

Annual report for
Lännen MCE AB
556437-9237

Financial year
2022-02-01 - 2023-06-30

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Certificate of Determination

The undersigned member of the Board of Lännen MCE AB hereby certifies that this copy of the annual report corresponds to the original and that the income statement and balance sheet have been adopted at the Annual General Meeting 2023

.....The meeting

also decided to approve the Board of Directors' proposal for the allocation of profits.

Skellefteå 2023-.....

Timo Huttunen
Chairman & CEO

Management report

The Board of Directors and CEO of Lännen MCE AB, 556437-9237, with its registered office in Skellefteå, hereby submit the annual report for the financial year 2022-02-01 - 2023-06-30.

Due to the unusual financial year of 17 months, the data for the previous financial year are not comparable with those for the financial year just ended.

The annual report is prepared in Swedish kronor, SEK.
Unless otherwise stated, all amounts are expressed in whole crowns (SEK).

General information on activities

The company was registered in 1991 and develops, manufactures and markets Lundberg tool carriers. The products are distributed through dealers in the Nordic market by; in Norway Sandhaug AS, in Finland Lännen MCE Oy through a network of district-based machinery trading companies. The company is a wholly owned subsidiary of Lännen MCE Oy. The company's business is the development and manufacture of the Lundberg tool carrier with related technical support and spare parts sales.

Financial overview

	2022-02-01- 2023-06-30	2021-02-01- 2022-01-31	2020-02-01- 2021-01-31	2019-02-01- 2020-01-31	2018-02-01- 2019-01-31
Net turnover (KSEK)	236468	89957	88738	70754	58609
Result after fine. items (tkr)	-11971	-1726	-5799	-6336	-1507
Equity ratio %	6	3	7	9	10
Balance sheet total	44104	33514	27384	24674	24817

Equity ratio (%)= Adjusted equity (equity and untaxed reserves less deferred tax) as a percentage of total assets.

Significant events during the financial year

During the financial year, Lannen Tractors AB (556664-5445) merged with Lundberg Hymas AB, which changed its name to Lännen MCE AB.

The parent company has given the company a shareholder contribution of SEK 14 million to restore the company's registered share capital, taking into account the commitment of the parent company to restore the share capital, the Board of Directors has not considered that any control balance sheet would need to be prepared during the year.

Expected future developments and significant risks and uncertainties

The company plans to discontinue its manufacturing activities and focus solely on the sale of Lännen and Lundberg machines and after-sales services. Therefore, Lundberg's multi-machines would be manufactured at the factory of its sister company Lännen Tractors Oy in Finland.

The company expects to continue its machine sales at the same level in the coming , despite market uncertainties, as both Lännen and Lundberg products have active product development to continue to be technology leaders and meet consistent environmental requirements in their fields.

The company expects to maintain its machine sales at the same level in the coming , despite uncertainties resulting from disruptions to Sweden's macroeconomy created by the war in Ukraine.

Measures are underway in the group which, in the opinion of the management, should ensure that the company's financing is adequate.

Equity capital

Changes in equity

	Share capital	Development Fund	Reserve Fund	Retained earnings	Result for the year	Total
Amount at beginning of the year	2 000 000	2 013 251	400 000	-1 935 381	-1 470 814	1 007 056
Allocation as decided the Annual General Meeting: To be carried forward				-1 470 814	1 470 814	0
Merger outcome				-647 159		-647 159
Shift between restricted and unrestricted capital		-1 044 089		1 044 090		0
Shareholder contributions				14 000 000		14 000 000
Result for the year					-11 970 499	-11 970 499
Amount at end of year 2 000 000 year-end		969 162	400 000	10 990 736	-11 970 499	2 389 398

Conditional shareholder contributions not yet repaid amounted to SEK 24 050 000 (SEK 10 050 000) at the balance sheet date.

Proposed appropriation of the company's profit or loss

	<i>amount in SEK</i>
The Board of Directors proposes that the available funds:	
retained earnings	10 990 736
result for the year	<u>-11 970 499</u>
Total	-979 763
carried forward to new account	<u>-979 763</u>
Total	-979 763

As regards the results and position in general, reference is made to the following income statement and balance sheet with accompanying notes.

