

FINANCIAL STATEMENT

for

Lännen MCE AB

Org.nr. 556437-9237

The Board of Directors and the Managing Director hereby submit the annual report for the financial year 2023-07-01 - 2024-12-31

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MANAGEMENT REPORT

The annual report is prepared in Swedish kronor, SEK.

The activities**Key facts and significant events**

Due to the unusual financial year, 18 months, the data for the previous financial year are not comparable with the data for the closed financial year. The company's previous financial year was also unusual, 17 months (2022-02-01 - 2023-06-30). The previous financial years have been 12 months long.

Nature and scope of activities

Registered in 1991, the company markets and sells Lännen and Lundberg multifunction machines and provides after-sales services for them. The company is a wholly owned subsidiary of Lännen MCE Oy.

Seats

The company is based in Jönköping.

Other important conditions and significant events

The company closed the factory in Skellefteå, after which the production of the Lundberg redcap carrier was moved to its sister company Lännen Tractors' factory in Finland.

The parent company has given the company a shareholder contribution 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 did not consider it necessary to prepare a trial balance during the year.

Lännen MCE AB's parent company Lännen MCE Oy entered into an agreement with Summa Defence Oy in November 2024, which means that all Lännen MCE Oy's subsidiaries will be transferred to Summa Defence Oy's ownership at the beginning of 2025. The completion of the arrangement secures financing resources for the subsidiaries to expand their operations and enables further sales to customers in the defense industry. Summa Defence Oy's goal is to be listed on the Helsinki Stock Exchange.

Expected future developments and significant risks and uncertainties

The company expects to increase its machine sales in the coming , despite uncertainties resulting from disruptions to Sweden's macroeconomy created by the war in Ukraine. Lundberg's volume will increase in fiscal 2025 thanks to the fully revamped Lundberg 60 series. The company's annual results are expected to turn to profit.

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

Multi-year overview

The amounts in the Multi-year overview are shown in KSEK

	2023-07-01 - 2024-12-31	2022-02-01 - 2023-06-30	2021-02-01 -2022-01-31	2020-02-01 - 2021-01-31	2019-02-01 - 2020-01-31
Net turnover	157 392	236 468	89 957	88 738	70 754
Res. after financial items	-14 163	-11 971	-1 723	-5 799	-6 336
Balance sheet total	35 990	44 104	33 514	27 384	24 674
Equity ratio (%)	4,89	6	3	7	9

Definitions of key figures, see notes

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Changes in equity

	Share capital	Fund for the development of Expenditure	Reserve Fund	Retained earnings	Result for the year
Amount at beginning of year	2 000 000	969 162	400 000	10 990 736	-11 970 499
Release of the development expenditure fund		-969 162		969 162	
To be entered in the balance sheet				-11 970 499	11 970 499
Shareholders' contributions received				14 000 000	
Net income					-14 628 899
Amount at year-end	2 000 000	0	400 000	13 989 399	-14 628 899
			2024-12-31		2023-06-30
Conditional shareholder contributions amount to:			38 050 000		24 050 000

Profit and loss account

Proposal for the treatment of the company's loss

Retained earnings/loss the disposal of the Annual General Meeting	-979 763
change development fund	969 162
shareholder contribution	14 000 000
result for the year	<u>-14 628 899</u>
	-639 500
The Board proposes that in new account is transferred	<u>-639 500</u>
	-639 500

For the company's results and position in general, see the following income statements and balance sheets with accompanying notes.

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INCOME STATEMENT

	Distress	2023-07-01 2024-12-31	2022-02-01 2023-06-30
Operating revenue etc.			
Net turnover	3, 4	157 391 642	236 467 948
Change in stocks of finished goods, work in progress and work for hire		-7 181 778	-269 842
Other operating income		<u>367 863</u>	<u>613 346</u>
		150 577 727	236 811 452
Operating expenses			
Raw materials and supplies		-121 943 119	-192 746 594
Other external costs	5, 6	-16 553 582	-19 699 887
Staff costs	7	-21 897 313	-33 277 789
Depreciation, amortization and impairment of tangible and intangible assets		<u>-1 044 568</u>	<u>-1 156 845</u>
		-161 438 582	-246 881 115
Operating result		-10 860 855	-10 069 663
Result from financial items			
Other interest income and similar income		28 431	1 170 989
Other interest income from group companies		458 333	0
Interest expense and similar income statement items		-3 158 075	-3 071 825
Interest expense to group companies		<u>-630 786</u>	<u>0</u>
		-3 302 097	-1 900 836
Profit after financial items		-14 162 952	-11 970 499
Appropriations for the financial year			
Change in tax allocation reserves		<u>108 990</u>	<u>0</u>
		108 990	0
Profit before tax		-14 053 962	-11 970 499
Other taxes	8	-574 937	0
Result for the year		<u>-14 628 899</u>	<u>-11 970 499</u>

