



Lännen Tractors Oy  
Hirvikoskentie 242  
Loimaa  
0936860-2

# Lännen Tractors Oy

FINANCIAL  
STATEMENTS  
1.2.2022 - 30.6.2023

## TABLE OF CONTENTS

	Page
Activity report	2 - 3
Income statement	4
Rate	5
Accounting policies	6
Notes to the profit and loss account	7 - 8
Breakdown of fixed assets	9
Breakdown of current assets	10
Holdings and notes to balance sheet assets	11
Equity capital	12
Notes to the balance sheet liabilities	13
Guarantees and commitments	14
Signature and endorsement of the accounts	15
List of types of accounting records	16

## REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL PERIOD 1.2.2022 - 30.6.2023

### 1. General information

Lännen Tractors Oy is part of the Lännen MCE Group, which offers solutions that improve the productivity and fleet utilisation of urban, infrastructure and hydraulic construction, while reducing costs and environmental impact.

### 2. Significant events during the financial year

The company's comparable sales and profitability declined due to the Covid-19 pandemic and the outbreak of war in Ukraine. The 17-month period achieved a turnover that normally corresponds to the company's 12-month turnover, with overheads incurred in the 17-month period. With the pandemic came an international shortage of components for machine building and cost inflation, which slowed production and increased costs. Aquamec Ltd lost the ability to supply Watermasters to Russia due to the war in Ukraine, which led to a reduction in Watermaster production volumes at Lännen Tractors.

On 1 June 2023, Veli Ollila, M.Sc. (Econ.), Ph.D., was appointed CEO of the company.

### 3. Significant events since the end of the financial year and an estimate of future events

During 2023, Aquamec has found substitute markets for Russia and the order intake for Watermaster machines has returned to normal.

The company has implemented significant reorganisation and savings measures, which will result in significantly lower fixed costs on an annual basis compared to the financial year 2/2021-1/2022. In addition, the production activities of the Swedish sister company in Skellefteås will be fully transferred to Loimaa, which will improve the utilisation and productivity of the Loimaa plant. As a result of the measures described above, the forecast of the company's results for the financial year following the financial statements will be expected to turn profitable.

The increase in manufacturing costs has been offset by higher prices for finished products. The company's order books are either at a good or normal level.

The Group is taking measures which, in the opinion of management, will ensure the company's financial adequacy.

### 4. Research and development

Research and development activities were carried out in all the company's product groups in line with customer needs. New products and product concepts will be launched during 2024.

### 5. Assessment of risks and uncertainties

In the current financial year, markets and supply chains are expected to remain uncertain due to the global pandemic and Russia's war of aggression in Ukraine. The company's Board of Directors has adopted a risk management policy for each market, covering currency and credit risks.

The most significant risks and uncertainties in our operations are uncertainties in the global economy and their impact on the real economy.

6. The company's financial position, performance and personnel

Lännen Tractors Oy	06/2023	1/2022	1/2021
Turnover (1000 EUR)	32 761	30 257	30 185
Operating profit (1000 EUR)	-2 805	-154	693
Operating profit %	-8,6 %	-0,5 %	2,3 %
Return on equity %	-263,2 %	2,3 %	-1,0 %
Equity ratio %	2,4 %	18,8 %	19,8 %

The calculation of the equity ratio and return on equity has been made in accordance with the recommendation of Yritystutkimus. Long-term subordinated loans and items of a subordinated nature have been included in equity.

Salaries and fees for the financial year(1000 EUR)	5 972	4 082	3 639
Average personnel	112	108	100

The subordinated loan received from Lännen MCE Oy on 30 June 2023 in accordance with section 12 of the OYL is interest-free and the debtor has not provided collateral for it. The principal of the loan shall be repaid to Lännen MCE Oy if the amount of the company's free equity and all subordinated loans at the time of payment exceeds the amount of the loss according to the balance sheet of the company for the most recently closed financial year or the latest financial statements.

7. Environment

The company's environmental issues comply with regulatory requirements and the company has an ISO 14001 environmental management system in place. All the company's products are industry leaders in environmental performance and comply with the latest emission regulations.

8. Proposal of the Board of Directors on the

use of retained earnings The company has

no distributable assets.

