Annual Report 2023

Martela

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Martela in brief

Martela is a Nordic leader specialising in user-centric working and learning environments. We create the best places to work and support our customers' business with Martela Lifecycle solutions, which enable furniture and their related services to be integrated into a seamless whole. Martela is a family company founded in 1945 and its shares are quoted on the OMX Nordic Exchange Helsinki. Our main market areas are Finland, Sweden and Norway, and our solutions are also sold globally through our network of dealers. Our production facilities are located in Finland and Poland. In 2023, the Martela Group's revenue was EUR 94.4 million and it employed an average of 403 employees.

Martela 2023

The year 2023 was challenging for Martela. Weak general economic development and rising interest rates made organisations cautious about making purchasing decisions. Our revenue decreased and our operating result was a loss. We improved our efficiency and adjusted our cost level in form of lay-off procedures, among other things.

Our exports grew, even though the domestic market was challenging. The sales of our removal and installation services increased, and the Workplace as a Service model produced a greater share of our revenue. Our sales to companies and schools remained stable in relation to the market.

We expect the demand to grow, as our customers' need for space changes has increased as hybrid work has become more common. Adaptability, sustainability and circular economy thinking will continue to be emphasised in workplace planning. Our change services and responsible products meet these needs.

We invested in our strategic focus areas to ensure growth and profitability in the future. We strengthened our ability to utilise the circular economy and produce more responsibly manufactured products and life cycle services for our customers. We invested in the customer experience by improving our digital services in particular.

Personnel (average)

403

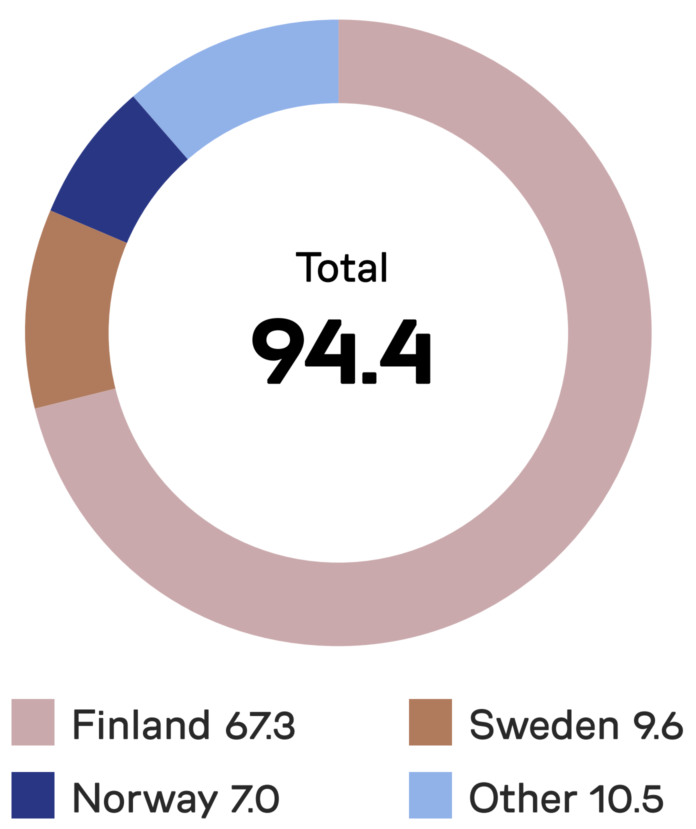
Revenue (EUR million)

94.4

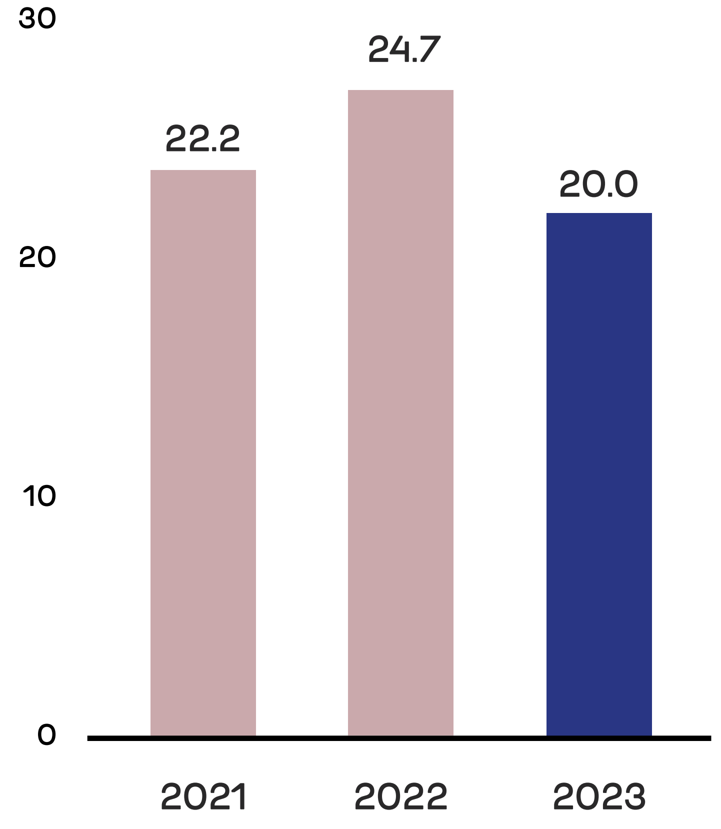
Operating profit (EUR million)

-2.4

Revenue by country (EUR million)



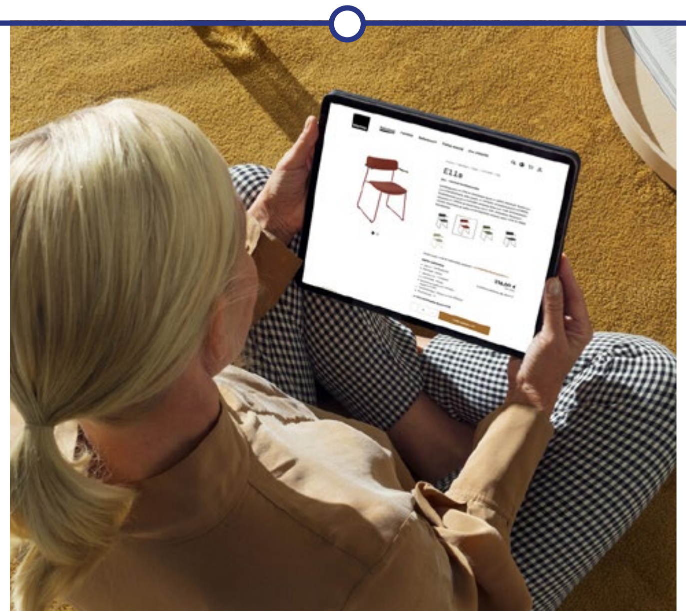
Equity ratio (%)



Highlights of 2023

Ella – our modern classic

The biggest product launch of the year was the versatile Ella chair family, which was launched in the spring. Ella is designed by Antti Kotilainen. With its timeless design and material options, Ella is ideal for offices, cafés and other public spaces. Ella chairs are made from carefully selected materials with a long useful life. The recycling and reuse of materials is taken into account right from the start of the production process. Ella has been a hit with users, influencers and journalists alike, and is set to become a modern classic in Martela's collection.



We launched our new online store

We are investing in digital service channels and in late 2023 we launched a new online store for our business customers in Finland on our website. Our website is an important platform for purchasers and designers, and we have been focusing on making it easier to find products and on comprehensive product information for a long time. Online purchasing is easy and products are always delivered ready to use. We will continue to actively develop the website and online store and information on user experience will be collected to support the development work.

Martela as number one for the ninth consecutive year!

Every year, the Taloustutkimus market research firm commissions the TEP survey, in which business decision-makers assess various business image factors. Martela achieved the top ranking for its overall score for the ninth time in a row! In addition to the overall score, Martela achieved the two top spots in the NPS ranking: Martela came first and Martela Outlet second! The value of the feedback is further enhanced as Martela come first in the comparison of all the industries surveyed.

Year of circular economy development

We participated in the year-long Circular Design programme, a unique international training programme for companies to develop circular design skills. Through the programme, we sought new networks and insights for the further development of our life cycle model based on the circular economy. Martela will use the knowledge gained through the programme to enhance the sustainability of the workplaces of its customer companies.

Preserving the unique spirit of Orion's headquarters

The Orion pharmaceutical company's renovated headquarters reflect the original spirit and architecture of the building. The planning of the furnishing of the headquarters was guided by quality, timelessness and Finnish origin, and the furniture is intended to last for decades. In addition to Martela's own furniture, the furniture of a wide network of partners was selected for the attractive office – the design was carried out by Interior Architects Gullstén & Inkinen Oy.

CEO's review

The year 2023 was challenging due to the uncertain market situation, which made organisations cautious about making purchasing decisions. Inflation weighed on the result in the first half of the year but started to ease in the second half. However, there is a growing and pent-up need in the market for space modifications as a result of the change in the ways we work. This need has become more tangible and it will continue to increase the demand for Martela's services and furniture. Workspaces are being adapted to meet the needs of multi-location hybrid work and companies are focusing on attractive premises.

Our revenue decreased by 12 per cent to EUR 94,4 million, and our operating result was a loss of EUR -2,4 million. The result for 2023 was particularly affected by the low level of revenue in the first half of the year. In addition, profitability in the first half of the year was burdened by investments in development projects. We responded to the challenging market situation by adjusting our cost level and achieved a positive operating profit level of EUR 2,4 million in the second half of the year.

The measures to improve efficiency were mainly in for form of lay-off procedures and other cost-saving measures. These measures will continue in early 2024, including through organisational changes. It is unclear how long the market uncertainty will persist, so we must continue to be able to adjust our cost levels to the prevailing conditions.

Our domestic market was challenging, but exports continued to grow strongly. The sales of our removal and installation services also grew, and our unique Workplace as a Service model produced a greater share of our revenue. Our sales to companies and schools remained stable in relation to the market, and the most significant decline in sales was in the municipal and government sectors. There was a weak start to the year in terms of new orders, but the gap with the previous year narrowed significantly with every quarter.

We will continue to concentrate on the focus areas of our strategy

Despite the challenging market situation, the year was a period of strong development at Martela. We concentrated on our strategic focus areas to ensure growth and profitability also in the future. We strengthened our leadership in the circular economy by participating in the first year-long Circular Design programme. Our customers will benefit from this development work in the form of more sustainably manufactured products and lifecycle services.

The emphasis on the circular economy has further boosted demand for our Workplace as a Service (WaaS) model. The active development of the product range continued throughout the year with new products and product updates. In the spring we launched the Ella chair family, which has the potential to become one of our classics.

We received a tangible reward for our commitment to customer experience when we achieved the top ranking in the industry for the ninth time in a row in the TEP survey conducted by Taloustutkimus! On top of that, we achieved the top ranking for our overall score among 163 Finnish companies across all industries. This shows that we have been able to support organisations in the right way, even during this time of major change in the way we work. A warm thank you to our customers for your trust and to all Martela personnel and partners for your excellent work!

In the People Spirit survey, which measures employee experience, we maintained our good AA score for the second year in a row. Our strong culture of working together is also experienced by our customers and contributes to a great customer experience. A corporate culture of serving and supporting others is part of Martela's DNA and values.

In 2024, we will continue to concentrate on the focus areas of our strategy and on the benefits created by the development work undertaken during 2023. We will continue to focus on active customer engagement and work closely with the partners in our value chain. We will continue to develop our digital service channels and accelerate the development of our circular economy service model and sustainably designed products.

I would like to thank Martela's employees for a busy year! The year was more challenging than expected, but our investment in developing our business and the positive feedback received for this from our customers provides us with confidence in the future. We will continue to promote the best work environments!

Ville Taipale
CEO

Operating environment

Economic growth in the Nordic countries was modest in 2023, which also meant Martela's customers were cautious about making purchasing decisions.

High interest rates and weakened international demand are expected to maintain uncertainty in 2024. On the other hand, the upward pressure on prices and challenges in the availability of raw materials caused by the war in Ukraine have eased and the economic outlook is expected to improve in the second half of the year.

Market uncertainty combined with the changes in the way people work also create new demand for Martela's change services. Workspaces are being adapted to meet the needs of multi-location hybrid work and customers are focusing on making them attractive.

Our products have also attracted interest in the export market. Martela's quality and service are appreciated beyond Finland, and we believe our exports will continue to grow in the future. By developing our digital services, we are further improving our services and laying the foundations for future growth.

Multi-location work and a focus on sustainability are driving the industry's development

The work ecosystem has expanded and many people work from home and in co-working spaces for part of the week. Both individuals and companies are still seeking the right balance between remote working and office work. Many organisations are considering smaller premises, and the need for space is assessed not only in terms of savings but also in terms of sustainability.

As the surface area of offices decreases, the importance of quality increases. The key criteria for an office are good location, functionality, adaptability and comfort. A homelike feel is an important requirement for all workplaces. Work requiring concentration, teamwork and spontaneous meetings all require their own spaces.

Considering and enabling the circular economy are increasingly important purchasing criteria when designing working and learning environments. At Martela, sustainability has been an important consideration for decades and since the 2010s, when our new strategy was implemented, our entire business model has been based on workplace lifecycle thinking. We take sustainability into account at every stage, and the circular economy plays an important role.

We comply with the continuously evolving acts and regulations that are related to sustainability in all our operations. We have also defined specific management principles to guide our corporate responsibility work and our Code of Conduct is our most important guideline. In 2023, we focused on developing the sustainability competence of our employees and our customers and the other stakeholders in our value chain.

The need for flexible solutions has grown significantly as the way we work has changed. This need has also boosted the growth of our Workplace as a Service (WaaS) model. There is no corresponding, equally comprehensive service available on the market. The WaaS model is an effortless way for customers to ensure that their workspace is responsible and up-to-date, without the need for large one-off investments.

Used and refurbished furniture has become a natural part of the furnishing of working and learning environments. More and more organisations are realising the value of their existing furniture, either for their own use or for the use of others. Our Martela Outlet chain meets this need and refurbishes and recycles furniture for the next users. Martela Outlet is one of the largest refurbished and recycled furniture chains in Finland.

Organisations value good customer experience

In our industry, a growing share of purchasing is done through digital channels. We continued to develop our services and opened a new online store for our Finnish customers at the end of the year. The online store will be further developed and extended to more customer segments in 2024.

In numerous customer encounters, we have supported organisations in finding flexible and sustainable solutions for multi-location working. Our commitment to customer experience was rewarded when we achieved the top ranking in the industry for the ninth time in a row in the TEP survey conducted by Taloustutkimus!

Our industry will continue to change, and 2024 should see the release of the pent-up need to make changes to offices. The way we work has changed, so we need to look at workplaces with fresh eyes. Those who listen carefully to their customers and offer them solutions that take flexibility and sustainability into account will succeed in meeting this need.

CASE

ADAPTABILITY AT WOLT'S PACE

In summer 2023, Finnish technology company Wolt moved to new premises in Kamppi, Helsinki. The employees wanted their new headquarters to be home-like and cosy, in contrast to the cold appearance of their old office. The criterion was that the premises had to be able to change “at Wolt's pace”, and Wolt chose Martela's flexible Workplace as a Service solution as the main furniture sourcing method. This circular economy rental model also means future changes to the space are easy, as furniture can be replaced, recycled and added to in a sustainable way.

The users feel right at home and the number of people working at the office has doubled compared to before! More furniture has been added since the summer to meet the needs.

“We had a million ideas and needed a partner who was able to take control and bring everything together. The project progressed rapidly and we adapted our plans as we went along. Everything went really well,” says Susan Vättö, the HQ Project Lead at Wolt.

The facilities will continue to be developed flexibly as part of the agreed service model, and Martela will carry out regular visits to ensure functionality.

Read more:
www.martela.com/cases/wolt

Time- and cycle-resistant design

The Martela Lifecycle strategy is based on lifecycle thinking, the core of which is high-quality and timelessly designed furniture. Martela's furniture is designed according to circular economy principles to withstand time and circulation from one user to another. Before entering the market, our furniture is also tested in an accredited testing laboratory in accordance with European EN standards. The testing simulates at least ten years of use.

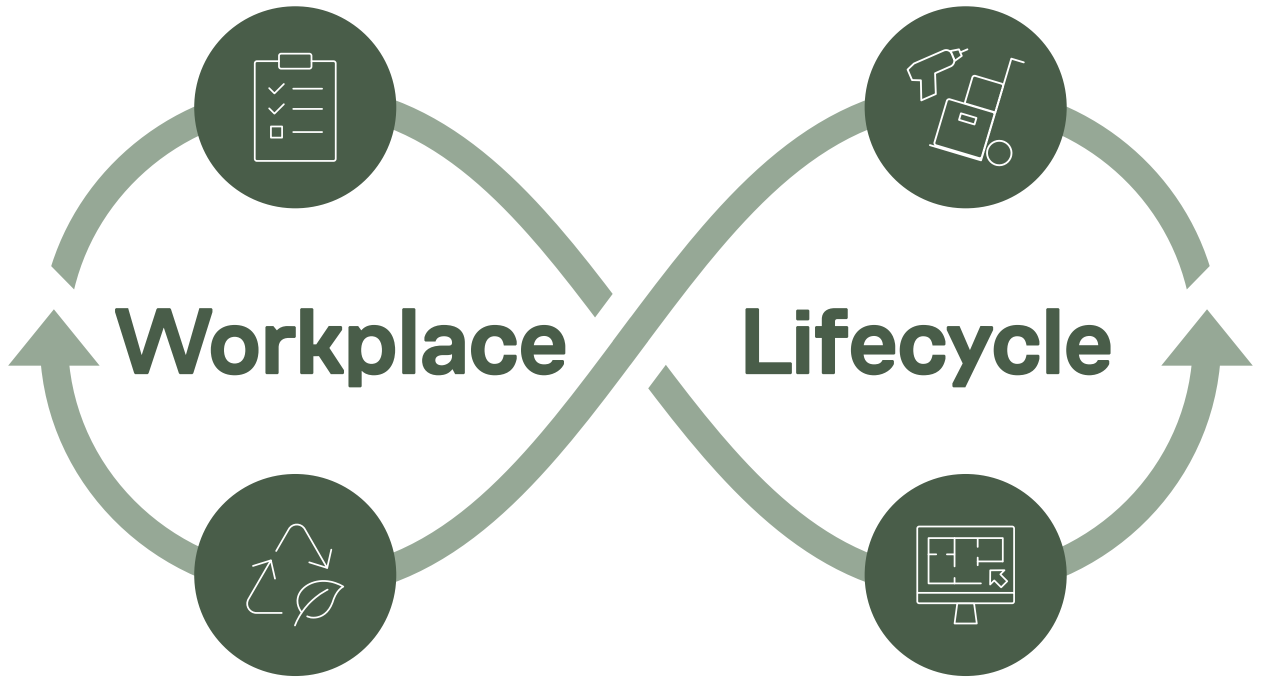
High-quality design enables easy maintenance and restoration of the furniture, extending their life cycle. When choosing materials, we prefer sustainable, recyclable and responsibly produced materials. Durable furniture has many lives, and timeless products can be passed down from generation to generation.

A FLEXIBLE RENTAL SERVICE BASED ON THE CIRCULAR ECONOMY

In a rapidly changing world, the needs of tomorrow are difficult to predict. Martela's circular economy-based Workplace as a Service model is a smart way to prepare for long-term changes as well.

Thanks to the service model, the work environment is always up-to-date and the organisation only pays a monthly fee for what it really needs. This eliminates the problems associated with owning furniture, and the work environment can be flexibly updated as needs change. The service also includes a furniture maintenance service to extend the lifecycle and a follow-up survey on user experiences. In addition to the company's premises, the service is suitable for the development of, for example, ergonomic home offices and flexible co-working spaces.

In accordance with our Waste Nothing circular economy principle, furniture that is no longer needed but that is still in a good condition will be sold responsibly through the Martela Outlet stores or online shop. Some furniture are serviced and/or reupholstered before they are sold. The materials of furniture that are not suitable for refurbishing are used either as parts of used furniture, as secondary raw materials or in energy production.



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Board of directors' report

Key figures

The Group's revenue for the financial year was EUR 94.4 million (106.7). The operating result for the year was EUR -2.4 million (2.5). Operating result of the comparison period includes nonrecurring gain EUR 1.5 million from the sale and leaseback agreement regarding Nummela production and logistic centre, taking into account the cost of sales. Earnings per share were EUR -0.77 (0.57). Cash flow from operating activities totalled EUR 0.3 (2.1) million. The equity-to-assets ratio was 20.0 per cent (24.7) and gearing was 137.2 per cent (58.6). The return on investment for the year was -7.5 per cent (9.1).

Description of the business

Martela is one of the Nordic leaders in the workplace industry. Martela designs and implements best workplace and learning environments. Martela supplies user-centric solutions into today's workplaces – mobile work and activity based offices. Martela also offers the widest selection of services supporting changes in interior planning as well as supporting maintenance. Our total offering comprises of the change of the whole workplace from its specification and planning to implementation and maintenance.

Martela's offering and product development

In line with its Lifecycle strategy Martela creates high-quality services for workplaces and learning environments along the full lifecycle. Our offering includes workplace and learning environment specification and planning, implementation and furnishing as well as continuous measurement and optimization.

Martela's service model related to furnishings and changes in premises responds to the constantly growing need for flexibility. Increasingly, instead of large one-off investments, space changes are under more process-like development. In this change, Martela has highlighted the circular economy model, flexible Workplace as a Service and development of digital sales channels, as strategic focus areas.

The biggest product launch of the year was the versatile Ella chair family, launched in the spring. Ella was designed by Antti Kotilainen and is, among others, a natural complement to the popular Sola chair family. Due to its timeless design and material options, Ella is suitable for offices, cafés and other public spaces. Ella chairs are made of carefully selected materials with a long service life. The recycling and reuse of materials has been taken into account in the manufacturing process from the very beginning. Ella has aroused admiration among users, influencers and suppliers and is becoming a modern classic in Martela's selection. In addition to Ella, the height-adjustable Jojo table designed by Iiro Viljanen was launched on the market, which increases ergonomics, especially in learning environments, and the Sola product family grew with the hefty Sola Grande armchair.

EUR -1.6 (-1.6) million has been entered in the Group profit and loss statement as research and development expenses.

Market situation

Economic development in the Nordic countries was modest in 2023, which was also reflected as cautiousness in Martela's customers' purchasing decisions. Market conditions are expected to remain uncertain in 2024 due to inflation and interest rate developments, and the resulting caution. On the other hand, the upward pressure on prices caused by the war in Ukraine and challenges in the availability of raw materials have eased.

However, market uncertainty and simultaneous changes in the way of working is likely to create demand for Martela's change services. Premises will be modified to meet the needs of multi-location hybrid work and investments will be made in their attractiveness.

