



Annual review 2023



Lappset – Movement for every heartbeat.

We are Lappset Group Oy, one of the world's leading manufacturers of playground and sports equipment as well as themed attractions.

We create responsible, interactive, and high-quality products and services for our customers that reflect our shared mission: to strengthen and improve the heartbeat and well-being of a billion people.

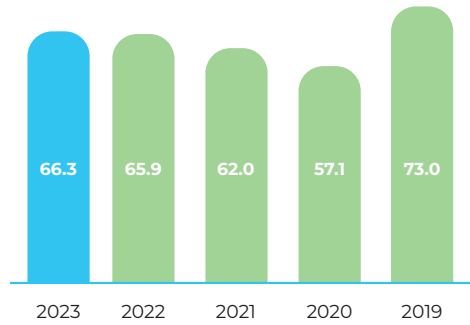
We bring the benefits of exercise to everyone, regardless of age or ability, because we believe that the joy of exercise belongs to all.

 **LAPPSET**

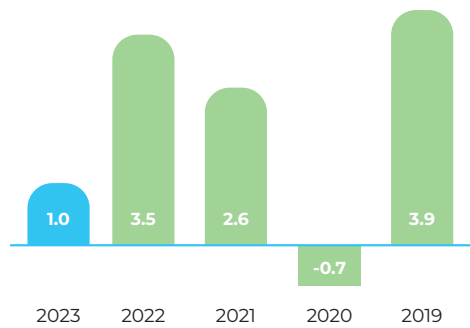
Annual review 2023

1 Jan – 31 Dec 2023

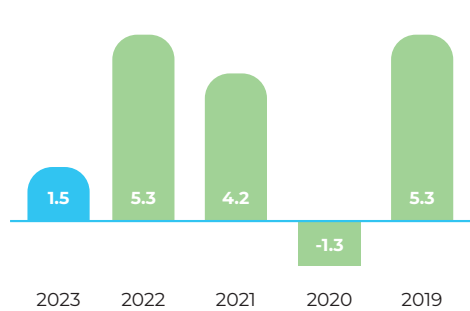
Turnover (EURm)



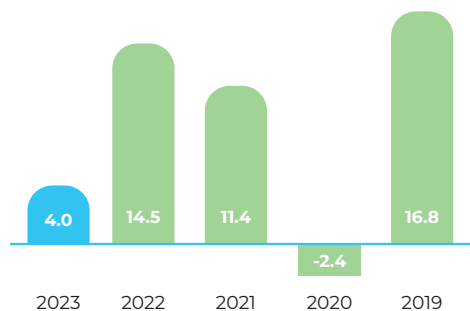
Operating profit (EBITA) (EURm) *



Operating profit, % of turnover *



Return on investment, %



Weak development in 2023

Economic challenges continued in 2023. Inflationary pressures eased towards the end of the year, but interest rates remained high, delaying economic recovery. This was clearly reflected in different markets and customer segments, causing significant differences between individual countries.

Turnover was unchanged but profitability declined

The Group's turnover grew by 0.7% from the previous year as the Finnish operations, subsidiaries, and retailers increased their turnover by about 1.5-1.6%. The turnover of theme park business decreased by 10.6%, however. Strategic investments made in processes and systems aimed at improving operational efficiency were not yet able to compensate for the decrease in sales margin, which led to a decrease in operating profit.

Organisation and personnel

During the year, further efforts were made to promote well-being at work and to support the documentation of processes. The aim is to facilitate and enhance cooperation between international teams through consistent practices, improved communication, and more efficient resource management.

Group personnel on 31 Dec	2023	2022	2021	2020	2019
Finland, white-collar employees	154	150	144	148	152
Finland, blue-collar employees	96	88	95	116	110
Other countries, white-collar employees	111	97	94	91	89
Other countries, blue-collar employees	21	47	50	45	74
Total	382	382	383	400	432

Administration

In 2023, the company's Board of Directors was chaired by Johanna Ikäheimo, and its members were Katja Ikäheimo-Länkinen, Heikki Martela, and Kimmo Lautanen. During the financial year, the company started looking for a new Managing Director, with CEO Tero Ylinenpää due to leave his position at the end of 2023. KPMG Oy Ab acted as the auditor of the company.

