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# Annual Report and Consolidated Statement

for

## Meltron AB (publ)

Org.nr 556988-9834

Period

2021-07-01 – 2022-06-30



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## A word from the CEO

Over the course of the last half year, Meltron has gone through a significant process of change. During the spring, we successfully brought our streamlining and cost reduction programs to completion, thus reducing our fixed operating costs by 30 percent from April onwards. By and large, all running external consultancy services have been discontinued as we have focused on developing our in-house resources and processes.



The cost reduction program continues, and our goal is to reduce both fixed operating costs and, above all, material costs even further; the aim is to strengthen our competitiveness and contribute toward our goal to be cash flow neutral by the end of 2023. In addition to reduced material prices, we regard a broadening of our supplier portfolio as an important aspect of securing access to critical components, especially considering the longer lead times that currently apply. Within product development, we are focusing on fine-tuning and upgrading our existing product portfolio and are not conducting any major new development. This is to focus the company's resources on supporting the sales process.

During the last half year, net sales increased by 18 percent compared with the corresponding period in 2021. The quality of our sales increased during the period, in the sense that it consists less of isolated big projects and more of continuous sales to industrial customers in Finland. We expect direct sales to industry to increase gradually, mainly in Finland. Our current book of offers and our future prospects are clear evidence that major industrial customers have trust in our high-quality products for demanding environments. The fact is that we have a very strong customer base in these large industrial companies, which we have built over many years.

Since I took position as CEO of Meltron on 1 March, my focus has been to further intensify our current direct sales and offers to industrial end customers and, as the next logical development, build a network of distributors in adjacent markets. This may include wholesalers, lighting specialists, or other lighting manufacturers. This combination will allow us to achieve a faster market penetration in markets in which we currently have no presence. Our discussions on distribution in Sweden and North-West Europe are well advanced, and we hope to bring them to a positive conclusion shortly. Our next step will be to approach selected operators in Norway and Denmark. We are, of course, also engaged in concluding open customer dialogues that have been many years in the making, including our offers in the Middle East, but the ball is currently in the customers' court.

Our assessment is that the lower cost structure combined with direct and distributor sales in adjacent markets can give the company a more sustainable financial development going forward.

Stockholm, 5 September 2022  
Stefan Kåla  
CEO of Meltron AB (publ)

## Management Report

This Management Report covers the period 2021-07-01 – 2022-06-30.

### The year in summary

#### Full year, July 2021 – June 2022

- Sales decreased somewhat, to MSEK 5.0 (5.7)
- The position as an established supplier to the Finnish forestry industry was consolidated
- Focused marketing strategy with direct sales in Finland and through distributors and partners in the rest of the Nordic region and North-West Europe
- Focus on industry in harsh conditions
- More efficient supply chain with multiple suppliers

#### Half year, Jan-June 2021

- Sales increased to MSEK 3.6 (3.0)
- Active portfolio of quotations
- New CEO with extensive experience of the industry and sales
- Program for streamlining and cost reduction implemented
- MoU in Oman with considerable but uncertain potential
- Reverse share split, 1 new share for 10 old

### Information about operations

Meltron develops, manufactures, and sells LED light sources and solutions based on a number of patents within optics and electronics. Meltron's lights are used in the most demanding industrial environments and for infrastructure. Meltron has strong in-house skills in development and application, which have enabled Meltron to develop robust lighting solutions with long lifespan, high efficiency and unique light uniformity. From a customer point of view, this means lower electricity consumption and lifetime costs combined with better light quality, safety and productivity where the light is used. Meltron now has five well established products, three for indoor use and two for outdoor use. In particular, the flagship product MEX, which is certified and meets explosion protection standards for 299 out of 301 possible gases, is a leading product for very high requirements.

A recent EU report estimated the overall LED lighting market at GUSD 120 in 2019, reaching GUSD 165 by 2027. A significant part of this overall volume relates to consumer lighting, with only a limited—but nevertheless substantial—fraction relating to industry. For consumer lighting, price is the most important factor. In industry, on the other hand, quality, performance, and lifespan have priority.

Meltron is focusing on a number of market segments within the manufacturing industry, primarily the forestry industry, energy and logistics, chemistry and pharmaceuticals, food, and mining. Several of the customers in these industries need various combinations of Meltron's products. The large Finnish forestry companies have placed orders repeatedly for several of the products and also initiated discussions in an early stage prior to major new investments in Europe. Thus far, sales have mainly targeted customers in Finland directly, primarily to gain experience of requirements and solutions in dialogue with customers and to obtain recognition and position in the market, which we have now achieved. In addition, a number of potential projects and collaborations have been cultivated, some for a long time, but so far with little effect. The former activities in the agricultural sector, mainly involving lighting for animal housing, especially for dairy cows, have been discontinued.

The natural and logical development now—and our focus for the near future—is to build up a network of distributors and partners focused on the markets in the rest of the Nordic region and North-West Europe. This may include wholesalers, lighting specialists, or other lighting manufacturers. Discussions with selected partners in Sweden and North-West Europe are well advanced. The intention is for a major part of our growth to come through these channels, and for them to account for more than half of overall sales in a few years and continuing to grow thereafter.

### **Significant events during the period**

During the autumn of 2021, the Board of Directors discussed the need for a stronger focus on marketing and sales and a management with solid experience of the lighting industry, especially in sales. In November 2021, the Board resolved to recruit a new CEO, and Stefan Kåla took office on 1 March 2022. This has brought fresh momentum to the company's operations, as well as a focus on building sales channels with distributors and new, important networks to achieve it.

During the autumn, the Board decided on a cost reduction and streamlining program, which was implemented during the second half year and with full effect during the last quarter of the financial period. As such, fixed costs were reduced by approximately 30 percent, by means of staff reductions, lower rents and other expenses, more selective choices of patents and patent applications, downsizing of permanent consultants for marketing and sales, etc.

Over the year, Meltron consolidated its position as supplier to the major, global operators in the Finnish forestry industry through a number of orders, including for HighBay lighting to a major new construction project in northern Finland—the largest investment in the Finnish forestry industry to date. Previously, we supplied our innovative road lighting luminaire to the same customer for a different project. We are also involved in early discussions initiated by several other Finnish customers regarding lighting for very substantial planned investments in biofuel plants in Europe.