Balance sheet

Amount in SEK

ASSETS

	Disclosure	2023-06-30	2022-01-31
Fixed assets			
Intangible fixed assets			
Capitalized development expenditure and similar work	5	<u>1 010 025</u>	<u>2 013 251</u>
		1 010 025	2 013 251
Tangible fixed assets			
Equipment, tools and installations	6,7	54 111	63 647
			63 647
Financial fixed assets	8		
Deferred tax assets		2 134 890	2 134 890
Long-term group receivables		<u>3 125 000</u>	<u>5 000</u>
		5 259 890	2 139 890
Total fixed assets		<u>6 324 026</u>	<u>4 216 788</u>
Current assets			
Inventories etc.			
Work in progress		1 722 647	3 267 434
Finished goods and merchandise		<u>21 230 420</u>	<u>14 135 112</u>
		22 953 067	17 402 546
Short-term receivables			
Accounts receivable		3 664 822	1 302 179
Receivables from group companies		8 643 303	8 765 414
Other receivables		738 577	1 062 418
Prepaid expenses and accrued income	9	<u>1 780 501</u>	<u>764 655</u>
		14 827 203	11 894 666
Total current assets		<u>37 780 270</u>	<u>29 297 212</u>
TOTAL ASSETS		<u>44 104 296</u>	<u>33 514 000</u>

Balance sheet

Amount in SEK

EQUITY AND LIABILITIES

	Disclosure	2023-06-30	2022-01-31
Equity capital			
Restricted equity			
Share capital		2 000 000	2 000 000
Reserve Fund		400 000	400 000
Fund for external maintenance		<u>969 162</u>	<u>2 013 251</u>
		3 369 162	4 413 251
Unrestricted equity			
Profit or loss brought forward		10 990 736	-1 935 381
Result for the year		<u>-11 970 499</u>	<u>-1 470 814</u>
		-979 763	-3 406 195
Total equity		<u>2 389 399</u>	<u>1 007 056</u>
Untaxed reserves		108 990	
Provisions			
Other provisions		<u>1 080 454</u>	<u>569 543</u>
		1 080 454	569 543
Long-term liabilities			
Overdraft/group credit	10	15 924 924	13 978 739
Liabilities to group companies	-	<u>-</u>	<u>2 580 000</u>
		15 924 924	16 558 739
Current liabilities			
Accounts payable to suppliers		13 187 078	10 122 678
Liabilities to group companies			505 848
Tax liabilities		221 490	137 615
Other current liabilities		6 791 038	1 627 109
Accrued expenses and deferred income	11	<u>4 400 923</u>	<u>2 985 412</u>
		24 600 529	15 378 662
TOTAL EQUITY AND LIABILITIES		44 104 296	33 514 000

Cash flow statement

<i>Amount in SEK</i>	2022-02-01- 2023-06-30	2021-02-01- 2022-01-31
Current operations		
Profit after financial items	-11 970 499	-1 726 453
Adjustments for items not included in cash flow, etc.	<u>2 068 025</u>	<u>590 389</u>
	-9 902 474	-1 136 064
Income tax paid	<u>-192 864</u>	<u>21 342</u>
Cash flow from operating activities before changes in working capital	-10 095 338	-1 114 722
Cash flow from changes in working capital		
Cash flow from changes in working capital		
Increase(-)/Decrease (+) in inventories	-5 311 103	-4 449 132
Increase(-)/Decrease (+) in operating receivables	2 060 063	429 325
Increase (+)/Decrease (-) in operating liabilities	<u>10 305 517</u>	<u>2 886 947</u>
Cash flow from operating activities	-3 040 861	-2 247 582
Investment activities		
Acquisitions of intangible assets	<u>-544 352</u>	<u>-636 403</u>
Cash flow from investing activities	-544 352	-636 403
Financing activities		
Group credit received	-5 554 912	6 883 985
Loans raised	14 000 000	-3 000 000
Loan repayments	<u>-4 859 875</u>	<u>-1 000 000</u>
Cash flow from financing activities	3 585 213	2 883 985
Cash flow for the year	-	-
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at year-end	-	-

Additional disclosures to the cash flow statement

Adjustment for items not included in cash flow, etc.		
Depreciation and impairment of assets	1 557 114	1 033 788
Provisions for guarantees	<u>510 911</u>	<u>-443 399</u>
	2 068 025	590 389

Notes

7 (13)

Note 1 Accounting principles

Amounts in SEK unless otherwise stated

General accounting principles

The company has applied BFNAR 2020:5 on accounting for mergers and the usual accounting principle that the annual report has been prepared in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board's general advice BFNAR 2012:1 Annual Report and Consolidated Accounts (K3).

Valuation principles etc.

Receivables and liabilities in foreign currencies have been translated into Swedish kronor at the closing day rate. Assets, provisions and liabilities have been valued at cost unless otherwise stated below.

Sales of goods are recognized upon delivery of products to the customer, in accordance with the terms of sale and are recorded net of VAT and discounts.