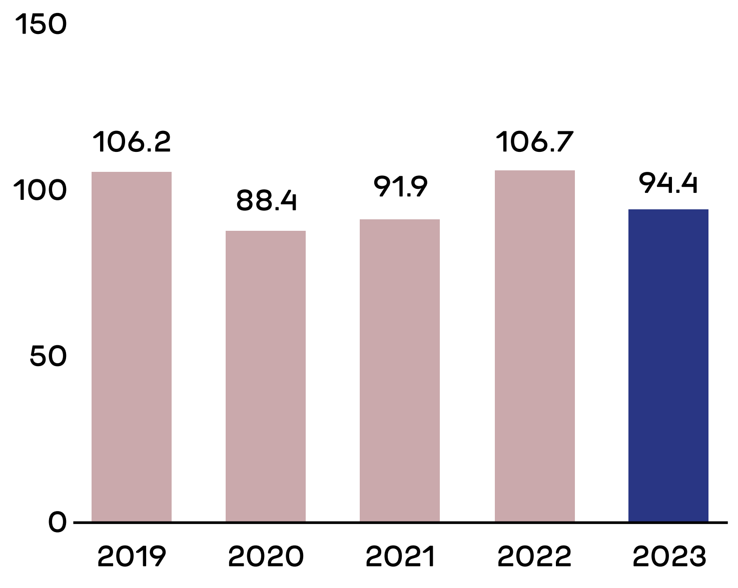
Group structure

There was no changes in the group structure in 2023.

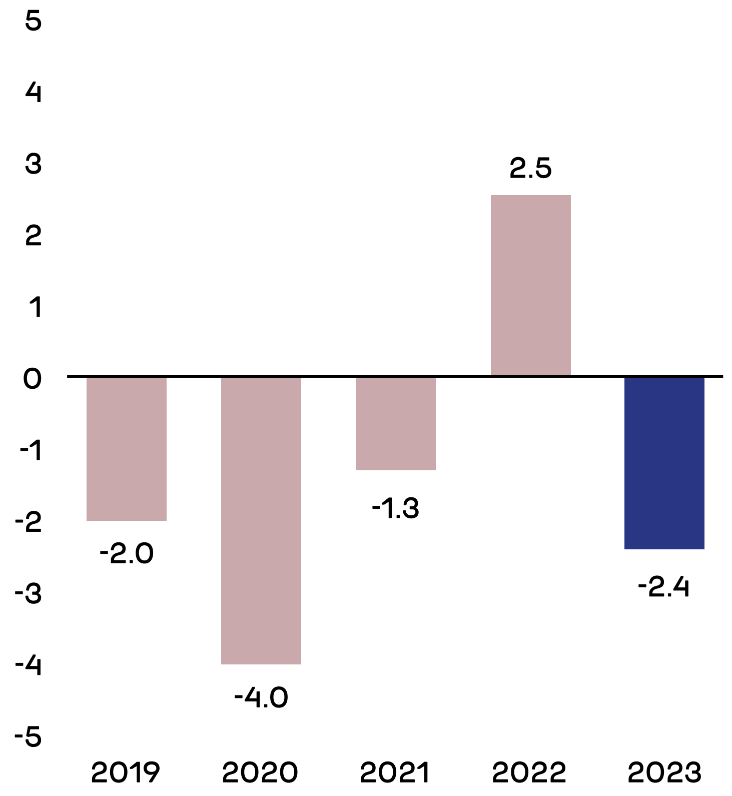
Revenue and operating result

The January–December 2023 revenue was EUR 94.4 million (106.7), a decrease of -11.5% from previous year. Compared to the previous year, revenues decreased by area as follows; in Sweden -14.3 % in Finland -9.6 % in Norway -7.7 % and in Other countries -21.9 %.

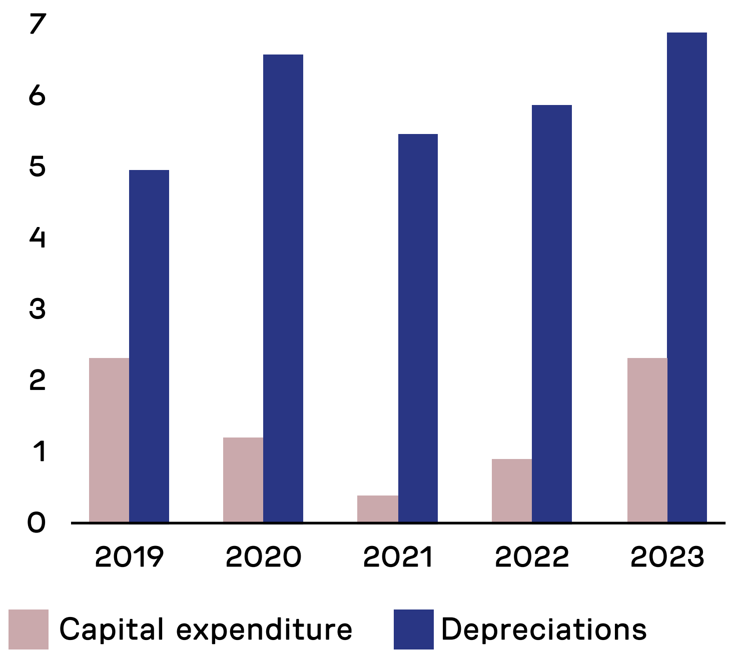
REVENUE (EUR MILLION)



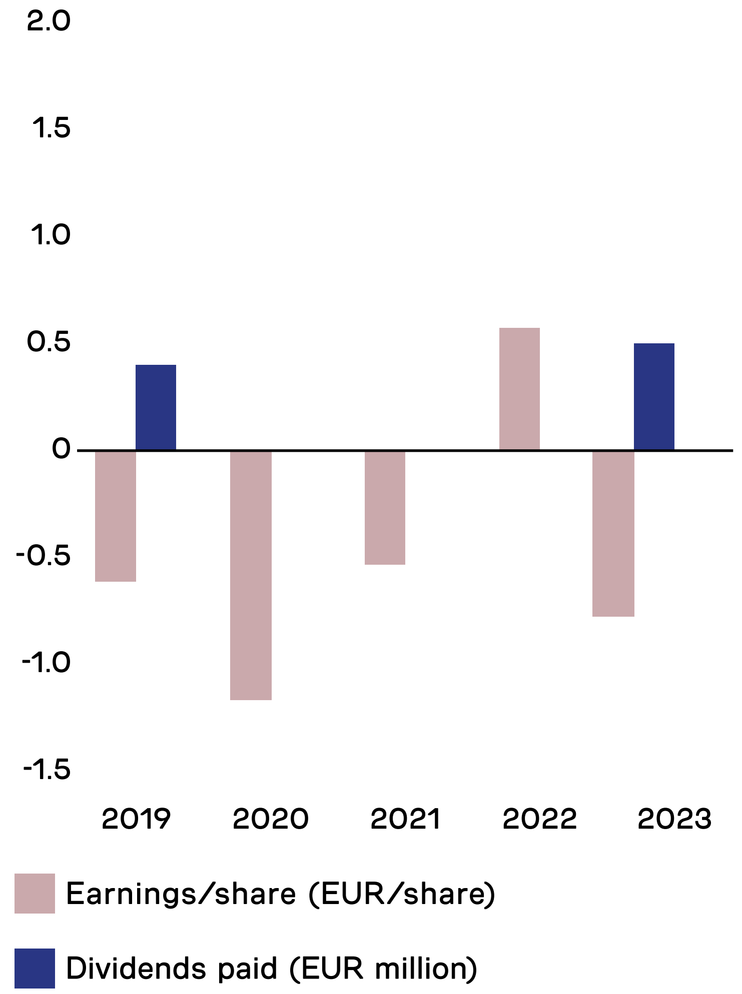
OPERATING PROFIT (EUR MILLION)



CAPITAL EXPENDITURE AND DEPRECIATIONS (EUR MILLION)



EARNINGS/SHARE AND DIVIDENDS



The Group's operating result for the January-December was EUR -2.4 million (2.5). The January–December result before taxes was EUR -3.3 million (1.3).

Financial position

The cash flow from operating activities in January–December was EUR 0.3 million (2.1).

At the end of the period, interest-bearing liabilities stood at EUR 18.2 million including EUR 16.8 million lease liabilities according to IFRS 16. At the end of comparison period the interest bearing liabilities stood at EUR 19.4 million including EUR 17.6 million lease liabilities according to IFRS 16. Net liabilities were EUR 13.1 million (8.1). At the end of the period, short-term limits of EUR 0.0 million were in use (0.0). Short-term cash limits of EUR 0.3 million (0.3) would have been available for utilization.

In 2022 the impact of the sale and leaseback agreement, regarding Nummela production and logistic center, on lease liabilities according to IFRS 16 was, at the moment of registration, EUR 13.0 million. Selling price of the asset was EUR 15 million.

The gearing ratio at the end of the period was 137.2 % (58.6%) and the equity ratio was 20.0% (24.7%). Financial income and expenses were EUR -0.9 million (-1.1).

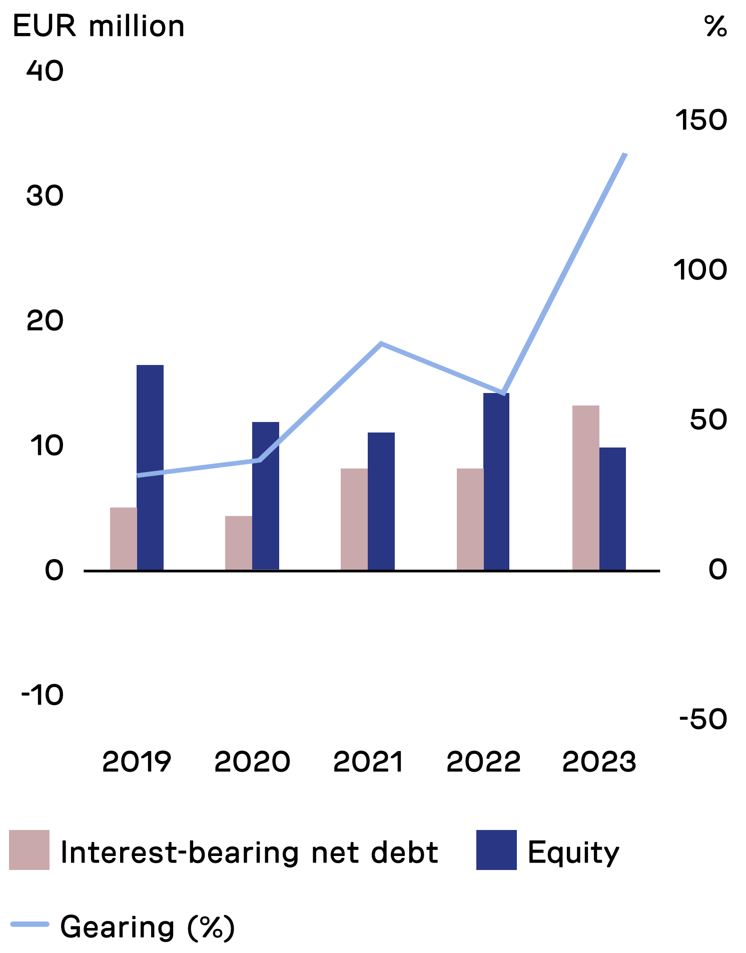
The balance sheet total stood at EUR 55.7 million (62.3) at the end of the period.

Capital expenditure

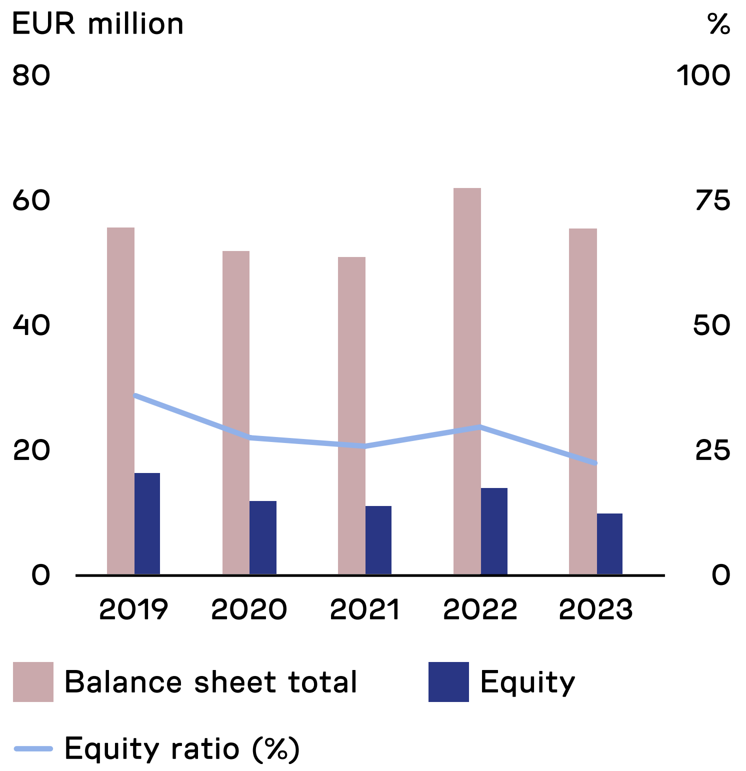
The Group's gross capital expenditure for January–December came to EUR 2.3 million (0.9).

Changes in the group management team

VP Sales and Marketing and member of the Management Team Johan Westerlund resigned and left his position at the end of January 2023. Kimmo Hakkala was appointed VP Sales and Marketing and member of the Management Team. Hakkala started in his position on 1.2.2023. Suvi-Maarit Kario was appointed Martela Corporation's VP Human Resources and Sustainability and a member of the Management Team. Kario started in her position on 7.8.2023. Kalle Lehtonen, CFO and member of the Management Team, GEARING



EQUITY RATIO



resigned and left his position on 24.8.2023. Henri Berg was appointed CFO and member of the Management Team. Berg started in his position on 2.10.2023. From this moment onwards Group Management Team has consisted of CEO Ville Taipale, CFO Henri Berg, VP Sales and Marketing Kimmo Hakkala, VP Operations Kalle Sulkanen, VP Human Resources and Sustainability, VP Brand & Design Kari Leino and VP Design Studio Eeva Terävä.

Personnel

The Group employed an average of 403 people (403), being at the same level as last year. Personnel on average employed in Finland was 326 (328), in Sweden 29 (27), in Norway 15 (14) and in group other countries 33 (34).

The number of employees in the Group was 386 (400) at the end of the review period. Personnel costs in January–December totalled EUR 23.0 million (23.6).

Non financial information

MANAGEMENT OF CORPORATE RESPONSIBILITY

Responsibility forms an integral part of Martela's strategy and operations. The VP, Human Resources and Sustainability is responsible for the corporate responsibility as well as quality, environmental and occupational health and safety management system of the Group. Sustainability Steering Group supervises corporate responsibility with members from the Management Team and the Sustainability Director as the secretary.

More detailed information on the Group's corporate responsibility principles, goals and achievements can be found in a separate Sustainability Report published annually. The 2023 GRI indicators connected sustainability reporting will be published after the annual report.

Already since 2011, Martela's corporate responsibility has been guided by the Martela Corporate Code of Conduct approved and annually reviewed by the Board of Directors. The principles contain references to international corporate responsibility commitments. The company has engaged itself in the UN Global Compact challenge, which aims at promoting human rights, rights in working life, environmental protection and the eradication of corruption and bribery.

As Martela operates in an international market, it also takes into account any international treaties, commitments and recommendations that concern its work. The most important ones are:

- The UN Universal Declaration of Human Rights
- OECD Guidelines for Multinational Enterprises
- The ILO Declaration on Fundamental Principles and Rights at Work and other ILO conventions related to its activities

Since 2011, the practical activities of the company have been guided by the corporate responsibility policies approved by the Management Group concerning matters related to personnel, the environment and supply chain management. The principles and policies published on Martela's website www.martela.com/about-us/sustainability/corporate-responsibility are reviewed and, when necessary, updated annually under the coordination of the Sustainability Steering Group. The principles and policies cover social and employee matters and matters related to respecting human rights and eradication of corruption and bribery.

DESCRIPTION OF THE BUSINESS OPERATING MODEL

The Martela Lifecycle model takes into account the entire life cycle of the workplace. Martela supports the sustainability of its client companies by offering workplace solutions based on circular economy principles.

The Group units have the ISO 9001 quality, ISO 14001 environmental and ISO 45001 occupational health and safety management system certifications, granted by an independent party, to ensure continuous improvement, meeting customer expectations and that environmental and work safety aspects are controlled.

In the manufacturing process, there is an emphasis on a strong supplier chain. Martela's own manufacturing is focused on final assembly and remanufacturing production at its logistics centre in Nummela, Finland, which also houses most of the company's R&D and purchasing. The assembly of upholstery components takes place at Martela's own plant in Poland. The manufacture of table top and storage components takes place mainly at Kidex Oy, Martela's subsidiary located in Kitee, Finland.

The Martela headquarters in Otaniemi, Espoo, houses sales and support functions in addition to the Group administration. Martela has several sales offices in Finland, Sweden and Norway. In other countries, the sale of Martela's products takes place mostly through a dealer network.

The purchasing of products and services from service providers accounts for more than 70% of Martela Group's turnover. A network of around hundred reliable suppliers delivers materials and components for Martela labelled products.

Around a quarter of the Group's turnover goes on salaries and social security payments. Martela values local manufacturing and employment. As the share of its service business is growing, the company will keep creating more new jobs close to its markets. The distribution of financial value will be discussed in further detail in the forthcoming Sustainability Report.

ENVIRONMENTAL MATTERS

Martela's Environmental Policy, approved by the Group Management Team, aims to decrease the company's environmental impacts and promote recycling. The policy gives instructions on taking environmental matters into account in the development of its offering, through which the company will also have an indirect impact on the environmental effects of its customers.

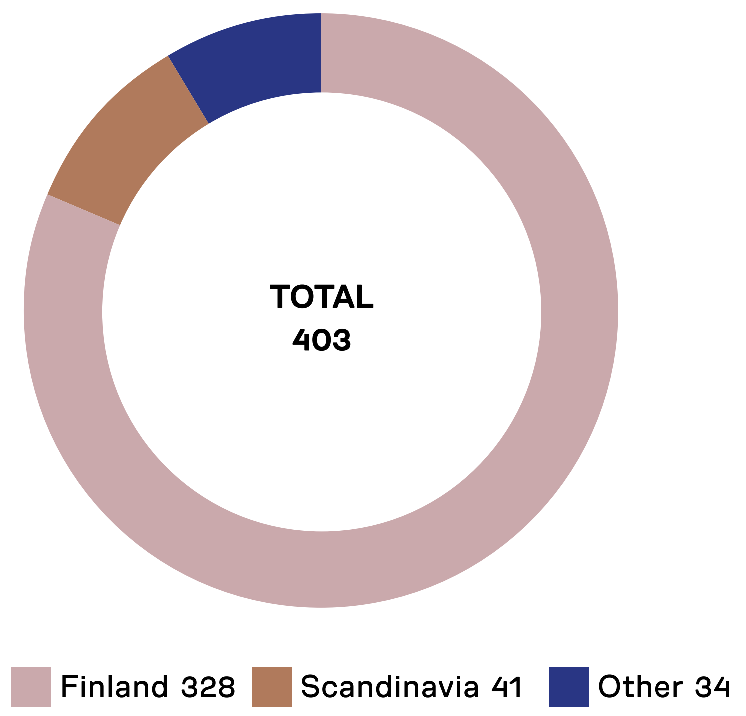
The essential environmental aspects in Martela's operations are presented in the materiality assessment found in the Sustainability Report. Martela has the best opportunities to influence the reduction of greenhouse gas emissions and energy use in its market area through its customers' premises. Martela is constantly working to help its customers create facilities that support knowledge work and improve space efficiency. Therefore, Martela's most important environmental goal is to offer its customers the Martela Lifecycle model, which supports customers' space efficiency.

Sustainability reporting focuses on the direct and indirect impacts of its own operations, because Martela does not have the means to measure the effects of improved space efficiency and reduced energy use among its customers.

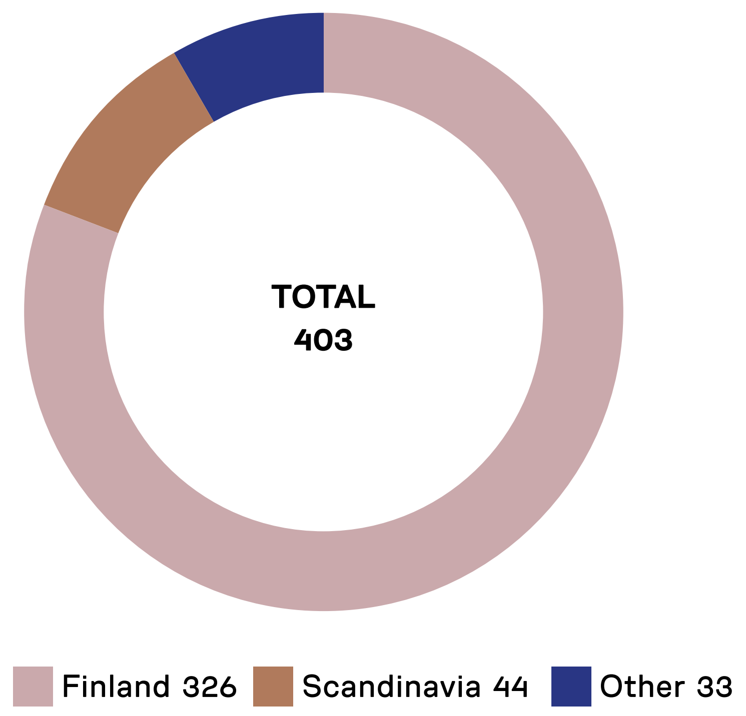
Martela's most significant climate impact arises from the use of materials related to products and services offered to customers. Martela's greenhouse gas emissions decreased from previous year and totalled 8.3 million kilos during 2022. Of these emissions, 75% were related to the use of materials purchased for products delivered to customers (scope 3), 4% arose from the indirect use of energy (scope 2) and 9% were related to the delivery of finished products to customers (scope 1). The energy intensity per turnover within the scope of Martela's calculation was less than 300 GJ/million € in year 2022.

The durability, recyclability and recycling of furniture are at the heart of Martela's operations. Martela's furniture has been designed to be refurbished and restored, and their materials can be recycled or used to produce energy. As part of its comprehensive service, Martela also offers a furniture recycling service to its customer companies. When designing new facility solutions for customers, their old furniture can either be included in the new design or recycled responsibly through Martela. Used furniture in good condition is cleaned and refurbished at the Nummela remanufacturing facility and then made available to corporate and private customers through the Martela Outlet online service and shops. In 2022, around 23,700 pieces of used furniture found new homes through the Martela Outlet chain.

PERSONNEL BY AREAS, ON AVERAGE 2022



PERSONNEL BY AREAS, ON AVERAGE 2023



There are no significant environmental risks in Martela's own operations, but global changes in, for example, energy sources, pricing, availability of materials and changes in the way of working may affect Martela's operations in the future.

Environmental goals, their realisation and more detailed environmental metrics are published annually in the Sustainability Report.