9. Administration

During the financial year, the Board of Directors of Lännen Tractors Oy has consisted of Timo Huttunen (Chairman) and Veli Ollila.

On 1 June 2023, Veli Ollila, M.Sc. (Econ.), Ph.D., was appointed CEO of the company, succeeding Timo Huttunen. The company's auditor has been BDO Oy, with Timo Helle, KHT, as the auditor in charge.

	<u>1.2.2022</u> <u>30.6.2023</u>	<u>1.2.2021-</u> <u>31.1.2022</u>
<b>PROFIT SHEET</b>		
<b>BUSINESS REVENUE</b>	<b>32 760 791,55</b>	<b>30 256 712,38</b>
Change in stocks of finished goods and work in progress	462 108,52	-747 451,70
Other operating income	299 349,91	303 024,92
Materials and services	-24 410 717,22	-21 744 896,45
Staff costs	-7 269 278,83	-4 982 659,98
Depreciation, amortisation and impairment	-906 372,74	-612 223,05
Other operating expenses	-3 740 713,84	-2 626 029,28
<b>OPERATING PROFIT/LOSS</b>	<b>-2 804 832,65</b>	<b>-153 523,16</b>
Financial income and expenses	-1 482 165,77	-754 107,41
<b>PROFIT/LOSS BEFORE ACCOUNTING TRANSFERS AND TAXES</b>	<b>-4 286 998,42</b>	<b>-907 630,57</b>
Transfers (+/-)	0,00	1 000 000,00
Income taxes (+/-)	0,00	-23 285,43
<b>PROFIT/LOSS FOR THE FINANCIAL YEAR</b>	<b><u>-4 286 998,42</u></b>	<b><u>69 084,00</u></b>

	<u>1.2.2022- 30.6.2023</u>	<u>1.2.2021- 31.1.2022</u>
<b>BALANCE SHEET</b>		
<b>ASSETS</b>		
<b>Fixed assets</b>		
Intangible assets	1 463 283,27	1 157 546,39
Tangible fixed assets	1 433 182,24	1 029 419,21
Investments	<u>1 185,73</u>	<u>1 185,73</u>
<b>Total fixed assets</b>	<b>2 897 651,24</b>	<b>2 188 151,33</b>
<b>Current assets</b>		
Inventories	9 551 495,10	9 054 598,70
Long-term receivables	638 734,39	1 149 941,51
Short-term receivables	5 167 651,28	4 697 911,86
Cash and cash equivalents	<u>21 102,71</u>	<u>27 964,28</u>
<b>Total current assets</b>	<b>15 378 983,48</b>	<b>14 930 416,35</b>
<b>TOTAL ASSETS</b>	<b><u>18 276 634,72</u></b>	<b><u>17 118 567,68</u></b>
<b>LIABILITIES</b>		
<b>Equity capital</b>		
Share capital	500 000,00	500 000,00
Profit/loss from previous financial periods	2 522 365,19	2 453 281,19
Profit/loss for the financial year	- 4 286 998,42	69 084,00
Capital loan	<u>1 500 000,00</u>	<u>0,00</u>
<b>Total equity</b>	<b>235 366,77</b>	<b>3 022 365,19</b>
<b>Mandatory reservations</b>	<b>190 000,00</b>	<b>139 000,00</b>
<b>Debt capital</b>		
Long-term	11 271 786,70	7 719 057,03
Short-term	<u>6 579 481,25</u>	<u>6 238 145,46</u>
<b>Total debt</b>	<b>17 851 267,95</b>	<b>13 957 202,49</b>
<b>TOTAL LIABILITIES</b>	<b><u>18 276 634,72</u></b>	<b><u>17 118 567,68</u></b>

## ACCOUNTING POLICIES

### Valuation and amortisation principles and methods

#### Valuation of fixed assets

The cost of intangible and tangible assets entered in the balance sheet has been reduced by depreciation according to plan. Cost includes variable costs of acquisition and production. Grants received are deducted from the cost of acquisition. Depreciation is calculated on a straight-line basis over the useful lives of the intangible and tangible assets. Depreciation is started from the month in which the asset is put into use.

Product development projects lasting several years have been capitalised as development costs and grants received for these projects have been recorded as a reduction of acquisition cost.