Investments

During the financial year, several ICT systems supporting operations were completed, the most significant of which were the renewed website, online ordering, and extranet platforms, as well as the Group's HR management support system.

Company shares

The company's share capital is as follows: 2023 410,402 shares (2022 410,402 shares). All shares carry the same right to dividends and company assets.

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

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

The parent company's distributable funds are EUR 15,159,521.78, of which the profit for the financial year is EUR 18,996.86. The Board of Directors proposes to the General Meeting that the profit for the period be distributed as follows: a dividend of EUR 1.00 per share, totalling EUR 199,243.00, with the rest deposited in the retained earnings account.

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

Notable changes since the end of the financial year

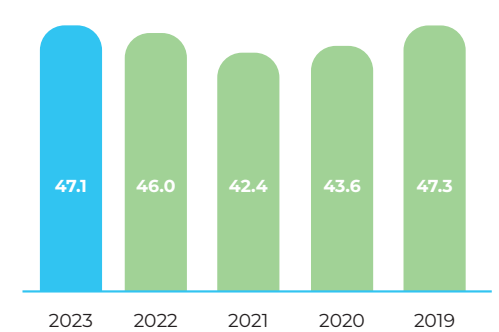
The company's new Managing Director, Arto Lahtela, took up his duties on 29 January.

Short-term uncertainties and future prospects

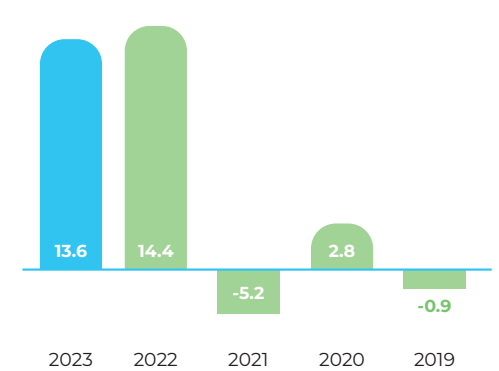
Economic development during the early part of the year is characterised by a tightening labour market and possible strikes, especially in Finland. In the coming year, however, the economy is expected to turn for the better towards the end of the year as inflation slows down and upward pressures on interest rates ease. Global factors, such as elections and the threat of conflicts, continue to induce uncertainty into the development of the economic situation.