PERSONNEL AND SOCIAL MATTERS

Martela's vision is to create the best places to work. This goal is enabled by competent and committed personnel who feel good. Martela's people management principles are based on company values and responsible management and leadership practices.

The key objectives of personnel competence development is to develop customer excellence and experience in every touch point and to improve operational performance. From supply chain view point, during 2023 the cooperation between the functions and the related processes were crystallized to enhance the order-delivery efficiency.

Hybrid work under expert professions is still in transition phase in organizations. So too in Martela. The rules of hybrid work has been specified to better support different ways of working, taking into account both individual and teamwork needs. The principle of the flexible working is to provide the balance between in-office and remote work and employees are encouraged to work in different places in accordance with the nature of work. The new premises at Martela's head office meet the needs of hybrid work and support working together, a sense of community and work that requires concentration.

A safe working environment and working conditions are of primary importance for the well-being of the personnel. The basis of a safe work environment is adequate familiarization with work tasks, up-to-date instructions and the necessary safety training. Martela's personnel will have safety training relevant to their work, enabling them to perform their work in a professional and safe manner. Working safely is important in all kind of work but its importance is emphasized especially in production, removal and installation services. Employees are encouraged to actively report all safety near misses and incidents as they provide valuable information to improve occupational safety. During 2023, personnel's well-being, functional capacity and coping at work were further enhanced by piloting mental well-being support services for everyday challenges.

The job satisfaction of the personnel and the effectiveness of the actions chosen to improve the same are measured with annual People Spirit survey. The survey measures, among other things, job motivation, commitment, leadership and operative culture, and employer image. Despite the prevailing uncertainty and challenging environment, the personnel's job satisfaction and engagement improved compared to the previous survey result. Clear strengths are the meaningfulness of one's own work, received feedback and pride over Martela's products and services. The management and operating culture as well as the employer image have also developed positively. Although the personnel's possibility to participate in developing processes and availability of information have improved since the previous survey, there is room for improvement compared to the benchmark norm. Overall, the results show that the measures to strengthen job satisfaction as well as leadership and operative culture are on the right path.

Martela's Sustainability Report contains a comprehensive description of the social and people related matters.

RESPECTING HUMAN RIGHTS

Matters related to respecting human rights are discussed in, for example, the company's People Policy and Sustainability Policy for Supply Chain. The main principle is to offer equal opportunities to all of employees and to treat each employee fairly. In the requirements for the suppliers, the focus is on observing national legislation and ILO conventions, depending on which of them is found more demanding from the viewpoint of employee rights. No breaches of respecting human rights have been observed in Martela's operations or supply chain.

Martela's products are manufactured on the basis of customer orders, which means that the supply chains are short and that the acquisitions mainly take place from the neighbouring areas and from elsewhere in Europe. In Europe, where there is a long tradition of follow-up of working conditions and labour legislation, the risks related to respecting human rights are smaller. The social risks of Martela's suppliers have been thoroughly investigated and are always reviewed when selecting new suppliers and in conjunction with supplier evaluation.

Analysis of sustainability aspects is an important part of continuous interaction with suppliers. In Martela's sustainability policy for the supply chain updated at the end of 2023, the definitions of social responsibility were further specified. The policy is communicated with each purchase order. Additionally, for the most important suppliers, compliance is checked on a risk-based basis. Martela annually assesses the risks of social responsibility in its supply chain through country-specific sustainability indicators and, on the basis of these, plans the necessary measures for verifying social responsibility on a supplier-by-supplier basis.

In recent years Martela has regularly participated in the EcoVadis evaluation. In 2022, Martela was awarded the EcoVadis Gold rating. The results of the next assessment will be completed in February-March 2024. EcoVadis is the world's largest sustainability rating agency. Its assessment includes 21 sustainability criteria grouped into four themes: environment, labour and human rights, ethics and sustainable procurement. The rating criteria are based on international sustainability standards, such as the ten principles of the UN Global Compact, the International Labour Organisation (ILO) Conventions, the Global Reporting Initiative (GRI) standards and the ISO 26000 standard.

The 2023 sustainability training was implemented in the autumn and was attended by 83% of the personnel. The training was used to study the employees commitment to Martela's Code of Conduct and awareness of the procedures when noticing behaviour against its principles. Study showed 99% commitment to the principles and almost 90% of respondents were aware of procedures when noticing actions against the principles. No communication on grievance was received during 2023 through any available Martela whistleblowing channel.

PREVENTION OF CORRUPTION AND BRIBERY

Matters related to prevention of corruption and bribery are discussed in, for example, the Corporate Code of Conduct and Sustainability Policy for Supply Chain. Martela does not accept bribery in any form in its business in any of its market areas. Giving or receiving bribes is not permitted under any circumstances.

All transactions are recorded through the financial management/bookkeeping of each subsidiary. Martela's and all its subsidiaries bookkeeping and transactions are subject to an annual statutory audit. The bookkeeping is transparent to the CFO of the Group.

Share

Martela has two share series, A and K, with each K share entitling its holder to 20 votes at a General Meeting and each A share entitling its holder to one vote. Private holders of K shares have shareholder agreement that restricts the sale of K shares to any party outside the existing holders of K shares. There is a total of 604,800 K shares and a total of 3,968,695 A series, together 4,573,495 shares.

In January–December, a total of 1,122,349 (2,286,583) of the company's series A shares were traded on the NASDAQ OMX Helsinki exchange, corresponding to 28.3% (58.4) of the total number of series A shares.

The value of trading turnover was EUR 2.1 million (6.5), and the share price was EUR 1.28 at the end of the period (2.45). During January–December the share price was EUR 2.72 at its highest and EUR 1.22 at its lowest. At the end of December, equity per share was EUR 2.09 (3.07).

During 2023, Martela did not receive any notifications pursuant to Chapter 9, Section 5 of the Finnish Securities Markets Act.

During 2022 Martela has received one notification in accordance with the Finnish Securities Market Act Chapter 9, Section 5. On March 10, 2022, Martela received an announcement from Isku Yhtymä Oy, according to which the total number of Martela Corporation shares owned by Isku Yhtymä Oy has increased above 10% of the shares in Martela plc, as a result of share transactions concluded on March 10, 2022.

More information on the Martela Corporation shares and shareholders can be found under note 27 of the Notes to the financial statements.

TREASURY SHARES

Martela did not purchase any of its own shares in January–December 2023.

Based on the share issue authorization granted by the Annual General Meeting on March 29, 2023, the Board of Directors of Martela Corporation has decided to issue 53,881 new series A shares to the company itself without consideration. The shares issued by the company have been used to pay rewards according to the company's Performance-based Matching Share Plan 2021-2023, announced on March 23, 2021, for 32 key individuals, based on the earning period of 2022.

A total of 11,657 of Martela shares held by the company have been conveyed on May 23, 2022, without consideration to the 34 key individuals participating in the Performance-based Matching Share Plan 2021-2023, announced on March 23, 2021. Conveyance of the shares relates to the earning period 2021.

On December 31, 2023, Martela owns a total of 1,425 Martela A shares and its holding of treasury shares amounted to 0.03% of all shares and 0.01% of all votes. Out of the shares, 379 were purchased at an average price of EUR 10.65 and 1 046 were transferred from Martela Corporation's joint account to the treasury shares.

BOARD AND MANAGEMENT SHAREHOLDINGS OF MARTELA OYJ

Members of the Board, CEO and Management Team hold at 31.12.2023 total of 106,518 Martela Oyj A -shares and 2,673 K -shares, which represents 2.4% of the total amount of shares and 1.0% of the voting rights.

SHARE-BASED INCENTIVE PROGRAMME

Board of directors decided on March 18, 2021 on new share based incentive plan directed to key employees of the company. Purpose of the plan is to unite shareholders and key employees objectives on long-term basis as well as to commit key employees to execute company's strategy. Plan's objective is to offer to key employees competitive model to earn company's shares.

The new Performance-based Matching Share Plan 2021–2023 consists of three performance periods, covering the financial years of 2021, 2022 and 2023, respectively. The rewards to be paid based on the plan will amount to an approximate maximum total of 718,000 Martela Corporation series A shares including also the proportion to be paid in cash. Approximately 40 persons, including the CEO and other Martela's Management Team members, were belonging to the target group of the plan. The rewards will be paid partly in Martela Corporation series A shares and partly in cash. The cash proportions of the rewards are intended for covering taxes and tax-related expenses arising from the rewards to the participants. In general, no reward is paid if the participant's employment or director contract terminates before the reward payment. The reward to be paid on the basis of the plan will be capped if the limits set by the Board of Directors for the share price are reached. During the performance periods 2021 and 2022 and 2023, the rewards were based on the Group's Earnings before Interest and Taxes (EBIT).

As part of the implementation of the Performance-based Matching Share Plan 2021—2023, the Board of Directors have resolved on March 18, 2021 a directed share issue to persons participating to the plan. Decision on the share issue is based on the authorization given by annual general meeting on March 18,2021. Total number of shares subscribed was 305 700 A -shares with a subscription price of EUR 2.73 per share. On June 23, 2022 the Board of Directors resolved new directed share issue to a new member of the group management team, where total number of shares subscribed was 11 574 A -shares with a subscription price of EUR 2.88 per share. Decision on the share issue was based on the authorization given by annual general meeting on March 17, 2022.

As part of the implementation of the Performance-based Matching Share Plan 2021—2023, the Board of Directors has resolved to grant plan participants interest-bearing loans in the maximum total amount of 686,000 euros to finance the acquisition of the company's shares. The maximum amount of the loan is 70 per cent of the participant´s investment in shares. The loans will be repaid in full on 31 December 2025, at the latest.

In 2023 total number of shares distributed based on the rewards of the programme was 53 881 and in year 2022 the number of the distributed shares were 11 657.

2023 Annual general meeting

Martela Corporation's Annual General Meeting was held on Wednesday, March 29, 2023. The Meeting approved the Financial Statements, discharged the members of the Board of Directors and CEO from liability for the year of 2023 and approved remuneration report for 2023. The Annual General Meeting resolved, in accordance with the proposal of the Board of Directors, to distribute a dividend of EUR 0.10 per share.

The Annual General Meeting confirmed that the Board of Directors will consist of six members and Mr. Jan Mattsson, Mr. Eero Martela, Ms Hanna Mattila, Ms. Katarina Mellström, Mr. Johan Mild and Ms. Anni Vepsäläinen be re-elected as members of the Board of Directors. The Annual General Meeting resolved a monthly compensation of EUR 3,700 be paid for the Chairman of the Board and EUR 1,850 for the Board Members, and an additional compensation of EUR 1,600 per year to the Board members belonging to a committee.

Authorized Public Accountant Ernst & Young Oy was re-elected as the company's auditor. The remuneration of the auditor will be paid according to the invoice that has been accepted by the Audit Committee of the company.

The Board of Directors proposal that the Company's articles of association are amended so that the domicile of the Company is changed to Espoo and that an addition is made to the articles of association concerning possible remote participation in the general meeting as an alternative or without convening a physical meeting were approved.

The Annual General Meeting authorized the Board in accordance with the proposal of the Board of Directors to decide on the repurchase of a maximum of 450,000 Company's own A shares in one or several occasions. Own shares will be repurchased in public trading maintained by Nasdaq Helsinki Ltd at the market price of the shares as per the time of repurchase or otherwise at a price formed on the market. Own shares may be repurchased when necessary as a part of the Company's salary and incentive scheme, for use in conjunction with corporate acquisitions and other business arrangements, if the Board deems this is in the interest of the shareholders in light of the company's share indicators, or if the Board deems it is an economical way of using liquid assets, or for some other similar purpose. The share repurchase authorization includes the right to repurchase shares otherwise than in proportion of the shareholdings. The authorization cancels any previous unused authorizations to repurchase the Company's own shares. This share repurchase authorization will be valid until the closing of the next Annual General Meeting, however, no longer than until 30 June 2024.

The General Meeting authorized the Board of Directors to decide upon the issuance of shares and the issuance of special rights entitling to shares as referred to in Chapter 10 Section 1 of the Companies Act in one or several tranches, either against payment or without payment. The aggregate number of shares to be issued, including the shares to be received based on special rights, cannot exceed 450 000 of the Company's A-series shares. The Board of the Directors may resolve to issue new shares or to transfer own shares possibly held by the company. The maximum amount of the authorization corresponds to approximately 10 per cent of all shares in the Company. The Board of Directors is authorized to decide on all other matters related to the issuance of shares and special rights entitling to shares, including the right to deviate from the pre-emptive right of shareholders to subscribe for shares to be issued. The authorization is proposed to be used for the purposes of paying purchase prices of corporate acquisitions, share issues and issues of option rights and other special rights entitling to shares. This authorization remains valid until the closing of the next Annual General Meeting, however, no longer than until 30 June 2024.

The Board of Directors elected by Martela Corporation's Annual General Meeting had its organizational meeting after the Annual General Meeting and elected from among its members Johan Mild as the Chairman and Katarina Mellström as the Vice Chairman of the Board.

Administration

Martela Corporation is a Finnish limited liability company that is governed in its decision-making and management by Finnish legislation, especially the Finnish Limited Liability Companies Act, by other regulations concerning public listed companies, and by its Articles of Association. The company complies with the NASDAQ OMX Guidelines for Insiders and the Corporate Governance Code 2020 for Finnish listed companies published by the Securities Market Association. Company has published its Corporate Governance report as a separate document in company's website. More information on Martela's governance can be found on the company's website.

Martela Responsibility Report includes extensively the non-financial information (NFI) required by the accounting law. The Responsibility Report of 2023 will be published after the Annual Report.

Risks and uncertainties

The principal risk regarding profit performance relates to the general economic uncertainty and the consequent effects on the overall demand in Martela's operating environment. Due to the project-based nature of the sector, forecasting short-term developments is challenging. In accordance with Martela's risk management model, the risks are classified and guarded against in different ways.

Company regularly evaluates and monitors the financing need of its operations in order to secure sufficient liquid funds to run the operations and to facilitate other liabilities, like long-term rental agreements related payments. Sudden negative changes in the demand of company's products and services or changes in the overall market environment can however cause that companys liquid funds will not be sufficient to finance the operations.

Production of Martela's products is based on orders placed by customers, supply chain is short and purchases are mainly from neighbouring area and from other parts of Europe. Extensive warehousing is not needed. The product assembly is automated and based on component subcontracting and on assembly carried out by Martela.

Risks of damage are covered with appropriate insurance and this provides comprehensive coverage for property, business interruption, supplier interruption loss and loss liability risks. The services of an external partner are used in insurance as well as in legal matters.

Finance risks are discussed in note 22 of the notes to the financial statements.

SHORT-TERM RISKS

The principal risk regarding profit performance and liquidity development relates to the general economic uncertainty and the consequent effects on the overall demand in Martela's operating environment. The market situation continues to be negatively affected by uncertainty about the development of inflation and interest rates. Due to the project-based nature of the sector, forecasting short-term development is challenging in normal circumstances. This challenge is further accentuated by the increased economic uncertainty.

Events after the end of the financial year

On January 3, 2024, the company announced plans to streamline and reorganize its operations to mitigate the adverse effects of the market situation and adjust its cost structure to the prevailing circumstances. The reorganisation also aims to improve the service experience of Martela's customers. The planned organisational changes and other cost-saving measures are estimated to result in annual cost savings of approximately EUR 2 million. The majority of these are expected to be realized by 2024 and the full savings targets would be achieved by 2025. At the same time, the company announced that it will continue to invest in strategic key areas such as workplace services, digitalization, circular economy and internationalization.

No other significant events requiring reporting have taken place since the January—December period.

Outlook for 2024

Martela anticipates its revenue to increase in full-year 2024 compared to previous year and operating result to be positive.

Proposal of the board of directors for distribution of profit

The Board of Directors proposes to the Annual General Meeting that no dividend will be distributed for 2023.

Annual general meeting

Martela Corporation's AGM is planned to be held on Friday 5 April 2024. The notice of the Annual General Meeting will be published in a separate release.

Consolidated comprehensive income statement

(EUR 1000)	Note	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Revenue	1	**94,389**	**106,710**
Other operating income	2	149	2,293
Changes of inventories of finished goodsand work in progress		1,420	3,516
Raw material and consumables used		-56,219	-69,548
Production for own use		513	2,506
Employee benefits expenses	3	-22,995	-23,557
Other operating expenses	4	-12,865	-13,639
Depreciation and impairment	5	-6,773	-5,790
Operating profit (-loss)		**-2,380**	**2,491**
Financial income	7	645	126
Financial expenses	7	-1,557	-1,268
Profit (-loss) before taxes		**-3,292**	**1,349**
Income taxes	8	-222	1,205
Profit (-loss) for the financial year		**-3,514**	**2,554**
Other comprehensive income:			
Items that will not later be recognised through profit or loss			
Items resulting from remeasurement of the net debt related to defined benefit plans		45	103
Taxes from items that will not later be recognised through profit or loss		0	-22
Items that may later be recognised through profit or loss			
Translation differences		-415	190
Other comprehensive income for the period		**-370**	**270**
Total comprehensive income		**- 3 884**	**2,824**
Allocation of profit (-loss) for the financial year			
Equity holders of the parent		-3,514	2,554
Allocation of total comprehensive income			
Equity holders of the parent		-3,884	2,824
Earnings per share of the profit attributable to the equity holders of the parent			
Basic earnings/share, EUR	9	-0.77	0.57
Diluted earnings/share, EUR	9	-0.77	0.57

Consolidated balance sheet

(EUR 1 000)	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets			
Intangible assets	10	4,334	4,278
Tangible assets	11	14,408	13,312
Non-current financial assets	12	539	553
Deferred tax assets	13	3,003	2,860
Non-current assets, total		**22,283**	**21,003**
Current assets			
Inventories	14	9,235	11,781
Trade receivables and other receivables	12,15	19,115	18,248
Cash and cash equivalents		5,053	11,295
Current assets, total		**33,403**	**41,324**
ASSETS, TOTAL		**55,686**	**62,327**

(EUR 1 000)	Note	31 Dec 2023	31 Dec 2022
EQUITY AND LIABILITIES			
Equity attributable to holders of the parent	16		
Share capital		7,000	7,000
Share premium account		1,116	1,116
Reserve for invested unrestricted equity		995	995
Other reserves		-9	-9
Treasury shares*		-4	-4
Translation differences		-1,071	-655
Retained earnings		1,530	5,406
Equity, total		**9,558**	**13,849**
Non-current liabilities			
Pension obligations	19	105	115
Financial liabilities	12,18	13,812	14,686
Provisions	20	269	229
Non-current liabilities, total		**14,187**	**15,030**
Current liabilities			
Financial liabilities	12,18	4,287	4,612
Advances received	21	7,850	6,278
Trade payables	12,21	9,440	9,569
Accrued liabilities and prepaid income	12,21	6,789	7,893
Income tax payable		0	1,213
Other current liabilities	12,21	3,507	3,824
Provisions	20	67	57
Non-interest-bearing current liabilities, total		**31,941**	**33,447**
LIABILITIES, TOTAL		**46,128**	**48,477**
EQUITY AND LIABILITIES, TOTAL		**55,686**	**62,327**

* The treasury shares acquired for and assigned to share-based incentive scheme are shown in accounting terms as treasury shares.
See notes 16.

Consolidated cash flow statement

(EUR 1 000)	Note	1 Jan—31 Dec 2023	1 Jan—31 Dec 2022
Cash flows from operating activities			
Cash flow from sales		94,980	113,434
Cash flow from other operating income		144	282
Payments on operating costs		-93,128	-110,881
Net cash from operating activities before financial items and taxes		1,996	2,835
Interest paid		-784	-472
Interest received		29	23
Other financial items		-244	4
Dividends received		0	0
Taxes paid		-677	-319
Net cash from operating activities (A)		**320**	**2,072**
Cash flows from investing activities			
Capital expenditure on tangible and intangible assets		-2,332	-902
Proceeds from sale of tangible and intangible assets		0	11,124
Net cash used in investing activities (B)		**-2,332**	**10,222**
Cash flows form financing activities			
Proceeds from short-term loans		0	33
Repayments of short-term loans	18	-417	-5,000
Repayments of lease liabilities		-3,457	-2,728
Proceeds from long-term lease liabilies		0	4,000
Repayment of long-term loans	18	0	-1,900
Cash proceeds from issuing shares		0	10
Dividends paid		-452	0
Net cash used in financing activities (C)		**-4,326**	**-5,586**
Change in cash and cash equivalents (A+B+C), increase +, decrease -		**-6,338**	**6,708**
Cash and cash equivalents at the beginning of year		**11,295**	**4,926**
Translation differences		96	-339
Cash and cash equivalents at the end of year		**5,053**	**11,295**

Statement of changes in equity

Equity attributable to equity holders of the parent (EUR 1 000)	Share capital	Share premium account	Reserve for invested unrestricted equity	Other reserves	Treasury shares	Translation diff.	Retained earnings	Equity total
Equity 1 Jan 2022	**7,000**	**1,116**	**962**	**-9**	**-128**	**-846**	**2,665**	**10,761**
Profit (-loss) for the financial year							2,554	2,554
Other items of comprehensive income adjusted by tax effects								
Translation differences						190		190
Items resulting from remeasurement of the net debt related to defined benefit plans (incl. Deferred taxes)							80	80
Other comprehensive income for the period						**190**	**80**	**270**
Total comprehensive income						**190**	**2,634**	**2,824**
Share issue			33					33
Share-based incentives					124		107	231
Equity 31 Dec 2022	**7,000**	**1,116**	**995**	**-9**	**-4**	**-656**	**5,406**	**13,849**
Equity 1 Jan 2023	**7,000**	**1,116**	**995**	**-9**	**-4**	**-656**	**5,406**	**13,849**
Profit (-loss) for the financial year							-3,514	-3,514
Other items of comprehensive income adjusted by tax effects								
Translation differences						-415		-415
Items resulting from remeasurement of the net debt related to defined benefit plans (incl. Deferred taxes)							45	45
Other comprehensive income for the period						**-415**	**45**	**-370**
Total comprehensive income						**-415**	**-3,469**	**-3,884**
Share issue								0
Share-based incentives							44	44
Dividends paid							-452	-452
Equity 31 Dec 2023	**7,000**	**1,116**	**995**	**-9**	**-4**	**-1,071**	**1,530**	**9,558**

More information in Notes 16 Equity and 17 share-based payments.

Accounting principles for the consolidated financial statements

Martela Group

Martela Corporation supplies ergonomic and innovative furniture solutions and provides interior planning services.

The Group's parent company is Martela Oyj, a Finnish public limited company domiciled in Espoo, street address Miestentie 1, 02150 Espoo. The company's A shares are listed on Nasdaq Helsinki.

The Group's financial statements are available online at Martela's home pages www.martela.com.

These financial statements were authorized for issue by the Board of Directors of Martela Oyj on February 13, 2024. The Finnish Limited Liability Companies Act permits the shareholders to approve or reject the financial statements in the general meeting that is held after publishing the financial statements. As well, the general meeting has a possibility to amend the financial statements.

