

SAKO LTD

FINANCIAL STATEMENTS 2021

Sako Ltd

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FINANCIAL STATEMENTS 2021

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REPORT of the BOARD of DIRECTORS 2021

The 100 % owner of Sako Oy has been Beretta Holding SA from Luxembourg.

The share capital of the company is divided as follows:

	2021	2020
Shares (one vote per share)	80 000 shares	80 000 shares

All shares have the same right for dividends and assets of the company.

Sako group consists of the parent company Sako Oy and its wholly owned subsidiary Stoeger Canada 1990 Ltd.

Sako Oy has a branch office in Sweden, Sako Oy Filial (org. nr. 516403-2632) and a branch office in Denmark, Sako Denmark Filial (CVR-number 41017767).

Beretta Holding will consolidate financial reports including all companies of Sako Group. Therefore, Sako Oy will not draw up the Group Consolidation. The Group Consolidation will be delivered to the Trade Register together with the other accounting data of Sako Oy.

Year 2021

Sako Oy's revenues were 108.2 meur (80.3 meur) and it employed average 351 employees during 2021 (281 in 2020). The investments amounted to 4.6 meur (2.8 meur).

The company's R&D costs amounted to 4.1 meur (3.5 meur).

Key Figures 2019 - 2021

	2021	2020	2019
Turnover (meur)	108,2	80,3	78,3
Operating Income %	22,5	15,4	17,5
Return on equity %	32,7	19,1	23,5
Equity ratio %	78,0	75,4	78,5
Wages and salaries (meur)	17,6	14,3	13,0

Outlook, risks and uncertain factors

The global Covid-19 pandemic, which began in February-March 2020, has had a positive effect on the demand for Sako Oy's products. Both the rifle and cartridge factory set production records in 2021 and the order backlog for both civil rifles and civil cartridges is good for 2022. On Defence & Law Enforcement side, the impact of war between Russia and Ukraine has increased demand and order backlog is strong.

The most significant risk currently is the availability of both labor and components.

Board of Directors, Managing Director and auditors

Mr. Franco Gussalli Beretta, President & C.E.O. of Sako Ltd, acts as a Chairman of the Board of Directors, Mr. Marco Corbetta acts as a Deputy Chairman and Mr. Eero Lavonen acts as an ordinary member.

Mr. Raimo Karjalainen acts as a Managing Director of the company.

Certified Public Accountants Ernst Young Ltd acted as the auditors of the company. The Accountable auditor is Mr. Kari Toivonen, KHT.

Proposal by the Board of Directors for the distribution of retained earnings

According to the financial statements for the year 2021 the company's distributable equity is 65.4 million Euros.

The Board of Directors proposes that the dividend of Eur 175,00 will be distributed per share, totally Eur 14.000.000,00 and that the rest of the profit will be left to the profit and loss account.

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INCOME STATEMENT	1.1.-31.12.2021	1.1.-31.12.2020	Note
NET TURNOVER	108 179 638	80 329 468	1
Variation in stocks of finished goods and in work in progress	2 428 961	2 495 282	
Other Operating Income	466 024	6 890	2
Materials and Services			
Materials, goods and consumables			
Purchases during the financial year	46 724 037	38 134 091	
Variation in stocks	-989 960	-1 005 977	
External services	4 188 523	3 836 359	
Materials and Services Total	49 922 600	40 964 473	
Personnel Expenses			
Wages and salaries	17 579 294	14 277 414	3,4
Social security expenses			
Pension expenses	3 059 787	2 223 489	
Other social security expenses	771 142	789 701	
Personnel costs Total	21 410 223	17 290 604	
Depreciation and reduction in value			
Depreciation according to plan	2 946 582	2 666 732	5
Depreciation and reduction in value Total	2 946 582	2 666 732	
Other operating expenses	12 471 459	9 428 819	6
OPERATING INCOME	24 323 759	12 481 013	
Financial income and expenses			
Income from group undertakings	2 211 065	1 516 119	
Other interest and financial income			
From third parties	174 536	232 706	
Interest and other financial expenses			
To third parties	-324 065	-428 795	
Financial income and expenses Total	2 061 536	1 320 030	7
PROFIT BEFORE APPROPRIATIONS AND TAXES	26 385 295	13 801 043	
Change in cumulative accelerated depreciation	-109 494	-562 126	8
Current Income Taxes	-4 948 101	-2 382 364	
PROFIT FOR THE FINANCIAL YEAR	21 327 699	10 856 553	

