



LAPPSET®

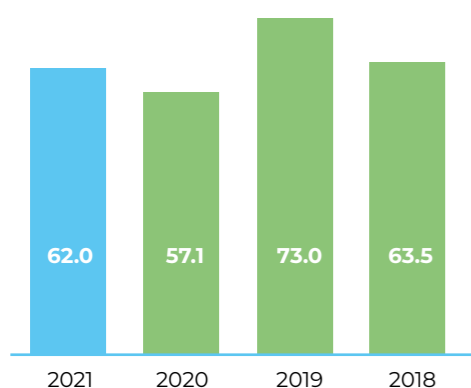
Annual Review 2021

Lappset – Together. As a family.

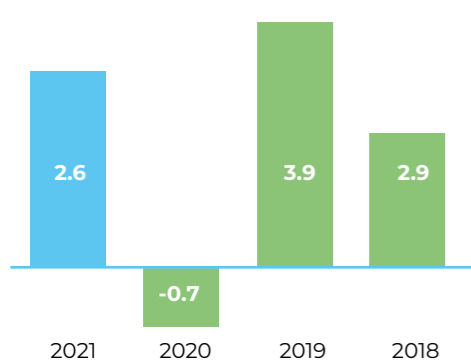
We are Lappset Group PLC, one of the world's leading manufacturers of play and activity facilities. We create responsible, interactive, and high-quality products and services for our customers that reflect our shared vision: to strengthen the heartbeat and well-being of a billion people. We bring the benefits of physical activities for all to enjoy – regardless of age or ability – because we believe that the joy of movement belongs to everyone.

Annual Review 2021

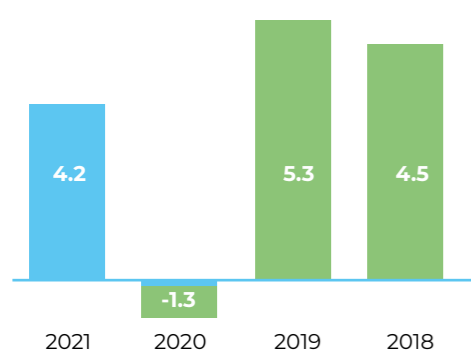
Turnover (EURm)



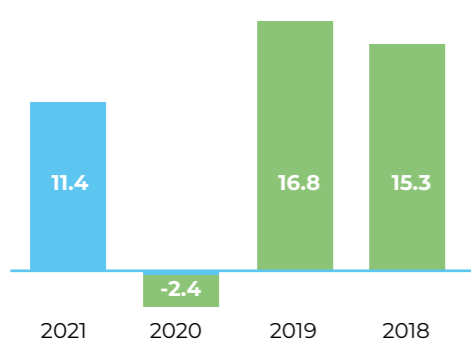
Operating profit (EBITA) (EURm)



Operating profit, % of turnover



Return on investment, %



Covid-19 pandemic created uncertainty in the market

Uncertainties related to the Covid-19 pandemic continued in early 2021. The prices of raw materials and freight continued to rise during the financial year, resulting in a moderate 5% interest in the prices of the company's products in the summer. The impact of the pandemic on projects and customer purchasing power was declining at the end of the financial year.

Turnover grew and financial performance was positive despite the pandemic

The Group's turnover grew by 8.7% from the previous year as the Finnish operations, subsidiaries and channel partners increased their turnover. The turnover of the Lappset Creative Works business unit (theme park business) was slightly down on last year. Operating profit developed positively thanks to improved sales and operational efficiency, as well as anticipation of procurements.

Organisation and personnel

At the beginning of the year, the Group underwent an organisational change, moving from a divisional structure to a functional organisation. The goal of the global operations was to simplify the structure and improve efficiency.

Group personnel on 31 Dec	2021	2020	2019	2018
Finland, white-collar employees	144	148	152	128
Finland, blue-collar employees	95	116	110	105
Other countries, white-collar employees	94	91	89	87
Other countries, blue-collar employees	50	45	74	72
Total	383	400	432	392

Administration

During 2021, the Board of Directors consisted of Johanna Ikäheimo as Chairperson and Katja Ikäheimo-Länkinen, Heikki Martela, Timo Leino and Lauri Sipponen as members. Tero Ylinenpää served as the Managing Director. KPMG Oy Ab acted as the auditor of the company.