Lappset Group Oy's Board of Directors Rovaniemi, 22 February 2024

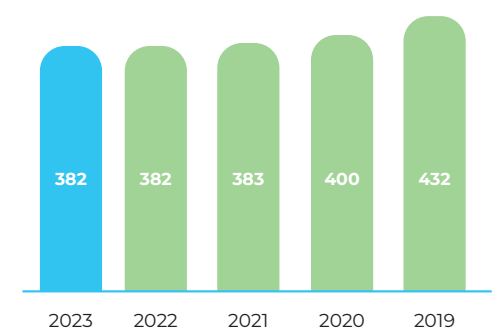
Equity ratio, %



Net gearing, %



Number of employees





Group

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

Group – Income statement

	01.01. - 31.12.2023	01.01. - 31.12.2022
TURNOVER	66 329 575	65 899 133
Increase (+) / decrease (-) in stock of finished goods	-2 115 674	4 032 932
Production for own use	58 662	51 970
Other operating income	213 416	260 963
Materials and services		
Materials and supplies		
Purchases during the financial year	-13 326 404	-20 297 660
Increase (+) / decrease (-) in stocks	-1 358 985	1 268 312
External services	-8 706 149	-7 589 084
Total materials and services	-23 391 539	-26 618 432
Personnel costs	-22 214 376	-22 202 137
Depreciation and amortisation		
Planned depreciation	-1 477 898	-1 285 835
Amortisation on non-current assets		
Amortisation of consolidated goodwill	-212 401	-243 920
Total depreciation and amortisation	-1 690 299	-1 529 755
Other operating costs	-16 217 198	-16 427 657
OPERATING PROFIT	972 567	3 467 018
Financial income and expenses		
Income from other investments in fixed assets		
From others	140 283	99 988
Other interest and financial income		
From Group companies	-	-
From others	118 512	74 956
Amortisation on investments in fixed assets	-2 500	-
Interest and other financial expenses		
To Group companies	-	-
To others	-540 145	-274 660
Exchange rate differences	-94 121	-45 998
Total financial income and expenses	-377 971	-145 715
PROFIT BEFORE EXTRAORDINARY ITEMS	594 596	3 321 304
Extraordinary income	13 240	-
Extraordinary items	13 240	-
PROFIT BEFORE APPROPRIATIONS AND TAXES	607 836	3 321 304
Income taxes		
Taxes for the financial year	-281 994	-635 489
Taxes for previous years	5 624	163 506
Deferred taxes	49 622	-72 317
Other direct Taxes	-2 545	-
Total income taxes	-229 293	-544 300
PROFIT FOR THE FINANCIAL YEAR	378 543	2 777 004

Group – Balance Sheet, Assets

	31.12.2023	31.12.2022
NON-CURRENT ASSETS		
Intangible assets		
Development costs	213 569	305 678
Intellectual property rights	638 905	24 691
Consolidated goodwill	707 057	919 458
Other long-term expenses	2 885 633	1 435 959
Advance payments	107 289	1 952 354
Total intangible assets	4 552 453	4 638 139
Tangible assets		
Land and water areas	529 879	528 974
Buildings and structures	2 935 097	3 171 605
Machinery and equipment	1 818 092	1 151 156
Other tangible assets	163 410	175 078
Advance payments and acquisitions in progress	809 976	109 628
Total tangible assets	6 256 454	5 136 441
Investments		
Participations in associated companies	-	-
Other shares and participations	804 198	857 402
Total investments	804 198	857 402
TOTAL NON-CURRENT ASSETS	11 613 106	10 631 982
CURRENT ASSETS		
Stock		
Materials and supplies	1 538 165	2 717 296
Unfinished products	357 472	1 748 000
Finished products	6 841 076	8 603 326
Total stock	8 736 713	13 068 622
Long-term receivables		
Accounts receivable	52 228	35 541
Loan receivables	533 618	552 066
Deferred tax receivables	32 538	27 427
Other receivables	417 201	427 745
Total long-term receivables	1 035 584	1 042 778
Short-term receivables		
Accounts receivable	6 229 831	9 589 397
Deferred tax receivables	304 279	264 674
Loan receivables	42 725	62 268
Other receivables	1 098 474	1 054 934
Prepayments and accrued income	2 036 911	1 701 452
Total short-term receivables	9 712 220	12 672 725
Cash and cash equivalents	7 285 695	6 376 741
TOTAL CURRENT ASSETS	26 770 212	33 160 866
TOTAL ASSETS	38 383 318	43 792 847

Group – Balance Sheet, Liabilities

	31.12.2023	31.12.2022
SHAREHOLDERS' EQUITY		
Share capital	814 804	814 804
Invested non-restricted equity reserve	356 546	356 546
Retained earnings (loss)	14 791 607	12 881 273
Profit for the financial year	378 543	2 777 003
TOTAL SHAREHOLDERS' EQUITY	16 341 500	16 829 626
LIABILITIES		
Long-term liabilities		
Loans from credit institutions	150 000	1 950 000
Deferred tax liabilities	16 257	10 781
Other liabilities	65 065	97 294
Total long-term liabilities	231 322	2 058 075
Short-term liabilities		
Loans from credit institutions	9 350 000	6 850 000
Advance payments received	3 693 384	7 225 082
Accounts payable	3 453 560	3 547 452
Other liabilities	900 447	1 709 068
Accruals and deferred income	4 411 977	5 572 238
Deferred tax liabilities	1 128	1 306
Total short-term liabilities	21 810 496	24 905 146
TOTAL LIABILITIES	22 041 818	26 963 221
TOTAL LIABILITIES	38 383 318	43 792 847

