail.

In 2024, Scanfil has refined its methodology to better align with the latest guidelines and standards. Scanfil has implemented a more systematic approach to its reporting, ensuring consistency and accuracy across all activities. Activities are assessed strictly on how they conform to the technical screenings without reference to the customer’s operations. As such both the substantial contribution and the Do No Significant Harm (DNSH) criteria are assessed based solely on Scanfil’s own processes. Henceforth, Scanfil has more insight and control over the data collection process which will uncomplicate the assessment and influence usage in detail.

Furthermore, despite improvements, there are still areas where data is missing or incomplete. Scanfil is actively working to address these gaps. Scanfil has decided to take a conservative and systematic approach, opting for ineligibility whenever there is any uncertainty. Therefore, taxonomy-eligible activities will be reduced during reporting period 2024.

In reviewing the 2023 KPIs for Turnover, CapEx, and OpEx, two major changes were made. Firstly, all amounts for CCM 3.4 and 3.5, which were

previously classified as aligned, were reclassified as eligible but non-aligned due to not meeting all DNSH criteria. Secondly, amounts related to CCM 3.1 were changed to non-eligible following a reassessment of the group’s activities. The updated amounts now exclude amounts from CCM 3.1 and concern those reclassified from aligned to eligible. These amounts are more reliable and consistent with the 2024 methodology:

- Turnover: 95.1 MEUR (19 MEUR from CCM 3.4, 76.1 MEUR from CCM 3.5)
- CapEx: 2.5 MEUR (0.5 MEUR from CCM 3.4, 2 MEUR from CCM 3.5)
- OpEx: 1 MEUR (0.2 MEUR from CCM 3.4, 0.8 MEUR from CCM 3.5)

■ 2.1.2 Eligibility assessment

Not all activities that can make a substantial contribution to the climate and environmental objectives are yet part of the EU Taxonomy, and activities will be added over time. For instance, the Manufacture of automotive and mobility components was added to the Commission Delegated Regulation (EU) 2023/2485. Additionally, the EU Commission has stated that: “The treatment of key components for manufacturing activities, for example, in the low carbon transport sector, covered by the Climate Delegated Act will be addressed in future revisions of the delegated act”. As such, much of Scanfil’s core business related to the manufacture of key components for renewable energy technologies can be expected to be amended in due time.

For 2024, Scanfil has conducted a thorough review of each listed activity to determine its eligibility under the EU Taxonomy. The initial screening was done by cross-checking all Scanfil's activities with a complete list of all economic activities for each environmental objective covered by the EU Taxonomy. After the initial screening, the relevant activities were identified for further assessment. It was found that Scanfil's most substantial contributions were all towards the first environmental objective, Climate Change Mitigation (CCM). Based on screening of eligible activities, Scanfil has identified the following financial activities to be relevant for 2024 reporting period:

Eligible manufacturing activities related to Turnover, Capex, and Opex within the objective "Climate Change Mitigation":

- CCM 3.5. "Manufacture of energy efficiency equipment for buildings": Scanfil manufactures a series of products and key components fulfilling the substantial contribution criteria for a selection of valid subsections. Those subsections are: (i) cooling and ventilation; (k.) heat pumps; (m.) energy-efficient building automation and control systems; (n) zoned thermostats and devices for the smart monitoring of the main electricity loads or heat loads for buildings, and sensing equipment; (o.) products for heat metering and thermostatic controls; (q.) products for smart monitoring and regulating of heating systems, and sensing equipment.
- CCM 3.20. "Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation": Scanfil manufactures a number of products fulfilling the substantial contribution criteria for a selection of valid subsections. Those subsections are: a) electric vehicle charging stations and supporting electric infrastructure for the electrification of transport that is installed primarily to enable electric vehicle charging; e) low voltage electrical products, equipment and systems, that increase the controllability of the electricity system, and contribute to increasing the proportion of renewable energy or improve energy efficiency.

Eligible energy activities related to Capex and Opex within the objective "Climate Change Mitigation":

- CCM 4.1. "Electricity generation using solar photovoltaic technology": Scanfil has installed roof solar generator systems on one of its manufacturing sites, constituting a capital investment to generate renewable energy in the service of climate change mitigation.

One difference from last year's reporting is that activity 3.4 "Manufacture of batteries" has been excluded since no manufacturing of battery components has taken place this year. As such, this activity is no longer eligible.

■ 2.1.3 Alignment assessment

To be taxonomy-aligned, the economic activity must contribute significantly to a climate or environmental objective, whilst also not causing significant harm (DNSH) to any of the other objectives. In addition, corporate operations must be carried out in accordance with Minimum safeguards.

Scanfil has assessed eligible activities against these technical screening criteria in the Commission Delegated Regulation (EU) 2021/2139 and has identified no activities as currently taxonomy-aligned.

For manufacturing activities (CCM 3.5 & CCM 3.20), each eligible product/component was assessed for alignment according to its substantial contribution criteria. Since manufacturing activities share the same factory facilities, and since their DNSH criteria are identical, all their DNSH criteria were assessed on a factory basis, excluding those facilities with insufficient evidence to confirm compliance. See the following matrix for a breakdown of the alignment assessment of the manufacturing activities:

TECHNICAL SCREENING CRITERIA	CRITERIA DESCRIPTION	SCANFIL COMPLIANCE
Substantial contribution - CCM 3.5, as referred to article 10(3) of Regulation (EU) 2020/852.	Manufacture of energy efficiency equipment for buildings.	For a series of different companies, Scanfil manufactures products and key components that are compliant with subpoints (i), (k), (m), (n) & (o).
Substantial contribution - CCM 3.20, as referred to article 10(3) of Regulation (EU) 2020/852.	The economic activity develops, manufactures, installs, maintains or services electrical products, equipment, systems, or software aimed at substantial GHG emission reductions in high, medium and low voltage electrical transmission and distribution systems through electrification, energy efficiency, integration of renewable energy or efficient power conversion.	Scanfil manufactures high-power charging stations for electric vehicles, compliant with subpoint 1(a), as well as active dynamic filtering, compliant with subpoint 1(e). Furthermore, in accordance with subpoint 4, the products manufactured comply with mandatory energy and material efficiency performance requirements laid down in Directive 2009/125/EC. No other subpoints are applicable.
DNSH - Climate adaptation, as referred to article 11(3) of Regulation (EU) 2020/852.	The activities comply with the criteria set out in Appendix A to Commission Delegated Regulation (EU) 2021/2139 of June 4, 2021.	Non-compliant. Scanfil has completed hazard assessments using its Disaster Evaluation Matrix, which is designed to identify and assess climate-related physical risks. However, a detailed physical risk assessment, specifically for climate change adaptation according to the EU Taxonomy requirements, has not yet been conducted.
DNSH - Water, as referred to article 12(2) of Regulation (EU) 2020/852.	The activities comply with the criteria set out in Appendix B to Commission Delegated Regulation (EU) 2021/2139 of June 4, 2021.	An assessment of all Scanfil's applicable factories shows that all but one are compliant, either having completed an EIA or meeting the national requirements of an EU member-state.
DNSH - Circular Economy, as referred to article 13(2) of Regulation (EU) 2020/852.	The activity assesses the availability of and, where feasible, adopts techniques that support: <ul style="list-style-type: none"> a. reuse and use of secondary raw materials and reused components in products manufactured. b. design for high durability, recyclability, easy disassembly and adaptability of products manufactured. c. waste management that prioritizes recycling over disposal, in the manufacturing process. d. information on and traceability of substances of concern throughout the life cycle of the manufactured products. 	An assessment of all Scanfil's applicable factories shows that all are compliant, actively implementing strategies to reuse materials on the factory floor, including the return of some materials to suppliers for reuse, such as packaging materials.
DNSH - Pollution prevention, as referred to article 14(2) of Regulation (EU) 2020/852.	The activities comply with the criteria set out in Appendix C to Commission Delegated Regulation (EU) 2021/2139 of June 4, 2021.	An assessment of all Scanfil's applicable factories shows that all are compliant, either by not manufacturing, placing on the market, or using the listed substances, or by ensuring compliance with the relevant substance directive.
DNSH - Biodiversity, as referred to article 15(2) of Regulation (EU) 2020/852.	The activities comply with the criteria set out in Appendix D to Commission Delegated Regulation (EU) 2021/2139 of June 4, 2021.	An assessment of all Scanfil's applicable factories shows that all but one are compliant, either having completed an EIA or meeting the national requirements of an EU member-state.

In October 2024, two more factories were acquired. However, since these have not been involved in the manufacturing of the assessed activities, these are not included in the DNSH assessment. Their contribution will be accounted for in 2025.

For the eligible energy activity (CCM 4.1), the investment was assessed for alignment according to its substantial contribution and DNSH criteria. See the following matrix for a breakdown of the alignment assessment of the activity:

TECHNICAL SCREENING CRITERIA	CRITERIA DESCRIPTION	SCANFIL COMPLIANCE
Substantial contribution - CCM 4.1, as referred to article 10(3) of Regulation (EU) 2020/852.	The activity generates electricity using solar PV technology.	Compliant. Scanfil has installed and now operates a roof solar generator system on one of its manufacturing sites thus complying with the criteria.
DNSH - Climate adaptation, as referred to article 11(3) of Regulation (EU) 2020/852.	The activity complies with the criteria set out in Appendix A to Commission Delegated Regulation (EU) 2021/2139 of June 4, 2021.	Non-compliant. Although Scanfil has completed hazard assessments using its Disaster Evaluation Matrix, a detailed physical risk assessment, specifically for climate change adaptation according to the EU Taxonomy's requirements, has not yet been conducted.
DNSH - Water, as referred to article 12(2) of Regulation (EU) 2020/852.	N/A	N/A
DNSH - Circular Economy, as referred to article 13(2) of Regulation (EU) 2020/852.	The activity assesses the availability of and, where feasible, uses equipment and components of high durability and recyclability that are easy to dismantle and refurbish.	Compliant. Scanfil conducts regular maintenance inspections of its roof solar generator system where high durability and recyclability of all feasible components are mandated (including panels, bolts, welds, support connections, junction box, inverter structure, etc.)
DNSH - Pollution prevention, as referred to article 14(2) of Regulation (EU) 2020/852.	N/A	N/A
DNSH - Biodiversity, as referred to article 15(2) of Regulation (EU) 2020/852.	The activity complies with the criteria set out in Appendix D to Commission Delegated Regulation (EU) 2021/2139 of June 4, 2021.	Compliant. Scanfil adheres to national laws in the countries where it operates. The location and connection of the solar generator system required government approval which Scanfil attained. EIAs are not required for rooftop solar cells, as they are considered to not cause significant harm to biodiversity.

■ 2.1.4 Minimum safeguards

The minimum safeguard criteria require procedures to be in place regarding anti-corruption, fair competition, taxation, and human rights. These criteria have been assessed at the company level where it has been concluded that all economic activities identified as potentially taxonomy-aligned are covered by our company-wide policies and procedures. Scanfil is dedicated to upholding human rights as outlined in the OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights, the ILO Fundamental Conventions on Human Rights at Work, and the International Bill of Human Rights. This commitment is embedded in Scanfil's Code of Conduct (CoC) and is communicated through mandatory training for all employees and requirements for Scanfil suppliers.

Anti-corruption and fair competition

Scanfil is dedicated to upholding the highest standards of integrity and fair competition. Scanfil strictly adheres to all applicable competition laws, avoiding anti-competitive practices such as price-fixing and market division. Scanfil employees receive comprehensive training to ensure they understand and comply with these laws.

Scanfil's CoC strictly prohibits all forms of corruption, with a whistleblowing channel through which any observed or suspected misconduct can be reported. No such deviations were identified in 2024. Additionally, Scanfil is in the planning stage of implementing robust, company-wide anti-corruption measures, including internal control tools and regular risk assessments to identify and mitigate corruption risks. These measures are scheduled to be fully implemented within the next couple of years.

Human rights

Scanfil upholds human rights as outlined in international declarations and conventions, embedding this commitment in our Code of Conduct (CoC). All employees undergo mandatory training to align their behaviors with Scanfil's values. Human rights performance is integrated into Scanfil's

management system, which includes risk assessments and audits for suppliers. Scanfil engages with stakeholders to consider their views in Scanfil risk management processes. New suppliers must sign Scanfil's Supplier Code of Conduct and undergo a risk assessment process. Scanfil uses EcoVadis to assess the sustainability performance of its suppliers and implement corrective measures for those who do not meet Scanfil's standards. The effectiveness of Scanfil's human rights efforts is tracked through regular audits and stakeholder feedback. A whistleblower service allows reporting of human rights violations, handled by an internal council with monthly assessments and follow-ups.

Taxation

Scanfil complies with tax laws and regulations in all countries where Scanfil operates, ensuring taxes are paid where value is created. Scanfil adheres to applicable transfer pricing rules and guidelines developed by the OECD and other regulatory bodies. Relevant and accurate information is provided to tax authorities in a timely manner. Transactions between related companies follow the arm's length principle to ensure market-based pricing.

Sustainable development and corporate governance

Scanfil contributes to economic, environmental, and social development through compliance with Scanfil's Code of Conduct and sustainability practices. Scanfil supports local capacity building, promotes education, and creates employment opportunities. Good corporate governance principles are supported and applied, with effective self-regulatory practices developed. Transparency in lobbying activities is ensured, avoiding exceptions not prescribed by law. Risk-based due diligence is conducted to identify, prevent, and mitigate negative impacts. Scanfil engages meaningfully with stakeholders, considering their views in decision-making processes.

Environmental responsibility

Scanfil identifies and manages negative environmental impacts, establishing and maintaining an environmental management system.

Scanfil sets measurable goals and strategies to improve environmental performance, with transparency in reporting progress. Employees are educated about environmental, health, and safety issues, promoting awareness among customers and stakeholders. Scanfil cooperates with authorities and other actors to address negative environmental impacts and promote environmental protection.

Employment and industrial relations

Scanfil respects workers' rights to form or join trade unions and recognizes these for collective bargaining. Scanfil contributes to the abolition of child and forced labor and promotes equal opportunities and treatment in employment without discrimination. A safe and healthy working environment is provided in line with the ILO's declaration on fundamental principles and rights at work. Scanfil employs local workers and offers training to improve their skills, giving reasonable notice to worker representatives in the event of major changes affecting employment.

Information disclosure

Scanfil provides regular, reliable, clear, and complete information on all material matters in Scanfil's yearly and quarterly reports. The disclosure includes financial and operational results, corporate goals, sustainability-related information, capital structures, major shareholdings, board composition and remuneration, related-party transactions, foreseeable risk factors, and governance structures. Scanfil follows internationally recognized accounting and information standards and conducts annual external audits to ensure financial reports are accurate and reliable.

Access to grievance mechanisms

Scanfil establishes or participates in effective grievance mechanisms at the operational level for individuals and communities that may be negatively affected. Scanfil emphasizes that any grievance activities, including state-based mechanisms, are not impeded by the company. All participations in human rights grievance or mediation processes are protected and will not be subject to any negative after-effects.

■ 2.1.5 2024 assessment summary

As a result of the revised reporting methodology, where activities are assessed strictly on how they conform to the technical screenings without reference to the customer's operations, the distribution of eligible activities has changed from last year's reporting results. Furthermore, the 2024 assessment finds that whilst Scanfil currently has eligible activities through climate change mitigation related to its manufacturing process (CCM 3.5 & CCM 3.20) and from its energy investments (CCM 4.1), none of the economic activities were identified as taxonomy-aligned. This is mainly due to the DNSH criteria regarding climate change adaptation. Scanfil will investigate the potential of further aligning its activities in the future.

Scanfil Taxonomy KPIs for the year 2024 are presented in the tables of the following pages.

Double counting has been avoided by classifying external revenue streams into taxonomy-eligible economic activities only once. The shares of eligible and aligned net sales have been used as a key to calculate eligible and aligned Opex and Capex. The risk of double counting is further reduced because Scanfil only reports compliance with the first environmental objective, climate change mitigation.

Scanfil Taxonomy KPIs for the year 2024 are presented in the tables of the following pages.

2.1.6 Turnover

Scanfil operates as an electronics manufacturing services (EMS) provider, specializing in the production of components and products for its customers. The bulk of Scanfil's operations are classified under NACE code 26 (Manufacturing of computers and electronic and optical products), which is not currently addressed in the initial Delegated Act on Climate. Scanfil serves roughly 160 active customers and produces about 10,000 different products annually. The end products of its customers include medical devices, heat pumps, recycling systems, elevators, industrial pumps, and frequency converters. Scanfil's taxonomy-eligible activities are primarily within the Energy & Cleantech sector, while other business areas are not yet covered by the Taxonomy Regulation. The revenue is based on Scanfil's revenue as recognized per IFRS 15. The numerator is determined by the revenue from factories responsible for the sale of products or components related to the associated eligible activities.

2.1.7 Capital Expenditure

In the context of the EU Taxonomy, CapEx (Capital Expenditure) is categorized into three types of investments in sustainable activities:

1. CapEx A: This includes expenditures related to assets or processes that are already aligned with the EU Taxonomy. These are investments in activities that meet the criteria for substantial contribution to climate and environmental objectives and do no significant harm (DNSH) to other objectives.
2. CapEx B: This covers expenditures aimed at upgrading or transforming existing assets or processes to become aligned with the EU Taxonomy. These investments are intended to bring non-aligned activities into compliance with the taxonomy criteria.

3. CapEx C: This includes expenditures related to the acquisition of new assets or processes that will be aligned with the EU Taxonomy. These are forward-looking investments in new projects or technologies that meet the taxonomy's sustainability criteria.

In the context of Scanfil's manufacturing activities, all capital expenditures can be categorized as CapEx A. Scanfil, as an EMS company, is involved in the sharing of production assets among various customers. For example, SMT lines are utilized for multiple customers, making it impossible to identify or separate investments in these assets based on taxonomy eligibility or alignment. As such, the eligible CapEx has been calculated as the share of total CapEx, proportionate to the eligible turnover. To avoid double-counting, the CapEx from all other eligible activities is first subtracted. For this year, these activities constituted one energy-related investment. It includes purchases of property, plant, and equipment, intangible assets, and right-of-use assets.

The CapEx for Scanfil's energy investment for a roof solar generator system is directly attributable to a single cost and categorized as CapEx C.

CapEx KPI	MEUR
Additions to property, plant and equipment	17.70
Additions to intangible assets	13.11
Additions to capitalized right-of-use assets	8.45
Total	39.25

2.1.8 Operating Expenditure

The Taxonomy regulation defines OpEx as expenses related to assets and economic activities that generate taxonomy-eligible net sales. This includes costs directly associated with the maintenance and servicing of assets, such as facility improvements.

The method for calculating OpEx is the same as with CapEx for manufacturing activities with regard to the share of total CapEx, being proportionate to the eligible turnover. Again, to avoid double-counting, the OpEx from all other eligible activities is first subtracted. For this year, those activities comprised the energy-related investment.

The OpEx for Scanfil's energy investment for a roof solar generator system is directly attributable to a single set of costs.

OpEx KPI	MEUR
Cost of short-term leases	1.56
Costs of maintenance, repair and equipment	11.57
Total	13.13

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2024

Financial year 2024	2024			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)						Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) turnover, year 2023 (18)	Category enabling activity (19)	Category transitional activity (20)	
	Code (2)	Turnover (3)	Proportion of turnover, year 2024 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)					
Economic activities (1)		MEUR	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Of which enabling		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	E	
Of which transitional		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of batteries	CCM 3.4	0	0.00 %	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2.11 %		
Manufacturer of energy efficiency equipment for buildings	CCM 3.5	39.09	5.01 %	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL								8.44 %		
Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	CCM 3.20	13.49	1.73 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00 %		
Turnover of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		52.58	6.74 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %								10.54 %		
Total (A.1+A.2)		52.58	6.74 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %								10.54 %		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities		727.33	93.26 %																	
Total (A+B)		779.91	100 %																	

Legends of the tables

A.1.

Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
 N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
 N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective

A.2

EL – Taxonomy-eligible activity for the relevant objective
 N/EL – Taxonomy-non-eligible activity for the relevant objective

Scanfil plc's principles for defining turnover, capital expenditure and operating expenditure can be found in notes 1.1., 1.5., 3.2., 3.3. and 3.4. in the Financial Statements.

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2024

Financial year 2024	2024			Substantial contribution criteria							DNSH criteria (Does Not Significantly Harm)						Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
	Code (2)	CapEx (3)	Proportion of CapEx, year 2024 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)					
Economic activities (1)		MEUR	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Of which enabling		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	E	
Of which transitional		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of batteries	CCM 3.4	0	0.00 %	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2.11 %		
Manufacturer of energy efficiency equipment for buildings	CCM 3.5	1.97	5.01 %	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL								8.44 %		
Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	CCM 3.20	0.68	1.73 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00 %		
Electricity generation using solar photovoltaic technology	CCM 4.1	0.97	2.46 %	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00 %		
CapEx of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities (A.2))		3.61	9.21 %	9.21 %	0 %	0 %	0 %	0 %	0 %	0 %								10.54 %		
Total (A.1+A.2)		3.61	9.21 %	9.21 %	0 %	0 %	0 %	0 %	0 %	0 %								10.54 %		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities		35.64	90.79 %																	
Total (A+B)		39.25	100 %																	

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2024

Financial year 2024	2024			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)						Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2023 (18)	Category enabling activity (19)	Category transitional activity (20)	
	Code (2)	OpEx (3)	Proportion of OpEx, year 2024 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)					
Economic activities (1)		MEUR	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Of which enabling		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	E	
Of which transitional		-	-	-														-		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of batteries	CCM 3.4	0	0.00 %	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2.11 %		
Manufacturer of energy efficiency equipment for buildings	CCM 3.5	0.66	5.01 %	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL								8.44 %		
Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	CCM 3.20	0.23	1.73 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00 %		
Electricity generation using solar photovoltaic technology	CCM 4.1	0.01	0.10 %	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00 %		
OpEx of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities (A.2))		0.90	6.84 %	6.84 %	0 %	0 %	0 %	0 %	0 %	0 %								10.54 %		
Total (A.1+A.2)		0.90	6.84 %	6.84 %	0 %	0 %	0 %	0 %	0 %	0 %								10.54 %		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities		12.23	93.16 %																	
Total (A+B)		13.13	100 %																	

■ 2.1.9 Delegated regulations 2022/1214

Most of Scanfil's operations fall under NACE code 26, Manufacturer of computer, electronic and optical products, in accordance with the statistical classification of economic activities established by regulation (EC) no 1893/2006. As an electronics manufacturing service ("EMS") Scanfil has customers in the Energy & Cleantech segment but rarely with knowledge of in-depth energy related activities.

NUCLEAR ENERGY RELATED ACTIVITIES		YES/NO
1.	The undertaking carries out, funds, or has exposure to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds, or has exposure to the construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best the available technologies.	NO
3.	The undertaking carries out, funds, or has exposures to the safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
FOSSIL GAS RELATED ACTIVITIES		
4.	The undertaking carries out, funds, or has exposure to the construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds, or has exposure to the construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds, or has exposure to the construction, refurbishment, and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

2.2 Climate change

■ 2.2.1 Transition plan for climate change mitigation

Scanfil has not yet developed a transition plan for climate change mitigation in accordance with the disclosure requirements outlined. The company aims to decide on when it will adopt a transition plan by 2025.

Scanfil is committed to a 55.8% reduction in absolute scope 1 and 2 Greenhouse Gas (GHG) emissions by 2030 with 2020 as the baseline year.* Scanfil is also committed to reducing absolute scope 3 GHG emissions from purchased goods and services, capital goods, fuel- and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, and employee commuting by 25% by 2030 with 2022 as the baseline year.

*The target boundary includes biogenic land-related emissions and removals from bioenergy feedstocks.

In 2024, the company reported a 48% decrease in scope 1+2 GHG emissions compared to the 2020 baseline and a 26% decrease in scope 3 GHG emissions compared to 2022. However, the targets for scope 1+2 and scope 3 present challenges, particularly considering the anticipated annual organic turnover growth rate of 5-7%.

As a global enterprise, business travel for employees is essential, but Scanfil is actively working to minimize it by leveraging advanced technology and promoting virtual meetings. Employees are consistently encouraged to select the most environmentally sustainable options for travel and meetings. All business travels are measured at the site level and categorized into different types of transport, such as car, train, and flight.

The absolute biggest factor for Scanfil's GHG emissions is scope 3.1, Purchased goods and services. Purchased goods and services account for 61 % of Scanfil's total GHG emissions and are, therefore the focus of activities. An important activity that already started in 2024 is to update the business system with data on GHG emissions per component. It provides the opportunity to measure and understand the GHG emissions of delivered products as well as the opportunity to compare components from different manufacturers.

By having the information in Scanfil's ERP system, any improvement data can be entered, and a direct update of the GHG emissions can be perceived. The objective is to have data on GHG emissions for each purchased goods and services as well as to have GHG emissions as a purchase criterion in the same way as cost, quality and delivery ability.

To address GHG emissions from daily commuting, Scanfil has implemented bus transportation for staff at several of its factories. In addition, the company's revised vehicle policy prioritizes low-emission vehicles, including hybrids and electric cars. All Scanfil sites calculate their employees' commuting based on a careful assessment of transport patterns as a basis for finding improvement opportunities and being able to offer the employees attractive opportunities for environmentally friendly alternatives.

Scanfil's GHG emission reduction targets (scope 1-3) have received validation from the Science Based Targets initiative (SBTi) in September 2024, adhering to the stringent criteria of the Paris Agreement, which aims to limit global warming to 1.5 degrees Celsius. The scope 3 target also relates to Scanfil's suppliers meeting the rigorous standards set by the SBTi and aligns with best practices.

Furthermore, Scanfil has committed to ensuring that 60% of its total energy consumption is fossil-free by 2030, which is an increase from the previous target of 50% set in 2020. As of 2024, the proportion of fossil-free energy rose to 50%, up from a baseline of 28% in 2020. For electricity, Scanfil has set up a target to achieve 100% renewable electricity sourcing by 2030 with 2020 as the baseline year. In 2024, the proportion of fossil-free electricity amounted to 54% of the total electricity consumption, which is an increase of 31% in comparison to the baseline. Scanfil works actively to negotiate fossil-free electricity, and the factories in Poland, Sweden, Finland, and Germany have fossil-free electricity.

■ 2.2.2 Policies related to climate change mitigation and adaptations

Scanfil's policies related to climate change mitigation and adaptations consist of 1) Environmental Policy, 2) Code of Conduct, and 3) Supplier Code of Conduct.

Scanfil's policies encompass all areas of operations and upstream activities and are applied across all geographical locations where business is conducted. The policies strive to manage identified risks and opportunities relating to reducing the environmental impact.

Environmental Policy

Scanfil's Environmental Policy is a comprehensive declaration of the commitment to using renewable resources, streamlining processes, and continuously improving environmental efforts.

The Environmental Policy is governed by the requirements of the quality and environmental managements system, ISO 9001 and 14001, respectively.

Scanfil states in the Environmental Policy its aim to mitigate climate change by striving for fossil-free energy consumption.

Specific actions for achieving this are not currently mentioned in the Environmental Policy but it includes purchasing energy from renewable resources for its production facilities. In addition, Scanfil has started to develop its own energy production to adapt to climate change.

The person responsible for implementing and following up on the Environmental Policy is the Director Global Sustainability at Scanfil.

Internal Code of Conduct

The internal Code of Conduct states that Scanfil works with continuous improvements by taking environmental aspects and the demands from customers into account, acknowledging the effects of production on the environment as well as trying to minimize environmental risks.

All Scanfil employees receive regular training regarding the Code of Conduct. In addition, it is also mandatory training for new employees and part of the onboarding process. Employees must be aware of Scanfil's commitment to environmental issues and this commitment is encouraged in daily work.

Environmental principles stated in the Code of Conduct are aligned with Scanfil's ambitions related to reducing GHG emissions, renewable energy consumption and production, and waste.

The person responsible for implementing and following up on the Internal Code of Conduct is the Director Global Sustainability at Scanfil.

Supplier Code of Conduct

A major challenge for Scanfil is related to GHG emissions for purchased goods and services in scope 3.1.

The purpose of Scanfil's Supplier Code of Conduct is to align supplier efforts with the company's overarching targets relating to climate change mitigation and adaptation. Scanfil is engaged in several activities to reduce GHG emissions in the upstream value chain, including monitoring GHG emissions on a material and product level. This enables Scanfil to assess the GHG performance of its suppliers.

The Supplier Code of Conduct is also an important tool in aligning Scanfil's procurement strategy with climate change adaptation measures in the future. Taking geographical aspects into consideration reduces the risk of disruptions in the value chain.

The Supplier Code of Conduct states that energy consumption and greenhouse gas emissions are to be tracked and documented, at supplier facilities and/or at the corporate level. Participants are to look for cost-effective methods to improve energy efficiency and minimize their energy consumption and greenhouse gas emissions.

The person responsible for implementing and following up the Supplier Code of Conduct is the Director Global Sustainability at Scanfil.

Information regarding the participants' environmental practices and performance is to be disclosed following the applicable regulations and prevailing industry practices. The table below presents the company's policies concerning these topics.

Policy	Description of policy	Scope of policy
Environmental Policy	Scanfil's Environmental Policy aims to position the company as a reliable partner through exceptional performance, integrating environmental considerations into all business strategies. It commits to compliance with all relevant laws and standards, actively working to minimize the environmental impact, reduce greenhouse gas emissions, and pursue the implementation of renewable energy sources. According to the environmental policy, Scanfil will continuously work to prevent environmental impact by reducing air and water pollution, conserving natural resources, and continuously enhancing practices to meet stakeholder expectations.	<ul style="list-style-type: none"> • Environmental integration in strategy • Regulatory compliance • Impact prevention and reduction • Resource conservation • Stakeholder engagement and continuous improvement
Code of Conduct	The environmental section of Scanfil's Code of Conduct emphasizes continuous improvement and accountability in minimizing environmental impact. It outlines the key principles, such as compliance with environmental legislation, efficient use of natural resources, and reduction of GHG emissions. Scanfil commits to transparency in environmental reporting, providing regular updates to authorities. Employee training is also prioritized to foster a culture of environmental responsibility, while ongoing technological and procedural advancements support resource efficiency and sustainable practices throughout Scanfil's own operations.	The environmental scope in Scanfil's Code of Conduct emphasizes a commitment to continuous improvement in environmental sustainability. Scanfil recognizes the impact of its production on the environment and is dedicated to minimizing environmental hazards through various initiatives. These include reducing carbon footprint, minimizing fossil fuel consumption, managing water usage, and waste reduction. Compliance with local environmental laws and efficient use of global natural resources are prioritized. Scanfil also aims to reduce industrial emissions and enhance recycling efforts, regularly informing authorities of environmental impact and providing training to ensure employee commitment to these sustainable practices.
Supplier Code of Conduct	<p>The environmental section of Scanfil's Supplier Code of Conduct emphasizes the importance of sustainable practices and pollution prevention. Key points include:</p> <ul style="list-style-type: none"> • Resource responsibility: Suppliers are expected to use resources responsibly and work toward minimizing their environmental impact. • Energy efficiency: According to the Supplier Code of Conduct, energy consumption and greenhouse gas emissions are to be tracked and documented, at the facility and/or corporate level. • Transparency: Suppliers should disclose their environmental practices and performance according to the applicable regulations and industry standards, as well as their GHG emissions. <p>Overall, Scanfil expects its suppliers to commit to environmentally responsible operations that align with the principles of the UN Global Compact initiative.</p>	<p>The environmental scope of the Scanfil Supplier Code of Conduct emphasizes pollution prevention, resource reduction, and responsible handling of hazardous substances. Suppliers are expected to actively minimize environmental impact by reducing emissions, waste, and energy consumption. They must ensure the safe management of hazardous materials and disclose energy and emissions data in alignment with industry standards.</p> <p>Suppliers are encouraged to improve energy efficiency and reduce greenhouse gas emissions while maintaining transparency about their environmental practices. This aligns with Scanfil's commitment to sustainability and environmental responsibility throughout its supply chain.</p>

■ 2.2.3 Actions and resources in relation to climate change policies

Greenhouse gas emissions and energy in the company's operations

Scanfil is developing a comprehensive plan to mitigate climate change in its own operations. The plan includes investments and measures to replace fossil fuels with renewable fuels and fossil-free electricity across all the Scanfil's factories to lower GHG emissions.

One of Scanfil's key actions for each production unit in its own operations is developing a long-term strategy to achieve fossil-free operations. These measures apply to the electricity and fuels used for heating at the production facilities. Moreover, Scanfil continues its transition to fully renewable or fossil-free alternatives for its purchased energy.

Furthermore, Scanfil continuously improves the efficiency of its energy and water use in its own operations through ongoing development and investment. Reducing water use is an important part of climate change mitigation, as the energy required to process water and wastewater treatment generates greenhouse gas emissions.

To improve the overall quality of Scanfil, long-term 2-3% of yearly revenue is invested in the development of factories. There is an investment plan for each factory initiated. During the reporting year, the implementation of solar cells at the Suzhou facility was the single largest initiative to reduce fossil fuel emissions and improve energy efficiency, resulting in a 20% improvement in electricity consumption and an increase in the fossil-free share of the Suzhou factory to 30%, together with 10% renewable electricity sources. As of 2024, the investment is only measured on an overarching level, and specific investments used, like the solar cells in Suzhou cannot be disclosed.

Greenhouse gas emissions in the value chain

In 2024, Scanfil continued its long-term efforts to reduce greenhouse gas emissions across the value chain. This year, Scanfil expanded its tracking and reporting of indirect emissions from the value chain. This included emissions from purchased goods and services, upstream suppliers, upstream transportation, business travel, and employee commuting.

Scanfil Group encourages suppliers to set emission reduction targets to mitigate climate change. Scanfil has also requested that all key and preferred suppliers make an EcoVadis assessment, and this recommendation is part of the Supplier Code of Conduct. The supplier's achievement is monitored in supplier assessments and audits.

Climate change adaptation

Adaptation to climate change requires handling acute threats, such as extreme weather events, and chronic risks arising from climate change's effects on electricity, water, and other critical resources. For Scanfil, the biggest risk is in the availability of purchased material, which can affect the business negatively if supply is disrupted. To mitigate this, Scanfil's purchasing team closely monitors the situation and uses risk assessment and redundancy strategies.

Currently, Scanfil has no defined scope or time horizon for this key action. During 2025, Scanfil will decide on when this will be implemented.

Developing a net zero strategy and targets

Scanfil's short-term 2030 program started in September 2023 with a central team of people, with the support of all units' designated managers, to drive the scope 3 reduction and further improve the performance of Scanfil's scope 1 & 2 GHG emissions.

An external consultant has provided guidance since the program's inception. After the initial analysis of Scanfil's carbon footprint, scope 1 & 2 emissions have been continuously monitored. A full carbon footprint

analysis across the entire value chain has been carried out, and as of March 2024, scope 3 GHG emissions are now also in scope.

At present, Scanfil has not yet established a net-zero target for 2050. However, Scanfil is committed to setting a net-zero target within the next few years through the SBTi.

Developing the process for sustainability reporting

Having acquired the Position Green reporting tool in 2023, Scanfil obtained direct reporting from all the sites and offices from January 2024. The intervals for reporting depend on the availability of data, but the main rule is that all quantitative data must be reported as frequently as possible (quarterly or semi-annually), while qualitative data is reported at longer intervals.

As the implementation of Position Green is new, Scanfil has no defined scope or time horizon for this key action. During 2025, Scanfil will decide when this will be implemented and how the key actions can be expanded.

Outcome of climate change mitigation actions

For scope 1 and 2 GHG emissions, Scanfil has achieved 48% reduction by 2024. These are some of the long-term actions and reduction is expected to continue. By 2030, Scanfil aims to reduce scope 1 and 2 GHG emissions by 55.8%. For scope 3 GHG emissions, Scanfil has achieved a reduction of 26% by 2024. For the target year 2030, the scope 3 GHG emissions must have been reduced by 25.0%.

Action	Scope of action
Mitigate climate change in its operations	<p>Scanfil is committed to reducing its absolute greenhouse gas (GHG) emissions significantly by 2030, with specific targets set for scope 1, 2, and 3 emissions:</p> <ul style="list-style-type: none"> • Scope 1 and 2 emissions: Scanfil aims for a 55.8% reduction from 2020 levels by 2030. • Scope 3 emissions: Scanfil targets a 25% reduction in scope 3 emissions from the baseline year of 2022, which includes emissions from purchased goods and services, capital goods, fuel-related activities, and more. • Sustainable travel: While business travel is necessary for operations, Scanfil is working to minimize it by promoting virtual meetings and encouraging employees to choose environmentally friendly travel options. Travel emissions are tracked and categorized. • Commuting solutions: To reduce emissions from employee commuting, Scanfil provides bus transportation and has adopted a vehicle policy favoring low-emission vehicles. Commuting patterns are assessed to identify opportunities for more sustainable transport options. • Energy consumption: Scanfil uses energy for heating, cooling, lighting, and production, consuming a significant amount of electricity and total energy. Scanfil is actively negotiating for fossil-free electricity supply, and the factories in Poland, Sweden, Finland, and Germany are already using such energy sources.
Mitigate climate change in the value chain	<p>Purchased goods and services represent the largest portion of Scanfil's GHG emissions. Scanfil is updating its business system to incorporate GHG emissions data per component, enabling better measurement and comparison of the carbon footprint associated with different suppliers.</p>

Capital and operational expenditures related to EU Taxonomy-eligible activities

Scanfil's CapEx relevant line items in the financial statements are detailed as follows:

1. Additions to property, plant, and equipment
A value of 1.19 MEUR stems from all type A capital expenditures related to the physical assets required for the manufacturing of products and components contributing to Climate Change Mitigation [CCM] (EU Taxonomy activities 3.5 & 3.20). Energy-related investments are type C capital expenditures contributing to CCM (EU Taxonomy activity 4.1). Its value is 0.97 MEUR, which stems from an investment in rooftop solar cells.
2. Additions to intangible assets
A value of 0.88 MEUR stems from all type A capital expenditures related to the non-physical assets required for the manufacturing

of products and components of contributing to CCM (EU Taxonomy activities 3.5 & 3.20), including patents, trademarks and software.

3. Additions to capitalized right-of-use assets
A value of 0.57 MEUR stems from all type A capital expenditures related to the lease agreements required for the manufacturing of products and components of contributing to CCM (EU Taxonomy activities 3.5 & 3.20).

Scanfil's OpEx KPIs are detailed as follows:

1. Costs of short-term leases
A value of 0.11 MEUR stems from all operating expenditures required for the continuation of climate change mitigation contributions for manufacturing to CCM (EU Taxonomy activities 3.5, 3.20).

2. Costs of maintenance, repair and equipment

A value of 0.78 MEUR stems from all operating expenditures required for the continuation of climate change mitigation contributions for manufacturing to CCM (EU Taxonomy activities 3.5, 3.20). For energy-related activities contributing to CCM (EU Taxonomy activity 4.1), a value of 0.01 MEUR stems from the OpEx of the rooftop solar cells.

Scanfil's KPIs for CapEx and OpEx have been calculated with the following methodology:

1. CapEx and OpEx related to manufacturing for CCM (EU Taxonomy activities 3.5 & 3.20)
Since Scanfil's existing CapEx is used for both taxonomy-eligible and non-eligible activities without a clear separation, the CapEx value is calculated based on the proportion of taxonomy-eligible and aligned turnover. For example, if 7 % of total turnover is taxonomy-eligible, then 7 % of CapEx is allocated accordingly. The same method applies to OpEx related to manufacturing.
2. CapEx and OpEx related to energy-related investments for CCM (EU Taxonomy activity 4.1)
For energy-related investments, CapEx and OpEx are clearly distinguished. As such, their value is directly attributed to the specific projects and initiatives that are taxonomy eligible. These expenditures are fully allocated to the relevant line items in the financial statements, ensuring transparency and compliance with the EU Taxonomy Regulation.

Scanfil's planned significant CapEx and OpEx investments are focused on renewable energy and energy storage.

As of yet, Scanfil has no 'CapEx plan' related to the expansion of Taxonomy-aligned economic activities or the purchase of output from Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions. This will be a prioritized undertaking for 2025.

■ 2.2.4 Targets related to climate change mitigation and adaptation

Scanfil's reporting of scope 1, 2, and 3 emissions, covers all factories, warehouses, and offices. Scope 1 and 2 have a baseline from 2020 and scope 3 has a baseline from 2022.

In May 2015, Scanfil announced the acquisition of the company PartnerTech AB. During the time leading up to 2020, the company has successfully been integrated into Scanfil's operations leading to minimal effects on the results of the baseline year 2020. The Covid-19 pandemic that occurred in 2020 has had minimal effects on the company's turnover as the business operations were minimally impacted which can be seen through minimal deviations in comparison to other year's turnovers.

The baseline year for scope 3 is set to 2022 and there are no great deviations in terms of turnover for the baseline year in comparison to previous years.

For total GHG emissions, Scanfil uses the market-based method to track progress towards its targets for scope 1 and 2 as well as scope 3.

In 2025, Scanfil will decide on when a climate scenario will be carried out to detect relevant environmental, societal, technology, market, and policy developments to determine its decarbonization levers.

The consistency of GHG emission reduction targets with the GHG inventory boundaries has been ensured by aligning the scope and boundaries of the targets with those defined in the inventory methodology. In addition, Scanfil performed a comprehensive review between 2023-2024 of the scope 3 GHG emissions. As of 2024, all factories and offices report in an environmental reporting system, Position Green, which ensures continuity, adaptation, and enhanced data quality. This also applies to scope 1 and 2 GHG emissions.

Scanfil has validated short-term targets for 2030 via SBTi. Targets approved by the SBTi are scientifically based because they are built on the latest climate research and are designed to align with the goals of the Paris Agreement.

Currently, Scanfil does not have a net-zero target for 2050 but is committed to setting up a net-zero target within a few years via SBTi.

For Scanfil's SBTi short-term targets, the expected outcome for 2030, and the progress until 2025 are presented below:

Scope 1 and 2 GHG emissions:

- Target: Reduce absolute GHG emissions by 55.8% by 2030 with 2020 as the baseline year, equating to a 5.58% yearly reduction.
- Progress: After 2024, the GHG emissions in scope 1 and 2 have been reduced from 16,901 tCO₂e to 8,774 tCO₂e, equating to a reduction of 48%.

Scope 3 GHG emissions (category 1-7):

- Target: Reduce the absolute GHG emissions by 25% by 2030 with 2022 as the baseline year, equating to a 3.13% yearly reduction.
- Progress: After 2024, the GHG emissions have been reduced from 653,454 tCO₂e to 482,319 tCO₂e, equating to a reduction of 26%.