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BALANCE SHEET

		2024-12-31	2023-06-30
ASSETS	Dist		
Fixed assets			
Intangible fixed assets			
Capitalized expenditure on development and similar activities works	9	1 318	1 010 025
		<u>1 318</u>	<u>1 010 025</u>
Tangible fixed assets			
Equipment, tools and installations	10	18 249	54 111
Improvement expenditure on someone else's property	11	<u>0</u>	<u>0</u>
		18 249	54 111
Financial fixed assets			
Receivables from group companies	12	6 500 000	3 125 000
Deferred tax assets		2 134 890	2 134 890
Other long-term receivables	13	<u>3 500</u>	<u>0</u>
		8 638 390	5 259 890
Total fixed assets		8 657 957	6 324 026
Current assets			
Inventories, etc.			
Work in progress	14	13 745	1 722 647
Finished goods and merchandise		<u>15 090 190</u>	<u>21 230 420</u>
		15 103 935	22 953 067
Short-term receivables			
Accounts receivable		2 840 180	3 664 822
Receivables from group companies		6 048 328	8 643 303
Current tax asset		2 438 333	0
Other receivables		3 702	738 577
Prepaid expenses and accrued income	15	<u>897 756</u>	<u>1 780 501</u>
		12 228 299	14 827 203
Total current assets		27 332 234	37 780 270
TOTAL ASSETS		35 990 191	44 104 296

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BALANCE SHEET

		2024-12-31	2023-06-30
EQUITY AND LIABILITIES	Dist		
Equity capital			
Restricted equity			
Share capital	16	2 000 000	2 000 000
Reserve Fund		400 000	400 000
Development expenditure fund		<u>0</u>	<u>969 162</u>
		2 400 000	3 369 162
Unrestricted equity			
Retained earnings		13 989 399	10 990 736
Result for the year		<u>-14 628 899</u>	<u>-11 970 499</u>
		-639 500	-979 763
Total equity		<u>1 760 500</u>	<u>2 389 399</u>
Untaxed reserves			
Accrual reserve		<u>0</u>	<u>108 990</u>
Total untaxed reserves		0	108 990
Provisions			
Other provisions		<u>0</u>	<u>1 080 454</u>
Total provisions		0	1 080 454
Long-term liabilities	17		
Overdraft facility		<u>0</u>	<u>15 924 924</u>
Total long-term liabilities		0	15 924 924
Current liabilities			
Overdraft facility		16 224 590	0
Trade payables		6 742 043	13 187 078
Current tax liabilities		0	221 490
Other liabilities		7 713 900	6 791 038
Accrued expenses and deferred income	18	<u>3 549 158</u>	<u>4 400 923</u>
Total current liabilities		34 229 691	24 600 529
TOTAL EQUITY AND LIABILITIES		35 990 191	44 104 296

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CASH FLOW STATEMENT

		2023-07-01 2024-12-31	2022-02-01 2023-06-30
Current operations			
Profit after financial items		-14 162 952	-11 970 499
Adjustments for items not included in cash flow	19	-35 886	2 068 025
Income tax paid		-3 234 760	-192 864
Cash flow from operating activities before changes in working capital		<u>-17 433 598</u>	<u>-10 095 337</u>
Cash flow from changes in working capital			
Decrease(+)/increase(-) in inventories/work in progress		7 849 132	-5 311 103
Decrease(+)/increase(-) in operating receivables		5 037 237	2 060 063
Decrease(-)/increase(+) in operating liabilities		-6 373 937	10 305 517
Cash flow from operating activities		<u>-10 921 166</u>	<u>-3 040 861</u>
Investment activities			
Acquisitions of other intangible assets		0	-544 352
Acquisition of financial assets		-3 378 500	0
New lending to third parties	13	0	0
Cash flow from investing activities		<u>-3 378 500</u>	<u>-544 352</u>
Financing activities			
Shareholder contributions received		14 000 000	0
Group credit received		0	-5 554 912
Cash flow from financing activities		<u>14 000 000</u>	<u>3 585 213</u>
Change in cash and cash equivalents		-299 666	0
Cash and cash equivalents at beginning of year		-15 924 924	0
Still to be distributed		0	0
Cash and cash equivalents at year-end		<u>-16 224 590</u>	<u>0</u>

NOTES**Note 1 Accounting and valuation principles**

The annual report has been prepared in accordance with the Annual Accounts Act and BFNAR 2012:1 Annual Report and Consolidated Accounts.