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BALANCE SHEET	31.12.2021	31.12.2020	Note
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Intangible rights	555 458	547 766	
Other long-term investments	80 428	82 694	
Intangible Assets Total	635 885	630 460	9
Tangible assets			
Land and water areas	933 399	933 399	
Buildings	7 789 849	8 182 470	
Machinery and equipment	9 560 434	10 083 965	
Other tangible assets	100 000	100 000	
Advance payments and construction in progress	2 797 991	253 671	
Tangible assets Total	21 181 674	19 553 504	9
Investments			
Investments in subsidiaries	2 693	2 693	
Investments in other companies	33 638	33 638	
Investments Total	36 330	36 330	10
NON-CURRENT ASSETS TOTAL	21 853 889	20 220 294	
CURRENT ASSETS			
Stocks			
Materials and consumables	14 272 350	13 282 389	
Work in progress and semifinished products	2 922 895	3 289 787	
Finished products/goods	15 103 440	12 307 587	
Advance payments	73 205	233 528	
Stocks Total	32 371 890	29 113 292	
Receivables			
Accounts receivables	6 898 680	4 387 947	
Receivables toward group companies	13 876 435	10 945 350	
Accrued income and prepaid expenses	2 159 971	1 166 392	
Receivables Total	22 935 086	16 499 690	11
Cash at Bank and in hand	15 275 071	11 103 452	
CURRENT ASSETS TOTAL	70 582 048	56 716 433	
TOTAL ASSETS	92 435 937	76 936 728	

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BALANCE SHEET	31.12.2021	31.12.2020	Note
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share Capital	6 727 517	6 727 517	
Retained earnings	44 093 471	40 736 918	
Profit for the financial year	21 327 699	10 856 553	
SHAREHOLDERS' EQUITY TOTAL	72 148 687	58 320 988	12,13
APPROPRIATIONS			
Cumulative accelerated depreciation	5 352 806	5 243 311	14
APPROPRIATIONS TOTAL	5 352 806	5 243 311	
PROVISIONS			
Other provisions	377 227		15
PROVISIONS TOTAL	377 227		
LIABILITIES			
Short-term liabilities			
Advances received	263 122	2 190 583	
Trade payables	3 778 748	4 115 256	
Payables to group companies	2 177 222	1 775 001	
Other liabilities	489 355	441 083	
Accruals and deferred income	7 848 770	4 850 505	
Short-term liabilities Total	14 557 217	13 372 429	
LIABILITIES TOTAL	14 557 217	13 372 429	16
TOTAL EQUITY AND LIABILITIES	92 435 937	76 936 728	

SAKO LTD**CASH FLOW STATEMENT****1.1. - 31.12.2021****1.1. - 31.12.2020****CASH FLOW FROM OPERATING ACTIVITIES**

Net profit before appropriations and taxes	26 385 295	13 801 043
Adjustments:		
Depreciations according to plan	2 946 582	2 666 732
Unrealized exchange rate gains(-) / losses(+)	445 692	75 939
Financial income and expenses	-2 061 536	-1 320 030
Cash flow before working capital changes	<u>27 716 034</u>	<u>15 223 684</u>

Working capital changes:

Non interest bearing non current receivables, increase() / decrease(+)	0	16 236
Non interest bearing current receivables, increase(-) / decrease(+)	-6 475 195	-3 141 734
Inventories, increase(-) / decrease(+)	-3 418 921	-3 501 258
Non interest bearing short-term liabilities, increase(+) / decrease(-)	797 776	4 222 342
Cash flow from operating activities before financial items and taxes	<u>18 619 693</u>	<u>12 819 270</u>

Interest and other financial expenses paid	310 577	-428 795
Dividends received	2 211 065	1 516 119
Interest received	174 536	232 706
Direct taxes paid	<u>-4 813 759</u>	<u>-2 813 439</u>

CASH FLOW FROM OPERATING ACTIVITIES (A)	<u>16 502 111</u>	<u>11 325 861</u>
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CASH FLOW FROM INVESTING ACTIVITIES

Capital expenditures on tangible and intangible assets	<u>-4 830 491</u>	<u>-3 025 824</u>
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CASH FLOW FROM INVESTING ACTIVITIES (B)	<u>-4 830 491</u>	<u>-3 025 824</u>
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CASH FLOW FROM FINANCING ACTIVITIES

Dividends paid	<u>-7 500 000</u>	<u>-8 000 000</u>
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CASH FLOW FROM FINANCING ACTIVITIES (C)	<u>-7 500 000</u>	<u>-8 000 000</u>
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INCREASE(+) / DECREASE(-) IN CASH AND

CASH EQUIVALENTS (A+B+C)	4 171 620	300 037
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Cash and cash equivalents at beginning of the period	11 103 452	10 803 415
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Cash and cash equivalents at end of the period	15 275 071	11 103 452
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SAKO LTD

NOTES TO THE FINANCIAL STATEMENT

ACCOUNTING PRINCIPLES

Revenue

Revenues include sales invoicing adjusted for discounts granted and sales-related taxes.

