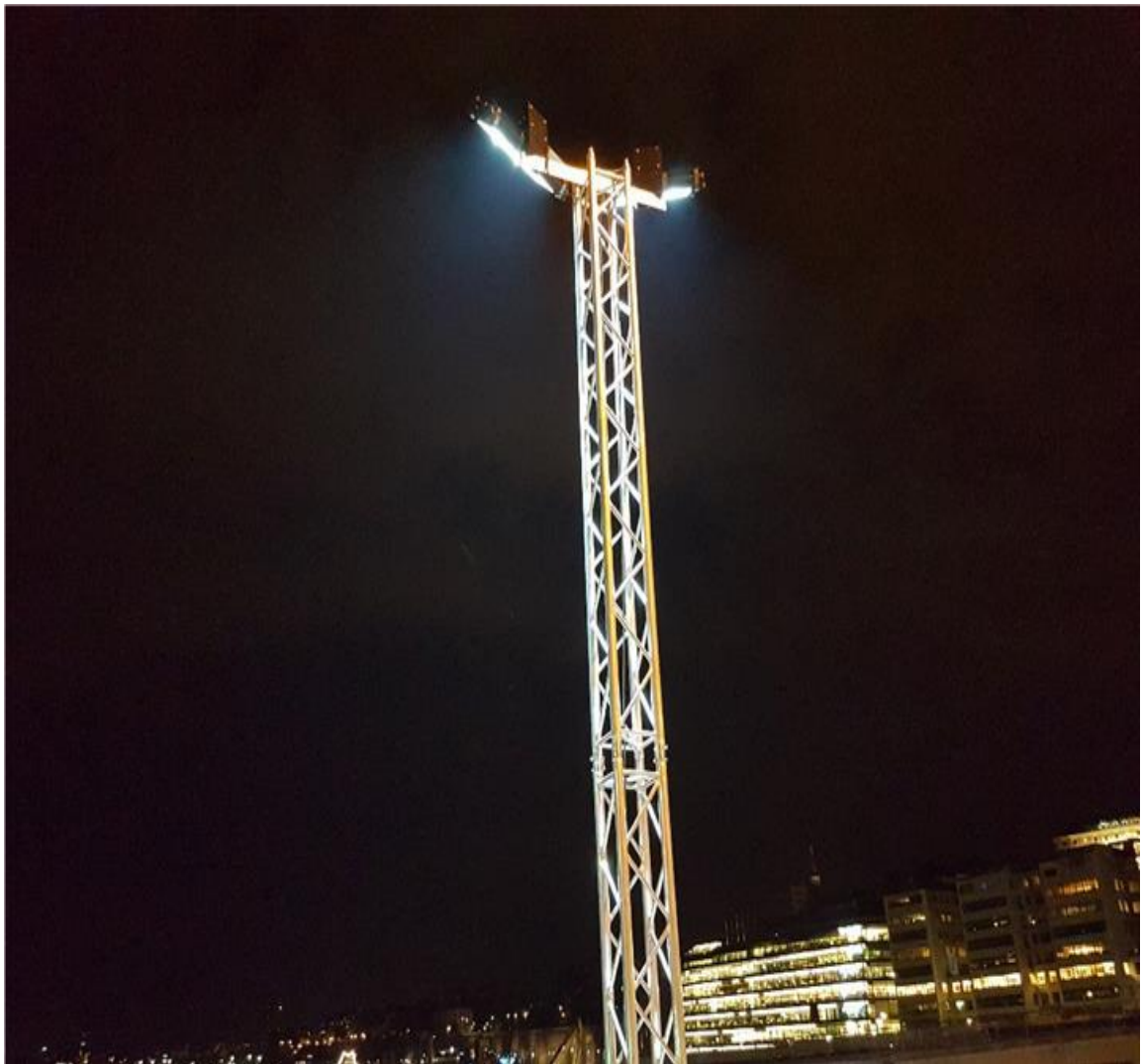


# Meltron AB (publ)

Corporate registration number 556988-9834

## Annual accounts and consolidated accounts

The Board of Directors and the CEO hereby present  
the annual accounts and consolidated accounts for the financial year 2019-05-01 - 2020-06-30