Depreciation starts immediately on completion of projects, while product development costs are amortised over five years.

The depreciation periods are as follows:

Intangible rights	5 years
Other long-term expenditure	5 years and 10 years
Production machinery and equipment	5 and 10 years
Development expenditure	5 years
Machinery and equipment	5 years

The acquisition cost of fixed assets with a probable useful life of less than three years and minor purchases (less than €850.00) are fully expensed in the period of acquisition.

#### Valuation of inventories

Inventories are stated at the lower of their weighted average cost or replacement cost or probable selling price, based on variable costs. In addition to variable costs, the value of inventories includes a proportion of the fixed costs of acquisition and production.

### Items denominated in foreign currency

Assets and liabilities denominated in foreign currencies are translated into euros at the average exchange rate of the European Central Bank on the balance sheet date. Exchange differences arising on short-term assets and liabilities are recognised in the profit and loss account.

### Exceptional financial year and forecast for the future

Due to an exceptional 17-month accounting period, the data for the previous financial year are not comparable with the data for the financial year ended.

The Group is taking measures which, in the opinion of management, will ensure the company's financial adequacy.

	<u>1.2.2022- 30.6.2023</u>	<u>1.2.2021- 31.1.2022</u>
<b>SPECIFICATIONS TO THE PROFIT AND LOSS ACCOUNT</b>		
<b>Turnover</b>		
Geographical distribution		
Home country	31 821 777,31	29 543 143,75
European Community	935 601,46	711 797,84
Other	<u>3 412,78</u>	<u>1 770,79</u>
	<b>32 760 791,55</b>	<b>30 256 712,38</b>
<b>Other operating income</b>		
Received compensation for damages	0,00	402,54
Rental income	55 830,33	85 991,32
Public subsidies	2 520,00	6 642,00
Other operating income	240 849,58	209 769,06
Gain on sale of fixed assets	<u>150,00</u>	<u>220,00</u>
	<b>299 349,91</b>	<b>303 024,92</b>
<b>Materials and services</b>		
Materials and accessories		
Purchases during the financial year	-23 151 618,38	-22 412 824,39
Change in stock of materials	-11 803,49	1 560 207,91
External services	-772 195,99	-600 419,24
Other variable costs	<u>-475 099,36</u>	<u>-291 860,73</u>
	<b>-24 410 717,22</b>	<b>-21 744 896,45</b>
<b>Warehouse, climate change</b>		
Work in progress inventory	916 060,76	66 307,12
Change in stock of goods	-186 102,81	-626 792,56
Write-downs	<u>-267 849,43</u>	<u>-186 966,26</u>
	<b>462 108,52</b>	<b>-747 451,70</b>
<b>Notes on staff</b>		
Average number of staff during the financial year	112	108
Salaries, fees and pension costs for the financial year		
Salaries and fees	-5 971 594,11	-4 081 569,54
Pension costs	-1 092 318,33	-744 772,58
Other staff costs	<u>-205 366,39</u>	<u>-156 317,86</u>
	<b>-7 269 278,83</b>	<b>-4 982 659,98</b>
<b>Depreciation, amortisation and impairment</b>		
Development expenditure	-319 825,37	-264 392,88
Intangible rights	-36 394,55	-14 937,16
Other long-term expenditure	-121 758,10	-87 042,30
Machinery and equipment	<u>-428 394,72</u>	<u>-245 850,71</u>
	<b>-906 372,74</b>	<b>-612 223,05</b>



	<u>1.2.2022- 30.6.2023</u>	<u>1.2.2021- 31.1.2022</u>
<b>SPECIFICATIONS TO THE PROFIT AND LOSS ACCOUNT</b>		
<b>Auditor's fees</b>		
Audit	-5 400,00	-5 700,00
Total	<b>-5 400,00</b>	<b>-5 700,00</b>
<b>Financial income and expenses</b>		
Dividend income		
Income from other fixed assets		
From others	2 661,66	810,00
Total dividend income	<b>2 661,66</b>	<b>810,00</b>
Other interest- and financial income		
From companies in the same group	99 106,02	0,00
From others	6 162,92	132 197,85
Total other interest and financial income	<b>105 268,94</b>	<b>132 197,85</b>
Total financial income	<b>107 930,60</b>	<b>133 007,85</b>
Interest and other financial charges		
For companies in the same group	-1 063 003,88	-93 261,77
For others	-527 092,49	-793 853,49
Total interest expenses	<b>-1 590 096,37</b>	<b>-887 115,26</b>
<b>Total financial income and expenses</b>	<b>-1 482 165,77</b>	<b>-754 107,41</b>
<b>Transfers of financial statements</b>		
Group grants received	<b>0,00</b>	<b>1 100 000,00</b>
Income taxes from operating activities	<b>0,00</b>	<b>-23 285,43</b>