Research and development costs

Research and development costs are expensed as incurred.

Fixed assets and other long term-investments

Fixed assets and long-term investments are stated at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis over the expected useful lives of the assets as follows:

Intangible assets	3-10 years
Other long-term expenditure	10 years
Buildings and constructions	10-40 years
Machinery and equipment	3-16 years

On year 2021 depreciations of machinery, equipment and furniture has been adapted to max depreciations according to Finnish Tax authorities.

Valuation of inventories

Inventories are stated at the lower of cost, net realizable value or weighted average price basis. The cost of inventories includes the direct cost of material and labor and a proportion of manufacturing overheads.

Foreign currency translation

The receivables and liabilities in foreign currencies are translated into euros at the rate of exchange ruling at the balance sheet date.

Valuation of financial instruments

The company uses derivatives to hedge currency risks. Derivatives have been valued in accordance with Chapter 5, Section 2 of the Accounting Act by recording the negative value of the derivative contract in mandatory provisions.

Pension costs

Pension benefits are arranged according to local legislation in each country. The pension and additional pension benefits for Sako Oy's personnel are funded through payments to the insurance company Ilmarinen.

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NOTES TO THE FINANCIAL STATEMENTS

(1 000 €)	2021	2020
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1 Net turnover by market area

Europe	52 068	42 179
USA, Canada	35 916	27 008
Others	20 196	11 142
Total	108 180	80 329

2 Other operating Income

Subsidies received	457	0
Gains from sales of fixed assets	9	0
Wood sales	0	5
Total	466	5

3 Average number of personnel during the financial year

Employees	123	111
Workers	228	170
Total	351	281

4 Salaries and bonuses of the Managing Directories, Members of the Board of Directories and Auditors fee

Managing Director and Board of Directors	538	534
Auditors fee	27	27

5 Depreciation according to plan

Intangible rights	189	186
Other long-term investments	3	6
Buildings	494	488
Machinery and equipment	2 261	1 986
Total	2 947	2 666

6 Research & Development

R & D costs	4 139	3 500
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(1 000 €)	2021	2020
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7 Financial incomes and expenses

Financial incomes and expenses

Interest incomes	8	0
Dividend incomes	2 211	1 516
Exchange gains	167	233
Total financial incomes	2 386	1 749
Financial expenses		
Interest expenses	86	82
Exchange losses	238	347
Total financial expenses	325	429
Total financial incomes and expenses	2 062	1 320

8 Appropriations

Change in cumulative accelerated depreciation

Buildings and constructions	-124	-112
Machinery and equipment	233	674
Total	109	562

9 Intangible and tangible assets

Intangible rights

Acquisition cost 1.1.	4 765	4 539
Increases 1.1.-31.12.	197	226
Acquisition cost 31.12.	4 962	4 765
Accumulated planned depreciation 1.1.	-4 217	-4 031
Planned depreciation 1.1.-31.12.	-189	-186
Book value 31.12.	555	548

Other long-term investments

Acquisition cost 1.1.	359	359
Decreases 1.1.-31.12.	-2	0
Acquisition cost 31.12.	357	359
Accumulated planned depreciation 1.1.	-276	-271
Planned depreciation 1.1.-31.12.	-1	-5
Book value 31.12.	80	83

(1 000 €)	2021	2020
Land and water areas		
Acquisition cost 1.1.	933	933
Acquisition cost 31.12.	933	933
Buildings		
Acquisition cost 1.1.	14 656	14 458
Increases 1.1.-31.12.	254	198
Acquisition cost 31.12.	14 910	14 656
Accumulated planned depreciation 1.1.	-6 474	-5 837
Planned depreciation 1.1.-31.12.	-647	-637
Book value 31.12.	7 789	8 182
Machinery and equipment		
Acquisition cost 1.1.	42 508	40 128
Increases 1.1.-31.12.	1 579	2 380
Acquisition cost 31.12.	44 087	42 508
Accumulated planned depreciation 1.1.	-32 424	-30 586
Planned depreciation 1.1.-31.12.	-2 103	-1 838
Book value 31.12.	9 560	10 084
Book value 31.12. includes production machines and equipment	8 882	9 337
Other tangible assets		
Acquisition cost 1.1.	221	221
Acquisition cost 31.12.	221	221
Accumulated planned depreciation 1.1.	-121	-121
Book value 31.12.	100	100
Advance payments and construction in progress		
Acquisition cost 1.1.	254	446
Increases 1.1.-31.12.	2 788	2 321
Decreases 1.1.-31.12.	-244	-2 513
Book value 31.12.	2 798	254