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## A word from the CEO

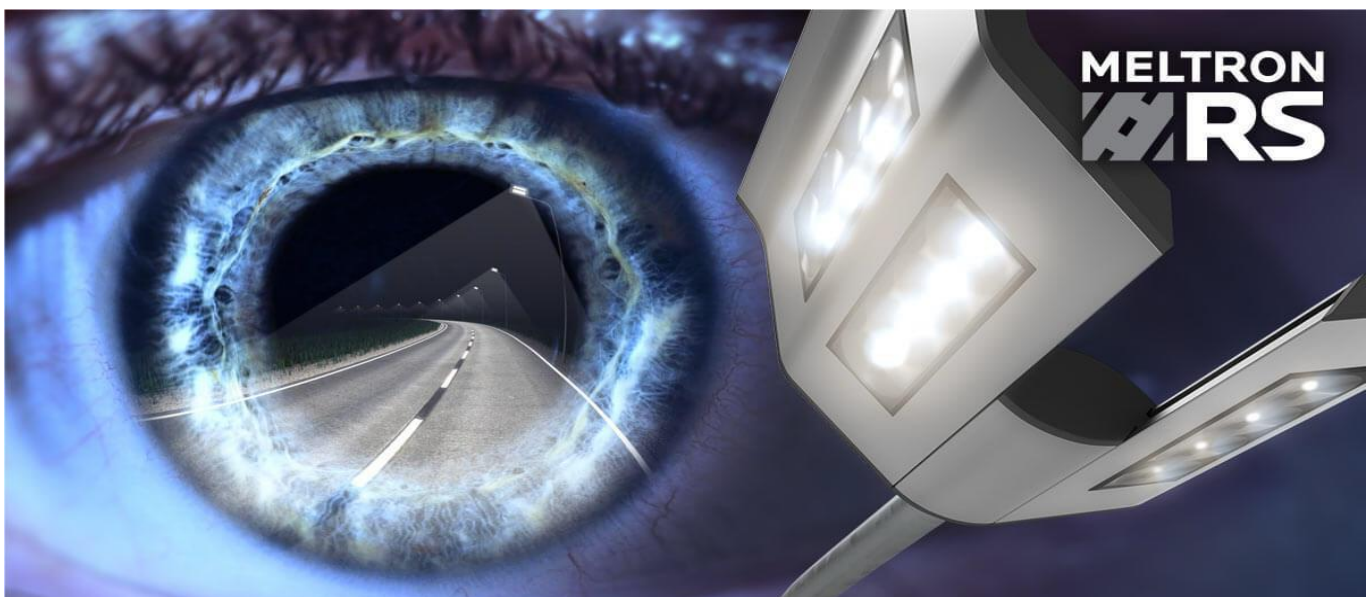
Following the acquisition of Meltron Oy, the activities within Meltron have merged together and fused. We now have an excellent platform to build upon, particularly in view of the international cooperations already in place and under development. Our LED lighting for rugged and demanding environments is an attractive offer, as has been confirmed by the positive feedback from a number of major customers lately. We have over the last months received initial orders from nuclear power plants, gas companies and the pharmaceutical industry, which all impose stringent demands. We are expecting a first major order from an internationally leading pharmaceutical company in the near future. We are convinced that it gradually will be followed by orders of increasing volume, even if everything takes time. There is no doubt that the corona pandemic has slowed down the dialogue with some customers and delayed their decisions. This is a contributing factor to the very modest sales for the year.

We are now prepared to accelerate the marketing and sales effort. The organization has been strengthened with a Marketing Manager with international experience, and further strengthening will follow. In conjunction with the year-end report, we were able to announce that we had secured financing through a rights issue which was fully guaranteed by subscription commitments and two syndicated guarantees. The rights issue was met with great interest from investors.

We are looking forward to 2020/21, which I believe will become Meltron's breakthrough year, the uncertainties surrounding the ongoing corona pandemic notwithstanding.

Stockholm/Helsinki, August 2020

Ville Sistonen, CEO



# Management report

## Management report for the period 2019-05-01 – 2020-06-30

In conjunction with the acquisition of Oy Mtg Meltron (now Meltron Oy) on 2019-09-01, the financial year was changed to July-June; as a consequence, the last financial year was extended to comprise the period 2019-05-01—2020-06-30, which is what this management report covers. The acquired Finnish company is consolidated for the period 2019-09-01—2020-06-30.

### Information about operations

Meltron develops, manufactures and sells LED light sources that are based on a number of patents within electronics, optics and linear drivers. The technology entails that we produce a large amount of light with less losses, and that we are able to redirect the light using optics to reduce the risk of glare and minimize loss. The light can be optimized by means of proprietary, advanced calculation tools, and the light can be more evenly distributed with no blind spots on the illuminated areas. The lamps are designed with various technical features that are customized for different market segments and applications. In addition, the lighting can be integrated with, e.g., video and surveillance systems used to monitor traffic, ports, power plants and other restricted areas as well as in border and area control surveillance – "More than just light".

Meltron is focusing on a number of niche markets: Industry, Road & Traffic and Livestock - and, to some extent, Cruise ships. In each of these application areas, Meltron has an advantage due to the complex environments. Manufacture takes place in Finland and Estland with customized machines, including assembly, adaptation and final inspection, as well as in Shanghai, China. Sales are currently conducted directly to customers in Finland and major customers in other countries as well as through our distributors in Sweden and Germany/Austria, our partners in Oman and the Middle East, and a joint venture partner in the United States.

Moving forward, the primary focus will be on marketing and sales and, to some extent, on continuing technological development of the lamps and integrated lighting systems. In addition, a continuous effort is being applied to maintain and develop the product certifications, for example in conjunction with specific customer adaptations of the products.

### Significant events during the period

Following the approval of the Annual General Meeting of Meltron AB (A Uni-Light LED AB at the time) which was held on 2019-08-20, the acquisition of Meltron Oy was carried out on 2019-08-31, thus turning Meltron Oy into a wholly-owned subsidiary of Meltron AB.

In conjunction with the acquisition of Meltron Oy, a rights issue of more than MSEK 15 and with additional possible over-allotment of approximately MSEK 5 was carried out. The issue was carried out during November 2019 and was met with great interest. The subscriptions totaled MSEK 24. The Board of Directors thus resolved to increase the over-allotment to MSEK 8.8 to provide all subscribers the full allotment. The total issuance costs (fees, guarantee and interest costs, prospectus, printing and distribution costs, etc.) amount to approximately MSEK 5 and are charged to the period.

The terms of the subscription warrants issued at the same time, with exercise period in May 2020, were such that they were not utilized. However, the Company entered into an agreement in February with its largest owner, Megabond Tallinn OU, which granted a convertible loan of approximately MSEK 7. On June 1 2020, the debt was converted into approximately 27 million shares.

The total number of shares was 160 111 553 at the end of the financial year, and the share capital amounted to SEK 40 027 888.25. There are no subscription warrants outstanding.