## SPECIFICATION OF FIXED ASSETS

### Intangible assets

	Development expenditure	Material. Rights	Other ingredients. Utilities	Total
Cost at the beginning of the financial year	2 406 600,82	29 329,99	924 942,58	<b>3 360 873,39</b>
Additions	308 498,88		501 776,24	<b>810 275,12</b>
Acquisitions in progress, additions	-26 560,22			<b>-26 560,22</b>
Cost at the end of the financial year	2 688 539,48	29 329,99	1 426 718,82	<b>4 144 588,29</b>
Accumulated depreciation at the beginning of the financial year	-1 509 713,48	-13 082,29	-680 531,22	<b>-2 203 326,99</b>
Depreciation for the financial year	-319 825,37	-5 615,90	-152 536,76	<b>-477 978,03</b>
Accumulated depreciation and impairment at the end of the financial year	-1 829 538,85	-18 698,19	-833 067,98	<b>-2 681 305,02</b>
Book value at the beginning of the financial year	896 887,34	16 247,70	244 411,36	<b>1 157 546,40</b>
<b>Book value at the end of the financial year</b>	<b>859 000,63</b>	<b>10 631,80</b>	<b>593 650,84</b>	<b>1 463 283,27</b>

### Tangible fixed assets

	Machinery and equipment	Total
Cost at the beginning of the financial year	3 612 714,53	<b>3 612 714,53</b>
Additions	1 189 257,81	<b>1 189 257,81</b>
Reductions		<b>0,00</b>
Acquisitions in progress, additions	-357 100,06	<b>-357 100,06</b>
Cost at the end of the financial year	4 444 872,28	<b>4 444 872,28</b>
Accumulated depreciation at the beginning of the financial year	-2 583 295,32	<b>-2 583 295,32</b>
Depreciation for the financial year	-428 394,72	<b>-428 394,72</b>
Accumulated depreciation and value adjustments at the end of the financial year	-3 011 690,04	<b>-3 011 690,04</b>
Book value at the beginning of the financial year	1 029 419,21	<b>1 029 419,21</b>
<b>Book value at the end of the financial year</b>	<b>1 433 182,24</b>	<b>1 433 182,24</b>

### Investments

	Other shares and participations	Total
Cost at the beginning of the financial year	1 185,73	<b>1 185,73</b>
Cost at the end of the financial year	1 185,73	<b>1 185,73</b>
Book value at the beginning of the financial year	1 185,73	<b>1 185,73</b>
Book value at the end of the financial year	1 185,73	<b>1 185,73</b>

	<u>1.2.2022- 30.6.2023</u>	<u>1.2.2021- 31.1.2022</u>
<b>SPECIFICATIONS OF CURRENT ASSETS</b>		
<b>Inventories</b>		
Materials and accessories	5 080 894,31	5 092 697,80
Work in progress	2 755 064,28	1 839 003,52
Finished products/goods	1 607 707,30	2 061 659,54
Advance payments	<u>107 829,21</u>	<u>61 237,84</u>
	<b>9 551 495,10</b>	<b>9 054 598,70</b>
<b>Long-term receivables</b>		
Receivables from companies in the same group		
Danske Bank SEK cash pool	<u>613 331,05</u>	<u>1 110 854,72</u>
	<b>613 331,05</b>	<b>1 110 854,72</b>
Receivables from others		
Rental deposits	2 040,00	9 297,00
Accrued income	<u>23 363,34</u>	<u>29 789,79</u>
Total	<b>25 403,34</b>	<b>39 086,79</b>
<b>Total long-term receivables</b>	<u><b>638 734,39</b></u>	<u><b>1 149 941,51</b></u>
<b>Short-term receivables</b>		
Receivables from companies in the same group		
Trade receivables	2 201 322,64	3 216 382,42
Group support for Lännen MCE Oy	1 000 000,00	1 000 000,00
Capital loan, receivable Lännen MCE Oy	1 500 000,00	0,00
Other receivables	<u>0,00</u>	<u>167,12</u>
Total	<b>4 701 322,64</b>	<b>4 216 549,54</b>
Receivables from others		
Trade receivables	455 290,03	343 688,27
Accrued income	<u>11 038,61</u>	<u>137 674,05</u>
Total	<b>466 328,64</b>	<b>481 362,32</b>
<b>Total short-term receivables</b>	<u><b>5 167 651,28</b></u>	<u><b>4 697 911,86</b></u>