Investments

The most significant investments made during the financial year concerned the development of storage capacity and the planning system.

A new warehouse was built for the Finnish plant in Rovaniemi.

Company shares

The company's share capital is as follows: 2021 410,402 shares (2020 410,402 shares). All shares carry the same right to dividends and company assets.

The company holds 11,916 (11,916) own shares, corresponding to 2.9% (0.4%) of both the share capital and voting rights. The ownership of own shares does not have any significant impact on the distribution of ownership and voting rights in the company.

Proposal of the Board of Directors concerning the disposal of the profit for the financial year

The parent company's distributable funds are EUR 13,336,400.66, of which the profit for the financial year is EUR 1,537,001.79. The Board of Directors proposes to the General Meeting that the profit for the period be distributed as follows:

- a dividend of EUR 1.50 per share, totalling EUR 597,729.0
- -deposited in the retained earnings account, EUR 939,272.79

No material changes have taken place in the company's financial position after the balance sheet date. The company's liquidity is good.

Notable changes since the end of the financial year

The company has significant raw material and commodity suppliers in Asia and especially in China. The current virus epidemic has created difficulties in delivery and forced to look for alternative solutions.

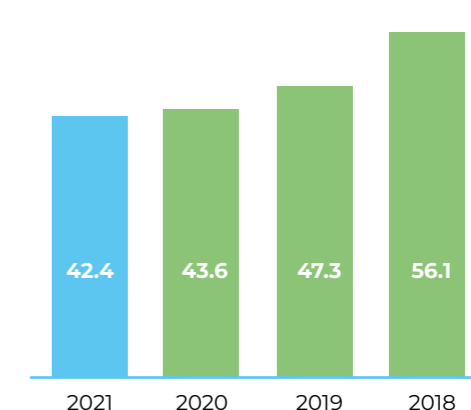
Short-term uncertainties and future prospects

The markets fear that the situation in Ukraine could escalate, leading to higher oil prices and increasing inflationary pressures and general market uncertainty.

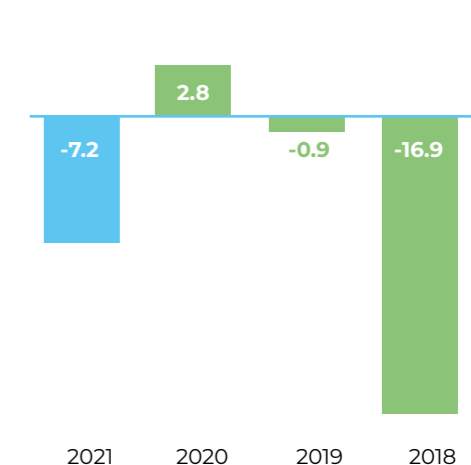
With the increased coverage of COVID-19 vaccinations and the highly contagious Omikron variant, the virus is beginning to resemble the common influenza, which is expected to stabilise the market. On the other hand, inflation is on the rise and may bring further uncertainty to raw material and freight prices. Interest rates are also forecast to rise.