BASIS OF PREPARATION

Martela's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as on December 31, 2023. As referred to in the Finnish Accounting Act and in ordinances issued pursuant to the provisions of this Act, the International Financial Reporting Standards refer to the standards and their interpretations adopted in accordance with the procedure laid down in Regulation (EC) No 1606/2002 of the EU. The notes to the consolidated financial statements also conform with additional requirements of the Finnish accounting and company legislation.

The consolidated financial statements are presented in thousands of euros and have been prepared on the historical cost basis except as disclosed in the accounting policies. All presented figures have been rounded, which is why the sum of individual figures might deviate from the presented sum. The key financial indicators have been calculated using exact figures. Martela's consolidated financial statements cover the full calendar year, and this represents the financial period for the parent company and the Group companies.

USE OF ESTIMATES

The preparation of the financial statements in conformity with IFRS requires Group management to make certain estimates and to use judgement when applying accounting policies. The section "Accounting policies requiring management's judgement and key sources of estimation uncertainty" refers to the judgements made by management and those financial statement items on which judgements have a significant effect.

Principles of consolidation

The consolidated financial statements include the parent company, Martela Oyj, and all the subsidiaries in which the parent company controls, directly or indirectly, more than 50 per cent of the voting power of the shares, or otherwise has control. Martela is considered to be in control of a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are included in the consolidated financial statements by using the acquisition method. The intra-group transactions, unrealised margins on intra-group deliveries, intra-group receivables and liabilities and profit distribution are eliminated.

Items denominated in foreign currency

Transactions in foreign currencies are translated at the exchange rate prevailing on the date of the transaction – in practice, for transactions taking place within any given month, a rate is used that approximates the rate of the transaction date. At the end of the reporting period, the monetary assets and liabilities are translated into functional currencies at the exchange rate at the end of the reporting period. Exchange rate gains and losses related to business operations are treated as adjustments to the purchases and sales. Exchange rate gains and losses in financing are treated as adjustments to financial income and expenses.

The statements of comprehensive income and cash flows of foreign subsidiaries for the period are translated into euros at the average rates for the financial year, and the balance sheets at the average rates of the European Central Bank at the end of the reporting period. The translation of the profit or loss and comprehensive income for the period at different exchange rates in the statement of comprehensive income and in the balance sheet causes a translation difference which is recognised in other comprehensive income. The exchange rate differences arising from the elimination of the cost of the foreign subsidiaries and the exchange rate differences arising from the translation of post-acquisition equity are also recognised in other comprehensive income. Similar treatment is applied to intra-group non-current loans which in substance are equity and form a part of the net investment in the operation in question. When a subsidiary is disposed of, all or in part, the accumulated translation differences are reclassified to profit and loss as part of the gain or loss on disposal.

Revenue recognition principles

Furniture is mainly delivered as installed at customer. The control of the furniture is transferred to the customer when the deliverables form the contract are fulfilled, i.e. the furniture is delivered and installed at customer and the customer has approved the delivery. The significant risks and rewards of ownership of the furniture is also transferred to the buyer through the approval of the delivery. Revenue from sold goods is recognised as the control of the goods is transferred to the buyer according to the agreement. The normal warranty for standard Martela produced products in normal use is five years and for other standard products two years.

Consultative services consist of workshops and interviews for specification of the demands placed on the work environment and interior planning services. The deliverable is fulfilled and the control is transferred to the customer as the product of the service is delivered to the customer. Revenue from consultative services is recognised as the deliverable is fulfilled.

In removals services the value of the service is received by the customer as Martela provides the service. In such cases the revenue is recognised over time. The removal services provided by Martela are mainly short in duration. In case a removal services project lasts for several months is the revenue recognised based on either invoicing of the achieved project milestones or based on actual work hours registered for the project.

The transaction prices for the sold goods and services are defined for each deliverable on the sales orders and no variable considerations are in use. Martela does not have capitalized costs for obtaining or of fulfilling customer contracts. Sales receivables are typically due latest within two months from invoicing. The customer contracts do not include significant financing components provided by Martela.

Revenue consists of income from customer contracts according to IFRS 15 and income from customer contracts that are classified as leases based on the contract contents, and are treated in accordance to IFRS 16.

Leases in which substantially all the risks and rewards incidental to ownership of an asset remain with the lessor are classified as operative lease contracts and recognised as revenue in the statement of comprehensive income on a straight-line basis over the lease term.

Employee benefits

PENSION LIABILITIES

The Group has arranged defined contribution plans and defined benefit plans for retirement. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Contributions made to defined contribution plans are recognised in profit or loss as an expense as incurred.

The obligations of defined benefit plans are calculated separately for each plan. The projected unit credit method is used in the calculation. Pension costs are recognised as an expense over the service period of personnel based on calculations performed by qualified actuaries. In calculating the present value of a pension obligation, the market yield of corporate high-grade bonds or the interest rate of government bonds are used as the discount rate. Their maturity corresponds to a significant extent with the maturity of the computed pension liability.

Pension expenses (service cost in the period) and the net interest for the net debt related to the defined benefit pension plan are recognised through profit or loss. Pension expenses are included in employee benefit expenses. Items resulting from the remeasurement of the net debt (or net asset) related to the defined benefit plan are recorded in items of other comprehensive income in the financial period during which they emerge. These include actuarial gains and losses and returns on assets included in the plan, among other items. Past service costs are recognised in expenses through profit or loss on the earlier of the following dates: the date when the plan is amended or reduced, or the date when the entity recognises the reorganisation expenses related to this or the benefits related to the termination of the employment relationship.

SHARE-BASED PAYMENTS

In the Group's share-based incentive system, with vesting periods 2021, 2022 and 2023, payments are made in a combination of shares and cash. Share rewards are measured at fair value at the grant date and recognised as expenses over the vesting period. The vesting conditions are taken into account in the number of shares which are expected to vest by the end of the validity period. Measurements are adjusted at the end of each reporting period and the settlement is recognised under equity. The expense determined at the time of granting the share-based incentives is based on the Group's estimate of the number of shares which are expected to vest by the end of the vesting period. The assumed vesting takes account of the maximum incentive, the assumed achievement of non-market-based earnings targets and the reduction of persons participating the plan. The Group updates the estimate of the final number of shares at the end of each reporting period. Their impact on profit or loss is presented in the statement of comprehensive income under employment benefits expenses.

OPERATING PROFIT (LOSS)

Operating profit is the Group's profit from operations before financial items and income taxes. Exchange rate differences arisen in the translation of trade receivables and payables denominated in foreign currencies are included in operating profit.

INCOME TAXES

The taxes recognised in the consolidated statement of comprehensive income include current tax based on the taxable income of the Group companies for the financial year, taxes for previous years and the change in deferred taxes. For transactions and other events recognised in profit or loss, any related tax effects are also recognised in profit or loss. For transactions and other events recognised outside profit or loss (either in other comprehensive income or directly in equity), any related tax effects are also recognised either in other comprehensive income or directly in equity, respectively.

Deferred tax assets and liabilities are recognised on temporary differences between the tax bases and IFRS carrying values of assets and liabilities in the financial statements. A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which it can be used. Deferred tax liabilities are recognised to the full extent in the balance sheet. Deferred taxes are measured by using the tax rates enacted or substantively enacted by the end of the reporting period.

Intangible assets

GOODWILL

Goodwill resulting from business combinations represents the excess of the consideration transferred over the fair value of the net identifiable assets acquired.

Goodwill is tested annually or more frequently if there are indications that the value might be impaired. Testing is performed at least at the end of each financial year. For this purpose goodwill is allocated to cash generating units. An impairment loss is recognised whenever the carrying amount of cash-generating unit exceeds the recoverable amount. Impairment losses are recognised in the comprehensive income statement. An impairment loss in respect of goodwill is never reversed.

RESEARCH AND DEVELOPMENT

Research and development is active and continuous in the Group and if individual development projects are of such a scope in relation to operations and if the capitalization criteria are fulfilled these projects are capitalized. Research expenditure is recognised as an expense when incurred. R&D-related equipment is capitalised in machinery and equipment. There has been no development costs that met the capitalization criteria during the financial year.

OTHER INTANGIBLE ASSETS

An intangible asset is initially capitalized in the balance sheet at cost if the cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group. Other intangible assets include software licences, IT-programmes, patents and other corresponding rights. Patents, licences and other rights are measured at historical cost, less amortisation and any impairment.

The useful lives of intangible assets are as follows:

Licences	3 – 5 years
IT-programmes	3 – 10 years
Customer ship	4 years
Brands	6 years
Patents and other corresponding rights	10 years

Amortisation is recognised using the straight-line method.

Tangible assets

Land, buildings, machinery and equipment constitute the majority of tangible assets. They are measured in the balance sheet at historical cost, less accumulated depreciation and any impairment.

When a part of an item of property, plant and equipment (accounted for as a separate asset) is renewed, the expenditure related to the new item is capitalised and the possibly remaining balance sheet value removed from the balance sheet. Other expenditure arising later is capitalised only when future economic benefits will flow to the Group. Other expenditure for repairs or maintenance is expensed when it is incurred. Those borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. A tangible asset once classified as held for sale is not depreciated. Land is not depreciated. The estimated depreciation periods are as follows:

Buildings	15–30 years
Machinery and equipment	3–8 years

The residual values and useful lives of tangible assets are reviewed at least at each financial year-end and, if necessary, are adjusted to reflect changes in the expected future economic benefits.

Gains and losses from the sale or disposal of tangible assets are recognised in profit and loss and presented under other operating income or other operating expenses.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

The carrying amounts of assets are assessed at the end of each reporting period to observe whether there are any indications that an asset may be impaired. If such indications exist, the recoverable amount of the asset will be estimated at the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised if the balance sheet value of an asset or a cash-generating unit exceeds the recoverable amount of it. Impairment losses are recognised in the statement of comprehensive income.

If there are indications that impairment losses no longer exist or that they have diminished, the recoverable amount is estimated. An impairment loss previously recognised in the statement of comprehensive income is reversed if the estimates used in measuring the recoverable income have changed. However, an impairment loss cannot be reversed to an extent more than what the carrying amount of the asset or cash-generating unit would be without recognition of an impairment loss.

Leases

Martela's lease contracts consist mainly of office spaces, cars and IT-equipment. The lease contracts of cars and IT-equipment are time limited whereas the contracts for office spaces are open ended as well as time limited. The lease contracts do not include variable lease payments.

Lease agreements, for which the lease period is beyond 12 months, are according to IFRS 16 recognised on the balance sheet as a right-of-use assets and lease liabilities. The right-of-use assets decreased with the accumulated depreciations are recognised as tangible assets. The right-of-use assets are depreciated over the lease period or an estimated period if longer. Estimated rental periods, are used for lease agreements of indefinite duration. The estimated rental periods are 2 years for rented offices and sales facilities and 1 year for warehouses. Martela applies the exemptions to IFRS 16 and does not apply IFRS 16 to short-term leases for which the lease term ends within 12 months and leases of low-value assets, which are not offices or warehouses in use by Martela. The payments for these are recognised as equal instalments over the rental period in the consolidated statement of comprehensive income.

The lease liabilities have been discounted at the borrowing rate.

Company also operates as lessor of furniture. Accounting principles of these are described under revenue recognition principles.

Martela Oyj has, during the comparison year, signed an sale and leaseback agreement regarding the Nummela production and logistic centre. A sales and leaseback transaction is an operation, in which the Group sells an asset, and simultaneously enters into a lease agreement with the buyer-lessor regarding the right to use the building. If the buyer-lessor has gained control over the asset subject to the agreement and the transfer is classified as an IFRS 15 sale, The Group recognises the fixed asset item arising from the lease to the amount, which is the relative share of the asset's previous book value related to the rights of use retained by it.

The profit is limited to the share of the total profit that is related to the rights transferred to the buyer-lessor.

Inventories

Inventories are measured at the lower of cost and net realisable value. The value of inventories is determined by using weighted average purchase prices and it includes all direct expenditure incurred by acquiring the inventories and also a part of the production overhead costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventory value includes adjustments caused by obsolescence.

Financial assets

Group's financial assets are classified into the following groups: financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets measured at amortised costs. The classification depends on the purpose of acquiring the financial assets, and they are classified at the time of initial acquisition. All purchases and sales of financial assets are recognised and derecognised on the trade date. The Group derecognises financial assets when it has lost its right to receive the cash flows or when it has transferred substantially all the risks and rewards to an external party.

Financial assets measured at amortised costs include assets that are held in a business model whose object is achieved by holding the assets and collecting contractual cash flows until the due date. The cash flow from the assets consists of solely payments of principal and interest on the principal amount outstanding. They are originally recognised at fair value and subsequently measured at amortised cost. The group recognises a deduction in the financial assets recognised at amortised cost based on expected credit losses. These assets are included in either current or non-current financial assets (they are included in the latter if they mature over 12 months later). The category includes loan, trade and other receivables that are not derivatives.

Cash and cash equivalents comprise cash in hand, in banks and in demand bank deposits, as well as other current, very liquid investments. Items qualifying as cash and cash equivalents have original maturities of three months or less from the date of acquisition.

IMPAIRMENT OF FINANCIAL ASSETS

At the end of each reporting period, the Group assesses whether objective evidence exists of the impairment of an individual financial asset or a group of financial assets. Impairment will be recognised through profit or loss.

A simplified model according to IFRS 9 is used in assessing the expected credit losses on trade receivables: credit losses are recognised to an amount that represents the expected credit losses for the full lifetime. The expected credit losses are assessed based on historical information on credit losses and on the information on the future financial circumstances available on the review date.

FINANCIAL LIABILITIES

The Group classifies its financial liabilities as financial liabilities measured at amortised cost (mainly includes borrowings from financial institutions, IFRS 16 lease liabilities and trade payables) .

Financial liabilities are initially recognised at fair value and are subsequently measured either at amortised cost or at fair value, based on the classification made. Financial liabilities are included in current and non-current liabilities and they can be interest-bearing or non-interest-bearing. Bank overdrafts are included in current interest-bearing liabilities. Financial liabilities are regarded as current, unless the Group has an absolute right to postpone the repayment of the debt until a minimum of 12 months after the end of the reporting period. Financial liabilities (in full or in part) are not eliminated from the balance sheet until the debt has ceased to exist – in other words, when the obligation specified in the agreement has been fulfilled or rescinded or ceases to be valid.

The Group uses derivative financial instruments, to hedge its electricity price risk. The Group doesn't apply hedge accounting, but derivatives are recognized at fair value through the statement of profit or loss at each balance sheet date according to the closing rate of the period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The change in fair value is recognised in income statement in raw material and consumables used.

Share capital

Outstanding ordinary shares are shown as share capital. The share capital consists of K and A series shares. The shares of both series have identical dividend rights but K series shares confer 20 votes and A series shares 1 vote at general meetings of shareholders.

Expenses related to the issuance and acquisition of own equity instruments are presented as deductions from equity. If Martela Oyj buys back its own equity instruments, their cost is deducted from equity.

DIVIDENDS

Dividends proposed by the Board of Directors are not recorded in the financial statements but the related liability is only recognised when approved by a general meeting of shareholders.

Provisions

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event, it is probable that on outflow of economic benefits will be required to settle the obligation and the amount can be estimated reliably. The amount recognised as a provision is equal to the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Accounting policies requiring management's judgement and key sources of estimation uncertainty

In preparing the financial statements it is necessary to make forward-looking estimates and assumptions which may not, in fact, turn out to be true. In addition, it is necessary to use judgement in applying accounting policies to the financial statements. The foremost estimates concern the utilisation of deferred tax assets against future taxable income and the assumptions used in the impairment testing. Other estimates requiring management's judgement mainly concerns the amount of non-marketable inventories, impairment of trade receivables, the amount of guarantee provisions and the definition of the lease period in lease contracts of indefinite duration under IFRS 16. Estimates and assumptions are based on management's current best knowledge at the end of the reporting period, reflecting historical experience and other reasonable assumptions.

Impairment testing

The carrying amounts of non-current assets are assessed at the end of each reporting period to observe whether there are any indications that the balance sheet value of an asset or a cash-generating unit exceeds the recoverable amount of it.

If such indications exist, the recoverable amount of the asset will be estimated at the higher of its fair value less costs to sell and its value in use. Value in use is calculated based on discounted forecast cash flows. An impairment loss is recognised if the balance sheet value of an asset or a cash-generating unit exceeds the recoverable amount of it. Impairment losses are recognised in the statement of comprehensive income.

If there are indications that impairment losses no longer exist or that they have diminished, the recoverable amount is estimated. An impairment loss previously recognised in the statement of comprehensive income is reversed if the estimates used in measuring the recoverable income have changed. However, an impairment loss cannot be reversed to an extent more than what the carrying amount of the asset or cash-generating unit would be without recognition of an impairment loss.

Goodwill is tested for impairment annually regardless of whether there is any indication of impairment.

An impairment loss in respect of goodwill is never reversed. (Note 10)

The recoverable amounts of cash generating units have been determined using calculations based on value in use. In the calculations, forecast cash flows are based on financial plans approved by management, covering a period of five years. The central assumptions concern development of growth and profitability. The cash flows beyond the five-year period are estimated based on 1,5% growth.

Deferred tax receivables

The prerequisites for recognition of deferred tax receivables are assessed at the end of each reporting period. Assumptions made by the managers of the Group companies on taxable income in future financial periods have been taken into account when evaluating the amount of deferred tax assets. Various internal and external factors can have a positive or negative effect on deferred tax assets. These include restructuring in the Group, amendments to tax laws (such as changes to tax rates or a change to the period of utilisation of confirmed deductible tax losses) and changes to the interpretations of tax regulations. Deferred tax assets recognised in an earlier reporting period are recognised in expenses in the consolidated statement of comprehensive income if the unit in question is not expected to accumulate sufficient taxable income to be able to utilise the temporary differences, such as confirmed tax losses, on which the deferred tax assets are based.

Deferred tax assets are not recorded for taxation losses in subsidiaries.

Financial Statement prepared in ESEF Format

Financial Statements in Annual Report are prepared in ESEF format, in which it is marked up with XBRL tags according to ESEF taxonomy. The machine readable material is not audited.

New and amended IFRS-standards and interpretations effective from 2023 onwards

In 2023 and thereafter, the Group has adopted the following new and revised standards and interpretations issued by the IASB:

Amendments to the standard IAS 12 Income Taxes: Deferred taxes on transactions for which companies recognise both an asset and a liability. Amendment specifies how company account for deferred tax on transactions such as leases.

Amendments to IAS 1 Presentation of financial statements: The amendment clarifies when the change in accounting policy is material and how entities apply the concept of materiality in making decisions about accounting policy disclosures. The changes did not have a significant impact on the consolidated financial statements.

Amendments to the standard IAS 8, Accounting principles, changes and errors in accounting estimates: Definition of accounting estimates. The change clarifies the definition and application of the accounting estimate. The changes did not have a significant impact on the consolidated financial statements.

Amendments to IAS 12 Income Taxes – Pillar 2: The model rules regarding Pillar 2 will enter into force in Finland on January 1, 2024 with the new legislation on corporate minimum tax, which will bring into force the Council directive on ensuring a global minimum tax level for multinational corporations and large domestic corporations (Pillar 2). Martela Oyj is not covered by the legislation.

NEW IFRS STANDARDS, AMENDMENTS TO STANDARDS AND IFRIC INTERPRETATIONS THAT HAVE NOT YET BEEN IMPLEMENTED

Amendments to the standard IAS 1, Classification of liabilities into current and non-current. The standard change clarifies how debts should be classified as short-term or long-term when the company has the right to postpone the payment of the debt for at least 12 months.

Amendments to the IFRS16 standard Leases: lease liabilities in sales and leasebacks. The change requires the seller-lessee to subsequently value the lease liabilities arising from the sublease in a way that does not record any part of the profit or loss related to the seller-lessee's right of use. The new requirements do not prevent the seller-lessee from recording a profit or loss in the income statement related to the partial or complete termination of the lease agreement.

Amendments to the IAS 7 standard Cash flow statement and to the IFRS 7 standard Financial instruments: Delivery financing arrangements. The aim of the change is to provide additional information on the use of supplier financing arrangements, which will allow investors to assess the effects on the company's debts, cash flows and liquidity risk. The change gives instructions to identify a situation in which the currency cannot be considered as freely exchangeable and instructs in these situations to take this into account in the exchange rate used in reporting and to provide additional information on the matter.

The new IFRS standards, changes to standards and IFRIC interpretations listed above that come into effect on or after 1 January 2024 are not estimated to have a material impact.

1. Segment reporting

As a result of harmonising and combining processes, the organisation, reporting and systems, as of 2017 the company reports consolidated figures as a single segment and in addition reports revenue by country. Revenue will be reported by the location of a customer in following countries: Finland, Sweden, Norway and Other countries..

Revenue (EUR 1 000)	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Revenue by area		
Finland	67,313	74,501
Sweden	9,561	11,155
Norway	6,992	7,575
Other areas	10,523	13,479
Total	**94,389**	**106,710**
Income from the sale of goods	77,653	91,615
Income from the sale of services	16,736	15,095
Total	**94,389**	**106,710**

Revenue includes EUR 4 287 thousand (2 228) income from furniture which is based on customer agreements and is classified as rental income.
Comparison year figure has been corrected. Previously released figure was EUR 1 327 thousand.

(EUR 1 000)	31 Dec 2023	31 Dec 2022
Assests and liabilities from contracts with customers		
Trade receivables	16,218	15,810
Accrued income based on customer contracts	281	933
Prepayments based on customer contracts	7,850	6,278

Assets Information about geographical regions Non-current assets (EUR 1000)	Intangible assets 31 Dec 2023	Tangible assets 31 Dec 2023
Finland	4,334	14,093
Sweden	0	106
Other regions	0	208
Total	**4,334**	**14,408**

Non-current assets	Intangible assets 31 Dec 2022	Tangible assets 31 Dec 2022
Finland	4,278	13,025
Sweden	0	150
Other regions	0	138
Total	**4,278**	**13,312**

2. Other operating income

(EUR 1 000)	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Gains on sale of tangible assets	0	69
Gain on the sale and leaseback agreement	0	1,930
Rental income	58	239
Public subsidies	6	13
Other income from operations	85	43
Total	**149**	**2,293**

3. Employee benefits expenses

(EUR 1 000)	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Salaries and wages	-18,505	-18,933
Pension expenses, defined contribution plans	-2,876	-2,949
Pension expenses, defined benefit plans	-70	-105
Expenses of matching share plan	-275	-297
Other salary-related expenses	-1,270	-1,273
Personnel expenses in the income statement	**-22,995**	**-23,557**
Other fringe benefits	-499	-381
Total	**-23,494**	**-23,938**

A total of EUR 769 thousand for 2023 and EUR 1 142 thousand from 2022 were recognised in the result from the incentives and salary-related expenses associated with the incentive scheme. Salaries and fees and share-based payments are presented in more detail under note 24 Related-party transactions.

More information about share-based incentive programme is in note 17.