During the period, an important cooperation and joint venture agreement was signed with Industrial Security Alliance Partners (ISAP) in the U.S., which is active in surveillance and security and with innovations including advanced high-resolution camera systems. ISAP has integrated its surveillance systems into Meltron's lighting systems, particularly in street lights, for the U.S. as well as other markets. The cooperation is progressing well and MeltronUSA recently launched its own website. Unfortunately, the corona pandemic has effectively shut down all marketing activities in 2020 thus far. ISAP is operating in the Middle East as well, now also in Oman where a closer and broader cooperation with Meltron and a local partner is under development. Meltron has successfully completed its first installation in a riding stadium in Oman.

Meltron AB's and Meltron Oy's operations are fully integrated and are conducted in a common organization, which over the year has been further developed and strengthened. At the end of the year, two marketing directors were recruited. Sales for the period amounted to MSEK 1.2 for Meltron AB, mainly related to livestock buildings in Sweden. For Meltron Oy (10 months), sales amounted to approximately MSEK 3, mainly related to industry in Finland. A number of strategic orders have been received, several of them pilot orders and some involving specific customer adaptations which have proven to be a substantial competitive advantage for Meltron.

- Forestry industry (Stora, Metso)
- Gas (AGA, Gasum)
- Nuclear power plant (Finland)
- Pharmaceuticals in Finland (in addition, a major international pharmaceutical company has selected Meltron as its preferred supplier for an initial modernization project, in fierce competition with others)

The installations in Finland comprise, on the one hand, large open areas in industries and ports where Meltron's lamps offer a very good and evenly distributed light, and on the other hand, production, maintenance and service facilities where the sealing requirements are extremely high. In particular high demand is Meltron's gas-tight and explosion-proof lighting for extremely rugged environments, e.g., in the pharmaceutical industry, oil and gas. The customers have expressed their commitment to make additional orders.

### Impact of the coronavirus

During the first half of 2020, many marketing activities came to a halt due to the corona pandemic, including exhibitions and fairs. The dialogue with customers has been dragging on, and it is clear that many customers have postponed their investment decisions in these uncertain times. All of this has had a negative impact on sales, even though the Company has tried to make use of the time to engage in customer dialogue when possible. Some supplies, mostly from China, have also been delayed.

### Financial comments

This year's result (MSEK -23) is impacted, among other things, by acquisition and issuance costs (MSEK 6), cost of development, patents etc. (MSEK 2.2), purchases of components and stock building (MSEK 1.5), amortization on patents etc. (MSEK 3.5) and personnel costs (MSEK 4).

A significant amount of the added funds has been used to cover the day-to-day operation, repay certain loans and other liabilities and make investments in machinery and componentry, as follows:

- MSEK 10 day-to-day operations, Meltron Oy
- MSEK 7 repayment of debts and liabilities
- MSEK 3 equipment investments, stock building
- MSEK 5 issuance costs
- MSEK 4 repayment of bridging loan.

Out of these funds, MSEK 19 were added to Meltron Oy, increasing the equity. The book value of the subsidiary Meltron Oy has thus increased from MSEK 52 at the time of the acquisition to MSEK 71 at the end of the financial year. The major part of Meltron's future revenue is expected to be generated from Meltron Oy's product portfolio, regardless of how the sales are conducted.

### Ownership

The major owners at the end of the financial year:

-	27.3 %	Megabond Tallinn OU
-	14.2 %	Lombard Int'l Assurance (Antti Repo)
-	14.1 %	Leo Hatjasalo
-	6.0 %	Pekka Pättiniemi
-	4.7 %	Juha Hatjasalo
-	3.6 %	Jukka Helkama
-	2.6 %	Ville Sistonen
-	2.5 %	CreaOpto OU
-	27.6 %	Others (approximately 1,300 shareholders).

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

Meltron is currently focusing on sales and marketing, both directly as in Finland and in close cooperation with the existing distributors, particularly in Scandinavia and Germany-Austria, and not least in cooperation with partners in the US and in the Middle East. The orientation in a number of niche markets is as follows:

- Industry, which the product portfolio of Meltron Oy expands considerably, will be concentrated in Finland, Sweden and Germany and via the aforementioned partners in the US and the Middle East, primarily:
  - \* industrial lighting in demanding environments, such as maintenance workshops, where a first installation in the subway of Helsinki was very well received;
  - \* powerful lighting of large outdoor areas, such as ports, industrial courtyards, parking stands, where several installations in Finland (forestry companies, ports) provide very good and evenly distributed light; this lighting can also be used for sports facilities, where the company's lighting optimization technology is of particular interest;
  - \* additional niches for the high-quality, gas-tight and explosion-proof lighting (EX) with applications mainly in the oil and gas industry, the pharmaceutical industry, etc., where the customers have high requirements and the environments are demanding; the company has obtained an extended certification for these lamps which makes them unique on the market - a fact that has proved instrumental in extensive and rigorous assessments; these areas have great potential and are not restricted geographically.
- Road lighting and lighting for other public places, where the company has a sophisticated product which employs a special optical technology to provide a superior distribution of light across the road surface. An initial installation, which was very well received, has been brought into operation in Finland. Deliveries have been made to Oman and the U.S. within the framework of the joint venture with ISAP.
- Livestock buildings, which has been the company's main area for a long time, will initially be concentrated in Sweden and Germany/Austria. The latter market is approximately 12 times greater than the Swedish market.

The total sales in 2021 are projected to reach approximately MSEK 20, and they are expected to grow rapidly in the following years. The competitive situation remains significant, but the company's advanced products and choice of niche markets facilitates sales.

Efforts are also underway to develop the the technology and products further and, no less importantly, to maintain patents and certifications. The company's know-how in light calculations and lighting optimization is of great value and must be maintained and developed. In addition, the company's technical ability to quickly make customer-specific adaptations has proved essential in several cases.