Lappset Group Oy's Board of Directors Rovaniemi, 22 February 2022

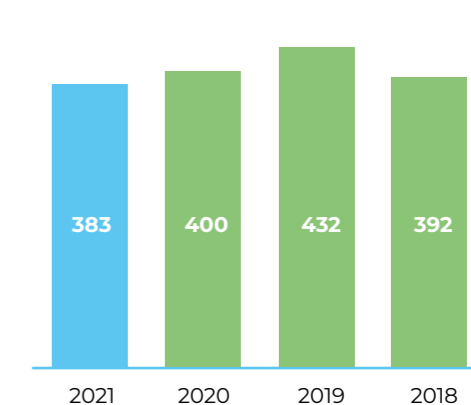
Equity ratio, %



Net gearing, %



Number of employees



Income statement

	01.01. - 31.12.2021	01.01. - 31.12.2020
TURNOVER	61,999.00	57,057.93
Increase (+) / decrease (-) in stocks of finished goods	404.39	-637.04
Production for own use	19.48	41.19
Other operating income	169.85	364.63
Materials and services		
Materials and supplies		
Purchases during the financial year	-19,034.56	-15,144.96
Increase (+) / decrease (-) in stocks	579.07	-132.04
External services	-6,942.28	-6,971.65
Total materials and services	-25,397.76	-22,248.65
Personnel costs	-19,605.02	-19,934.96
Depreciation and amortisation		
Planned depreciation	-1,458.76	-1,612.23
Amortisation of consolidated goodwill	-243.92	-243.92
Total depreciation and amortisation	-1,702.68	-1,856.15
Other operating costs	-13,309.28	-13,508.86
OPERATING PROFIT	2,577.99	-721.91
Financial income and expenses		
Income from other investments in fixed assets		
From others	45.98	0.28
	-	-
Other interest and financial income	-	-
From others	8.95	62.69
Interests and other financial expenses	-	-
To others	-187.49	-201.12
Exchange rate differences	-58.19	-5.04
Total financial income and expenses	-190.76	-143.20
PROFIT BEFORE EXTRAORDINARY ITEMS	2,387,226	-865,110
PROFIT BEFORE APPROPRIATIONS AND TAXES	2,387.23	-865.11
Income taxes		
Taxes for the financial year	-769.88	-267.50
For previous financial years	0.84	-0.82
Deferred taxes	111.66	120.79
Total income taxes	-657.38	-147.53
PROFIT FOR THE FINANCIAL YEAR	1 729.84	-1 012.64

Group

Income statement

Balance Sheet, Assets

Balance Sheet, Liabilities

Cash Flow Statement

Balance Sheet, Assets

	31.12.2021	31.12.2020
NON-CURRENT ASSETS		
Intangible assets		
Development costs	237.88	268.37
Intellectual property rights	41.56	72.74
Consolidated goodwill	1,163.38	1,407.30
Other long-term expenses	1,643.60	2,040.92
Advance payments	1,326.38	550.97
Total intangible assets	4,412.81	4,340.31
Tangible assets		
Land and water areas	62.07	571.16
Buildings and structures	3,458.23	2,991.22
Machinery and equipment	1,377.03	1,854.70
Other tangible assets	160.73	172.55
Advance payments and acquisitions in progress	295.63	946.46
Total tangible assets	5,853.69	6,536.09
Investments		
Other shares and participations	857.40	857.40
Total investments	857.40	857.40
TOTAL NON-CURRENT ASSETS	11,123.90	11,733.80
CURRENT ASSETS		
Stock		
Materials and supplies	1,661.04	1,084.99
Unfinished products	1,474.46	2,088.80
Finished products	5,555.05	4,788.23
Total stock	8,690.56	7,962.02
Long-term receivables		
Loan receivables	598.26	619.01
Deferred tax receivables	25.45	20.34
Total long-term receivables	623.71	639.35
Short-term receivables		
Accounts receivable	7,344.78	5,274.09
Deferred tax receivables	334.32	220.39
Loan receivables	59.71	1.88
Other receivables	1,043.02	967.09
Prepayments and accrued income	2,326.31	2,598.02
Total short-term receivables	11,108.14	9,061.46
Cash and cash equivalents	9,159.38	9,195.55
TOTAL CURRENT ASSETS	29,581.79	26,858.38
ASSETS, TOTAL	40,705.68	38,592.18

Balance Sheet, Liabilities

	31.12.2021	31.12.2020
SHAREHOLDERS' EQUITY		
Share capital	814.80	814.80
Reserve for unrestricted invested equity	356.55	356.55
Retained earnings (loss)	12,426.63	14,040.00
Profit for the financial year	1,729.84	-1,012.64
TOTAL SHAREHOLDERS' EQUITY	15,327.82	14,198.71
LIABILITIES		
Long-term liabilities		
Capital loan	25.00	25.00
Loans from credit institutions	2,750.00	5,100.00
Deferred tax liabilities	14.49	14.50
Other liabilities	145.94	-
Total long-term liabilities	2,935.43	5,139.50
Short-term liabilities		
Loans from credit institutions	5,300.00	4,500.00
Advance payments received	4,553.76	6,046.55
Accounts payable	3,931.22	2,746.58
Other liabilities	1,459.53	1,082.28
Accruals and deferred income	7,196.33	4,878.56
Total short-term liabilities	22,442.43	19,253.97
TOTAL LIABILITIES	25,377.86	24,393.48
LIABILITIES, TOTAL	40,705.68	38,592.18