Personnel	2023	2022
Personnel on average, workers	194	200
Personnel on average, officials	209	203
Personnel on average, total	**403**	**403**
Personnel at year-end	**386**	**400**
Personnel on average in Finland	326	328
Personnel on average in Sweden	29	27
Personnel on average in Norway	15	14
Personnel on average in Poland	33	34
Total	**403**	**403**

4. Other operating expenses

Other operating expenses are reported by type of expense.

(EUR 1000)	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Freight	-1,237	-1,465
Travel	-611	-561
Administration	-2,041	-2,582
IT	-3,217	-2,768
Marketing	-640	-862
Electricity and heating	-330	-311
Unrealised loss of electricity derivatives	-52	-78
Other real estate	-1,089	-1,053
Royalties	-646	-850
Other	-3,002	-3,107
Total	**-12,865**	**-13,639**
Auditors' fees	**1 Jan–31 Dec 2023**	**1 Jan–31 Dec 2022**
Auditing	-173	-129
Other services	-18	-15
Total	**-191**	**-144**

Auditors' fees are included in administration expenses.

5. Depreciation and impairment

(EUR 1 000)	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Depreciation		
Intangible assets	-1,267	-1,005
Tangible assets		
Buildings and structures	-170	-324
Machinery and equipment	-1,273	-936
Depreciation, total	**-2,710**	**-2,265**
Depreciation of right-of-use assets according to IFRS 16		
Buildings and structures	-2,628	-2,157
Machinery and equipment	-1,435	-1,369
Depreciation, total	**-4,063**	**-3,526**

6. Research and development expenses

The income statement includes research and development expenses of EUR -1,573 thousand (EUR -1,625 thousand 2022). Comparison year figure has been corrected. Previously published figure was -2,475.

7. Financial income and expenses

(EUR 1 000)	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Financial income		
Interest income on loans and other receivables	29	23
Foreign exchange gain on loans and other receivables	615	103
Other financial income	1	0
Total	**645**	**126**
Financial expenses		
Interest expenses from financial liabilities measured at amortised cost	-25	-166
Foreign exchange losses on loans and other receivables	-533	-327
Interest expenses of lease liabilities according to IFRS 16	-694	-387
Other financial expenses	-304	-389
Total	**-1,557**	**-1,268**
Financial income and expenses, total	**-912**	**-1,142**
Total exchange rate differences affecting profit and loss are as follows:		
Exchange rate differences, sales (included in revenue)	-39	-347
Exchange rate differences, purchases (included in adj. of purchases)	-81	23
Exchange rate differences, financial items	81	-224
Exchange rate differences, total	**-38**	**-548**

8. Income taxes

(EUR 1 000)	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Income taxes, financial year	-175	-1,385
Taxes for previous years	-86	-116
Change in deferred tax liabilities and assets	39	2,705
Total	**-222**	**1,205**

Reconciliation between the income statement's tax expense and the income tax expense calculated using the Martela Group's domestic corporation tax rate 20.0%.

(EUR 1 000)		
Profit before taxes	-3,292	1,349
Taxes calculated using the domestic corporation tax rate	-658	270
Deferred taxes	-39	-2,705
Different tax rates of subsidiaries abroad	-17	-36
Taxes for previous years	86	116
Recognition of unused tax losses not booked earlier	0	1,089
Tax-exempt income	6	3
Non-deductible expenses	58	-504
Unbooked deferred tax assets on losses in taxation	838	356
Other items	-51	207
Income taxes for the year in the p/l (+ = expense, - = profit)	**222**	**-1,205**

Income taxes in the comparison year in income statement are positive, due to use of confirmed losses, for which deferred tax assets have not been recognised previous periods, as well as a realised sale and leaseback transaction that took place during the period, for which deferred tax receivable has been recognised.

9. Earnings per share

The basic earnings per share is calculated dividing the profit attributable to equity holders of the parent by the weighted average number of shares outstanding during the year.

(EUR 1 000)	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Profit attributable to equity holders of the parent	-3,514	2,554
Weighted average number of shares (1,000)	4,572	4,518
Basic earnings per share (EUR/share)	**-0,77**	**0,57**

The company has no diluting instruments December 31, 2023 or December 31, 2022. For more information on weighted average number of shares see note 16.

10. Intangible assets

(EUR 1 000)	1 Jan–31 Dec 2023 Intangible assets	Goodwill	Work in progress	Total	1 Jan–31 Dec 2022 Intangible assets	Goodwill	Work in progress	Total
Acquisition cost 1 Jan	15,479	883	724	17,086	15,360	883	159	16,402
Increases	926		2,166	3,092	227		2,424	2,652
Decreases			-1,769	-1,769	-108		-1,860	-1,968
Acquisition cost 31 Dec	16,405	883	1,121	18,409	15,479	883	724	17,086
Accumulated depreciation 1 Jan	-12,808	0	0	-12,808	-11,814	0	0	-11,814
Depreciation for the year	-1,267			-1,267	-994			-994
Exchange rate differences								
Accumulated depreciation 31 dec	-14,075	0	0	-14,075	-12,808	0	0	-12,808
Carrying amount 1 Jan	2,671	883	724	4,278	3,546	883	159	4,588
Carrying amount 31 Dec	**2 330**	**883**	**1,121**	**4,334**	**2,671**	**883**	**724**	**4,278**

Goodwill
The Group's Goodwill EUR 883 thousand (EUR 883 thousand 2022) relates to the Grundell acquisition Martela made December 31, 2011. The expected future cash flows will be generated through more extensive service solutions encompassing also products and the already implemented profit improving actions. The revenue growth is also supported by the renewed strategy of Martela that increases the emphasis on service within the Group.

Impairment testing
Goodwill is tested annually or more frequently if there are indications that the amount might be impaired. In assessing whether goodwill has been impaired, the carrying value of the cash generating unit Muuttopalvelu Grundell Oy has been compared to the recoverable amount of the cash carrying unit.

The recoverable amount of the goodwill is determined based on the value in use calculations. The value in use is calculated based on the discounted forecast cash flows. The cash flow forecasts rely on the plans approved by the management concerning profitability and the growth rate of revenue. The plans cover a five-year period taking into account the recent development of the business.

In impairment testing the average growth is estimated to be 1.5% and EBIT 9.9%. The use of testing model requires making estimates and assumptions concerning market growth and general interest rate level. The used post-tax discount rate is 10.0% (9.6%) which equals the weighted average cost of capital.

The cash flows after the five-year period have been forecasted by estimating the future growth rate of revenue to be 1.5%. Based on the impairment test there is no need to recognise an impairment loss.

Sensitivity analysis of impairment testing
The carrying value of the cash generating unit is EUR 13.1 million higher than the book value according to the performed impairment test. No predictible changes in any assumpions, have any significant impact on the result of the goodwill testing.

11. Tangible assets

1 Jan–31 Dec 2023	Land areas	Buildings	Buildings IFRS 16	Machinery and equipment	Machinery and equipment IFRS 16	Machinery and equipment IFRS 16 WAAS*	Other tangible assets	Work in progress	Total
Acquisition cost 1 jan	4	23,616	12,407	34,075	2,691	7,839	23	1	80,656
Increases		13	1,272	586	1,536	3,918			7,325
Decreases	0	-9		0	-102	-1,373		-1	-1,486
Exchange rate differences			-43						-43
Acquisition cost 31 Dec	**4**	**23,620**	**13,636**	**34,661**	**4,124**	**10,383**	**23**	**0**	**86,452**
Accumulated depreciation 1 Jan	0	-23,003	-8,214	-32,865	-1,853	-1,407	0	0	-67,343
Accumulated depreciation, decreases	0			0	93	672	0	0	765
Depreciation for the year	0	-170	-1,795	-359	-834	-2,348	0	0	-5,506
Exchange rate differences			48		-8		0	0	40
Accumulated depreciation 31 Dec	**0**	**-23,173**	**-9,961**	**-33,224**	**-2,601**	**-3,083**	**0**	**0**	**-72,044**
Carrying amount 1 Jan	4	614	4,193	1,210	838	6,430	23	0	13,312
Carrying amount 31 Dec	**4**	**448**	**3,676**	**1,437**	**1,523**	**7,298**	**23**	**0**	**14,408**

*WAAS, Workplace as a Service-business area assets, that are classified as operative leasing contracts according to IFRS 16 and in which company according to the standard operates as lessor.

1 Jan–31 Dec 2022	Land areas	Buildings	Buildings IFRS 16	Machinery and equipment	Machinery and equipment IFRS 16	Machinery and equipment IFRS 16 WAAS*	Other tangible assets	Work in progress	Total
Acquisition cost 1 Jan	83	24,046	9,099	33,645	2,814	2,421	35	77	72,220
Increases		103	3,565	475	162	6,070			10,375
Decreases	-80	-533	-257	-45	-285	-653	-11	-76	-1,940
Exchange rate differences									0
Acquisition cost 31 Dec	**4**	**23,616**	**12,407**	**34,075**	**2,691**	**7,839**	**24**	**1**	**80,656**
Accumulated depreciation 1 Jan	0	-22,670	-6,212	-32,251	-1,563	-558	0	0	-63,253
Accumulated depreciation, decreases	0		176	24	261	236	0	0	698
Depreciation for the year	0	-332	-2,178	-639	-550	-1,086	0	0	-4,787
Exchange rate differences							0	0	0
Accumulated depreciation 31 Dec	**0**	**-23,003**	**-8,214**	**-32,865**	**-1,853**	**-1,407**	**0**	**0**	**-67,343**
Carrying amount 1 Jan	83	1,376	2,887	1,395	1,250	1,863	35	77	8,967
Carrying amount 31 Dec	**4**	**614**	**4,193**	**1,210**	**838**	**6,430**	**23**	**0**	**13,312**

*WAAS, Workplace as a Service-business area assets, that are classified as operative leasing contracts according to IFRS 16 and in which company according to the standard operates as lessor.

12. Book values of financial assets and liabilities by group

(EUR 1 000)	Financial assets measured at amortised costs	Financial liabilities measured at amortised cost	Financial assets measured at fair value through profit or loss	Book values of balance sheet items	Fair value	Hierarchy level	Note
2023 BALANCE SHEET ITEMS							
Non-current financial assets							
Loan receivables	532			532	532	2	
Current financial assets							
Trade and other receivables	16,218			16,218	16,218	2	15
Book value by group	**16,750**			**16,750**	**16,750**		
Non-current financial liabilities							
Interest-bearing liabilities		13,776		13,776	13,776	2	18
Derivatives designated as hedging instruments			36	36	36	1	
Current financial liabilities							
Interest-bearing liabilities		4,272		4,272	4,272	2	18
Derivatives designated as hedging instruments			15	15	15	1	
Trade payables and other liabilities		12,947		12,947	12,947	2	21
Book value by group		**30,995**	**52**	**31,046**	**31,046**		

(EUR 1 000)	Financial assets measured at amortised costs	Financial liabilities measured at amortised cost	Financial assets measured at fair value through profit or loss	Book values of balance sheet items	Fair value	Hierarchy level	Note
2022 BALANCE SHEET ITEMS							
Non-current financial assets							
Loan receivables	546			546	546	2	
Current financial assets							
Trade and other receivables	15,810			15,810	15,810	2	15
Book value by group	**16,356**			**16,356**	**16,356**		
Non-current financial liabilities							
Interest-bearing liabilities		14,678		14,678	14,678	2	18
Derivatives designated as hedging instruments			8	8	8	1	18
Current financial liabilities							
Interest-bearing liabilities		4,542		4,542	4,542	2	18
Derivatives designated as hedging instruments			70	70	70	1	18
Trade payables and other liabilities		13,393		13,393	13,393	2	21
Book value by group		**32,613**	**78**	**32,691**	**32,691**		

Derivatives designated as hedging instruments have been bought in order to manage the risk concerning the electricity price.

Other financial assets include investments in unlisted equities. They have been measured at acquisition cost as fair value cannot be assessed reliably. The book values of trade receivables and receivables other than those based on derivatives are estimated to essentially correspond to their fair values due to the short maturity of the receivables.

The book values of debts are estimated to correspond to their fair values. Interest rate level has no material effect.

The book values of trade and other non-interest-bearing liabilities are also estimated to correspond to their fair values. Discounting has no material effect.

Fair values of each financial asset and liability group are presented in more detail under the note indicated in the table above.

Assets and liabilities recognised at fair value in the financial statements are categorised into three levels in the fair value hierarchy based on the inputs used in the valuation technique to determine their fair value. The three levels are:

Level 1. Quoted prices(unadjusted) in active markets for identical assets or liabilities.

Level 2. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly e.g. discounted cash flows or valuation models.

Level 3. Inputs for the asset or liability that are not based on observable market data and the fair value determination is widely based on management's judgement and the use of that in commonly approved valuation models.

13. Deferred tax assets and liabilities

Changes in deferred taxes during 2023 (EUR 1 000)	1 Jan 2023	Recognised in the income statement	Recognised in the other comprehensive income	Recognised in the retained earnings	31 Dec 2023
Deferred tax assets					
Right of use asset	2,454	0			2,454
Pension obligations	3	0	-12		-9
Other temporary differences	425	212	0	116	753
Total	**2,882**	**212**	**-12**	**116**	**3,198**
Deferred tax liabilities					
Right of use asset	7	184			191
On buildings measured at the fair value of the transition date	16	-12	0	0	4
Total	**23**	**172**	**0**	**0**	**195**
Deferred tax assets and liabilities, total	**2,859**	**40**	**-12**	**116**	**3,003**

Changes in deferred taxes during 2022 (EUR 1 000)	1 Jan 2022	Recognised in the income statement	Recognised in the other comprehensive income	Recognised in the retained earnings	31 Dec 2022
Deferred tax assets					
Right of use asset	28	2,426			2,454
Pension obligations	26	0	-22	0	3
Other temporary differences	287	165	0	-27	425
Total	**340**	**2,591**	**-22**	**-27**	**2,883**
Deferred tax liabilities					
Right of use asset	5	2			7
On buildings measured at the fair value of the transition date	132	-116	0	0	16
Total	**137**	**-116**	**0**	**0**	**23**
Deferred tax assets and liabilities, total	**204**	**2,707**	**-22**	**-27**	**2,860**

Deferred tax assets have not been recognised on unused tax losses that probably cannot be utilised in the future against taxable income. The amount of such losses is EUR 22.1 million (21.8 in 2022) including current year results.

According to current knowledge these losses have no expiration date. The losses mainly originate from foreign subsidiaries.

14. Inventories

(EUR 1 000)	31 Dec 2023	31 Dec 2022
Raw materials and consumables	7,777	10,060
Work in progress	399	1,281
Finished goods	1,059	440
Total	**9,235**	**11,781**

The value of inventories has been written down by -381 thousand (-430 thousand 2022) due to obsolescence.

In the valuation of inventories the fair value of an item as well as its usage in current product portfolio offered is monitored. Should the current product portfolio no longer carry the product to which the item is used the item is written down. If the product is still on sale but there has been decision to finish its selling, it will be written down to equal half of its value.

15. Current trade receivables and other receivables

(EUR 1 000)	31 Dec 2023	31 Dec 2022
Trade receivables	**16,218**	**15,810**
Accrued income and prepaid expenses of		
Personnel expenses	91	99
Uninvoiced revenue	445	1,115
Prepaid expenses	1,869	927
Tax receivables	491	297
Accrued income and prepaid expenses total	**2,897**	**2,438**
Total	**19,115**	**18,248**

The age distribution of Group trade receivables on the balance sheet date 31 December is presented in the following table:

Age distribution of trade receivables (EUR 1 000)	2023	Incl. credit loss provision	2022	provision
Undue	12,279	74	12,608	101
0-6 months overdue	3,723	97	2,877	17
6-12 months overdue	128	299	142	2
12-24 months overdue	74	50	89	5
Over 24 months overdue	14	64	94	5
Total	**16,218**	**584**	**15,810**	**129**

A provision is made to the trade receivables according to following, unless it is highly likely to receive payment for the receivable: undue receivables 0.5%, 0-6 months overdue 2%, 6-12 months overdue 10%, 12-24 months overdue 50% and over 24 months overdue 100%.

At the end of the financial year, there were a total of EUR 584 thousand in provisions for bad debts, of which the group's EUR 290 thousands is related to the bankruptcy of a Norwegian customer.

The sales invoices are interest-free and the most general payment term is 14 days, while the payment term in the biggest invoices is 30 days.

The maximum trade receivable credit risk amount on the balance sheet date 31 December by country or region:

Region (EUR 1 000)	2023	2022
Finland	9,704	9,827
Scandinavia	5,188	4,689
Other European countries	1,256	1,241
Other regions	70	53
Total	**16,218**	**15,810**

Credit risks from trade receivables are not concentrated.

In 2023 credit losses of EUR -535 thousand (EUR -192 thousand 2022) has been recognised as expenses and are presented in other operating expenses.

16. Equity

Share capital
The paid share capital entered in the Trade register is EUR 7,000,000. The counter value of a share is 1.53 (1.55). The K shares carry 20 votes at the annual general meeting and the A-shares 1 vote each. Both share series have the same dividend rights.

Changes in share capital

Changes in share capital	A shares	K shares	Share capital	Share premium account	Reserve for invest-ed unre-stricted	Treasury shares	Total
1 Jan 2022	**3,890,158**	**604,800**	**7,000**	**1,116**	**962**	**-128**	**8,950**
Shares of directed share issue	11,574				33	124	157
31 Dec 2022	**3,913,389**	**604,800**	**7,000**	**1,116**	**995**	**-4**	**9,108**
Shares of directed share issue	53,881						
31 Dec 2023	**3,967,270**	**604,800**	**7,000**	**1,116**	**995**	**-4**	**9,108**

Martela Oyj owns 1,425 (1,425) A-shares purchased at an average price of 10.65. The number of treasury shares is equivalent to 0.03% (0.03) of all shares and 0.01% (0.01) of all votes.

A total of 11,657 of Martela shares held by the company have been conveyed without consideration to the 34 key individuals participating in the Performance-based Matching Share Plan 2021—2023, announced on March 23, 2021.

The subscription price of the directed share issue has been registered in reserve for invested unrestricted equity.

Company has decided on a paid directed share issue March 17, 2022, in which 11,574 of series A shares have been subscribed.

The share subscription price TEUR 33, has been credited to the company's reserve for invested unrestricted equity.

Company has decided on a paid directed share issue March 29, 2023, in which 53,881 of series A shares have been subscribed without consideration. The shares issued to the company have been used to pay incentives according to the company's incentive plan. Acquisition of shares for the share-based incentive scheme and the management of the scheme have been outsourced to an external service provider.

Translation differences in equity comprises translation differences of financial statements of foreign subsidiaries when translated into euros and of investments in foreign units. Other reserves consists of reserve funds.

The share premium account is a fund established in accordance with the previous Finnish Companies Act. According to the present Liability Companies Act (effective from September 1, 2006) it is included in restricted shareholders' equity and can no longer be accumulated. The share premium account can be reduced in accordance with the regulations on the reduction of share capital, and it can be used as a fund increase to increase share capital. The acquisition cost of treasury shares is deducted from shareholders' equity (including the related transaction costs).

The parent company's distributable equity was 16,372 thousand on December 31, 2023.

17. Share-based payments

Share-based incentive plan for the group's key employees 2021, 2022 and 2023
The prerequisite for participating in the plan is that a participant acquires the company´s series A shares up to the number determined by the Board of Directors. In order to implement the plan, the Board of Directors decided on a share issue against payment directed to the target group. Approximately 40 persons, including the CEO and other Martela's Management Team members, belong to the target group of the plan. The Performance-based Matching Share Plan 2021—2023 consists of three performance periods, covering the financial years of 2021, 2022 and 2023, respectively.

In the plan, the target group is given an opportunity to earn Martela Corporation series A shares based on performance and on their personal investment in Martela Corporation series A shares.

The Board of Directors decides on the plan's performance criteria and targets to be set for each criterion at the beginning of a performance period. During the performance period 2022 and 2023, the rewards are based on the Group's Earnings before Interest and Taxes (EBIT). The potential rewards based on the plan will be paid after the end of each performance period.

The rewards to be paid based on the plan will amount to an approximate maximum total of 718,000 Martela Corporation series A shares including also the proportion to be paid in cash. The cash proportions of the rewards are intended for covering taxes and tax-related expenses arising from the rewards to the participants.

Program			Share-based incentive programme 2021—2023
Type			**Share**
Instrument	**Earning period 2021**	**Earning period 2022**	**Earning period 2023**
Issuing date	6.5.2021	6.5.2021	6.5.2021
Maximum amount, pcs	718,000	718,000	718,000
Dividend adjustment	No	No	No
Grant date	18.3.2021	18.3.2021	18.3.2021
Beginning of earning period	1.1.2021	1.1.2022	1.1.2023
End of earning period	31.12.2021	31.12.2022	31.12.2023
End of restriction period	31.5.2022	31.5.2023	31.5.2024
Vesting conditions	Share ownership, employment until the end of vesting date,EBIT	Share ownership, employment until the end of vesting date,EBIT	Share ownership, employment until the end of vesting date,EBIT
Maximum contractual life, yrs	1.4	1.4	1.4
Remaining contractual life, yrs	0.0	0.4	1.4
Number of persons at the end of reporting year	36	35	30
Payment method	Cash & Equity	Cash & Equity	Cash & Equity
Changes during the period 2023	**Earning period 2021**	**Earning period 2022**	**Earning period 2023**
1 Jan 2023			
Outstanding at the beginning of the reporting period, pcs	153,014	154,486	157,046
Changes during the period			
Granted		0	0
Forfeited		46,742	45,410
Shares given	23,305	107,744	
Lost during the period	129,709		
Outstanding at the end of the period	0	0	111,636

Effects from the share based incentive programme on the financial year (EUR 1 000)	**2023**	**2022**
Expenses for the financial year, share-based payments, equity settled	43,612	231,460

IFRS 2 requires an entity to measure the award at its fair value and recognised over the vesting period. The award is recognised in equity in its full extent. The fair value of the share-based scheme when granted was the value of a company's share, EUR 2.85 per share (6.5.2021) and EUR 2.71 per share (23.6.2022).

18. Financial liabilities

(EUR 1 000)	31 Dec 2023	31 Dec 2022
Non-current		
Derivatives designated as hedging instruments	36	8
Lease liabilities	13,776	14,678
Total	**13,812**	**14,686**
Current		
Loans from financial institutions	1,207	1,624
Derivatives designated as hedging instruments	15	70
Lease liabilities	3,065	2,918
Total	**4,287**	**4,612**

Current loans consist of factoring loan in 2023.
More information in note 23 Pledges granted and contingent liabilities.
More inforamation on Derivatives designated as hedging instruments is given in note 12 and 22.