Group – Cash Flow Statement

	01.01. - 31.12.2023	01.01. - 31.12.2022
Cash flow from operating activities		
Operating profit	972 567	3 467 018
Adjustments to operating profit	1 647 628	1 456 347
Change in working capital	2 343 753	-5 444 994
Change in stock	4 333 309	-4 456 207
Change in short-term receivables	3 598 175	-1 985 465
Change in short-term liabilities	-5 587 731	996 678
Interest income	118 512	74 956
Interest payments	-531 791	-267 224
Dividends received	140 283	308
Other financial items	-94 121	-45 998
Taxes	-973 345	-462 103
Cash flow from operating activities	3 623 485	-1 221 691
Cash flow from investments		
Investments in tangible and intangible assets	-2 668 345	-1 214 027
Proceeds from the disposal of tangible and intangible assets	42 671	77 808
Investments in other investments		
Repayments of loan receivables	18 448	
Proceeds from sale of other investments		
Long-term loans extended		
Repayments of long-term loan receivables		46 197
Subsidiaries sold		
Subsidiaries acquired		
Subsidiaries sold		
Associated companies acquired		
Associated companies sold		
Interest received on investments		
Dividends received on investments		99 988
Cash flow from investments	-2 607 226	-990 034
Cash flow from financing activities		
Rights issue		
Purchases of own shares		
Sales of own shares		
Purchases of own shares		
Short-term loan withdrawals	5 500 000	4 000 000
Short-term loan repayments	-4 000 000	-2 500 000
Long-term loan withdrawals		
Long-term loan repayments	-801 338	-700 291
Dividends paid	-796 972	-1 195 458
Group contributions received and paid		
Cash flow from financing activities	-98 310	-395 749
Translation differences	-8 995	132 439
Change in cash and cash equivalents	908 954	-2 475 035
Cash and cash equivalents at the start of the year on 1 Jan	6 376 741	8 851 776
Cash and cash equivalents at the end of the year 31 Dec	7 285 695	6 376 741



Parent company

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

Parent company – Income Statement

	01.01. - 31.12.2023	01.01. - 31.12.2021
TURNOVER	46 541 563	46 080 259
Increase (+) / decrease (-) in stock of finished goods	-1 194 491	2 910 062
Production for own use	58 662	51 006
Other operating income	98 630	176 212
Materials and services		
Materials and supplies		
Purchases during the financial year	-14 019 687	-17 325 928
Increase (+) / decrease (-) in stocks	-772 728	878 756
External services	-4 743 627	-4 561 217
Total materials and services	-19 536 042	-21 008 389
Personnel costs	-13 891 555	-14 179 690
Depreciation and amortisation		
Planned depreciation	-926 602	-725 788
Total depreciation and amortisation	-926 602	-725 788
Other operating costs	-11 007 536	-10 965 943
OPERATING PROFIT	142 629	2 337 728
Financial income and expenses		
Income from participations in Group undertakings	300 000	1 897 570
Income from other investments in fixed assets		
From others	140 283	99 988
Other interest and financial income		
From Group companies	95 566	48 963
From others	97 719	65 429
Interest and other financial expenses		
To others	-508 745	-232 195
Exchange rate differences	-93 523	-9 913
Amortisation on financial securities of current assets	-171 479	-
Total financial income and expenses	-140 179	1 869 841
PROFIT BEFORE APPROPRIATIONS AND TAXES	2 450	4 207 569
Appropriations		
Increase (-) / decrease (+) in depreciation difference	4 009	-1 366
Total appropriations	4 009	-1 366
Income taxes		
Taxes for the financial year	12 538	-287 951
Total income taxes	12 538	-287 951
PROFIT FOR THE FINANCIAL YEAR	18 997	3 918 252