Scanfil's renewable energy sourcing target and progress are presented below:

- Target: Achieve 100% fossil-free electricity sourcing by 2030 with 2020 as the baseline year equating to a 7.7% yearly increase.
- Progress: The sourcing of fossil-free electricity has been increased from 23% to 54%.
- Target: Achieve 60% fossil-free energy sourcing by 2030 with 2020 as the baseline year, equating to a 3.2% yearly increase.
- Progress: The sourcing of fossil-free energy has been increased from 28% to 50%.

Scope	Baseline year	Baseline	Target 2030
Scope 1 GHG emissions			
Move to district heating, biofuel heating, geothermal heating, energy reduction of air conditioning, electric cars	2020	1,507	874
Scope 2 GHG emissions			
Energy reduction activities, green electricity, solar cells	2020	15,394	6,600
Significant scope 3 GHG emissions			
1. Purchased goods and services			
Supplier engagement to improve data quality and reduce emissions	2022	616,438	462,329
2. Capital goods			
Supplier engagement to improve data quality and reduce emissions	2022	16,322	12,242
3. Fuel and energy-related activities (not included in scope 1 or scope 2)			
Fuel and energy supplier base management	2022	4,554	3,416
4. Upstream transportation and distribution			
Transport and distribution supplier base management	2022	12,959	9,719
5. Waste generated in operations			
No planned actions	2022	60	45
6. Business traveling			
No planned actions	2022	263	197
7. Employee commuting			
Offer environmentally friendly alternatives for employee commuting such as carpooling, bus transport, and company bicycles	2022	2,858	2,144

2.2.5 Energy consumption and mix

Scanfil tracks the final energy consumption across all its production facilities. Final energy consumption refers to the total fuel, electricity, and heat consumed, without accounting for the efficiency factors of those energy sources. To calculate the final energy consumption, Scanfil sums up the fuel used at its factories, warehouses, and offices as well as the amount of electricity and heat purchased.

Energy consumption and combination of energy sources

The table presents Scanfil's energy consumption and mix including fossil, nuclear and renewable sources.

Scanfil has invested in solar panels for its production facility in Suzhou, China. These solar panels will provide the facility with self-produced renewable energy. For 2024, the solar panels have resulted in a production of 324 MWh from September to the end of 2024.

The self-produced energy from the solar panels has been deducted from the total renewable energy consumption to avoid double counting.

Scanfil does not produce any non-renewable energy within its operations.

Scanfil purchases certificates of fossil-free electricity. Suppliers are trusted by Scanfil, as recognized suppliers from the respective areas where Scanfil has business.

Energy consumption and mix	2024
1. Fuel consumption from coal and coal products (MWh)	0
2. Fuel consumption from crude oil and petroleum products (MWh)	4,976
3. Fuel consumption from natural gas (MWh)	1,779
4. Fuel consumption from other fossil sources (MWh)	0.39
5. Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	12,834
6. Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)	19,589
Share of fossil sources in total energy consumption (%)	50
7. Consumption from nuclear sources (MWh)	2,291
Share of consumption from nuclear sources in total energy consumption (%)	6
8. Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	184
9. Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	16,922
10. The consumption of self-generated non-fuel renewable energy (MWh)	324
11. Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)	17,431
Share of renewable sources in total energy consumption (%)	44
12. Total energy consumption (MWh) (calculated as the sum of lines 6, 7 and 11)	39,311

Energy intensity based on net revenue

Scanfil's energy intensity is 50.4 MWh/MEUR. This is the first time that Scanfil is reporting the energy intensity. Consequently, there are no comparative figures available for benchmarking the energy intensity.

Energy intensity per net revenue	2024
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/MEUR)	50.4

All activities within Scanfil are considered to belong to sectors with high climate impact. Scanfil's activities as a manufacturing service provider belong to category C Manufacturing of electronic components in Regulation (EC) No 1893/2006 of the European Parliament and of the Council.

Connectivity of energy intensity on net revenue with financial reporting information

The table below outlines Scanfil's net revenue in 2024 used to determine the energy intensity. See the financial report for the reconciliation of net revenue in Notes to the financial statements 1.1.

Net revenue from activities in high climate impact sectors used to calculate energy intensity (MEUR)	780
Other net revenue (MEUR)	0
Total net revenue (MEUR)	780

2.2.6 Gross scope 1, 2, 3 and total GHG emissions

Gross scope 1, 2, 3 and total GHG emissions

In 2024, Scanfil started to utilize the Position Green sustainability reporting system to report the company's scope 1, 2, and 3 GHG emissions. The transition to Position Green secures the data quality, both in terms of activity data and environmental data. However, a comparison of GHG emissions in scope 1 and 2 shows that the transition has had a negligible impact on Scanfil's climate footprint. This means that Scanfil is confident in the accuracy of its previously communicated GHG emissions.

The GHG emission reporting has considered the GHG Protocol Corporate Standard, the GHG Protocol Scope 2 Guidance, and the GHG Protocol Corporate Value Chain Accounting and Reporting Standard.

Scanfil has used operational control as a consolidation approach to define the organizational boundary. Scope 1 includes direct GHG emissions from sources owned or controlled by Scanfil. The scope 1 GHG emissions have been calculated from the fuels used by production units, where all production facilities at Scanfil have reported activity data in Position Green. The calculation is based on supplier-specific emission factors for fuels or national emission factors.

Scope 2 includes indirect GHG emissions from the production of purchased electricity and heat consumed by Scanfil. Two different methods are used for scope 2 GHG emissions. The market-based method uses supplier-specific emission factors, supplemented with national residual mix emission factors for untracked purchased electricity. In the location-based method, country-specific average emission factors for electricity are used. The residual mix factors and country-specific factors have been obtained from the AIB (Association of Issuing Bodies) report on emission factors. Currently, Scanfil purchases certificates on fossil free electricity. The suppliers are trusted by Scanfil, as recognized suppliers from the respective areas where Scanfil has business.

All factories have contractual instruments; however, the contractual instruments do not cover 100% of the purchased energy. Therefore, the contractual instruments equal a total of 56%. Out of these contractual instruments used for the sale and purchase of energy, 100% are bundled with attributes, meaning 0% are unbundled energy attribute claims. The types of bundled contractual instruments used are Guarantees of origin (GO), Renewable electricity Certificates and Certificates of own electricity production (Suzhou).

For scope 3 categories, the materiality was determined with respect to Scanfil Group's business areas. The GHG emission calculations used spend-based and activity-based methods. For scope 3.11, the calculations are limited to the usage of small and large PCBAs, and the GHG emissions only cover direct emissions. In addition, the GHG emissions from Scanfil's offices are based on approximations.

Scope 3.8 to 3.10 and scope 3.12 to 3.15 were excluded from the calculations, as they were deemed non-material with neglected impact on the GHG emissions. In addition, Scanfil does not have significant leased assets under scope 3 that are not already accounted for in scope 1 and scope 2, nor does Scanfil engage in franchising. The operational data used in the calculation is obtained from Scanfil's internal systems. In the absence of accurate data, assumptions have been used. The emission factors used are mainly from global databases, including Ecoinvent 3.9.1, EXIOBASE 3, DEFRA's GHG conversion factors (full set 2022), and IEA's Life Cycle Upstream Emission Factors (2023).

Scanfil does not have emissions from investees nor joint arrangements not structured through an entity.

In October 2024, Scanfil acquired SRXGlobal Pty Ltd. (SRX) to expand its business in Asia-Pacific. The acquisition includes SRX factories in Melbourne, Australia, and Johor Bahru, Malaysia, with 8 automated SMT lines and about 300 employees. Financially, SRX's had a turnover of EUR 42.0 million and EUR 39.0 million for the years ending June 30, 2023, and June 30, 2024, respectively. Taking this into account, it will

trigger a recalculation of the base years for scope 1 and 2 as well as scope 3 according to Scanfil's recalculation policy. The recalculations are planned for 2025, and revised baselines will be reported in the next reporting period. SRX's fourth quarter data has been included in Scanfil's GHG reporting.

In total, Scanfil used 40% primary data and 60% secondary data in scope 3 with respect to the GHG emissions.

For some data in scope 3, it was unknown whether the data type was primary or secondary data. In these cases, it has been assumed that the data type is secondary data.

The table below presents the scope 3 categories included in Scanfil's GHG reporting and the reasons why certain categories have been excluded. Additionally, it includes information on the ratio of primary to secondary data for each category.

Scope 3 category	Scope	Motivation to exclusion	Primary data (%)	Secondary data (%)
1. Purchased goods and services	x	-	0	100
2. Capital goods	x	-	0	100
3. Fuel and energy-related activities (not included in scope 1 or scope 2)	x		35	65
4. Upstream transportation and distribution	x	-	43	57
5. Waste generated in operations	x	-	61	39
6. Business travel	x	-	64	36
7. Employee commuting	x	-	35	65
8. Upstream leased assets	-	All upstream leased assets are reported in scope 1 and 2	-	-
9. Downstream transportation	-	Neglected impact on GHG emissions	-	-
10. Processing of sold products	-	Neglected impact on GHG emissions	-	-
11. Use of sold products	x	-	100	0
12. End-of-life treatment of sold products	-	Neglected impact on GHG emissions	-	-
13. Downstream leased assets	-	Scanfil does not have any downstream leased assets	-	-
14. Franchises	-	Scanfil does not have any franchise activities	-	-
15. Investments	-	Scanfil does not have any investment activities outside its core business	-	-

For scope 1, Scanfil emits 58 tons of biogenic CO₂ emissions due to the combustion of wood logs.

Furthermore, Scanfil is required to disclose biogenic emissions from the combustion or biodegradation of biomass separately from the scope 2 GHG emissions as well scope 3 GHG emissions. Currently, Scanfil uses Position Green to report on the GHG emissions in scope 2 and 3. However, there are no fallback emission factors for biogenic emissions in scope 2 and 3. Taking this into account, Scanfil has estimated the biogenic emissions.

The emission factors for biogenic emissions are based on datasets from Ecoinvent version 3.11. The net biogenic emissions have been approximated as the difference between the impact category Climate Change: Biogenic Emissions (incl. CO₂) in LCIA IPCC 2021 (incl. biogenic CO₂) and the impact category Climate Change: biogenic (excl. CO₂) in LCIA IPCC 2021. The datasets used are considered as fair representations of the areas and processes concerned

For the scope 3 biogenic emission calculations, scopes 3.1-3.7 and 3.11 are included, where the contribution from scope 3.7 has been assumed to be neglected.

Taking this methodology into account, the biogenic emissions for scope 2 were estimated to be 814 tons of CO₂, and for scope 3: 30,891 tons of CO₂. The results are subject to uncertainty; however, moving forward Scanfil will improve the data quality and calculation methodology for more representative results.

The following table discloses the results of Scanfil's GHG reporting. The base year for reporting in scope 1 and 2 is 2020, while the base year for scope 3 is 2022. Data reported during Scanfil's base years represent the GHG emissions for the different base years, 2020 and 2022, respectively. As a result, the total GHG emissions for location-based and market-based methods contain summarized data from both base years.

The "Comparative" column is missing data for all scope 3 categories. This is due to Scanfil starting the data collection for monitoring GHG emissions in 2024.

As the table below describes, Scanfil has not set up any targets for 2025 and 2050. Additionally, Scanfil's target for scope 3 GHG emissions does not include category 3.11. Consequently, GHG emissions from scope 3.11 are not included in the annual % target / base year.

Scanfil is not part of any regulated emission trading schemes.

	Retrospective				Milestones and target years			
	Base year	Comparative 2023	2024	% N / N-1	2025	2030	(2050)	Annual % target / Base year
Scope 1 GHG emissions								
Gross scope 1 GHG emissions (tCO ₂ eq)	1,507	1,227	1,706	39 %	-	874	-	4.20 %
Percentage of scope 1 GHG emissions from regulated emission trading schemes (%)	-	-	-	-	-	-	-	-
Scope 2 GHG emissions								
Gross location-based scope 2 GHG emissions (tCO ₂ eq)	13,254	-	15,112	-	-	-	-	-
Gross market-based scope 2 GHG emissions (tCO ₂ eq)	15,394	7,618	7,068	-7 %	-	6,600	-	5.71 %
Significant scope 3 GHG emissions								
Total Gross indirect (scope 3) GHG emissions (tCO ₂ eq)	935,492	-	737,128	-	-	490,091	-	3.13 %
1. Purchased goods and services	616,438	-	452,389	-	-	462,329	-	3.13 %
2. Capital goods	16,322	-	11,697	-	-	12,242	-	3.13 %
3. Fuel and energy-related activities (not included in scope 1 or scope 2)	4,554	-	4,504	-	-	3,416	-	3.13 %
4. Upstream transportation and distribution	12,959	-	9,706	-	-	9,719	-	3.13 %
5. Waste generated in operations	60	-	134	-	-	45	-	3.13 %
6. Business traveling	263	-	386	-	-	197	-	3.13 %
7. Employee commuting	2,858	-	3,503	-	-	2,144	-	3.13 %
8. Upstream leased assets	-	-	-	-	-	-	-	-
9. Downstream transportation	-	-	-	-	-	-	-	-
10. Processing of sold products	-	-	-	-	-	-	-	-
11. Use of sold products*	282,038	-	254,809	-	-	-	-	-
12. End-of-life treatment of sold products	-	-	-	-	-	-	-	-
13. Downstream leased assets	-	-	-	-	-	-	-	-
14. Franchises	-	-	-	-	-	-	-	-
15. Investments	-	-	-	-	-	-	-	-
Total GHG emissions								
Total GHG emissions (location-based) (tCO ₂ eq)	950,253	-	753,947	-	-	-	-	-
Total GHG emissions (market-based) (tCO ₂ eq)	952,393	-	745,903	-	-	497,565	-	3.22 %

All rows marked with “ - ” indicate that there is no data to be reported.

* The total GHG emissions (location-based) and (market-based) sums up two different base years: 2020 for scope 1 and 2, and 2022 for scope 3. * Note that 11. Use of sold products is not included in the annual % target / base year.

GHG intensity based on net revenue

Scanfil's GHG intensity is 967 tCO₂eq/MEUR using the location-based method and 956 tCO₂eq/MEUR using the market-based method. The GHG emissions for both the location-based and market-based methods are the same as those reported in the table above.

This is the first time that Scanfil is reporting on GHG intensity based on net revenue. Consequently, there are no comparative figures available for benchmarking.

GHG intensity per net revenue	2024
Total GHG emissions (location-based) per net revenue (tCO ₂ eq/MEUR)	967
Total GHG emissions (market-based) per net revenue (tCO ₂ eq/MEUR)	956

Connectivity of GHG intensity on net revenue with financial reporting information

The table below outlines Scanfil's net revenue in 2024 which was used to determine the intensity of GHG emissions. See the financial report for the reconciliation of net revenue in Notes to the financial statements 1.1.

Net revenue used to calculate GHG intensity (MEUR)	780
Other net revenue (MEUR)	0
Total net revenue (MEUR)	780

2.2.7 GHG removals and GHG mitigation projects financed through carbon credits

Scanfil does not finance any GHG removals and GHG mitigation projects through carbon credits.

2.2.8 Internal carbon pricing

Scanfil does not apply any internal carbon pricing schemes. Thus, the subtopic is considered non-material.

2.3 Pollution

■ 2.3.1 Policies related to pollution

In the Environmental Policy, Scanfil has committed to being a reliable partner for customers and to complying with the laws, regulations, and other requirements, which the company follows and relates to in environmental aspects.

Environmental management and continued environmental performance are governed by the requirements of the production units' certified quality and environmental management systems. Emissions and waste of all types are to be minimized or eliminated at the source or by practices such as the use of pollution control equipment, modifying production, maintenance, and facility processes. Chemicals, waste, and other materials posing a hazard to humans, or the environment are to be identified, labeled, and managed to ensure safe handling, movement, storage, use, recycling, reuse, and disposal. The Environmental Policy is an internal Scanfil policy related to its own operation activities.

Through the selection, use, and development of technological and economical solutions in Scanfil's production processes, the Group aims to reduce environmentally harmful industrial emissions classified as Substances of very high concern (SVHC).

The Scanfil Supplier Code of Conduct states resources shall be used responsibly and carefully. Suppliers' efforts shall focus on reducing any environmental burden associated with their business activities and operational practices. Developments that lessen the environmental and social effects of Scanfil's business shall be supported. The Supplier Code of Conduct mandates requirements for the value chain operations. Usually, the material impact regarding information on SVHC to customers is handled either by request or in the Scanfil customer contract. The

information to the Environmental Chemical Agency (ECHA) is handled through mandatory Substances of concern in product (SCIP)-reports.

Scanfil's Director Global Sustainability is accountable for the implementation of both policies mentioned above.

Scanfil has policies in place relating to SVHC, however, these policies do not fulfil the full requirements for policies adopted to manage material sustainability matters. During 2025, Scanfil aims to decide when to start working on aligning the policies with the requirements.

Since Scanfil is a contract manufacturing company, it produces outputs based on its customer's product specifications. Before signing any agreements with new customers, Scanfil makes sure to thoroughly assess and evaluate the customer's operations and value chain activities to make sure they are aligned with Scanfil's policies and Code of Conduct. Scanfil has no other authorities to decide what substances are used, substituted, or phased out.

Scanfil's Code of Conduct provides sufficient information, instructions, training, and supervision to enable all employees to avoid hazards and contribute to their own health and safety at work. Scanfil's employees are involved in health and safety decisions through consultation and cooperation.

Scanfil complies with legal requirements, developing and implementing appropriate health and safety procedures and working practices. Local sites have instructions to be compliant with the Code of Conduct and risk analyses are conducted per legal requirement.

Each substance used has its own risk instruction and safety data sheet (SDS) with instructions on what to do if accidents occur.

■ 2.3.2 Actions and resources related to pollution

Scanfil has not currently adopted any actions relating to SVHC. During 2025, the company plans to decide on when to implement the action plan. The key actions, with specified time horizons, will align with the company's policies and aim to mitigate negative impacts from SVHC, where possible, in own operations and its value chain.

■ 2.3.3 Targets related to pollution

At Scanfil, mandatory regulatory requirements and legislations of SVHC are applied but the company has no specific targets. The reason is that all product specifications are provided by customers.

Scanfil anticipates setting initial targets during 2025 as its data collection and impact assessment processes are advanced. The targets that will be set, are to be developed over time including measurable, timebound, outcome-oriented targets with a baseline year in line with policies that cover Scanfil's own operations and handling of SVHC.

■ 2.3.4 Pollution of air, water and soil

Scanfil does not consider pollution of air, water and soil as a material topic. Thus, no information is disclosed.

■ 2.3.5 Substances of concern and substances of very high concern

Scanfil has implemented procedures to meet legislation based on EU Directives such as, but not limited to, REACH and RoHS. The RoHS and REACH Directives set obligations for companies working within the EU

to implement procedures that will identify and control the use of any restricted or forbidden material or chemicals.

As Scanfil is not a manufacturer of chemicals, the focus in compliance work is on the incoming material. There are mainly two groups of materials that need to be controlled.

- A. The material used in Scanfil factories and needed for manufacturing processes. This can be materials like tin, glue, oil, paint, chemicals, etc.
- B. The components or products used in final products (acc. bill of material).

Scanfil manufacturing sites do control the chemicals or substances used in the factories, but these are not included in the customer-owned specification. This material is always controlled and handled according to the RoHS and REACH Directives.

For the components and products specified by the customer that are used in manufactured products, the information is obtained if the content is under-reporting requirements. The information comes primarily from Scanfil's suppliers, but data can also be obtained through publicly available material declarations.

Scanfil always informs its customers if the RoHS and REACH content of the material is over the threshold value and mandated by legal requirements, and in return, expects the customers to report any deviations back to Scanfil. Scanfil always specifies in its purchase orders and supplier agreements that suppliers must be aware of and understand these requirements regardless of whether the supplier is located within or outside the EU. In addition to this, an information letter about changes in the directive is regularly sent to all Scanfil's suppliers.

The SCIP database (Substances of very high concern in articles, as such or in objects (Products)) is a vital tool established by the ECHA as part of the European Union's Waste Framework Directive. Its primary objective is to improve transparency regarding the presence of substances of very high concern in products and promote a circular economy by ensuring safer recycling and disposal practices.

In alignment with the Waste Framework Directive, companies supplying articles containing substances of very high concern must submit detailed information to the SCIP database. These SVHCs are listed in the EU REACH regulation's Candidate List, and their inclusion in the SCIP database ensures that waste operators, consumers, and other stakeholders are informed of potentially harmful substances.

As part of Scanfil's sustainability strategy, the Group is fully compliant with SCIP reporting requirements. This commitment underscores the dedication to responsible sourcing, product safety, and transparency in managing substances of very high concern.

During 2024, 72 and 27 SCIP reports have been issued in Pärnu and Sieradz, respectively.

The material compliance section of Scanfil's Supplier Code of Conduct outlines the company's adherence to EU legislation, particularly the REACH and RoHS Directives. These regulations mandate that companies identify and manage the use of restricted or forbidden materials and chemicals. Given that Scanfil is not a chemical manufacturer, its compliance efforts focus on two main categories of incoming materials:

- **Materials for manufacturing processes:** This includes substances such as tin, glue, oil, paint, and other chemicals used in production.
- **Components in final products:** These are materials specified in the bill of materials for the products that Scanfil manufactures.

Scanfil ensures that all the materials used in its factories comply with the RoHS and REACH requirements, especially those not specified by customers. For REACH requirements, Scanfil applies article 33: Duty to communicate substances in articles. Therefore, information is supplied to stakeholders upstream and downstream upon request. Suppliers of articles containing substances identified under Article 57 and Article 59(1) at concentrations above 0.1% weight by weight (w/w) must provide recipients and consumers, upon request, with sufficient information to ensure safe use of the article, including the name of the substance. This information must be provided free of charge within 45 days of the request.

For customer-specified components, Scanfil collects information on any reporting requirements primarily from suppliers, while also using publicly available material declarations. Scanfil keeps customers informed about the compliance status and expects them to report any discrepancies. Taking this into account, Scanfil is not able to disclose information regarding the total amounts of SVHC.

Furthermore, suppliers are required to understand and comply with these regulations, regardless of their location, and they are regularly updated about changes in the directives. The SCIP database plays a crucial role in this compliance framework by enhancing transparency regarding substances of very high concern in products and supporting responsible recycling practices. Scanfil's commitment to SCIP reporting reflects its dedication to product safety and responsible sourcing, contributing to its overall sustainability strategy.

The estimation of the total amount of SVHC leaving Scanfil's production facilities used the assessment of resource inflows of materials and products as a basis for data. For further information on the methodology, see 2.4.4 Resource inflows.

It was presumed that electrical machinery and apparatus is the only material and product category subject to SVHC. This category includes

several subcategories, some of which are relevant to SVHC while others are not. The total weight of material and product categories relevant to SVHC amounted to 12,013 tons out of 15,368 tons, i.e., approximately 78% of all subcategories.

The estimation assumed that 10% of all materials and products in these subcategories are subject to SVHC. In addition, it was assumed that each unit contain in average 0.05% of SVHC of the total weight. The total SVHC content was estimated to 0.60 tons for the entire Scanfil Group.

Policy	Description of policy	Scope of policy
Environmental policy	In Scanfil's Environmental Policy, pollution mitigation is a key focus. The Group is committed to preventing environmental impacts by reducing greenhouse gas emissions and striving for fossil-free energy consumption. Scanfil will continuously work to prevent environmental impacts by reducing air and water pollution, conserving natural resources, and continuously enhancing practices to meet stakeholder expectations. Scanfil ensures compliance with the relevant laws and regulations. Scanfil integrates environmental considerations into business strategies and initiatives by updating processes and instructions in Scanfil's Management System. The Group aims for continuous improvement to meet the stakeholder requirements and enhance its environmental performance, thereby reinforcing its vision as a trusted partner for customers.	Scanfil's Environmental Policy emphasizes a comprehensive approach to pollution management as part of its vision to be a trusted partner for customers. The Group integrates environmental considerations into all business strategies and initiatives, ensuring compliance with relevant laws and regulations. A key focus is on continuously preventing environmental impacts by reducing greenhouse gas emissions and striving for fossil-free energy consumption. Scanfil also aims to mitigate air and water pollution while minimizing the consumption of natural resources. In addition, the Group is committed to meeting stakeholder requirements through ongoing improvements in its practices and processes, reinforcing its dedication to sustainable and responsible operations.
Code of Conduct	In Scanfil's Code of Conduct, the pollution-related principles are designed to minimize the environmental impact of its operations. The Group recognizes the significance of addressing environmental issues, aiming to reduce harmful emissions affecting air, water, and soil resources. Key commitments include adhering to environmental legislation and utilizing natural resources efficiently through improved production processes. Scanfil emphasizes the importance of minimizing waste, enhancing recycling efforts, and reusing packaging materials. Moreover, the Group commits to ongoing employee training and systematic environmental management practices, ensuring continuous improvement and technical development in its environmental programs.	In Scanfil's Code of Conduct, the pollution aspect is addressed through a commitment to minimizing the environmental impact of its operations. The Group aims to continuously improve its practices related to environmental aspects and recognizes the importance of reducing water, air, and soil pollution. Scanfil emphasizes compliance with environmental legislation and seeks to use global natural resources efficiently. The Group focuses on diminishing the effects of its industrial activities by selecting and developing technological solutions that lower harmful emissions. Moreover, Scanfil promotes recycling and waste reduction while ensuring employees are trained and guided in responsible environmental management. This proactive approach underscores the Group's dedication to sustainable practices and reducing its environmental footprint.
Supplier Code of Conduct	<p>The pollution aspect of Scanfil's Supplier Code of Conduct focuses on environmental responsibility and the commitment to reducing environmental impacts associated with business operations. Suppliers are expected to use resources responsibly and minimize any environmental burden through effective operational practices. Key components include:</p> <ul style="list-style-type: none"> • Pollution prevention and resource reduction: Scanfil's Supplier Code of Conduct encourages suppliers to engage in practices that reduce environmental impacts, promoting developments that minimize social and environmental effects. • Waste management: Emissions and all types of waste should be minimized or eliminated at the source. Suppliers are encouraged to implement pollution control measures and adjust their production and maintenance processes to achieve these goals. • Hazardous substances: According to Scanfil's Supplier Code of Conduct, suppliers must identify and manage hazardous materials, such as chemicals and waste, to ensure safe handling, storage, and disposal. • Energy consumption and greenhouse gas emissions: According to Scanfil's Supplier Code of Conduct, suppliers shall track and document energy use and greenhouse gas emissions. Suppliers should seek cost-effective ways to enhance energy efficiency and reduce emissions. • Transparency in environmental practices: According to Scanfil's Supplier Code of Conduct, suppliers are obligated to disclose information regarding their environmental practices and performance in line with applicable regulations and industry standards. <p>Through these guidelines, Scanfil aims to foster sustainable practices among its suppliers, contributing to a more environmentally friendly supply chain.</p>	<p>The "Pollution prevention and resource reduction" section of Scanfil's Supplier Code of Conduct emphasizes the importance of responsible resource management and environmental stewardship among suppliers. This includes a commitment to minimizing environmental burdens linked to business activities through conscientious operational practices. Suppliers are expected to adopt measures that reduce or eliminate emissions and waste at their source, employing pollution control equipment and modifying production processes to achieve these goals.</p> <p>Furthermore, the section outlines the necessity for identifying, labeling, and managing hazardous substances to ensure safe handling, storage, use, recycling, and disposal. Suppliers are also encouraged to track and document energy consumption and greenhouse gas emissions, with a focus on finding cost-effective ways to enhance energy efficiency and decrease overall emissions. Transparency is key, and suppliers must disclose their environmental practices and performance in accordance with the applicable regulations and industry standards, ensuring accountability and fostering continuous improvement in environmental performance.</p>

Category	Amount (ton)
Total amount of substances of very high concern that are generated or used during production or that are procured by main hazard classes of substances of concern	0
Total amount of substances of very high concern that leave facilities as emissions, as products, or as part of products or services by main hazard classes of substances of concern	0.60
Amount of substances of very high concern that leave facilities as emissions by main hazard classes of substances of concern	0
Amount of substances of very high concern that leave facilities as products by main hazard classes of substances of concern	0
Amount of substances of very high concern that leave facilities as part of products by main hazard classes of substances of concern	0.60
Amount of substances of very high concern that leave facilities as services by main hazard classes of substances of concern	0

2.4 Resource use and the circular economy

■ 2.4.1 Policies related to resource use and the circular economy

Scanfil's Environmental Policy and global Code of Conduct state that the Group shall continuously work to prevent environmental impacts, reduce emissions of greenhouse gases, and strive for fossil-free energy consumption as well as reduce air and water pollution and consumption of natural resources.

Scanfil uses global natural resources economically and efficiently by streamlining manufacturing processes. The Group strives for improvement when recycling industrial waste and tries to reuse packaging materials and minimize waste. In Scanfil's organization, the Director Global Sustainability is considered accountable for the policy.

The environmental policy ISO 14001 certification is mandatory for all factories globally and monitored by a global function. Factories need to carry out independent and high-quality internal audits.

Scanfil's Supplier Code of Conduct states that suppliers must comply with all the applicable laws and regulations. Resources must be used responsibly and carefully. Work must be carried out to reduce possible environmental impacts in connection with business activities and operational practices must reflect this.

Development that reduces the environmental and social effects of operations must be supported. Emissions and waste of all kinds must be minimized or eliminated at the source or through practices such as the use of pollution control equipment, modification of production, maintenance, and plant processes.

In the table on the next page, Scanfil's Environmental Policy is described in detail. As presented, Scanfil has policies in place that relate to resource use and the circular economy, however, the Environmental Policy needs a closer alignment with both of these. Scanfil will decide when this will be carried out in 2025.

■ 2.4.2 Actions and resources related to resource use and the circular economy

Scanfil has not yet determined a comprehensive strategy to implement a circular business model across the company. However, Scanfil recognizes the potential of a circular economy to improve its footprint on people, the planet, and prosperity.

Scanfil has little opportunity to influence the design and intended use of the products that are manufactured. The use of sold goods and end-of-life treatment is outside the company's scope. Therefore, the focus is on purchased goods and materials, efficient use of resources as well as reducing waste and increasing recycling.

Scanfil is not a large consumer of water but believes that taking responsibility for its water consumption is important. Water is not considered material in the DMA, but by recognizing the impact of Scanfil's water consumption and taking proactive measures, the company can move toward a more sustainable future where water resources are managed responsibly for the benefit of all.

Scanfil will refine the appropriate data over time and start in 2025 to establish an overarching strategy and measurable, time-oriented key actions to establish a circular business model for the entire company.

■ 2.4.3 Targets related to resource use and the circular economy

Scanfil tracks the effectiveness of its policies and actions concerning resource use and the circular economy via the global monitoring function and internal audits, see 2.4.1 Policies related to resource use and the circular economy.

Scanfil sources most of the purchased goods and services in the form of materials and components that are used in the manufacturing of customer-designed products and sub-assemblies. These include system integration, printed circuit board assembly (PCBA), and box builds. The company's production is based on customer specifications, but customers also request Scanfil to align with their set sustainability goals, particularly regarding transparency in lifecycle emissions and carbon reduction targets.

Scanfil has also committed to voluntary targets for energy and water consumption, as well as waste generation, see Performance measurement in 2.4.3. During 2025, Scanfil will decide on when to evolve its current targets to align better with tracking the effectiveness of policies and actions through targets. The targets will be reformulated and made measurable, timebound and outcome-oriented with a set baseline year to make sure that they relate more specifically to the identified impacts of resource use and the circular economy and fulfill the disclosure requirements.

Sustainability governance and policies

Environmental responsibility is embedded in Scanfil's operational strategy. The Group focuses on:

- Efficient use of resources.
- Circular economy promotion.
- Control and reduction of energy and water consumption.
- Waste management and recycling.
- Minimization of carbon footprint across the value chain.
- Scanfil has voluntarily set a clear target to reduce its energy and water consumption as well as waste generation. These targets align with broader sustainability and circular economy goals.

Primary emissions sources in value chain

Scanfil's environmental efforts center on addressing both upstream and its own operation emissions:

- Upstream emissions: Linked to the sourcing of raw materials and components.
- Own operations: Linked to the manufacturing of customer-specified products.

Performance measurement

Scanfil voluntarily measures its environmental performance with the following metrics:

- 3% annual reduction in energy and water consumption, normalized by added value.
- 3% annual reduction in waste generation, normalized by added value.

These performance indicators enable Scanfil to track its progress in resource efficiency and waste management, directly reflecting its environmental commitment to circular economy by reducing the company's negative impact related to resource depletion and climate change.

Policy	Description of policy	Scope of policy
Environmental Policy	<p>The part of Scanfil's Environmental Policy relating to resource use and the circular economy emphasizes a commitment to sustainability in its operations. It highlights Scanfil's intent to incorporate environmental considerations into all business strategies and initiatives. This includes:</p> <ul style="list-style-type: none"> • Compliance and responsibility: Scanfil pledges to adhere to relevant laws, regulations, and other requirements concerning environmental aspects, ensuring responsible resource use. • Impact prevention: Scanfil actively seeks to prevent environmental impact through continuous improvement, which suggests a focus on minimizing resource consumption and waste generation. • Emission reduction: There is a clear goal to reduce greenhouse gas emissions, indicating an effort to transition towards more sustainable energy sources and practices. • Resource conservation: The policy mentions a commitment to reducing air and water pollution, as well as minimizing the consumption of natural resources, which aligns with circular economy principles by aiming for more efficient and sustainable resource use. • Stakeholder engagement: By meeting stakeholder requirements and continuously improving operations, Scanfil aims to enhance its resource management practices and contribute to a circular economy where resources are reused, recycled, and maintained within the production cycle. 	<p>The scope of Scanfil's Environmental Policy regarding resource use and the circular economy emphasizes a commitment to sustainable practices that minimizes environmental impacts while optimizing resource efficiency. Key elements include:</p> <ul style="list-style-type: none"> • Integration of environmental considerations: Scanfil incorporates environmental issues into all business strategies and initiatives. This holistic approach ensures that resource use is aligned with sustainability goals and contributes to a circular economy. • Compliance and commitment: Scanfil adheres to laws, regulations, and other environmental requirements, which guides its practices in resource management and waste reduction. This compliance underscores their dedication to responsible resource use. • Impact prevention and reduction: Scanfil is committed to continuously working on preventing negative environmental impacts, specifically aiming to reduce greenhouse gas emissions and transitioning towards fossil-free energy consumption. This commitment contributes to a reduction in resource depletion and aligns with circular economy principles. • Pollution reduction: The policy highlights efforts to minimize air and water pollution, which indirectly supports more efficient resource use by promoting cleaner production processes and reducing waste. • Natural resource conservation: By striving to reduce the consumption of natural resources, Scanfil actively participates in circular economy principles, focusing on reusing and recycling materials to extend their lifecycle. • Stakeholder engagement: The policy emphasizes meeting stakeholder requirements through continuous improvement in working practices, fostering collaboration that supports sustainable resource use and circular economy initiatives.

Stakeholder engagement

Scanfil's customers play a crucial role in shaping its sustainability agenda.

Customers often require full transparency into the lifecycle emissions of Scanfil's products and services and expect support in achieving their own carbon reduction goals. This collaboration drives Scanfil to improve both upstream and downstream emissions, benefiting both parties in the effort to meet shared sustainability objectives.

Scanfil's supply chain sustainability efforts drive environmental, social, and ethical performance. Purchased products and components account for the absolute largest part of Scanfil's total climate impact. Therefore, Scanfil requests its suppliers to participate in EcoVadis's program Sustainable Procurement and this program covers supplier participation with almost 45% of Scanfil's total purchase spend.

Principal adverse impacts and mitigation

The key adverse environmental impacts that Scanfil faces are tied to the emissions and resource use within its operations and supply chain.

Forward-looking information

Scanfil is committed to continually improving its environmental performance by further reducing resource consumption and emissions across its value chain. Future strategies include maintaining and potentially expanding its voluntary targets and deepening collaboration with customers to align our shared sustainability goals.

2.4.4 Resource inflows

Scanfil has a global category sourcing organization to develop and maintain an optimally global and regional supply base to ensure long-term competitiveness throughout the whole product life cycle. All purchases are recorded in Scanfil's Enterprise Resource Planning system (ERP).

Currently, an ongoing project aims to integrate data on weight, constituent materials, and CO2 emissions per component. This initiative will enable

detailed calculations of Scanfil's inflows and outflows at both the component and delivered product levels. The system is expected to be ready for CO2 calculations by 2025, with comprehensive material declarations as the subsequent step.

Purchased goods

As Scanfil is a manufacturing service provider, the resource inflow includes a variety of purchased goods and materials used in its core manufacturing process. Due to this, the resource inflows cannot be specified in detail as they are outside of Scanfil's own operations, except for water consumption presented below.

The data for resource inflows of purchased materials and products was obtained from Scanfil's purchasing system and included all article purchases during the reporting period. The articles were categorized into purchasing categories, and the number of articles was summed up. For each purchasing category, a weight was estimated. The purchasing categories were then sorted into material and product categories according to suggestions from Exiobase: aluminum, basic iron, steel, ferro-alloys, chemicals, electrical machinery, apparatus, glass, paper, and plastics. Subsequently, the total weight for each material and product group was calculated, representing Scanfil's resource inflow. Aluminum, basic iron, steel, ferro-alloys, glass, and plastics are exceptions to this method and are based on the expert judgment of Scanfil, including assumptions about commodity price, and proportions between raw material and value-adding activities.

For resource inflows of capital goods, the data was obtained through Scanfil's purchase system and compiled for capital goods relating to machinery and equipment, computer and related services, construction work, and motor vehicles that have been purchased during the reporting period. The data presented is based on direct measurement items.

The perception is that the methodology for determining the resource inflows does not result in any significant double counting as the data was obtained from Scanfil's purchasing system.

The table below presents resource inflows of products and materials including packaging materials (paper and plastics).

Purchased materials and products	Weight [ton]
Aluminum	2,533
Basic iron, steel, and ferro-alloys	16,326
Chemicals	3,313
Electrical machinery and apparatus	16,189
Glass	1,621
Other	757
Paper	6,594
Plastics	2,659
Total [ton]	49,993

The table below presents resource inflows of capital goods.

Capital goods	Spend	Unit
Computer and related services	2.97	MEUR
Construction work	5.64	MEUR
Other manufactured goods	1.97	MEUR
Machinery and equipment	27.9	MEUR
Motor vehicles, trailers and semi-trailers	0.15	MEUR
Total	38.6	MEUR

No certification scheme exists for paper and plastics. Therefore, the weight percentage of biological material is disclosed as zero.

The total weight and percentage of secondary reused or recycled components, secondary intermediary products, and secondary materials used to manufacture Scanfil's products correspond to an absolute of 7,622 tons and 15%, respectively.

The proportion of recycled material has been assumed as 0% for aluminum, 18% for basic iron, steel and ferro-alloys and 70% for paper based on certification letters and supplier-specific data. All other materials and products, have been assumed to not contain any recycled material. Note that the aluminum has been assumed to not contain any secondary material. It is reasonable to assume that the purchased aluminum contains some secondary material, but Scanfil cannot verify this via certificates at present.

The table below presents the total water consumption in core manufacturing processes.

Water consumption in core manufacturing processes - M³

2024	2023	2022	2021
68,382	66,985	55,065	46,227

2.4.5 Resource outflows

The products Scanfil manufactures are developed and released to the market by Scanfil's customers. Scanfil has little opportunity to influence the specification and focuses on sustainable material supply, efficient production processes, efficient equipment, and sustainable utilization of resources.

Scanfil utilizes all purchased materials in its manufacturing processes. Any leftover materials are returned, and scrapped materials are reported as "Total waste generated in the company's own operations".

Products and materials

Scanfil is a manufacturing service provider for industrial and B2B. The products and materials that come out of Scanfil's core manufacturing processes are:

- Electronics: Printed circuit boards (PCBs), electronic assemblies, integrated electronic systems
- Mechanical assemblies: Sheet metal fabrication
- System integration: System and module assembly
- Medtech & Life Science: Technical medical equipment
- Energy & Cleantech Solutions: Energy saving, electrification, renewable energy products and circular economy products
- Packaging materials: Carton and ESD bags

As a result of Scanfil's business model, the ownership of the design and the products belongs to the customer. Therefore, Scanfil is not able to disclose the expected durability and reparability of the products in addition to the rates of recyclable content in the products and their packaging. Scanfil guarantees to its customers that the company has delivered according to their specifications, however, this does not necessarily guarantee that the product will function as intended.

Waste

The table on the right discloses waste management and disposal based on data from Scanfil's environmental reporting system in Position Green.

Waste generated in Scanfil Group's own operations and sent to recovery [tons]	2024
Non-hazardous waste sent to reuse	386
Non-hazardous waste sent to recycling	4,196
Non-hazardous waste sent to other recovery operations	389
Total non-hazardous waste sent to recovery	4,971
Hazardous waste sent to reuse	3.53
Hazardous waste sent to recycling	27.3
Hazardous waste sent to other recovery operations	35.6
Total hazardous waste sent to recovery	66.3

Waste generated in Scanfil Group's own operations and sent to disposal [tons]	
Non-hazardous waste sent to incineration	162
Non-hazardous waste sent to landfill	370
Non-hazardous waste sent to other disposal operations	1.0
Total non-hazardous waste sent to disposal	533
Hazardous waste sent to incineration	40.2
Hazardous waste sent to landfill	8.35
Hazardous waste sent to other disposal operations	0.27
Total hazardous waste sent to disposal	48.8

Total waste generated in Scanfil Group's own operations	
Total amount of radioactive waste	37.0
Total amount of waste generated	5,619
Total amount of hazardous waste	115
Total amount of non-hazardous waste	5,504
Total amount of non-recycled waste	581
Total amount of recycled waste	5,037
Percentage of non-recycled waste (%)	10%
Percentage of recycled waste (%)	90%

The data captures the total volume of waste generated by Scanfil's operations during the reporting period and highlights its efforts to reduce waste, promote recycling, and minimize environmental impacts.

The data is specific and provided by the factories' contracted waste collectors and directly reported into Position Green.

The waste data is presented in categories based on origin, composition, and waste management methods. This includes both hazardous and non-hazardous waste as well as the proportion of waste directed to recovery, recycling, or landfill.

The table also allows for future year-on-year comparisons to show progress and areas that require further improvement in Scanfil's waste reduction initiatives.

The table on the right presents the outgoing waste composition and material from Scanfil's core manufacturing processes.

Waste composition and waste material are the same for certain flows due to uncertainties in the data aggregation. The relevance to the sector or activities is assessed based on the European Waste Catalogue 2000/532/EC.