Moreover, we signed a MoU with the Sultanate of Oman in early 2022, in connection with the Finnish Minister for Industry's visit, relating to deliveries totaling MEUR 2 to several major road and infrastructure projects. We are now awaiting the specific orders for these projects, which have been on the table for a long time, from the various authorities and ministries in Oman. The collaboration with ISAP in the United States was paused during the pandemic and will not be resumed.

As regards sales, both sales and order intake saw a very slow development during the first half year of the financial period. In part, this was possibly a consequence of the lingering pandemic delaying investment and purchasing decisions and reducing the number of direct customer contacts, but the company failed to overcome this. By contrast, a number of orders were received early this year and were also delivered during the financial period, while several orders that were expected before the end of the period were put on hold for the summer of 2022.

During the autumn of 2021, we carried out a guaranteed rights issue of MSEK 26 which provided net proceeds of just under MSEK 20. The funds were used for sales and marketing, finalizing certain key R&D initiatives, a strategic inventory build-up that proved crucial, as well as settlement of bridging loans and old liabilities. In March 2022, the company raised a bridging loan of MSEK 7 to finance operations through the third quarter of 2022 when an additional partially guaranteed rights issue is expected to raise the necessary working capital.

On a proposal from the Board of Directors, an extraordinary general meeting held on 2022-05-03 resolved to i) reduce the number of shares by means of a reverse split of shares, 10 old to 1 new, and ii) reduce the share capital by transferring approximately MSEK 56 to unrestricted equity. After these transactions, the number of shares is 57,643,866, the quota value SEK 0.10, and the share capital SEK 5,764,386.60.

### ***Corona effects***

The company assesses that sales for the financial year in part were hampered by the restrictions during the pandemic. Contacts were mostly normal with established customers, but new customers have been cautious. Supply chains definitely became longer during the year. Most importantly, we have had to wait longer for confirmation of our orders as our suppliers in turn have had to wait for their componentry deliveries. Stated delivery times have then essentially been met. We have been able to counter these effects to some extent by purchasing strategic components in advance.

## **Financial comments**

### ***Revenue***

Meltron Group's sales decreased by 12 percent year on year to MSEK 5.0 (5.7). The weak performance during the first half year of the financial period was followed by a second half year that improved on the corresponding period last year but failed to compensate for the loss. Nevertheless, the revenue was characterized by an increased number of repeat orders from existing customers, including for major investment projects, as well as some new customers. We now have a fairly broad sales pipeline, and we are expecting orders from new and old customers. At the same time, we know that customers still have long lead times for orders.

### ***Operating loss and net loss***

The Group's operating loss amounted to MSEK -27.9 (-21.7). The result was burdened by costs of MSEK -0.9 related to the elimination of inventories and impairment of intangible fixed assets of MSEK 5.8. Net financial items amounted to MSEK -0.9. The net loss amounted to MSEK -28.9.

### ***Balance sheet***

Meltron Group's balance sheet total amounted to MSEK 17.7 (22.8). During the first half year, Meltron carried out a rights issue of MSEK 26. The costs of the rights issue in October 2021 amounted to MSEK -6.2. During the second half year, inventories increased by 54

percent due to rising business volumes and stretched supply chains for electronic components. The Group's equity ratio was 26 percent at the end of the period.

#### **Note on the Parent Company's performance**

Most Group operations are conducted through the Finnish fully owned subsidiary Meltron Oy. The Parent Company has financed the subsidiary through loans and shareholder contributions. On the basis of the precautionary principle, Meltron AB's Board of Directors has decided to write off 50 percent or approximately MSEK 28 of the book value of the holding in the subsidiary in Meltron AB's balance sheet. The write-down of approximately MSEK -28 increased the Parent Company's loss, which thus amounted to MSEK -42.9 (-55.1).

#### **Note on the Parent Company's balance sheet**

After the aforementioned write-down of about MSEK -28 of the Meltron Oy shares in the parent company Meltron AB's balance sheet, the Parent Company's unrestricted equity amounts to MSEK 24.5 MSEK.

## **Ownership**

Major owners at the end of the financial year.

<b>Shareholder</b>	<b>Number of shares</b>	<b>Ownership interest</b>
Megabond Tallinn OU	8,242,890	14.3%
Lombard Int'l Assurance	2,266,851	3.9%
Leo Hatjasalo	2,257,755	3.9%
Arian Ismail	1,582,000	2.7%
Nordnet Pension	1,342,428	2.4%
Tony Chouha	1,200,000	2.1%
G&W Kapitalförvaltning	1,057,580	1.8%
Ghanem Chouha	961,500	1.7%
Hälsö Mekaniska	750,000	1.3%
Stevce Mojanovski	645,000	1.1%
Others	37,337,862	64.8%
Total	57,643,866	100%

## **Expected future development, key risks and uncertainty factors**

### **Expected future development**

Meltron is expecting marked sales growth during the new financial year, albeit from low levels. We have strengthened our efforts relating to direct sales in Finland, with an active

portfolio of offers in the near-term, and we are negotiating with important partners that will generate considerable revenue in the rest of the Nordic region and North-West Europe in the long term.

Success in sales and marketing and increased volume will reduce the percentage of fixed costs, thereby improving profitability. The effort already undertaken to find additional suppliers already shows the opportunities to reduce sourcing costs, bring down delivery times and spread the risks over multiple suppliers. All in all, we expect that the business can reach a positive cash flow at the end of the calendar year 2023.

While our product portfolio is at a mature stage, we will continue to broaden the offering within the product families and by making product extensions based on our customer needs. Such product development projects should have a positive impact on sales going forward.

### ***Main risks and uncertainties***

The disruptions of the global economy during the financial year have brought considerable lengthening of the delivery times for important electronic components, but so far deliveries have essentially been made according to plan. We have made strategic purchases and planned for alternative solutions to mitigate delays. We expect the global supply chain to stabilize. With rising inflation and interest rates, it can be expected that our customers will be increasingly hesitant to make larger investments. However, many of these are driven by the climate transition, which is a priority, and higher electricity costs favour our energy efficiency.