(1 000 €)	2021	2020
10 Shareholdings		
Group companies		
Stoeger Canada Ltd. Whitby, Ontario, Kanada		
Group's ownership share %	100	100
Of shares owned by the Parent Company, nominal value (tUSD)	3	3
Of shares owned by the Parent Company, book (tUSD)	3	3
Net income of subsidiary (1 000 €)	7 298	2 809
Shareholders' equity of subsidiary (1 000 €)	21 783	15 606
Other shareholdings of the Parent		
Other shareholdings, nominal value (1000 €)	34	34
11 Short-term receivables		
Receivables from Group companies		
Receivables	13 876	10 979
Total	13 876	10 979
Accrued income and prepaid expenses		
VAT-receivables	767	715
Support for employee's healthcare	101	80
Subsidy from Business Finland, R&D project	127	0
Social security fees	0	55
Income tax receivables	503	0
Others	662	316
Total accrued income and expenses	2 160	1 166
12 Shareholders' equity		
Share capital 1.1.	6 728	6 728
Share capital 31.12.	6 728	6 728
Retained earnings 1.1.	51 593	48 736
Dividends paid	-7 500	-8 000
Retained earnings 31.12.	44 093	40 736
Net profit for the year	21 328	10 857
Shareholder's equity total	72 149	58 321

(1 000 €)	2021	2020
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13 Calculation of distributable funds 31.12.

Retained earnings	51 593	48 736
Dividend paid	-7 500	-8 000
Net profit for the year	21 328	10 857
Distributable funds	65 421	51 593

14 Depreciation reserve

Accumulated depreciation difference	5 353	5 243
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15 Provisions

Other provisions: negative market values of forward exchange contracts	377	0
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Forward exchange contracts:

Current positive value	0	188
Current negative value	-377	0
Current value net amount	-377	188
The value of underlying instrument	15 293	3 404

16 Short-term liabilities

Liabilities to Group companies		
Liabilities	2 177	1 775
Accrued expenses and prepaid income		
Accrued personnel expenses	4 921	3 289
Accrued retailers' bonuses and marketing s	381	259
Taxes	1 251	440
VAT debt	303	272
Others	993	591
Accrued expenses and prepaid income total	7 849	4 851

(1 000 €)	2021	2020
17 Commitments and contingent liabilities		
Other own commitments		
Lease commitments in next fiscal year	236	156
Lease commitments in next years	139	113
Total lease commitments	375	269
Given bankguarantees	1 900	3 350
Rent commitments	332	80
Total	2 607	3 699

The company has made real estate investments under the law on VAT, whose review periods, the VAT included in the investment, value added tax deducted from the construction expenditure and the annual amount subject to inspection is shown in the table below

10 year review period	2021	2020
Fixed investment cost (net)	89	170
Real estate investment VAT	21	41
Deducted VAT	21	41
Annual rate of inspection	2	4
Audit responsibility 31.12.	19	37

Signed by Board of Directors and Managing Director

29. April 2022



Franco Gussalli Beretta
President & C.E.O, Chairman

Marco Corbetta
Deputy Chairman

Eero Lavonen

Raimo Karjalainen
Managing Director

Signed by Auditor

Auditors' report on the audit conducted has been issued today.

Hämeenlinna 29.4, 2022

Ernst & Young Oy
Accountant firm

Kari Toivonen
Kari Toivonen
Authorized Public Accountant

ACCOUNTING BOOKS USED 1.1.2021 – 31.12.2021

Document type	Storage form	Storage time
General Journal	Electronic document	10 years
General Ledger	Electronic document	10 years
Bank statements	Electronic, Printout	6 years
Accounts Payable	Electronic, Printout	6 years
Accounts Receivable	Electronic, Printout	6 years
Balance Sheet Book	Electronic, Stapled	10 years
Balance Sheet Notes	Electronic, Stapled	10 years