Waste composition	Waste material	RELEVANT TO SECTOR OR ACTIVITIES
Batteries	Batteries	x
Commerical and industrial waste	Commercial and industrial waste	x
Electrical items	Fridges and freezers	-
Glass	Glass	-
Household residual waste	Household residual waste	-
Metal	Cans, foils, scrap metal	x
Organic waste	Food and drink waste	-
Paper and cardboard	Paper and cardboard	-
Plasterboard	Plasterboard	-

3. Social information

3.1 Own workforce

■ 3.1.1 Policies related to own workforce

Scanfil's collaboration principles with the workforce are guided by the applicable legislation, as well as policies, such as the Code of Conduct, Incidents and Accidents guideline, and the Work Environmental Policy. Additionally, the workforce is impacted by some of the processes described in Scanfil's Management System, such as the competence development process, one-to-one (annual appraisal) process, succession planning process, talent development process, employee engagement monitoring, and others.

Scanfil works to enhance its policies to more widely describe the way in which it manages material risks and opportunities.

Scanfil's Code of Conduct defines the ethical standards and the Group's commitments within its business principles such as compliance with law and culture; and the ways it keeps fairness in all business relations, including elaboration on anti-corruption and anti-competitive practices, handling of confidential information together with external communications rules. It widely addresses the treatment of people and the Respect of human rights. It includes the commitments to the environment and the health and safety of its employees and visitors. The final section guides on reporting channels and remedies for any potential violations. This policy emphasizes Scanfil's commitment to support and respect the United Nations Global Compact principles as well as the International Labour Organization (ILO) core standards: Freedom of associations and the right to collective bargaining, the elimination of forced labor, the effective abolition of child labor and the elimination of discrimination in respect of employment and occupation.

The Code of Conduct policy is mandatory to follow for the whole Scanfil workforce, both for own employees and well as non-employees, in all geographical locations (with the 2024 exception of SRX locations to which the Code of Conduct is planned to be implemented in the first half of 2025). For upstream stakeholders, Scanfil applies the Supplier Code of Conduct. The Code of Conduct demonstrates how Scanfil takes care of the downstream stakeholders, especially in the aspect of the quality of services performed by Scanfil's workforce for the customers as well as the confidentiality of the information related to their business and products. This policy positively impacts also shareholders as well as the workforce, their families and local society. The Code of Conduct is available to the workforce through the company's policy library (Scanfil Management System) and to the external network through Scanfil's webpages. The policy is monitored in the Scanfil Management System and the Global Sustainability and Global HR Directors are responsible for the updates and distribution to Scanfil units as well as external and internal communication channels (webpage and intranet). Any updates to the policy are consulted internally with factories representatives prior to approval by the Group Management Team and implemented through e-learning and training. The CEO is accountable for the Code of Conduct while the implementation and execution of it is the responsibility of Global Sustainability and Global HR functions.

The Work Environmental Policy defines the company's vision and mission as well as the Core Values which shall drive employee behavior. These are widely communicated through internal and external campaigns, both in social media as well as on Scanfil's webpages and at investor events, e.g., the core values that were updated in 2024 were communicated in the Capital Market Day event. The CEO is the accountable for the

content of this policy. The policy is monitored in the Scanfil Management System and the Global HR Director is responsible for the updates and distribution to all Scanfil units.

The Accidents and Incidents Handling Policy, defines the approach for the classification of injuries, near misses and recordable accidents with its reporting channels. It also specifies the serious accident characteristics and reporting rules. There are also guidelines for informing on fatalities. The health and safety country specific rules may differ and thus are stated there as prevailing Scanfil's internal rules. This policy covers both Scanfil's own workforce and any visitors who might be impacted while staying on Scanfil's premises. In each of the factories, the local Managing Director is responsible for safety measures and globally, the accountability belongs to the CEO. The policy is monitored in the Scanfil Management System and the Global HR Director is responsible for the updates and distribution to Scanfil all units.

Working conditions

Scanfil ensures proper working conditions in all its units. The aspects regulated by law in operating countries are followed and monitored well by the local factory management and external audits. To make sure that the working conditions meet employee expectations, Scanfil also includes this area in the annual Employee Engagement Survey. Whenever low scores are observed, the responsible unit is obligated to take improvement actions. The result for working conditions in 2024 was in the green-zone level (75 out of 100 points).

Scanfil has defined particular policies and standards referring to the number of aspects that impact its workforce.

Secure employment

Scanfil ensures stable and legally proven employment conditions. Any flexibility required by the business periodical fluctuations is addressed with third party agency workers. Scanfil takes good care of the high quality of the lease labor partners to ensure fair and secure employment conditions for the whole workforce performing jobs for Scanfil.

Scanfil sites also follow country regulations, ensuring the well-performing third party employees are getting contracted by Scanfil directly (which is seen as a benefit of higher employment security) after a given period of continuous work, for example, 18 or 24 months.

Employees are covered with the social protection measures to which they are entitled by the local country laws in Scanfil's operating countries, including sick leave, absence resulting from work-related injury, parental leave, and others.

The largest differences vs. European standards are observed in the USA. One example is that coverage for disability resulting from a work-related accident is an option that an employee can decide to purchase additionally. This gives coverage for disability insurance for personal illnesses that may make employees unable to work and result in them being unpaid. Parental leave is possible for up to 12 weeks, but this is unpaid for the employee. Scanfil follows the majority of employers in the USA in this respect. Retirement is offered based on the scheme that an employee can choose to contribute to their retirement and then Scanfil contributes a percentage of what the employee has contributed.

Working time and work-life balance

Scanfil offers its workforce flexible work hours whenever possible based on the nature of the work and monitors overtime hours closely to make sure it follows the labor law regulations and ensures employee well-being. Hybrid or remote work is offered where required and possible.

Employees at Scanfil can freely use all kinds of leaves ensured by local country legislations, both the ones related to their own personal rest, such

as annual leaves as well as family-related leaves, e.g., parental leaves, sick-child-care leaves, and others. Using vacation days is monitored by the local HR team, which supports direct managers in the effective planning of their workforce absences. Scanfil promotes activities that support well-being of employees through internal campaigns. These focus on healthy habits related to effective rest, sleep, physical activities, and eating habits.

Adequate wages

All Scanfil employees are paid living wages. No salaries are lower than the minimum wage mandated in the country in question which at Scanfil is perceived as an adequate wage. Furthermore, in most of the locations, Scanfil offers performance-driven incentives. Most of them are defined locally by the Factory Management Team to respond to local standards. The ones defined on the Group level refer to global employees and Factory Management Teams. Scanfil practices annual salary reviews to ensure appropriate and competitive wages for its workforce.

Social dialog

Scanfil employees have the freedom to join any unions or works council-represented community. The regular dialog between Scanfil Factory Management and worker representatives (unions, workers councils, or representative committees) is part of Scanfil's open communication culture.

To enhance the open dialog with its workforce, Scanfil conducts an annual Employee Engagement Survey (EES) which is one of the key tools for gathering employees' feedback. The survey covers several areas that are recognized as crucial for employee satisfaction and loyalty as well as business continuation. These are:

- Satisfaction & motivation
- Loyalty
- Reputation
- Group Management Team
- Immediate Manager

- Cooperation
- Working conditions
- Job content
- Learning and development
- Factory Management Team
- One-to-one dialog
- Our core values
- My employment at Scanfil
- Equality & inclusion

The EES is driven by the HR function that supports managers in reviewing the results and analyzing the development needs. All managers are trained in the process, methods of interpreting the survey results, and the toolbox for working with the results. Managers meet with their teams or representatives to review their unit's report and to define the needed improvements. Based on the discussions, development actions are registered in the EES digital tool. The Group Management Team can monitor the progress of the defined improvements implementation with the digital tool.

Scanfil's Code of Conduct expresses a clear commitment to acting in accordance with the United Nations Global Compact principles. Scanfil respects ILO (International Labour Organization) core standards. Human rights and the fundamental rule for all company specific policies. Respect for the individual is incorporated not only in the Code of Conduct but also expressed in the definitions of our company's core values and, last but not least, monitored in the annual Employee Engagement Survey. All new Scanfil employees are trained in the Code of Conduct during their onboarding and Code of Conduct updates are communicated through e-learning to white collar and blue collar workers depending on local factory practices, e.g., as part of periodical department meetings or via internal communication channels.

Scanfil involves its employees to co-define and co-decide in a number of ways. As expressed in one of Scanfil's core values, the company promotes among others, an achieving together attitude. This is reflected in the

open communication and engagement of the workforce. Employees are involved in the company's Code of Conduct by performing non-managerial consultations before publishing an update. Employees were invited to vote on updated core values visuals and promotional materials. Employee engagement is also monitored in an annual survey. Factories have a routine of regular (monthly and quarterly) meetings between all of the personnel and local management. The Group Management Team is in frequent contact with the workforce through the quarterly virtual town hall meetings where employees can ask questions to be answered by the Group Management Team. A common practice is also holding regular dialog between Scanfil's Factory Management Teams and worker representatives (unions, workers' councils, or representative committees).

The Scanfil workforce as well as any external stakeholders can report any ethical concerns or violations of the Code of Conduct, including any aspect of human rights or applicable legislation.

Scanfil commits to the following in its Code of Conduct:

- Taking all the needed actions to help impacted individuals and remove circumstances in which similar cases could happen in the future,
- no retaliation against any employee making a report in good faith,
- neither tolerate nor contribute to any threats, intimidation, or attacks against human rights defenders in relation to company operations,
- any of the grievance activities, including state-based grievance mechanisms, are not impeded by the company.

Scanfil has enhanced its whistleblowing channel with a digital tool that ensures the anonymity of the reporter. Employees may also report violations by sending emails or placing official claim letters to local or global HR. The number of reported cases is subject to a monthly report to the Group Management Team. The Code of Conduct Forum also gathers quarterly to discuss the cases and lessons learned. The Forum consists of factory's HR Managers, the Global HR Director, and the Global Sustainability Director. All cases are thoroughly investigated, ensuring the anonymity of the reporters, and ensuring the protection of whistleblowers.

Scanfil's Code of Conduct expresses a clear commitment to acting in accordance with the United Nations Global Compact principles. Scanfil respects ILO core standards: Freedom of associations and right to collective bargaining, elimination of forced labor, effective abolition of child labor, and Elimination of discrimination in respect of employment and occupation.

As part of the alignment with ILO, Scanfil is committed to ensuring that no child or forced labor, human trafficking, or other forms of modern slavery occur in its business operations and supply chain.

Scanfil occupational safety is guided by its Safety Management System, and the Incidents and Accidents handling is described in the same called guideline in the Scanfil Management System (SMS). The safety practices adopted locally firstly follow each country's and, secondly, the standards established at Scanfil. In addition to guiding occupational safety, the ISO 45001 standard calls for a Safety Management System. The Scanfil CEO is responsible for the implementation of safety policies in accordance with the requirements.

Occupational safety commitments are defined in the Work Environmental Policy, the Code of Conduct, and the responsibilities stated in the position descriptions for managers.

All employees are entitled to social protection in case of work-related injuries.

Scanfil has created a community consisting of Health and Safety Officers and HR Managers to support the continuous development of safety practices. It is called the Safety Council, and it meets quarterly to review the accidents happening in the recent quarter, together with the corrective and preventive actions resulting from these. The best practice sharing comes from the forum insights and is subject to annual review.

To enhance safety awareness, Scanfil implemented the Safe Scanfil campaign in 2024. The topics tackled are expected to drive reflection

on safety and own accountability for the actions taken by each individual.

Scanfil is committed to enhancing diversity, equity, and inclusion (DEI) within its own workforce. Scanfil's Code of Conduct strongly prohibits discrimination against any person in an employment-based relationship based on the person's ethnic origin, color, age, religion, creed, gender, marital status, family status, sexual orientation, disability, or any other prohibited ground of discrimination protected by applicable law.

Moreover, in Scanfil's core values, the benefit of diversity and the importance of respect for individual is emphasized and reinforced.

Awareness of diversity, equity, inclusion, and non-discrimination is promoted through the Code of Conduct courses. These are mandatory for all new employees, including interns and third party workers. To promote the value of these desired behaviors, Scanfil performs internal and external campaigns.

Scanfil's contracted workforce is well differentiated regarding the perspective of age. The majority, 58% (end of 2024) of the workforce, is between 30 and 50 years old. However, there is also a significant number of employees over 50 years old, 25%, and a healthy portion of the youngest less than 30 years old, 17%. This balance enables good knowledge sharing and ensures business continuity.

When joining the UN Global Compact in 2021, Scanfil chose the empowerment of women as the key aspect to be supported which was confirmed in the Letter of Commitment to WEP (Women Empowerment Principles) signed by the CEO of Scanfil. As a result of this, in 2022, Scanfil initiated the SWAT Community.

Scanfil Women Appreciation Team (SWAT), initiated after Scanfil became a WEP Signatory, meets monthly to discuss ideas and define actions that support women's growth in the company's expert and managerial positions. As a next step, in 2023, the DEI Forum was established as a quarterly practice where both women and men join to share solutions

applied in different locations for improved diversity in their workforce. In 2024, Scanfil decided to take the next step and start analyses of the gender pay gap. The company's goal is to eliminate it if it is found.

Scanfil has a strong commitment to equal opportunities for all its employees.

One of the strategic targets became the percentage of women in Senior Management, which is monitored monthly. The analyzed group of managers includes the Group Management Team, Global Functions Heads, and Factory Management Teams. Scanfil's target was set in 2023 to reach 35% of women representation in Senior Management by 2026. However, Scanfil is on a journey to reach 50% with continuous improvement year on year.

DEI is promoted via campaigns done through the local intranet as well as via external channels. The benefits of diversity are emphasized at all stages of employee engagement with Scanfil. It is kept in focus during the recruitment process and in training and development activities. Hiring, promotions, and the voluntary turnover of employees of different genders are monitored quarterly. Diversity is an important aspect of the succession planning process. Scanfil takes all the measures and communicates openly the willingness to see diverse talents accessing the successors' pool.

Equity perception among employees is also measured in the annual Employee Engagement Survey. Whenever gaps are observed there, the affected units are obligated to plan activities to ensure improvement. Among others, these could be DEI awareness trainings, individual development activities with the manager of the affected team, and HR-driven mediation and workshops.

The policy is implemented through the Code of Conduct, which is mandatory to get trained for new employees and non-employees in the company's workforce. All parties involved, both internal and external, can report any violation of the Code of Conduct both locally and globally.

The processing of the cases is reported to Group Management Team and monitored closely.

■ 3.1.2 Processes for engaging with own workforce and workers' representatives about impacts

Scanfil involves its own employees in co-definition and co-determination in a number of ways, both globally and locally. As expressed in one of Scanfil's core values, the company promotes the Achieving together attitude. This is reflected in the open communication to the employees, with their groups and formal representation bodies as well as in department and individual level.

Employees are invited to share their opinions, requests, or concerns towards the decisions aimed for or taken by the Factory Management Teams.

There are both globally and locally applied practices that involve employees in decisions referring to Scanfil's impact on its workforce.

On the global level, employees are involved in Scanfil's Code of Conduct creation by performing consultations with non-managerial representatives of employees in their units. The comments and suggestions are reported to the global Code of Conduct owners, reviewed, and considered for their global applicability and if accepted, they become subject to the Group Management Team approval process.

On an annual basis, the whole workforce, including both Scanfil's own employees and non-employees, are invited to the Employee Engagement Survey. There, participants give scores on the multiple areas that impact them and express in anonymous open comments their expectations, opinions, concerns or ideas for improvements. Each department with a minimum of four survey participants receives the result report and its leader is obligated to perform a review meeting with the team in order to

define development actions in the areas where the lowest satisfaction ratings were achieved. The highest level responsible for the factory results and improvements development process is the Managing Director. On the Group level, it is the CEO.

The Group Management Team is in frequent contact with the workforce through the quarterly Townhall meetings where employees can place questions, which the Group Management Team will answer.

A common practice at Scanfil is also a regular dialog between Scanfil Factory Management Teams and workers' representatives (unions, workers' councils, or representatives' committees). In the meetings which happen on a monthly basis, the employees can rise their requests or suggestions for changes in the aspects which impact them as the workforce. At the same time, in most of the operating countries, the Factory Management Team is obligated to present to these representation bodies any suggestion for changes in the company Handbooks or Regulations that may impact the workforce.

Scanfil's Code of Conduct expresses a clear commitment to acting in accordance with the United Nations Global Compact principles. Scanfil respects ILO core standards: Freedom of Associations and Right to Collective Bargaining; Elimination of Forced Labor; Effective Abolition of Child Labor; Elimination of discrimination in respect of employment and occupation.

When joining the UN Global Compact in 2021, Scanfil chose the empowerment of women as the key aspect to be supported which was confirmed in the Letter of Commitment to WEP (Women Empowerment Principles) signed by the CEO of Scanfil. As a result of this, in 2022 Scanfil initiated the SWAT Community.

The working method with Employee Engagement Survey inputs has proven to be very effective. It is observed that the units that report a high level of follow-up activities as well as define the actions addressing the lowest scored areas, observe improving results in the following year.

Also, regular meetings with workers' representative bodies result in enhanced trust and higher engagement in the co-determined changes.

In order to enhance gathering insight into the perspectives of all people in own workforce, including those who may be particularly vulnerable, Scanfil has in 2024 upgraded its whistleblowing channel. The digital tool that is accessible through both external company webpage as well as internal intranet interface, ensures complete anonymity, which encourages all groups of employees to share their inputs.

■ 3.1.3 Processes to remediate negative impacts and channels for own workforce to raise concerns

Scanfil workforce as well as any external stakeholders can report any ethical concerns or violations of the Code of Conduct or applicable legislation. Scanfil has enhanced its whistleblowing channel to a digital tool that ensures the anonymity of the reporter. Employees may also report violations by sending emails or placing official claim letters to local or global HR. The number of reported cases is subject to a monthly report to the Group Management Team. In addition, the Code of Conduct Forum gathers quarterly to discuss the cases and lessons learned. The Forum consists of factories' HR Managers, the Global HR Director, and the Global Sustainability Director. All the cases are thoroughly investigated, ensuring the anonymity of the reporters, and ensuring protection of whistleblowers.

The newly upgraded digital whistleblowing channel, used for anonymous reporting of violations, enables the company to leave feedback and comments on the actions taken internally to address the reported misconduct and prevent it from happening in the future. The remedy should also be described in the Code of Conduct Violations Register which is subject to a monthly review. The effectiveness assessment of the remedy is, in case of anonymously reported cases, evaluated by the Global HR Director together with the Global Sustainability Director, and

in case of non-anonymous cases would also be discussed and reviewed with the impacted victim.

The whistleblowing channel is available both through the external interface, being the company's webpage, which is easily accessible for all stakeholders as well as through the intranet interface accessible for company's employees. The company has trained the personnel authorized to process the reported allegations. Scanfil has also performed a wide communication campaign for the whole workforce on the channel's availability and safety. It is also part of the Code of Conduct training.

Scanfil commits in its Code of Conduct to taking all the needed actions to help impacted individuals and remove circumstances in which similar cases could happen in the future. Scanfil emphasizes that any of the grievance activities, including state-based grievance mechanisms, are not impeded by the company. All participations in human rights grievance or mediation processes are protected and will not be subject to any negative after-effects, and neither will they be requested to waive their legal rights as a condition of participation in the grievance/mediation process.

In 2024, Scanfil registered one harassment case, and 29 cases perceived as misconduct against the company's Code of Conduct or core values. All these cases were reported either through the anonymous whistleblowing channel, or delivered in direct communication to different levels of management or HR professionals. All these are treated as official reporting channels at Scanfil.

Furthermore, Scanfil monitors the number of cases indicated as perceived misbehaviors in the annual Employee Engagement Survey, in the section called Equality. The results of the survey are monitored closely by the Group and Factory Management Teams. In the units where the misbehaviors are reported, they are obligated to take strong immediate actions. The progress of those is monitored closely by the Group Management Team based on the HR monthly report.

■ 3.1.4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

All of the material impacts, risks, and opportunities are addressed with the appropriate actions as listed below. The effectiveness of these is evaluated in a mode consistent with the process cycle, for an example the progress on the ones tackled in the Employee Engagement Survey is verified annually and followed up monthly; the ones referring to Health and safety are monitored in standard mode monthly and in case of serious accident daily; the ones related to equality are incorporated in the standard processes, e.g. recruitment or succession planning with their own frequency.

Scanfil follows all the country specific legal requirements to ensure high-quality working conditions seen as opportunity positively impacting its workforce. Additionally, both the development ideas driven from the Employee Engagement Survey as well as from the Safety Council meetings are shared between factories as best practices to continuously enhance company standards, even exceeding the country regulations.

In all Scanfil operating countries, the requirement for minimum required wages is met. Additionally, Scanfil monitors market remuneration to be able to offer attractive salaries and annually adjusts its own workforce's wages.

Scanfil offers flexible or hybrid/remote work schemes for the positions where the nature of the work allows it.

Health and safety aspects are managed in line with the country regulations as well as the manufacturing standards for the used technologies. The Safety Council monitors and enhances the sharing of best practices on preventive measures to enable Scanfil to use the opportunity to offer outstanding safe workplaces.

Competence and skills development are monitored in both the annual appraisal process and monthly skills matrix reviews.

Training is performed both through internal and external trainers. Development opportunities are equally available for all employees, independent of gender.

Diversity in the management is actively searched through both external recruitment and structured succession planning. The DEI Forum meets on a quarterly basis to promote diversity benefits awareness and enable the best practice sharing between Scanfil organizational units.

Scanfil adapts selected workplaces for disabled persons.

Actions to prevent or mitigate negative impacts and to provide remedy for actual impacts

Scanfil offers remote work schemes for positions where the nature of the work allows it, so for white collar workers. In 2024 some units developed solutions, which give even more flexibility than the country regulations, e.g. Poland and Germany, where the home office policies were enhanced. By doing that Scanfil aims to increase the employees satisfaction and motivation, support their personal well-being as well as their possibilities to perform family-related duties. Scanfil also believes that offering this flexibility will positively contribute to reducing health and safety measures, such as work-related accidents or sick leave.

Scanfil set a standard that at least minimal wage (applicable in the country), which is seen as adequate wage, is paid to all employees. In 2024, the same as every year the applicable adjustments of the wages to meet at least the minimal wage. Additionally, many of the higher-paid employees also received salary increases. The levels of the salary regulations are in some countries decided by the collective agreements (Finland, Sweden) and in the other countries, they correspond with the local regional salary inflation trends as well as the factory's budget. Scanfil processes these annual routines in order to ensure adequate living standards of its workforce and thus enhance their satisfaction, motivation and loyalty.

One of the actions taken in 2024 to support continuous development of safe workplace was the annual Health and Safety solutions mapping and the best practice sharing. The Safety Council gathered the inspirations from all sites who then mapped applicability of these to their locations. Local Health and Safety Officers who drive preventive solutions got a solid toolbox to choose from. The goal for this annual practice is to enhance the safety measures and eliminate possibility of accidents and thus limit the negative impact on the workforce. Secondly, the Safety Council initiated the Safe Scanfil 2024 campaign. It consists of periodical inspirational stories shared via company intranet and posters with visualizations of safe solutions which were distributed to factories, and there translated and shared to the workforce. This initiative was driven from the conclusion that number of minor accidents were caused by lack of attention and thus, the mindset and putting safety first is the key to grow health habits in the workplace.

Scanfil's Safety Council will decide at the beginning of the year the topic of the year 2025 campaign.

Scanfil is able to offer a limited number of positions for individuals with disabilities, as the majority of roles require high precision and full mobility. Scanfil has not taken any actions to extend the employment of persons with disabilities in 2024. In order to extend the possibilities for this underrepresented group and to enhance inclusion, Scanfil plans to work on policies related to employment of disabled persons within 2025.

To mitigate the potential negative impact of having a highly homogeneous workplace, which could lead to the isolation of individuals, fostering a lack of understanding and tolerance for alternative views and approaches, Scanfil enhanced practices to promote the diversity and inclusion on all levels of the organization. One of the actions for that during 2024 was quarterly DEI Forum (Diversity Equity Inclusion). It was involving the Group Management Team, Factory Management Teams, Global Functions Heads and all interested in the topic individuals from different parts of the organization. The Forum was an occasion to both share the best practices coming from most diverse units, as well as gather ideas for

practical solutions to be implemented at Scanfil. They were initiated by SWAT (Scanfil Women Appreciation Team) as a next level step towards increasing awareness on the benefits of diversity in the organization. The expected outcome of that is first the mindset change which would open consideration for diverse candidates, e.g. female for the functions or positions dominated by male. Secondly, Scanfil believes that these activities will encourage female professionals to apply for managerial roles and grow in the organization. This would directly contribute to the target for women representation in the Senior Management. Scanfil will continue with both these initiatives in 2025. Scanfil upholds high ethical standards in its employment policies, ensuring that neither child labor nor forced labor is tolerated in any locations around the world. Thus, Scanfil has not taken any specific actions addressing these areas.

Actions to deliver positive impacts

One of the ways how Scanfil positively impacts own workforce is by ensuring secure employment. This is firstly driven by and monitored through holding to the standards of ensuring proper and legally verified work contracts for own employees. Secondly, this is ensured by the collaboration culture and a direct and open communication. It is executed through both need-based meetings as well as through structured processes like Employee Engagement Survey, and regular meetings with unions or Workers' Councils.

In 2024, Scanfil updated its core values and trained the employees on these and their impact on collaboration culture. This initiative covered white collar workers thought the e-learning platform and blue-collar workers through the local communications and training practices. The next action was to implement an advanced anonymous whistleblowing channel which is aimed to ensure a higher safety-standard, while monitoring any misbehaviours or violations. The channel is available since Q2 both through internal and external interfaces to the entire workforce and other stakeholders.

Scanfil observes the opportunity to further improve the own workforce health by supporting employees' mental health. This should decrease

the sickleave rate and increase employee satisfaction and motivation. Thus, during 2024 Scanfil mapped in all its units the benefits offered to the employees. In 2025, Scanfil plans to enhance the mental health support packages, as appropriate.

The actions for addressing the negative impacts are resulting from subject matter experts forums within Scanfil. These are the Safety Council, Global HR Community meetings, Code of Conduct Forum meetings and Management Review meetings. Scanfil plans to enhance the structure for ESG related development meetings within 2025. In these forums, the potential risks and actual incidents are reviewed and preventive and corrective actions for these are discussed. The impacted organizational unit (e.g. particular factory) is accountable for the implementation of the defined actions, however the whole subject-matter forum benefits from practice sharing regular meetings and lessons learned presentations.

Scanfil performs extended risk analyses on regular basis. The conclusions from these are subject of Management Review and sharing to functional process owners both in global and factories' organisations. Owing to that, any changes in the working methods, processes, instructions or guidelines are firstly considered for its potential impacts which enables Scanfil to prevent from that own practices do not contribute to material negative impact.

During 2025 Scanfil is aiming to develop the targets for tracking the effectiveness of its policies and actions.

Sustainability is a crucial focus area in Scanfil's long term business strategy. Thus, the company has allocated key resources to explore and gain knowledge of the most effective management of its material impacts. Those are including, but not limited to the global subject matter experts, e.g. Global Sustainability Director, Global HR Director, Global Investors Relations and Communications Director, Global Supplier Quality Manager. This core team was gaining insights from the resources allocated to this mission in the factories, e.g. Quality Managers, Sustainability Managers,

HR Managers. The Group Management Team involvement was also visible and represented by Chief Financial Officer's, Chief Development Officer's and Chief People Officer's participation. And last, but not least, Scanfil invested in the external consultancy to further develop own practices on addressing its material impacts.

Scanfil is aware of that the transition to greener and climate-neutral operations might require some investments in the production units' infrastructure, changes in the supply chain setup and collaboration practices with remote stakeholders. However, it's of strategic importance to avoid that these changes would negatively impact its own workforce. Thus, Scanfil is continuously enhancing its risk management practices and training the specialists in own workforce on the applicable advanced solutions, e.g. for supply chain optimisation. Additionally, any investment needs driven from the transition are budgeted upfront and well planned, in order to prevent them from negatively impacting operations' profitability. Scanfil aims to contribute to greener operations by the enhancement of travel policy and business meeting guidelines which prioritize virtual collaboration channels. Thus, the employer supports own workforce with advanced virtual communication tools for effective collaboration. Scanfil is supporting managers with coaching and mentoring to help them with the challenges when leading remote teams and having limited possibilities to travel for face-to-face meetings. The actions described in this paragraph refer to Scanfil units excluding new acquired SRX.

■ 3.1.5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Scanfil is closely monitoring the progress of the following three targets that are related to managing its material negative impacts, risks and opportunities whilst aiming to advance potential positive impacts.

Workplace accident rate

Workplace accident rate, calculated as ratio of number of accidents

versus actual worked hours multiplied with 1,000,000 is one of targets Scanfil regularly monitors. The target is related to Scanfil's Code of Conduct and the Accident & Incident Handling Policy, where Scanfil prioritises the health and safety of its employees and other individuals that may be directly affected by its own operational activities. Having 2023 as a base year, the ambition is to lower the accident rate by 10% in 2024. The scope is global and is set to control for any potential risks or hazards that may be involved in the workforce's daily work at all sites. All Scanfil employees are involved in health and safety decisions through consultation and cooperation. The company implements appropriate health and safety procedures and working practices locally at all sites, where local targets also are defined. Scanfil has formed a Safety Council which monitors all work-related safety aspects and defines the measures to reach the global targets related to health and safety based on the trends and input from the local sites. The Safety Council gathers quarterly to review corrective actions and preventive best practices. In 2023, the target of the annual accident rate was measured as the number of accidents per average active headcount. The measurement was changed this year to comply with the CSRD reporting standards and the 2023 baseline was re-calculated accordingly. In 2024, workplace accident rate reached ratio of 4,5 which means an increase compared to 2023 result which was 4,0.

Employee Engagement Survey

The Employee Engagement Survey results are closely linked to the Code of Conduct Policy. Although the target is not explicitly mentioned in the policy at the moment, the policy is a reason for setting targets and monitoring collaboration, respect, work engagement and safe working conditions. The global target level to be achieved is to reach 75 points in the main Satisfaction and motivation score by 2030 with 2023 being the baseline year. The level of 75 points is considered a "high level" according to the methodology used by the chosen survey developer. The target is following an increasing trend. On a local level, each factory can set their own targets in line with the global targets, The own workforce at the factories is involved in the results review process, together with setting targets for following year and defining

the actions which will contribute to reaching the targets. The targets or corresponding metrics or methodology have not been changed since 2023. Furthermore, the target does not involve any environmental matters based on conclusive scientific evidence. The result for Employee Engagement Survey, measured as Satisfaction and Motivation was 70 points in 2024, which showed decrease for the first time for past eight years when results were growing. The decrease compared to 2023 baseline is three points. The biggest impact on the Group level result was driven from significantly decreased scores in Scanfil's biggest factory in Poland which owing to the highest number of employees contributed strongly to the aggregated result. The main reasons for the result drop in that unit was workforce reductions and postponed salary increases which were driven from challenging demand situation. Directly after the results were presented to the Factory Management Teams, all sub-units started their work on developing the improvement plans.

Increase women's representation in the Senior Management

Scanfil emphasizes its commitment to advancing equality between women and men. This is expressed in Scanfil's CEO Statement of Support for the Women's Empowerment Principles. Furthermore, the target is related to the Code of Conduct Policy and is a step toward increasing the inclusivity and diversity at Scanfil. The ambition is to reach 35% women in the Senior Management positions globally by the end of 2026. The baseline year for the target was set in 2023, in collaboration with the SWAT (Scanfil Women Appreciation Team) in the own workforce. On a local level, Factory Management Teams set their own targets in line with the overarching goal. The targets or corresponding metrics or methodology have not been changed since 2023. Furthermore, the target does not involve any environmental matters based on conclusive scientific evidence. In the year-end women stood for 27% of senior management which shows an increased ration compared to 2023-end when the result was 20%

Targets are currently being developed for other impacts, risks and opportunities identified as material to Scanfil. For example, Scanfil is currently developing an approach (including targets and policies) for

enhancing worktime flexibility and extending employment of persons with disabilities. To address the material risks Scanfil plans to invest in a new salary grading system to monitor the gender pay gap, and if discrepancies are identified, targets for impacted units to eliminate inequalities will be defined. The trend of the sick leave rate is monitored monthly to limit the risk of high absenteeism. As different locations present different levels, locally applicable targets are defined and actions taken.

Monitoring all workforce-related targets is an important part of working towards lowering the risks and managing potential negative impacts that affect Scanfil's own employees. This monitoring process is perceived as an increasing opportunity for Scanfil to improve the health and wellbeing of all employees whilst being transparent towards stakeholders in how it works with health and wellbeing. For example, a safe work environment reduces sick leave for employees, increases productivity and leads to higher satisfaction and wellbeing, helping reduce the rate of future incidents. An increase in the number of female employees in the Senior Management will enhance Scanfil's gender equality work and lead to improved inclusion and diversity making Scanfil an attractive employer and overall benefiting from diverse workforce creativity. Finally, the Employee Engagement Survey results scoring indicate how Scanfil can improve to continue supporting its' employees' motivation, wellbeing and satisfaction from work environment.

Scanfil involves its workforce in the target-setting process. The three most strategic, measurable targets are developed together with the own workforce for example through the functional experts and are considered long-term targets. The workplace accident rate reduction is consulted with the Safety Council participants from all units; similarly, the target for women's representation in the Senior Management was subject to discussion with the SWAT community. Finally, the target for satisfaction and motivation score from the Employee Engagement Survey is perceived as management commitment to further develop the areas impacting employees.

The performance in reaching these targets is monitored monthly

within the Human Resources Managers community involving factories' representatives and it is reported to the Group Management Team. Lessons learned and suggestions for improvements are identified with the contribution of the functional experts among employees, e.g. the Health and Safety officers or specialists collaborating with the Area Leaders on site are involved in accident prevention solutions design; similarly, the HR Business Partners and departments' leaders collaborate on the best practices to grow diverse talents in order to increase diversity in all management levels. As it goes for the development of areas impacting employee satisfaction and motivation, all departments have review sessions of the survey scores which result in defining together with the leader the ideas for improvement activities due in the following year. Also, the progress of scores per different survey areas is monitored at the department level. The targets described in this paragraph refer to Scanfil units excluding new acquired SRX.

3.1.6 Characteristics of the undertaking's employees

The Scanfil workforce primarily comprises Scanfil contracted employees (3,997 headcount) who total 89% of the total workforce (4,502 headcount) as well as minor group of five persons who hold non-guaranteed hours contracts and work for Scanfil on need base. The remaining workforce is third party contracted employees (495 headcount) and self-employed (five headcount) delivering services to Scanfil. The company goal is to incorporate third party employees to the highest extent to the work standards and company culture in order to provide seamless services to the customers. Therefore, most company policies and standards, like the Code of Conduct, health and safety system, or competence development opportunities are offered to both own employees and non-employees. The total number of employees who left Scanfil (both voluntarily and non-voluntarily) during 2024 was 532, which equals an employee turnover of 14%. This number includes also employees whose leave was intentional, for example summer workers leaving after the pre-defined agreed period. The reported date refers to headcount

indicating the number of employees from the last month of the year. The data is originating from country specific payroll systems, from where they got extracted and reported to Scanfil Group consolidation system Cognos, from which you retrieve monthly reports as well as data to the CSRD Report. The data presented above corresponds with the headcount numbers in the Financial Statement, section 1.4 Employee benefit expenses.

Non-guaranteed hours workers are not treated as employees so not included in Scanfil headcount reporting but included here as part of the workforce. These are classified as part-time workers.

■ 3.1.7 Characteristics of non-employees in the undertaking's own workforce

Scanfil has 500 non-employees in own workforce per the end of the year 2024; 495 are employed by a third party and five are self-employed. This means they stand for 11% of the total workforce. Third party workers are provided by undertakings primarily engaged in employment activities. They are monitored on a monthly basis and are a part of the reporting and follow-up in Scanfil's monthly report. The number of reported non-employees, reflect the number of heads who worked in the last month of the reporting period, meaning headcount. Additionally, self-employed workers are included there.

■ 3.1.8 Collective bargaining coverage and social dialog

Collective agreements are common practices in Sweden, Finland, and China. There the majority of the employees are covered by collective bargaining agreements. Moreover, part of the employees in Poland are also covered by these. In other countries, it is still widely applicable that employees are represented by their locally chosen representation

REPORTING PERIOD 2024 Gender	Number of employees (headcount)
Male	2,015
Female	1,982
Other	n/a
Not reported	n/a
Total employees	3,997

REPORTING PERIOD 31ST DECEMBER 2024 Country	Number of employees (headcount)
Poland	1,463
China	589
Sweden	423
Estonia	533
Finland	291
USA	180
Germany	227
Malaysia	162
Australia	124
Other	5
Total	3,997

REPORTING PERIOD 2024					
Type of employment	Female	Male	Other*	Not disclosed	Total
Number of employees (headcount)	1,983	2,019	0	0	4,002
Number of permanent employees (headcount)	1,783	1,884	0	0	3,667
Number of temporary employees (headcount)	199	131	0	0	330
Number of non-guaranteed hours employees (headcount)	1	4	0	0	5
Number of full-time employees (headcount)	1,933	1,993	0	0	3,926
Number of part-time employees (headcount)	53	23	0	0	76

(*) GENDER AS SPECIFIED BY THE EMPLOYEES THEMSELVES.

committees. At the end of year 2024, 1,471 employees were covered by the collective bargaining agreements, which totals 37% of the total employees globally. It is an important part of Scanfil's collaboration culture between the employees and management, thus even there where collective agreements are not in place, the employees are represented by Works Councils, unions, or internally elected Workers Representation Committees. The areas that are the subject of discussions, alignment, or negotiations between workers representatives refer to a wide range of areas, starting from working conditions, terms and conditions of employment, remuneration schemes, etc. In the table below, percentage of own employees covered by collective bargaining agreements are within coverage rate by country with significant employment in the EEA and outside of the EEA are presented, as well as percentage of employees

Coverage Rate	Collective Bargaining Coverage		Social Dialog
	Employees - EEA	Employees - Non-EEA	Workplace Representation (EEA only)
0-19%	Poland, Estonia, Germany	USA, Australia, Malaysia	
20-39%			
40-59%			
60-79%			
80-100%	Finland, Sweden	China	Finland, Sweden, Poland, Estonia, Germany

in country (EEA) covered by workers' representatives. In the European units, majority of employees are covered by workers' representatives, either formulated in Workers Councils or unions or company's internal Workers Representation Committees. There is no existence of any agreement with Scanfil's employees for representation by a European Works Council (EWC), a Societas Europaea (SE) Works Council, or a Societas Cooperativa Europaea (SCE) Works Council.

3.1.9 Diversity metrics

At the end of year 2024, Scanfil observed 27% (34 women) of females in the Senior Management. Senior Management is defined as the Group Management Team, Global Functions' Directors and Heads, and Factory Management Teams. This means an increase compared to 2023-end when this ratio was 20%.

The age diversity of Scanfil own workforce indicates balanced split between the middle aged personnel as well as the junior and senior employees.

Management groups	Female	Male	Total	% female in Senior Management
Group Management Team	2	5	7	29%
Global Functions' Directors and Heads	4	12	16	25%
Factory Management Teams	28	77	105	27%
Total	34	94	128	27%
Employees under 30 years old			698	17%
Employees 30-50 years old			2,307	58%
Employees over 50 years old			992	25%
Total			3,997	

■ 3.1.10 Adequate wages

All countries where Scanfil operates have a defined minimum country wage, the company as well as third party providers for non-employees follow these requirements. According to Scanfil, minimum wages are considered adequate wages, and therefore the percentage of employees paid below the adequate wage is 0%.

■ 3.1.11 Health and safety metrics

Scanfil's occupational safety is guided by the safety management system, and the incidents and accidents handling is described in the guideline of the same name in the Scanfil Management System (SMS). The safety practices adopted locally firstly follow each country's regulations and, secondly, the standards established at Scanfil. In addition to guiding occupational safety, the ISO 45001 standard calls for a safety management system. The Scanfil CEO is accountable to get responsible Management Teams to implement and execute the safety policies in accordance with the requirements.

Occupational safety commitments are defined in the Work Environmental Policy, the Code of Conduct, and the responsibilities stated in the position descriptions for managers.

All the employees are entitled to social protection in case of work-related injuries.

Scanfil has created a community consisting of Health and Safety Officers and HR Managers to support the continuous development of safety practices. It is called the Safety Council, and it meets quarterly to review the accidents that have happened in the recent quarter, together with the corrective and preventive actions resulting from these. The best practice sharing comes from the forum insights and is subject to an annual review.

To enhance safety awareness Scanfil has implemented a Safe Scanfil campaign in 2024. The topics tackled are expected to drive reflection on safety and own accountability for the actions taken by everyone.

At Scanfil, 100% of the workforce is covered by the health and safety management system. Both the preventive measures taken in Scanfil units as well as continuous safety improvements of the safety are impacting own employees as well as non-employees.

During 2024, there were 34 reported work-related accidents, meaning injuries happening on Scanfil premises that resulted in an employee's or non-employee's sick leave; 30 of these impacted Scanfil employees and four of these impacted third party employees. These result in the accident rate being 4.5 for 2024. It is calculated as the ratio of the number of accidents to the number of hours worked and multiplied by one million. 2024 shows negative development compared to the 2023 rate which was 4.0. On top of the accidents, there were 21 other work-related injuries which have not resulted in days away from work. Seven of these resulted in restricted work or transfer to another job, five resulted in loss of consciousness, nine resulted in medical treatment beyond first aid. Taking into consideration the other 21 injuries, Scanfil calculated the total work-related injury rate using the same methodology as described above but including not only 34 accidents but also 21 injuries. The rate totals up to 7.3.

Analysis of the accident categories indicates a decreased number of accidents while operating the machines and during assembly operations, however increased number of accidents while handling of the hand-tools and the ones happening in the company's social facilities.

The accidents resulted in a total of 621 lost working days during 2024, 27 days for non-employees and 594 days for employees.

There was one serious accident, meaning an accident that required an employee's hospitalization. It happened while operating a rivet tool.

After 24 days of absence, the employee returned to work. Preventive actions were applied at the factory.

There were no fatalities among either Scanfil employees or non-employees.

■ 3.1.12 Remuneration metrics (pay gap and total remuneration)

Scanfil is developing gender pay gap monitoring. The general overview with split per employees' categories indicates in the first analyses significant difference are observed in white collars category. To further investigate it and address with actions, Scanfil plans to introduce Pay Equity software during 2025 to enable accurate conclusions.