## Risks

**Currency risks** : The company's sales are denominated in SEK, EUR and USD while purchases mostly are in EUR and USD: During the period of operation, the purchases have mostly been carried out in conjunction with customer orders so that the selling price and the purchasing price have been directly linked in their respective currencies. A certain stock build-up has, however, occurred as well, which could lead to some currency risk unless the selling prices are adapted.

**Liquidity risks**: The issues carried out during the year provided the Company approximately MSEK 24 in proceeds after issuance costs and transaction costs in conjunction with the acquisition. The Company has further repaid bridging loans and some development loans, paid considerable accrued payments for the Meltron Oy operations and purchased some machinery, componentry and finished products which are in the course of delivery, see above.

The Company's business plans assume a strong development of sales in the coming two or three years, on the basis of marketing activities, requests, offers and discussions at an advanced stage relating to major projects in several countries. At the same time, increased sales will tie up capital in production; the cash flow is hence expected to be positive only in late 2023. The capital needs of the Company is estimated to MSEK 15-20 for the coming 12 months.

## Significant events after the end of the period

At the end of the financial year, the Board of Directors resolved, as mandated by the Annual General Meeting and in line with the provisions in the Articles of Association, to make preparations to carry out a rights issue of MSEK 25 to ensure going concern. G&W Fondkommission was tasked to manage the rights issue and syndicate a guarantee of approximately 80 percent in combination with subscription undertakings amounting to about MSEK 1.7 that were provided by the main owners, the Board of Directors and the executive management.

There has been significant interest in the Company, and on 2020-08-25 it was announced that the issue was fully guaranteed (through a bottom and a top guarantee). At the same time, the terms of the issue were published. The rights issue is planned to be carried out between September 28 and October 13, 2020. This means the funding needs are secured for at least 12 months and will allow the Company to finance the sharply intensified marketing and sales efforts according to plan and to lay down the basis for a rapid expansion.

**Corona-related risks**: The future development of the corona pandemic and the restart of the economic activity remains an uncertainty with regard to how the marketing operations will develop in the near future.

<b>The Group</b>	<b>09-01-2019</b>
<b>Multi-year overview (SEK)</b>	<b>06-30-2020</b>
Net sales	3 160 141
Profit after financial items	-23 211 003
Balance sheet total	23 036 222
Solidity (%)	56%
Average number of employees	11

<b>Parent Company</b>	<b>06-30-2020</b>	<b>04-30-2019</b>	<b>04-30-2018</b>	<b>04-30-2017</b>
<b>Multi-year overview (SEK)</b>				
Net sales	1 112 955	1 072 818	1 783 889	1 230 289
Profit after financial items	-14 308 097	-6 639 792	-9 542 943	-11 874 213
Balance sheet total	84 448 132	12 293 167	15 061 609	16 347 957
Solidity (%)	98	84	91	94
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 35,821,805 be appropriated as follows:

The following funds are available to the Annual General Meeting:

Retained profit	50 129 902
Net profit for the year	-14 308 097
	<hr/>
	<b>35 821 805</b>

The Board of Directors proposes the following distribution:

Dividend to shareholders	
Surplus carried forward to new account	35 821 805
	<hr/>
	<b>35 821 805</b>

## Income statement

<i>Amounts in SEK</i>	Note	<b>The Group</b> <b>09-01-2019</b> <b>06-30-2020</b>
<hr/>		
<b>Operating income, etc</b>		
Net sales	3	3 160 141
Other operating income		660 898
<i>Total operating income</i>		<u>3 821 039</u>
<b>Operating costs</b>		
Raw materials and consumables		-1 151
Goods for resale		-4 080 234
Other external charges	4,5	-13 170 683
Personnel costs	6	-4 137 509
Depreciation of fixed tangible and intangible assets		-3 522 422
Other operating costs		-
<i>Total operating costs</i>		<u>-24 911 999</u>
<b>Operating result</b>		<b>-21 090 960</b>
<b>Result from financial investments</b>		
Other interest income and similar items	7	-
Interest costs and similar items	8	-2 120 043
<i>Total financial items</i>		<u>-2 120 043</u>
<b>Profit after financial items</b>		<b>-23 211 003</b>
Tax on profit for the year	9	-
<hr/>		
<b>Net profit or loss for the year</b>		<b>-23 211 003</b>



## Balance sheet

<i>Amounts in SEK</i>	Note	<b>The Group</b> <b>06-30-2020</b>
<b>ASSETS</b>		
<b>Fixed assets</b>		
<b>Intangible fixed assets</b>		
Capitalized development expenditure	10	3 482 054
Concessions, patents, licenses, trade marks and similar rights	11	12 825 631
		<u>16 307 685</u>
<b>Tangible fixed assets</b>		
Equipment, tools, fixtures and fittings	12	1 651 743
		<u>1 651 743</u>
<b>Financial fixed assets</b>		
Ownership interest in other companies	14	50 798
Other long-term receivables		225 424
		<u>276 222</u>
<b>Total fixed assets</b>		<b>18 235 650</b>
<b>Current assets</b>		
<b>Inventories, etc.</b>		
Finished goods and merchandise	15	2 218 456
		<u>2 218 456</u>
<b>Current receivables</b>		
Accounts receivable		304 594
Other receivables		1 818 355
Prepayments and accrued income	16	226 303
		<u>2 349 252</u>
<b>Cash and bank balances</b>		<b>232 864</b>
<b>Total current assets</b>		<b>4 800 572</b>
<b>TOTAL ASSETS</b>		<b>23 036 222</b>