The principles are unchanged from the previous year.

Receivables

After individual valuation, receivables are stated at the amounts at which they are expected to be received.

Other assets, provisions and liabilities

Other assets, provisions and liabilities have been valued at cost unless otherwise stated below.

*Revenue recognition**Sale of goods*

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.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any impairment losses. Assets are depreciated on a straight-line basis over their estimated useful lives, except for land which is not depreciated. The useful life is reviewed at each balance sheet date. The following useful lives are applied:

	Number of years
Machinery and other technical installations	5
Equipment, tools and installations	5
Improvement expenditure on someone else's property	20
Improvement expenditure on someone else's property	10

Intangible 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:

	Number of years
Capitalized expenditure on development and similar work	5

Leasing

Operating leases are expensed on a straight-line basis over the lease term.

Rights and obligations under finance leases are recognized as assets and liabilities in the balance sheet. The asset and liability are recognized at the lower of the fair value of the asset and the present value of the minimum lease payments, determined at the inception of the lease. The lease payments are apportioned between the interest and the reduction of the liability using the effective interest method.

Variable charges are recognized as an expense in the financial year in which they are incurred.

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.

NOTES*Income tax*

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 equity.

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 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 are recoverable in 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 tax losses carried forward or other future tax deductions are recognized to the extent that it is probable that the deductions can be offset against future taxable profits.

Provisions

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

Employee benefits

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

Receivables and liabilities in foreign currency

Monetary assets and liabilities denominated in foreign currencies have been translated at the closing rate.

Exchange differences arising on the settlement or retranslation of monetary items are recognized in the economic outturn account in the year in which they arise, either as an operating item or as a financial item based on the underlying transaction.

Note 2 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 apparent from other sources. Actual results may differ from those estimates and judgments. clearly from other sources. Actual results may differ from these estimates and judgments. 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.

Note 3	Public contributions	2023/2024	2022/2023
	Transport subsidies	<u>67 671</u>	<u>432 728</u>
		67 671	432 728
Note 4	Purchasing and sales within the group	2023/2024	2022/2023
	Share of sales relating to group companies	6,00%	14,50%
	Share of purchases related to group companies	7,80%	17,70%

NOTES

Note 5	Leases - Operating leases lessee	2023/2024	2022/2023
	During the year, the company's lease payments amounted to	5 050 661	4 630 873

Note 6	Remuneration of auditors	2023/2024	2022/2023
	Crowe Osborne AB		
	Audit assignments	176 300	327 900
		<u>176 300</u>	<u>327 900</u>

Audit engagement refers to the work of the auditor for the statutory audit and audit activities to various types quality assurance services. Other services are those that are not part of audit engagements, audit activities or tax advice.

Note 7	Personnel	2023/2024	2022/2023
	Average number of employees		
	The average number of employees is based on paid attendance hours related to normal working hours.		
	Average number of employees has been	17,50	34,00
	<i>of which women</i>	1,50	5,00
	<i>of which men</i>	16,00	29,00

Salaries, allowances, etc.

Wages, salaries, social security costs and pension costs were paid as follows

Board and CEO:			
Salaries and remuneration	1 532 256		0
Pension costs	74 556		0
	<u>1 606 812</u>		<u>0</u>
Other employees:			
Salaries and allowances	12 654 257		22 626 350
Pension costs	2 542 352		2 875 964
	<u>15 196 609</u>		<u>25 502 314</u>
Social costs	4 759 320		7 422 930
Total Board and others	<u>21 562 741</u>		<u>32 925 244</u>

Gender balance on the board and in management

Number of board members	1	3
<i>of which women</i>	0	0
<i>of which men</i>	1	3

Note 8	Tax on profit for the year	2023/2024	2022/2023
	Tax due to a change in assessment	<u>574 937</u>	<u>0</u>
	Total reported tax	574 937	0

NOTES

Note 9 Capitalized expenditure on development and similar work

	2024-12-31	2023-06-30
Opening acquisition value	8 691 710	8 418 599
Assets taken over by merger	0	273 111
Closing accumulated acquisition values	<u>8 691 710</u>	<u>8 691 710</u>
Opening depreciation	-7 681 685	-6 405 348
Depreciation through merger	0	-218 943
Depreciation for the year	-1 008 707	-1 057 394
Closing accumulated depreciation	<u>-8 690 392</u>	<u>-7 681 685</u>
Closing book value	<u>1 318</u>	<u>1 010 025</u>

Note 10 Equipment, tools and installations

	2024-12-31	2023-06-30
Opening acquisition value	2 012 154	1 740 913
Reclassification	-528 126	0
Equipment taken over by merger	0	271 241
Closing accumulated acquisition values	<u>1 484 028</u>	<u>2 012 154</u>
Opening depreciation	-1 958 043	-1 677 266
Reclassification	528 126	0
Depreciation taken over by merger	0	-239 898
Depreciation for the year	-35 682	-40 879
Closing accumulated depreciation	<u>-1 465 779</u>	<u>-1 958 043</u>
Closing book value	<u>18 249</u>	<u>54 111</u>

Improvements to third party property are disclosed in note 11.