Employee Category	Aggregated gender pay gap, Basic salary [%]
Blue Collars	14.46
Middle Managers	11.71
Senior Managers	16.27
White Collars	19.90

The above difference in gender pay was obtained by taking out a spread of data on male and female basic salary, based on factories' payroll system data. Basic salary for all the months of employment during the year 2024 is divided into number of standard work hours during the actual employment period of each employee. This way calculated hourly pays are aggregated per gender and employee category and then divided into hourly rates. The exception is China where the pay and work hours include also overtime due to its significant contribution to basic salary and standard work time.

Total annual remuneration ratio for 2024 is 5%. The calculation is based on median of actual paid remunerations for all employees during the year 2024 and compared with the annual remuneration of the highest paid individual who was excluded from the median.

■ 3.1.13 Incidents, complaints, and severe human rights impacts

The Scanfil workforce as well as any external stakeholder can report any ethical concerns or violations of the Code of Conduct or applicable legislation, as described also in section 3.1.3 of this report.

Scanfil has enhanced its whistleblowing channel with a digital tool that ensures the anonymity of the reporter. Employees may also report violations by sending emails or giving official claim letters to local or global HR. The number of reported cases is subject to a monthly report to Scanfil Management Team. Furthermore, the Code of Conduct Forum gathers quarterly to discuss the cases and lessons learned. The Forum consists of factories' HR Managers, Global HR Director, and Global Sustainability Director. All the cases are thoroughly investigated, ensuring the anonymity of the reporters, and ensuring whistleblowers' protection.

During the reporting period year 2024, there were 30 incidents of misbehavior reported through the official channels. All of them were investigated and interviews were performed with the subjects of

the allegations and also with possible witnesses. In ten cases, the situation was not classified as the alleged violation mentioned in the original reporter's statement, but to nevertheless continuously enhance respectful collaboration standards, and verbal reprimands were also issued. The other incidents resulted in corrective actions and at the year-end eight of them still remain open as follow-up of the defined corrective or development activities are planned. Scanfil has not called for any fines or penalties from these allegations.

There were no severe human rights violations.

The table below presents information of the total number of incidents of discrimination, number of complaints filed through channels for the own workforce, to National contact points for OECD multinational enterprises and total amount of fines and penalties as a result of incidents.

Number of incidents of discrimination and harassment	1
Number of complaints filed through channels for people in the undertaking's own workforce to raise concerns (including discrimination and harassment)	30
Number of complaints filed to National Contact Points for OECD Multinational Enterprises	0
Total amount of fines and penalties	0

3.2 Workers in the value chain

■ 3.2.1 Policies related to value chain workers

Scanfil as a global Electronic Manufacturing Service (EMS) company will have an impact on value chain workers in different parts of the world. Following the same commitment as for its workforce, Scanfil believes that companies in Scanfil's value chain will perform better and be more efficient if employees can perform their work in a healthy and safe environment following international standards and guidelines.

During 2023 Scanfil completed a stakeholder survey, where the identified stakeholders, as described in 1. General information, were asked to rank Scanfil's impact (both material and financial) on topics as described by the ESRS standard and its sub-sub topics. Scanfil's stakeholders, which also included representation from the upstream value chain, identified health and safety as a material impact. To address the interests of stakeholders, Scanfil has established a Sustainable Procurement Policy. This policy works together with Scanfil's Supplier Code of Conduct which has been developed following international standards. This policy covers workers in Scanfil's upstream value chain and was introduced in 2024. The Scanfil Supplier Code of Conduct was established in 2023. No changes or updates to these policies have been made during 2024. The Scanfil Sustainable Procurement Policy, together with the Scanfil Supplier Code of Conduct, are stand-alone policies specifically to address the impacts of the upstream value chain. This policy was developed in alignment with OECD Guidelines and Fundamental principles of ILO.

Scanfil has established a Sustainable Procurement Policy that addresses six sustainability areas for suppliers to agree on. These are compliance, transparency, environmental protection, social responsibility, ethical sourcing, and continuous improvements. The purpose of the Scanfil Sustainable Procurement Policy is to express and align Scanfil's expectations and requirements into the supply chain. The same high sustainability standard required for Scanfil, must also be applied by

Scanfil's suppliers. The highest ranked person responsible for the policy is Scanfil's Chief Procurement Officer (CPO). Scanfil requests that its suppliers always adhere to all applicable laws, regulations, and international standards related to sustainable procurement, including the UN Global Compact principles and International Labor Organization (ILO) rules. As a complement to ethical sourcing, Scanfil has also developed a Conflict Mineral Policy to ensure responsible sourcing concerning human rights in the mining of minerals.

Scanfil's Sustainable Procurement Policy is valid for all employees in the upstream value chain as described in section Material impacts, risks and opportunities and their interactions with strategy and business model under 1. General information.

In addition to the Policy, Scanfil has also established a Supplier Code of Conduct. This has been developed following the guidelines from RBA (Responsible Business Association). By following the recommendation from RBA, Scanfil can ensure that the Scanfil Code of Conduct sets commitments in line with the OECD, UN & ILO. As of now, Scanfil has not identified or been informed about any breaches to this commitment in Scanfil's value chain. The provisions of the RBA Code are derived from and respect internationally recognized standards including:

- OECD Guidelines for Multinational Enterprises
- UN Guiding Principles on Business and Human Rights
- ILO Declaration on Fundamental Principles and Rights at Work
- ILO Fundamental Conventions
- UN Universal Declaration of Human Rights

The Scanfil Supplier Code of Conduct communicates Scanfil's sustainability expectations to the suppliers. This addresses issues about human trafficking, forced or compulsory labor, and child labor which Scanfil strongly opposes. Scanfil's Supplier Code of Conduct includes:

Labor rights (employment rights, human treatment, employment of children, fair employment conditions, and freedom of association)

Health and safety (working and living conditions, occupational illness and injury rates, and machine safeguarding)

Environment (pollution prevention and resource reduction, hazardous substances, energy consumption, and greenhouse gas emissions)

Business ethics (no improper advantage, disclosure of information, fair business, protection of identity, confidential information, responsible sourcing of minerals)

To communicate Scanfil's Policy for Sustainable Procurement, Scanfil has integrated this as part of the procurement processes. More on Scanfil's way of communicating and engaging with value chain workers can be read in 3.2.2 Processes for engaging with value chain workers about impact. In addition to this, Scanfil's Supplier Code of Conduct is available on Scanfil's webpage, www.scanfil.com. Scanfil's Supplier Code of Conduct shall be signed by all Scanfil's suppliers, and Scanfil aims to start measuring the coverage of signatures during 2025. As a start, this is a mandatory evaluation point for a new supplier to Scanfil, and without a signed Supplier Code of Conduct, a new supplier cannot be approved.

■ 3.2.2 Processes for engaging with value chain workers about impact

Scanfil's general approach to engaging with workers in the value chain is handled in Scanfil's procurement processes. The most important is the selection of a new supplier, the NPI (new supplier Introduction) process, in which the supplier needs to show its commitment to the requirements stated in the Code of Conduct. By doing this, Scanfil will reduce the risk of introducing new suppliers with weak processes for their workers' well-

being. Scanfil also utilizes a consolidation strategy aiming to address the majority of the spending to suppliers with acceptable and sustainable performance ratings.

Suppliers already in Scanfil's portfolio of suppliers will be reviewed according to the tools below.

Scanfil has four main processes where it can address concerns and engage with value chain workers about impact. Contacts are mainly done via the sales representatives of the suppliers but can also be more direct with the value chain workers during Scanfil's Supplier Audits. The tools to engage with the suppliers are:

Introduction of a new supplier: When applying to become a new supplier to Scanfil, the supplier shall commit to the Supplier Code of Conduct.

Quarterly business review meetings: These are development meetings held with preferred and key suppliers, and in which sustainability rating is discussed. Poor sustainability performance will lead to suggestions for improvements.

Audits: Scanfil visits and audits suppliers at their premises. During the audit sustainability questions about health and safety, child labor, age verification, and discrimination are reviewed.

EcoVadis: A third party sustainability assessment of suppliers. This assessment will show if there are areas of improvement that need to be addressed by the suppliers.

More information about Scanfil's methods and tools to engage with its stakeholders can be found in 1.8 Interests and views of stakeholders. For the procurement organization, the assessment tool provided by EcoVadis gives them good information about the sustainability rating of suppliers, and also how well the supplier meets international standards regarding labor and human rights. Unrated or suppliers with poor rating scores shall be avoided, or if not possible, show an improvement plan. As

an example, Scanfil has focused on having key- and preferred suppliers assessed by EcoVadis during 2024. By requesting these suppliers to do the EcoVadis assessment, Scanfil ensures that the perspectives of value chain workers are considered according to international standards. If the assessment shows low performance within the topic of labor and human rights, Scanfil can use the EcoVadis platform to request the supplier to improve. Failure to improve might affect business relations.

The highest ranked person responsible for the policy is Scanfil's Chief Procurement Officer (CPO).

Scanfil will continue to investigate methods to engage directly with value chain workers. Scanfil is always seeking ways to improve, and in 2025, the company will look into tools to identify risk areas and collect information about the material impact on value chain workers including workers that might be particularly vulnerable.

■ 3.2.3 Processes to remediate negative impacts as well as channels for value chain workers to raise concerns

If Scanfil becomes aware of any breaches of either national laws or the Supplier Code of Conduct, Scanfil will immediately get in contact with the representatives of the company. Scanfil expects corrective action and proof that the upcoming breaches have been adjusted to meet the requirements.

Scanfil can be informed about breaches in different ways. One way is via the EcoVadis 360 view, in which official news that affects companies is scanned. This news can be positive, negative, or neutral. The findings in the 360 view can affect the suppliers' score both positively and negatively.

Scanfil can also be informed directly via whistleblowing channels. Through this channel, anyone, both internal and external employees, can anonymously report any concern to Scanfil.

Results from audits can address breaches, and the supplier will be requested to present a corrective action plan to Scanfil.

Any material impact caused must be corrected and mitigated by the supplier and tracked by Scanfil until it is considered closed. The inability to resolve any problems that have arisen may lead to the termination of the agreement with the supplier. Scanfil does not directly compensate individuals in the supply chain in case of any impact. Scanfil's methods for communicating and developing suppliers are described in chapter 3.2.2 Processes for engaging with value chain workers about impact.

It can be difficult to assess if value chain workers are aware of and trust the channels for raising concerns, and today this can only be done occasionally during supplier audits and in direct contact with the workers. The Supplier Code of Conduct clearly states that programs that ensure the confidentiality and protection of whistleblowers are to be implemented and maintained, accompanied by a process enabling them to raise any concerns. The whistleblowing channels can be accessed at www.scanfil.com and it is communicated to suppliers in the Scanfil Code of Conduct. To protect people using this channel, Scanfil's whistleblowing process offers full anonymity. Read more about the process in 4.1.2 Business conduct policies and corporate culture. Scanfil's Supplier Code of Conduct ensures the confidentiality and protection of whistleblowers and requires suppliers to implement and maintain a process enabling their workers to raise any concerns.

■ 3.2.4 Taking action on material impacts on value chain workers' approaches to managing material risks as well as pursuing material opportunities related to value chain workers and the effectiveness of those actions

From Scanfil's Double Materiality Assessment (DMA), health and safety were identified as a material impact for value chain workers. Scanfil's Supplier Code of Conduct addresses these impacts throughout the value

chain. Any negative or positive impact will be managed by processes for supplier development, and EcoVadis can be used as a tool to follow the effectiveness of these actions.

To prevent and mitigate the risk of impact, Scanfil seeks to do business with suppliers that share the company's core values and commit to international standards as outlined in chapter 3.2.1 Policies related to value chain workers. Before approving a new supplier, Scanfil conducts a thorough assessment to ensure that potential new suppliers uphold strong sustainable practices and a commitment to labor and human rights.

The Scanfil Supplier Code of Conduct is a key document for addressing sustainability requirements for suppliers. Scanfil strives to have the Supplier Code of Conduct signed by all suppliers of direct materials. Scanfil is currently investigating tools to simplify the tracking of signed Supplier Code of Conduct documents. Today, Scanfil has this as a mandatory part of its global and local purchase agreement. Currently, Scanfil can only estimate the percentage of signed Supplier Code of Conduct documents.

To achieve a positive material impact for workers in Scanfil value chain, Scanfil continuously works to improve supplier policies and processes. This is done through regular supplier improvement meetings or quarterly business reviews of the preferred suppliers. In these meetings, the supplier's sustainability rating, as assessed by Ecovadis, is reviewed and actions to improve are agreed. These actions are integrated into Scanfil's procurement processes and Scanfil's Global Category Managers are responsible for developing their suppliers to meet Scanfil's requirements as outlined in Sustainable Procurement Policy and Supplier Code of Conduct. Scanfil has 12 people working within global sourcing (Category Managers) along with about 50 local tactical buyers.

Scanfil also conducts regular supplier audits to ensure adherence to ethical, environmental, and social standards. Scanfil collaborates with suppliers to enhance their sustainability efforts, focusing on labor and human rights. In 2024, Scanfil completed 42 supplier audits. This activity is supervised by the Global Supply Chain Quality and Sustainability Manager in cooperation with 10 local Supplier Quality Engineers/Managers. The key actions planned to minimize risk exposure for value chain workers can be read later in this chapter, but no targets are currently

available. The operational costs for the EcoVadis system are included in annual budget plans and do not have any significant impact.

Since 2021, Scanfil has annually participated in the EcoVadis assessment to evaluate the sustainability performance of its procurement practices. This assessment helps us understand how well Scanfil handles sustainability concerns across the value chain. For 2024, Scanfil received a score of 60 points in sustainable procurement and has set a target to achieve 70 points in the 2025 assessment. Scanfil's tools for introducing and developing suppliers help to mitigate the impact risks in its value chain, and processes for remedy are used as explained in chapter 3.2.3 Processes to remediate negative impacts as well as channels for value chain workers to raise concerns.

Today, Scanfil's focus is primarily on key suppliers with whom Scanfil have regular interactions and the ability to influence. Scanfil also works with suppliers that are used less frequently or only for specific, limited needs, which makes it more challenging to have an impact on their sustainability practices. To better assess the risks associated with these suppliers, Scanfil is exploring various screening tools. These tools will help to identify areas of risk, enabling to target the efforts more effectively. Scanfil aims to implement such tools by 2025. In case of any breaches to its commitments, Scanfil will utilize its supplier auditing process to secure that implemented improvements positively affect worker conditions. More of Scanfil's processes can be read in chapter 3.2.3 Processes to remediate negative impacts as well as channels for value chain workers to raise concerns.

In 2023, Scanfil became a "requesting company," meaning that the key suppliers are now required to undergo a sustainability assessment through EcoVadis. This allows Scanfil to better measure the sustainability performance of the supply chain. Scanfil prioritizes key and preferred suppliers and requests that they participate in EcoVadis assessments. If the assessment identifies weaknesses, Scanfil can use the EcoVadis platform to request corrective actions from suppliers. Failure to make

Key actions during 2024	How action contributes to policies and target	Scope of key actions	Time horizon	Result and result for value chain workers
EcoVadis assessment for preferred and key suppliers.	Scanfil's Policy for Sustainable Procurement is aligned with the EcoVadis assessment which evaluates the supplier according to international sustainability standards (UNGC, GRI, ISO, and more).	This includes all upstream value chain workers independent of geographic location.	Continuously with targets as presented in section 3.2.5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities.	Insights from the EcoVadis analysis reveal that Scanfil's supplier base outperforms the industry average while highlighting opportunities for improvement among underperforming suppliers.
Mandatory Supplier Code of Conduct for new suppliers.	Scanfil's Supplier Code of Conduct addresses requirements for suppliers regarding environmental, social, and governance.	Upstreams value chain workers.	Continuously with targets as presented in section 3.2.5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	This requirement will send a clear message to potential new suppliers and drive suppliers to provide better working conditions for workers.

these improvements may lead to a re-evaluation of the supplier relationship.

Scanfil has conducted webinars for suppliers twice per year to introduce the suppliers to Scanfil's sustainability work and to provide insights about the EcoVadis platform and the benefits of using a common transparent system to communicate sustainability concerns.

If suppliers do not meet Scanfil's targets for the EcoVadis sustainability rating, and specifically for the topic of labor and human rights, they will be requested to present an action plan on how to deal with this. With this Scanfil can track the development in these areas, and if needed, escalate or support the supplier to improve. Scanfil also has the possibility to audit the suppliers to ensure that actions were efficient.

With a big scope of suppliers that Scanfil will impact and depend on, it needs to have good tools to identify risks. During the coming years, it will be a focus area to find such tools or methods that can help the procurement team minimize risks of workers in the value chain. Currently, Scanfil lacks a robust method to ensure that its actions have a direct positive impact on workers in the value chain. However, Scanfil has observed that suppliers who complete the EcoVadis assessment and begin working on sustainability improvements show rapid progress in their scores.

As a cost-driven company, it is always important for Scanfil to search for supplier relations that give the best-landed cost. This can cause tensions between the choice of low price or low sustainability risks. For this reason, Scanfil does require that all new suppliers must sign the Scanfil Supplier Code of Conduct. With this as a minimum requirement for new suppliers, Scanfil can assure not to introduce suppliers who do not respect international laws in terms of labor and human rights. Further, Scanfil has also set as a minimum that all key and preferred suppliers must have completed an EcoVadis sustainability rating, which will make it possible for Scanfil to address requests for improvement. Not

meeting these minimum requirements may lead to a termination of the contract. Scanfil measures the risk quota for sustainability by targeting the spend placed on suppliers with a good sustainability rating. With the implementation of minimum requirements, Scanfil can avoid tension between the prevention or mitigation of material negative impacts and other business pressures.

As of today, Scanfil has not reported any severe human rights incidents in its value chain.

At Scanfil, the Chief Procurement Officer has the overall responsibility to manage any material impacts caused to a worker in the value chain. This is operationally handled by the global and local procurement team with the support of Scanfil's sustainability related roles.

At Scanfil the sourcing organization is responsible for selecting and developing suppliers following the company's sustainability policies. With both global and local buyers Scanfil believes that it can reach out to all suppliers from both perspectives.

The supplier quality and sustainability function supports the buyer with tools and processes to achieve sustainability targets.

■ 3.2.5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

To manage material negative impacts, advance positive impacts, and manage material risks and opportunities, Scanfil has implemented the following targets.

Level of preferred and key suppliers with a sustainability rating

A sustainability rating must be issued by a recognized third-party provider. The EcoVadis assessment has been verified to be in line with Scanfil's Supplier Code of Conduct and will enhance supplier

commitment to this policy. Scanfil aims to have this share as high as possible and has set a target to be above 90 % by 2030. The target is relative as the total amount of preferred and key suppliers might change over the year. All Scanfil suppliers of direct material (material used in customer products) are included in this target. The baseline for this target was set in January 2024 to 40% as the first reporting year.

KPI	Result 31.12.2024	Target 2030	Baseline (Jan. 2024)
Level of preferred and key suppliers with a sustainability rating	65%	>90%	40%

Measurement is done monthly based on data from the past three months and Scanfil expects a linear progress until 2030. This target is measured as the share of assessed preferred and key suppliers as part of the total amount of preferred and key suppliers. This KPI shows Scanfil's suppliers the importance of complying with international standards (such as labor and human rights, and health and safety) to become a long-term partner to Scanfil. This target was set by the Scanfil supply chain department together with internal sustainability experts as a method to boost the willingness of preferred and key suppliers' to rate their sustainability work. Since the target was implemented in 2024, no changes related to the targets or methods have been made during 2024. Scanfil can see a strong positive trend and in general, more and more companies do assess their sustainability systems. At this time, Scanfil cannot foresee any major obstacles to meeting this target. The target is part of the monthly report and informed to the Directors of Purchasing and Sustainability.

Share of spend placed to suppliers with a sustainability rating.

A sustainability rating must be issued by a recognized third-party provider. The EcoVadis assessment has been verified to be in line with Scanfil's Supplier Code of Conduct and will enhance the ability of

Scanfil's procurement departments to address their purchase towards suppliers with a sustainability rating. Scanfil aims to have this share as high as possible and have set a target to be above 80 % by 2030. The target is relative as the total spend will change over the years. Scanfil's spending for direct material (material used in customers' products) is included in this target. The baseline year for this target was 2024 and the value was 40%.

KPI	Result 2024	Target 2030	Baseline (Jan. 2024)
Share of spend to suppliers with a sustainability rating	47%	>80%	40%

Measurement will be done based on a rolling 3-month period, and Scanfil has projected linear progress until 2030. This target is measured as the share of spend placed on assessed suppliers as part of the total spend for direct material. It does emphasize to Scanfil's procurement teams the importance of using sustainable suppliers that comply with international standards for labor and human rights, and health and safety. This target was set by Scanfil's supply chain department together with internal and external sustainability experts as a method to monitor and develop current suppliers or redirect spending to more sustainable sources. Since the target was implemented in 2024, no changes to the targets or methods have been made during 2024. Scanfil can see a positive trend and cannot foresee any major obstacles to meeting this target at this phase. The target is part of the monthly report and informed to the Directors of Purchasing and Sustainability. By the end of 2024, Scanfil

had 167 suppliers with a completed EcoVadis assessment, accounting for 47% of the total procurement spend.

By targeting these KPIs, Scanfil will challenge the supply base to implement sustainable practices which will have the opportunity to reduce negative impacts, advance positive impacts, as well as manage risks and opportunities.

Targets are decided together within Scanfil's supply chain departments (supply chain, procurement & supplier development). Scanfil has also been guided by experts from EcoVadis on how to set targets that will be relevant for Scanfil's value chain workers.

Once decided as a target the new target is followed as a KPI. Scanfil's supplier quality & sustainability function reports the actual value monthly to the Director of Sustainability who reports it to the Group Management Team. The responsibility to reach the targets is on Scanfil's supplier quality & sustainability function and will be a part of their incentive program.

Scanfil started tracking these KPIs in 2024, and can see a steady improvement in all of them. In relation to Scanfil's impact on health and safety in the value chain, the Group sees that more suppliers have established policies that are aligned with international standards. Based on EcoVadis-assessed suppliers, Scanfil's rated suppliers perform above the industry average, see picture "The average result of suppliers who have completed the EcoVadis assessment".



The average result of Scanfil's supplier who has completed the EcoVadis assessment.

4. Governance

4.1 Business Conduct

■ 4.1.1 The role of the administrative, management and supervisory bodies

The supreme decision-making bodies are the Annual General Meeting (General Meeting) of the parent company Scanfil plc and the Board of Directors (the Board). The Board has an Audit Committee with the purpose to supervise the financial reporting process and the reporting of the financial statements, sustainability statements and interim reports and to monitor the functionality of the company's internal supervision and risk management. It also evaluates the appropriateness of auditing and prepares the proposal for the appointment of an auditor to the General Meeting.

The Shareholders' Nomination Board prepares proposals for General Meetings concerning the election of Board members and the remuneration of the members of the Board and Board Committee members. The Nomination Board is also responsible for ensuring that the Board and its members have a sufficient level of knowledge and experience that corresponds to the needs of the Scanfil e.g. strategy development, sustainability and accounting. The Board appoints the CEO, who is responsible for setting Scanfil's strategic goals, and ensuring that the necessary resources are in place to achieve them. The Group Management Team assists the CEO with expertise in the business code of conduct and sustainability.

The Group's General Counsel reports directly to the CEO and acts as a secretary to the Board. The General Counsel is part of the extended Group Management Team. The area of sustainability is led by the Group's Chief Development Officer with the help from the Director Global Sustainability. All members of the Board have long and comprehensive

expertise on ethical business conduct throughout their professional careers. Scanfil's governance model and roles are described in details in sections 1.1 and 1.2.

■ 4.1.2 Business conduct policies and corporate culture

In 2024, Scanfil had 27 policies and other guiding principles. These concerned e.g. traveling, financing, quality, and risk management. The CEO has approved Scanfil's key policies: the Code of Conduct and the Supplier Code of Conduct.

The Code of Conduct underscores the principles by which Scanfil conducts its relations with employees, business partners, and other stakeholders. All employees must be aware of and comply with the Code of Conduct, which, together with group policies, form the basis for working at Scanfil. All employees are expected to always act according to it. All managers are accountable for enforcing the Code of Conduct in their organizations. Failure to comply with the Code of Conduct will result in an investigation and can result in disciplinary actions. Scanfil requires suppliers, subcontractors, consultants, and other business partners to adopt and follow the principles of the Code of Conduct.

All new Scanfil employees are required to complete the Code of Conduct e-learning courses or in-person training and acknowledge their commitment to it. The learning materials covers key ethical principles and describes the best practices through examples and exercises. Depending on the employee's duties, some are also required to complete e-learning courses related to other policies such as conflict mineral and supplier contract management policies. Meetings focusing on

diversity, equity, and inclusion were arranged quarterly for global and local management (Please see section 3.1 Own workforce).

The Supplier Code of Conduct is a separate policy that all new suppliers need to comply with to become a supplier. Among other recommendations, Scanfil has followed the United Nations Convention against anti-corruption in preparing the Supplier Code of Conduct. Anti-corruption practices and risk assessment are outlined in the Code of Conduct and the Supplier Code of Conduct. The evaluation is performed on a needed basis taking into consideration the local regulations, business performance practices, counterparts, and cultural context. The risk assessment enables Scanfil to undertake required preventive measures to limit exposure to corruption risks. The risk assessment results are presented annually to the Group Management Team as part of the management review. Scanfil aims to implement a policy on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption in 2025.

Scanfil is a signatory of the United Nations Global Compact initiative. All company's suppliers must support and respect the United Nations Global Compact principles. Scanfil and its suppliers ensure that they are not involved in any complicity concerning human rights abuses. Scanfil expects its suppliers to commit to and respect ILO's core labor standards: Freedom of association and right to collective bargaining; elimination of forced labour; effective abolition of child labour; elimination of discrimination in respect of employment and occupation. The Supplier Code of Conduct describes in details Scanfil's requirements to its business partners in labor, health and safety, environment, business ethics, management systems and communications to all appropriate employees, suppliers or sub-contractors engaged in their supply chain.

Scanfil has a conflict mineral policy to meet international responsible sourcing standards, set by the Organisation for Economic Co-operation and Development (OECD). Conflict minerals are tin, tantalum, tungsten, and gold regardless of their country of origin.

Scanfil's company culture is driven by values which are the foundation for the company's operations. The Group Management Team and the Board review the company's values once a year in connection with the annual strategy process. In 2024, "Proactive" was replaced with "Empowered". Scanfil's values are:



Customer focused

We add value for our customers and help customers achieve their goals. We build and nurture long-term partnerships. We treat customers fairly and expect fair treatment.



Achieving together

We collaborate across teams and sites and support each other. We benefit from diversity and respect every individual. We celebrate progress and achievements.



Empowered

We take ownership of our own performance, behavior and growth. We explore opportunities to improve and learn from our mistakes. We make decisions in our own responsibility area based on data and evidence.



Engaged to perform

We keep our promises: deliver on time, with quality, at competitive cost. We proactively detect and solve challenges with a solution focus. We continuously improve our competences and capabilities.

The updated values were published in March 2024 and frequently communicated in connection with the values and strategy implementation

process. The process included new value posters in all local languages, an online survey on values and behavior, frequent articles on the Intranet and promotion at the quarterly online meetings open to all employees, as well as an activation section aimed at identifying behaviors in line with the company's values in everyday work. Teams evaluated to have acted in an exemplary manner in line with Scanfil's values received recognition as part of the "Most Wanted Team" activation campaign.

Scanfil employees and all other stakeholders can report any ethical concerns or violations of the Code of Conduct, Supplier Code of Conduct and/or applicable legislation. Scanfil has a digital whistleblowing channel which ensures anonymity of the reporter. Employees may additionally report violations by sending emails or placing official claim letters to local or global HR. The number of reported cases is subject to monthly reporting to the Group Management Team. The Code of Conduct Forum collects quarterly cases and gained experiences for discussion. The Forum consists of factory HR Managers, the Global HR Director, the Director Global Sustainability, and the Chief People Officer. All cases are investigated, ensuring the anonymity of the reporters, and ensuring the protection of whistleblowers. Scanfil is committed to investigating business conduct incidents promptly, independently and objectively. In 2024 there were 30 reported concerns or violations.

Whistleblowers are protected by the local laws in all operating countries. If such a law is missing, the EU law on protection will be applied. Scanfil does not have an active plan to create a policy for extra protection.

4.1.3 Management of relationships with suppliers

The suppliers of raw materials and components are handled by global and local sourcing. Global sourcing is led by the Chief Procurement Officer. Global sourcing is responsible for certain key components such as semiconductors and other large volume materials. Local tactical sourcing is responsible for components and materials with local significance and lower volumes. All new suppliers and business partners must sign the

Supplier Code of Conduct. Among many other topics, it includes social and environmental aspects of business operations. Audits and supplier reviews are done as part of the initialization process of a new supplier and/or business partner. Assessments and reviews are also done when a concern or doubt of concern have been raised by internal or external stakeholders. The company's target is to know the origin, or at least the country of manufacture, of all the key components and materials.

Scanfil has categorized its suppliers into approved, key suppliers, and preferred. Scanfil evaluates the sustainability of its suppliers in the initial approval process and key supplier follow-up process as one of the key criteria. Guiding documents are supplier basic document and the score card. The score card has 14 selection criteria of which one is sustainability. A supplier needs to have a sustainability measurement system in place. Scanfil recommends its partners to use the EcoVadis platform and should receive over 45 points in the assessment to be selected as a Scanfil business partner. Scanfil has no specific policy to prevent late payments to its suppliers. Payment practices are described in section 4.1.6.

4.1.4 Prevention and detection of corruption and bribery

The Code of Conduct, which guides the ethics of Scanfil's operations, prohibits corruption and bribery in all forms. Scanfil is committed to anti-corruption and anti-bribery in its own operations and in relation to its partners. Prohibition is also included in the Supplier Code of Conduct.

Scanfil is assessing the risk of internal and external corruption. The evaluation is performed on a regular basis taking into consideration the local regulations, business performance practices, counterparts, and cultural context. The risk assessment enables Scanfil to undertake the needed preventive measures to limit exposure to corruption risks. The risk assessment results are presented yearly to the Group Management Team as part of the management review.

The following are the main measures for preventing and detecting corruption and bribery:

- Anonymous whistleblowing channel accessible to all stakeholders.
- Online and onsite trainings in the Code of Conduct and other policies guiding Scanfil's operations.
- Assessment to ensure the sustainability of partners, and required background checks defined in supplier basic document and score card.
- Continuous development of ethical operations in the supply chain as part of supplier strategy development.
- Four and six-eye principal in approval processes (Group Authorization Manual)

The key measures in this respect include supplier commitment to the Supplier Code of Conduct in line with the 2030 sustainability targets and supplier audits and assessments. Completing the Code of Conduct e-learning courses and in-person training, together with the anonymous whistleblowing channel, aim to prevent corruption and bribery.

The initial phase of procedures to detect and address allegations and incidents of corruption and bribery follows the same method as the whistleblowing channel. All allegations are investigated as soon as they become known to the company. The company can be made aware of allegations through whistleblowing or other channels, e.g., email, phone, information in the media, etc. Scanfil has a procedure for investigating all allegations. The involvement of independent investigators is assessed case by case. All claims exceeding the threshold of potential criminal charges are reported to the authorities. Financially immaterial and local allegations can be handled locally. Based on the Audit Committee's assessment, the Board of Directors will handle all financially material allegations or allegations concerning the Group. It will make decisions based on the recommendations of the General Counsel and possibly an external advisor.

Neither the person investigated, nor their supervisor participate in the investigation of the breach or suspected breach. If called for by the significance of the breach under investigation, the Chief People Officer involves the General Counsel who reports the incident to the Group Management Team and the Board of Directors at a regular meeting, or immediately if required. The cases are divided into the following categories: 1. Fraud or other criminal behavior 2. Corruption and bribery 3. Competition law 4. Conflicts of interest 5. Employee matters 6. Discrimination 7. Privacy and information security 8. Occupational safety 9. Environment 10. Breaches of the Supplier Code of Conduct, and 11. Other reports.

The Supplier Code of Conduct and all policies are available to all employees on the Scanfil Management System. Scanfil has ensured that all employees understand the implications through online training. Scanfil employees handling business relations with suppliers and customers have been trained to explain to their counterparts the implications of the Supplier Code of Conduct, which is also accessible online.

Scanfil's training activities in 2024 are described in the table. Sales and Procurement are considered at-risk functions and represent 4% of all employees and 16% of white-collar employees.

	At-risk functions	Managers	Other white-collars
Training Coverage			
Total	116	89	1,037
Total receiving training	70	50	647
Delivery method and duration			
Computer based training	1 hour	1 hour	1 hour
Frequency			
How often training is required	Annually	Annually	Annually
Topics covered			
Compliance	X	X	X
Conflict of interest	X	X	X
Anti-corruption and Anti-competitive	X	X	X
Reporting of violations	X	X	X

■ 4.1.5 Incidents of corruption or bribery

In 2024, Scanfil had no incidents of corruption or bribery, so the Group had no related actions or fines.

■ 4.1.6 Payment practices

The standard payment term in the new supplier instruction form instructs a minimum of 30 days net. However, this can be reconsidered individually for example if the supplier is a small company or for another reason. In many operating countries e.g. in Poland and Finland local legislation drives to pay invoices on time. Scanfil does not have statistics on the percentage of payments executed according to standard payment terms. In 2024, Scanfil was not a party to any legal proceedings due to late payments.

■ 4.1.7 Entity specific - Disclosure for Data Security

Data security is a critical component of Scanfil's operations. The Group is committed to responsible and secure business practices. It prioritizes the protection of customer, partner, and employee data. The Group's approach to data security aligns with industry best practices, regulatory requirements, and the evolving cybersecurity landscape.

Data security is overseen by the ICT Director, who reports to the Chief Development Officer. The Chief Development Officer ensures that data security initiatives are integrated into the Group's development strategy, while oversight and strategic direction are provided by the CEO together with the Group Management Team, which communicates regularly with the Board.

Scanfil's IT/IS Security Policy (Security Policy) aims to guide and increase awareness of the importance of secure practices. The policy is available on the intranet. It is designed to prevent unauthorized access, breaches,

and data loss. The policy covers areas such as encryption standards, network security, and incident response. Security Policy is reviewed as needed following emerging threats and legal requirements.

The Group conducts regular assessments of data security risks, both internal and external. These assessments help to identify vulnerabilities and enhance our mitigation strategies. Key areas of focus include protection against cyber-attacks and data breaches as well as ensuring the security of the upstream value chain. In addition, Scanfil uses external 24/7 security service providers to monitor, prevent and control cyber security threats. Other external partners can also be used, if necessary.

Employees across all levels are provided with training in data security practices. This includes phishing prevention, secure data handling, and incident reporting protocols. Our goal is to foster a culture of security awareness, minimizing human error and strengthening our security posture. Scanfil uses an e-learning tool and monthly cyber security bulletin to educate all its employees.

Scanfil maintains an incident response plan, which enables the company to respond rapidly to potential data and security breaches. Possible breaches are detected with continuous screening and reporting. All incidents are tracked, and root-cause analyses are conducted to prevent future occurrences. Relevant incidents and findings are reported to the Group Management Team and the Board of Directors. Depending on the severity of the data security issue, it can also be subject to customer communications or other communications. Scanfil can also report and ask for the assistance of authorities and file a criminal report of a possible issue.

Scanfil adheres to global and regional data protection regulations, including the General Data Protection Regulation (GDPR) and other applicable data privacy laws. Two companies regularly assess Scanfil's data security. Both companies have ranked Scanfil with high scores. Scanfil continuously develops its data security based on recommendations and best practices.

In 2024, Scanfil had four data breach events, all of which were investigated. Impacts were limited to compromised email addresses. When the data breach was detected, all persons and companies whose information was compromised were informed. As a result of these events, no effects have come to the company's attention. The Chief Development Officer leads data breach processes.

Scanfil does not capitalize costs related to data security thus; all its expenses are operational expenses. In 2024, the company had approximately EUR 0.9 million in cyber security costs. Scanfil expects its cyber security costs to increase by approximately 40% in 2025. Over 80% of the costs are related to services and solutions.

Appendix

Disclosures incorporated by reference

The following are addressed by incorporated references to other parts of the Board of Directors' report or external documents:

- Statement on due diligence
- Material impacts, risks and opportunities, and their interaction with the strategy and business model

Scanfil has concluded that water and marine resources, biodiversity and ecosystems, affected communities and consumers and end-users are not material topics and therefore omit all the disclosure requirements in the corresponding topical ESRS.

ESRS Topic	Conclusion of the Double Materiality Assessment
Water and marine resources	<p>Scanfil is not a large consumer of water. The manufacturing processes use a moderate amount of water, indicating that water usage is not a significant part of operations. Moreover, Scanfil's operations have a low impact on water discharges into the ocean, suggesting that the activities do not significantly affect marine resources. Upstream suppliers need water in their processes, but Scanfil does not measure this consumption. Although Scanfil believes in taking responsibility for water consumption, the overall impact and usage are relatively low, making it less material compared to other resources or environmental factors.</p> <p>Scanfil's operations have a limited impact on marine resources as there are no industrial discharges, chemical spills, or improper waste disposal that can contaminate marine ecosystems. Scanfil has an impact on climate change, but this is handled in other environmental reporting topics. Regarding shipping, Scanfil uses vessels for shipping but has no direct impact on operations. The company has no direct activities in mining, oil drilling, or deep-sea mining that could affect marine ecosystems directly. Since Scanfil does not produce any plastics, it does not contribute to ocean pollution.</p>
Biodiversity and ecosystems	<p>Scanfil's operations have a minimal impact on biodiversity and ecosystems. The company does not engage in activities that affect forests, grasslands, wetlands, or agricultural areas. Land use is limited to factory expansions in controlled zones, ensuring minimal disruption, and pollution from operations is minor, resulting in low impact on dams, water diversions, and withdrawals for agriculture and industry. Freshwater habitats such as rivers, lakes, and wetlands remain undisturbed, and there are no activities related to oceans. Emissions from factories are minimal, leading to a low impact on biodiversity.</p>
Affected communities	<p>Scanfil respects the civil and political rights of different communities by operating in environments where these rights are upheld. The company mitigates legal and reputational risks, avoiding costly litigation and damage control efforts. Although a stable political climate fosters economic growth, and healthier populations and cultures provide the business with more reliable markets and investment opportunities, the topical ESRS does not currently reach the threshold level of materiality for Scanfil. B2B contract manufacturers like Scanfil, without product ownership, typically have limited direct interaction with indigenous communities. Scanfil's focus lies in fulfilling customer orders, often involving indirect supply chains. As such, Scanfil is less directly concerned with specific indigenous rights. While ethical business practices are essential, the specific challenges and opportunities related to indigenous rights are more relevant to companies directly involved in resource extraction, operating in specific regions, or having direct community relationships. For Scanfil as a contract manufacturer, the primary concern is the production of goods according to specific customer requirements. This focus is on the technical aspects of manufacturing, quality control, and timely delivery, rather than broader social and ethical considerations like indigenous rights.</p>
Consumers and end-users	<p>Scanfil as a contract manufacturer, produces products according to customer specifications and does not often have direct contact with end users. Scanfil is not involved in the design phase of the manufactured products and has no market monitoring or deeper knowledge of the intended use of the products. Should any safety risks for consumers and end users be discovered based on the information Scanfil has, the company will inform its customers about this. As such, the influence on social inclusion initiatives is limited.</p>

List of datapoints in cross-cutting and topical standards that derive from other EU legislation

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page #
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816 (27) , Annex II		p. 22
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		p. 22
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				p. 24
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 (28) Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on social risk	Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818 (29) , Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	p. 63
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 12.1 (d) to (g), and Article 12.2		p. 63

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page #
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		p. 68-69
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and indicator number 5 Table #2 of Annex 1				p. 70-71
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				p. 70-71
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				p. 71
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		p. 74
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		p. 75
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	p. 75
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			Not material

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page #
ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).					Not material
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2: Banking book - Climate change transition risk: Loans collateralized by immovable property - Energy efficiency of the collateral			Not material
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Not material
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				Not material
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1				Not material
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1				Not material
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1				Not material
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				Not material
ESRS E3-4 Total water consumption in m ³ per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				Not material
ESRS 2- SBM 3 - E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				Not material
ESRS 2- SBM 3 - E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				Not material
ESRS 2- SBM 3 - E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				Not material

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page #
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				Not material
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				Not material
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				Not material
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				p. 83-84
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1				p. 83-84
ESRS 2- SBM3 - S1 Risk of incidents of forced labor paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				p. 39-41
ESRS 2- SBM3 - S1 Risk of incidents of child labor paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				p. 39-41
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				p. 85-87
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		p. 85-87
ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				p. 85-87
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				p. 85-87
ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				p. 89

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page #
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		p. 95
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				p. 95
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		p. 95
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				p. 95
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				p. 96
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (f)		p. 96
ESRS 2- SBM3 – S2 Significant risk of child labor or forced labor in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I				p. 41
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				p. 97
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1				p. 97
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (f)		p. 97
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		p. 97

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page #
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1				p. 99-100
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				Not material
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (f)		Not material
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1				Not material
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Not material
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (f)		Not material
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1				Not material
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				p. 102-103
ESRS G1-1 Protection of whistle- blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				p. 102-103
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		p. 105
ESRS G1-4 Standards of anti- corruption and anti- bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				p. 105

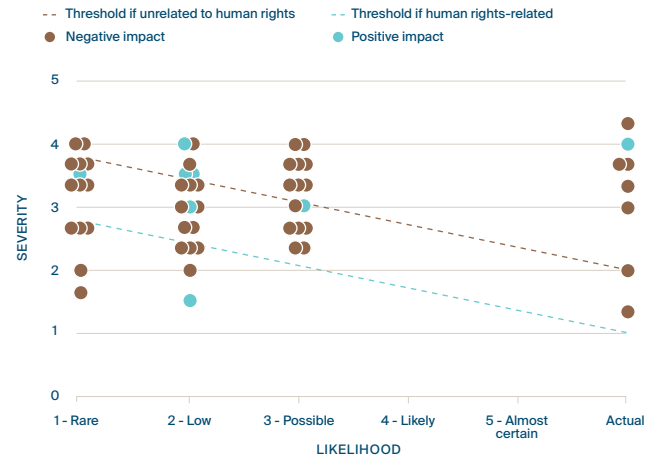
Scanfil has not identified any legislation, standard or framework requiring the company to disclose other information in addition to the requirements prescribed in ESRS.