Estimating the future

Measures are underway in the group which, in the opinion of the management, should ensure that the company's financing is adequate.

Leasing

The entity accounts for any leases as operating leases. Operating leases are recognized as an expense on a straight-line basis over the lease term. Lease expenses for 2022/2023 were TSEK 757 (previous year TSEK 513).

Stocks of goods

Inventories are stated at the lower of cost on a first-in, first-out basis and fair value. Work in progress consists of the cost of direct manufacturing costs, a reasonable proportion of indirect manufacturing costs and indirect material costs.

In determining the value of inventories, an individual assessment has been made to assess any need for write-downs for slow-moving items.

Receivables

Receivables have been individually valued at the amount at which they are expected to be received.

Guarantee and costs for free services

Estimated costs for product warranties and initial free servicing are charged to operating expenses the products are sold. Costs incurred during the warranty period are charged on an item-by-item basis.

Depreciation principles for fixed assets

Depreciation according to plan is based on original cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The following depreciation periods are applied:

-Machinery and other technical equipment	20% (5 years)
-Equipment, tools and installations	20% (5 years)
-Intangible fixed assets	20% (5 years)
-Improvements to someone else's property	10 and 20 years

Group data

The company is a wholly owned subsidiary of Lännen MCE Oy, reg. no. FI22127344, based in Loimaa, Finland.

Consolidated financial statements can be ordered from Lännen MCE Oy, PL 141, 32201 Loimaa, Finland.

Employee benefits

Employee benefits refer to all forms of remuneration provided by the enterprise to its . Short-term benefits include salaries, paid vacation, paid absences, bonuses and a post-employment benefit (pension). Short-term benefits are recognized as an expense and a debt where there is a legal or constructive obligation to pay compensation as a result of a past event and a reliable estimate of the amount can be made.

Taxes Income taxes

Total tax consists of current tax and deferred tax. Taxes are recognized in the income statement, except when the underlying transaction is recognized directly in equity, in which case the related tax effects are recognized in .

Current tax

Current tax relates to income tax for the current financial year and the portion of income tax for previous financial years that has not yet been recognized. Current tax is calculated on the basis of the tax rate applicable at the *balance sheet date*.

Deferred tax

Deferred tax is income tax relating to future financial years arising from past events. Under this method, deferred tax liabilities and deferred tax assets are recognized for temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, and for other tax deductions or losses.

Deferred tax assets are offset against deferred tax liabilities only if they can be settled for a net amount.

Deferred tax is calculated using the tax rate applicable at the balance sheet date. The effects of changes in the applicable tax rates are recognized in the period in which the change is enacted. Deferred tax assets are recognized as financial assets and deferred tax liabilities as provisions. Deferred tax assets relating to loss carry-forwards or other future tax deductions are recognized to the extent that it is probable that the deductions can be offset against future taxable profits.

Estimates and assessments

The preparation of financial statements and the application of accounting policies are often based on management's judgments, estimates and assumptions that are believed to be reasonable at the time the judgments are made. Estimates and judgments are based on historical experience and a number of other factors that are believed to be reasonable under the circumstances. The results of these are used to assess the carrying amounts of assets and liabilities that are not otherwise from other sources. Actual outcomes may differ from these estimates and judgments. Estimates and assumptions are reviewed regularly.

No significant sources of uncertainty in estimates and assumptions at the balance sheet date are considered to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Accounting for merger results

Through a merger on August 25, 2022, the subsidiary Lannen Tractors AB, org. no. 556664-5445, was dissolved.

Merger outcome

Warehouse	10 503 966
Accounts receivable	8 073 787
Other assets	5 531 637
Overdraft facility	-7 499 949
Other liabilities	-9 647 066
Results for the year up to the merger date	<u>-1 174 659</u>
	5 787 716
Book value of shares in subsidiaries	<u>-6 434 875</u>
Merger outcome	<u><u>-647 159</u></u>

Note 2 Employees and personnel costs**Average number of employees**

	2022-02-01- 2023-06-30	Of which men	2021-02-01- 2022-01-31	Of which men
Sweden	34	29	28	22
In total	34		28	22

Wages, salaries and social security costs, including pension costs

	2022-02-01- 2023-06-30	2021-02-01- 2022-01-31
Salaries and other remuneration	22 836 518	10 996 841
Social costs	9 125 004	3 170 770
Total	31 961 522	14 167 611
(of which pension costs)	1 173 890	740 873

Note 3 Depreciation Depreciation of tangible and intangible fixed assets

	2022-02-01- 2023-06-30	2021-02-01- 2022-01-31
Intangible fixed assets	1 098 487	1 021 464
Costs incurred on someone else's property	-	-
Equipment, tools and installations	58 358	12 324
Total	1 156 845	1 033 788