Lease liabilities are payable as follows:	31 Dec 2023 Lease liabilities	31 Dec 2022 Lease liabilities
Lease liabilities - total amount of minimum lease payments		
No later than one year	3,672	3,756
Later than one year and no later than five years	8,777	8,771
Later than five years	7,246	9,637
Total	**19,695**	**22,165**
Lease liabilities - present value of minimum lease payments		
No later than one year	3,065	2,896
Later than one year and no later than five years	7,159	6,882
Later than five years	6,617	7,818
Total	**16,841**	**17,596**
Unearned finance expense	**2,854**	**4,569**

Amounts recognised in profit or loss (EUR 1 000)	31 Dec 2023	31 Dec 2022
Interest on lease liabilities	-694	-387
Expenses related to short-term leases	-985	-1063

			Non-cash changes				
Changes in net debt 2023	1 Jan 2023	Cash flows	Fair value of Derivatives designated as hedging instruments	Transfer between groups	Lease liabilities increase	Lease liabilities decrease	31 Dec 2023
Long-term liabilities total	14,685	0	28	-2,485	1,584	0	13,812
Short-term liabilities total	4,612	-417	-54	2,644	1,063	-3,561	4,287
Total liabilities from the financing activities	**19,297**	**-417**	**-26**	**159**	**2,647**	**-3,561**	**18,099**

			Non-cash changes				
Changes in net debt 2022	1 Jan 2022	Cash flows	Fair value of Derivatives designated as hedging instruments	Transfer between groups	Lease liabilities increase	Lease liabilities decrease	31 Dec 2022
Long-term liabilities total	1,790	-1,900	8	1,900	12,886	0	14,685
Short-term liabilities total	10,952	-4,967	70	-1,900	3,467	-3,011	4,612
Total liabilities from the financing activities	**12,743**	**-6,867**	**78**	**0**	**16,354**	**-3,011**	**19,297**

19. Pension obligations

Martela's defined benefit plans concern its operations in Finland. The arrangements are made through insurance companies. The plans are partly funded.

On the balance sheet, the commitment to those insured is presented as a pension liability, and the part of this liability that falls under the responsibility of insurance company is presented as an asset. As the funds belong to the insurance companies, they cannot be itemised in Martela's consolidated financial statements.

In insurance arrangements, the amount of funds is calculated using the same discount rate used for the determination of pension liabilities. This means that a change in discount rate does not pose a significant risk. In addition, an increase in life expectancy does not pose a significant risk for Martela, as insurance companies will bear most of the impact of this.

The pensions are fixed to 2017 salary levels and accounted for accordingly.

Changes in defined benefit liability	**Present value of the defined benefit liability**		**Fair value of the funds included in the plan**		**Net debt of the defined benefit liability**	
(EUR 1 000)	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
1 Jan	**1,380**	**2,597**	**-1,364**	**-2,469**	**16**	**128**
Recognised in profit or loss						
Service cost in the period	40	79			40	79
Past service cost	0	0	0	0		
Interest expense or income	51	26	-52	-25	-1	1
Settlements	-357	-613	357	613		
	-266	**-508**	**305**	**588**	**39**	**80**
Recognised in other comprehensive income						
Items resulting from remeasurement:						
Gains (-) or losses (+) resulting from changes in demographical assumptions	0	0			0	0
Actuarial gain (-) and losses (+) resulting from changes in financial assumptions	-8	-717			-8	-717
Experience based profits (-) or losses (+)	-15	8			-15	8
Return on the funds included in the plan, excluding items in interest expenses or income (+/-)			53	607	53	607
	-23	**-709**	**53**	**607**	**30**	**-102**
Other items						
Employer's payments (+)	0	0	-71	-89	-71	-89
Benefits paid	-10	0	10	0	0	0
	-10	**0**	**-61**	**-89**	**-71**	**-89**
31 Dec	**1,071**	**1,380**	**-1,067**	**-1,364**	**13**	**16**

The Group anticipates that it will pay a total of EUR 30 thousand to defined benefit pension plans in the financial period of 2024.

Sensitivity analysis

The following table illustrates the effects of changes in the most significant actuarial assumptions on the funds related to the defined benefit pension liability and plans.

	Defined benefit liability	**Fair value of the funds included in the plan**
Effect of a change in the assumption employed	**The assumption is growing**	**The assumption is growing**
Discount rate (0.5% change)	-6.5%	6.0%
Increase in salaries (0.5% change)	N/A	N/A
Mortality rate (a change of 5% points)	-0.9%	-0.8%

The weighted average of the duration of the plans is 14.2 years.

20. Provisions

(EUR 1 000)	31 Dec 2023	31 Dec 2022
Long-term provisions	269	229
Short-term provisions	67	57
Total	**337**	**286**
Provisions 1 Jan	**286**	**295**
Net change in provisions	50	-9
Provisions 31 Jan	**337**	**286**

The normal warranty for standard Martela produced products is five years. The warranty provision has been calculated as an estimate of the 5-year warranties for Martela products and the sale of Martela products.

21. Current liabilities

(EUR 1 000)	31 Dec 2023	31 Dec 2022
Financial liabilities	4,287	4,612
Advances received	7,850	6,278
Trade payables	9,440	9,569
Total	**21,577**	**20,459**
Accrued liabilities and prepaid income of		
Personnel expenses	4,243	4,431
Royalties	214	205
Residual expenses	2,331	3,251
Tax liability based on taxable income for the period	0	1,213
Other	1	6
Total	**6,789**	**9,106**
Other current liabilities	3,507	3,824
Other	**3,507**	**3,824**
Provisions*	6	57
Current liabilities	**31,941**	**33,447**

*For more information see note 20.

22. Management of financial risks

Financial risks are unexpected exceptions relating to exchange rates, liquidity, customer liquidity, investments and interest rates. The objective of financial risk management is to ensure that the company has sufficient financing on a cost-efficient basis and to reduce the adverse effects of financial market fluctuations on the Group's result and net assets. The general principles of risk management are approved by Board of Directors and the practical implementation of financial risk management is on the responsibility of the parent company's financial administration.

Market risks
Market risks comprise the following three risks: Currency risk, interest rate risk and price risk. The associated fluctuations in exchange rates, market interest rates and market prices may lead to changes in the fair value of financial instruments and in the future cash flows and hence they impact the result and balance sheet of the Group.

The increased volatility in electricity price 2022 and 2023 has led to the decision to enter into contracts for electricity derivatives.

Currency risks
The Group has operations in Finland, Sweden, Norway and Poland and it is therefore exposed to currency that arise in intra-group transactions, exports and imports, the financing of foreign subsidiaries and equity that is denominated in foreign currencies. Translation risks result from incoming cash flows denominated in foreign currencies. Translation risk arise when the value of the capital invested in the parent company's foreign subsidiaries, annual profits and loans change as a result of exchange rate fluctuations.

Transaction risks
Martela's major trading currencies are EUR, SEK, NOK and PLN. The SEK, NOK and PLN currency positions are reviewed mainly on a half-yearly basis. The Group's policy is to hedge the net positions remaining after reconciliation if seen necessary. The Group has not hedged against transaction risks during the financial periods of 2023 and 2022.

The following table presents currency risks per instrument and currency.

Transaction risks per instrument and currency 31 Dec 2023 (EUR 1 000)

	EUR	SEK	NOK
Trade receivables	0	2,236	1,702
Trade payables	0	642	40
Total	**0**	**2,878**	**1,742**

Transaction risks per instrument and currency 31 Dec 2022 (EUR 1 000)

	EUR	SEK	NOK
Trade receivables	0	2,398	2,437
Trade payables	0	216	57
Total	**0**	**2,613**	**2,494**

The impact of other currencies is minor.

Analysis of sensitivity to transaction risk

The following table presents the average impact of 10 per cent change in exchange rates on 31 December on the company's financial result before taxes and capital for 2023 (2022). The estimates are based on the assumption that no other variables change.

Analysis of sensitivity to transaction risk (EUR 1 000)	Impact on result
31 Dec 2023	
EUR	+/-0
SEK	+/-288
NOK	+/-174

Analysis of sensitivity to transaction risk (EUR 1 000)	Impact on result
31 Dec 2022	
EUR	+/-0
SEK	+/-261
NOK	+/-249

Interest rate risks

The following table presents the distribution of the Group's financial instruments into fixed interest rate and variable interest rate on the balance sheet date.

Financial instruments (EUR 1000)	31 Dec 2023	31 Dec 2022
Fixed rate		
Lease liabilities	16,841	17,596
Financial liabilities incl derivatives	1,258	1,702
Total	**18,099**	**19,297**

Price risk

Available-for-sale shares included in financial assets are not deemed subject to resale price risk.

Credit risk

Credit risk arises from the possibility that a counterparty will not meet its contractual payment obligations. Hence the seriousness of the risk is determined on the basis of the counterparty's creditworthiness. The objective of credit risk management is to minimise the losses that would arise should the counterparty not meet its obligations.

The turnover and maturity structure of Group's companies trade receivables are reported monthly and are monitored by the parent company's financial management.

The principles of credit risk management are confirmed by Martela's Board of Directors. Risk management is based on the authorisations given to the organisation.

Credit risks related to the company's trade and other receivables are minimised by using short terms of payment, effective collection measures and accounting for the counterparty's creditworthiness. Supply agreements are used when the customer company is unknown and the available credit information is insufficient. In this context a supply agreement is an agreement which secures and receivables arising from an order by withholding the right of ownership with Martela Oyj until the customer has paid the sale price in full.

Supply agreements are only used in sales in Finland. A customer may also be required to make prepayment before sold products are delivered if it is considered necessary in light of the potential credit risk associated with the customer. Counterparties may also be granted to credit limits. The creditworthiness of customers is monitored regularly on the basis of payment history and credit rating.

Collateral may be required from certain customers based on their creditworthiness and in the case of exports, for example, Martela may use confirmed irrevocable Letters of Credit.

The book value of financial assets corresponds to the maximum amount of the credit risk.

The maximum financial asset credit risk amount on the balance sheet date 31 December is presented in the following table:

Maximum financial asset credit risk (EUR 1 000)	2023	2022
Financial assets measured at fair value through profit or loss	7	7
Non-current loan receivables	532	546
Trade receivables and other receivables	19,115	18,248
Cash and cash equivalents	5,053	11,295
Total	**24,707**	**30,096**

See note 15 for additional information on trade receivables and the related credit loss provisions.

Liquidity risks

The group aims to constantly evaluate and monitor the amount of financing required by the business, so that the group has enough liquid assets to finance operations, including long-term commitments - such as leases - to fulfill obligations. In addition, the group aims to continuously maintain sufficient liquid assets with the help of effective cash management solutions, such as cash reserve and working capital optimization. The refinancing risk is managed in part by using several leasing and rental contract partners in financing operations. Sudden changes in the financial market or in Martela's operating environment may negatively affect the group's liquidity and how the company is able to meet its payment obligations. In addition, the profitability of the group's business and the cash flow of the business affect the development of the group's liquidity.

Cash and cash equivalent at the year-end 2023 were EUR 5,053 thousand.

Contractual cash flows mature as follows (EUR 1 000):	2024	2025	2026	2027	2028	Later	Total	Balancesheet value
Lease liabilities	3,672	2,698	2,171	2,009	1,900	7,246	19,695	16,841
Trade payables	9,440						9,440	9,440
Total	**13,112**	**2,698**	**2,171**	**2,009**	**1,900**	**7,246**	**29,135**	

Cash and cash equivalent at the year-end 2022 were EUR 11,295 thousand.

Contractual cash flows mature as follows (EUR 1 000):	2023	2024	2025	2026	2027	Later	Total	Balancesheet value
Lease liabilities	3,756	2,889	2,135	1,896	1,852	9,637	22,165	17,596
Trade payables	9,569						9,569	9,569
Total	**13,325**	**2,889**	**2,135**	**1,896**	**1,852**	**9,637**	**31,734**	

Management of capital structure

It is the Group's objective to ensure an effective capital structure that will secure its operating capacity in the capital markets in all circumstances irrespective of volatility. The Group's Board of Directors assess the capital structure on a regular basis, The Group uses the equity ratio to monitor its capital structure.

The equity ratio formula is presented in the following table:

Equity ratio	31 Dec 2023	31 Dec 2022
Shareholders' equity	9,558	13,850
Balance sheet total - advance payments	47,836	56,049
Equity to assets ratio %	**20.0**	**24.7**

23. Pledges granted and contingent liabilities

(EUR 1 000)	31 Dec 2023	31 Dec 2022
Debts secured by mortgages		
Corporate mortgages	9,895	9,888
Total mortgages	**9,895**	**9,888**
Other pledges		
Guarantees as security for rents	854	892
Commitments		
Rental commitments	589	527

24. Related party transactions

Martela Group's related party transactions comprise the CEO, members of the Board and the Group's management team, as well as their family members. Martela Group's related parties also include a shareholder who holds at least 20% of the company's total number of votes. Members of the Board own a total of 18,142 shares (18,009) and hold a total of 0.4% (0,4%) of the shares and 0.4% (0,4%) of the votes. Persons in the management own a total of 109,191 (134,251) Martela Corporation shares as at December 31, 2023. As part of the implementation of the Performance-based Matching Share Plan 2021-2023, described in note 17, Board of Directors has resolved to grant plan participants interest-bearing loans to finance the acquisition of the company's shares. Maximum amount of the loan is 70 per cent of the participant´s investment in shares. Loan is to be repaid the latest by December 31, 2025 and interest is 12-month Euribor, however not below 0%. Management has been granted loan in total EUR 137,888.02 (256,107.95), of which EUR 69,999.93 (69,999.93) has been granted to CEO and other management EUR 67,888.09 (186,108.02).

Group structure	Domicile	Holding (%) 31 Dec 2023	Of votes (%) 31 Dec 2023	Sales company	Production company
Parent company					
Martela Oyj	Finland			x	x
Subsidiaries					
Kidex Oy	Finland	100	100	x	x
Muuttopalvelu Grundell Oy	Finland	100	100	x	
Martela AB, Nässjö	Sweden	100	100	x	
Aski Avvecklingsbolag AB, Malmö	Sweden	100	100		
Martela AS, Oslo	Norway	100	100	x	
Martela Sp.z o.o., Varsova	Poland	100	100	x	x
Tehokaluste Oy	Finland	100	100	x	

Management employee benefits
The Group has determined key persons in management to be:
Members of the Board of Directors
CEO
Group's Management Team

The table below presents the employee benefits received by key persons in management. Employee benefits are presented with the accrual method.

(EUR 1 000)	2023	2022
Management employee benefits		
Salaries and other short-term employee benefits	-1,184	-1,140
Share-based benefits	-121	-36
Total	**-1,305**	**-1,176**
Salaries and fees		
Board members	-162	-152
CEO	-314	-288
Management team members (excl. CEO)	-829	-736
Total	**-1,305**	**-1,176**

Fees paid to Board members:	2023	2022
Andersson Minna*	0.0	-5.5
Martela Eero	-23.4	-22.0
Mattson Jan	-23.4	-22.0
Mellström Katarina	-23.4	-22.0
Mild Johan	-45.1	-42.4
Vepsäläinen Anni	-23.4	-22.0
Mattila Hanna**	-23.4	-16.5
Total	**-161.9**	**-152.4**

* Member of Board until Q1 2022.
** Member of Board from Q2 2022.

Fees based on board membership are not paid to members employed by the company.

Salaries, fees and pension commitment to CEO	2023	2022
Salaries and fees	-314	-288
Statutory earnings-related pension payment (TyEL) on salaries	-65	-49

Salaries include also share-based incentives.

The period of notice is 6 months with respect to both the present CEO and the company, and in the event of dismissal by the company, the CEO is entitled, besides of the notice period, to a lump-sum compensation equalling hies salary for 6 months. CEO and the Group management team has long term share-based incentive programme, in which is possible to receive Martela A shares when the set targets are met.

More information in note 17 Share-based payments.

25. Key financial indicators for the Group

Martela Group 2019-2023		2023	2022	2021	2020	2019
Revenue	MEUR	94.4	106.7	91.9	88.4	106.2
Change in revenue	%	-11.5	16.1	4.0	-16.8	3.0
Export and operations outside Finland	MEUR	27.1	34.5	22.1	16.3	23.1
In relation to revenue	%	28.8	32.3	24.1	18.5	21.7
Exports from Finland	MEUR	27.7	34.2	21.9	16.1	22.7
Gross capital expenditure	MEUR	2.3	0.9	0.4	1.2	2.3
In relation to revenue	%	2.4	0.8	0.4	1.4	2.1
Depreciation	MEUR	6.8	5.8	5.4	6.5	4.9
Research and development *)	MEUR	1.6	1.6	1.6	1.4	1.6
In relation to revenue *)	%	1.7	1.5	1.7	1.6	1.5
Personnel on average		403	403	419	451	494
Change in personnel	%	0.0	-3.9	-7.1	-8.7	-3.1
Personnel at the end of year		386	400	400	435	464
of which in Finland		312	324	326	362	385
Profitability						
Operating profit	MEUR	-2.4	2.5	-1.3	-4.0	-2.0
In relation to revenue	%	-2.5	2.3	-1.4	-4.5	-1.9
Profit before taxes	MEUR	-3.3	1.3	-2.3	-4.8	-2.7
In relation to revenue	%	-3.5	1.3	-2.5	-5.4	-2.5
Profit for the year *	MEUR	-3.5	2.6	-2.4	-4.8	-2.5
In relation to revenue	%	-3.7	2.4	-2.6	-5.4	-2.4
Revenue / employee	TEUR	234	265	219	196	215
Return on equity	%	-31.3	20.8	-21.3	-34.7	-14.7
Return on investment	%	-7.5	9.1	-4.7	-13.2	-6.4
Finance and financial position						
Balance sheet total	MEUR	55.7	62.3	51.1	52.1	55.9
Equity	MEUR	9.6	13.9	10.8	11.6	16.1
Interest-bearing net liabilities	MEUR	13.1	8.1	8.1	4.3	5.0
In relation to revenue	%	13.9	7.5	8.8	4.9	4.7
Equity ratio	%	20.0	24.7	22.2	23.3	28.8
Gearing	%	137.2	58.6	74.8	36.5	31.5
Net cash flow from operations	MEUR	0.3	1.9	-3.4	5.7	6.3
Dividends paid	MEUR	0.5	0.0	0.0	0.0	0.4

*) The figures for the comparison years 2019-2022 have been adjusted in relation to the previously published due to reclassification

26. Key share-related figures

		2023	2022	2021	2020	2019
Earnings per share	EUR	-0.77	0.57	-0.53	-1.16	-0.61
Earnings per share (diluted)	EUR	-0.77	0.57	-0.53	-1.16	-0.61
Share par value	EUR	1.53	1.55	1.55	1.68	1.68
Dividend	EUR	0.00*)	0.10	0.0	0.0	0.0
Dividend/earnings per share	%	0.00*)	17.7	0.0	0.0	0.0
Effective dividend yield	%	0.00	0.04	0.0	0.00	0.00
Equity per share	EUR	2.09	3.07	2.39	2.81	3.80
Price of A share 31 Dec	EUR	1.28	2.45	2.29	3.09	3.36
Share issue-adjusted number of shares	tpcs	4,573.50	4,519.61	4,508.04	4,155.60	4,155.60
Average share-issue adjusted number of shares	tpcs	4,573.50	4,519.61	4,508.04	4,155.60	4,155.60
Price/earnings ratio		-1.67	4.34	-4.32	-2.66	-5.48
Market value of shares **)	MEUR	5.85	11.07	10.29	12.80	13.92

*) Proposal by the Board of Directors for year 2023
**) Price of A shares used as value of K shares

Formulas to key figures

Earnings / share	=	Profit attributable to equity holders of the parent / Average share issue-adjusted number of shares
Price /earnings multiple (P/E)	=	Share issue-adjusted share price at year-end / Earnings / share
Equity / share, EUR	=	Equity attributable to the equity holders of the parent / Share issue-adjusted number of shares at year-end
Dividend / share, EUR	=	Dividend for the financial year / Share issue-adjusted number of shares at year-end
Dividend / earnings, %	=	Dividend / share x 100 / Earnings / share
Effective dividend yield, %	=	Share issue-adjusted dividend / share x 100 / Share issue-adjusted share price at the year-end
Market value of shares, EUR	=	Total number of shares at year end x share price on the balance sheet date
Return on equity, %	=	Profit/loss for the financial year x 100 / Equity (average during the year)
Return on investment, %	=	(Pre-tax profit/loss + interest expenses + other financial items) x 100 / Balance sheet total - Non-interest-bearing liabilities (average during the year)
Equity ratio, %	=	Equity x 100 / Balance sheet total - advances received
Gearing, %	=	Interest-bearing liabilities - cash, cash equivalents and liquid asset securities x 100 / Equity
Personnel on average	=	Month-end average number of personnel in active employment
Interest-bearing net debt	=	Interest-bearing debt - cash and other liquid financial assets

27. Shares and shareholders

Share capital

The number of registered Martela Oyj shares on December 31, 2023 was 4,573,495. The shares are divided into A and K shares. Each A share carries 1 vote and each K share 20 votes in annual general shareholders' meeting.
Both share series have the same dividend rights.

Martela Oyj's shares were entered in the book-entry register on February 10, 1995. The counter-book value of each share is EUR 1.53 (1.55). The A shares are quoted on the Small Cap list of Nasdaq Helsinki.

Distribution of shares 31 Dec 2023	Number, pcs	Total EUR	% of Share Capital	Votes	% of votes
K shares	604,800	925,682	13	12,096,000	75
A shares	3,968,695	6,074,318	87	3,968,695	25
Total	**4,573,495**	**7,000,000**	**100**	**16,064,695**	**100**

The largest shareholders by number of shares 31 Dec 2023	K series shares	A series shares	Total number of shares	%	Number of votes	% of total votes
Marfort Oy	292,000	232,574	524,574	11.5	6,072,574	37.8
Isku-Yhtymä Oy	0	452,900	452,900	9.9	452,900	2.8
Kelhu Markku Juhani	0	200,000	200,000	4.4	200,000	1.2
Martela Heikki Juhani	52,122	130,942	183,064	4.0	1,173,382	7.3
Palsanen Leena Maire Sinikka	6,785	131,148	137,933	3.0	266,848	1.7
Palsanen Jaakko Antero	1,600	132,140	133,740	2.9	164,140	1.0
Aurasmaa Artti Eljas Henrikki	0	114,223	114,223	2.5	114,223	0.7
Seflo Ab	0	91,760	91,760	2.0	91,760	0.6
Meissa-Capital Oy	0	86,487	86,487	1.9	86,487	0.5
Nordea Nordic Small Cap Fund	0	76,286	76,286	1.7	76,286	0.5
Lindholm Tuija Elli Annikki	43,122	28,221	71,343	1.6	890,661	5.5
Lehtonen Kari Heikki Juhani	0	70,000	70,000	1.5	70,000	0.4
Martela Pekka Kalevi	69,274	8	69,282	1.5	1,385,488	8.6
Väätäjä Kaj Tapani	0	66,654	66,654	1.5	66,654	0.4
Tuuli Markku Juhani	0	54,349	54,349	1.2	54,349	0.3
Andersson Minna Sinikka	49,200	0	49,200	1.1	984,000	6.1
Taipale Ville Juhani	0	47,934	47,934	1.0	47,934	0.3
Lehtonen Kalle Petteri	0	46,032	46,032	1.0	46,032	0.3
Martela Mari Kaarina	20,219	9,596	29,815	0.7	413,976	2.6
Martela Ille Ilari	13,218	8,368	21,586	0.5	272,728	1.7
Other shareholders	57,260	1,989,073	2,046,333	44.7	3,134,273	19.5
Total	**604,800**	**3,968,695**	**457,395**	**100**	**16,064,695**	**100**

The list includes all shareholders holding over 1% of the shares or votes.