Scoring and threshold methodology for financial and impact materiality

Financial materiality



Impact materiality



The level of data accuracy for environmental and social data

ESRS Topic	Metric	Level of accuracy for activity data	Level of accuracy for environmental data
E1-4	GHG targets for Scope 3	High	Medium
E1-6	Scope 3.1	High	Medium
E1-6	Scope 3.2	High	Medium
E1-6	Scope 3.3	High	Medium
E1-6	Scope 3.4	High	Medium
E1-6	Scope 3.5	High	Medium
E1-6	Scope 3.6	High	Medium
E1-6	Scope 3.7	Medium	Medium
E1-6	Scope 3.11	Low	Medium
E1-6	GHG intensity	High	Medium
E5-4	Resource inflow	Medium	N/A
E5-4	Secondary material	Low	N/A
S2-5	#No. EcoVadis assessment	High	N/A
S2-5	#No. Signed Supplier Code of Conduct	High	N/A

CONSOLIDATED FINANCIAL STATEMENT, IFRS

Consolidated Income Statement

EUR THOUSAND	Note	1.1.-31.12.2024	1.1.-31.12.2023
Turnover	1.1	779,912	901,564
Other operating income	1.2	1,159	861
Changes in inventories of finished goods and work in progress		-3,098	-275
Use of materials and supplies	1.3	-522,784	-631,601
Employee benefit expenses	1.4	-122,929	-120,845
Depreciation and amortisation	3.5	-21,110	-19,104
Other operating expenses	1.5	-58,572	-69,285
Operating profit		52,578	61,314
Financial income	4.2	1,219	4,013
Financial expense	4.2	-2,715	-3,713
Profit before tax		51,081	61,614
Income tax	1.6	-12,475	-13,399
Net profit for the period		38,606	48,215
Attributable to:			
The parent company owners		38,606	48,215
Earnings per share calculated on the profit attributable to shareholders of the parent company:			
undiluted earnings per share	1.7	0.59	0.74
diluted earnings per share	1.7	0.59	0.74

Consolidated Statement of Comprehensive Income

EUR THOUSAND	Note	1.1.-31.12.2024	1.1.-31.12.2023
Net profit for the period		38,606	48,215
Other comprehensive income			
Items that may later be recognised in profit or loss			
Translation differences	4.8	2,087	2,972
Cash flow hedges	4.8	-970	-35
Other comprehensive income, net of tax		1,117	2,937
Total comprehensive income		39,724	51,152
Total comprehensive income attributable to:			
The parent company owners		39,724	51,152

Consolidated Statement of Financial Position

EUR THOUSAND	Note	31.12.2024	31.12.2023
ASSETS			
Non-current assets			
Property, plant and equipment	3.3	68,374	62,697
Right-of-use-assets	3.4	26,532	22,616
Goodwill	3.1	29,113	7,678
Other intangible assets	3.2	19,997	10,391
Other investments	4.6	518	529
Deferred tax assets	1.6	7,700	7,694
		152,233	111,605
Current assets			
Inventories	2.2	168,103	209,003
Trade and other receivables	2.3	165,353	173,504
Advance payments		655	923
Current tax		4,173	1,770
Cash and cash equivalents	4.1	48,534	21,222
		386,818	406,423
Total assets		539,051	518,027

EUR THOUSAND	Note	31.12.2024	31.12.2023
EQUITY AND LIABILITIES			
Shareholder's equity and liabilities			
	4.8		
Share capital		2,000	2,000
Reserve for invested unrestricted equity fund		33,290	34,806
Fair Value Reserve		-46	924
Other reserves		2,650	2,650
Translation differences		-2,500	-4,588
Retained earnings		255,643	230,246
		291,036	266,038
Total equity		291,036	266,038
Non-current liabilities			
Provisions	5.1	1,788	1,105
Interest bearing liabilities	4.3	20,000	0
Non-interest bearing liabilities	4.3	10,314	0
Lease liabilities	4.3	21,863	18,606
Deferred tax liabilities	1.6	9,650	5,703
		63,614	25,414
Current liabilities			
Trade and other liabilities	2.4	153,748	166,750
Current tax		2,088	4,886
Provisions	5.1	693	578
Interest bearing liabilities	4.3	22,749	50,413
Lease liabilities	4.3	5,123	3,948
		184,401	226,575
Total liabilities		248,015	251,989
Total shareholder's equity and liabilities		539,051	518,027

Consolidated Statement of Cash Flow

EUR THOUSAND	Note	1.1.-31.12.2024	1.1.-31.12.2023
Cash flow from operating activities			
Net profit		38,606	48,215
Adjustments for the net profit			
Transactions without payment:			
Change in provisions		772	413
Capital gain / loss for fixed assets		-349	-16
Exchange rate differences		425	2,518
Other adjustments		247	540
Depreciation and amortisation		21,110	19,104
Financial income		-1,219	-3,959
Financial expenses		2,441	3,659
Taxes		12,495	13,391
Change in net working capital:			
Change in accounts receivable and other receivables		13,990	-6,491
Change in inventories		50,415	24,002
Change in accounts payable and other liabilities		-28,159	-20,078
Change in net working capital total		36,246	-2,566
Paid interests		-2,130	-3,644
Interest received		951	493
Taxes paid		-17,479	-9,212
Net cash from operating activities		92,116	68,936

EUR THOUSAND	Note	1.1.-31.12.2024	1.1.-31.12.2023
Cash flow from investing activities			
Net cash from acquisition	3.6	-22,296	0
Investments in tangible and intangible assets	3.2, 3.3	-15,654	-22,168
Sale of tangible and intangible assets		349	258
Net cash from investing activities		-37,601	-21,909
Cash flow from financing activities			
Share subscriptions based on stock options	1.4	0	1,381
Repayment of short-term loans		-2,172	-23,994
Repayment of long-term loans		-6,000	-6,000
Repayment of lease liabilities		-4,448	-4,185
Paid dividends		-14,994	-13,621
Net cash from financing activities		-27,615	-46,419
Net increase/decrease in cash and cash equivalents		26,900	608
Cash and cash equivalents at beginning of period		21,222	20,779
Changes in exchange rates		411	-165
Cash and cash equivalents at end of period		48,534	21,222

Consolidated Statement of Changes in Equity

Equity attributable to equity holders of the parent company

EUR THOUSAND	Note	Share capital	Reserve for invested unrestricted equity fund	Fair value reserve	Other reserves	Translation differences	Retained earnings	Equity total
Equity 1.1.2024		2,000	34,806	924	2,650	-4,588	230,246	266,038
Comprehensive income								
Net profit for the period							38,606	38,606
Other comprehensive income (net of tax)								
Translation differences	4.8					2,087		2,087
Cash flow hedges	4.5, 4.8			-970				-970
Total comprehensive income			-970		2,087	38,606	39,724	
Transactions with owners								
Option Scheme							268	268
Paid dividends							-14,994	-14,994
Share options exercised*			-1,516				1,516	0
Equity 31.12.2024		2,000	33,290	-46	2,650	-2,500	255,643	291,036

*1.1.2024 The cumulative effect of entries related to exercised share options has been reclassified as retained earnings from the reserve for invested unrestricted equity fund.

Equity attributable to equity holders of the parent company

EUR THOUSAND	Note	Share capital	Reserve for invested unrestricted equity fund	Fair value reserve	Other reserves	Translation differences	Retained earnings	Equity total
Equity 1.1.2023		2,000	33,425	959	2,650	-7,560	195,120	226,594
Comprehensive income								
Net profit for the period							48,215	48,215
Other comprehensive income (net of tax)								
Translation differences	4.8					2,972		2,972
Cash flow hedges	4.5, 4.8			-35				-35
Total comprehensive income			-35		2,972	48,215	51,152	
Transactions with owners								
Option Scheme							532	532
Paid dividends							-13,621	-13,621
Share options exercised			1,381					1,381
Equity 31.12.2023		2,000	34,806	924	2,650	-4,588	230,246	266,038

ACCOUNTING PRINCIPLES FOR CONSOLIDATED FINANCIAL STATEMENTS

Basic details of the group

Scanfil plc is a Finland-based public limited company domiciled in Sievi. The parent company Scanfil plc and the subgroups Scanfil EMS Oy, Scanfil Sweden AB, Scanfil Holding Germany GmbH and SRXGlobal Pty Ltd make up Scanfil Group (hereinafter 'Scanfil' or 'the group'). The shares of parent company Scanfil plc have been quoted on the Main List of Nasdaq Helsinki Ltd since January 2, 2012.

Scanfil is an international contract manufacturer and system supplier for the electronics industry with over 45 years of experience in demanding contract manufacturing. Scanfil provides its customers with an extensive array of services, ranging from product design to product manufacturing, material procurement and logistics solutions. Typical Scanfil products include automation system modules, frequency converters, elevator control systems, analysers, various vending machines, and devices related to medical technology and meteorology. Scanfil's network of factories consists of 11 production units in Europe, Asia, Australia and North America. The total number of employees is approximately 3,800.

Accounting principles

Scanfil's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), applying the IAS and IFRS effective on December 31, 2024, as well as the SIC and IFRIC interpretations. "IFRS" refers to the standards and their interpretations in the Finnish Accounting Act and the provisions issued thereunder in accordance with the Regulation (EC) No 1606/2002 of the European Parliament and of the Council on the application of international accounting standards within the Community. The notes to the consolidated financial statements are also in compliance with Finnish accounting and corporate legislation.

The consolidated financial statements have been prepared for the period January 1 – December 31, 2024.

In its meeting held on February 20, 2025, the Board of Directors of Scanfil plc approved the consolidated financial statements for publication.

According to the Finnish Limited Liability Companies Act, the ordinary general meeting has the right to adopt, reject or amend the financial statements after their publication.

Unless otherwise stated, the financial statements are presented in thousands of euros, and the information is based on historical costs of transactions, unless otherwise stated in the accounting principles.

All individual figures and totals presented in the financial statements have been rounded, due to which the total sum of single figures may differ from the sum presented. The key figures were calculated using precise values.

Accounting principles for consolidated financial statements

The general accounting principles used for consolidated financial statements are described in this section. More detailed accounting principles are shown below in connection with each item.

The table below shows the accounting principles used for the consolidated financial statements of Scanfil plc, the associated notes and references to the most important IFRS regulating the financial statement items.

Accounting principle	Note	IFRS standard
Turnover and details of business segments	1.1	IFRS 15, IFRS 8
Employee benefit expenses	1.4	IAS 19, IFRS 2
Income taxes and deferred taxes	1.6	IAS 12
Inventories	2.2	IAS 2
Goodwill and impairment testing	3.1	IAS 36
Intangible assets	3.2	IAS 38, IFRS 3
Property, plant and equipment	3.3	IAS 16, IAS 23
Right-of-use-assets	3.4	IFRS 16
Financial income and expenses	4.2	IFRS 9, IAS 32, IAS 39, IFRS 7
Financial liabilities and Cash and cash equivalents	4.1, 4.3	IFRS 9, IAS 32, IFRS 7, IFRS 13
Provisions	5.1	IAS 37

SUBSIDIARIES' COMBINATION PRINCIPLES

Subsidiaries are companies controlled by the group. Control emerges when the group controls more than one half of the votes or otherwise has control. The group has controlling interest in an entity when it has the right and ability to control significant operations in the entity and when it is exposed to or has the right to variable returns from the entity through its power over the entity. The existence of potential voting rights is also taken into account when estimating the criteria for control when the instruments entitling to potential voting rights can be realised at the time of the assessment. In Scanfil Group, all subsidiaries are wholly-owned, and control is created by the voting powers.

Intra-group shareholdings have been eliminated using the acquisition cost method. Consideration transferred and the identifiable assets and assumed liabilities of the acquired company are measured at fair value at the time of the acquisition. Acquisition-related expenses, apart from expenses related to the issue of debt or equity securities, have been recorded as expenses. Consideration transferred does not include business operations handled separately from the acquisition. Their impact has been taken into account in connection with the acquisition through profit or loss. Any conditional additional purchase price is measured at fair value at the time of the acquisition and classified as either debt or equity. Additional purchase price classified as debt is measured at fair value at the balance sheet date of each reporting period, and the resulting profit or loss is recognised through profit or loss. Additional purchase price classified as equity is not re-valued.

Acquired subsidiaries are consolidated from the moment the group has gained control, and divested subsidiaries until control ceases to exist. All intra-group transactions, receivables, liabilities and unrealised gains and internal profit distribution are eliminated upon preparing the consolidated financial statements. Unrealised losses are not eliminated when the loss is due to impairment.

Shareholders' equity attributable to non-controlling interest is presented as a separate item under shareholders' equity in the balance sheet. There were no non-controlling interests during the financial periods 2024 and 2023.

Should the group lose control of a subsidiary, the remaining holding is measured at fair value on the date of losing control, and the resulting difference is recognised through profit or loss. Acquisitions made prior to January 1, 2010 are handled in accordance with the regulations effective at the time.

CONVERSION OF ITEMS IN FOREIGN CURRENCY

The figures concerning the result and financial position of group units are measured in the currency that is the currency of each unit's main operating environment (the operating currency). The consolidated financial statements are presented in euros, which is the operating and reporting currency of the group's parent company.

Foreign currency-denominated transactions are recorded in the operating currency using the foreign exchange rates on the transaction date. In practice, a rate that is sufficiently close to the rate of the transaction date is often used. The resulting exchange rate differences are recognised through profit or loss. Foreign exchange gains and losses related to business operations are recognised as adjusted sales and purchase items. Rate differences in financing are presented under financial income and expenses.

In the consolidated financial statements, the income statements of foreign group companies are translated into euros using the average annual rates published by the European Central Bank. The companies' balance sheets are translated into euros using the rates in force on the balance sheet date.

Translation differences owing to the different exchange rates used in the income statement and balance sheet as well as translation differences attributable to the use of the acquisition method and equity balances accrued after the acquisition have been recorded in group equity, and the change in translation difference are presented in the statement of comprehensive income.

OPERATING PROFIT

IAS 1 Presentation of Financial Statements does not specify the concept of operating profit. The group has defined it as follows: operating profit is the net sum of turnover plus other operating income less acquisition costs adjusted for the change in inventories of finished goods and work in progress as well as costs arising from production for own use, less employee benefit expenses, depreciation and any impairment losses and other operating expenses. All of the items in the income statement apart from those specified above are presented under operating profit. Exchange rate differences are included in the operating profit if they arise from operations-related items; otherwise, they are recognised in financial items.

ACCOUNTING PRINCIPLES REQUIRING THE DISCRETION OF MANAGEMENT AND MAJOR UNCERTAINTY FACTORS ASSOCIATED WITH THE ESTIMATES

The preparation of financial statements in accordance with international accounting standards requires the company's management to make estimates and assumptions that affect the contents of the financial statements. The estimates and assumptions made are based on previous experience and assumptions, which in turn are based on the circumstances prevailing at the time the financial statements are prepared and future prospects. Even though the estimates are based on the most recent information available and the management's best judgment, the actual outcome may differ from the estimates.

The following lists the most significant items that require the management's assessment.

The group annually performs testing for impairment of goodwill and other intangible rights. The recoverable amounts for cash-generating units have been determined with calculations based on value in use. These calculations require the use of estimates from the management. More information on impairment testing of goodwill is available in Note 3.1, "Goodwill".

Potential obsolescence included in the value of inventories is regularly examined and, if necessary, the value of inventories is depreciated to match their net realisable value. These examinations require estimates on the future demand for products. Inventories are presented in Note 2.2, "Inventories".

Estimates are also required when assessing the amount of provisions associated with business operations. Note 5.1, "Provisions", presents the provisions made within the group.

Estimates by the management are also included in the assessment of possible credit loss risks included in trade receivables.

Furthermore, the management also uses its discretion when recognising and measuring corporate tax and deferred tax assets.

IMPACT OF CLIMATE-RELATED ISSUES ON THE FINANCIAL STATEMENTS

Climate-related matters have limited direct and indirect impacts on the following areas of Scanfil's consolidated financial statements in 2024:

- Risks and opportunities related to climate change will affect cash flow estimates, terminal growth and discount rates used in goodwill impairment testing.
- Scanfil has invested in solar power generation capacity, which has increased fixed assets and related depreciations.
- The general transition to a low-carbon economy will affect Scanfil's revenue, expenses and cash flows, particularly reflected in the sales of the Energy and Cleantech customer segment.

Potential future impacts of climate change on the consolidated financial statements may include, for example, sales revenue and cash flows from increased demand in the Energy and Cleantech customer segment; expenses and cash flows related to climate change and the transition to a low-carbon economy; investments in energy-efficient assets and related depreciation; asset impairments due to physical damage caused by changing weather conditions. It is difficult to assess the potential future financial impacts of climate change. No separately identifiable financial impact is considered material to Scanfil at the balance sheet date. Scanfil continues to assess the impacts, risks and opportunities related to climate change and takes them into account in the consolidated financial statements, as necessary.

New and amended standards applied in the financial year ended 31 December 2024

Scanfil Group has observed the following new and amended standards from the beginning of 2024:

Amendments to IAS 1 Presentation of Financial Statements *: *Classification of Liabilities as Current or Non-current Date; Classification of Liabilities as Current or Non-current – Deferral of Effective Date; Non-current Liabilities with Covenants* (effective for financial years beginning on or after 1 January 2024, early application is permitted)

The amendments are to promote consistency in application and clarify the requirements for determining if a liability is current or non-current. The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. The amendments require to disclose information about these covenants in the notes to the financial statements. The amendments also clarify transfer of a company's own equity instruments is regarded as settlement of a liability. Liability with any conversion options might affect classification as current or non-current unless these conversion options are recognized as equity under IAS 32.

Amendment to standard had no impact on Scanfil plc's financial statements.

Adoption of new and amended standards in future financial years

Scanfil has not yet applied the following new or revised standards and interpretations already published by the IASB. The group will adopt them as of the effective date of each standard and interpretation, or if the effective date is not the first day of the financial period, as of the beginning of the first financial period after the effective date.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ITEMS AFFECTING THE RESULT

1.1 Turnover and details of business segments

ACCOUNTING PRINCIPLE

Revenue recognition

The Group's turnover mainly consists of customer agreements that only include the sale of goods. Typical Scanfil products include automation system modules, frequency converters, elevator control systems, analysers, various vending machines, and devices related to medical technology and meteorology.

Revenue is recognised when a company transfers control of goods or services to a customer either over time or at a point in time. The Group mainly fulfils the performance obligation at a certain point in time when control of an asset item is transferred to the customer. Typically, control is transferred when goods are delivered in compliance with the terms of delivery. Revenue arising from the sale of products is recognised when the significant risks and rewards of ownership, right of possession and actual control of the products sold have been transferred to the buyer. A small part of the group's turnover comes from service sales. Service sales

include prototype manufacturing, productisation, component, storage and logistics services, as well as after-sales services, including repair and updating services for products. Some revenue from services is recognised over time in accordance with the completion of the services.

With regard to customers' consignment stocks, revenue is recognised when control is transferred to the customer, i.e. when goods are transferred to the consignment stock.

Variable considerations include cash and quantity discounts and consequences of delayed deliveries. Variable considerations are included in the performance obligation sales price of the receivable.

Scanfil provides a product warranty on the basis of customer contracts. The warranty period typically ranges from 12 to 24 months, and it can be at most 36 months. The warranty is not a separate performance obligation. Payment terms are customer-specific, ranging from 30 to 90 days.

Scanfil reports single business segment.

TURNOVER

The company's customers include international operators in the automation, energy, data transmission and health technology sectors, among other industries, and companies operating in fields related to urbanisation.

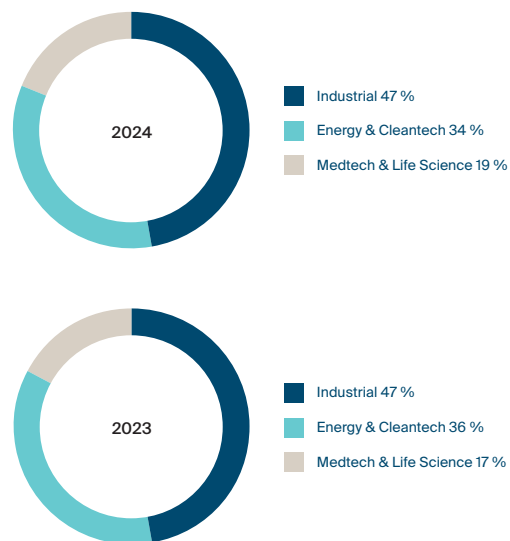
Markets and customer segments

Scanfil has divided its customers into segments on the basis of their respective fields of activity and monitors the development of sales by customer segment.

The customers are divided into the following segments:

- **Industrial:** The customer base consists of industrial and B2B customers. End products include, for example, industrial automation systems, self-service automation systems lifts.
- **Energy & Cleantech:** The customer base consists of energy and clean technology companies. End products include, for example, energy-saving solutions, electricity distribution and automated picking and sorting solutions.
- **Medtech & Life Science:** The customer base consists of energy and clean technology companies. End products include, for example, operating room and diagnostic solutions and various measurement solutions.

BREAKDOWN OF TURNOVER BY CUSTOMER SEGMENT IN 2024 AND 2023



In 2024, the Group's turnover was EUR 779.9 (901.6) million, a decrease of 13.5% compared to the previous year. The turnover decreased by EUR 121.7 million, of which EUR 14.5 million were spot market purchases. Excluding spot market purchases, turnover decreased by 12.1%.

Turnover by customer segment developed as follows:

INDUSTRIAL

Turnover in January–December was EUR 368.3 (427.6) million, a decrease of 13.9% compared to 2023. The general economic situation had a negative impact on certain end-customers' demand.

ENERGY & CLEANTECH

Turnover in January–December was EUR 265.8 (320.2) million, a decrease of 17.0% compared to 2023. Improved semiconductor availability in the second half of 2023 boosted the demand and drove to overstock, which impacted the turnover.

MEDTECH & LIFE SCIENCE

Turnover in January–December was EUR 145.8 (153.7) million, a decrease of 5.1% compared to 2023. The decrease was mainly caused by a strong comparison period in 2023.

In 2024, the largest customer accounted for about 13% (13%) of turnover and the top ten customers accounted for about 55% (55%) of turnover.

Impact of the war in Ukraine and Middle East conflict in the financial year

Scanfil doesn't have sales to Russia or material purchases from Russia and therefore the war in Ukraine did not have direct impact on Scanfil revenue or profitability.

Conflict in the Middle East had no significant impact on the group's turnover or profitability in the financial year of 2024.

Grouping of revenue

Revenue is grouped into product and service sales by customer segment. The majority, more than 90%, of the company's revenue comes from sales of manufactured products.

EUR MILLION	2024			2023		
	Goods	Services	Total	Goods	Services	Total
Customer Segments						
Connectivity	334.4	34.0	368.4	393.6	34.1	427.6
Energy & Cleantech	261.5	4.3	265.8	314.8	5.4	320.2
Medtec & Life Science	137.6	8.2	145.8	146.0	7.7	153.7
Total	733.5	46.4	779.9	854.4	47.2	901.6

Timing of revenue recognition

Goods and services transferred at a point of time	733.5	44.4	777.9	854.4	44.6	899.0
Services transferred over time		2.0	2.0		2.6	2.6
Total	733.5	46.4	779.9	854.4	47.2	901.6

Major customers

EUR THOUSAND	2024		2023	
		% of turnover		% of turnover
Customer 1	100,531	13%	116,090	13%
Customer 2	81,649	10%	78,392	9%
Customer 3	62,598	8%	76,506	8%
Total	244,778		270,989	

The same customers are not necessarily shown in the table above for the reporting period and for the comparison period.

Contractual amounts recognised on the balance sheet

The table below presents contractual receivables, assets and liabilities recognised on the balance sheet. Contract liabilities are advances received from customers.

EUR THOUSAND	2024	2023
Trade receivables, which are included in "Trade and other receivables"	153,934	158,956
Contract assets	14	78
Contract liabilities	15,084	22,692

Trade and other receivables

Current	153,934	158,956
Total	153,934	158,956

Significant changes in the contract assets and the contract liabilities balances during the period are as follows:

EUR THOUSAND	2024	2023
Contract assets		
Transferred to trade receivables	-64	-64
Contract liabilities		
Recognised in Profit and Loss	-22,692	-25,029
Increase in advances received from customer	15,084	22,692

Information about the whole entity

Of the segment information, the assets are shown by their location and distribution of sales is shown by the location of customers.

Distribution of segment assets

The segment assets mainly consist of goodwill, intangible and tangible assets, inventories, trade receivables as well as cash and cash equivalents.

Assets on geographical areas

EUR THOUSAND	2024	2023
Domicile		
Finland	50,853	28,491
Poland	153,471	183,530
China	107,408	101,038
Sweden	59,428	74,028
Estonia	40,840	54,850
Australia	36,283	0
Germany	33,514	41,985
USA	31,791	26,257
Malaysia	17,537	0
Hungary	185	156
Singapore	41	0
Total	531,351	510,333

Turnover by location of customers (delivery address)

EUR THOUSAND	2024	2023
Sweden	164,939	209,407
China	118,588	110,496
Finland	89,992	121,900
USA	73,710	73,335
Germany	82,812	104,295
Poland	44,473	60,446
Rest of Europe	175,536	207,470
Rest of Asia	25,723	10,931
Others	4,139	3,284
Total	779,912	901,564

1.2 Other operating income

ACCOUNTING PRINCIPLE

Income other than that associated with actual business operations is recognised under other operating income. Such items include capital gains from the sales of tangible fixed assets, rental income, insurance compensation payments and public subsidies.

Government grants related to tangible and intangible assets are deducted from an asset's acquisition cost, and the net acquisition cost is capitalised on the balance sheet. Other financial contributions are recognised in other operating income through profit or loss.

OTHER OPERATING INCOME, EUR THOUSAND	2024	2023
Proceeds from sale of property, plant and equipment	352	28
Allowances and compensations	535	491
Rental income	1	2
Other	271	340
Total	1,159	861

1.3 Use of materials and supplies

USE OF MATERIALS AND SUPPLIES, EUR THOUSAND	2024	2023
Materials, supplies and goods		
Purchases during the period	500,113	616,322
Change in inventories	22,671	15,279
Total	522,784	631,601

1.4 Employee benefit expenses

Employee benefits

Employee benefits include short-term employee benefits, post-employment benefits and share-based payments. Short-term employee benefits are posted as expense for the financial period during which the work was performed.

ACCOUNTING PRINCIPLE

Short-term employee benefits

Short-term employee benefits include salaries and fringe benefits, annual holidays and performance bonuses.

Post-employment benefits

Pension arrangements related to post-employment benefits are classified as defined benefit or defined contribution plans. The group does not have significant defined benefit pension plans. Most of Scanfil's obligations towards its employees are comprised of various defined contribution pension plans. The pension contributions for defined contribution pension plans are posted as expense for the financial period during which they were accrued. In Finland, the defined contribution pension plans are based on the Employees Pensions Act, according to which the pension contributions are based directly on the beneficiary's earnings.

There is a multi-employer supplementary defined benefit pension plan for employees in industry and commerce secured by Alecta in Sweden. Because Alecta is unable to furnish Scanfil with information that would enable the plan to be reported as a defined benefit plan in accordance with IAS 19 Employee Benefits, it is reported as a defined contribution plan.

EMPLOYEE BENEFIT EXPENSES, EUR THOUSAND	2024	2023
Salaries, wages and fees	96,351	95,047
Share-based payments	268	532
Pension costs - defined-contribution schemes	15,126	14,352
Other indirect employee expenses	11,183	10,914
Total	122,929	120,845

Management's employee benefits are reported in note 5.3, "Details of related parties and Group structure".

NUMBER OF GROUP EMPLOYEES AT THE END OF THE PERIOD	2024	2023
Finland	291	297
Abroad	3,706	3,500
Total	3,997	3,797

Share-based payments

ACCOUNTING PRINCIPLE

The Group has two option schemes in place. Option rights are valued at their fair value at the time they were granted and recognised as an expense in the income statement under employee benefits in equal portions during the vesting period. The expense defined at the time the options were granted is based on the group's estimate of the amount of options assumed to be vested at the end of the vesting period. The fair value of options has been defined based on the Black-Scholes pricing model. Assumptions concerning the final amount of options are updated on each reporting date. Changes in the estimates are recognised in profit or loss. When option rights are exercised, proceeds from share subscriptions, adjusted with potential transaction costs, are entered under equity.

Option scheme 2019

On April 24, 2019, the Annual General Meeting accepted the 2019 option scheme (A)–(C). Based on the 2019 option scheme, maximum of 900,000 option rights granted. Each option right enables its holder to subscribe one Scanfil plc share. The start of the option rights subscription period requires that the group's production and financial goals and conditions specifically determined by the Board for exercising the option rights are met. The subscription price of shares is determined based on the Company's trading volume weighted average share price in Nasdaq Helsinki Ltd during the period March 1 to March 31 three years before start of the option rights subscription period. Based on the authorisation granted by the Annual General Meeting, the Board of Directors decides on providing option rights to the group's President and to the members of the Management Team. All option rights granted from the 2016 option program have been marked.

Option scheme 2022

On 21 April 2022, the Annual General Meeting of Scanfil plc decided to authorize the Board of Directors to decide on granting stock options rights to key personnel of the Scanfil Group and to decide on the terms and conditions of the maximum amount of 1,200,000 option rights. Based on the authorization, the Board of Directors has on 28 October 2022 decided on general terms and conditions of option plan ("Option plan 2022") and issuing 1,200,000 option rights. The total amount of the option program is a maximum of 1,200,000 option rights and they are given free of charge. Of these options, 400,000 will be marked with the codes 2022AI and 2022AII, 400,000 2022BI and 2022BII and 400,000 2022CI and 2022CII. The options entitle the holder to subscribe for a maximum of 1,200,000 of the company's new or existing shares. The option rights whose goals are not met will expire as determined by the Board.

The subscription period for option right 2022AI and 2022AII is 1 May 2025 – 30 April 2027, for option right 2022BI and 2022BII 1 May 2026 – 30 April 2028, and for option right 2022CI and 2022CII 1 May 2027 – 30 April 2029. The share subscription price for 2022AI and 2022AII are the Company's trading volume weighted by the Company's average share price on the Nasdaq Helsinki 1 November 2022 – 30 November 2022, for option rights 2022BI and 2022BII the trading volume weighted by the Company's average share price on the Nasdaq Helsinki 1 November 2023 – 30 November 2023, and for 2022CI and 2022CII the trading volume weighted by the Company's average share price on the Nasdaq Helsinki 1 November 2024 – 30 November 2024. The share subscription price is entered in the Company's reserve for invested non-restricted equity.

The board decides on the granting of stock options and all related conditions.

On 25 October 2024 Scanfil plc's Board of Directors decided on granting stock option rights to key personnel of the Scanfil Group. Granted option rights shall be marked as "2022CI" and "2022CII". Each option right entitles its holder to subscribe for one (1) of the company's new shares or shares in its possession. The subscription period for option rights 2022CI and 2022CII is 1 May 2027 – 30 April 2029. The subscription price of option rights 2022CI and 2022CII is the trade volume weighted average price of the Scanfil plc share on Nasdaq Helsinki Ltd during the period of 1– 30 November 2024.

On 27 October 2023 Scanfil plc's Board of Directors decided on granting stock option rights to key personnel of the Scanfil Group. Granted option rights shall be marked as "2022BI" and "2022BII". Each option right entitles its holder to subscribe for one (1) of the company's new shares or shares in its possession. The subscription period for option rights 2022BI and 2022BII is 1 May 2026 – 30 April 2028.

On 27 October 2022 Scanfil plc's Board of Directors decided on granting stock option rights to key personnel of the Scanfil Group. Granted option rights shall be marked as "2022AI" and "2022AII". Each option right entitles its holder to subscribe for one (1) of the company's new shares or shares in its possession. The subscription period for option rights 2022AI and 2022AII is 1 May 2026 – 30 April 2027.

In 2024, the expense recognition of the option scheme was EUR 268 (532) thousand.

In 2024, no shares were subscribed under option rights.

OPTION SCHEMES 31.12.2024	2022CI and 2022CII	2022BI and 2022BII	2022AI and 2022AII	2019C	2019B
Grant date	25.10.2024	27.10.2023	27.10.2022	25.10.2021	27.10.2020
Amount of granted instruments (pcs)	364,000	294,000	284,000	220,000	200,000
Subscription price (EUR)	7.76	7.81	6.12	7.37	4.34
Fair value (EUR)	1.62	1.91	1.64	1.66	1.79
Share price at time of granting (EUR)	7.9	8.04	5.98	7.74	5.16
Term of validity (years)	4.5	4.5	4.5	4.5	4.5
Subscription period	1.5.2027-30.4.2029	1.5.2026-30.4.2028	1.5.2025-30.4.2027	1.5.2024-30.4.2026	1.5.2023-30.4.2025
Exercised options, pcs					160,000
Returned options to company, pcs					
Number of options outstanding	364,000	294,000	284,000	220,000	40,000

1.5 Other operating expenses

Other operating expenses include the following significant items:

OTHER OPERATING EXPENSES, EUR THOUSAND	2024	2023
Hired labour	14,295	23,998
Subcontracting	1,391	2,114
Sales freight	3,281	4,266
Energy	4,554	5,125
Tools & repair and maintenance of tools	6,973	7,618
Rents	1,560	1,373
Maintenance expenses	4,992	5,015
Travel, marketing and vehicle expenses	2,422	3,146
Other employee expenses	3,981	4,612
Bought services	5,307	3,610
ICT expenses	4,709	3,727
Other operating expenses	5,108	4,682
Total	58,572	69,285

During the financial period 2024 the company's main auditor was the auditing company Ernst & Young Oy. In the financial period 2023 the company's main auditing company was KPMG Oy Ab.

AUDITOR'S REMUNERATION, EUR THOUSAND	2024	2023
Audit fees	513	386
Sustainability assurance	70	
Auditors statement	0	10
Tax consulting	0	36
Other services	27	0
Total	611	432

Auditing services include EUR 6 thousand fees paid to other auditing companies.

1.6 Income taxes

ACCOUNTING PRINCIPLE

Income taxes

The taxes of the consolidated income statement include taxes based on the results of the group companies and calculated in accordance with local tax laws and tax rates. The taxes in the income statement also include the change in deferred tax assets and liabilities.

Deferred tax assets or liabilities are calculated on temporary differences between taxation and financial statements and differences due to group eliminations based on tax rates for the following year confirmed by the reporting date. Temporary differences arise from intercompany profits on inventories, depreciation differences and provisions, among others.

Deferred tax liabilities are recognised in full. Deferred tax assets are recognised only when it is probable that receivables can be utilised against the taxable income of future financial periods.

The purpose of the company's management assessment is to identify the company's tax positions for which the related tax legislation is open to interpretation. An adjustment is recorded on uncertain tax positions identified on the basis of the estimate if it is expected that the tax authorities will challenge the management's interpretation. The amount of the reservation is based on the estimated final tax cost.

Use of estimates

The management uses its discretion in determining the amount of income taxes and in recognizing deferred tax assets. Deferred tax assets are recognised for taxable losses and for the temporary differences between the taxation values and book values of assets and liabilities. Deferred tax assets are recognised to the extent that the group probably accumulates, according to the assessment by the management, enough taxable income against which the deferred tax assets can be utilized.

INCOME TAXES, EUR THOUSAND	2024	2023
Current tax	11,394	11,546
Tax expense of previous years	8	365
Deferred taxes	1,073	1,488
Total	12,475	13,399

RECONCILIATION OF TAX EXPENSE IN THE INCOME STATEMENT AND TAXES CALCULATED AT THE TAX RATE APPLICABLE IN FINLAND OF 20% (20% IN 2023)

INCOME TAXES, EUR THOUSAND	2024	2023
Earnings before taxes	51,081	61,614
Taxes calculated at domestic tax rate	10,216	12,323
Different tax rates of foreign subsidiaries	-88	-663
Tax at source on dividends paid in China	482	457
Tax at source on dividends paid in Estonia	1,113	0
Cancelling withholding tax of unpaid dividends	-1,590	0
Withholding tax of unpaid dividends	1,527	1,637
Reversal Poland Economic Zone adjustment	419	0
Tax free items	-2	-1
Other	391	10
Taxes from previous years	8	-365
Taxes in income statement	12,475	13,399
Effective tax rate, %	24.4	21.7
Tax rate of the parent company, %	20.0	20.0

Scanfil operates in jurisdictions which implement the international tax reform known as OECD Pillar Two.

Scanfil has assessed the impacts of Pillar Two regulation in relation to the taxation of its subsidiaries. In most of the jurisdictions Scanfil operates in the effective tax rate clearly exceeds the 15 % threshold. Therefore, Scanfil does not expect material top-up tax payments to arise from these jurisdictions.

DEFERRED TAX ASSETS AND LIABILITIES

EUR THOUSAND	1.1.2024	Recognised through profit and loss	Recognised under other comprehensive income	Translation differences	Acquired businesses	31.12.2024
Deferred tax assets:						
Investment grant to Poland	416	-419		3		0
Inventories	800	140		36		975
Provisions	902	-10		14		906
Fixed assets	568	9		1		578
Rental agreements	4,941	1,407		4		6,352
Other	1,596	-826	28	13	355	1,165
Losses	3,164	336			238	3,738
Net	-4,692	-1 322				-6,014
Total	7,694	-686	28	71	593	7,700
Deferred tax liabilities:						
Long-term customer relationships	-977	430		51	-3,638	-4,135
Rental agreements	-4,692	-1,271				-5,962
Unpaid dividends	-3,159	64				-3,095
Fixed assets	-1,013	-696		-5		-1,714
Other	-554	-185	214	307	-488	-707
Net	4,692	1,271				5,962
Total	-5,703	-387	214	353	-4,127	-9,650

In the 2024 financial statements, Scanfil Oyj recognised a deferred tax asset of EUR 3,738 thousand for unused tax losses, totalling EUR 12,718 thousand. Of the available losses eligible for tax purposes, EUR 11,942 thousand has an unlimited limitation period and EUR 776 thousand has a maximum limitation period of 5 years.

EUR THOUSAND	1.1.2023	Recognised through profit and loss	Recognised under other comprehensive income	Translation differences	31.12.2023
Deferred tax assets:					
Investment grant to Poland		397		19	416
Inventories	891	-123		32	800
Provisions	757	82		63	902
Fixed assets	569	39		9	617
Rental agreements	5,001	-491		-109	4,401
Other	2,396	-863		38	1,571
Losses	3,127	37			3,164
Net against deferred tax liabilities	-4,823	527		119	-4,176
Total	7,918	-395		171	7,694
Deferred tax liabilities:					
Long-term customer relationships	-1,335	345		12	-977
Rental agreements	-4,823	527		119	-4,176
Unpaid dividends	-1,522	-1,637			-3,159
Fixed assets	-1,084	31		40	-1,013
Other	-674	168	6	-54	-554
Net against deferred tax assets	4,823	-527		-119	4,176
Total	-4,615	-1,093	6	-1	-5,703

1.7 Earnings per share

ACCOUNTING PRINCIPLE

Earnings per share

Earnings per share are calculated by dividing the profit for the period attributable to equity holders of the parent company with the weighted average number of outstanding shares during the financial period. For the earnings per share adjusted for the dilution effect, the impact of possible share-based incentive schemes and option rights is taken into account. The exercise of options is not considered when calculating earnings per share if the share subscription price using the option exceeds the average market price of the share during the period.

EARNINGS PER SHARE, EUR THOUSAND	2024	2023
Net profit for the period attributable to equity holders of the parent company	38,606	48,215
Number of shares, undiluted (1,000 pcs)	65,191	64,864
Earnings per share, undiluted, EUR	0.59	0.74
Dilution effect of stock options (1,000 pcs)	82	172
Number of shares, diluted (1,000 pcs)	65,274	65,036
Earnings per share, diluted, EUR	0.59	0.74

2. NET WORKING CAPITAL

2.1 Net working capital

The company includes the following items in its net working capital: of current assets, inventories, trade receivables and other receivables, advance payments as well as deferred tax assets based on the taxable income for the financial period, and of current liabilities, trade payables and other liabilities as well as deferred tax liabilities based on the taxable income for the financial period.

The group monitors on a monthly basis the ratio of net working capital to the turnover for the previous 12 months.

Net working capital was 23.4% of net sales, compared to 23.7% at the end of the previous year. The net working capital percentage decreased compared to the previous year due to the decrease in the value of inventories.

NET WORKING CAPITAL, EUR THOUSAND	2024	2023
Net working capital		
Inventories	168,103	209,003
Trade receivables	153,934	158,956
Accrued income, other receivables and income tax receivables	15,592	16,318
Advance payments	655	923
Trade payables	-105,653	-111,842
Advances received	-15,084	-22,692
Accrued expenses, other liabilities and income tax liabilities	-35,095	-37,101
Total	182,451	213,565
Net working capital, % of turnover	23.4 %	23.7 %

2.2 Inventories

ACCOUNTING PRINCIPLE

Inventories

Inventories are measured at the acquisition cost and net realisable value, whichever is lower. The acquisition cost is determined on a weighted-average basis. The cost of raw materials includes the expenses incurred for purchasing and putting them into storage. The cost of finished goods and work in progress includes raw materials, direct labour costs and other direct expenditure as well as a proportion of fixed costs.

The impairment due to obsolescence, based on the management's estimate of probable net realisable value, is taken into account when determining the value of inventories. The net realisable value is the estimated selling price less sale-related costs.

Use of estimates

Potential obsolescence included in the value of inventories is regularly examined and, if necessary, the value of inventories is depreciated to match their net realisable value. These examinations require estimates on the future demand for products.

INVENTORIES, EUR THOUSAND	2024	2023
Materials and supplies	137,891	178,039
Work in progress	18,509	18,660
Finished goods	11,702	12,304
Total	168,103	209,003

Impairment losses on inventories during the financial year amounted to EUR 2.0 (3.3) million.

2.3 Trade and other receivables

ACCOUNTING PRINCIPLE

Trade receivables

Trade receivables are created when Scanfil invoices products and services delivered to customers. Trade receivables are measured at the original invoiced amount. For uncertain receivables, impairment is recognised on the basis of case-specific risk assessments.

According to the new impairment model, impairment provisions must be recognised on the basis of expected credit losses. A simplified model must be applied to trade receivables, in which the estimated amount of credit losses is based on percentages defined on the basis of the age distribution of the receivables. These percentages are based on the estimated probability of credit losses and historical information.

Use of estimates

Estimates by the management are included in the assessment of possible credit loss risks included in the trade receivables. According to the group's management, there is no significant credit loss risk in trade receivables. The group has approximately 150 active customers, of which the largest customers are Nordic market leaders in their industries. The client companies are spread over several different industries and geographical areas. In general, the business of the Group's key customers is not particularly sensitive to economic cycles and the life cycles of products are often long. Overdue accounts receivable are regularly monitored and actively collected. The creditworthiness of new customers is checked and only standard payment terms are granted to customers. Neither the war in Ukraine nor the general uncertain economic situation has had a significant impact.