### ***Liquidity***

The Board of Directors estimates the Group's additional need for working capital at MSEK 5-10. If the planned rights issue (see below) is fully subscribed, the Board deems that liquid funds after issuance costs and repayment of bridging loans will be sufficient to fund the operation's needs until mid-2023, taking into account the considerably reduced fixed costs as set out above. The Board's assessment is further based on achieving the increased sales, planned for approximately 20 MSEK during the financial year, through increased direct sales and with distributors and other partners, as well as reduced costs for purchasing from alternative suppliers, where the potential has been identified and the first purchases have been made.

### ***Currency risk***

Meltron is exposed to limited currency risks relating to EUR and USD. The bulk of both purchasing and sales are conducted in EUR.

### **Significant events after the period**

As authorized by the Annual General Meeting 2021-10-01, the Board of Directors is preparing a rights issue of MSEK 16.1 to be carried out during September. G&W Fondkommission has been tasked to manage the rights issue. Upon full subscription, continued financing will be secured until mid-2023. Discussions are also under way with additional direct investors.

<b>The Group</b>	<b>07-01-2021</b>	<b>07-01-2020</b>	<b>09-01-2019</b>
<b>Multi-year overview (SEK)</b>	<b>06-30-2022</b>	<b>06-30-2021</b>	<b>06-30-2020</b>
Net sales	5 023 829	5 713 816	3 160 141
Profit after financial items	-28 890 830	-25 297 803	-23 211 003
Balance sheet total	17 648 747	22 756 455	23 036 222
Solidity (%)	26%	57%	56%
Average number of employees	12	12	11

<b>Parent Company</b>	<b>07-01-2021</b>	<b>07-01-2020</b>	<b>05-01-2019</b>	<b>05-01-2018</b>
<b>Multi-year overview (SEK)</b>	<b>06-30-2022</b>	<b>06-30-2021</b>	<b>06-30-2020</b>	<b>04-30-2019</b>
Net sales	307 699	488 013	1 112 955	1 072 818
Profit after financial items	-42 929 103	-55 054 917	-14 308 097	-6 639 792
Balance sheet total	38 881 801	57 309 826	84 448 132	12 293 167
Solidity (%)	78%	93%	98%	84%
Average number of employees	1	1	1	1

### Appropriation of profit or loss

(Amounts in SEK)

The Board of Directors proposes that non-restricted equity of SEK 24 546 043 be appropriated as follows:

The following funds are available to the Annual General Meeting:

Retained profit	67 475 146
Net profit for the year	-42 929 103
	<b>24 546 043</b>

The Board of Directors proposes the following distribution:

Dividend to shareholders	
Surplus carried forward to new account	24 546 043
	<b>24 546 043</b>



## Income statement

<i>Amounts in SEK</i>	Note	The Group	
		07-01-2021 06-30-2022	07-01-2020 06-30-2021
<b>Operating income, etc</b>			
Net sales	3	5 023 829	5 713 816
Other operating income		158 681	170 035
<i>Total operating income</i>		<u>5 182 510</u>	<u>5 883 851</u>
<b>Operating costs</b>			
Cost of goods sold		-5 346 442	-4 528 145
Other external charges	4,5	-10 068 948	-11 202 829
Personnel costs	6	-9 326 877	-8 296 036
Depreciation of fixed tangible and intangible assets	10,11,12	-8 401 343	-3 579 136
<i>Total operating costs</i>		<u>-33 143 610</u>	<u>-27 606 146</u>
<b>Operating result</b>		<b>-27 961 100</b>	<b>-21 722 295</b>
<b>Result from financial investments</b>			
Interest and other financial income	7	-	51
Interest and financial costs	8	-929 730	-3 575 559
<i>Total financial items</i>		<u>-929 730</u>	<u>-3 575 508</u>
<b>Profit after financial items</b>		<b>-28 890 830</b>	<b>-25 297 803</b>
Tax	9	-	-
<b>Net profit or loss for the year</b>		<b>-28 890 830</b>	<b>-25 297 803</b>

## Balance sheet

<i>Amounts in SEK</i>	Note	The Group	
		06-30-2022	06-30-2021
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>			
Capitalized development expenditure	10	2 836 789	3 341 828
Patents, licenses, trade marks and similar rights	11	4 172 544	11 112 993
		<b>7 009 333</b>	<b>14 454 821</b>
<b>Tangible fixed assets</b>			
Property, plant and equipment	12	1 149 938	1 364 027
		<b>1 149 938</b>	<b>1 364 027</b>
<b>Financial fixed assets</b>			
Ownership interest in other companies	21	51 777	49 075
Other long-term receivables	14	251 089	238 036
		<b>302 866</b>	<b>287 111</b>
<b>Total fixed assets</b>		<b>8 462 137</b>	<b>16 105 959</b>
<b>Current assets</b>			
<b>Inventories, etc.</b>			
Goods in transit	15	-	1 188 395
Inventory		4 526 964	2 851 125
		<b>4 526 964</b>	<b>4 039 520</b>
<b>Current receivables</b>			
Accounts receivable		1 334 326	310 086
Other receivables		1 540 252	1 422 256
Prepayments and accrued income	16	244 605	249 654
		<b>3 119 183</b>	<b>1 981 996</b>
<b>Cash and bank balances</b>		<b>1 540 463</b>	<b>628 980</b>
<b>Total current assets</b>		<b>9 186 610</b>	<b>6 650 496</b>
<b>TOTAL ASSETS</b>		<b>17 648 747</b>	<b>22 756 455</b>

## Balance sheet

<i>Amounts in SEK</i>	Note	The Group	
		06-30-2022	06-30-2021
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	17		
Share capital		5 764 387	72 054 833
Other equity		59 618 452	65 719 332
Net profit or loss for the year		-60 806 596	-124 737 126
<b>Total equity</b>		<b>4 576 243</b>	<b>13 037 039</b>
<b>Provisions</b>			
Other provisions	18	142 961	169 630
<b>Total provisions</b>		<b>142 961</b>	<b>169 630</b>
<b>Non-current liabilities</b>	19		
Other non-current liabilities		-	793 630
<b>Total non-current liabilities</b>		<b>0</b>	<b>793 630</b>
<b>Current liabilities</b>			
Liabilities to credit institutions		837 149	885 929
Accounts payable		907 284	1 190 755
Other liabilities		9 032 612	4 735 258
Accruals and deferred income	20	2 152 498	1 944 214
<b>Total current liabilities</b>		<b>12 929 543</b>	<b>8 756 156</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>17 648 747</b>	<b>22 756 455</b>