Cash Flow Statement

	01.01. - 31.12.2021	01.01. - 31.12.2020
Cash flow from operating activities		
Operating profit	2,577.99	-721.91
Adjustments to operating profit	1,666.62	1,834.44
Change in working capital	-378.81	5,520.76
Change in stock	-755.51	-496.38
Change in short-term receivables	-2,119.96	5,043.48
Change in short-term liabilities	2,496.66	973.66
Interest income	8.95	62.69
Interest payments	185.85	-274.98
Dividends received	0.28	0.28
Other financial items	-58.19	-5.04
Taxes	-504.22	-352.87
Cash flow from operating activities	3,126.77	6,063.36
Cash flow from investments		
Investments in tangible and intangible assets	-1,144.66	-4,407.85
Proceeds from the disposal of tangible and intangible assets	28.60	28.60
Proceeds from sale of non-current asset	45.68	-
Long-term loans granted	-	-369.31
Repayments of long - term loan receivables	20.75	-
Cash flow from investments	-1,049.63	-4,748.56
Cash flow from financing activities		
Acquisition of own shares	-	-593.07
Short-term loan withdrawals	3,500.00	6,000.00
Short-term loan repayments	-2,700.00	-7,509.80
Long-term loan withdrawals	-	3,025.00
Long-term loan repayments	-2,324.22	-896.08
Dividends paid	-597.73	-1,303.39
Cash flow from financing activities	-2,121.95	-1,277.34
Translation differences	8.63	10.22
Change in cash and cash equivalents	-36.17	47.68
Cash and cash equivalents at the start of the financial year on 1 January	9,195.55	9,147.87
Cash and cash equivalents at the end of the financial year on 31 December	9,159.38	9,195.55



Parent company

Income Statement
 Balance Sheet, Assets
 Balance Sheet, Liabilities
 Cash Flow Statement

Income Statement

	01.01. - 31.12.2021	01.01. - 31.12.2020
TURNOVER	43,681.50	37,655.62
Increase (+) / decrease (-) in stocks of finished goods	526.79	-931.41
Production for own use	16.31	40.90
Other operating income	170.34	476.87
Materials and services		
Materials and supplies		
Purchases during the financial year	-17,862.20	-12,133.73
Increase (+) / decrease (-) in stocks	396.36	-143.62
External services	-3,378.03	-2,737.40
Total materials and services	-20,843.86	-15,014.75
Personnel costs	-12,180.02	-12,568.88
Depreciation and amortisation		
Planned depreciation	-890.98	-1,041.36
Total depreciation and amortisation	-890.98	-1,041.36
Other operating costs	-8,450.10	-9,616.07
OPERATING PROFIT	2,029.98	-999.09
Financial income and expenses		
Income from participations in Group companies	150.00	492.98
Income from other investments in fixed assets	-	-
From others	45.98	0.28
Other interest and financial income	-	-
From Group companies	49.16	84.59
From others	6.46	55.88
Interest and other financial expenses	-	-
To others	-142.38	-129.17
Exchange rate differences	-90.22	-15.21
Impairment of financial securities held as current assets	-	-30.00
Total financial income and expenses	19.01	459.35
PROFIT BEFORE APPROPRIATIONS AND TAXES	2,048.98	-539.74
Appropriations		
Increase (-) / decrease (+) in depreciation difference	0.34	-13.58
Group contribution	-34.50	-
Total appropriations	-34.16	-13.58
Income taxes		
Taxes for the financial year	-477.82	-0.44
Total income taxes	-477.82	-0.44
PROFIT FOR THE FINANCIAL YEAR	1,537.00	-553.76