The subordinated loan received from Lännen MCE Oy on 30 June 2023 in accordance with section 12 of the OYL is interest-free and the debtor has not provided collateral for it. Lännen MCE Oy will pay the loan to the company in instalments.

The principal of the loan shall be repaid to Lännen MCE Oy if the amount of the company's free equity and all subordinated loans at the time of payment exceeds the amount of the loss according to the balance sheet of the company for the last financial year or more recently closed financial statements.

## HOLDINGS IN OTHER COMPANIES

### Group companies

The company is part of the Lännen MCE Group.

The parent company of Lännen MCE Group is Lännen MCE Oy, based in Loimaa, Finland

A copy of Lännen MCE's consolidated financial statements is available from the Group's head office at Hirvikoskentie 242, 32210 Loimaa, Finland.

### Specification of the company's share capital by class of shares

	30.6.2023		31.1.2022	
	kpl	á euro	kpl	á euro
1 vote/share	500	1.000	500	1.000

All shares have the same right to dividends and company assets.

	<u>1.2.2022- 30.6.2023</u>	<u>1.2.2021- 31.1.2022</u>
<b>OWN CAPITAL</b>		
<b>Capital employed</b>		
Share capital at the beginning of the financial year	500 000,00	500 000,00
Share capital at the end of the financial year	500 000,00	500 000,00
<b>Total capital employed</b>	<u><b>500 000,00</b></u>	<u><b>500 000,00</b></u>
<b>Free equity</b>		
Profit from previous financial periods at the beginning of the financial year	<b>2 522 365,19</b>	<b>2 453 281,19</b>
Profit/loss for the financial year	-4 286 998,42	69 084,00
Capital loan	<u>1 500 000,00,</u>	<u>0,00</u>
Total free equity	<u><b>-264 633,23</b></u>	<u><b>2 522 365,19</b></u>
<b>Total equity</b>	<u><b>235 366,77</b></u>	<u><b>3 022 365,19</b></u>
<b>Distributable free equity</b>		
Profit from previous financial periods	<b>2 522 365,19</b>	<b>2 453 281,19</b>
Profit/loss for the financial year	-4 286 998,42	69 084,00
Capitalised development expenditure	-859 000,63	-896 887,34
<b>Total distributable free equity</b>	<u><b>-2 623 633,86</b></u>	<u><b>1 625 477,85</b></u>

**Proposal of the Board of Directors on the use of distributable free equity**

The company has no distributable assets.

	<u>1.2.2022- 30.6.2023</u>	<u>1.2.2021- 31.1.2022</u>
<b>BREAKDOWN OF BALANCE SHEET LIABILITIES</b>		
<b>Mandatory reservations</b>		
Guaranteed booking	190 000,00	139 000,00
<b><u>Long-term liabilities</u></b>		
<b>Liabilities to companies in the same group</b>		
Danske Bank EUR-cashpool	10 644 336,70	7 719 057,03
<b>Debts to others</b>		
Debt to financial institutions	627 450,00	0,00
<b>Total non-current liabilities</b>	<b><u>11 271 786,70</u></b>	<b><u>7 719 057,03</u></b>
<b><u>Short-term liabilities</u></b>		
<b>Liabilities to companies in the same group</b>		
Trade payables	436 560,80	713 621,80
<b>Debts to others</b>		
Debts to financial institutions	130 200,00	0,00
Advances received	258 262,18	310 779,01
Trade payables	3 999 726,53	3 250 078,40
Other liabilities	555 374,29	627 507,25
Accruals and deferred income	<u>1 199 357,45</u>	<u>1 336 159,00</u>
<b>Total liabilities to others</b>	<b>6 142 920,45</b>	<b>5 524 523,66</b>
<b>Total current liabilities</b>	<b><u>6 579 481,25</u></b>	<b><u>6 238 145,46</u></b>

The largest accrued liabilities are the accrued holiday pay debt (695,564.47), the payroll debt for June salaries (136,505.89 euros) and uninvoiced purchases (102,297.12 euros).