## Changes in equity

The Group

<i>Amounts in SEK</i>	Other Share capital	Other equity contributed capital	incl. profit for the year	Total equity
<b>Opening balance on 2020-07-01</b>	<b>72 054 833</b>	<b>65 719 332</b>	<b>-124 737 126</b>	<b>13 037 039</b>
Reduction of share capital	25 939 740	-6 100 880		19 838 860
New share issue	-92 230 186		92 230 186	0
Translation differences for the year			591 174	591 174
Net profit or loss for the year			-28 890 830	-28 890 830
<b>Closing balance on 2021-06-30</b>	<b>5 764 387</b>	<b>59 618 452</b>	<b>-60 806 596</b>	<b>4 576 243</b>

## Cash flow statement

<i>Amounts in KSEK</i>	Note	The Group	
		07-01-2021 06-30-2022	07-01-2020 06-30-2021
<b>Operating activities</b>			
Operating profit		-27 961	-21 722
Depreciation and goodwill amortization	24	8 374	3 343
Interest paid		-930	-3 576
<b>Cash flow from operating activities before change in working capital</b>		<b>-20 517</b>	<b>-21 955</b>
<b>Cash flow from change in working capital</b>			
Decrease(+)/Increase(-) in inventories		-487	-1 870
Decrease(+)/Increase(-) in operating receivables		-1 137	759
Decrease(-)/Increase(+) in operating liabilities		-2 633	8 633
<b>Cash flow from operating activities</b>		<b>-24 774</b>	<b>-14 433</b>
<b>Investing activities</b>			
Acquisition of intangible fixed assets		-	-1 515
Acquisition of tangible fixed assets		-310	-217
Change in long-term receivables	-		-20
<b>Cash flow from investing activities</b>		<b>-310</b>	<b>-1 752</b>
<b>Financing activities</b>			
Newly acquired financial liabilities		7 000	-
Change in interest bearing debt		-843	-2 388
New share issue		19 838	18 969
<b>Cash flow from financing activities</b>		<b>25 995</b>	<b>16 581</b>
<b>Cash flow for the year</b>		<b>911</b>	<b>396</b>
Opening cash and cash equivalents		629	233
<b>Closing cash and cash equivalents</b>	25	<b>1 540</b>	<b>629</b>

## Income statement

<i>Amounts in SEK</i>	Note	Parent Company	
		07-01-2021 06-30-2022	07-01-2020 06-30-2021
<b>Operating income, etc</b>			
Net sales	3	307 699	488 013
Other operating income		107 105	51 594
<i>Total operating income</i>		<b>414 804</b>	<b>539 607</b>
<b>Operating costs</b>			
Raw materials and consumables		-	-
Cost of goods sold		-1 478 294	-1 119 706
Other external charges	4,5	-4 424 409	-4 635 208
Personnel costs	6	-1 942 978	-1 635 265
Depreciation of fixed tangible and intangible assets	10,11,12	-6 843 428	-1 884 775
<i>Total operating costs</i>		<b>-14 689 109</b>	<b>-9 274 954</b>
<b>Operating result</b>		<b>-14 274 305</b>	<b>-8 735 347</b>
<b>Result from financial investments</b>			
Share of profit in group companies	13	-28 360 012	-46 063 723
Interest and other financial income	7	525 603	381 754
Interest and financial costs	8	-820 389	-637 601
<i>Total financial items</i>		<b>-28 654 798</b>	<b>-46 319 570</b>
<b>Profit after financial items</b>		<b>-42 929 103</b>	<b>-55 054 917</b>
<b>Profit before tax</b>		<b>-42 929 103</b>	<b>-55 054 917</b>
Tax	9	-	-
<b>Net profit or loss for the year</b>		<b>-42 929 103</b>	<b>-55 054 917</b>

## Balance sheet

<i>Amounts in SEK</i>	Note	Parent Company	
		06-30-2022	06-30-2021
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>			
Capitalized development expenditure	10	84 816	322 603
Patents, licenses, trade marks and similar rights	11	-	6 601 064
		<b>84 816</b>	<b>6 923 667</b>
<b>Tangible fixed assets</b>			
Property, plant and equipment	12	11 279	15 856
		<b>11 279</b>	<b>15 856</b>
<b>Financial fixed assets</b>			
Subsidiary shares	13	28 360 012	46 063 723
		<b>28 360 012</b>	<b>46 063 723</b>
<b>Total fixed assets</b>		<b>28 456 107</b>	<b>53 003 246</b>
<b>Current assets</b>			
<b>Inventories, etc.</b>			
Goods in transit	15	-	1 188 395
Inventory		222 499	511 959
		<b>222 499</b>	<b>1 700 354</b>
<b>Current receivables</b>			
Accounts receivable		182 338	205 081
Receivables from Group companies		8 678 618	1 650 398
Other receivables		132 764	69 711
Prepayments and accrued income	16	67 818	200 305
		<b>9 061 538</b>	<b>2 125 495</b>
<b>Cash and bank balances</b>		<b>1 141 657</b>	<b>480 731</b>
<b>Total current assets</b>		<b>10 425 694</b>	<b>4 306 580</b>
<b>TOTAL ASSETS</b>		<b>38 881 801</b>	<b>57 309 826</b>