Balance Sheet, Assets

	31.12.2021	31.12.2020
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Intellectual property rights	33.88	65.01
Other long-term expenses	743.46	1,065.31
Advance payments	1,326.38	550.97
Total intangible assets	2,103.72	1,681.30
Tangible assets		
Land and water areas	139.73	139.73
Buildings and structures	2,852.85	2,284.46
Machinery and equipment	849.49	1,125.31
Other tangible assets	35.87	35.87
Advance payments and acquisitions in progress	295.63	946.46
Total tangible assets	4,173.57	4,531.83
Investments		
Participations in Group companies	6,580.59	7,327.64
Receivables from Group companies	230.00	230.00
Other shares and participations	854.90	854.90
Total investments	7,665.49	8,412.54
TOTAL NON-CURRENT ASSETS	13,942.78	14,625.66
CURRENT ASSETS		
Stock		
Materials and supplies	723.95	344.55
Unfinished products	1,317.08	1,945.95
Finished products	4,230.09	3,379.58
Total stock	6,271.12	5,670.07
Long-term receivables		
Receivables from Group companies	2,033.53	1,170.00
Loan receivables	568.56	589.31
Total long-term receivables	2,602.09	1,759.31
Short-term receivables		
Accounts receivable	2,925.66	1,817.86
Receivables from Group companies	1,320.09	1,851.59
Loan receivables	56.00	-
Other receivables	532.32	475.53
Prepayments and accrued income	1,665.66	655.40
Total short-term receivables	6,499.72	4,800.38
Cash and cash equivalents	5,115.56	4,805.30
TOTAL CURRENT ASSETS	20,488.50	17,035.06
ASSETS, TOTAL	34,431.28	31,660.72

Balance Sheet, Liabilities

	31.12.2021	31.12.2020
SHAREHOLDERS' EQUITY		
Share capital	814.80	814.80
Reserve for unrestricted invested equity	356.55	356.55
Retained earnings (loss)	11,442.85	12,594.34
Profit for the financial year	1,537.00	-553.76
TOTAL SHAREHOLDERS' EQUITY	14,151.20	13,211.93
ACCRUED APPROPRIATIONS		
Depreciation difference	13.24	13.58
TOTAL ACCRUED APPROPRIATIONS	13.24	13.58
LIABILITIES		
Long-term liabilities		
Loans from credit institutions	2,750.00	5,100.00
Total long-term liabilities	2,750.00	5,100.00
Short-term liabilities		
Loans from credit institutions	5,300.00	4,500.00
Advance payments received	2,978.62	2,661.53
Accounts payable	3,120.75	1,621.62
Liabilities towards Group companies	865.06	1,333.99
Other liabilities	549.50	347.37
Accruals and deferred income	4,702.90	2,870.69
Total short-term liabilities	17,516.83	13,335.20
TOTAL LIABILITIES	20,266.83	18,435.20
LIABILITIES, TOTAL	34,431.28	31,660.72

Cash Flow Statement

	01.01. - 31.12.2021	01.01. - 31.12.2020
Operating profit	2,029.98	-999.09
Adjustments to operating profit	870.48	1,435.25
Change in working capital	1,416.47	3,396.92
Increase (+) / decrease (-) in stock	-601.05	1,042.59
Increase (+) / decrease (-) in short-term non-interest-bearing receivables	-1,772.20	1,787.64
Increase (+) / decrease (-) in short-term non-interest-bearing liabilities	3,789.72	556.69
Acquired interest on business operations (+)	6.46	55.88
Interest paid and other financial expenses from business operations (-)	-143.26	-166.10
Dividends received	150.29	493.26
Other financial items	-90.22	-15.21
Direct taxes paid	-348.97	-316.69
Cash flow from operating activities	3,891.24	3,884.22
Cash flow from investments		
Investments in tangible and intangible assets	-955.15	-3,873.83
Proceeds from the disposal of tangible and intangible assets	20.50	21.00
Loans granted	-863.53	-500.00
Repayments of loan receivables	20.75	-
Sold subsidiaries	295.02	-
Acquired interest on investments	49.16	84.59
Cash flow from investments	-1,433.25	-4,268.24
Cash flow from financing activities		
Acquisition of own shares	-	-593.07
Short-term loan withdrawals	3,500.00	6,000.00
Short-term loan repayments	-2,700.00	-7,450.00
Long-term loan withdrawals	-	3,000.00
Long-term loan repayments	-2,350.00	-450.00
Dividends paid	-597.73	-1,303.39
Cash flow from financing activities	-2,147.73	-796.46
Change in cash and cash equivalents	310.27	-1,180.48
Cash and cash equivalents at the start of the financial year on 1 January	4,805.30	5,644.37
Cash and cash equivalents transferred in a merger	-	341.41
Cash and cash equivalents at the end of the financial year on 31 December	5,115.56	4,805.30