## Balance sheet

<i>Amounts in SEK</i>	Note	<b>The Group</b> <b>06-30-2020</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	17	
Share capital		40 027 888
Other equity		-3 891 175
Net profit or loss for the year		-23 211 003
<b>Total equity</b>		<b>12 925 710</b>
<b>Provisions</b>		
Other provisions	18	319 382
<b>Total provisions</b>		<b>319 382</b>
<b>Non-current liabilities</b>	19	
Liabilities to credit institutions		3 293 445
<b>Total non-current liabilities</b>		<b>3 293 445</b>
<b>Current liabilities</b>		
Liabilities to credit institutions		917 000
Accounts payable		2 526 119
Other liabilities		1 616 334
Accruals and deferred income	20	1 438 232
<b>Total current liabilities</b>		<b>6 497 685</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>23 036 222</b>

## Changes in equity

### The Group

<i>Amounts in SEK</i>	Share capital	Other contributed capital	Other equity incl. profit for the year	Total equity
<b>Opening balance on 2019-09-01</b>	<b>23 487 771</b>	<b>56 008 834</b>	<b>-84 517 466</b>	<b>-5 020 861</b>
Reverse acquisition value			8 929 068	8 929 068
New share issue	16 540 117	15 922 350		32 462 467
Translation differences for the year			-233 961	-233 961
Net profit or loss for the year			-23 211 003	-23 211 003
<b>Closing balance on 2020-06-30</b>	<b>40 027 888</b>	<b>71 931 184</b>	<b>-99 033 362</b>	<b>12 925 710</b>

## Cash flow statement

<i>Amounts in KSEK</i>	Note	The Group
		09-01-2019 06-30-2020
<b>Operating activities</b>		
Operating profit		-21 091
Adjustments for items not included in cash flow	22	3 623
Dividends from associated companies		-
Interest received		-
Interest paid		-2 120
Income tax paid		-
<b>Cash flow from operating activities before change in working capital</b>		<b>-19 588</b>
<b>Cash flow from change in working capital</b>		
Decrease(+)/Increase(-) in inventories		641
Decrease(+)/Increase(-) in operating receivables		1 831
Decrease(-)/Increase(+) in operating liabilities		-11 497
<b>Cash flow from operating activities</b>		<b>-28 613</b>
<b>Investing activities</b>		
Acquisition of intangible fixed assets		-2 645
Sale of intangible fixed assets		-
Acquisition of tangible fixed assets		-1 302
Change in long-term receivables		1 585
<b>Cash flow from investing activities</b>		<b>-2 362</b>
<b>Financing activities</b>		
Amortization of financial liabilities		-1 255
New share issue		32 462
<b>Cash flow from financing activities</b>		<b>31 207</b>
<b>Cash flow for the year</b>		<b>232</b>
Opening cash and cash equivalents		1
<b>Closing cash and cash equivalents</b>	23	<b>233</b>

## Income statement

<i>Amounts in SEK</i>	Note	Parent Company	
		05-01-2019 06-30-2020	05-01-2018 04-30-2019
<b>Operating income, etc</b>			
Net sales	3	1 112 955	1 072 818
Other operating income		65 629	1 020 827
<i>Total operating income</i>		<b>1 178 584</b>	<b>2 093 645</b>
<b>Operating costs</b>			
Raw materials and consumables		-1 151	52 306
Goods for resale		-1 236 855	-1 913 362
Other external charges	4,5	-9 722 156	-4 089 156
Personnel costs	6	-1 562 560	-717 176
Depreciation of fixed tangible and intangible assets		-2 282 713	-1 998 724
Other operating costs		-28 665	-65 350
<i>Total operating costs</i>		<b>-14 834 100</b>	<b>-8 731 462</b>
<b>Operating result</b>		<b>-13 655 516</b>	<b>-6 637 817</b>
<b>Result from financial investments</b>			
Other interest income and similar items	7	42 361	6 278
Interest costs and similar items	8	-694 942	-8 253
<i>Total financial items</i>		<b>-652 581</b>	<b>-1 975</b>
<b>Profit after financial items</b>		<b>-14 308 097</b>	<b>-6 639 792</b>
<b>Profit before tax</b>		<b>-14 308 097</b>	<b>-6 639 792</b>
Tax on profit for the year	9	-	-
<b>Net profit or loss for the year</b>		<b>-14 308 097</b>	<b>-6 639 792</b>

## Balance sheet

<i>Amounts in SEK</i>	Note	<b>Parent Company</b>	
		<b>06-30-2020</b>	<b>04-30-2019</b>
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>			
Capitalized development expenditure	10	673 771	1 171 188
Concessions, patents, licenses, trade marks and similar rights	11	8 120 309	9 892 761
		<b>8 794 080</b>	<b>11 063 949</b>
<b>Tangible fixed assets</b>			
Equipment, tools, fixtures and fittings	12	11 927	24 771
		<b>11 927</b>	<b>24 771</b>
<b>Financial fixed assets</b>			
Participations in Group companies	13	71 531 986	-
		<b>71 531 986</b>	<b>0</b>
<b>Total fixed assets</b>		<b>80 337 993</b>	<b>11 088 720</b>
<b>Current assets</b>			
<b>Inventories, etc.</b>			
Finished goods and merchandise	15	757 785	396 856
		<b>757 785</b>	<b>396 856</b>
<b>Current receivables</b>			
Accounts receivable		101 502	332 793
Receivables from Group companies		2 719 088	-
Other receivables		36 282	167 540
Prepayments and accrued income	16	262 618	15 777
		<b>3 119 490</b>	<b>516 110</b>
<b>Cash and bank balances</b>		<b>232 864</b>	<b>291 480</b>
<b>Total current assets</b>		<b>4 110 139</b>	<b>1 204 446</b>
<b>TOTAL ASSETS</b>		<b>84 448 132</b>	<b>12 293 166</b>