## Balance sheet

<i>Amounts in SEK</i>	Note	Parent Company	
		06-30-2022	06-30-2021
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	17		
<b>Restricted equity</b>			
Share capital		5 764 387	72 054 833
Revaluation reserve		-	5 021 092
Fund for development costs		65 763	303 551
		<u>5 830 150</u>	<u>77 379 476</u>
<b>Non-restricted equity</b>			
Share premium reserve		59 615 804	65 716 684
Retained profit or loss		7 859 341	-34 574 808
Net profit or loss for the year		-42 929 103	-55 054 917
		<u>24 546 043</u>	<u>-23 913 041</u>
<b>Total equity</b>		<b>30 376 193</b>	<b>53 466 435</b>
<b>Provisions</b>			
Other provisions	18	142 961	169 630
<b>Total provisions</b>		<b>142 961</b>	<b>169 630</b>
<b>Current liabilities</b>			
Accounts payable		425 387	247 945
Other liabilities		7 174 072	2 994 008
Accruals and deferred income	20	763 188	431 808
<b>Total current liabilities</b>		<b>8 362 647</b>	<b>3 673 761</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>38 881 801</b>	<b>57 309 826</b>

## Changes in equity

Parent Company	Share capital	Revaluation reserve	Fund for development costs	Share premium reserve	Retained	Total equity
					profit incl. net profit for the year	
<i>Amounts in SEK</i>						
<b>Opening balance on 2020-07-01</b>	<b>72 054 833</b>	<b>5 021 092</b>	<b>303 551</b>	<b>65 716 684</b>	<b>-89 629 725</b>	<b>53 466 435</b>
Reduction of share capital	25 939 740			-6 100 880		19 838 860
New share issue	-92 230 186				92 230 186	0
This year's dissolution of fund for development costs			-237 788		237 788	0
This year's dissolution of revaluation reserve		-5 021 092			5 021 092	0
Net profit or loss for the year					-42 929 103	<b>-42 929 103</b>
<b>Closing balance on 2021-06-30</b>	<b>5 764 387</b>	<b>0</b>	<b>65 763</b>	<b>59 615 804</b>	<b>-35 069 762</b>	<b>30 376 193</b>

## Cash flow statement

<i>Amounts in kSEK</i>	Note	Parent Company	
		07-01-2021 06-30-2022	07-01-2020 06-30-2021
<b>Operating activities</b>			
Operating profit		-14 274	-8 735
Depreciation and goodwill amortization	24	6 844	1 883
Interest paid		-295	-256
<b>Cash flow from operating activities before change in working capital</b>		<b>-7 725</b>	<b>-7 108</b>
<b>Cash flow from change in working capital</b>			
Decrease(+)/Increase(-) in inventories		1 478	-942
Decrease(+)/Increase(-) in operating receivables		-6 936	985
Decrease(-)/Increase(+) in operating liabilities		-2 338	8 958
<b>Cash flow from operating activities</b>		<b>-15 521</b>	<b>1 893</b>
<b>Investing activities</b>			
Acquisition of subsidiary shares		-10 656	-20 595
Acquisition of tangible fixed assets		-	-15
Acquisition of intangible fixed assets		-	-4
<b>Cash flow from investing activities</b>		<b>-10 656</b>	<b>-20 614</b>
<b>Financing activities</b>			
Newly acquired financial liabilities		7 000	-
New share issue		19 838	18 969
<b>Cash flow from financing activities</b>		<b>26 838</b>	<b>18 969</b>
<b>Cash flow for the year</b>		<b>661</b>	<b>248</b>
Opening cash and cash equivalents		481	233
<b>Closing cash and cash equivalents</b>	25	<b>1 142</b>	<b>481</b>

# Additional disclosures

## Note 1 Accounting and valuation policies

The Swedish Annual Accounts Act as well as the Swedish Accounting Standards Board BFNAR 2012:1 annual report and consolidated (K3) are applied in the preparation of the financial reports.

### Reporting currency

The annual report is prepared in Swedish kronor. Amounts are stated in SEK unless specified otherwise.

### Consolidated financial statements

The consolidated accounts cover the parent company and those subsidiaries in which the parent company directly or indirectly holds more than 50 percent of the voting rights or otherwise has a controlling influence. The consolidated accounts have been prepared according to the purchase method, which entails that equity in the subsidiaries at the time of acquisition is eliminated in full. The Group's equity thus only includes the portion of equity of each subsidiary that has been added after the acquisition.

Internal profits within the Group are eliminated in full.

The translation difference of foreign subsidiaries is carried out using the current method. This means that the balance sheets are translated at the exchange rates on the balance sheet date, and the income statements are translated at the average exchange rates during the period. The arising translation differences are recognized directly in equity.

### Participations in Group companies

In the parent company, participations in Group companies are initially recognized at cost, which includes any transaction expenses that are directly attributable to the acquisition of the shares. Share issue proceeds and shareholder contributions are added to the acquisition value. If the fair value is lower than the carrying amount, the shares are written down to the fair value if it can be assumed that the fall in value is permanent.

### Cash flow statement

The cash flow statement is drawn up using the indirect method, with adjustments made for the effects of non-cash transactions. In addition to cash and bank balances and group account balances, cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### Valuation policies, etc.

Assets, provisions and liabilities are measured at cost unless otherwise specified below.

### Revenue recognition

Revenue from the sale of goods is reported when the significant risks and benefits associated with ownership of the goods have been transferred to the buyer, and when the amount of revenue can be reliably calculated.

### Internally generated intangible fixed assets

The capitalization model is used for recognizing development expenses, meaning that such expenses are recognized as intangible fixed assets when all of the factors below have been fulfilled:

when all of the factors below have been fulfilled:

- It is technically and financially possible to complete the asset
- There is intent and prerequisite to use or sell the asset
- It is likely that the asset will generate revenue or give rise to cost savings
- The expenses can be reliably calculated

The cost of an internally generated intangible asset is all directly attributable development expenditure that is required to use the asset in the way intended by the Company's management.

### Fixed tangible and intangible assets

Tangible and intangible assets are recognized at cost with a deduction for depreciation according to plan on the basis of the estimated useful life of each asset.

The following depreciation periods are applied by the parent company as well as the group companies:

Capitalized development expenditure	■	5 years
Patents	■	10 years
Property, plant and equipment	■	5 years

Depreciation is recognized on a straight-line basis over the asset's estimated useful life, since this reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The depreciation is recognized as an expense in the income statement.

### Leasing

Leases are classified as either financial or operational leases. Financial leases occur when the most significant financial risks and benefits associated with the asset have left the company. In other case, the lease is classified as operational.

The Group has no significant financial leases, and all leases are thus recognized as operational leases, which entails that the lease fee is expensed on a straight-line basis over the lease period.