The Board of Directors hold 0.4% of shares and 0.4% of votes.

Martela Oyj owns 1,425 pcs A shares. Out of the shares 379 were purchased at an average price of EUR 10.65 and 1,046 were transferred from Martela Corporation's joint account to the treasury shares reserve based on the decision by AGM on March 13, 2018. The number of treasury shares is equivalent to 0.03% of all shares and 0.01% of all votes.

The Annual General Meeting has in 2023 re-authorised the Board of Directors to decide, for the following year, on share issue, on acquiring and/or disposing of the company's shares in deviation from the pre-emptive rights of shareholders.

The AGM approved the Board of Directors' proposals, detailed in the meeting notice, to authorise the Board to acquire and/or dispose of Martela shares. The authorisation is for a maximum 450,000 of the company's A series shares.

Breakdown of share ownership by number of shares held 31 Dec 2023 Shares, pcs	Number of share-holders	% of total share-holders	Number of shares	%	Number of votes	% of Votes
1-500	2,373	79.1	294,236	6.4	301,836	1.9
501-1,000	269	9.0	216,205	4.7	220,005	1.4
1,001-5,000	254	8.5	610,892	13.4	843,452	5.3
Over 5,000	104	3.5	3,440,962	75.2	14,475,402	90.1
Total	**3,000**	**100.0**	**4,562,295**	**99.8**	**15,840,695**	**98.6**
of which nominee-registered	9		71,253	1.6	71,253	0.4
In the waiting list and collective account	6		11,200	0.2	224,000	1.4
Total			**4,573,495**	**100,0**	**16,064,695**	**100,0**

Breakdown of shareholding by sector 31 Dec 2023	Number of share-holders	% of total share-holders	Number of shares	%	Number of votes	% of Votes
Private companies	97	3.2	1,417,829	31.0	6,965,829	43.4
Financial and insurance institutions	11	0.4	112,987	2.5	158,855	1.0
Non-profit entities	5	0.2	3,161	0.1	3,161	0.0
Households	2,875	95.8	2,946,703	64.4	8,677,103	54.0
Foreign investors	12	0.4	10,362	0.2	35,747	0.2
Total	**3,000**	**100.0**	**4,491,042**	**98.2**	**15,840,695**	**98.6**
of which nominee-registered	9		71,253	1.6	71,253	0.4
In the waiting list and collective account	6		11,200	0.2	224,000	1.4
Total			**4,573,495**	**100,0**	**16,064,695**	**100,0**

Parent Company Income Statement

(EUR 1 000)	Note	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Revenue	1	**93,038**	**107 311**
Change in inventories of finished goods and work in progress	3	289	-1,525
Production for own use		425	2,382
Other operating income	2	761	14,078
Materials and services	3	-71,696	-82,878
Personnel expenses	4	-12,956	-12,944
Other operating expenses	5	-11,889	-11,974
Depreciation and impairment	6	-2,534	-6,640
Operating profit (-loss)		**-4,563**	**7,809**
Financial income and expenses	7	-2,931	-595
Profit (-loss) before appropriations and taxes		**-7,494**	**7,214**
Group contributions	8	2,000	-3,135
Depreciation difference and Group contributions		**2,000**	**-3,135**
Income taxes	9	25	-179
Profit (-loss) for the financial year		**-5,470**	**3,900**

Parent Company Balance Sheet

(EUR 1 000)	Note	31 Dec 2023	31 Dec 2022
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	10		
Intangible rights		1,254	925
Goodwill		520	650
Other long-term expenditure		902	1,597
Advance payments		1,121	724
		3,798	**3,896**
Tangible assets	11		
Buildings and structures		12	0
Machinery and equipment		3,011	2,868
Other tangible assets		23	23
		3,046	**2,892**
Investments	12		
Share is subsidiaries		9,324	10,907
Receivables from subsidiaries		3,760	3,895
Other shares and participations		7	7
		13,091	**14,809**
CURRENT ASSETS			
Inventories			
Materials and supplies		6,338	8,459
Work in progress		237	923
Finished goods		1,735	760
Advances paid to suppliers		146	35
		8,455	**10,177**
Non-current receivables	13		
Loan receivables		532	546
Current receivables	13		
Trade receivables		17,416	17,880
Loan receivables		2,000	0
Prepaid expenses		406	1,013
Accrued income		2,329	2,071
		22,152	**20,964**
Cash and cash equivalents		**4,771**	**10,787**
		55,845	**64,071**

(EUR 1 000)	Note	31 Dec 2023	31 Dec 2022
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Shareholders' equity	14		
Share capital		7,000	7,000
Share premium account		1,116	11,16
Reserve fund		11	11
Invested unrestricted equity fund		995	995
Retained earnings		20,847	17,398
Profit for the year		-5,470	3,900
Total		**24,500**	**30,421**
Compulsory reservations			
Other compulsory reservations		269	229
LIABILITIES			
Non-current	15		
Accrued liabilities and prepaid income		128	108
		128	**108**
Current	16		
Loans from financial institutions		1,207	1,624
		1,207	**1,624**
Advances received		289	369
Trade payables		18,070	17,834
Accrued liabilities and prepaid income		7,874	10,039
Other current liabilities		3,508	3,448
		30,947	31,689
Liabilities, total		**31,076**	**33,420**
		55,845	**64,071**

Parent Company's Cash Flow Statement

(EUR 1 000)	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash flows from sales	97,236	108,725
Cash flow from other operating income	711	1,158
Payments on operating costs	-100,445	-107,988
Net cash from operating activities before financial items and taxes	**-2,498**	**1,895**
Interests paid and other financial payments	-74	-408
Interests received	31	44
Other financial icomes and expenses	-151	-247
Taxes paid	-157	0
Cash flow due to extraordinary items (net)	-351	-611
Net cash from operating activities (A)	**-2,849**	**1,284**
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on tangible and intangible assets	-2,166	-422
Proceeds from sale of tangible and intangible assets	0	15,117
Investments on subsidiary shares	0	-3,002
Loans granted to subsidiaries	-132	0
Net Cash used in investing activities (B)	**-2,298**	**11,693**
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of current loans	-417	-6,900
Paid share issue	0	10
Dividends paid	-452	0
Net cash used in financing activities (C)	**-869**	**-6,890**
CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C) (+ increase, - decrease)	**-6,016**	**6,087**
Cash and cash equivalent at the beginning of financial year*	**-10,787**	**4,700**
Cash and cash equivalent at the end of financial year*	**4,771**	**10,787**

* Includes cash and bank receivables

Accounting Policies for the Parent Company Financial Statements

Martela Oyj's financial statements have been prepared in accordance with Finnish Accounting Standards (FAS). Items in the financial statements have been recognised at cost. No assets have been recorded to appreciated values, unless separately mentioned.

Items denominated in foreign currency:

Transactions denominated in foreign currencies are recognised at the rate of exchange on the date of their occurrence. Receivables and liabilities in the balance sheet are translated at the average rate on the balance sheet date. Exchange rate differences arising from trade receivables are recognised in revenue and those of trade payables in adjustment items for purchases. Exchange rate differences arising from balance sheet financial items, such as loans, are recognised in exchange rate differences of finance. Shareholders loans denominated in foreign currency to subsidiaries are considered as investments. Currency exchange rate differences are hence not recognised in parent company financial statements. Exchange rate differences related to shareholder loans are recognised in the Consolidated financial statements.

Intangible assets:

Intangible assets are reported in the balance sheet at cost and depreciated according to the plan (by straight line method). Intangible assets are depreciated according to their estimated useful life in 3–10 years. Goodwill is depreciated by straight-line method in 10 years. Martela AB goodwill depreciation time has been changed from ten to five years based on the impairment test and the goodwill is fully depreciated.

Tangible assets:

Buildings, machinery, equipment and other tangible assets are reported in the balance sheet at cost. No depreciation is recognised on revaluations of buildings or on land areas. Otherwise, depreciation is calculated on a straight line basis according to the estimated useful life. The change in accumulated depreciation difference is presented as a separate item in the parent company's profit and loss statement and the accumulated depreciation difference as a separate item in the balance sheet.

Depreciation periods for tangible assets:

Buildings and structures	20–30 years
Machinery and equipment	4–8 years
Other tangible assets	3–5 years

Impairment testing of long-term assets

Goodwill and investments in subsidiaries are tested for impairment annually regardless if there are any indications that the amount might be impaired. The recoverable cash amount from the subsidiaries is based on value in use calculations in the testing. The forecasted cash flows are based on 5-year financial plans approved by management. The central assumptions of the plans comprise of subsidiary growth- and profitability assumptions. The cash flows beyond the five-year period is estimated based on 1,5 % growth.

Inventories:

Inventories are recognised at weighted average purchase prices. The value of inventories is reduced with respect to nonmarketable items. The cost of goods includes also a share of the overhead costs of production.

Income tax:

The company income taxes are recognised on accrual basis and are calculated according to local tax legislation with adjustments from previous financial years. In the financial statements the company does not recognise deferred tax receivables or deferred tax liabilities. The amount of the unrecorded deferred tax asset arising from the loss to be confirmed for the financial year is EUR 496 thousand.

Revenue and recognition policies:

Revenue is recognised on accrual basis. Direct taxes, discounts and exchange rate differences are deducted from sales income in calculating revenue.

Research and development:

Research and development expenses are recognised normally in profit or loss in the year they arise. Research and development-related equipment is capitalised in machinery and equipment.

Other operating income and expenses:

Proceeds from sale of assets, public subsidies and other income (e.g. rent income) are recognised in "Other operating income". Losses from disposal of assets and other costs are recognised in "Other operating expenses".

Operating leases:

All leasing payments are reported as rent expenses.

Share-based payments:

In the effective share-based incentive programme there are three earning periods, which are 2021, 2022 and 2023, and payment are made as a combination of shares and cash.

Treasury shares:

The treasury shares held by the parent company are reported as a deduction from equity.

Other compulsory reservations

The normal warranty for standard Martela produced products is five years. The warranty provision (EUR 337 thousand) has been calculated as an estimate of the five-year warranties for Martela products and the sale of Martela products.

1. Breakdown of revenue by market area

% of revenue	2023	2022
Finland	71	69
Scandinavia	18	19
Other	11	12
Total	**100**	**100**

2. Other operating income

(EUR 1 000)	2023	2022
Rental income	50	233
Other operating income	77	360
Sale profit of Nummela property	0	12,870
Other operating income, Group	634	615
Total	**761**	**14,078**

3. Materials and services

(EUR 1 000)	2023	2022
Purchasing during the financial year	-52,534	-67,384
Change in inventories of materials and suppliers	-2,121	453
External services	-16,752	-17,473
Materials and supplies, total	**-71,408**	**-84,404**

4. Personnel expenses and number of personnel

(EUR 1 000)	2023	2022
Salaries, CEO	-314	-288
Pension expenses	-65	-49
Salaries of Board and directors	-162	-152
Salaries of Board and directors and managing director, total	**-541**	**-489**
Other salaries	-10,277	-10,295
Pension expenses	-1,756	-1,791
Other salary-related expenses	-383	-369
Personnel expenses in the income statement	**-12,956**	**-12,944**
Fringe benefits	-253	-184
Total	**-13,209**	**-13,128**
Personnel		
Personnel on average, workers	49	49
Personnel on average, officials	148	146
Personnel on average, total	**197**	**196**
Personnel at the year end	**192**	**194**

Salaries of Board and directors are not income subject to pension.

5. Other operating expenses

(EUR 1 000)	2023	2022
Auditor's fees		
Auditing	-173	-113
Other services	-18	-14
Auditor's fees, total	**-191**	**-127**

6. Depreciation and write-down

(EUR 1 000)	2023	2022
Depreciation according to plan		
Intangible assets	-1,412	-5,893
Tangible assets		
Buildings and structures	-1	-2
Machinery and equipment	-1,121	-744
Depreciation according to plan, total	**-2,534**	**-6,640**
Depreciations and impairments, total	**-2,534**	**-6,640**

7. Financial income and expenses

(EUR 1 000)	2023	2022
Financial income and expenses		
Interest income from short-term investments	29	21
Interest income from short-term investments from Group companies	3	23
Foreign exchange gains	549	22
Interest expenses	-131	-351
Losses on foreign exchange	-448	-166
Other financial expenses	-147	-145
Impairment	-2,785	0
Total	**-2,931**	**-595**

Based on the goodwill testing write-down (impairment) of Martela AB's shares EUR 2,785 thousand.

8. Depreciations and Group contributions

(EUR 1 000)	2023	2022
Appropriations		
Group contributions, received	2,000	0
Group contributions, given - /received +	0	-3,135
Group contributions total	**2,000**	**-3,135**
Appropriations, total	**2,000**	**-3,135**

9. Income Taxes

(EUR 1 000)	2023	2022
Income taxes from operations	0	-179
Taxes from previous years	25	0
Total	**25**	**-179**

10. Intangible assets

(EUR 1 000) 1 Jan–31 Dec 2023	Intangible rights	Goodwill	Other long-term expenses	Work in progress	Intangible assets total
Acquisition cost 1 Jan	5,425	9,200	12,471	724	27,820
Increases	914	0	0	2,166	3,080
Decreases	0	0	0	-1,769	-1,769
Acquisition cost 31 Dec	**6,338**	**9,200**	**12,471**	**1,121**	**29,131**
Accumulated depreciation 1 Jan	-4,501	-8,550	-10,872	0	-23,924
Depreciation for the year 1 Jan 31 Dec	-585	-130	-695	0	-1,409
Accumulated depreciation 31 Dec	**-5,086**	**-8,680**	**-11,567**	**0**	**-25,333**
Carrying amount 1 Jan	925	650	1,597	724	3,898
Carrying amount 31 Dec	**1,254**	**520**	**902**	**1,121**	**3,798**

1 Jan–31 Dec 2022	Intangible rights	Goodwill	Other long-term expenses	Work in progress	Intangible assets total
Acquisition cost 1 Jan	5,404	9,200	12,535	158	27,297
Increases	128	0	104	2,633	2,865
Decreases	-108	0	-167	-2,068	-2,343
Acquisition cost 31 Dec	**5,425**	**9,200**	**12,471**	**724**	**27,820**
Accumulated depreciation 1 Jan	-4,043	-3,680	-10,309	0	-18,033
Depreciation for the year 1 Jan–31 Dec	-458	-4,870	-564	0	-5,891
Accumulated depreciation 31 Dec	**-4,501**	**-8,550**	**-10,872**	**0**	**-23,924**
Carrying amount 1 Jan	1,362	5,520	2,224	158	9,266
Carrying amount 31 Dec	**925**	**650**	**1,597**	**724**	**3,896**

11. Tangible assets

(EUR 1 000) 1 Jan–31 Dec 2023	Land areas	Buildings	Machinery and equipment	Other tangible assets	Total
Acquisition cost 1 Jan	0	8,770	15,943	23	24,737
Increases	0	13	1,267	0	1,280
Decreases	0	0	0	0	0
Acquisition cost 31 Dec	**0**	**8,784**	**17,210**	**23**	**26,016**
Accumulated depreciation 1 Jan	0	-8,770	-13,074	0	-2,1845
Depreciation for the year 1 Jan–31 Dec	0	-1	-1,124	0	-1,125
Accumulated depreciation 31 Dec	**0**	**-8,771**	**-14,198**	**0**	**-22,970**
Carrying amount 1 Jan	0	0	2,869	23	2,892
Carrying amount 31 Dec	**0**	**12**	**3,011**	**23**	**3,046**

1 Jan–31 Dec 2022	Land areas	Buildings	Machinery and equipment	Other tangible assets	Total
Acquisition cost 1 Jan	80	10,632	13,435	23	24,170
Increases	0	0	2,508	0	2,508
Acquisition cost 31 Dec	**0**	**8,770**	**15,943**	**23**	**24,737**
Accumulated depreciation 1 Jan	0	-8,769	-12,328	0	-21,096
Depreciation for the year 1 Jan–31 Dec	0	-2	-746	0	-748
Accumulated depreciation 31 Dec	**0**	**-8,770**	**-13,074**	**0**	**-21,845**
Carrying amount 1 Jan	80	1,864	1,107	23	3,074
Carrying amount 31 Dec	**0**	**0**	**2,869**	**23**	**2,892**

Carrying amount of production machinery and equipment in 2023 was EUR 28 thousand (58 in 2022).
Nummela property has been sold 3 August 2022.

12. Investments

(EUR 1 000) 1 Jan–31 Dec 2023	Subsidiary shares	Other shares and participations	Shareholder loan receivables	Total
Balance sheet value at beginning of year	10,907	7	3,895	14,809
Increases	1,202	0	0	1,202
Decreases / Impairment	-2,785	0	-135	-2,920
Balance sheet value at end of year	**9,324**	**7**	**3,760**	**13,091**

1 Jan–31 Dec 2022	Subsidiary shares	Other shares and participations	Shareholder loan receivables	Total
Balance sheet value at beginning of year	7,405	7	4,396	11,808
Increases	3,501	0	500	4,001
Decreases / Impairment	0	0	-1,001	-1,001
Balance sheet value at end of year	**10,907**	**7**	**3,895**	**14,809**

Subsidiary shares		Parent company's holding, %	Of total votes, %	Number of shares	Par value (1,000)	Book value (EUR 1,000)
Kidex Oy	Finland	100	100	200	2,208 EUR	2,208
Muuttopalvelu Grundell Oy	Finland	100	100	100	8 EUR	4,440
Martela AB, Nässjö	Sweden	100	100	50,000	5,000 SEK	426
Aski avvecklingsbolag AB, Malmö	Sweden	100	100	12,500	1,250 SEK	48
Martela AS, Oslo	Norway	100	100	200	200 NOK	2,066
Martela Sp.z o.o., Varsova	Poland	100	100	3,483	3,483 PLN	135
Tehokaluste Oy	Finland	100	100	1	0 EUR	0
Total						**9,324**
Other shares and participations						**7**

Shareholder loan receivable Martela AB EUR 3,760 thousand.
Write down Martela AB shares EUR 2,785 thousand.

13. Receivables

(EUR 1 000)	2023	2022
Non-current receivables		
Loan receivables	532	546
Current receivables		
Receivables from Group companies		
Trade receivables	1,756	2,665
Loan receivables	2,000	0
Prepaid expenses	406	1,013
Receivables from others		
Trade receivables	15,660	15,215
Accrued income and prepaid expenses	2,329	2,071
Current receivables, total	**22,152**	**20,964**

Accrued income and prepaid expenses, main items	2023	2022
Related to personnel expenses	92	99
Related to payments in advance	1,422	613
Other accrued income or prepaid expenses	446	280
Periodization of revenue	369	1,079
Accrued income and prepaid expenses total	**2,329**	**2,071**

Related party loan	2023	2022
Loan 1 Jan	256	223
Increases	0	33
Decreases	-118	0
Loan 31 Dec	**138**	**256**

The Board of Directors has decided to grant an interest-bearing loan to finance the acquisition of the company's shares. The maximum amount of the loan is 70 per cent of the investment in shares. The loan will be repaid in full on 31 December 2025, at the latest. The interest rate is 12 months euribor but not below 0%.

The loan granted to the board of directors is EUR 138 thousand (256 thousand in 2022), of which the CEO loan EUR 70 thousand and others EUR 68 thousand (153 thousand in 2022).

14. Changes in shareholders' equity

Distribution of shares 31 Dec 2023	Number of shares	Total EUR	% of share capital	Votes	% of Votes
K-shares (20 votes/share)	604,800	925,682	13	12,096,000	75
A-shares (1 vote/share)	3,968,695	6,074,318	87	3,968,695	25
Total	**4,573,495**	**7,000,000**	**100**	**16,064,695**	**100**
Treasury shares	1,425				
Number of shares outstanding	**4,572,070**				

Shareholders' equity	2023	2022
Restricted equity		
Share capital 1 Jan and 31 Dec	**7,000**	**7,000**
Share premium account 1 Jan and 31 Dec	**1,116**	**1,116**
Unrestricted equity		
Reserve fund 1 Jan and 31 Dec	**11**	**11**
Invested unrestricted equity fund 1 Jan	**995**	**962**
Share issue	0	33
Invested unrestricted equity fund 31 Dec	**995**	**995**
Retained earnings 1 Jan	**21,298**	**17,398**
Profit (-loss) for the year	-5,470	3,900
Dividends paid	-452	0
Retained earnings 31 Dec	**15,377**	**21,298**
Shareholders' equity total	**24,500**	**30,421**

The distributable equity of the parent company is EUR 16,372 thousand in 2023.

A total of 11,657 of Martela shares held by the company have been conveyed without consideration to the 34 key individuals participating in the Performance-based Matching Share Plan 2021—2023, announced on March 23, 2021. Conveyance of the shares relates to the earning period 2021. Following the directed share issue on March 23, 2022, the number of treasury shares stands at 1,425 shares

Treasury shares held by Martela Oyj are reported as a deduction from retained earnings. Martela Oyj owns 1,425 A shares (1,425 in 2022). Out of the shares 379 were purchased at an average price of EUR 10.65 and 1,046 were transferred from Martela Corporation's joint account to the treasury shares reserve based on the decision by AGM on March 13, 2018. Market value of treasury shares on December 31, 2023 was EUR 1.28 per share (2.45), a total of EUR 1.8 thousand (3.5 thousand in 2022)

Company has executed right issue (March 17, 2022) in which 11,574 pcs new A shares has been subscribed. Issue price of new shares, in total EUR 33 thousand, has been booked in invested unrestricted equity fund.

Company has decided on a paid directed share issue (March 29, 2023) in which 53,881 of series A shares have been subscribed without consideration. The shares issued to the company have been used to pay incentives according to the company's incentive plan.

15. Non-current liabilities

(EUR 1 000)	2023	2022
Accrued expenses	128	108
Total	**128**	**108**
Accrued liabilities		
Related to the personnel expenses	92	100

The company has purchased electricity derivatives, of which long-term liabilities 2023 amount to EUR 36,5 thousand (EUR 8 thousand) and short-term liabilities amount to EUR 15 thousand (EUR 69,5 thousand)..

16. Current liabilities

(EUR 1 000)	2023	2022
Current liabilities		
Liabilities to Group companies		
Trade payables to Group companies	11,028	10,219
Accrued liabilities to Group companies	1,768	1,622
Other current liabilities Group companies	3,283	3,635
Total	**16,079**	**15,476**
Other current liabilities		
Loans from financial institutions	1,207	1,624
Advances received	289	369
Trade payables	7,042	7,614
Other current liabilities	3,508	3,448
Accrued liabilities	2,824	4,782
Total	**14,869**	**17,837**
Current liabilities, total	**30,947**	**33,313**

Current liabilities are specified in notes because items are combined in Balance sheet.