	<u>1.2.2022- 30.6.2023</u>	<u>1.2.2021- 31.1.2022</u>
<b>GUARANTEES AND INDEMNITIES</b>		
<b>Guarantees given on behalf of other Group companies</b>		
Business mortgages granted	7 500 000,00	7 500 000,00
Pledges and mortgages have been provided as security for the group's financing arrangement		
<b>Leasing liabilities</b>		
Amount due next year	184 897,04	250 023,92
Amount due at a later date	<u>535 098,52</u>	<u>77 700,09</u>
Total leasing liabilities	719 995,56	327 724,01
<b>Rental responsibilities</b>		
		12 212 097,64
Amount due next year	893 606,60	
Amount due at a later date	10 936 951,36	
The majority of the rental liabilities relate to a tenancy in which the landlord is the parent company of the group		
<b>Responsibilities for own commitments</b>		
Buy-back commitments	224 000,00	726 076,49
Other commitments		2 315,38

## Signatures on the financial statements

---

place, date

---

Timo Huttunen  
Chairman of the Board

---

Veli Ollila  
Managing Director

## Financial Statements

The report on the audit carried out has been issued today

---

place, date

BDO Oy  
audit firm

---

Timo Helle  
Chartered Accountant, CPA



## LIST OF ACCOUNTS AND TYPES OF ACCOUNTING RECORDS

Financial statements	Stapled	electronically
Daybook and ledger		electronically
Resume specifications		electronically
Bank documents	in paper format	
Purchase invoices		electronically
Sales invoices	in paper format	electronically
Payroll vouchers	in paper format	
Memo copies	in paper format	
The breakdown of the annexes	in paper format	

### Types of files in Monitor

BA	Bank documents
PB	Provisionally book purchase invoices
PI	Purchase invoices
PP	Payments in the purchase ledger
BC	Cancelled purchase invoices for initial entry in the accounts
PC	Cancelled purchase invoices
SI	Sales invoices
SP	Performances of the sales ledger
SC	Invoices for sales cancelled
SA	+Salaries M2 supporting documents
M	Memory sticks
AC	Separating Annexes
EN	Depreciation
Hi	Historical references
VA	Value added tax
WH	Internal events

**SIGNATURES****SIGNATURES****UNDERSKRIFTER****SIGNATURER****UNDERSKRIFTER**

This documents contains 17 pages before this page  
Dokumentet inneholder 17 sider før denne siden

This document contains 17 pages before this page  
Dette dokument indeholder 17 sider før denne side

Detta dokument innehåller 17 sidor före denna sida

**VELI MATTI OLLILA**

c0c48516-b039-4238-b6f8-ab781583c9ee - 2023-12-04 12:11:32 UTC +02:00  
BankID / MobileID - 42684469-b464-4994-8822-9a3fec91d332 - FI

**REINO TIMO JUHANI HUTTUNEN**

b6637e11-6d6a-4a6f-9907-56d1dab8f291 - 2023-12-04 15:08:32 UTC +02:00  
BankID / MobileID - 19cfdcdf-d093-4a62-ac6e-0519b63811eb - FI

**TIMO TEEMU EDVARD HELLE**

35b40a21-f2d3-45f2-a7d2-5a056f4e5344 - 2023-12-05 00:05:23 UTC +02:00  
BankID / MobileID - 30818a21-fb8b-4a46-99f1-287f5ab25adc - FI

authority to sign  
representative  
custodial

status  
right to sign  
carer/guardian

ställningsfullmakt  
firmateckningsrätt  
förvaltare

autoritet til å signere  
representative  
foresatte/verge

myndighed til at underskrive  
representative  
frihedsberøvende