### Receivables and liabilities in foreign currency

Receivables and liabilities in foreign currency are translated at the exchange rate at the balance sheet date. The difference between cost and the value at the balance sheet date is recognized in the income statement. To the extent that receivables and liabilities in foreign currency are subject to hedging, they are translated using the forward rate.

### Income taxes

Reporting of income taxes include current tax and deferred tax. Taxes are reported in the income statement, unless

the tax is attributable to an event or transaction that is reported directly in equity. In such events, related tax effects are also recognized in equity.

Deferred tax is recognized according to the balance sheet method for all material temporary differences. Temporary differences arise when the book value differs from the tax value of an asset or a liability.

Deferred tax liabilities are calculated on the basis of the tax rates that are decided or announced at the balance sheet date, currently 20,6 percent.

Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized.

### Inventories, etc.

Inventories are recognized at cost or net realizable value, whichever is lowest. Cost is determined using the first-in, first-out (FIFO) method.

### Provisions

Provisions are reported when the company has, or can be considered to have, an obligation as a result of an event that has occurred where it is probable that payments will be required to fulfil the obligation. A prerequisite is that it is possible to make a reliable estimate of the amount to be paid out.

## Note 2 Estimates and assessments

The preparation of financial reports and the application of accounting policies are often based on the management's judgements, estimates and assumptions are considered reasonable at the time of the assessment. Estimates and judgements are based on historical experience valuation when the recognized value of assets or liabilities can not be determined readily from other sources.

The actual results may ultimately differ from those estimates and judgements. Estimates and assumptions are reviewed continuously.

According to the executive management, the relevant estimates regarding the accounting policies applied and the sources of uncertainty in assessments mostly relate to the valuation of patents. Revaluation of patents is made on the basis of the Board of Directors's conservative estimate of future mostly relate to the valuation of patents.

## Disclosures on individual items

### Note 3 Transactions between group companies

No internal transactions between group companies have taken place.

### Note 4 Lease fees

	The Group		The Parent Company		
	07-01-2021	06-30-07-01-2020 2022	06-07-01-2021 30-2021	06-07-01-2020 2022	06-30-07-01-2020 30-2021
<b>Operational leases, incl. rent for premises</b>					
Lease fees, cost for the year		872 803	1 031 877 -		215 000
<i>Remaining lease fees are due according to below:</i>					
Within a year		291 849	289 358	-	-
Later than one year but within five years		-	-	-	-
<b>Total</b>		<b>291 849</b>	<b>289 358</b>	<b>0</b>	<b>0</b>

The most significant leases relate to Suomen Viljava Oy.

### Note 5 Auditor's fees

	The Group		The Parent Company		
	07-01-2021	06-30-07-01-2020 2022	06-07-01-2021 30-2021	06-07-01-2020 2022	06-30-07-01-2020 30-2021
<b>Fees and payment of expenses</b>					
Audit fees		307 064	520 617	242 903	415 175
Tax consultancy services		-	-	-	-
<b>Total</b>		<b>307 064</b>	<b>520 617</b>	<b>242 903</b>	<b>415 175</b>

**Note 6 Average number of employees and salaries and other remunerations**

<i>Average number of employees</i>	2020/2021		2019/2020	
	Employees	Of whom men	Employees	Of whom men
<b>Parent Company</b>				
Sweden	1	1	1	1
<b>Subsidiaries</b>				
Finland	11	10	11	10
Total in subsidiaries	11	10	11	10
<b>Group, total</b>	<b>12</b>	<b>11</b>	<b>12</b>	<b>11</b>

<i>The executive management</i>	The Group				The Parent Company			
	07-01-2021	06-30-2022	07-01-2020	06-30-2021	07-01-2021	06-30-2022	07-01-2020	06-30-2021
Percentage of women:								
Board of Directors		20%		20%		20%		25%
CEO and other executive management		0%		0%		0%		0%

<i>Personnel costs</i>	The Group				The Parent Company			
	07-01-2021	06-30-2022	07-01-2020	06-30-2021	07-01-2021	06-30-2022	07-01-2020	06-30-2021
Board of Directors and CEO		1 386 629		1 927 974		297 929		406 412
Other employees		6 389 421		6 480 475		1 269 075		1 012 165
<b>Total</b>		<b>7 776 050</b>		<b>8 408 449</b>		<b>1 567 004</b>		<b>1 418 577</b>
Social security contributions		1 548 812		1 378 856		397 352		252 892
(of which pension costs)		347 159		1 456 721		(-)		(-)

**Note 7 Other interest income and similar items**

	The Group				The Parent Company			
	07-01-2021	06-30-2022	07-01-2020	06-30-2021	07-01-2021	06-30-2022	07-01-2020	06-30-2021
Interest income, Group companies		-		-		525 603		381 754
Interest income, other		-		51		-		-
<b>Total</b>		<b>0</b>		<b>51</b>		<b>525 603</b>		<b>381 754</b>

**Note 8 Interest costs and similar items**

	The Group				The Parent Company			
	07-01-2021	06-30-2022	07-01-2020	06-30-2021	07-01-2021	06-30-2022	07-01-2020	06-30-2021
Interest costs, Group companies		-		-		-		-
Interest costs, other		929 730		3 575 559		820 389		637 601
<b>Total</b>		<b>929 730</b>		<b>3 575 559</b>		<b>820 389</b>		<b>637 601</b>

**Note 9 Tax on profit for the year**

	The Group		The Parent Company					
	07-01-2021	06-30-2022	07-01-2020	06-30-2021	07-01-2021	06-30-2022	07-01-2020	06-30-2021
Current tax		-	-	-	-	-	-	-
Deferred tax liabilities		-	-	-	-	-	-	-
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Theoretical tax</i>								
Reported profit before tax		-28 890 830	-25 297 803	-42 929 103	-55 054 917			
Tax according to the applicable tax rate, 21.4% (22%)		5 951 511	5 413 730	8 843 395	11 781 752			
<i>Reconciliation of recognized tax</i>								
Effect of non-deductible costs		-1 356 060	-525 151	-7 196 885	-10 381 265			
Effect of unvalued loss carryforwards		-5 854 910	-6 217 916	-2 905 969	-2 729 824			
Effect of expenses in Equity		1 259 459	1 329 337	1 259 459	1 329 337			
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The tax loss carry forward for Meltron AB is 63 674 207 kr (49 567 557 kr).