Note 11 Improvement expenditure on someone else's property

	2024-12-31	2023-06-30
Opening acquisition value	528 126	0
Sales/disposals	0	528 126
Closing accumulated acquisition values	<u>528 126</u>	<u>528 126</u>
Opening depreciation	-528 126	0
Sales/disposals	0	-528 126
Closing accumulated depreciation	<u>-528 126</u>	<u>-528 126</u>
Closing book value	<u>0</u>	<u>0</u>

Note 12 Receivables from group companies

	2024-12-31	2023-06-30
Additional	3 500 000	0
Outgoing receivables	-125 000	0
Reclassifications	3 125 000	0
Closing accumulated acquisition values	<u>6 500 000</u>	<u>0</u>
Closing book value	<u>6 500 000</u>	<u>0</u>

Reclassification from Other long-term receivables.

NOTES

Note 13 Other long-term receivables	2024-12-31	2023-06-30
Opening acquisition value	5 259 890	2 139 890
New loans	3 500	3 125 000
Outstanding claims	-2 134 890	-5 000
Reclassifications	<u>-3 125 000</u>	<u>0</u>
Closing accumulated acquisition values	3 500	5 259 890
Closing book value	<u>3 500</u>	<u>5 259 890</u>

Reclassification to Receivables from group companies.

Note 14 Stocks of goods	2024-12-31	2023-06-30
<i>Work in progress</i>		
Book value	13 745	1 722 647
<i>Finished goods and merchandise</i>		
Book value	15 090 190	21 230 420

Note 15 Prepaid expenses and accrued income	2024-12-31	2023-06-30
Prepaid rental costs	367 156	339 750
Prepaid insurance premiums	100 197	0
Accrued income	364 981	1 377 796
Accrued freight subsidies	<u>65 422</u>	<u>62 955</u>
	897 756	1 780 501

Note 16 Information on share capital

	Number of shares	Quota value per share
Number/value at beginning of year	20 000	100,00
Number/value at year-end	20 000	100,00

Note 17 Other liabilities to credit institutions	2024-12-31	2023-06-30
Limit account	0	15 001 098
Overdraft/corporate credit	0	923 826
	16 224 590	15 924 924

Lännen MCE AB has a bank credit limit of up to SEK 15,000,000. SEK 16,224,590 of it has been 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.

Note 18 Accrued expenses and deferred income	2024-12-31	2023-06-30
Accrued wages and salaries	0	85 443
Accrued vacation pay	1 409 630	2 441 118
Accrued social security contributions	439 473	793 845
Deferred income	<u>1 700 055</u>	<u>1 080 517</u>
	3 549 158	4 400 923

Note 19 Adjustment for items not included in cash flow	2024-12-31	2023-06-30
Depreciation and amortization	1 044 568	1 557 114
Provisions for guarantees	<u>-1 080 454</u>	<u>510 911</u>
	-35 886	2 068 025

NOTES**Note 20 Allocation of profit or loss**

Proposal for the treatment of the company's loss

Retained earnings/loss the disposal of the Annual General Meeting	-979 763
change development fund	969 162
shareholder contribution	14 000 000
result for the year	<u>-14 628 899</u>
	-639 500
The Board proposes that in new account is transferred	<u>-639 500</u>
	-639 500

Note 21 Collateral pledged**2024-12-31****2023-06-30**

Commercial mortgages on behalf of the company itself	31 600 000	31 600 000
Total collateral pledged	<u>31 600 000</u>	<u>31 600 000</u>

Note 22 Group relations

The company is a subsidiary of Lännen MCE Oy, reg. no. FI22127344, registered office Loimaa, Finland

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

Note 23 Definition of key figures

Solidity
Adjusted equity as a percentage of total assets

JÖNKÖPING

Timo Huttunen Managing
Director

Crowe Osborne AB

Christer Eriksson Authorized
Public Accountant

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CHRISTER ERIKSSON

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Authority to sign - Asemavaltuus - Ställningsfullmakt - Autoritet til å signere - Myndighed til at underskrive

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