Parent company – Balance Sheet, Assets

	31.12.2023	31.12.2022
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Development costs	121 698	152 122
Intellectual property rights	624 936	7 308
Other long-term expenses	2 178 007	725 497
Advance payments	107 289	1 952 354
Total intangible assets	3 031 930	2 837 281
Tangible assets		
Land and water areas	139 728	139 728
Buildings and structures	2 520 150	2 687 847
Machinery and equipment	621 813	672 188
Other tangible assets	35 865	35 865
Advance payments and acquisitions in progress	809 976	109 628
Total tangible assets	4 127 532	3 645 257
Investments		
Participations in Group undertakings	6 409 113	6 580 593
Receivables from Group undertakings	230 000	230 000
Other shares and participations	801 698	854 902
Total investments	7 440 812	7 665 495
TOTAL NON-CURRENT ASSETS	14 600 274	14 148 032
CURRENT ASSETS		
Stock		
Materials and supplies	836 375	1 452 244
Unfinished products	333 460	1 616 419
Finished products	5 633 755	6 932 071
Total stock	6 803 590	10 000 734
Long-term receivables		
Receivables from Group undertakings	2 576 889	2 034 624
Loan receivables	533 618	552 066
Other receivables	398 819	409 363
Total long-term receivables	3 509 326	2 996 053
Short-term receivables		
Accounts receivable	2 652 272	3 940 172
Receivables from Group undertakings	1 540 868	2 456 661
Loan receivables	39 057	58 563
Other receivables	784 533	597 851
Prepayments and accrued income	761 938	854 046
Total short-term receivables	5 778 668	7 907 292
Cash and cash equivalents	2 819 587	2 254 699
TOTAL CURRENT ASSETS	18 911 171	23 158 779
TOTAL ASSETS	33 511 446	37 306 811

Parent company – Balance Sheet, Liabilities

	31.12.2023	31.12.2022
SHAREHOLDERS' EQUITY		
Share capital	814 804	814 804
Invested non-restricted equity reserve	356 546	356 546
Retained earnings (loss)	14 905 677	11 784 397
Profit for the financial year	18 997	3 918 252
TOTAL SHAREHOLDERS' EQUITY	16 096 023	16 873 999
ACCRUED APPROPRIATIONS		
Depreciation difference	10 602	14 611
TOTAL ACCRUED APPROPRIATIONS	10 602	14 611
LIABILITIES		
Long-term liabilities		
Loans from credit institutions	150 000	1 950 000
Total long-term liabilities	150 000	1 950 000
Short-term liabilities		
Loans from credit institutions	9 350 000	6 850 000
Advance payments received	1 349 610	3 425 867
Accounts payable	2 253 028	2 453 580
Amounts owed to Group undertakings	1 251 628	891 249
Other liabilities	349 650	821 094
Accruals and deferred income	2 700 905	4 026 411
Total short-term liabilities	17 254 820	18 468 201
TOTAL LIABILITIES	17 404 820	20 418 201
TOTAL LIABILITIES	33 511 446	37 306 811

Parent company – Cash Flow Statement

	01.01. - 31.12.2023	01.01. - 31.12.2022
OPERATING PROFIT	142 629	2 337 728
Adjustments to operating profit	898 206	680 106
Change in working capital	2 182 930	-5 966 180
Increase (-) / decrease (+) in stock	3 197 144	-3 729 611
Increase (-) / decrease (+) in short-term non-interest bearing receivables	2 615 818	-1 536 276
Increase (+) / decrease (-) in short-term non-interest bearing liabilities	-3 630 033	-700 294
Interest received on business operations (+)	97 719	65 429
Interest paid and payments for other financial expenses (-)	-500 392	-222 234
Dividends received	300 000	1 897 570
Other financial items	-93 523	-9 913
Direct taxes paid	-555 814	-187 685
Cash flow from operating activities	2 471 754	-1 405 180
Cash flow from investments		
Investments in tangible and intangible assets	-1 550 322	-931 038
Proceeds from the disposal of tangible and intangible assets	28 396	45 682
Capital losses on disposal of tangible and intangible assets		
Loans extended	-542 265	-1 093
Repayments of loan receivables	18 448	16 491
Proceeds from sale of other investments		
Subsidiaries acquired		
Subsidiaries sold		
Associated companies acquired		
Associated companies sold		
Interest received on investments	95 566	48 963
Dividends received on investments	140 283	99 988
Cash flow from investments	-1 809 894	-721 007
Cash flow from financing activities		
Rights issue		
Purchases of own shares		
Sales of own shares		
Short-term loan withdrawals	5 500 000	4 000 000
Short-term loan repayments	-4 000 000	-2 500 000
Long-term loan withdrawals		
Long-term loan repayments	-800 000	-750 000
Dividends paid	-796 972	-1 195 458
Group contributions received and paid		
Cash flow from financing activities	-96 972	-445 458
Change in cash and cash equivalents	564 888	-2 571 645
Cash and cash equivalents at the start of the year on 1 Jan	2 254 699	4 826 344
Cash and cash equivalents transferred in the merger		
Cash and cash equivalents at the end of the year 31 Dec	2 819 587	2 254 699