**Note 10 Capitalized development expenditure**

	The Group		The Parent Company	
	06-30-2022	06-30-2021	06-30-2022	06-30-2021
Cost, opening balance	15 672 670	15 315 173	2 392 477	2 392 477
Purchases	0	795 362	-	-
Translation difference for the year	728 211	-437 865	-	-
<b>Accumulated cost, closing balance</b>	<b>16 400 881</b>	<b>15 672 670</b>	<b>2 392 477</b>	<b>2 392 477</b>
Amortization, opening balance	-12 330 842	-11 833 119	-2 069 874	-1 718 705
Amortization for the year	-670 599	-840 434	-237 787	-351 169
Translation difference for the year	-562 651	342 711	-	-
<b>Accumulated amortization, closing balance</b>	<b>-13 564 092</b>	<b>-12 330 842</b>	<b>-2 307 661</b>	<b>-2 069 874</b>
<b>Reported value</b>	<b>2 836 789</b>	<b>3 341 828</b>	<b>84 816</b>	<b>322 603</b>

**Note 11 Patents, licenses, trade marks and similar rights**

	The Group		The Parent Company	
	06-30-2022	06-30-2021	06-30-2022	06-30-2021
Cost, opening balance	7 804 009	7 338 362	431 796	431 796
Purchases	213 869	699 661	-	-
Translation difference for the year	409 671	-234 014	-	-
<b>Accumulated cost, closing balance</b>	<b>8 427 549</b>	<b>7 804 009</b>	<b>431 796</b>	<b>431 796</b>
Amortization, opening balance	-3 167 806	-2 455 961	-307 522	-254 717
Amortization for the year	-869 828	-786 435	-124 274	-52 805
Translation difference for the year	-217 371	74 590	-	-
<b>Accumulated amortization, closing balance</b>	<b>-4 255 005</b>	<b>-3 167 806</b>	<b>-431 796</b>	<b>-307 522</b>
Revaluation of patents, opening balance	14 664 426	14 664 426	14 664 426	14 664 426
Amortization of revalued amounts, patents, opening balance	-8 187 636	-6 721 193	-8 187 636	-6 721 193
Amortization for the year of revalued amounts, patents	-635 348	-1 466 443	-635 348	-1 466 443
<b>Accumulated impairment, closing balance</b>	<b>5 841 442</b>	<b>6 476 790</b>	<b>5 841 442</b>	<b>6 476 790</b>
Impairment losses, opening balance	0	0	0	0
Impairment losses for the year	-5 841 442	0	-5 841 442	0
<b>Accumulated impairment losses</b>	<b>-5 841 442</b>	<b>0</b>	<b>-5 841 442</b>	<b>0</b>
<b>Reported value</b>	<b>4 172 544</b>	<b>11 112 993</b>	<b>0</b>	<b>6 601 064</b>

**Note 12 Equipment, tools, fixtures and fittings**

	The Group		The Parent Company	
	06-30-2022	06-30-2021	06-30-2022	06-30-2021
Cost, opening balance	2 390 613	2 227 489	73 337	55 046
Purchases	96 121	236 736	-	18 291
Translation difference for the year	121 653	-73 612	-	-
<b>Accumulated cost, closing balance</b>	<b>2 608 387</b>	<b>2 390 613</b>	<b>73 337</b>	<b>73 337</b>
Depreciation, opening balance	-1 026 586	-575 746	-57 481	-43 119
Depreciation for the year	-384 126	-468 889	-4 577	-14 362
Translation difference for the year	-47 737	18 049	-	-
<b>Accumulated depreciation, closing balance</b>	<b>-1 458 449</b>	<b>-1 026 586</b>	<b>-62 058</b>	<b>-57 481</b>
<b>Reported value</b>	<b>1 149 938</b>	<b>1 364 027</b>	<b>11 279</b>	<b>15 856</b>

### Note 13 Participations in Group companies

<b>Parent Company</b>						
<b>Company</b>	<b>Corporate reg. no.</b>	<b>Registered office</b>	<b>Number of shares</b>	<b>Share of capital</b>	<b>Reported value</b>	
					<b>06-30-2022</b>	<b>06-30-2021</b>
OY MTG-Meltron Ltd	FI - 08475035	Helsinki	73 991	100%	28 360 011	46 063 723
					<b>28 360 011</b>	<b>46 063 723</b>
<b>Parent Company</b>						
					<b>06-30-2022</b>	<b>06-30-2021</b>
Cost, opening balance					46 063 723	71 531 986
Purchases					-	-
Shareholder contribution					10 656 300	20 595 459
Disposal for the year					-28 360 012	-46 063 722
<b>Reported value</b>					<b>28 360 011</b>	<b>46 063 723</b>

### Note 14 Other long-term receivables

	<b>The Group</b>		<b>The Parent Company</b>	
	<b>06-30-2022</b>	<b>06-30-2021</b>	<b>06-30-2022</b>	<b>06-30-2021</b>
Cost, opening balance	238 035	225 424	-	-
Lending	-	20 251	-	-
Translation difference for the year	13 054	-7 640	-	-
<b>Reported value</b>	<b>251 089</b>	<b>238 035</b>	<b>0</b>	<b>0</b>

### Note 15 Inventories

	<b>The Group</b>		<b>The Parent Company</b>	
	<b>06-30-2022</b>	<b>06-30-2021</b>	<b>06-30-2022</b>	<b>06-30-2021</b>
Goods in transit	-	1 188 395	-	1 188 395
Inventory	4 526 964	2 851 125	222 499	511 959
<b>Reported value</b>	<b>4 526 964</b>	<b>4 039 520</b>	<b>222 499</b>	<b>1 700 354</b>

### Note 16 Prepayments and accrued income

	<b>The Group</b>		<b>The Parent Company</b>	
	<b>06-30-2022</b>	<b>06-30-2021</b>	<b>06-30-2022</b>	<b>06-30-2021</b>
Prepaid insurance	102 593	67 156	67 819	54 318
Other prepayments	142 012	182 498	-	145 987
<b>Reported value</b>	<b>244 605</b>	<b>249 654</b>	<b>67 819</b>	<b>200 305</b>

**Note 17 Equity**

<b>Number of shares and quota value</b>	<b>Parent Company</b>	
	<b>06-30-2022</b>	<b>06-30-2021</b>
Number of shares at the end of the period	57 643 866	28 821 933
Average number of shares	46 146 592	24 085 175
Quota value per share at the balance sheet date	0,10	0,25
Share price at the balance sheet date	0,16	0,17

The number of shares is calculated taking in account the reverse split, one new for ten old shares, which was decided by the general meeting 2022-05-03.