## Balance sheet

<i>Amounts in SEK</i>	Note	<b>Parent Company</b>	
		<b>06-30-2020</b>	<b>04-30-2019</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	17		
<b>Restricted equity</b>			
Share capital		40 027 888	3 267 864
Revaluation reserve		6 185 447	7 530 175
Fund for development costs		673 767	1 105 686
		<u>46 887 102</u>	<u>11 903 725</u>
<b>Non-restricted equity</b>			
Share premium reserve		71 931 184	22 031 242
Retained profit or loss		-21 801 282	-16 938 137
Net profit or loss for the year		-14 308 097	-6 639 792
		<u>35 821 805</u>	<u>-1 546 687</u>
<b>Total equity</b>		<b>82 708 907</b>	<b>10 357 038</b>
<b>Provisions</b>			
Other provisions	18	319 382	285 994
<b>Total provisions</b>		<u><b>319 382</b></u>	<u><b>285 994</b></u>
<b>Current liabilities</b>			
Advances from customers		-	250 000
Accounts payable		312 838	561 551
Liabilities to associated companies and joint ventures		-	27 207
Other liabilities		200 235	245 921
Accruals and deferred income	20	906 770	565 455
<b>Total current liabilities</b>		<u><b>1 419 843</b></u>	<u><b>1 650 134</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>84 448 132</b>	<b>12 293 166</b>

## Changes in equity

Parent Company	Share capital	Revaluation reserve	Fund for development costs	Share premium reserve	Retained profit incl. net profit for the year	Total equity
<i>Amounts in SEK</i>						
<b>Opening balance on 2019-05-01</b>	<b>3 267 864</b>	<b>7 530 176</b>	<b>1 105 687</b>	<b>22 031 242</b>	<b>-23 577 931</b>	<b>10 357 038</b>
New share issue	36 760 024			49 899 942		<b>86 659 966</b>
This year's dissolution of fund for development costs			-431 920		431 920	<b>0</b>
This year's dissolution of revaluation reserve		-1 344 729			1 344 729	<b>0</b>
Net profit or loss for the year					-14 308 097	<b>-14 308 097</b>
<b>Closing balance on 2020-06-30</b>	<b>40 027 888</b>	<b>6 185 447</b>	<b>673 767</b>	<b>71 931 184</b>	<b>-36 109 379</b>	<b>82 708 907</b>



## Cash flow statement

<i>Amounts in kSEK</i>	Note	Parent Company	
		05-01-2019 06-30-2020	05-01-2018 04-30-2019
<b>Operating activities</b>			
Operating profit		-14 309	-6 640
Depreciation/amortization	22	2 283	1 999
Other non-cash items		36	32
<b>Cash flow from operating activities before change in working capital</b>		<b>-11 990</b>	<b>-4 609</b>
<b>Cash flow from change in working capital</b>			
Decrease(+)/Increase(-) in inventories		-361	375
Decrease(+)/Increase(-) in operating receivables		-2 604	443
Decrease(-)/Increase(+) in operating liabilities		-231	557
<b>Cash flow from operating activities</b>		<b>-15 186</b>	<b>-3 234</b>
<b>Investing activities</b>			
Acquisitions of subsidiaries		-17 334	-
Sale of shares in associated companies		-	20
<b>Cash flow from investing activities</b>		<b>-17 334</b>	<b>20</b>
<b>Financing activities</b>			
New share issue		32 462	3 282
<b>Cash flow from financing activities</b>		<b>32 462</b>	<b>3 282</b>
<b>Cash flow for the year</b>		<b>-58</b>	<b>68</b>
Opening cash and cash equivalents		291	223
<b>Closing cash and cash equivalents</b>	23	<b>233</b>	<b>291</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 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
Equipment, tools, fixtures and fittings	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 21.4 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 provide the basis for the 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.

Revaluation of patents is made on the basis of the Board of Directors's conservative estimate of future benefits for the Company.

The benefit of the patents is considered to last over at least 10 years and to be decisive for the future development and profitability of the Company. As regards warranty commitments, the Board of Directors's assessment is that the cost related to process such commitments should not exceed 3 percent of the sales of products with warranty.

## 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 2019-09-01 - 2020-06-30	The Parent Company 2019-05-01 -      2018-05-01 - 2020-06-30      2019-04-30	
<b>Operational leases, incl. rent for premises</b>			
Lease fees, cost for the year	483 776	215 000	129 843
<i>Remaining lease fees are due according to below:</i>			
Within a year	79 500	79 500	21 000
Later than one year but within five years	0	0	0
<b>Total</b>	<b>79 500</b>	<b>79 500</b>	<b>21 000</b>

The most significant leases relate to Embassy for Entrepreneurs AB and Suomen Viljava Oy.

### Note 5 Auditor's fees

	The Group 2019-09-01 - 2020-06-30	The Parent Company 2019-05-01 -      2018-05-01 - 2020-06-30      2019-04-30	
<b>Fees and payment of expenses</b>			
Audit fees	391 338	346 500	202 500
Tax consultancy services	67 520	10 000	-
Other services	-	-	-
<b>Total</b>	<b>458 858</b>	<b>356 500</b>	<b>202 500</b>

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

	2019-09-01 - 2020-06-30		2018-05-01 - 2019-04-30	
<b>Average number of employees</b>	Employees	Of whom men	Employees	Of whom men
<b>Parent Company</b>				
Sweden	1	1	1	1
<b>Subsidiaries</b>				
Finland	10	9	-	-
Total in subsidiaries	10	9	0	0
<b>Group, total</b>	<b>11</b>	<b>10</b>	<b>1</b>	<b>1</b>

<b>The executive management</b>	<b>The Group</b>	<b>The Parent Company</b>	
	<b>2020-06-30</b>	<b>2020-06-30</b>	<b>2019-04-30</b>
Percentage of women:			
Board of Directors	25%	25%	0%
CEO and other executive management	0%	0%	0%