TRADE AND OTHER RECEIVABLES, EUR THOUSAND	2024	2023
Trade receivables	153,934	158,956
Accrued income	8,066	10,422
Value-added tax receivables	2,032	3,068
Other receivables	1,321	1,057
Total	165,353	173,504

AGE DISTRIBUTION OF TRADE RECEIVABLES, EUR THOUSAND	2024	2023
Unmatured	128,038	134,019
Matured		
1-30 days	18,155	21,295
31-90 days	2,521	2,544
91-180 days	473	880
181-365 days	5,605	343
Over 365 days	179	38
Provision for bad debt	-1,038	-163
Total	153,934	158,956

Expected credit losses

2024, EUR THOUSAND	Book value (gross)	Estimated credit losses	Bad debt provision
Unmatured	128,038	0.01%	13
Matured			
1 - 30 days	18,155	0.02%	3
31 - 90 days	2,521	0.4 %	10
91 - 180 days	473	2.6 %	12
181 - 365 days	5,605	16.3 %	913
Over 365 days	179	48.1 %	86
Total	154,972		1,038

2023, EUR THOUSAND	Book value (gross)	Estimated credit losses	Bad debt provision
Unmatured	134,019	0.01 %	14
Matured			
1 - 30 days	21,295	0.02 %	4
31 - 90 days	2,544	0.5 %	13
91 - 180 days	880	2.0 %	18
181 - 365 days	343	25.0 %	86
Over 365 days	38	75.0 %	29
Total	159,119		163

At the end of the financial period, the credit loss provision recognised for covering uncertain receivables stood at EUR 1.038 (163) thousand. During the financial period, credit losses recognised from trade receivables were EUR 91 (197) thousand. Scanfil Group's credit risk is described in note 4.7.

2.4 Trade and other liabilities

TRADE AND OTHER PAYABLES, EUR THOUSAND	2024	2023
Trade payables	105,653	111,842
Accrued liabilities	24,511	22,181
Advance payments received	15,084	22,692
Other creditors	8,499	10,034
Total	153,748	166,750
The most significant items included in accrued liabilities:		
Employee expenses	15,308	14,550
Interests	238	161
Financial derivatives	149	476
Other accrued liabilities	8,817	6,994
Total	24,511	22,181

3. NON-CURRENT ASSETS

3.1 Goodwill

ACCOUNTING PRINCIPLE

Goodwill

Business combinations are treated using the acquisition method. Goodwill is recognised at the amount by which the acquisition cost exceeds the group's share of the value of acquired assets and liabilities at the time of acquisition. Goodwill is created in corporate transactions, and it reflects the value of the acquired business, market share and synergies. The book value of goodwill is tested by impairment testing. The group's goodwill mainly consists of the acquisition of PartnerTech AB group in 2015 and the acquisition of SRXGlobal Pty Ltd in 2024.

Impairment testing

No depreciation is made of goodwill; instead, goodwill is tested at least annually for possible impairment. For that, goodwill is allocated to six cash generating units (CGUs). Scanfil has defined CGUs to correspond mainly the groups subsidiaries. The recoverable amount of the CGU is calculated with value in use calculations. For the SRXGlobal group, fair value less disposal costs were used to determine the recoverable amount due to the proximity of the date of the acquisition and impairment testing.

An impairment loss is recognised when the book value of an asset exceeds its recoverable amount. Impairment losses are immediately recognised as expenses in the income statement. Impairment losses recognised for goodwill cannot be later reversed. In 2024 and 2023, no goodwill impairments were recorded.

GOODWILL, EUR THOUSAND	2024	2023
Cost at 1 Jan.	7,678	7,664
Additions	22,433	0
Exchange rate difference	-998	14
Carrying amount at 31 Dec.	29,113	7,678

ALLOCATION OF GOODWILL TO CASH-GENERATING UNITS, EUR THOUSAND

	2024	2023
Scanfil Oü	111	111
Scanfil Poland Sp. z o.o.	3,037	3,136
Scanfil Malmö AB	1,146	1,184
Scanfil Ätvidaberg AB	1,547	1,598
Scanfil Electronics GmbH	1,649	1,649
SRXGlobal Pty Ltd	21,622	
Total	29,113	7,678

DISCOUNT RATE OF CASH FLOWS BEFORE TAXES

	2024	2023
Scanfil Electronics GmbH	13.7%	10.0%
Scanfil Poland Sp. z o.o.	12.5%	13.6%
Scanfil Malmö AB	12.3%	9.4%
Scanfil Ätvidaberg AB	12.3%	9.4%

The recoverable amount of a CGU is based on the value in use of a cash-generating unit, which is the present value of the future cash flows the CGU is expected to accumulate. Determination of the value in use is based on the conditions and expectations in force at the time of testing. Cash flow projections are based on forecasts approved by the management which cover a period of five years, and for the period following that, a growth rate of 2% has been assumed for cash flows. For the SRXGlobal group, fair value less disposal costs were used to determine the value in use taking into consideration the latest market transaction and incorporates assumptions that market participant would consider in pricing the CGU.

Preparing impairment testing calculations requires estimates of future cash flows. The turnover and profitability assumptions used for the forecasts are based on customer-specific forecasts and the management's estimates of the development of demand and markets.

The weighted average cost of capital (WACC) for the CGU has been used as the discount rate for cash flows. The risk-free interest rate, risk factor (beta) and risk premium parameters used for determining the discount rate of interest are based on information obtained from the market.

No need for impairment of goodwill was detected based on the impermanent testing. The recoverable amounts of all CGUs exceed their book values.

Sensitivity analysis

A sensitivity analysis was performed for CGUs by changing calculation assumptions. The table below shows the change in assumption that would be required to make the recoverable amount equal to its book value.

SENSITIVITY ANALYSIS	2024 Change % units	2023 Change % units
Discount rate after taxes		
Scanfil Electronics GmbH	0.8	3.6
Scanfil Poland Sp. z o.o.	9.5	9.6
Scanfil Malmö AB	19.4	37.9
Scanfil Åtvidaberg AB	14.7	21.2
Profitability (EBITDA %)		
Scanfil Electronics GmbH	- 0.5	- 2.6
Scanfil Poland Sp. z o.o.	- 4.0	- 4.2
Scanfil Malmö AB	- 5.2	- 7.4
Scanfil Åtvidaberg AB	- 4.3	- 5.5
Terminal growth rate		
Scanfil Electronics GmbH	- 1.2	- 4.2
Scanfil Poland Sp. z o.o.	- 14.6	- 35.6
Scanfil Malmö AB	- 34.2	N/A
Scanfil Åtvidaberg AB	- 25.0	N/A

According to the sensitivity analysis the first impairment loss would take place in Scanfil GmbH if the EBITDA % of the CGU was reduced by 0.5 percentage units or the discount rate was raised by 0.8 percentage units. The book value of Scanfil GmbH assets in the sensitivity calculation was EUR 28.2 million.

3.2 Other intangible assets

ACCOUNTING PRINCIPLE

Other intangible assets

Intangible assets are recognised at historical cost in the balance sheet, if the cost can be reliably determined and it is likely that the financial benefit from the asset benefits the group. Intangible assets are recognised in the income statement using straight-line depreciation within their expected useful life.

Other intangible assets include long-term customer relationships, software suites and right to land use of Chinese subsidiaries.

THE DEPRECIATION PERIODS ARE:

Long-term customer relationships	10 years
Intangible rights	3–10 years
Other intangible assets	3–10 years
Right to land use in China	50 years

The balance sheet value of an asset is always assessed for establishing possible impairment whenever there are any indications that the value of some asset has been impaired.

Long-term customer relationships

In connection with the allocation of the purchase price related to the acquisition of PartnerTech AB in 2015, HASEC-Elektronik GmbH in 2019 and SRXGlobal Pty Ltd in 2024, the group has allocated part of the purchase price to long-term customer relationships. Following the initial recognition, customer relationships are measured at cost less accrued depreciation and impairment.

Research and development costs

Research and development costs are recognised as expenses through profit or loss. Development costs as per IAS 38 Intangible Assets are capitalised and amortised over their useful lives. The group has no capitalised development costs.

Cloud service arrangements

The accounting treatment of cloud service arrangements depends on whether the cloud-based software is classified as an intangible asset or a service contract. Those arrangements in which the company does not have control over the software in question are treated in accounting as service contracts, which give the group the right to use the cloud service provider's application software during the contract period. The ongoing license fees for the application software, as well as the configuration or customization costs related to the software, are recorded in the income statement when the services are received.

Impairment

The balance sheet values of fixed assets are assessed for establishing possible impairment on the balance sheet date and whenever there are any indications that the value of some asset has been impaired. The recoverable amount for the asset in question is assessed in the impairment tests. The recoverable amount is the fair value of the asset less its disposal costs, or its value of use, whichever is higher. An impairment loss is recognised in the income statement, if the book value of an asset exceeds its recoverable amount. The impairment loss is included in the income statement item Depreciation, amortisation and impairment. An impairment loss related to property, plant and equipment is reversed if there has been a material change in the estimates used to determine the recoverable amount. An impairment loss is only reversed up to the asset's book value which it would have net of depreciation, if no impairment loss had been recognised in earlier years.

OTHER INTANGIBLE ASSETS, EUR THOUSAND	Customer relationships	Intangible rights	Other long-term expenses	Advance payments	Intangible assets total
Acquisition at 1 Jan. 2024	15,397	10,114	5,420		30,931
Additions		593	151	4	748
Business combinations	12,127				12,127
Transfers between items		139	94		233
Exchange rate differences	-806	185	10		-611
Acquisition at 31 Dec. 2024	26,718	11,031	5,676	4	43,429
Accumulated depreciations at 1 Jan. 2024	-11,575	-6,214	-2,751		-20,540
Depreciations	-1,804	-758	-577		-3,140
Exchange rate differences	322	-71	-3		248
Accumulated depreciations at 31 Dec. 2024	-13,058	-7,044	-3,331		-23,432
Carrying amount at 1 Jan. 2024	3,822	3,900	2,670		10,391
Carrying amount at 31 Dec. 2024	13,660	3,988	2,345	4	19,997

OTHER INTANGIBLE ASSETS, EUR THOUSAND	Customer relationships	Intangible rights	Other long-term expenses	Advance payments	Intangible assets total
Acquisition at 1 Jan. 2023	15,370	9,658	3,601	174	28,803
Additions		515	149		663
Reductions		44	-7	-160	-122
Transfers between items		163	1,670	-4	1,829
Exchange rate differences	27	-267	8	-11	-243
Acquisition at 31 Dec. 2023	15,397	10,114	5,420	0	30,931
Accumulated depreciations at 1 Jan. 2023	-10,015	-5,624	-2,364		-18,004
Depreciations	-1,501	-572	-495		-2,568
Reductions			7		7
Exchange rate differences	-59	-18	102		25
Accumulated depreciations at 31 Dec. 2023	-11,575	-6,214	-2,751		-20,540
Carrying amount at 1 Jan. 2023	5,354	4,034	1,236	174	10,799
Carrying amount at 31 Dec. 2023	3,822	3,900	2,670	0	10,391

3.3 Property, plant and equipment

ACCOUNTING PRINCIPLE

Property, plant and equipment

The main items included in this category are buildings, machinery, equipment, fixtures and fittings. They are stated in the balance sheet at historical cost less depreciation and any impairment losses. Depreciation is calculated from historical cost on a straight-line basis over the expected useful lives of the assets. No depreciation is made for land areas. The repair and maintenance costs of tangible fixed assets are recognised through profit or loss.

The residual values and useful lives of assets are reviewed annually and adjusted, if appropriate, to indicate changes in expected financial benefits.

An item of property, plant and equipment will no longer be depreciated when such an item is considered as being held for sale in accordance with IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations".

THE DEPRECIATION PERIODS ARE:

Buildings and structures	10–25 years
Machinery and equipment	3–10 years
Other tangible assets	5–10 years

Regarding machinery and equipment, a depreciation period of 8–10 years is generally used for heavy machinery (such as sheet metalwork centers) and production lines (such as surface mounting lines). Otherwise, the depreciation period for machinery and equipment is usually five years. Production tools are depreciated over three years.

The capital gains from property, plant and equipment are included in other operating income while the corresponding capital losses are included in other operating expenses.

Government grants related to tangible and intangible assets are deducted from an asset's acquisition cost, and the net acquisition cost is capitalised on the balance sheet.

Impairment

The principle for determining impairment is shown in note 3.2, "Other intangible assets".

PROPERTY, PLANT AND EQUIPMENT, EUR THOUSAND	Land	Buildings and con- structions	Machinery and equip- ments	Other tangible assets	Advance payments and con- structions in progress	Tangible assets total
Acquisition cost at 1 Jan. 2024	1,053	30,107	119,985	983	3,163	155,290
Additions		224	7,494	326	6,476	14,520
Business combination			3,439			3,439
Deductions			-3,240			-3,240
Transfers between items		72	3,822	15	-4,171	-263
Exchange rate differences	10	491	1,769	-7	17	2,280
Acquisition cost at 31 Dec. 2024	1,063	30,893	133,268	1,317	5,485	172,026
Accumulated depreciations at 1 Jan. 2024		-18,625	-73,426	-543		-92,593
Depreciations		-1,444	-11,451	-135		-13,030
Deductions			3,246			3,246
Exchange rate differences		-303	-1,029	57		-1,276
Accumulated depreciations at 31 Dec. 2024		-20,372	-82,659	-621		-103,653
Carrying amount at 1 Jan. 2024	1,053	11,482	46,559	441	3,163	62,697
Carrying amount at 31 Dec. 2024	1,063	10,522	50,609	696	5,485	68,374

In 2024 gross investments in tangible and intangible assets totalled EUR 15.6 million, which is 2.0% of net sales. Most of the investments were to increase production capacity and replacement investments in Germany, Poland and China, where investment was also done to solar power production capacity. Rest of the investments focused at IT and general improvement of factories.

PROPERTY, PLANT AND EQUIPMENT, EUR THOUSAND						Tangible assets total
	Land	Buildings and con- structions	Machinery and equip- ments	Other tangible assets	Advance payments and con- structions in progress	
Acquisition cost at 1 Jan. 2023	1,006	29,640	104,237	856	2,438	138,176
Additions		190	11,429	110	8,573	20,301
Deductions			-1,595			-1,595
Transfers between items		79	6,013	25	-7,946	-1,829
Exchange rate differences	47	197	-99	-7	98	237
Acquisition cost at 31 Dec. 2023	1,053	30,107	119,985	983	3,163	155,290
Accumulated depreciations at 1 Jan. 2023		-17,265	-64,854	-493		-82,612
Depreciations		-1,503	-10,404	-56		-11,963
Deductions			1,506			1,506
Exchange rate differences		143	326	7		476
Accumulated depreciations at 31 Dec. 2023		-18,625	-73,426	-543		-92,593
Carrying amount at 1 Jan. 2023	1,006	12,376	39,383	362	2,438	55,564
Carrying amount at 31 Dec. 2023	1,053	11,482	46,559	441	3,163	62,697

In 2023 gross investments in tangible and intangible assets totalled EUR 22.2 million, which is 2.5% of net sales. The most significant investments focused at electronics production capacity in Atlanta USA and in Sieradz Poland, where factory expansion projects was started. In addition, in Malmö Sweden and in Wutha Germany investments were made to production according to Dream Factory -concept. Rest of the investments focused at IT and general improvement of factories and increase of production capacity.

3.4 Right-of-use assets

ACCOUNTING PRINCIPLE

When an agreement enters into force, the group will determine whether it is a lease agreement or whether it includes a lease agreement. An agreement is a lease agreement or includes a lease agreement if it provides the right to control the use of a specific asset item for compensation for a specific period.

The group as a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use asset is initially measured at the original acquisition cost, including an amount equal to the original valuation of the lease liability, rents paid until the start date of the agreement and expenses for returning the right-of-use asset to its original state, less any rent incentives received.

The group leases production and office facilities. A typical lease for production facilities covers five to eight years. Five of the Group's nine production plants operate in leased premises. Some lease agreements include options to extend the lease period or to terminate the agreement before the end of the lease period. When a lease period starts, the group assesses whether it is reasonably certain to exercise different options. The group will reassess whether it is reasonably certain to exercise different options if there are changes in circumstances under its control or if significant event takes place. The group has recognised extension options based on lease agreements totalling two to four years.

In addition, the group has lease agreements on cars and other vehicles (mainly forklifts) and equipment. Lease agreements typically cover one to four years. With regard to vehicle leases, the group processes components other than lease agreement components as separate, including servicing.

Right-of-use asset items is subsequently depreciated using straight-line method, starting from the commencement date of the lease agreement until the end of the lease period or until the end of the expected useful life of each right-of-use asset, depending on which is shorter. The expected useful life of each right-of-use asset is determined using the same principles that are used to determine the depreciation periods of owned properties and equipment. In addition, right-of-use asset is reduced by impairment losses, if any, and adjustments resulting from the remeasurement of the lease liability.

The lease liability is recognised at the current value of upcoming rents using the interest rate of incremental borrowing rate as the discount rate, in which case the value of the right-of-use asset corresponds with the amount of the lease liability on the commencement date of the lease agreement.

The lease liability is measured using the effective interest method. Lease liability is remeasured if there are changes in upcoming rents due to changes in index or interest rates, if the estimated residual value guarantee to be paid changes, or if the estimate of exercising the extension or termination option changes. When lease liability is remeasured as described above, the book value of the right-of-use asset will be adjusted correspondingly or the impact of the change will be recognised through profit and loss, provided that the book value of the right-of-use asset has decreased to zero.

Short-term lease agreements and leases of low-value assets

The group applies recognition exemptions concerning short-term lease agreements of at most 12 months and assets with a low value of at most EUR 5,000. As an exception to the application of exemptions, the exemption of 12 months does not apply to leasing vehicles. Expenses related to short-term lease agreements and asset items with a low value are recognised on a straight-line basis in other operating expenses over the lease period.

EUR THOUSAND	Buildings and constructions	Machinery and equipments	Right-of-use assets total
Acquisition cost at 1 Jan. 2024	36,627	2,364	38,991
Additions	4,166	947	5,113
Business combinations	3,332		3,332
Deductions	-277		-277
Exchange rate differences	434	12	446
Acquisition cost at 31 Dec. 2024	44,282	3,323	47,605
Accumulated depreciations at 1 Jan. 2024	-14,631	-1,744	-16,375
Depreciations	-4,377	-563	-4,940
Deductions	259	125	385
Exchange rate differences	-146	4	-143
Accumulated depreciations at 31 Dec. 2024	-18,896	-2,178	-21,073
Carrying amount at 1 Jan. 2024	21,996	620	22,616
Carrying amount at 31 Dec. 2024	25,386	1,145	26,532

EUR THOUSAND	Buildings and constructions	Machinery and equipments	Right-of-use assets total
Acquisition cost at 1 Jan. 2023	33,946	3,158	37,104
Additions	2,435	451	2,886
Deductions	-594	-1,326	-1,920
Exchange rate differences	841	81	922
Acquisition cost at 31 Dec. 2023	36,627	2,364	38,991
Accumulated depreciations at 1 Jan. 2023	-10,477	-2,486	-12,963
Depreciations	-4,133	-440	-4,573
Deductions	133	1,251	1,385
Exchange rate differences	-154	-69	-224
Accumulated depreciations at 31 Dec. 2023	-14,631	-1,744	-16,375
Carrying amount at 1 Jan. 2023	23,469	672	24,141
Carrying amount at 31 Dec. 2023	21,996	620	22,616

LEASE LIABILITIES, EUR THOUSAND	2024	2023
Maturity analysis – contractual undiscounted cash flows		
Within one year	6,591	4,912
In one to two years	16,745	15,015
More than five years	6,826	7,185
Total	30,162	27,113

CARRYING AMOUNT OF LEASE LIABILITIES AT THE END OF THE FINANCIAL YEAR, EUR THOUSAND	2024	2023
Long-term liabilities	21,863	18,606
Short-term liabilities	5,123	3,948
Total	26,985	22,554

AMOUNTS RECOGNISED IN PROFIT AND LOSS, EUR THOUSAND	2024	2023
Interest on lease liabilities	1,094	1,029
Expenses relating to short-term leases	153	177
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	91	71
Total	1,338	1,276

3.5 Depreciation, amortisation and impairment

ACCOUNTING PRINCIPLE

The determination principles are shown in note 3.1 "Goodwill", 3.2 "Other intangible assets", 3.3 "Tangible assets" and 3.4 "Right-of-use assets".

Depreciation and amortisation

DEPRECIATION BY ASSET CLASS, EUR THOUSAND	2024	2023
Intangible assets		
Intangible rights	758	572
Other long-term expenses	577	495
Long-term customer relationships	1,804	1,501
Total	3,140	2,568
Property, plant and equipment		
Buildings	1,444	1,503
Machinery and equipment	11,451	10,404
Other tangible assets	135	56
Total	13,030	11,963
Right-of-use-assets		
Buildings	4,377	4,133
Machinery and equipment	563	440
Total	4,940	4,573
Total depreciation	21,110	19,104

3.6 Acquired businesses

ACCOUNTING PRINCIPLE

The determination principles are shown in note 3.1 "Goodwill", 3.2 "Other intangible assets", 3.3 "Tangible assets" and 3.4 "Right-of-use assets".

Scanfil Oyj acquired the entire share capital of Australian contract manufacturer SRXGlobal Pty Ltd on 3.10.2024. The purchase price was EUR 33.2 million. The purchase price includes EUR 10.5 million, a contingent additional purchase price valued at fair value of the euro, maturing in 2026. EUR 12.1 million of the purchase price was allocated to long-term customer relationships. EUR 3.6 million, of which deferred tax liabilities amounted to EUR 3.6 million. Eur. EUR 22.4 million was recognised in unallocated goodwill. The EUR 0.5 million acquisition costs consist mainly of advisory fees and due diligence costs.

The acquisition will increase Scanfil's strategic presence and production capacity in Southeast Asia with two factories. The factories are located in Melbourne, Australia and Johor Bahru, Malaysia, and have a total of 8 automated SMT lines and approximately 300 employees. Scanfil's current customers will also benefit from the new locations. The goodwill arising from the acquisition mainly relates to SRXGlobal's skills and processes in PCBA manufacturing, box building, and expected synergies in material sourcing.

SRXGlobal Pty. Ltd. has been consolidated into the Scanfil Group as of 1 October 2024. The effect on the Group's turnover for the reporting period was EUR 10.9 million and the operating profit for the period EUR -0.1 million. If SRXGlobal had been consolidated on January 1, 2024, Scanfil's turnover for 2024 would have been EUR 808.0 million and operating profit EUR 52.9 million.

EUR THOUSAND	Note	Booked value
Tangible assets	3.3	3,517
Right of use assets	3.4	3,418
Long-term customer relationships	3.2	12,127
Deferred tax assets	1.6	887
Inventories		7,596
Trade and other receivables		5,552
Cash and cash equivalents		555
Total assets		33,652
Deferred tax liabilities	1.6	4,127
Non-current interest bearing liabilities		3,198
Trade and other liabilities		15,317
Non-current interest bearing liabilities		509
Total liabilities		23,150
Net assets		10,502
Paid purchase price		23,289
Contingent considered		9,645
Acquisition cost	3.1	32,934
Goodwill		-22,432
Purchase price in cash		23,289
Cash and cash equivalents of the acquired company		555
Cash flow		22,734

4. CAPITAL STRUCTURE

Financial items

ACCOUNTING PRINCIPLE

Financial assets and liabilities

The company classifies the Group's financial assets as financial assets recognised at amortised cost, financial assets recognised at fair value through profit or loss, or financial assets recognised at fair value in other comprehensive income items. Financial assets are classified based on the purpose of their acquisition, and they are classified at the time of their original acquisition. The classification is based on the company's business goals and agreement-based cash flows of financial assets, or it is carried out by applying the fair value option in conjunction with the original acquisition.

Financial assets recognised at amortized cost mainly consist of trade receivables. Assets classified in this group are valued at amortised cost using the effective interest method. According to the Group's business model, trade receivables are intended to be maintained in accordance with original agreements, and cash flows related to them and based only on capital and interest are to be collected. Trade receivables are current assets that the company intends to keep for a maximum of 12 months after the end of the reporting period. The carrying amount of current trade receivables is considered to materially correspond to their fair value. The accounting of impairments is described in Note 4.7 "Credit risk".

Financial assets recognised at fair value through profit or loss include financial assets acquired to be held for trading or classified as items recognised at fair value during initial recognition. Financial assets included in this item are non-quoted shares. Investments in non-quoted shares are stated at the lower of historical cost and probable realisable value because their fair values cannot be determined reliably. Quoted shares are measured at fair value, which is the market price of the date of the financial statement. This item also includes derivatives to which hedge accounting does not apply. In the 2023 financial statements, the group had no investments in non-quoted shares.

Financial assets entered at fair value in other comprehensive income are derivatives that are subject to hedge accounting.

On the date of the financial statements, the group's financial assets are evaluated to see if there are indications that the value of any of the assets might be impaired.

Cash and cash equivalents include cash at bank and in hand as well as short-term bank deposits, which can easily be exchanged for an amount known in advance and for which there is little risk of changes in value. Items classified as cash and cash equivalents have a maximum maturity of three months from the time of acquisition. Cash and cash equivalents are included in the item of financial assets recognised at amortized cost.

The group's financial liabilities are recognised at amortised cost.

4.1 Cash and cash equivalents

CASH AND CASH EQUIVALENTS, EUR THOUSAND	2024	2023
Cash and cash equivalents	48,534	21,222
Total	48,534	21,222

4.2 Financial income and expenses

ACCOUNTING PRINCIPLE

Interest income is recognised using the effective interest method and dividend income when the right to a dividend was created.

FINANCING INCOMES AND EXPENSES, EUR THOUSAND	2024	2023
Financing incomes		
Interest income from other financial assets	15	3
Exchange rate gains	258	3,520
Other financial income	946	490
Financing incomes total	1,219	4,013
Financing expenses		
Interest expenses	2,052	3,168
Exchange rate losses	238	
Other financial expenses	426	544
Financing expenses total	2,715	3,713
Financial incomes and expenses	-1,497	300

Exchange rate gains and losses have arisen from the translation of transactions and monetary items into euro. The exchange rate items are shown under financial income and expenses as their net amount, EUR 0.0 (3.5) million. These items include EUR 0.2 (2.6) million of exchange rate gains from the layered foreign exchange hedging program. Additionally the items include EUR 0.2 (0.6) million of exchange rate losses arising from Group's internal loans. The operating profit includes a total of EUR -1.0 (-0.2) million of exchange rate losses.

Interest expenses consist of interest for financial liabilities, EUR 0.3 (0.2) million, interest expenses for leases EUR 1.1 (1.0) million and interest expenses for using the overdraft facility, EUR 0.0 (1.2) million. Other financial expenses include financial liabilities commissions and overdraft facility extension fee of EUR 0.2 (0.4) million.

4.3 Financial liabilities

FINANCIAL LIABILITIES, EUR THOUSAND	2024	2023
Long term liabilities recognised at amortised cost		
Financial institutions	20,000	
Lease liability	21,863	18,606
Liabilities recognised at fair value through profit & loss		
Unpaid contingent purchase price of acquisitions	10,314	
Total	52,176	18,606
Short term liabilities recognised at amortised cost		
Financial institutions	10,000	36,000
Drawdowns from credit facilities	12,749	14,413
Lease liability	5,123	3,948
Total	27,872	54,361

In 2019, Scanfil Plc raised a EUR 30 million long-term loan from Nordea Bank Abp, of which the last installment was paid on 27 September 2024. In addition, a EUR 30 million long-term loan that Scanfil Plc raised from Nordea Bank Abp in 2021 matured on 15 November 2024. The loan was extended for three years, and the extended loan will be repaid in every six months by EUR 5 million. The last installment of the loan is on 15 November 2027.

Scanfil Plc has Nordea's Multicurrency Global Cash Pool available with an overdraft facility of EUR 50 million and SEB's Liquidity Optimisation facility available with an overdraft of EUR 30 million. In addition, a working capital facility of CNY 180 million granted to subsidiary Scanfil (Suzhou) Co. Ltd. by Nordea Bank AB Shanghai Branch.

The Group's financing arrangements include termination covenants related to the equity ratio and the ratio between interest-bearing net liabilities and the operating margin. The terms of the covenants are monitored on a quarterly basis. The Group fulfilled the covenant terms during the financial periods of 2024 and 2023. On 31.12.2024, interest-bearing net debt to EBITDA was 0.43 (0.64) and equity ratio 55.5% (53.7%).

4.4 Book values and fair values of financial assets and liabilities

BALANCE SHEET ITEM, EUR THOUSAND	Derivatives in cash flow hedging	Recognised at fair value through profit or loss	Financial assets and liabilities recognised at amortised cost	Balance sheet items total
2024				
Non-current assets				
Equity investments		518		518
Current assets				
Trade receivables			153,934	153,934
Derivatives	85	171		255
Cash and cash equivalents			48,534	48,534
Total financial assets	85	689	202,468	203,242
Non-current financial liabilities				
Interest bearing liabilities			20,000	20,000
Unpaid contingent purchase price of acquisitions		10,314		10,314
Lease liabilities			21,863	21,863
Current financial liabilities				
Interest-bearing liabilities from financial institutions			10,000	10,000
Drawdowns from credit facilities			12,749	12,749
Lease liabilities			5,123	5,123
Derivatives	132	16		149
Trade payables			105,653	105,653
Total financial liabilities	132	10,330	175,388	185,850

The fair values of financial assets and liabilities do not differ from their book values.

BALANCE SHEET ITEM, EUR THOUSAND	Derivatives in cash flow hedging	Recognised at fair value through profit or loss	Financial assets and liabilities recognised at amortised cost	Balance sheet items total
2023				
Non-current assets				
Equity investments		529		529
Current assets				
Trade receivables			158,956	158,956
Derivatives	1,207	328		1,535
Cash and cash equivalents			21,222	21,222
Total financial assets	1,207	857	180,179	182,243
Non-current financial liabilities				
Lease liabilities			18,606	18,606
Current financial liabilities				
Interest-bearing liabilities from financial institutions			36,000	36,000
Drawdowns from credit facilities			14,413	14,413
Lease liabilities			3,948	3,948
Derivatives		476		476
Trade payables			111,842	111,842
Total financial liabilities		476	184,809	185,285

The fair values of financial assets and liabilities do not differ from their book values.

4.5 Derivative financial instruments and hedge accounting

ACCOUNTING PRINCIPLE

Derivative financial instruments and hedge accounting

Derivative financial instruments are initially recognised in accounting at fair value on the date when the group becomes a party to the related contract and later further valued at fair value. For derivative financial instruments to which hedge accounting is not applied, changes in value are immediately recognised through profit or loss. For derivative financial instruments to which hedge accounting is applied and which are considered effective hedging instruments, the impact on the result of changes in value is presented according to the hedge accounting model employed.

The Group applies cash flow hedge accounting to currency derivatives made for hedging forecasted cash flow and to an interest rate swap made for hedging a variable-rate loan. When initiating hedge accounting, the Group documents the relationship between the hedged item and the hedging instruments, together with the Group's risk management objectives and hedging strategy. When initiating hedge accounting, the group documents the relationship between the hedged item and the hedging instruments, together with the group's risk management objectives and hedging strategy. When initiating hedging and at least every time when preparing financial statements and interim financial statements, the group documents and evaluates the effectiveness of the hedging relationships by examining the ability of the hedging instrument to negate changes in the fair value or cash flows of the hedged item. Any change in the fair value of the effective portion of derivative financial instruments fulfilling the conditions of a cash flow hedge is recognised under other comprehensive income and presented in equity hedging reserve with tax consequence considered (included in "Fair value reserves"). Profits and losses accumulated from the hedging instrument to equity are recognised through profit or loss when the hedged item affects profit or loss.

Interest swap

The Group uses an interest swap to hedge a loan. The purpose of the hedge is to offer protection against interest rate fluctuations related to the variable-rate loan. Through hedging, the interest payments of the variable-rate euro-denominated loan are changed to have a fixed rate. Scanfil pays a fixed rate of 2.53% every quarter, in addition to the bank's rate. The objective of the hedge is compliant with the Group's risk management principles.

The effectiveness of the hedge can be reliably measured, and the hedge is expected to remain fully effective throughout the validity of the hedge. The terms and conditions of the hedged object and the hedging instrument correspond to each other. Effectiveness is evaluated every quarter, and the hedge has remained effective. The impact of the derivative on results is expected to materialise during the validity of the loan.

On December 31, 2024 the rated amount of the interest swap was EUR 30.0 million, and it will expire on November 15, 2027. The fair value of the derivative was EUR -132 thousand, including accumulated interest. The interest flows of the derivative will materialise at the same time as the interest flows of the loan.

Forward exchange contracts

The group uses forward exchange contracts for hedging against currency risks. Forward exchange contracts are used both for hedging of forecasted cash flow and for hedging of accounts receivable and accounts payable. In addition, the Group hedges internal loans selectively. The Group applies cash flow hedge accounting to currency derivative contracts made for hedging of forecasted cash flows. Changes in fair value are recognised in other comprehensive income items adjusted for deferred taxes and presented in the fair value reserve under equity. Forward exchange contracts made for hedging of accounts receivable, accounts payable and internal loans are outside hedge accounting. Changes in fair value are immediately recognised through profit or loss.

Interest and currency derivatives

EUR THOUSAND	Positive	Negative	Net	Nominal value	Book value, liabilities	Changes in fair values (used in efficiency testing)
2024						
Interest rate swaps		-132	-132	30,000	-132	-196
Forward exchange contracts		-126	-126	36,525	-126	-774
Forward exchange contracts, outside hedge accounting	380	-15	365	111,367	265	
Total			107	177,892	7	

The Group uses forward exchange contracts for hedging against currency risk and interest rate swaps for managing interest rate risk. Accounts receivable and accounts payable are hedged with forward exchange contracts that are not included in hedge accounting. In addition, the currency derivatives outside hedge accounting include a forward exchange contract made for hedging an internal Polish zloty loan receivable to the parent company. The table shows the interest rate derivatives at net values and currency derivatives at gross values.

EUR THOUSAND	Positive	Negative	Net	Nominal value	Book value, liabilities	Changes in fair values (used in efficiency testing)
2023						
Interest rate swaps	104		104	6,000	104	-206
Forward exchange contracts	1,051		1,051	30,408	1,052	170
Forward exchange contracts, outside hedge accounting	380	-476	-96	123,574	-96	
Total			1,059	159,982	1,059	

CASH FLOW HEDGING, EUR THOUSAND	Hedging item value, liabilities	Hedging items included in balance sheet item	Cash flow hedging, share of fair value reserve
2024			
Interest rate swaps	30,000	Financial liabilities	-114
Forward exchange contracts			68
Total	30,000		-46

CASH FLOW HEDGING, EUR THOUSAND	Hedging item value, liabilities	Hedging items included in balance sheet item	Cash flow hedging, share of fair value reserve
2023			
Interest rate swaps	6,000	Financial liabilities	82
Forward exchange contracts			841
Total	6,000		924

4.6 Hierarchy of fair values

EUR THOUSAND	Level 2	Level 3
2024		
Assets measured at fair value		
Recognised at fair value through profit or loss		
Equity investments		518
Derivatives	255	
Liabilities measured at fair value		
Financial liabilities at fair value through profit or loss		
Derivatives	149	
Contingent consideration		10,314
Liabilities recognised at amortised cost		
Financing loan	42,749	
2023		
Assets measured at fair value		
Recognised at fair value through profit or loss		
Equity investments		529
Derivatives	1,535	
Liabilities measured at fair value		
Financial liabilities at fair value through profit or loss		
Derivatives	476	
Liabilities recognised at amortised cost		
Financing loan	50,413	

The fair values of **Tier 2** instruments are to a significant extent based on data that can be observed indirectly (e.g. derived from the prices) for the asset or liability in question. When determining the fair value of these instruments, the group utilises widely accepted measurement models whose input data, however, is significantly based on observable market data.

The fair values of **Tier 3** instruments are based on input data concerning the asset that are not based on observable market data but significantly on the estimates of the management and their use in widely accepted measurement models. Tier 3 items are unlisted shares and an additional conditional purchase price recognised for the acquisition of SRXGlobal Pty Ltd. The outlook for SRXGlobal Pty Ltd's customer demand and profitability growth is good, which is why the additional purchase price is expected to be realised in full.

There were no transfers between tiers during the financial period.

Tier 3 items

FINANCIAL ASSETS AT FAIR VALUE, EUR THOUSAND	2024	2023
Cost at 1 Jan.	529	529
Additions	10,314	
Deductions	-10	
Exchange rate differences	0	0
Cost at 31 Dec.	10,831	529
Carrying amount at 31 Dec.	10,831	529

Financial assets measured at fair value mainly consist of shares held by Scanfil Electronics GmbH in IMG Electronic & Power Systems GmbH and EMS-Electra SRL and contingent consideration related to SRXGlobal Pty Ltd acquisition. Other financial assets measured at fair value include golf club shares and shares in an employee brokerage agency. These are included in financial assets recognised at fair value through profit or loss.

4.7 Financial risk management

In its business operations, Scanfil Group is exposed to different financial risks. The Group's treasury operations and financial risks are managed in compliance with the principles approved by the parent company's Board of Directors. Scanfil's treasury function, part of the Group's financial management, provides that financial services and financing transactions are carried out in a manner that enables cost-efficient risk management and optimization of cash flows.

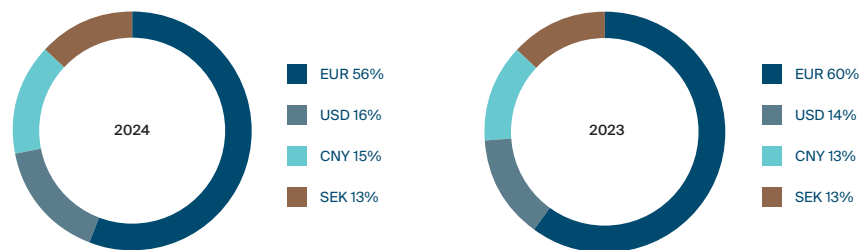
Currency risk

Scanfil has international operations and is therefore exposed to transaction and translation risks in several currencies. The transaction risk consists of operating and financing cash flows denominated in foreign currencies. The translation risk is related to the conversion of foreign subsidiaries' income statements and balance sheets into euro.

Transaction risk

The Group's operating currency is the euro. Scanfil's turnover is mainly generated in EUR, CNY, USD and SEK. Half of the Group's turnover is generated in the Group's operating currency.

BREAKDOWN OF TURNOVER BY CURRENCY



A significant part of the business is done in local operating currencies, which does therefore not create any transaction risk. In addition to the above currencies, the most significant transaction risk associated with the business concern the Polish zloty. Very little sales revenues are created in local currency in Poland, but the local expenses, such as salaries, taxes, etc. are zloty-denominated.

The purpose of currency risk management is to mitigate the uncertainty created by exchange rate fluctuations regarding the Group's financial results, cash flows and balance sheet. Currency risks can be hedged with forward exchange contracts. The

Group's treasury function monitors that all hedging transactions are carried out in accordance with the Group's hedging policy.

The financial statements of December 31, 2024 include outstanding EUR/PLN forward exchange contracts made for hedging purposes. Their nominal value is EUR 36.5 (30.4) million, and the Group applies hedge accounting to them. Forward contracts are made on a monthly basis, and the final contract will expire on September 25, 2025. In addition, the financial statements include a total nominal value of EUR 109.8 million of forward exchange contracts that are outside hedge accounting and made for hedging of accounts receivable and accounts payable and partly contingent consideration of earn-out (123.6 million).

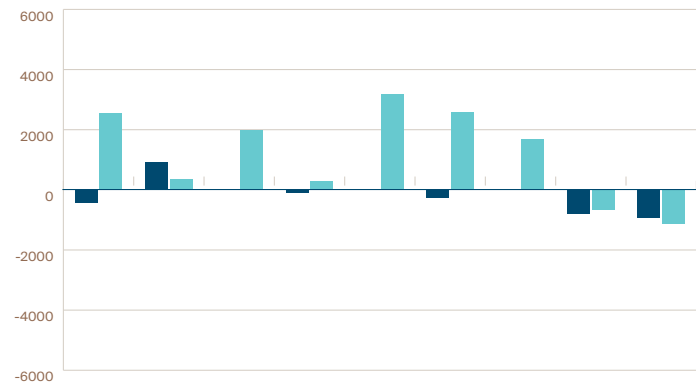
The net positions associated with financial assets and net working capital are shown below in euros for the main currencies.

TRANSACTION RISK, EUR THOUSAND										2024
Foreign currency	USD	USD	SEK	EUR	PLN	EUR	EUR	USD	USD	
Reporting currency	EUR	CNY	EUR	SEK	EUR	PLN	CNY	SEK	PLN	
Cash and cash equivalents		74				204	730			52
Trade receivables	250	8,443		4,045		37,889	6,819	78	14,321	
Trade payables	-3,686	-8,804	-144	-3,723	-262	-16,988	-2,904	-3,412	-9,051	
Derivatives	2,814	1,214		-430		-21,377	-3,000	2,548	-6,258	
Global Cash Pool	205		13,539		21,272					
Net position	-418	926	13,395	-108	21,010	-272	1,645	-786	-935	

TRANSACTION RISK, EUR THOUSAND										2023
Foreign currency	USD	USD	SEK	EUR	PLN	EUR	EUR	USD	USD	
Reporting currency	EUR	CNY	EUR	SEK	EUR	PLN	CNY	SEK	PLN	
Cash and cash equivalents		51				170	517			34
Trade receivables	594	7,951		7,408		46,576	6,816	84	13,856	
Trade payables	-4,091	-8,565	-150	-7,069	-366	-20,874	-2,959	-4,321	-12,788	
Derivatives	3,553	924		-58		-23,306	-2,700	3,579	-2,224	
Global Cash Pool	2,498		2,121		3,540					
Net position	2,555	360	1,971	280	3,174	2,566	1,673	-658	-1,121	

TRANSACTION RISK: NET POSITION

EUR THOUSAND



	EUR	CNY	EUR	SEK	EUR	PLN	CNY	SEK	USD
	USD	USD	SEK	EUR	PLN	EUR	EUR	USD	PLN
2024	-418	926	13 395	-108	21 010	-272	1 645	-786	-935
2023	2 555	360	1 971	280	3 174	2 566	1 673	-658	-1 121

■ Net position 2024
■ Net position 2023

The impact on the group's result of a change of 10% in the exchange rate of a foreign currency relative to the euro is shown below. Tax consequences have not been considered.