<b>Revaluation reserve</b>	<b>Parent Company</b>	
	<b>06-30-2022</b>	<b>06-30-2021</b>
Opening balance	5 021 092	6 185 448
Amount withdrawn during the year	-5 021 092	-1 164 356
<b>Closing balance</b>	<b>0</b>	<b>5 021 092</b>

<b>Fund for development costs</b>	<b>Parent Company</b>	
	<b>06-30-2022</b>	<b>06-30-2021</b>
Opening balance	303 551	673 768
Amount withdrawn during the year	-237 788	-370 217
<b>Closing balance</b>	<b>65 763</b>	<b>303 551</b>

**Note 18 Other provisions**

	<b>The Group</b>		<b>The Parent Company</b>	
	<b>06-30-2022</b>	<b>06-30-2021</b>	<b>06-30-2022</b>	<b>06-30-2021</b>
Opening reported value	169 630	319 382	169 630	319 382
Provisions for the year	9 231	14 641	9 231	14 641
Settled during the year	-35 900	-164 393	-35 900	-164 393
<b>Reported value</b>	<b>142 961</b>	<b>169 630</b>	<b>142 961</b>	<b>169 630</b>

**Note 19 Non-current liabilities**

	<b>The Group</b>		<b>The Parent Company</b>	
	<b>06-30-2022</b>	<b>06-30-2021</b>	<b>06-30-2022</b>	<b>06-30-2021</b>
Liabilities to credit institutions	793 630	-	-	-
Deposits	-	793 630	-	-
Amortization	-793 630	-	-	-
<b>Total</b>	<b>0</b>	<b>793 630</b>	<b>0</b>	<b>0</b>

No liabilities due after 5 years or longer.

**Note 20 Accruals and deferred income**

	The Group		The Parent Company	
	06-30-2022	06-30-2021	06-30-2022	06-30-2021
Personnel-related costs	1 493 135	1 170 295	292 756	218 200
Accrued interest costs	270 983	388 189	263 624	-
Other accrued expenses	-	-	206 808	213 608
Deferred income	388 380	385 730	-	-
<b>Reported value</b>	<b>2 152 498</b>	<b>1 944 214</b>	<b>763 188</b>	<b>431 808</b>

**Note 21 Ownership interests in other companies**

	The Group		The Parent Company	
	06-30-2022	06-30-2021	06-30-2022	06-30-2021
Cost, opening balance	49 075	49 075	-	-
Purchases	-	-	-	-
Translation difference for the year	2 702	-	-	-
<b>Reported value</b>	<b>51 777</b>	<b>49 075</b>	<b>0</b>	<b>0</b>

**Note 22 Pledged assets**

	The Group		The Parent Company	
	06-30-2022	06-30-2021	06-30-2022	06-30-2021
<i>Assets pledged for liabilities to credit institutions</i>				
Business mortgages	none	none	none	none
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Note 23 Contingent liabilities**

	The Group		The Parent Company	
	06-30-2022	06-30-2021	06-30-2022	06-30-2021
Guarantee commitments	2 403 023 -	-	-	-
<b>Total</b>	<b>2 403 023</b>	<b>0</b>	<b>0</b>	<b>0</b>

Refers to dispute with employee of Meltron OY.

**Note 24 Non-cash items**

SEK thousands	The Group		The Parent Company	
	06-30-2022	06-30-2021	06-30-2022	06-30-2021
Depreciation/amortization	8 401	3 579	6 844	1 885
Other non-cash items	-27	-236 -	-	-2
<b>Total</b>	<b>8 374</b>	<b>3 343</b>	<b>6 844</b>	<b>1 883</b>

**Note 25 Cash and cash equivalents**

	The Group		The Parent Company	
	06-30-2022	06-30-2021	06-30-2022	06-30-2021
Bank balances	1 540 463	628 980	1 141 657	480 731
<b>Total cash and cash equivalents</b>	<b>1 540 463</b>	<b>628 980</b>	<b>1 141 657</b>	<b>480 731</b>

## OTHER DISCLOSURES

### Note 26 Significant events after the end of the period

Within the framework of a mandate from the Annual General Meeting 2021-10-01, the Board of Directors is preparing a rights issue of MSEK 16,1, which will be carried out during September 2022. G&W Fondkommision has been given the task of being responsible for the rights issue. Upon full subscription, continued financing until mid-2023, will be secured. Discussions are also ongoing with additional direct investors.

### Note 25 Appropriation of profit or loss

Proposed appropriation of the company's profit or loss

The Board of Directors proposes that non-restricted equity of SEK 24 546 043 be appropriated as follows:

*(Amounts in SEK)*

Proposed appropriations of the Company's result

The following funds are available to the Annual General Meeting:

Retained profit	67 475 146
Net profit for the year	-42 929 103
	<hr/>
	24 546 043

The Board of Directors proposes the following distribution:

Dividend to shareholders	
Surplus carried forward to new account	24 546 043
	<hr/>
	24 546 043

Stockholm, 5th September 2022

\_\_\_\_\_  
Göran Lundgren  
Chairman

\_\_\_\_\_  
Stefan Kåla  
Chief Executive Officer

\_\_\_\_\_  
Elisabet Wahlman  
Director

\_\_\_\_\_  
Sverker Littorin  
Director

\_\_\_\_\_  
Lars Erik Aikala  
Director

\_\_\_\_\_  
Olof Heyman  
Director

Our auditor's report was submitted on September 5, 2022

Roy Eide  
Chartered Accountant

**The Swedish original has been signed electronically**