<b>Personnel costs</b>	<b>The Group</b>	<b>The Parent Company</b>	
	<b>2020-06-30</b>	<b>2020-06-30</b>	<b>2019-04-30</b>
Board of Directors and CEO	986 842	234 426	517 537
Other employees	3 690 108	1 181 106	-
<b>Total</b>	<b>4 676 950</b>	<b>1 415 532</b>	<b>517 537</b>
Social security contributions	663 432	172 153	92 891
(of which pension costs)	-459 058	(-)	(-)

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

	<b>The Group</b>	<b>The Parent Company</b>	
	<b>2019-09-01 - 2020-06-30</b>	<b>2019-05-01 - 2020-06-30</b>	<b>2018-05-01 - 2019-04-30</b>
Interest income, Group companies	-	42	-
Interest income, other	-	-	-
<b>Total</b>	<b>0</b>	<b>42</b>	<b>0</b>

#### Note 8 Interest costs and similar items

	<b>The Group</b>	<b>The Parent Company</b>	
	<b>2019-09-01 - 2020-06-30</b>	<b>2019-05-01 - 2020-06-30</b>	<b>2018-05-01 - 2019-04-30</b>
Interest costs, Group companies	0	0	0
Interest costs, other	2 120 042	694 942	8 253
<b>Total</b>	<b>2 120 042</b>	<b>694 942</b>	<b>8 253</b>

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

	<b>The Group</b>	<b>The Parent Company</b>	
	<b>The Group</b>	<b>2019-05-01 - 2020-06-30</b>	<b>2018-05-01 - 2019-04-30</b>
Current tax	0	0	0
Deferred tax liabilities	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### Theoretical tax

Reported profit before tax	-23 211 003	-14 308 097	-6 639 792
Tax according to the applicable tax rate, 21.4% (22%)	4 967 155	3 061 933	1 460 754

#### Reconciliation of recognized tax

Effect of non-deductible costs	-367 288	-367 288	-403 875
Effect of unvalued loss carryforwards	-4 599 867	-2 694 645	-1 056 879
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### Note 10 Capitalized development expenditure

	The Group	The Parent Company	
	06-30-2020	06-30-2020	04-30-2019
Cost, opening balance	13 642 678	2 392 477	2 392 477
Purchases	1 672 495	-	-
<b>Accumulated cost, closing balance</b>	<b>15 315 173</b>	<b>2 392 477</b>	<b>2 392 477</b>
Amortization, opening balance	-10 694 535	-1 221 288	-752 818
Amortization for the year	-1 138 584	-497 417	-468 470
Sales and scrappings		-	-
<b>Accumulated amortization, closing balance</b>	<b>-11 833 119</b>	<b>-1 718 705</b>	<b>-1 221 288</b>
<b>Reported value</b>	<b>3 482 054</b>	<b>673 772</b>	<b>1 171 189</b>

#### Note 11 Concessions, patents, licenses, trade marks and similar rights

	The Group	The Parent Company	
	06-30-2020	06-30-2020	04-30-2019
Cost, opening balance	6 782 029	431 796	431 796
Purchases	556 333	-	-
<b>Accumulated cost, closing balance</b>	<b>7 338 362</b>	<b>431 796</b>	<b>431 796</b>
Amortization, opening balance	-1 835 960	-193 115	-140 313
Amortization for the year	-620 001	-61 602	-52 802
<b>Accumulated amortization, closing balance</b>	<b>-2 455 961</b>	<b>-254 717</b>	<b>-193 115</b>
Revaluation of patents, opening balance	14 664 426	14 664 426	14 664 426
Amortization of revalued amounts, patents, opening balance	-5 499 161	-5 499 161	-3 543 903
Amortization for the year of revalued amounts, patents	-1 222 035	-1 222 035	-1 466 443
<b>Accumulated impairment, closing balance</b>	<b>7 943 230</b>	<b>7 943 230</b>	<b>9 654 080</b>
<b>Reported value</b>	<b>12 825 631</b>	<b>8 120 309</b>	<b>9 892 761</b>

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

	The Group	The Parent Company	
	06-30-2020	06-30-2020	04-30-2019
Cost, opening balance	376 511	55 046	55 046
Purchases	1 850 978	-	-
<b>Accumulated cost, closing balance</b>	<b>2 227 489</b>	<b>55 046</b>	<b>55 046</b>
Depreciation, opening balance	-33 944	-30 275	-19 266
Depreciation for the year	-541 802	-12 844	-11 009
<b>Accumulated depreciation, closing balance</b>	<b>-575 746</b>	<b>-43 119</b>	<b>-30 275</b>
<b>Reported value</b>	<b>1 651 743</b>	<b>11 927</b>	<b>24 771</b>

### Note 13 Participations in Group companies

Parent Company					Reported value	
Company	Corporate reg. no.	Registered office	umber of shares	Share of capital	06-30-2020	04-30-2019
OY MTG-Meltron Ltd	FI - 08475035	Helsinki	73 991	100%	71 531 986	0
					<b>71 531 986</b>	<b>0</b>
					Parent Company	
					06-30-2020	04-30-2019
Cost, opening balance					-	-
Purchases					54 197 500	-
Shareholder contribution					17 334 486	-
Disposal for the year					-	-
<b>Reported value</b>					<b>71 531 986</b>	<b>0</b>

### Note 14 Other long-term receivables

	The Group	The Parent Company	
	06-30-2020	06-30-2020	04-30-2019
Cost, opening balance	276 222	-	-
Lending	-	-	-
Amortization	-	-	-
<b>Reported value</b>	<b>276 222</b>	<b>0</b>	<b>0</b>