Notes of the financial statements

Valuation and periodisation principles and methods

Valuation of non-current assets

Intangible and tangible assets have been entered in the balance sheet at their acquisition cost less planned depreciation. The acquisition cost comprises the variable costs attributable to the purchase and production of an asset. Depreciation according to plan is calculated as straight-line depreciation based on the expected useful life of intangible and tangible assets. Depreciation is calculated from the beginning of the month during which the asset was placed in service.

Principles used for depreciation according to plan and any changes thereto

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

The acquisition costs for non-current assets with an expected economic life of less than three years as well as minor purchases (less than EUR 850) are recognised in full as expenses in the financial year in which they are incurred.

Valuation of stocks

Stocks are recognised in the balance sheet at acquisition cost, replacement cost or probable realisable value, whichever is the lowest. Acquisition cost is determined according to the moving average method, which is related to the FIFO principle. The acquisition cost of finished and unfinished products only comprises variable costs.

Valuation of financial instruments

The company uses derivative instruments such as foreign currency forward contracts and interest rate swaps. The foreign currency forward contract is used to hedge against changes in the estimated foreign currency cash flows. The interest rate swap is employed to switch a floating interest rate to a fixed one. The validity period for the interest rate and currency swaps is set at five years. Financial instruments have not been valued at current value.

Product development and long-term costs

As a rule, R&D costs are entered as annual costs for the financial year in which they are incurred. Product development costs that have generated revenue for three years or longer have been capitalised in the balance sheet as development costs and amortised over a period of five years.

Deferred taxes

Deferred tax liabilities have been calculated on the temporary differences between taxation and closing dates using the tax rate for future years officially in force on the closing date. The balance sheet includes all of the deferred tax liabilities and an estimated likely amount of deferred tax assets.

Foreign currency items

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

Stage-of-completion revenue recognition

Stage-of-completion revenue recognition is applied to major delivery and design projects. Contracts with a value of over EUR 1 million that are not completed within a specific fiscal quarter are subject to state-of-completion revenue recognition. A project's stage of completion is determined using method A provided by the Accounting Board (2008). According to this method, the stage of completion is calculated by proportioning the project's actual expenditure to forecasted total expenditure.

Accounting principles for the consolidated financial statements

Scope of the consolidated financial statements

The consolidated financial statements comprise all Group companies.

Intra-Group shareholdings

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

Intra-Group transactions and margins

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

Minority interests

Minority interests are recognised separately from the consolidated shareholders' equity and financial result.

Translation differences

The profit and loss accounts and balance sheets of foreign subsidiaries have been translated into Finnish currency (EUR) at the rate in effect on the data of the financial statements. Translation differences, together with the differences concerning the shareholders' equity of foreign subsidiaries, are presented under 'Retained earnings'.





Movement for every heartbeat

LAPPSET GROUP OY

PL 8146, Hallitie 17
96101 Rovaniemi, Finland

sales@lappset.com
lappset.com



[@lappsetgroup](#) [#lappset](#)