Foreign currency	USD	USD	SEK	EUR	PLN	EUR	EUR	USD	USD
Reporting currency	EUR	CNY	EUR	SEK	EUR	PLN	CNY	SEK	PLN
Change in currency % +/- 10									
Year 2024, EUR THOUSAND	+/- 42	+/- 93	+/- 1,339	+/- 11	+/- 2,101	+/- 27	+/- 165	+/- 79	+/- 94
Change in currency %									
Year 2023, EUR THOUSAND	+/- 256	+/- 36	+/- 197	+/- 28	+/- 317	+/- 257	+/- 167	+/- 66	+/- 112

In 2024 Scanfil Oyj discontinued EUR/PLN forward contracts of cash flow protection programme that were included in the hedge accounting and closed the open hedges. Therefore, no changes in the value of those hedging programs are expected. The impact of a 10% change in the Polish zloty in relation to the currency is EUR +/- 0 (2.2) million based on the situation at the end of the year.

Translation risk

The translation risk consists of the equities of foreign subsidiaries. The policy regarding the translation risk is that equity is not hedged.

The Group's translation position per currency and a sensitivity analysis, presenting the impact of a change of 10% in the exchange rate of a foreign currency, are presented below.

TRANSLATION RISK, EUR THOUSAND	Sensitivity analysis +/- 10%			
	2024	2023	2024	2023
CNY	50,530	48,074	+/- 5,053	+/- 4,807
HUF	186	1,501	+/- 19	+/- 150
PLN	127,165	108,982	+/- 12,716	+/- 10,898
SEK	79,827	74,920	+/- 7,983	+/- 7,492
USD	20,678	15,585	+/- 2,068	+/- 1,559
AUD	1,924		+/- 192	
SGD	248		+/- 25	
Total	280,558	249,062		

Interest rate risk

The interest rate risk is associated with interest-bearing liabilities. Changes in the interest rates mainly affect the fair values of interest-bearing liabilities in the balance sheet and the interest payments associated with these liabilities. Interest swaps are used for managing the interest rate risk.

Interest rates of Nordea's Multicurrency Global Cash Pool and SEB Liquidity Optimisation facility available to the Group as well as the working capital facility available to subsidiary Scanfil (Suzhou) Co., Ltd are impacted by currency-specific reference interest rates. Interest rate risk relating to interest payments of the group's interest-bearing net debt, caused by a rise of one percentage point in reference interest rates, was EUR 0.4 million at the end of 2024.

The Group has EUR 30.0 million credit, maturing in 2027, protected by an interest rate swap. Based on the interest rate swap, Scanfil pays a fixed interest rate and receives a variable Euribor six-month rate which is the credit's reference rate. The interest margin on the above-mentioned credit is subject to covenant conditions.

The interest margin on the above-mentioned credit is subject to covenant conditions. Depending on the development of the interest covenant condition (interest-bearing liabilities/EBITDA) less than 1.0 or equity ratio at least 30 %, the interest rate of the loan can increase by a maximum of 0.4 percentage points. On 31.12.2024, interest-bearing net debt to EBITDA was 0.43 (0.64) and equity ratio 55.5% (53.7%).

Credit risk

The Group's credit risk is associated with the trade receivables from its customers. Overdue trade receivables are regularly monitored at the Group level on a monthly basis. The Group companies are responsible for the credit risks of trade receivables, and they monitor trade receivables on a customer-specific basis in compliance with the Group guidelines. The creditworthiness of new customers is checked, and the customers are only granted normal payment terms. Scanfil monitors the credit rating of its customers. Most of Scanfil's major customers have a good credit rating. The Group's management is of the opinion that the company does not have any significant concentration of credit risks. The largest customer's share of the turnover in 2024 was 12.9% (12.9% in 2023), and that of the ten largest customers was 54.9% (55.1%).

Trade receivables are measured at acquisition cost less the provision of any expected impairment losses. According to IFRS 9, impairment provisions must be recognised on the basis of expected credit losses. A simplified model must be applied to trade receivables, in which the estimated amount of credit losses is based on percentages defined on the basis of the age distribution of the receivables. These percentages are based on the estimated probability of credit losses and historical information. Impairment losses are recorded as expenses in the income statement. At the end of the financial period, the expected credit loss provision stood at EUR 1,038 (163) thousand. During the financial period, credit losses recognised from trade receivables were EUR 91 (80) thousand.

The age distribution of trade receivables is shown in note 2.3, "Trade and other receivables."

The counterparty risk associated with investments in financial markets is managed by only accepting banks with high credit ratings as counterparties.

Liquidity risk

The purpose of cash and liquidity management is to concentrate the Group's management of cash and cash equivalents, thus ensuring efficient use of the funds. The Group has a Multicurrency Global Cash Pool arrangement in place for ensuring the efficient use of cash and cash equivalents.

On December 31, 2024, liquid assets stood at EUR 48.5 (21.2 in 2023) million. The Group also has an EUR 80.0 million overdraft limit of which EUR 80.0 million was not used at the end of the year. EUR 30.0 million of the limit is due on 1 August 2025 and EUR 50.0 million on 24 May 2026. In addition, EUR 11.9 million of the CNY 180 million working capital facility available to subsidiary Scanfil (Suzhou) Co., Ltd was unutilized at the end of the year. Considering the Group's balance sheet structure, the liquidity risk is small. The Group's financing arrangements include usual loan covenant terms. The Group has fulfilled the financing-related covenant terms during the financial periods of 2024 and 2023.

Maturity analysis based on debt agreements

The figures are undiscounted and include the interest payments and repayments of capital based on the agreements.

31.12.2024, EUR THOUSAND	Balance sheet value	Cash flow	0-6 months	2025 year	2026 1-2 years	2027-2029 2-5 years	2030- more than 5 years
Loans from financial institutions	30,000	31,620	5,474	5,399	10,540	10,208	
Contingent consideration	10,314	10,314	0	0	10,314		
Finance lease	26,985	30,170	3,412	3,187	5,542	11,203	6,826
Overdraft facility	12,749	12,749	12,749				
Interest derivatives	132	132	132				
Currency derivatives, hedging	126						
Cash flow due		-37,103	-32,127	-4,976			
Available cash flow		36,974	32,019	4,955			
Currency derivatives, outside hedge accounting	-365						
Cash flow due		-109,788	-105,837	-3,952			
Available cash flow		111,930	107,772	4,159			
Trade payables	105,653	105,653	105,653				
Total	185,594	192,653	129,248	8,772	26,396	21,410	6,826

31.12.2023, EUR THOUSAND	Balance sheet value	Cash flow	0–6 months	2024 year	2025 1–2 years	2026–2028 2–5 years	2029–
							more than 5 years
Loans from financial institutions	36,000	36,127	3,081	33,045			
Finance lease	22,554	27,130	2,522	2,399	4,844	10,180	7,185
Overdraft facility	14,413	14,413	14,413				
Interest derivatives	-104	-104	-104				
Currency derivatives, hedging	-1,051						
Cash flow due		30,408	24,321	6,088			
Available cash flow		-31,688	-25,373	-6,315			
Currency derivatives, outside hedge accounting	96						
Cash flow due		123,574	123,560	14			
Available cash flow		-123,349	-123,335	-14			
Trade payables	111,842	111,842	111,842				
Total	183,749	188,352	130,926	35,217	4,844	10,180	7,185

Reconciliation of changes in financial liabilities with cash flows from financing

EUR THOUSAND	1.1.2024	Cash flows	Changes not affecting cash flow		31.12.2024
			Changes in IFRS 16	Changes in exchange rates	
Long-term loans	0	20,000			20,000
Short-term loans	50,413	-28,172		509	22,749
Lease liabilities	22,554	-4,448	4,728	4,152	26,985
Total liabilities in financial operations	72,967	-12,621	4,728	4,660	69,734

EUR THOUSAND	1.1.2023	Cash flows	Changes not affecting cash flow		31.12.2023
			Changes in IFRS 16	Changes in exchange rates	
Long-term loans	36,000	-36,000			0
Short-term loans	45,538	6,006		-1,131	50,413
Lease liabilities	24,798	-4,185	1,693	247	22,554
Total liabilities in financial operations	106,337	-34,179	1,693	885	72,967

4.8 Shareholders' equity

Shares and share capital

Scanfil plc has a total of 65,269,993 shares. The company's registered share capital is EUR 2,000,000.00. The company has one series of shares, and all shares belong to the same class. Each share entitles the holder to one vote and equal entitlement to dividends. The share has no nominal value.

Scanfil plc's shares are quoted on Nasdaq Helsinki Oy. The trading code of the shares is SCANFL. The shares are included in the book-entry securities system maintained by Euroclear Finland Ltd.

The company has not acquired its own shares during the financial year. On December 31, 2024, the company held 78,738 of its own shares.

NUMBER OF SHARES, 1000 PCS	2024
Number of shares at 1.1.2024	65,270
Number of shares at 31.12.2024	65,270

NUMBER OF SHARES, 1000 PCS	2023
Number of shares at 1.1.2023	64,960
Share subscription under option rights 2019 (A) on May 5, 8,12 and 16 2023	170
Share subscription under option rights 2019 (B) on May 8 and June 7 2023	140
Number of shares at 31.12.2023	65,270

Currency translation differences

Currency translation differences include differences arising from the conversion of the financial statements of foreign companies. On December 31, 2024, translation differences stood at EUR -2.5 million (EUR -4.6 million in 2023), of which EUR 3.4 (1.8) million was created by the exchange rate changes of the Chinese CNY, -16.3 (-12.6) Swedish krone and 9.4 (6.2) Polish zloty. The translation difference, EUR 2.1 million (3.0 million) during the financial period, is mainly made up by the exchange rate changes of the Polish currency 3.2 (8.2) EUR million and the Chinese currency -3.8 (-3.0) EUR million.

EUR THOUSAND	RMB	SEK	USD	PLN	AUD	SGD	HUF	Total
1.1.2024	1,777	-12,553	261	6,195			-268	-4,587
Change	1,604	-3,755	1,091	3,189	-30	0	-12	2,087
31.12.2024	3,382	-16,308	1,352	9,384	-30	0	-280	-2,500

Fair value reserve

The fair value reserve includes the change in value of the interest rate derivable due to cash flow hedging and the changes in fair value of currency derivatives concluded for hedging purposes. The derivative instruments recorded in the fair value reserve are discussed in closer detail in note 4.5, Derivative financial instruments and hedge accounting.

FAIR VALUE RESERVE, EUR THOUSAND	2024	2023
1.1.	924	959
Interest rate derivatives, change	-196	-206
Currency derivatives, change	774	170
Total	-46	924

Other reserves

Other reserves include a reserve that includes transfers from retained earnings in accordance with the Articles of Association of foreign companies.

Reserve for invested unrestricted equity

The reserve for invested unrestricted equity includes other equity investments and the subscription price of shares to the extent that it is not recognised in share capital pursuant to a specific decision. The payments received from share subscriptions made on the basis of option schemes are recorded in their entirety in the reserve for invested unrestricted equity.

Dividend

The dividend proposed to the Annual General Meeting by the Board of Directors has not been deducted from distributable equity prior to the AGM's approval.

In 2024, dividends of EUR 0.23 per share were paid, in total EUR 14,993,988.65.

After the reporting date, The Board of Directors has proposed a dividend of EUR 0.24 per share to be distributed, in total EUR 15,645,901.20.

4.9 Management of capital structure

The objective of the group's capital management is to ensure normal prerequisites for business operations. Development of the group's capital structure is monitored through net gearing. The capital structure is regularly reviewed. The shareholders' equity on the consolidated balance sheet is managed as capital. No external capital requirements are applied to the group.

NET LIABILITIES, EUR THOUSAND	2024	2023
Interest-bearing liabilities	69,734	72,967
Cash assets	-48,534	-21,222
Net liabilities	21,200	51,744
Equity total	291,036	266,038
Gearing, %	7.3	19.4

5. OTHER NOTES

5.1 Provisions

ACCOUNTING PRINCIPLE

A provision is recognised in the balance sheet when a past event has created an obligation that will probably be realised and when the amount of the obligation can be reliably estimated. The provisions also include a pension provision for staff benefits and a benefit based on years of service in Poland.

Use of estimates

Estimates are required when assessing the amount of provisions associated with business operations.

PROVISIONS, EUR THOUSAND	Reclamation and quarantee	Pension provision	Other provisions	Total
1.1.2024	578	239	867	1,683
Exchange rate differences	9	-5	-62	-58
Acquired bussiness			699	699
Additions	107	35	28	169
Used provisions			-13	-13
31.12.2024	693	269	1,519	2,481

	2024	2023
Non-current provisions	1,788	1,105
Current provisions	693	578
Total	2,481	1,683

The reclamation and warranty provision includes the estimated cost of repairing defective products that is related to customer complaints and warranty obligations, and any fees resulting from delayed deliveries. Other provisions relate to a locally agreed bonus in Poland that is based on years of services and in Australia for statutory long service leave.

5.2 Securities provided, contingent liabilities and other liabilities

GUARANTEES GIVEN, EUR THOUSAND	2024	2023
On behalf of own company	1,011	690
On behalf of Group company	150	150
Total	1,161	840

In addition to the aforementioned commitments, the following guarantees have been given:

Scanfil plc has given guarantees to Nordea Bank Abp as security for payment of the liabilities which Scanfil Sweden AB has created from time to time towards Nordea Bank Abp on the basis of derivative contracts concluded, as well as to Skandinaviska Enskilda Banken AB replacing the previous liabilities of Scanfil Sweden AB. The maximum liability to Skandinaviska Enskilda Banken AB is EUR 3.6 million. Scanfil plc has provided a guarantee to Nordea Bank Abp as security for the performance and payment of obligations under the derivative contracts concluded between Scanfil Electronics GmbH and Nordea Bank Abp. Scanfil plc has given a guarantee for the lease obligations of its subsidiary Scanfil Inc.

Scanfil EMS Oy has given a guarantee to Nordea Bank AB Shanghai Branch of any obligations arising from a loan facility of CNY 180 million between the subsidiary Scanfil (Suzhou) Co., Ltd. and the Nordea Bank AB Shanghai Branch. Scanfil EMS Oy has given a guarantee of any obligations arising from the subsidiary's delivery contracts with its customers. The guarantee is limited to a maximum of EUR 7.5 million and seven years after the expiry of the last product agreement.

Scanfil Sweden AB has given a guarantee to the lessor as security for the liabilities under the lease contract regarding the premises leased by the Polish subsidiary Scanfil Poland Sp. z o.o.

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

On behalf of the group companies may be given usual parent company guarantees from time to time as security for the fulfillment of their customer agreement obligations.

5.3 Details of related parties and group structure

The Group's related parties include, in addition to group companies, the key members of management, i.e., the members of the parent company's Board of Directors and the group's Management Team.

EMPLOYEE BENEFITS FOR MEMBERS OF THE MANAGEMENT, EUR THOUSAND	2024	2023
Salaries and other short-term employee benefits	1,900	1,967
Options implemented and paid in shares		1,566
Total	1,900	3,532

The management includes the parent company's Board of Directors, CEO and Management Team members.

SALARIES AND OTHER SHORT-TERM EMPLOYEE BENEFITS PAID TO THE PRESIDENT, EUR THOUSAND	2024	2023
Christophe Sut, since 1.9.2023	358	116
Petteri Jokitalo, until 31.8.2023		413
Options implemented and paid in shares		1,111
Total	358	1,640

STATUTORY PENSION EXPENDITURE, EUR THOUSAND	2024	2023
Christophe Sut, since 1.9.2023	90	29
Petteri Jokitalo, until 31.8.2023	0	79

One of the Board members has a valid payment basis voluntary pension insurance with an expense of EUR 4 thousand (5) in financial year 2024.

SALARIES PAID TO THE BOARD MEMBERS, EUR THOUSAND	2024	2023
Harri Takanen	61	61
Bengt Engström	41	39
Christina Lindstedt	45	41
Juha Räisänen	50	46
Minna Yrjönmäki, since 27.4.2023	44	26
Thomas Dekorsy, since 27.4.2023	39	23
Total salaries of the Board Members	280	236

The salary information is payment-based.

Group companies	Domicile	Group's ownership	Share of vote	Parent company's ownership
Scanfil plc, parent company;	Finland			
Scanfil EMS Oy	Finland	100%	100%	100%
Scanfil GmbH	Germany	100%	100%	100%
Scanfil Electronics GmbH	Germany	100%	100%	100%
Scanfil Holding Germany GmbH	Germany	100%	100%	100%
Scanfil Oü	Estonia	100%	100%	100%
Scanfil (Suzhou) Co., Ltd.	China	100%	100%	100%
Scanfil Poland Sp. z o.o.	Poland	100%	100%	100%
Scanfil Sweden AB	Sweden	100%	100%	100%
Scanfil Malmö AB	Sweden	100%	100%	100%
Scanfil Åtvidaberg AB	Sweden	100%	100%	100%
Scanfil Atlanta Inc.	USA	100%	100%	100%
Scanfil Business Services Kft	Hungary	100%	100%	100%
SRXGlobal Pty Ltd.	Australia	100%	100%	100%
SRXGlobal (Australia) Pty Ltd.	Australia	100%	100%	100%
SRXGlobal (Malaysia) Sdn. Bhd.	Malaysia	100%	100%	100%
SRXGlobal (Singapore) Pte Ltd.	Singapore	100%	100%	100%

Leases to related parties

Scanfil plc's subsidiary Scanfil EMS Oy has leased office premises from Kiinteistö Oy Pilot 1. The main shareholder of Jussi Real Estate Oy, the owner of Kiinteistö Oy Pilot 1, is Jussi Capital Oy. One of the main shareholders of Jussi Capital Oy Scanfil plc's Board member Harri Takanen. In 2024, the market rents paid totalled EUR 29 thousand (EUR 29 thousand in 2023).

5.4 Events after the reporting period

There were no significant events after the reporting period.

PARENT COMPANY FINANCIAL STATEMENTS, FAS

Parent Company Income Statement

EUR THOUSAND	Note	1.1.-31.12.2024	1.1.-31.12.2023
Other operating income		2,724	2,466
Personnel expenses	1		
Wages, salaries and fees		-1,939	-2,349
Pensions and statutory indirect employee costs			
Pensions		-377	-396
Statutory indirect employee costs		-150	-113
Personnel expenses total		-2,466	-2,858
Depreciation and reduction in value			
Depreciation according to plan	3	-102	-77
Depreciation and reduction in value total		-102	-77
Other operating expenses	2	-1,930	-1,292
Operating profit		-1,773	-1,761
Financial income and expenses			
Financial income from Group		25,000	6,000
Other interest and financial income			
From Group		2,564	6,215
From other		3,078	3,998
Interest expenses and financial expenses			
To Group		-2,249	-1,680
To other		-2,374	-2,562
Financial income and expenses total		26,019	11,972

EUR THOUSAND	Note	1.1.-31.12.2024	1.1.-31.12.2023
Profit before appropriations and taxes		24,246	10,211
Appropriations			
Depreciation difference increase			5
Appropriations total			5
Profit before tax		24,246	10,215
Income taxes	4		
Income taxes		-7	-813
Taxes for previous years		-35	0
Deferred taxes		155	
Income taxes total		113	-813
Net profit for the period		24,359	9,403

Parent Company Balance Sheet

EUR THOUSAND	Note	31.12.2024	31.12.2023
ASSETS			
Non-current assets			
Intangible assets	5		
Immaterial rights		0	2
Other non-current assets		222	239
Advance payments and contracts in progress		4	
Intangible assets total		226	241
Tangible assets	6		
Plant and equipment		6	21
Other tangible assets		17	17
Advance payments and construction in progress			32
Tangible assets total		23	69
Investments			
Holdings in Group companies	7	119,831	68,535
Investments total		119,831	68,535

EUR THOUSAND	Note	31.12.2024	31.12.2023
Total non-current assets		120,080	68,846
ASSETS			
Current assets			
Long-term receivables			
Loan receivables from Group companies	8	13,125	25,370
Deferred tax assets		155	
Long-term receivables total		13,280	25,370
Short-term receivables			
Receivables from Group companies	8	22,826	42,529
Accrued income		1,600	2,444
Short-term receivables total		24,426	44,974
Cash and cash equivalents	9	27,705	6,173
Total current assets		65,412	76,516
Total assets		185,492	145,362

Parent Company Balance Sheet

EUR THOUSAND	Note	31.12.2024	31.12.2023
SHAREHOLDER'S EQUITY AND LIABILITIES			
Equity			
Share capital	10	2,000	2,000
Other reserves			
Fair value reserve		68	841
Reserve for invested unrestricted equity fund		33,633	35,150
Retained earnings		12,315	16,391
Profit for the period		24,359	9,403
Total Equity		72,376	63,784

EUR THOUSAND	Note	31.12.2024	31.12.2023
Liabilities			
Non-current liabilities			
Financing loans	11	20,000	0
Conditional additional purchase price		11,195	0
Deferred tax liabilities		17	210
Non-current liabilities total		31,212	210
Current liabilities			
Financing loans	12	10,000	36,000
Trade liabilities		159	93
Liabilities to group companies	13	70,619	43,847
Other creditors		89,842	152
Accrued liabilities	14	1,036	1,276
Current liabilities total		81,903	81,367
Total liabilities		113,116	81,577
Total equity and liabilities		185,492	145,362

Parent Company Cash Flow Statement

EUR THOUSAND	1.1.-31.12.2024	1.1.-31.12.2023
Cash flow from operating activities		
Profit for the period	24,359	9,403
Adjustments		
Depreciation according to plan	102	77
Financial income and expenses	-26,245	-11,972
Other income and expenses without payment		
Deferred taxes	-113	808
Exchange rate differences	579	2,055
Changes in working capital		
Inc(-)/dec(+) in short-term non-interest bearing receivables	171	-1,106
Inc(+)/dec(-) in short-term non-interest-bearing liabilities	-633	538
Interest received from other financial revenues	3,034	4,975
Interest paid	-2,113	-2,657
Taxes paid	-306	-1,032
Net cash flow from operating activities	-1,165	1,089
Cash flow from investing activities		
Investments in tangible and intangible assets	-69	-73
Investments in subsidiary shares	-40,289	
Received loan payments	18,283	18,523
Received dividends	25,000	6,000
Net cash flow from investing activities	2,926	24,450

EUR THOUSAND	1.1.-31.12.2024	1.1.-31.12.2023
Cash flow from financing activities		
Related party investments to company shares		1,381
Changes in Group financing	40,766	-1,127
Repayment of long-term loans	-6,000	-6,000
Dividends paid	-14,994	-13,621
Net cash flow from financing activities	19,772	-19,367
Net increase/decrease in cash and cash equivalents	21,533	6,172
Cash and cash equivalents Jan 1.	6,173	1
Cash and cash equivalents Dec 31.	27,705	6,173

Changes in Group financing are presented net and related to the Group's Cash pool.

NOTES TO FINANCIAL STATEMENTS, FAS

The parent company's accounting principles

Scanfil plc is a Finland-based public limited company domiciled in Sievi. The company's shares are quoted on the Main List of Nasdaq Helsinki Ltd. The financial statements of Scanfil plc have been prepared in accordance with the Finnish Accounting Act and other legislation and regulations in force in Finland.

In September 2023, Scanfil Oyj opened a Permanent Establishment in Sweden. The accounts of Scanfil Oyj's Stockholm branch will be integrated into the accounting records of the parent company.

MEASUREMENT AND RECOGNITION PRINCIPLES AND METHODS

Fixed assets

Fixed assets are measured at historical cost less accumulated depreciation and impairment. Depreciation is calculated on a straight-line basis over the expected useful lives of the assets.

The depreciation periods for fixed assets are as follows:

Intellectual property rights	5 years
Other long-term expenses	5 years
Machinery and equipment	3–5 years

Subsidiary company shares

Shares in subsidiaries have been measured at the acquisition cost, which is adjusted by impairment if the future returns on the investment are expected to be permanently lower than the acquisition cost.

Financial instruments

Financial assets and liabilities are measured at the lower of cost and probable realisable value.

The group's bank account system

The assets and liabilities of the subsidiaries included in Scanfil plc's group account systems are shown as offset at Scanfil plc, either as cash and bank receivables or as short-term financial liabilities and short-term receivables from group companies or as short-term debts to group companies.

Derivative contracts and hedge accounting

Section 5:2a of the Act on Foreign Exchange Derivatives is applied to currency derivatives, in which changes in the fair value of currency derivatives are recorded in the fair value reserve for equity less deferred tax liabilities. Accounting principles are found from Group note "4.5 Derivative financial instruments and hedge accounting".

Turnover

The parent company's operations consist of group functions, and income from the sale of services is presented as turnover.

Share-based rewards and options

Option rights are valued at their fair value at the time they were granted and recognised as an expense in the income statement under employee benefits in equal portions during the vesting period. When option rights are exercised, proceeds from share subscriptions, adjusted with potential transaction costs, are entered under equity. Detailed accounting principles are found from Group note "1.4 Employee benefit expenses".

Pension costs

The pension cover of employees is provided by pension insurance companies. Pension expenses are recognised as expenses for the year during which they are accrued.

Foreign currency items

Foreign currency-denominated transactions are recognised during the financial period using the exchange rates on the transaction date. Any foreign currency-denominated balance sheet items remaining outstanding on the closing date are measured at the exchange rate valid on the closing date.

Taxes

Income taxes have been recorded in accordance with Finnish tax legislation. A deferred tax liability or asset is calculated on temporary differences between accounting and taxation of assets and liabilities at the established tax rate. Deferred tax liabilities are recognised in full. Deferred tax assets are recognised only when it is probable that the receivable can be utilised against taxable profit in future periods.

1. Personnel expenses

EUR THOUSAND	2024	2023
Salaries, wages and fees	1,939	2,349
Pension costs	377	396
Other indirect employee expenses	150	113
Total	2,466	2,858
Fringe benefits (taxable value)	29	1,435

Pension costs are based on defined contribution schemes. Management's employee benefits are reported in note 18.

AVERAGE NUMBER OF EMPLOYEES DURING THE PERIOD	2024	2023
Clerical employees	12	13
Total	12	13

2. Other operating expenses

EUR THOUSAND	2024	2023
Other operating expenses	1,930	1,292
Total	1,930	1,292

Other operating costs mainly consist of legal and consultation expenses, travelling expenses and statutory expenses of a listed company.

AUDITOR'S REMUNERATION, EUR THOUSAND	2024	2023
Auditor's remunerations of the Chartered Accountants	151	70
Sustainability assurance	70	
Auditor's statements		10
Tax advisor		27
Total	221	106

3. Depreciation and amortisation

DEPRECIATION BY ASSET CLASS, EUR THOUSAND	2024	2023
Intangible assets		
Intangible rights	2	2
Other long-term expenses	84	60
Tangible assets		
Plant and equipment	15	15
Total	102	77
Total depreciation	102	77

4. Income taxes

EUR THOUSAND	2024	2023
Income taxes from actual operations	7	813
Income taxes from previous years	35	0
Change in deferred taxes	-155	
Total	-113	813

Deferred taxes re recognised on currency derivatives under layered hedging program adjusting the fair value reserve on shareholders equity. In the financial year 2023, deferred tax liabilities were recognised for currency derivatives amounting to EUR 210 (168) thousand.

5. Intangible assets

EUR THOUSAND	Intangible rights	Other long-term expenses	Advance payments and purchases in progress	Intangible assets total
Acquisition cost Jan 1, 2024	121	410		531
Additions		36	4	40
Transfers between accounts*		32		32
Acquisition cost Dec 31, 2024	121	477	4	602
Accumulated depreciations Jan 1, 2024	-119	-171		-290
Depreciations	-2	-84		-87
Accumulated depreciations Dec 31, 2024	-121	-255		-376
Carrying amount Jan 1, 2024	2	239		241
Carrying amount Dec 31, 2024	0	222	4	226

EUR THOUSAND	Intangible rights	Other long-term expenses	Intangible assets total
Acquisition cost Jan 1, 2023	121	235	356
Additions		41	41
Transfers between accounts		133	133
Acquisition cost Dec 31, 2023	121	410	531
Accumulated depreciations Jan 1, 2023	-117	-111	-228
Depreciations	-2	-60	-62
Accumulated depreciations Dec 31, 2023	-119	-171	-290
Carrying amount Jan 1, 2023	4	124	129
Carrying amount Dec 31, 2023	2	239	241

*Transfer from tangible to intangible assets.

6. Tangible assets

EUR THOUSAND	Plant and equipment	Other tangible assets	Advanced payments and construction in progress	Tangible assets total
Acquisition cost Jan 1, 2024	76	17	32	124
Additions				
Transfer between accounts*			-32	-32
Acquisition cost Dec 31, 2024	76	17	0	92
Accumulated depreciations Jan 1, 2024	-54			-54
Depreciations	-15			-15
Accumulated depreciations Dec 31, 2024	-69			-69
Carrying amount Jan 1, 2024	21	17	32	69
Carrying amount Dec 31, 2024	6	17		23

EUR THOUSAND	Plant and equipment	Other tangible assets	Advanced payments and construction in progress	Tangible assets total
Acquisition cost Jan 1, 2023	76	17	133	225
Additions			32	32
Transfer between accounts			-133	-133
Acquisition cost Dec 31, 2023	76	17	32	124
Accumulated depreciations Jan 1, 2023	-39			-39
Depreciations	-15			-15
Accumulated depreciations Dec 31, 2023	-54			-54
Carrying amount Jan 1, 2023	36	17	133	186
Carrying amount Dec 31, 2023	21	17	32	69

7. Holdings in Group companies

EUR THOUSAND	2024	2023
Total in the beginning of period	68,535	68,535
Scanfil Holding Germany GmbH, additions	17,000	
SRXGlobal Pty Ltd, additions	34,296	
Total at the end of period	119,831	68,535
Carrying amount at 31 Dec.	119,831	68,535

GROUP COMPANIES, EUR THOUSAND	Domicile	Group share %	Parent company share %	Parent company book value
Scanfil EMS Oy	Finland	100	100	12,621
Scanfil Sweden AB	Sweden	100	100	48,823
Scanfil Holding Germany GmbH	Germany	100	100	24,091
SRXGlobal Pty Ltd	Australia	100	100	34,296
Total				119,831

8. Receivables from Group companies

EUR THOUSAND	2024	2023
Long-term receivables		
Loan receivables	13,125	25,370
Total	13,125	25,370
Short-term receivables		
Prepayments and accrued income	504	377
Global Cash Pool receivables	4,623	18,325
Loan receivables	17,264	23,302
Other receivables	435	525
Total	22,826	42,529
Prepayments and accrued income		
Interest income from group	504	377
Total	504	377

9. Cash and equivalent

EUR THOUSAND	2024	2023
Cash and bank balances	27,705	6,173
Total	27,705	6,173

10. Equity

EUR THOUSAND	2024	2023
Share capital		
Share capital Jan 1.	2,000	2,000
Share capital Dec 31.	2,000	2,000
Fair Value Reserve	68	841
Total restricted shareholder's equity	2,068	2,841
Reserve for invested unrestricted equity fund		
Reserve for invested unrestricted equity fund Jan 1.	35,150	33,768
Options		1,381
Transfer of disposal of own shares	-1,516	
Reserve for invested unrestricted equity fund Dec 31.	33,633	35,150
Retained earnings		
Retained earning Jan 1.	25,793	30,011
Paid dividends	-14,994	-13,621
Transfer of disposal of own shares	1,516	
Retained earnings Dec 31.	12,315	16,391
Profit for the period	24,359	9,403
Total unrestricted equity	70,308	60,943
Total equity	72,376	63,784
Calculation of distributable funds Dec 31.		
Reserve for invested unrestricted equity fund	33,633	35,150
Retained earnings	12,315	16,391
Profit for the period	24,359	9,403
Total	70,308	60,943

11. Non-current and current liabilities

EUR THOUSAND	2024	2023
Non-current		
Financial Institutions	20,000	
Unpaid conditional purchase price of acquisitions	11,195	
Current		
Financial Institutions	10,000	36,000
Total	41,195	36,000
Interest-bearing liabilities will mature as follows:		
Year 2024		36,000
Year 2025	10,000	
Year 2026	21,195	
Year 2027	10,000	
Total	41,195	36,000

In 2019, Scanfil Plc raised a EUR 30 million long-term loan from Nordea Bank Abp, of which the last installment was paid on 27 September 2024. In addition, a EUR 30 million long-term loan that Scanfil Plc raised from Nordea Bank Abp in 2021 matured on 15 November 2024. The loan was extended for three years, and the extended loan will be repaid in every six months by EUR 5 million. The last installment of the loan is on 15 November 2027.

Scanfil Plc has Nordea's Multicurrency Global Cash Pool available with an overdraft facility of EUR 50 million and SEB's Liquidity Optimisation facility available with an overdraft of EUR 30 million. In addition, a working capital facility of CNY 180 million granted to subsidiary Scanfil (Suzhou) Co. Ltd. by Nordea Bank AB Shanghai Branch.

The Group's financing arrangements include termination covenants related to the equity ratio and the ratio between interest-bearing net liabilities and the operating margin. The terms of the covenants are monitored on a quarterly basis. The Group fulfilled the covenant terms during the financial periods of 2024 and 2023.

12. Liabilities to Group companies

EUR THOUSAND	2024	2023
Short-term liabilities to Group companies		
Accounts payable	10	302
Other liabilities	70,609	43,544
Total	70,619	43,847

13. Accrued liabilities

EUR THOUSAND	2024	2023
The most significant items included in accrued liabilities		
Employee expenses	547	1,083
Interests	126	11
Other accrued liabilities	364	181
Total	1,036	1,276

14. Commitments and contingencies

EUR THOUSAND	2024	2023
Guarantees given		
On behalf of group company	150	150
Total	150	150

In addition, the following guarantees have been given:

Scanfil plc has given guarantees to Nordea Bank Abp as security for payment of the liabilities which Scanfil Sweden AB has created from time to time towards Nordea Bank Abp on the basis of derivative contracts concluded, as well as to Skandinaviska Enskilda Banken AB replacing the previous liabilities of Scanfil Sweden AB. The maximum liability to Skandinaviska Enskilda Banken AB is EUR 3.6 million. Scanfil plc has provided a guarantee to Nordea Bank Abp as security for the performance and payment of obligations under the derivative contracts concluded between Scanfil Electronics GmbH and Nordea Bank Abp.

Scanfil plc has given a guarantee for the lease obligations of its subsidiary Scanfil Inc their customer agreement obligations.

On behalf of the group companies may be given usual parent company guarantees from time to time as security for the fulfillment of their customer agreement obligations.

15. Derivative contracts

INTEREST DERIVATIVES, EUR THOUSAND	2024	2023
Interest swap agreements, hedging		
Fair value	-132	104
Rated value of underlying asset	30,000	6,000
HEDGE ACCOUNTING, EUR THOUSAND	2024	2023
Forward exchange contracts, hedge accounting		
Fair value	85	1,052
Rated value of underlying asset	36,525	30,408
Forward exchange contracts, outside of hedge accounting		
Other liabilities		52
Rated value of underlying asset		17,157

The Group has a EUR 30.0 million loan maturing in 2027, which is hedged with an interest rate swap. The purpose of the hedge is to offer protection against interest rate fluctuations related to the variable-rate loan. Based on the interest rate swap agreement, Scanfil pays a fixed interest rate, and receives the variable Euribor 6-month interest rate set as the reference interest rate for the hedged loan. The objective of the hedge is in accordance with the Group's risk management principles.

The effectiveness of the hedge can be reliably measured, and the hedge is expected to remain fully effective throughout the validity of the hedge. The terms are corresponding to each other, regarding the hedged item and the hedging instrument. Effectiveness is quarterly evaluated and the hedge has remained effective. The impact of the derivative on results is expected to materialise during the validity of the loan.

The fair value of the derivative was EUR 132 thousand, including accrued interest. The interest flows of the derivative occur simultaneously with the interest flows of the loan.

In line with the International Accounting Standard, currency derivatives under a layered hedging programme are recognised in accordance with their own the fair value reserve of capital adjusted for deferred tax. A fair value reserve is adjusted to earnings when a currency derivative surrendered or due.

16. Other rental contracts

EUR THOUSAND	2024	2023
To be paid next accounting period	42	47
To be paid later	79	26
Total	122	73

Rent liabilities do not include VAT.

17. Management's employment-related benefits

SALARIES AND OTHER SHORT-TERM EMPLOYEE BENEFITS, EUR THOUSAND	2024	2023
Salaries and bonuses of the President		
Christophe Sut from 1.9.2023	358	116
Petteri Jokitalo until 31.8.2023		413
Shares and options, Petteri Jokitalo		1,111
Total salaries and bonuses of the President	358	1,640
*Taxable value of the benefit		
Salaries and bonuses of the Board members		
Harri Takanen	61	61
Bengt Engström	41	39
Christina Lindstedt	45	41
Juha Räisänen	50	46
Minna Yrjönmäki from 27.4.2023	44	26
Thomas Dekorsy from 27.4.2023	39	23
Total salaries of the Board Members	280	236

BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFIT

The parent company's distributable funds total EUR 70,308,241.25, including undistributed profits of EUR 36,674,749.71. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.24 per share be paid, totalling EUR 15,645,901.20 for the financial year ending on December 31, 2024.

SIGNATURES TO THE BOARD OF DIRECTORS' REPORT AND FINANCIAL STATEMENTS

Financial Statement has been prepared in accordance with applicable accounting regulations, give a true and fair view of the assets, liabilities, financial position, and profit of the company and the group of companies included in its consolidated financial statements.

The management report contains a truthful description of the development and result of the business operations of both the company and the group of companies included in its consolidated financial statements, as well as a description of the most significant risks and uncertainties and other aspects of the company's condition. The sustainability report included in the management report has been prepared in accordance with the reporting standards referred to in Chapter 7 and Article 8 of the Taxonomy Regulation.

Sievi, February 20, 2025

Harri Takanen
Chairman of the Board

Bengt Engström
Member of the Board

Minna Yrjönmäki
Member of the Board

Dr. Thomas Dekorsy
Member of the Board

Christina Lindstedt
Member of the Board

Juha Räisänen
Member of the Board

Christophe Sut
CEO

AUDITOR'S REPORT

To the Annual General Meeting of Scanfil Oyj

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Scanfil Oyj (business identity code 2422742-9) for the year ended 31 December, 2024. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU.
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee and Board of Directors.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 1.5 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Revenue recognition <i>We refer to the accounting principles for consolidated financial statement and note 1.1.</i></p> <p>In accordance with its accounting principles revenue is recognized when Scanfil satisfies performance obligations in the contract either at a point in time or over the time for services. As the revenue of the group consist mainly of the sale of products the revenue is recognized at a point in time when the control is transferred to a customer in accordance with the terms and conditions of the agreement.</p> <p>The Group focuses on revenue as a key performance measure which could create an incentive for revenue to be recognized before the risks and rewards have been transferred. Revenue recognition was determined to be a key audit matter and a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10(2).</p>	<p>Our audit procedures to address the risk of material misstatement in respect of the revenue recognition included, among others:</p> <ul style="list-style-type: none"> • assessment of the Group’s accounting policies over revenue recognition against applicable accounting standards; • gaining an understanding of the revenue recognition process including related accruals; • data analytical procedures, for example, analyzing the conversion of revenue to cash received; • familiarizing ourselves with the contractual terms in sales agreements; • testing the revenue cut-off with analytical procedures and with a sample test of details on a transaction level on either side of the balance sheet date; and • assessment of the Group’s disclosures in respect of revenues.
<p>Valuation of inventories <i>We refer to the accounting principles for consolidated financial statement and note 2.2.</i></p> <p>Inventories are valued at the lower of cost or net realizable value. Inventories are valued and presented net of an impairment loss recognized for obsolete inventories. At the balance sheet date, the total value of inventory and related provision for obsolete inventory amounted to 170.1 M€ and 2 M€ (net 168.1 M€).</p> <p>Valuation of inventories was a key matter because the carrying value of inventories and related provisions are material to the financial statements, and because valuation of inventories requires management assessment relating to future sales and the level of provision for obsolete inventory.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> • assessment of the Group’s accounting policies over inventory valuation against applicable accounting standards; • comparing unit prices of selected inventory items to latest purchase invoices and to sales prices; • assessing the analyses and assessment made by management with respect to obsolete stock and to the expected sales and net realizable value; and • assessing the Group’s disclosures in respect of inventory.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

We were appointed as auditors by the Annual General Meeting with effect from 25.4.2024.

Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in compliance with the applicable provisions, excluding the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in compliance with the applicable provisions. Our opinion does not cover the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 24.2.2025

Ernst & Young Oy
Authorized Public Accountant Firm

Toni Halonen
Authorized Public Accountant

INDEPENDENT AUDITOR'S REPORT ON THE ESEF CONSOLIDATED FINANCIAL STATEMENTS OF SCANFIL OYJ

To the Board of Directors of Scanfil Oyj

We have performed a reasonable assurance engagement on the financial statements 7437004XD6U0FFDCT507-2024-12-31-fi.zip of Scanfil Oyj (y-identifier: 2422742-9) that have been prepared in accordance with the Commission's regulatory technical standard for the financial year ended 31.12.2024.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the company's report of Board of Directors and financial statements (the ESEF financial statements) in such a way that they comply with the requirements of the Commission's regulatory technical standard. This responsibility includes:

- preparing the ESEF financial statements in XHTML format in accordance with Article 3 of the Commission's regulatory technical standard
- tagging the primary financial statements, notes and company's identification data in the consolidated financial statements that are included in the ESEF financial statements with iXBRL tags in accordance with Article 4 of the Commission's regulatory technical standard and
- ensuring the consistency between the ESEF financial statements and the audited financial statements

The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of ESEF financial statements in accordance the requirements of the Commission's regulatory technical standard.

Auditor's Independence and Quality Management

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to the engagement we have performed, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The firm applies International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements

Auditor's Responsibilities

Our responsibility is to, in accordance with Chapter 7, Section 8 of the Securities Markets Act, provide assurance on the financial statements that have been prepared in accordance with the Commission's technical regulatory standard. We express an opinion on whether the consolidated financial statements that are included in the ESEF financial statements have been tagged, in all material respects, in accordance with the requirements of Article 4 of the Commission's regulatory technical standard.

Our responsibility is to indicate in our opinion to what extent the assurance has been provided. We conducted a reasonable assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000.

The engagement includes procedures to obtain evidence on:

- whether the primary financial statements in the consolidated financial statements that are included in the ESEF financial statements have been tagged, in all material respects, with iXBRL tags in accordance with the requirements of Article 4 of the Commission's regulatory technical standard and
- whether the notes and company's identification data in the consolidated financial statements that are included in the ESEF financial statements have been tagged, in all material respects, with iXBRL tags in accordance with the requirements of Article 4 of the Commission's regulatory technical standard and
- whether there is consistency between the ESEF financial statements and the audited financial statements.