Note 4 Tax on profit for the year

	2022-02-01- 2023-06-30	2021-02-01- 2022-01-31
Tax expense for the period	-	-
Deferred tax	-	255 640
Total reported tax expense	-	255 640

Note 5 Capitalized expenditure for development work

	2023-06-30	2022-01-31
<i>Accumulated acquisition values</i>		
-At the beginning of the year	8 418 599	7 828 394
-Activations for the year	0	
-Assets taken over by merger	273 111	590 205
	8 691 710	8 418 599
<i>Accumulated depreciation according to plan</i>		
-At the beginning of the year	-6 405 348	-5 383 884
-Depreciation for the year according to plan	-1 057 394	-1 021 464
-Depreciation taken over by merger	-218 943	
At the end of the year	-7 681 685	-6 405 348
Carrying amount at year-end	1 010 025	2 013 251

Note 6 Equipment, tools and installations

	2023-06-30	2022-01-31
<i>Accumulated cost of acquisition</i>		
-At the beginning of the year	1 740 913	1 694 715
-New acquisitions of the year		46 198
-Equipment taken over by merger	271 241	
	<u>2 012 154</u>	<u>1 740 913</u>
-At the beginning of the year	-1 677 266	-1 664 942
-Depreciation for the year	-40 879	-12 324
-Depreciation taken over by merger	-239 898	
	<u>-1 958 043</u>	<u>-1 677 266</u>
Carrying amount at year-end	54 111	63 647

Note 7 Improvements to the property of others

	2023-06-30	2022-01-31
Opening acquisition values	528 126	528 126
<i>Changes in cost of acquisition</i>		
Closing cost of acquisition	<u>528 126</u>	<u>528 126</u>
Opening depreciation	-528 126	-528 126
Depreciation for the year		
Closing valuations	<u>-</u>	<u>-</u>
	<u>-528 126</u>	<u>-528 126</u>
Carrying amount	-	-

Note 8 Other long-term receivables

	2023-06-30	2022-01-31
<i>Accumulated acquisition values:</i>		
-At the beginning of the year	2 139 890	1 884 250
-Outgoing receivables	-5 000	
-Recurring receivables	<u>3 125 000</u>	<u>255 640</u>
Carrying amount at year-end	5 259 890	2 139 890

Note 9 Prepaid expenses and accrued income

	2023-06-30	2022-01-31
Prepaid rents	339 750	361 355
Accrued freight subsidies	62 955	299 288
Other items	<u>1 377 796</u>	<u>104 012</u>
	1 780 501	764 655

Note 10 Other liabilities to credit institutions
Other liabilities to credit institutions

	2023-06-30	2022-01-31
Due date, within one year of the balance sheet date		
Maturity, 1-5 years from balance sheet date		2 580 000
Limit account	15 001 098	7 500 000
Bank overdraft/corporate credit	923 826	6 478 739
	15 924 924	16 558 739

Lännen MCE AB has a bank credit limit of up to SEK 15,000,000. SEK 15,001,098 of it was utilized on the balance sheet date. The credit is long-term and the parent company, Lännen MCE Oy, has issued a guarantee for the credit. The Group has a cash pool arrangement which the parent company manages. On the balance sheet date, Lännen MCE AB had a credit facility of SEK 923,826. Bank balances/used overdraft facilities are reported as intercompany balances.

Note 11 Accrued expenses and deferred income

	2023-06-30	2022-01-31
Accrued vacation pay	2 441 118	1 416 327
Accrued social security contributions	793 846	473 573
Other items	1 165 959	1 095 512
	4 400 923	2 985 412

Note 12 Pledged assets Collateral pledged for liabilities to credit institutions

	2023-06-30	2022-01-31
Pledges and securities for own liabilities		
Commercial mortgages	31 600 000	17 300 000
Total	31 600 000	17 300 000

Signatures

Place and date: Skellefteå _____

Timo Huttunen
Chairman & CEO

Veli Ollila
Member of the Board

Max Kvickström
Member of the Board

Our audit report has been submitted _____

Crowe Osborne AB

Christer Eriksson
Authorized Public Accountant

SIGNATURES

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SIGNATURES**VELI MATTI OLLILA**

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authority to sign
representative
custodial

asemavaltuus
nimenkirjoitusoikeus
huoltaja/edunvalvoja

power of attorney
right to sign for the company
trustee

authority to sign
representative
parent/guardian

authority to sign
representative
deprivation of liberty