### Note 15 Inventories

	The Group	The Parent Company	
	06-30-2020	06-30-2020	04-30-2019
Finished goods and merchandise	2 218 456	757 785	396 856
<b>Reported value</b>	<b>2 218 456</b>	<b>757 785</b>	<b>396 856</b>

### Note 16 Prepayments and accrued income

	The Group	The Parent Company	
	06-30-2020	06-30-2020	04-30-2019
Prepaid insurance	44 715	38 669	7 917
Prepaid rent	26 500	26 500	7 000
Other prepayments	155 088	155 088	861
Accrued interest income	-	42 361	-
<b>Reported value</b>	<b>226 303</b>	<b>262 618</b>	<b>15 778</b>

### Note 17 Equity

	Parent Company	
	06-30-2020	04-30-2019
<b>Number of shares and quota value</b>		
Number of shares at the end of the period	160 111 553	13 071 455
Average number of shares	83 993 399	11 151 869
Quota value per share at the balance sheet date	0,25	0,25
Share price at the balance sheet date	0,35	0,35
<b>Revaluation reserve</b>		
Opening balance	7 530 176	8 674 000
Provisioning during the year	-	-
Amount withdrawn during the year	-1 344 728	-1 143 824
<b>Closing balance</b>	<b>6 185 448</b>	<b>7 530 176</b>

<b>Fund for development costs</b>	<b>Parent Company</b>	
	<b>06-30-2020</b>	<b>04-30-2019</b>
Opening balance	1 105 687	1 475 902
Provisioning during the year	-	-
Amount withdrawn during the year	-431 919	-370 215
<b>Closing balance</b>	<b>673 768</b>	<b>1 105 687</b>

#### Note 18 Other provisions

	<b>The Group</b>	<b>The Parent Company</b>	
	<b>06-30-2020</b>	<b>06-30-2020</b>	<b>04-30-2019</b>
Opening reported value	285 994	285 994	253 809
Provisions for the year	33 388	33 388	32 185
<b>Reported value</b>	<b>319 382</b>	<b>319 382</b>	<b>285 994</b>

Other provisions comprise warranty provisions of 3 percent of the sales for the year. Warranty provisions remain for 5 years.

#### Note 19 Non-current liabilities

	<b>The Group</b>	<b>The Parent Company</b>	
	<b>06-30-2020</b>	<b>06-30-2020</b>	<b>04-30-2019</b>
Liabilities to credit institutions	4 448 613	-	-
Deposits	-	-	-
Amortization	-1 155 166	-	-
<b>Total</b>	<b>3 293 447</b>	<b>0</b>	<b>0</b>

#### Note 20 Accruals and deferred income

	<b>The Group</b>	<b>The Parent Company</b>	
	<b>06-30-2020</b>	<b>06-30-2020</b>	<b>04-30-2019</b>
Personnel-related costs	616 280	175 940	223 728
Accrued interest costs	26 632	-	-
Other accrued expenses	763 880	730 830	341 727
Deferred income	31 440	-	-
<b>Reported value</b>	<b>1 438 232</b>	<b>906 770</b>	<b>565 455</b>

#### Note 21 Pledged assets

	<b>The Group</b>	<b>The Parent Company</b>	
	<b>06-30-2020</b>	<b>06-30-2020</b>	<b>04-30-2019</b>
<i>Assets pledged for liabilities to credit institutions</i>			
Business mortgages	2 096 000	none	none
<b>Total</b>	<b>2 096 000</b>	<b>0</b>	<b>0</b>

#### Note 22 Non-cash items

SEK thousands	<b>The Group</b>	<b>The Parent Company</b>	
	<b>06-30-2020</b>	<b>06-30-2020</b>	<b>04-30-2019</b>
Depreciation/amortization	3 522	2 283	1 999
Other non-cash items	101	36	32
<b>Total</b>	<b>3 623</b>	<b>2 319</b>	<b>2 031</b>

#### Note 23 Cash and cash equivalents

	<b>The Group</b>	<b>The Parent Company</b>	
	<b>06-30-2020</b>	<b>06-30-2020</b>	<b>04-30-2019</b>
Cash balances	-	-	-
Bank balances	232 864	232 864	291 480
<b>Total cash and cash equivalents</b>	<b>232 864</b>	<b>232 864</b>	<b>291 480</b>



## OTHER DISCLOSURES

### Note 24 Significant events after the end of the period

At the end of the financial year, the Board of Directors resolved, as mandated by the Annual General Meeting and in line with the provisions in the Articles of Association, to carry out a rights issue of MSEK 25 to ensure going concern. G&W Fondkommission was tasked to manage the rights issue and syndicate a guarantee of approximately 80 percent in combination with subscription undertakings amounting to about MSEK 1.7 that were provided by the main owners, the Board of Directors and the executive management.

There has been significant interest in the Company, and the issue could be fully guaranteed (through a bottom and a top guarantee). This was announced on 2020-08-24 in conjunction with the presentation of the terms of the issue. The going concern of the Company is thus ensured for at least 12 months.

The future development of the corona pandemic and the restart of the economic activity remains an uncertainty with regard to how the marketing operations will develop in the near future.

### 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 35,821,805 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	50 129 902
Net profit for the year	-14 308 097
	<hr/>
	<b>35 821 805</b>

The Board of Directors proposes the following distribution:

Dividend to shareholders	
Surplus carried forward to new account	35 821 805
	<hr/>
	<b>35 821 805</b>

Stockholm, Wednesday, September 2, 2020

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

\_\_\_\_\_  
Ville Sistonen  
Chief Executive Officer

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

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

\_\_\_\_\_  
Pekka Pättiniemi  
Director

Our auditor's report was submitted on September 2, 2020

Roy Eide  
Chartered Accountant