Notes on the Preparation of the Financial Statements

Principles and methods concerning valuation and fiscal periods

Valuation of non-current assets

Intangible and tangible assets have been entered in the balance sheet at their acquisition cost less planned depreciation. The total acquisition costs include the variable costs arising from acquisition and manufacturing. The computing method used for planned depreciation was straight-line depreciation based on the useful life of intangible and tangible assets. The period of depreciation commenced during the month the asset was placed in service.

Planned depreciation criteria and changes thereof

Type of asset	Depreciation period
Development costs	5 years
Other long-term expenses	5–10 years
Buildings	25 years
Structures	10 years
Production equipment	7 years; 10 years as of 1 December 2019
Machinery and equipment	3–7 years
Consolidated goodwill	5 years; 10 years as of 1 December 2019

The acquisition costs for non-current assets with a probable economic life of less than three years and minor acquisitions (less than EUR 850) have been entered in their entirety under expenses accumulated during the financial year.

Valuation of current assets

Current assets have been valued at the lowest of acquisition cost, replacement cost or estimated net realisable value. Acquisition cost is determined according to the moving average method, which is related to the FIFO principle. The acquisition cost of finished and unfinished products only comprises variable costs.

Valuation of financial instruments

The company uses derivative instruments such as foreign currency forward contracts and interest rate swaps. Foreign

currency forward contracts are used to hedge against changes in estimated foreign currency cash flows. Interest rate swaps are used to change a variable interest rate to a fixed rate. The validity period for these foreign currency and interest rate instruments is five years. Financial instruments have not been valued at current value.

Product development and long-term costs

As a rule, R&D costs have been entered as annual costs for the financial year during which they were incurred. Product development costs that have generated revenue for three years or longer have been capitalised in the balance sheet as development costs. The applicable amortisation period is five years.

Deferred taxes

Deferred tax liabilities have been recognised for any temporary difference between the financial statement carrying amount and its tax basis according to the tax rate confirmed for coming years on the balance sheet date. The balance sheet includes deferred tax liabilities in their entirety and deferred tax receivables at their probable value.

Foreign currency items

Foreign currency receivables and liabilities are translated into Finnish currency (euro) according to the rate in effect on the balance sheet date. This does not include liabilities covered by a forward contract and valued according to the forward (exchange) rate.

Partial revenue recognition

The principle of partial revenue recognition is applied to substantial delivery and design projects. Partial revenue recognition is used for contracts worth more than EUR 1 million extending beyond one quarter. The degree of completeness of projects that are subject to the principle of partial revenue recognition is determined by Method A of the Finnish Accounting Standards Board (2008), according to which the degree of completeness is calculated based on the ratio between realised costs and the forecast total cost of the project.

Accounting Principles for the Consolidated Financial Statements

Scope of the consolidated financial statements

The consolidated financial statements cover all Group companies.

Intra-Group shareholdings

The consolidated financial statements have been prepared using the acquisition cost method. The difference between the acquisition cost of subsidiaries and the corresponding shareholders' equity has been entered as consolidated goodwill. The depreciation period of consolidated goodwill is 5 years, or 10 years for acquisitions after 1 November 2019.

Intra-Group transactions and margins

Intra-Group transactions, unrealised margins on internal deliveries, internal receivables and liabilities as well as with intra-Group distributions of profit have been eliminated.

Minority interests

Minority interests have been separated from the consolidated shareholders' equity and operating profit/loss for the financial year and presented as a separate item.

Translation differences

The income statements and balance sheets of foreign subsidiaries have been translated into Finnish currency (euro) according to the rate in effect on the balance sheet date. These translation differences, together with differences concerning the shareholders' equity of foreign subsidiaries, are presented under 'Retained earnings'.





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