The nature, timing and extent of the selected procedures depend on the auditor's judgement. This includes an assessment of the risk of material deviations due to fraud or error from the requirements of the Commission's technical regulatory standard.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

Our opinion pursuant to Chapter 7, Section 8 of the Securities Markets Act is that the primary financial statements, notes and company's identification data in the consolidated financial statements that are included in the ESEF financial statements of Scanfil Oyj 7437004XD6U0FFDCT507-2024-12-31-fi.zip for the financial year ended 31.12.2024 have been tagged, in all material respects, in accordance with the requirements of the Commission's regulatory technical standard.

Our opinion on the audit of the consolidated financial statements of Scanfil Oyj for the financial year ended 31.12.2024 has been expressed in our auditor's report 24.2.2025. With this report we do not express an opinion on the audit of the consolidated financial statements nor express another assurance conclusion.

Helsinki 27.3.2025

Ernst & Young Oy
Authorized Public Accountant Firm

Toni Halonen
Authorized Public Accountant

ASSURANCE REPORT ON THE SUSTAINABILITY REPORT

To the Annual General Meeting of Scanfil Oyj

We have performed a limited assurance engagement on the group sustainability report of Scanfil Oyj (2422742-9) that is referred to in Chapter 7 of the Accounting Act and that is included in the report of the Board of Directors for the financial year 1.1.–31.12.2024.

Opinion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the group sustainability report does not comply, in all material respects, with

1. the requirements laid down in Chapter 7 of the Accounting Act and the sustainability reporting standards (ESRS);
2. the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (EU Taxonomy).

Point 1 above also contains the process in which Scanfil Oyj has identified the information for reporting in accordance with the sustainability reporting standards (double materiality assessment) and the tagging of information as referred to in Chapter 7, Section 22 of the Accounting Act.

Our opinion does not cover the tagging of the group sustainability report with digital XBRL sustainability tags in accordance with Chapter 7, Section 22, Subsection 1(2), of the Accounting Act, because sustainability reporting companies have not had the possibility to comply with that provision in the absence of the ESEF regulation or other European Union legislation.

Basis for Opinion

We performed the assurance of the group sustainability report as a limited assurance engagement in compliance with good assurance practice in Finland and with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

Our responsibilities under this standard are further described in the Responsibilities of the Authorized Sustainability Auditor section of our report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

We draw attention to the fact that the group sustainability report of Scanfil Oyj that is referred to in Chapter 7 of the Accounting Act has been prepared and assurance has been provided for it for the first time for the financial year 1.1.–31.12.2024. Our opinion does not cover the comparative information that has been presented in the group sustainability report. Our opinion is not modified in respect of this matter.

Authorized group sustainability auditor's Independence and Quality Management

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our engagement, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The authorized group sustainability auditor applies International Standard on Quality Management ISQM 1, which requires the authorized sustainability audit firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director of Scanfil Oyj are responsible for:

- the group sustainability report and for its preparation and presentation in accordance with the provisions of Chapter 7 of the Accounting Act, including the process that has been defined in the sustainability reporting standards and in which the information for reporting in accordance with the sustainability reporting standards has been identified as well as the tagging of information as referred to in Chapter 7, Section 22 of the Accounting Act and
- the compliance of the group sustainability report with the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088;
- such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of a group sustainability report that is free from material misstatement, whether due to fraud or error.

Inherent Limitations in the Preparation of a Sustainability Reports

The preparation of the sustainability report requires a materiality assessment from the company in order to identify relevant disclosures. This significantly involves management judgment and choices. Sustainability reporting is also characterized by estimates and assumptions, as well as measurement and estimation uncertainty.

The determination of greenhouse gases is subject to inherent uncertainty due to the incomplete scientific data used to determine the emission factors and the numerical values needed to combine emissions of different gases.

In addition, when reporting forward-looking information, the company must make assumptions about possible future events and disclose the company's possible future actions in relation to these events. The actual outcome may be different because predicted events do not always occur as expected.

Responsibilities of the Authorized Group Sustainability Auditor

Our responsibility is to perform an assurance engagement to obtain limited assurance about whether the group sustainability report is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the group sustainability report.

Compliance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) requires that we exercise professional judgment and maintain professional skepticism throughout the engagement. We also:

- Identify and assess the risks of material misstatement of the group sustainability report, whether due to fraud or error, and obtain an understanding of internal control relevant to the engagement in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Design and perform assurance procedures responsive to those risks to obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Description of the Procedures That Have Been Performed

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The nature, timing and extent of assurance procedures selected depend on professional judgment, including the assessment of risks of material misstatement, whether due to fraud or error. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our procedures included for ex. the following:

- We have interviewed the key persons responsible for collecting and reporting the information included in the sustainability report.
- Through interviews, we gained an understanding of the company's control environment related to the sustainability reporting process.

- We evaluated the implementation of the company's double materiality assessment process against the requirements of ESRS standards and the compliance of the information provided for the double materiality assessment with ESRS standards.
- We assessed whether the sustainability report in material respect meets the requirements of ESRS standards for material sustainability topics:
 - We have tested the accuracy of the information presented in the sustainability report by comparing the information on a sample basis with supporting company documentation.
 - We have on a sample basis performed analytical assurance procedures and related inquiries, recalculation and inspected documentation, as well as tested data aggregation to assess the accuracy of the sustainability report.
- We gained an understanding of the process by which a company has defined taxonomy-eligible and taxonomy-aligned economic activities and evaluate the regulatory compliance of the information provided.

Helsinki 24.2.2025

Ernst & Young Oy
Authorized Sustainability Audit Firm

Toni Halonen
Authorized Sustainability Auditor

CORPORATE GOVERNANCE STATEMENT 2024

Scanfil plc (the company) is a publicly listed company managed in accordance with the company's Articles of Association, the Finnish Companies Act, and other legislation relating to the company. In addition, the company complies with the Finnish Corporate Governance Code (2024) published by the Securities Market Association, which entered into force on January 1, 2025.

This Corporate Governance Statement is available on Scanfil's website at www.scanfil.com, under Investors. The Finnish Corporate Governance Code is available to the public at www.cgfinland.fi.

Shareholders' Nomination Board

The Annual General Meeting 2024 decided to establish a Shareholders' Nomination Board (Nomination Board). The Nomination Board is a shareholders' body responsible for preparing proposals for upcoming Annual General Meetings. When necessary, it also prepares proposals for extraordinary general meetings concerning the election of Board members and the remuneration of the Board of Directors and committee members. The Nomination Board is also responsible for ensuring that the Board of Directors and its members have sufficient knowledge and experience that corresponds to the needs of the company. The Nomination Board has three members. Two of those members are representatives appointed by the two largest shareholders, and the Chair of the Board of Directors is the third member of the Nomination Board. Each year, the two shareholders that hold the largest share of the votes conferred by all shares in the company pursuant to the shareholders' register maintained by Euroclear Finland Ltd on the first working day of the September preceding the applicable Annual General Meeting will be entitled to appoint members that represent the shareholders. If the representative of the largest shareholder also serves as the Chair of the company's Board of Directors, they cannot be appointed as the Chair of the Shareholders' Nomination Board but may act as the shareholder's representative as a member of the Nomination Board. In 2024, the members of the Nomination Board were Jarkko Takanen (Chair) and Harri Takanen. The charter of the Shareholders' Nomination Board can be found [here](#).

Board of Directors

Under the Companies Act, the Board of Directors (the Board) is responsible for the management of the company and the proper organization of operations. The members of the Board are elected by the Annual General Meeting. According to the Articles of Association, Scanfil plc's Board of Directors shall include a minimum of three and a maximum of seven regular members. The Board elects a Chair from among its members. The Board is responsible for deciding on the business strategy and significant matters related to investments, organization, and finance, as well as supervising the company's management and operations. The Board shall also ensure that the company's accounts and asset management are properly organized and supervised.

The Board, elected by the Annual General Meeting on April 25, 2024, has evaluated the independence of its members according to which the majority of members (Thomas Dekorsy, Bengt Engström, Christina Lindstedt, Juha Räisänen and Minna Yrjönmäki) are independent of the company and independent of the significant shareholders of the company. All three members of the Audit Committee are independent of the company and its significant shareholders. This statement has been reviewed by Scanfil plc's Board of Directors.

Harri Takanen

Harri Takanen (born 1968, a Finnish citizen), Member of the Board since April 18, 2013, Professional Board Member, and Managing Director of Jussi Capital Oy and Jussi Invest Oy. Harri Takanen has worked at Sievi Capital plc as CEO 2007–2011 and as the CEO of Scanfil plc and Scanfil EMS Ltd. 2012–2013. He has served Scanfil Group since 1994, e.g. as Director of operations in China, Scanfil (Hangzhou) Co., Ltd's Managing Director, Technology Director, Director of Customer Relations, Customer Service Manager and Plant Manager of Sievi Mechanics. Harri Takanen holds a Master's degree in Engineering. Not independent of the company and major shareholders.

- | Area of expertise: EMS industry, strategy and business management
- | Held 9,913,146 shares in Scanfil plc on December 31, 2024
- | Chair of the Board of Directors: WellO2 Oy
Member of the Board of Directors: Jussi Capital Oy



Dr. Thomas Dekorsy

Dr. Thomas Dekorsy (born 1963, a German citizen). Member of the Board since April 27, 2023. He is an experienced Interim Executive specializing in restructuring, profit growth, and reorganization of industrial companies. He was the Global Head of Automotive Business Unit (ad. interim) at Amann & Sähne GmbH & Co. KG. He has served in various leadership roles e.g as the Managing Director of Prettl Management Services GmbH 2021–2022, the Chief Operating Officer of Lakesight Technologies Holding GmbH 2019–2021, the Chief Executive Officer of Escatec Switzerland AG 2013–2019, and many others since 1989. He holds a Ph.D. in Engineering. Independent of the company and its major shareholders.



- | Area of expertise: Industrial companies, business turnarounds and sustainability
- | Did not hold any shares in Scanfil plc on December 31, 2024

Bengt Engström

Bengt Engström (born 1953, a Swedish citizen), Member of the Board since August 20, 2015. Bengt Engström has held a number of executive positions at several companies, both in Sweden and globally, for example at Whirlpool, Bofors AB, Duni AB, and Fujitsu. Bengt Engström holds a Mechanical Engineer's degree. Independent of the company and major shareholders.



- | Area of expertise: EMS industry, strategy and business management
- | Held 12,929 shares in Scanfil plc on December 31, 2024
- | Chair of the Board of Directors: Nordic Flanges, QleanAir AB, Qlosr AB, BEngström AB and BEngström Förvaltning AB
- | Member of the Board of Directors: Real Fastigheter AB, Polygiene AB and Scandinavian Chemotech AB

Christina Lindstedt

Christina Lindstedt (born 1968, a Swedish citizen), Member of the Board since April 12, 2016. Partner at STOAF since 2014. She was the Senior Advisor, CEO, and COO at QleanAir Scandinavia 2020–2023. Christina Lindstedt has held several executive positions at AB Electrolux, Sony Ericsson, and Sony, both in Sweden and globally. Primarily, she has served as a Business/Product area head for businesses such as, e.g., smartphones, washing machines, automatic lawn mowing, and new business Areas. In addition, she has been responsible for establishing global sourcing operations in China. Christina has also held a number of board positions in listed and non-listed companies. Christina Lindstedt holds a Master's Degree of Business Administration and Commercial law. Independent of the company and major shareholders.



- | Area of expertise: EMS industry, startups and growth companies
- | Held 7,312 shares in Scanfil plc on December 31, 2024
- | Member of the Board of Directors: Xplorebiz AB

Juha Räisänen

Juha Räisänen (born 1958, a Finnish citizen), Member of the Board since April 23, 2020. Managing Partner at Valuenode GmbH. Juha Räisänen has held a number of executive positions globally at ICL-Fujitsu, Nokia, SanDisk, KONE, and Aliaxis. He has been responsible for sales, manufacturing, supply chain, sourcing & procurement, quality, and safety. Juha Räisänen holds a Master's Degree of Industrial Engineering & Management. Independent of the company and major shareholders.



- | Area of expertise: Manufacturing, supply chain and sourcing
- | Did not hold any shares in Scanfil plc on December 31, 2024
- | Member of the Board of Directors: Bluefors Oy and Valuenode GmbH

Minna Yrjönmäki

Minna Yrjönmäki (born 1967, a Finnish citizen), Member of the Board since 27 April 2023. She is the Chief Financial Officer of Wihuri Group since 2023. She has served as the CFO (ad int.) of Raute Corporation 2022–2023, the CFO of Uponor Corporation 2019–2021, SVP Group Financial Controlling 2016–2019 and SVP Financial Services and Reporting 2014–2016 at Outokumpu Oyj. Prior to that, she worked in different leading financial roles at Ahlstrom Oyj 2004–2014 and Huhtamaki Oyj 1991–2004. She holds a Master of Science (Econ.) degree. Independent of the company and its major shareholders.



- | Area of expertise: Financial management, accounting and sustainability
- | Did not hold any shares in Scanfil plc on December 31, 2024

The entities over which the Board members exercise control do not own Scanfil shares.

The term of office of Board members expires at the close of the first Annual General Meeting following the one in which they were elected.

Activity of the Board

The Board had 15 meetings in 2024, of which four were written resolutions without convening a meeting. The average member attendance rate for meetings was 99%.

The duties and responsibilities of Scanfil's Board of Directors are based on the Finnish Limited Liability Companies Act, other applicable legislation, the Articles of Association, good governance recommendations, and the Board's charter. The Board carries out an annual review of its operations and regular reviews of the CEO and Group Management Team's work. The Board of Directors has confirmed the charter, which lists the following key duties for the Board:

- confirming the company's business strategy and monitoring its implementation
- confirming the annual key business targets and monitoring Scanfil Group's performance
- deciding on strategically significant investments in the Group
- discussing and approving financial statements and interim reports

- appointing and dismissing the CEO and determining their terms of employment and remuneration
- deciding on incentive systems for managers and employees
- monitoring the company's key operational risks and their management
- confirming the company's values and operating principles.

Diversity Principles for the Board of Directors

Scanfil plc operates in international contract manufacturing, and its customers include global companies in various industries. For the Board to be effective, its members must possess experience from several different industries, be well-versed in international business, and have insight into the global trends, including sustainability, that affect the development of contract manufacturing. The Shareholders' Nomination Board should consider the education, professional and international experience of the candidates, as well as their individual characteristics, when preparing the proposal for the Board's composition. The aim is to form a diverse Board with a sufficient number of members who can take responsibility for developing the company's operations, sustainability, and strategy in its line of business and who are competent in managing the duties and responsibilities of the Board. Scanfil aims to have a sufficiently diverse gender and age distribution on its Board of Directors.

The Annual General Meeting held on April 25, 2024, elected six (6) members to the Board, four of whom are men (66.7%) and two (33.3%) women. Board members have either technical or business degrees. In addition, the above-mentioned factors and characteristics relevant to the diversity of the Board were represented in the composition of the Board in 2024.

Board Committees

The Board of Directors has established an Audit Committee. The Audit Committee is responsible for monitoring the financial and sustainability reporting processes, the reporting of financial and sustainability statements and interim reports, and the functionality of internal control and risk management in the company. It also evaluates the appropriateness of auditing and prepares the proposal for the appointment of an auditor. The committee has three members: Juha Räisänen (Chair), Christina Lindstedt, and Minna Yrjönmäki. The committee convened eight (8) times in 2024.

The attendance rate of its members was 100%.

CEO

The Board of Directors decides on the appointment and dismissal of the CEO and the terms and conditions of their employment.

The CEO is covered by the performance and profit bonus systems decided upon separately by the Board of Directors. Christophe Sut was nominated as the CEO as of September 1, 2023.

Christophe Sut CEO

Christophe Sut (1973), a French and Swedish citizen. He was previously the President of the Manufacturing Solutions at Sandvik AB 2021–2023, Executive Vice President of Global Solutions 2016–2021, Vice President of Business Development 2014–2016 at ASSA ABLOY AB, and the Development Director, EMEA at CLIQ 2012–2014. Global Strategic Marketing Manager at Niscayah Group 2010–2012, and various marketing and development roles at ASSA ABLOY AB in Sweden and France 2001–2010. Various marketing roles at ITW Group and SAM Outillage 1997–2001. He holds a Master's degree in Marketing and Sales and a Bachelor's degree in Languages and Mathematics.



| Held 5,000 shares, 120,000 option rights 2022(BI) and 120,000 option rights 2022(CI) in Scanfil plc on December 31, 2024.

The CEO's duties are determined in accordance with the Companies Act. The CEO is in charge of the company's operative management according to the guidelines and orders given by the Board of Directors. The CEO shall ensure that the company's accounting practices comply with legislation and that asset management is organized in a reliable manner. The CEO is the chairman of the Group Management Team.

The CEO has a separate service contract that is valid until further notice with a mutual notice period of six months. Should the company terminate the service contract made with the CEO, the amount is subject to the duration of the service term and at the maximum equivalent to the monetary salary of 12 months can be paid to the CEO as a severance package under the terms and conditions of his service contract. The CEO's retirement age is the statutory retirement age.

Group Management Team

The principal duty of the Group Management Team is to assist the CEO in the company's operative management. The Team's other responsibilities include long-term planning, planning and monitoring investments, and allocating resources to key operations.

Riku Hynninen Chief Development Officer

Riku Hynninen (1972) was responsible for operational performance development, combining the power of manufacturing and information technologies, people and culture, sustainability, and quality & lean management. During the years 2018–2021, he led Scanfil's operations as COO. He previously worked at Nokia Corporation, where he was responsible for manufacturing technology, new product introduction, and lifecycle management for the Mobile Networks product portfolio. He holds a Master's degree in Engineering.



| Held 46,150 shares in Scanfil plc on December 31, 2024.

Markku Kosunen Chief Procurement Officer

Markku Kosunen (1967) was responsible for Global Sourcing and Supply Chain, including inventory management. Before joining Scanfil Group, he worked at Mecanova Oy as Vice President of Business Development 2005–2007, Director of Operations during 2008–2010, and in different management positions at the mechanics plants of Flextronics and Ojala-yhtymä in Finland during 1993–2005. He is an undergraduate in technology.



| Held 19,156 shares in Scanfil plc on 31 December 2024.

Anette Mullis Chief People Officer (as of October 14, 2024)

Anette Mullis (1965) was responsible for the global HR management and strategy. Before joining Scanfil she was the Vice President of Human Resources and Sustainability at Arelion 2021–2024. Prior to that she was Senior Vice President, Human Resources at Myconic 2018–2021, Head of HR Solutions Area OSS at Ericsson 2017–2018, held several leading HR positions at CSL Behring 2010–2017, Associate Director at Wyeth Pharmaceuticals 2004–2007 and also worked in managerial HR roles at IKEA Homefurnishings 1988–2004. Anette holds a Bachelor's Degree in Science (Social Work).



| Did not hold any shares in Scanfil on December 31, 2024

Timo Soninen Chief Operating Officer (until November 30, 2024)

Timo Soninen (1966) was responsible for the operational and financial performance of factories. He previously worked for Efore Oyj as Vice President of Operations in Suzhou, China, 2006–2013. Prior to that, he worked at Incap Oyj, among others, as Vice President, Manufacturing Services and as the Plant Director of the Vuokatti factory. He holds a Bachelor's degree in Science.



| Held 100,500 shares in Scanfil on December 31, 2024.

Kai Valo
Chief Financial Officer

Kai Valo (1965) was responsible for finance, accounting, and risk management. During 2015–2016, Kai was the CFO at Norpe Group. Prior to that, he was Lite-On Mobile Group's Director of Finance and Control in Beijing, China, 2009–2015. In 1999–2008, he held several finance-related management positions at Perlos. He holds a Master's degree in Economics.



Held 20,000 shares in Scanfil on December 31, 2024.

Christina Wiklund
Chief Commercial Officer

Christina Wiklund (1971) was responsible for sales, marketing, and customer relations. Christina was the Vice President of Sales EMEA at GE Additive. Prior to that, she was the Vice President of Sales at Flex 2006–2018, Account Manager at Solectron 2002–2006, and in business development and account management roles at Ericsson 1999–2002. She holds a Bachelor's degree in Social Science and has attended the Stanford Graduate School of Business Executive Program.



Held 2,000 shares in Scanfil on 31 December 2024.

DESCRIPTIONS OF INTERNAL CONTROL PROCEDURES AND THE MAIN FEATURES OF RISK MANAGEMENT SYSTEMS RELATED TO THE FINANCIAL REPORTING PROCESS

Risk Management

The Board of Directors is responsible for ensuring the appropriate organization of the Group's risk management and internal control and audit. Risk management is based on a risk management policy approved by the Board, aimed at managing risks in a comprehensive and proactive manner. The assessment of risks is part of the annual strategy and business planning process. There is no separate risk management organization; risk management is incorporated into the business processes and the management system and it is coordinated by the Group's CFO.

Risk management aims to observe and analyze factors that might have a negative impact on the achievement of the company's goals and to take measures to mitigate or completely eliminate risks. The operative units report on business risks in accordance with the management and reporting system.

Internal Control

Scanfil plc's internal control is a continuous process used to ensure profitable and uninterrupted operation. The control function aims to minimize risks by ensuring the reliability of reporting and compliance with laws and regulations.

Internal control is based on the Group's shared values, ethical guidelines, and industry legislation, from which the operating principles and guidelines are derived. The guidelines cover procedures for core operations. Group and unit management hold the responsibility for the company's internal control system. Internal control forms an active part of the company's management and administration. The Group's

operational management holds the responsibility for developing the harmonized business processes included in the control system. The Group's financial administration coordinates the financial management of the Group.

The controls included in Scanfil's operating processes form the basis of the company's financial control. They enable the company to swiftly identify and react to any deviations. The monthly reporting by management is a fundamental part of financial control. It includes producing a rolling forecast, the result of business operations carried out and an analysis of the differences between the forecast and the actual result. The indicators monitored in monthly reporting have been set so they support the achievement of shared Group-level and unit-specific targets, and to identify issues that require control measures. An auditing firm supports the performance of financial control.

The interpretation and application of accounting standards are carried out centrally by the Group's financial administration. These standards form the basis for the Group's shared recognition principles and reporting and accounting standards. In order to ensure reliable financial reporting, core functions are conducted using a globally harmonized ERP system and shared reporting tools. The use of standardized tools enables continuous control and successful change management.

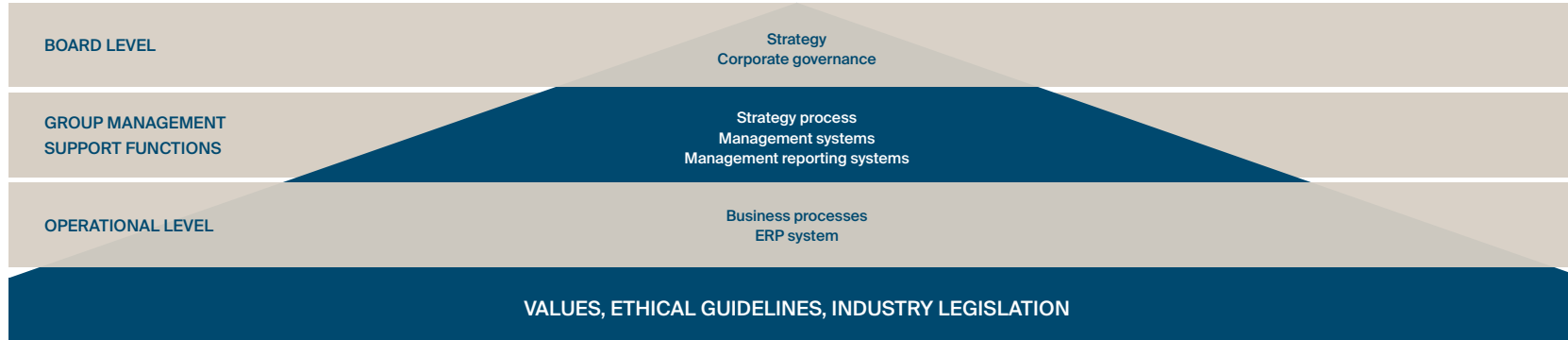
Internal Audit

The company uses internal auditing that handles internal auditing duties in cooperation with other Group functions, and makes regular reports to the CEO and the Board.

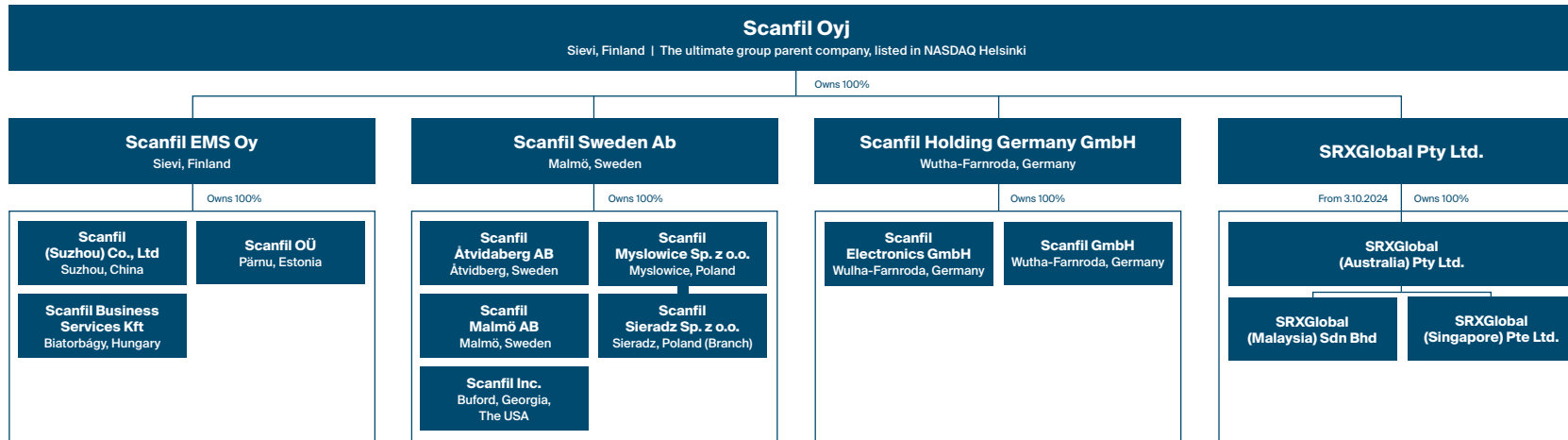
Changes in Group's structure in 2024

Scanfil plc acquired SRXGlobal Pty Ltd. on October 3, 2024.

DESCRIPTION OF THE INTERNAL CONTROL AT SCANFIL PLC



SCANFIL PLC GROUPS STRUCTURE IN 2024



OTHER INFORMATION TO BE PROVIDED IN THE STATEMENT

Company insiders and insider administration

In its operations, the company complies with regulation EU No. 596/2014 on market abuse (MAR) and the Finnish Securities Markets Act, as well as related regulations and guidelines issued by the European Securities and Markets Authority (ESMA), the Finnish Financial Supervisory Authority and Nasdaq Helsinki.

The company's Board of Directors has confirmed the company's insider guidelines based on Nasdaq Helsinki's guidelines for insiders. The insider guidelines define certain practices and decision-making procedures to ensure that the company's insider administration is organized consistently and reliably.

The company divides insiders into two categories: a) managers with a reporting obligation; and b) project-specific insiders. Managers with a reporting obligation include members of the Board of Directors, the CEO and members of the Group Management Team. Managers with a reporting obligation cannot trade in the company's financial instruments during a period before the publication of the company's interim reports and financial statements releases, starting 30 days before the publication of the interim reports and financial statements releases ("closed window"). Project-specific insiders cannot trade in the company's financial instruments before the project in question has ended.

In addition, the company has decided that persons who are party to the preparation and drawing up of the company's interim reports and financial statements releases cannot trade in the company's financial instruments during a period before the publication of the company's interim reports and financial statements releases, starting 30 days before the publication of the interim reports and financial statements releases ("expanded closed window"). The expanded closed window also applies to persons who, as a result of their work-related tasks, have access to the group's sales figures or to sales figures of a business unit that is significant for the total results of Scanfil Group as a whole.

As a result of the entry into force of MAR, the company no longer has any public insiders. From July 3, 2016, the company will publish, in a stock exchange release, all transactions with company shares carried out by managers ("PDMR", person discharging managerial responsibilities) with a reporting obligation and their related parties in the company's financial instruments in accordance with MAR.

Related-party transactions

Principles of monitoring and assessing Scanfil plc's related-party transactions

The principles of Scanfil plc's related-party transactions define the principles and processes by which the company identifies its related parties and monitors related-party transactions, assesses the nature and terms of business transactions, and

ensures that any conflicts of interest are addressed appropriately in the company's decision-making processes. The Board of Directors monitors and assesses related-party transactions continuously and regularly.

The company's related parties

The company's related parties cover individuals and entities close to the Group's companies as defined in the International Financial Reporting Standards (IFRS), approved in accordance with the IAS Regulation referred to in Chapter 1, Section 4 d of the Finnish Accounting Act.

The company's related parties include its subsidiaries and the company's key management employees, consisting of the Board of Directors, the CEO and the Group Management Team, as well as their family members. Related parties also include companies in which the aforementioned individuals hold control.

List of related parties

The company maintains a list of individuals and entities regarded as its related parties to identify related-party transactions. The company ensures that the company's management is provided with sufficient related-party guidelines.

The company's internal related parties are identified by maintaining and updating the list of related parties. Each individual and entity identified as a related-party is entered in the list of related parties, including details of their connection to the company as a related-party, such as shareholdings in other entities. Each related-party is required to report or otherwise bring, on their own initiative, potential conflicts of interests to the attention of the executive management.

Identifying related-party transactions

Related-party transactions are identified, and a register of agreed activities is maintained. The following procedures apply to the identification of related-party transactions:

- The company maintains a list of entities regarded as related parties.
- The person who approves related-party transactions on the company's behalf verifies that assessments and decision-making processes regarding related-party transactions are in compliance with defined criteria.
- If it becomes apparent in connection with the preparation of a related-party transaction that the related-party transaction is not related to the company's ordinary course of business or it is not carried out on arm's-length terms, the preparation of the transaction is handled by the Group Administration.
- In addition to the identification procedures followed by the company, individuals and entities regarded as related parties must ensure that related-party transactions are entered in the register of related-party transactions and carried out following the appropriate decision-making process.

Monitoring related-party transactions

The company monitors and assesses how agreements and other legal transactions between the company and its related parties comply with the requirements set for ordinary activities and for arms-length terms. Information on related-party transactions will be requested regularly from related parties, at least in conjunction with regular reporting.

Assessing related-party transactions and decision making

The company's main criterion for related-party transactions is that it is sufficiently ensured that related-party transactions comply with market terms and are favorable for the company's business operations.

When preparing decisions on related-party transactions, it must be considered that (a) decisions are based on particularly careful preparations and appropriate clarifications and assessments; (b) preparations, decision-making and the assessment and approval of individual transactions are arranged considering provisions of conflicts of interests regulations and the appropriate decision-making body; and/or (c) the identification, reporting and control related to transactions have been arranged appropriately, for example, so that the company's related-party transactions are monitored in accordance with the reporting practices followed by the company.

Related-party transactions are assessed according to the categories to which each transaction belongs. These include:

(1) ORDINARY RELATED-PARTY TRANSACTIONS

As a rule, ordinary related-party transactions must be part of the company's regular business operations, and they must be carried out following arms-length terms. Related-party transactions are entered in the register of related-party transactions so that the company can report its related-party transactions as required in IFRS.

The ordinality and arm's-length terms of the transaction shall be assessed and documented for such ordinary related-party transactions that are not performed on standard terms or at standard pricing or for transactions with a value exceeding EUR 5,000. Ordinary commercial terms may vary in different situations.

The ordinary nature of related-party transactions in relation to Scanfil Group's business operations are assessed on the basis of the company's purpose, the industry and other provisions listed in the company's Articles of Association, and the company's actual operations.

Related-party transactions that are associated with the company's standard agreements or agreements provided generally for customers within the framework of standard pricing, and related-party transactions that have a value of less than EUR 5,000 can be approved following the one-over-one principle. Other ordinary

related-party transactions must be approved by the CEO unless they are significant related-party transactions, or unusual or far-reaching considering the scope and quality of the activities. However, any events involving the CEO's related parties must always be approved by the Chair of the Board of Directors.

(2) SIGNIFICANT RELATED-PARTY TRANSACTIONS

Related-party transactions that are not part of the company's ordinary business operations or that are not carried out in accordance with arms-length terms are regarded as significant related-party transactions.

The company's Board of Directors decides on significant related-party transactions, including agreements or other legal transactions involving related parties that are not part of the company's ordinary business operations and do not follow arms-length terms.

Members of the Board of Directors or the company's shareholders cannot participate in the voting or approval of a decision if they or their related parties are party to significant related-party transactions.

Reporting related-party transactions

When preparing and carrying out related-party transactions, the company complies with specific reporting and disclosure obligations regarding related-party transactions.

Auditors

The Annual General Meeting held on April 25, 2024, selected the auditing firm Ernst & Young Oy as the auditor, and they named Authorized Public Accountant Toni Halonen as the main auditor. Until April 25, 2024, KPMG Oy Ab acted as Scanfil's auditing firm. The auditing fees for the Finnish companies of the Group for the 2024 accounting year were EUR 286,369 in total, and the parent company's share was EUR 221,245. The audit fees for the foreign companies of the Group were EUR 324,236 in total (EY: EUR 317,837 and other EUR 6,399). For other services, the auditing company was paid EUR 27,124.

REMUNERATION REPORT FOR THE GOVERNING BODIES 2024

1. Introduction

Scanfil plc's (the company) Annual General Meeting held on April 25, 2024 discussed the Remuneration Policy regarding the company's administrative bodies, what aims to promote the company's long-term financial performance and development of shareholder value by rewarding the company's senior management by engaging and motivating management to pursue the company's strategy in the best interest of all company's shareholders.

Shareholders' Nomination Board

The Annual General Meeting held on 25 April 2024, decided on establishing a Shareholders' Nomination Board (Nomination Board). The Nomination Board and the Board of Directors (the Board) monitor the company's remuneration practices to ensure they comply with the established Remuneration Policy. The Nomination Board prepares a proposal for the Remuneration Policy and the remuneration of the Board of Directors which are presented to the Annual General Meeting to decide.

The Board of Directors

The General Meeting decides on the remuneration of the members of the Board of Directors. The Nomination Board prepares proposals for the remuneration of the Board. The General Meeting approves the Board's remuneration each year, which is discussed and resolved at the General Meeting following the agenda. The remuneration of the Board can consist of one or more components, such as an annual fee and meeting fees. The fees can be paid in cash, or partially in cash and in company shares. The members of the Board of Directors do not participate in incentive plans of the company.

The CEO

Compensation of the CEO consists of a fixed basic salary with benefits in kind and variable incentives, i.e. performance-based compensation. Variable incentive schemes include an annual incentive plan and a share-based incentive plan. In deciding on the level of overall remuneration, the Board will consider financial and operational objectives and results. The company's strategy and market conditions will be taken into account when deciding on the annual remuneration. The variable component may not exceed 100% of the fixed basic salary.

Details about the Remuneration policy can be found [online](#).

KEY ELEMENTS OF REMUNERATION

Element	Target group	Target	Description
Salary	CEO and other senior management	Attract, keep and reward skilled managers	Number of factors are taken into account in determining the basic salary, e.g. market situation, individual qualities, skill and experience. The basic salary is typically reviewed annually.
Fixed remuneration	The Board of Directors	Attract, keep and reward skilled Board members	The remuneration of the Board of Directors is proposed by the Nomination and Remuneration Committee to the General Meeting to decide.
Annual incentive scheme (short-term)	CEO and other senior management	Encourage, guide and reward from achieving short-term financial, operational and strategic targets	The short-term annual incentive plan is primarily based on one-year earnings criteria, which are further based on longer-term indicators, typically three years of target settings.
Stock option incentive scheme (long-term)	CEO and other senior management	Link management and their rewarding to Company's shareholders	The General Meeting decides on share-based compensation programs and authorizes the Board of Directors to decide on the details and practical implementation of the compensation programs.

Scanfil's financial and remuneration development over the last five years

In 2021-2023 Scanfil's turnover increased rapidly. In 2024, many customers faced softening demand and started destocking. This accelerated the negative change in turnover. Scanfil was able to defend its profit margin with a prompt cost-cutting program and its adjusted operating profit margin stayed at the previous year's levels at 6.8%.

FINANCIAL AND REMUNERATION DEVELOPMENT, 2020-2024

	2020	2021	2022	2023	2024
Turnover, EUR million	595.3	695.7	843.8	901.6	779.9
Annual turnover growth, %	2.7	16.9	21.3	6.9	-13.5
Adjusted operating profit, EUR million	39.1	40.3	45.4*	61.3*	53.1
Adjusted operating profit, %	6.6	5.8	5.4*	6.8*	6.8
Share price change, VWAP, %	21.9	50.1	-13.4	18.1	-10.1

*No adjustments in the financial reporting period

Scanfil's financial targets in 2024 were 10% turnover growth over the business cycle, 7%-8% adjusted operating profit margin and Net Debt/EBITDA <1.5.

FEES OF THE BOARD OF DIRECTORS

1,000 EUR	2020	2021	2022	2023	2024
Harri Takanen (chair)	51.0	54.1	61.5	60.7	60.8
Thomas Dekorsy (as of 27 April 2023)	-	-	-	22.8	39.3
Bengt Engström	29.5	33.8	40.0	39.3	40.7
Christina Lindstedt	30.1	33.8	36.8	41.5	45.1
Juha Räisänen (as of 23 April 2020)	17.4	33.8	37.8	45.8	49.9
Minna Yrjönmäki	-	-	-	25.6	43.7
Jarkko Takanen (until 2 February 2022)	31.7	34.9	9.0	-	-
Christer Härkönen (until 22 April 2021)	27.9	11.4	-	-	-
Salaries and fees of the Board of Directors, in total	187.6	198.7	185.0	235.7	279.5

The remuneration of the CEO has consisted of a fixed base salary with fringe benefits and variable incentives. The variable incentives have included the short-term performance bonus and long-term stock option schemes, with their terms and conditions determined by the Board. Petteri Jokitalo acted as the CEO until August 31, 2023. Christophe Sut assumed his position as the CEO September 1, 2023.

SALARIES AND FEES OF THE CEO

1,000 EUR	2020	2021	2022	2023	2024
Salary, in total	289.7	295.3	304.0	354.2	351.6
Petteri Jokitalo	289.7	295.3	304.0	241.1	-
Christophe Sut	-	-	-	113.1	351.6
Fringe benefits, in total	12.3	14.2	14.8	14.5	6.7
Petteri Jokitalo	12.3	14.2	14.8	11.3	-
Christophe Sut	-	-	-	3.1	6.7
Performance bonus, in total	85.0	105.6	101.4	160.0	316.2
Petteri Jokitalo	85.0	105.6	101.4	160.0	316.2
Christophe Sut	-	-	-	-	-
In shares and payable stock options, in total	132.2	631.3	-	1,111.1	-
Petteri Jokitalo	132.2	631.3	-	1,111.1	-
Christophe Sut	-	-	-	-	-
In total	519.2	1,046.4	420.1	1,640.2	674.5

The development of employees' remuneration is based on the salaries and wages paid to the personnel less the employer's social security contributions divided by the average number of employees during the year.

PAID SALARIES AND WAGES/AVERAGE NUMBER OF EMPLOYEES

1,000 EUR	2020	2021	2022	2023	2024
In total	22.6	23.1	24.0	25.1	26.6

2. Remuneration of the Board of Directors in 2024

The remuneration of the Board members is decided by the General Meeting of Scanfil plc.

On April 25, 2024 the Annual General Meeting decided that:

- Members of the Board are paid EUR 3,200/month
- The Chairman of the Board is paid EUR 5,000/month.

Additionally, members of the Committee received a compensation of EUR 750/meeting and the Chair of the Audit Committee EUR 380/month. In addition, a fee of EUR 380 per face-to-face meeting held outside of the Board Members country of residence was paid.

The travel expenses of Board members were compensated in accordance with the company's travel policy. No other benefits were paid to the members of the Board on the basis of this position.

During the financial year of 2024, members of Scanfil plc's Board of Directors did not receive any company's shares or share-based benefits as remuneration. The remuneration of the Board consisted of the monthly fees and committee membership fees decided by the General Meeting.

MEETING AND COMMITTEE FEES PAID TO THE BOARD OF DIRECTORS IN 2024

EUR	Meeting fee	Committee fee	Fees in total
Harri Takanen	59,420	1,400	60,820
Thomas Dekorsy	39,310	-	39,310
Bengt Engström	39,280	1,400	40,680
Christina Lindstedt	39,280	5,850	45,130
Juha Räisänen	39,660	10,266	49,926
Minna Yrjönmäki	37,820	5,850	43,670
In total	254,770	24,766	279,536

3. Remuneration of the CEO in 2024

The CEO has a service contract that is valid until further notice with a mutual notice period of six months. Should the company terminate the service contract made with the CEO, the amount is subject to the duration of the service term and at the maximum equivalent to the monetary salary of 12 months can be paid to the CEO as a severance package under the terms and conditions of his service contract.

The retirement age of the CEO is the statutory retirement age.

SALARIES AND FEES OF THE CEO

EUR	Fixed	Variable
Salary, in total	351 577	-
Fringe benefits, in total	6 718	-
Performance bonus from the year 2023, in total	-	-
Stock option scheme, in total	-	-
Salaries and fees, in total	358 295	-

The former CEO Petteri Jokitalo was paid a performance bonus of EUR 316,224 regarding the year 2023 in 2024, which was 100% of the maximum.

Performance bonus

The CEO is included in the scope of the management's performance bonus scheme based on the Group's operating profit and turnover. The operating profit determines 80% and turnover 20% of the bonus payable to the CEO. The final performance bonus is determined on the basis of the actual operating profit and turnover in euro compared with the targets set in the previous three years, each representing one-third of determining the bonus. The Board of Directors decides on the management remuneration scheme and its terms and conditions for the next three years.

The annual bonus cannot exceed the amount corresponding to 12 months' salary. The CEO is also included in the scope of the company's share-based incentive scheme.

The CEO does not have other benefits.

Stock option scheme

On 21 April 2022, the Annual General Meeting of Scanfil plc decided to authorize the Board of Directors to decide on granting stock options rights to key personnel of the Scanfil Group and to decide on the terms and conditions of the maximum amount of 1,200,000 option rights ("Stock Option scheme 2022").

OPTIONS HELD BY THE CEO	2022(BI)	2022(CI)
Number of options	120,000	120,000
Subscription period	1 May 2026 - 30 April 2028	1 May 2027 - 30 April 2029
Fair value, in total, EUR	229,200	194,400

More details on stock option schemes can be found [here](#).

SCANFIL

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