Essential items of accrued liabilities	2023	2022
Personnel expenses	1,819	1,871
Royalties	175	176
Taxes from accounting period	0	182
Residual expenses	829	2,553
Accrued liabilities, total	**2,824**	**4,782**

17. Pledges granted and contingent liabilities

(EUR 1 000)	2023	2022
Debts secured by mortgages		
Factoring loan	1,207	1,624
Corporate mortgages	7,191	7,191
Shares pledged	**7,191**	**7,191**
Other pledges		
Guarantees as security for rents	854	892
Total	**854**	**892**
Other liabilities		
Residual value liabilities related to the service business	2,715	1,809
Total	**2,715**	**1,809**
Leasing commitments		
Falling due within 12 months	764	692
Falling due after 12 months	1,085	642
Total	**1,849**	**1,334**
Rent commitments	**16,970**	**17,927**

Company has signed new premises lease contract on May 24, 2021 which estimated starting date is April 1, 2022. Contract is valid at least until March 31, 2029, and the monthly rent is EUR 37,823.

Company has signed Nummela property sale and leaseback contract on August 3, 2022. Contract is valid untill April 31, 2033, and the monthly rent is EUR 124,082.

Auditor's report (translation of the Finnish original)

To the Annual General Meeting of Martela Oyj

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Martela Oyj (business identity code 0114891-2) for the year ended 31 December, 2023. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position as well as its financial performance and its cash flows in accordance with IFRS Accounting Standards as adopted by the EU.
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 4. to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Key Audit Matter	How our audit addressed the Key Audit Matter
REVENUE RECOGNITION **We refer to the Group's accounting policies and note 1** The Group's revenue includes mainly sale of furniture and, to a lesser extent, sale of services and leasing of furniture. In furniture deliveries the Group fulfills its contractual performance obligations at a point in time and the revenue is recognized when control is transferred to a customer. Revenue recognition is considered as a key audit matter because revenues are a key performance measure which could create an incentive for revenue to be recognized prematurely. Revenue recognition was also determined to be a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10(2).	Our audit procedures to address the risk of material misstatement in respect of revenue recognition included among others: · We assessed the appropriateness of the group's accounting policies over revenue recognition compared to IFRS standards. · We assessed the group's processes and controls over timing of revenue recognition. · We tested the correct timing of revenue recognition by using analytical procedures and transaction level testing. Our procedures included data analytics, obtaining external confirmations and transaction level testing before and after the balance sheet date as well as inspection of credit notes prepared after the balance sheet date. · We considered the appropriateness of the group's disclosures in respect of revenues
VALUATION OF SUBSIDIARY SHARES AND RECEIVABLE IN PARENT COMPANY'S BALANCE SHEET **We refer to parent company's accounting policies and notes 6, 10 and 12** As of balance sheet date December 31, 2023 the subsidiary shares and receivable amounted to 13,1 M€ corresponding to 23 % of parent company's total assets and 53 % of parent company's equity. The management of the parent company prepares annually impairment calculation for balance sheet value of the investments based on their value in use. These calculations include significant management judgements, like forecasted revenue growth, EBITDA and discount rate used in discounting cash flows. Based on the calculation a write down amounting to x M€ was recorded to Swedish subsidiary shares in the financial statements 2023. This matter was also determined to be a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10(2).	Our audit procedures to address the risk of material misstatement in respect of valuation of subsidiary shares and receivable included among others: · We assessed the basis and appropriateness of the forecasts used in the impairment calculations, like revenue growth, EBITDA and discount rate. · We tested the mathematical accuracy of the calculations. · We involved our valuation specialists to assist us in evaluating the methodologies and assumptions in relation to market and industry information.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

INFORMATION ON OUR AUDIT ENGAGEMENT

We were first appointed as auditors by the Annual General Meeting on March 12, 2020, and our appointment represents a total period of uninterrupted engagement of four years.

OTHER INFORMATION

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 13.2.2024

Ernst & Young Oy
Authorized Public Accountant Firm

Osmo Valovirta, Authorized Public Accountant

Corporate governance statement 2023

Governance

Martela Corporation is a Finnish limited liability company that is governed in its decision-making and management by Finnish legislation, especially the Finnish Limited Liability Companies Act, by other regulations concerning public listed companies, and by its Articles of Association.

The company complies with the NASDAQ OMX Guidelines for Insiders and the Finnish Corporate Governance Code 2020 published by the Securities Market Association. Corporate Governance code is available at https://cgfinland.fi/en/corporate-governance-code/. Martela complies with all of the Code's guidelines.

Organisation

The Group is managed according to both its operational organisation and legal Group organisation. The Group's management is based primarily on an operational matrix organisation.

In 2023 The Group was organised in units as:

Sales and marketing, which is responsible for customer relationships, sales, workplace services and marketing.

Operations, which is responsible for after-sales activities, including sourcing, production, removal services, product development, quality assurance, the research laboratory, planning of material flows and logistics and as well as IT matters.

The Brand and Design, which is responsible for brand and product portfolio management.

Design Studio, which is responsible for the planning and development of work and learning environment projects.

Human resources and sustainability, which is responsible for the human resource administration, sustainability management and internal communication.

Finance, which is responsible for the Group's financial planning and reporting, investor relations as well as legal matters.

Annual general meeting

The General Meeting is the company's supreme decision-making body. The Annual General Meeting must be held within six months of the end of the financial year. The financial statements, Board of Directors' report and the auditor's report are presented at the Annual General Meeting. The Meeting decides on the approval of the financial statements, use of the profit shown on the balance sheet, discharging the members of the Board of Directors and the CEO from liability, the fees of the Board members and auditors and the number of members on the Board. The General Meeting also elects the Directors of the Board and the auditor. Other matters on the agenda of the General Meeting are mentioned in the notice of meeting.

Shares

Martela has two share series ('K shares' and 'A shares'), with each K share entitling its holder to 20 votes at a General Meeting and each A share entitling its holder to one vote. The redeeming of K shares is referred to in the Articles of Association. Private owners of K shares have a valid shareholder agreement that restricts the sale of these shares to other than existing holders of K shares. The company's total share capital on 31 December 2023 was EUR 7 million.

Board of directors

The Board of Directors, elected by the Annual General Meeting each year, is responsible for the management and proper arrangement of the operations of the company in compliance with the Limited Liability Companies Act and the Articles of Association.

Preparations concerning the composition of the Board of Directors are carried out by the principal shareholders, who propose Board candidates to the Annual General Meeting based on their preparatory work. In accordance with the Articles of Association, the Board of Directors consists of no less than five and no more than nine members. There may be no more than two deputy members. The Board of Directors elects from among its members a Chairman and Vice Chairman to serve until the end of the next Annual General Meeting.

According to the principles of the Board diversity, the members of the Board of Directors must have sufficient and complementary experience and expertise in Martela's most important business sectors and markets.

The Board must have both sexes and a diverse age distribution. Board members should have sufficiently diverse professional and educational background, strategy development and implementation skills, economic expertise, experience in managing companies at various stages of development, innovation, decision-making and questioning skills, and sufficient time for working in the board. The achievement and development of diversity in reaching the goals is assessed in the Board Self-Evaluation Discussion

The Board has confirmed a Charter defining the duties of the Board, meeting practices, the matters to be dealt with at meetings, the targets set by the Board for its operations, a self-evaluation of these operations, and the Board's committees.

In addition to the duties mentioned in the Limited Liability Companies Act and the Articles of Association, the Board of Directors is responsible for:

- deciding on the Group strategy
- deciding on the Group structure
- approving financial statements, interim financial statements and interim reports
- approving the Group's operating plans, budgets, major investments and donations
- deciding on business expansion and reduction, acquisitions and divestments
- deciding on the Risk management policy and principles of the internal control
- deciding on dividend policy and make a proposal to the Annual General Meeting on the amount of dividend to be paid
- deciding on the Treasury policy
- approving and dismissing the CEO and to decide on his salary
- authorising the Remuneration Committee to decide on the appointments and remuneration of the members of the Group Management Team and the general principles of the Group's performance bonus scheme
- deciding on Management's share-based incentive schemes
- regularly approving and revising corporate governance principles and internal policies
- annually approving the company's internal control and risk management principles and addressing the most significant risks and uncertainties associated with the company's operations
- appointing board committees and deciding on their reporting
- accepting stock exchange releases related to the Board's decisions
- confirming the principles of the Board diversity
- the other statutory provisions of the Limited Liability Companies Act, the Corporate Governance Code or elsewhere

The Board of Directors consisted of following members:

- Johan Mild, chairman of the Board, born 1974, M.Sc., Accounting, CEO of Remeo Oy. Does not own any company shares
- Hanna Mattila, born 1972, D.Sc., Tech., Associate Professor Aalborg University, owns 1 600 Martela Oyj K -shares
- Eero Martela, born 1984, M.Sc., Tech., Managing partner, Finland, Columbia Road Oy, owns 6 710 Martela Oyj A-shares and 1 073 K -shares
- Jan Mattsson, born 1966 M.Sc., Architecture, CEO and partner Tengbom Ab. owns 6 759 Martela Oyj A-shares.
- Katariina Mellström, born 1962, M.Sc., Economy, Secretary General, Global Child Forum, Does not own any company shares
- Anni Vepsäläinen, born 1963, M.Sc., Tech., CEO of Suomen Messut Osuuskunta, owns 2 000 Martela Oyj A-shares

The Board convened eight times during the financial year. The average attendance of the Board members was 100 per cent.

The Board reviews its own activities annually, either by self-assessment or assessment made by an external consultant. In both cases a summary of the evaluations is jointly discussed at a Board meeting.

The Board has evaluated the independence of its members and determined that Hanna Mattila, Eero Martela, Jan Mattsson, Katarina Mellström, Johan Mild and Anni Vepsäläinen are independent of the company. Of the company's largest share¬holders Jan Mattsson, Katarina Mellström, Johan Mild and Anni Vepsäläinen are independent members of the Board.

The Board has formed from among its members a Human Resource and Rewarding Committee and an Audit Committee, which both have written Charters.

According to the Charter, the key duties of the Human Resource and Rewarding Committee include:

- deciding, with authorisation from the Board, on the remuneration issues and annual performance bonuses of the CEO and the Group Management Team as well as general principles for the Group's performance bonus scheme for the entire personnel
- preparing for the Board the structure, criteria and target levels of the long-term incentive plans for key personnel
- processing the appointments of the CEO and Group Management Team members, deputy arrangements and successor issues.
- The Compensation Committee also handles remuneration statements in connection with the financial statements.

The Board's Human Resource and Rewarding Committee comprises Johan Mild, Jan Mattsson and Katarina Mellström.

The Committee convened three times during the financial year. The average attendance of the Committee members was 100 per cent.

According to the Charter, the key duties of the Audit Committee include:

- monitoring the financial reporting and interim report processes,
- supervising the financial reporting process,
- monitoring the company's financial condition,
- monitoring the adequacy and effectiveness of the company's internal control and risk management systems,
- processing the description of the internal control and risk management systems related to the financial reporting process included in the Corporate Governance Statement,
- monitoring the statutory audit of the financial statements and the consolidated financial statements,
- observing, together with the auditors and the management of the company, the findings of the auditing carried out and the possible difficulties in carrying out the audit,
- assessing the independence of the auditor or the audit firm, and in particular the provision of ancillary services to the company,
- evaluating the fees charged on auditing and ancillary services and their criteria,
- preparing a proposal for a decision on the election of the auditor,
- assessing the compliance process with laws and regulations and respect for ethical principles in the organisation,
- conducting reports on the company's most significant legal and regulatory procedures .

The Board's Audit Committee comprises Anni Vepsäläinen, Eero Martela and Hanna Mattila.

The Committee convened four times during the financial year. The average attendance of the Committee members was 100 per cent.

The secretary of the Board of Directors is a lawyer from the same company from where other legal services is provided to the Group. The Chairman of the Board is in direct contact with the CFO as necessary.

CEO

The Board appoints Martela Corporation's CEO and decides on the terms and conditions of his service relationship, which are defined in a written CEO's service contract. The CEO is responsible for the operational management and supervision of the parent company and the Group according to the guidelines set by the Board. Company CEO is Ville Taipale, born 1971, M.Sc Tech., owns 47 934 Martela Oyj A-shares.

Group management team

The Board of Directors and the CEO appoints the members of the Group Management Team. The CEO of Martela Corporation acts as the Chairman of the Group Management Team. The directors responsible for the units and processes are also represented in the Group Management Team. The Group Management Team drafts and reviews strategies, budgets and investment proposals and monitors the financial situation of the Group and its business areas and processes and the attainment of operational targets and plans. The Group Management Team meets once a month.

Group Management Team consisted of following members led by Group CEO:

- Kimmo Hakkala responsible for Sales & Marketing -unit (does not own any Martela Oyj shares)
- Kalle Sulkanen responsible for Operations -unit (owns 13 555 Martela Oyj A-shares)
- Kari Leino responsible for Brand & Design -unit (owns 6 544 Martela Oyj A- shares)
- Eeva Terävä responsible for Design Studio -unit (owns 23 016 Martela Oyj A-shares)
- Suvi-Maarit Kario responsible for Human resources and sustainability -unit (does not own any Martela Oyj shares)
- Henri Berg responsible for Financial administration -unit (does not own any Martela Oyj shares)

Financial reporting in the group

Martela Corporation's Board of Directors is provided regularly reports on the financial performance and forecasts of the Group. The reports and forecasts are also presented by the CEO and CFO at Board meetings, where they are reviewed.

The Group Management Team meets at least once a month to evaluate the financial performance, outlook and risks of the Group.

Auditing

The auditing of Group companies is carried out in accordance with the valid laws in each country and each company's Articles of Association. The principally responsible auditor of the parent company co-ordinates the auditing of the Group's subsidiaries together with the Group's CEO and CFO. The auditors of Martela Corporation and the Group are the authorised public accountants Ernst & Young, with Osmo Valovirta, Authorised Public Accountant, as the principally responsible auditor. All the auditors of the Group's companies are in the Ernst & Young chain.

Internal control

The reliability of financial reporting is one of the principal objectives of Martela Corporation's internal control.

The CEO is responsible for the operational management and supervision of the Group according to the guidelines set by the Board.

Martela's strategy is updated and its targets defined on an annual basis. Strategic planning forms the basis of all planning at Martela and is carried out on a rolling basis for the forthcoming period of 2–3 years. Target setting is an internal control prerequisite because the targets of the companies, business areas, functions and supervisors are derived from Group-level targets. For each business area, specific financial and non-financial targets are set in accordance with the business plan, and their attainment is monitored regularly through comprehensive reporting to executive management, for example.

The CFO has overall responsibility for financial reporting in the Group. Reporting to executive management is carried out separately and independently of business operations.

Controllers and financial managers (controller function) are responsible for Group, company and other financial reporting. At Martela, financial reporting is carried out in compliance with guidelines, laws and regulations in a consistent manner throughout the Group. The reliability of financial reporting depends on the appropriateness and reliability of financial and reporting processes and on the control measures taken to ensure these. During recent years, the internal control has focused among others on sales, quote to cash processes, on management of working capital, on ERP -system implementation, on development of the receivables collection procedures as well as on leasing and service contract management and processes.

The CFO is responsible for the maintenance and development of reporting processes and defining and implementing control measures. Control measures include guidelines, matching, management reviews and reporting on deviations. The CFO monitors compliance with defined processes and controls. He also monitors the reliability of financial reporting.

The Board of Directors approves Martela's strategy and annual operating plans. It also approves the principles and rules of risk management, and monitors on a regular basis the effectiveness and sufficiency of the internal control and risk management. Furthermore, the Board is responsible for the internal control of the financial reporting process.

Auditors and other external controllers assess the control measures in terms of the reliability of financial reporting.

Risk management and internal audit

Martela's Board of Directors has confirmed the principles of risk management. The purpose of risk management is to identify, monitor and manage risks that could pose a threat to business and to the achievement of business objectives. Group management has supreme operational responsibility for risk management policy.

In the Group, risks are analysed and decisions are made to manage these risks as a part of the regular monitoring carried out by the Board and the management teams as described above. Risks are also evaluated when planning and making decisions on significant projects and investments. Risk management is integrated with the strategy process as a separate stage of analysis and as part of the process of drawing up annual action plans. There is no separate risk management organisation, but the associated responsibilities are assigned in line with the rest of the business operations and organisation. The company's Board of Directors has included an annual review of risk management in its schedule of work.

Taking into consideration the nature and scope of Martela's business, the company has not considered it appropriate to form a separate internal audit function. The internal control is carried out in the form of controls in business processes, and the company will either make its own or, if necessary, conduct separate internal audit reports with external experts.

Risks

In accordance with Martela's risk management model, risks are classified and prepared for in different ways. The manufacture of Martela's products is largely based on the company performing the final assembly and using subcontractors for components. Production control is based on orders placed by customers, which means that there is no need for any large-scale warehousing. Risks of damage are covered by appropriate insurance policies, and these provide comprehensive coverage for property, business interruption, supplier interruption loss and loss liability risks. Martela uses the services of an external insurance broker to manage insurance matters. The services of an external partner are also used in legal matters. The responsibility perspectives regarding the supply chain are discussed as part of the annual responsibility report. Finance risks are discussed in the notes to the financial statements.

Management, remuneration, benefits and incentive plans

Information on management remuneration and the impact on the result for the financial year can be found in the notes to the financial statements and in the remuneration report, which can be found on the company's website.

Principles regarding related party transactions

Martela Oyj follows the recommendations of the Corporate Governance Code 2020 issued by the Securities Market Association. The Company's related party transactions policy is adopted by the board of directors that also has the monitoring and supervision responsibility regarding related party transactions.

The up-to-datedness of the related party list is monitored at least on an annual basis. The Chief Financial Officer of the Company is responsible for determining the related parties of the Company and maintaining the related party list.

Insider administration

Martela complies with the Guidelines for Insiders issued by Nasdaq Helsinki Ltd. In addition, Martela's Board of Directors has confirmed specific insider guidelines for the company to complement Nasdaq Helsinki Ltd's Guidelines for Insiders.

The company has defined as permanent insiders persons who work at Martela Group and who have access to all inside information concerning Martela due to their position or task. The information in the permanent insider list is not public. In addition to the permanent insider list, non-public project-specific insider lists shall be established, if necessary, as defined in Nasdaq Helsinki Ltd's Guidelines for Insiders. Permanent insiders are not entered into the project-specific insider lists.

The persons discharging managerial responsibilities, other permanent insiders and persons participating in preparing of financial reports of the company must not trade in Martela's financial instruments prior to the publication of an interim report and financial statement release of the company. The length of the closed period is 30 days at Martela.

Martela discloses inside information that directly concerns Martela or its financial instrument as soon as possible, unless the conditions for delay of disclosure of inside information are met. Martela has defined an internal process in order to evaluate and disclose the inside information and to monitor and evaluate the duration and the conditions for the delay. Martela continuously monitors the situation to ensure that the conditions for the delay are met and the company has the ability to publicly disclose the information immediately in the case of a data leakage.

In accordance with MAR, Martela has an obligation to disclose transactions with Martela's financial instruments conducted by persons discharging managerial responsibilities at the company and persons closely associated with them.

The obligation to disclose transactions applies to the following persons discharging managerial responsibilities at Martela:

- Members of Martela's Board of Directors and CEO, and
- Members of Martela Group's Management Team.

Transactions between companies in the Martela Group conducted by persons discharging managerial responsibilities at Martela and persons closely associated with them are monitored. During 2023, regarding the current management team, the CEO, VP Operations unit, VP Brand & Design unit and VP of the Design Studio unit received share rewards based on the share-based incentive plan for key employees. In 2023 there were no other material related party transactions.

Board of Directors

Hanna Mattila

BOARD MEMBER

Born in 1972, D.Sc. (Tech.)
Member of the Board since 2022.

Other key duties:
Associate Professor, Aalborg University, Denmark
Visiting Professor, Aalto University, Finland

Owns 1,600 Martela Oyj K shares.

Johan Mild

CHAIRMAN OF THE BOARD

Born in 1974, M.Sc. (Accounting)
Member of the Board since 2020,
Chairman of the Board since 2021.

Other key duties:
CEO, Remeo Oy
Member of the Board, The recycling Industries of Finland (Kierrätysteollisuus ry)

Eero Martela

BOARD MEMBER

Born in 1984, M.Sc. (Tech.)
Member of the Board since 2015.

Other key duties:
Managing partner, Finland, Columbia Road Oy

Owns 6,710 Martela Oyj A shares and
1,073 K shares.

Jan Mattsson

BOARD MEMBER

Born in 1966, M.Sc. (Architecture),
KHT Royal Institute of Technology
Member of the Board since 2019.

Other key duties:
CEO and partner, Tengbomgruppen AB
Chairman of the Board, Tengbom Oy

Owns 6,759 Martela Oyj A shares.

Katarina Mellström

BOARD MEMBER

Born in 1962, M.Sc. (Econ.)
Member of the Board since 2018.

Other key duties:
Secretary General, Global Child Forum
Member of the Board, Vectura AB

Anni Vepsäläinen

BOARD MEMBER

Born in 1963, M.Sc. (Tech.)
Member of the Board since 2016.

Other key duties:
Member of the Board, Cinia Oy
Managing Director, Finnish Fair Corporation
Chairman of the Board, Helsinki Region Chamber of Commerce
Member of the Board, Finnish Chamber of Commerce

Owns 2,000 Martela Oyj A shares.

Management team

Ville Taipale

CHIEF EXECUTIVE OFFICER (CEO)

Born: 1971
Education: M.Sc.
Joined the company and has been a member of the management team since 2018, the CEO since 2021.

Previous professional experience:
Martela Oyj, Vice President, Operations, 2018–2021
Patria Land Systems Oy, Vice President, Sourcing and Logistics, 2015–2018
Componenta Oyj, Vice President, Sourcing and Procurement, 2010–2015
Fiskars Oyj, Director, Sourcing Unit, 2007–2010
Nokia Oyj, Supply chain management and development positions, 1998–2007
VTT, Researcher, 1997–1998

Owns 47,934 Martela Oyj A shares.

Henri Berg

CHIEF FINANCIAL OFFICER (CFO)

Born: 1970
Education: M.Sc., (Econ.)
Area of reponsibility: Group Finance, Investor Relations and Legal.
Joined the company and a member of the management team since 2023.

Previous professional experience:
A-Insinöörit Oy AG, CFO, 2021–2023
Sato Oyj, Head of Financial services, 2017–2021
Componenta Oyj, several managerial positions in financial administration, 2008–2017
Stora Enso Oyj, several managerial and specialist positions in financial administration, 1998–2008

Does not own any company shares.

Eeva Terävä

VP, DESIGN STUDIO

Born: 1983
Education: M.Sc. (Regional Science) & Bachelor of Culture and Arts (Interior Architecture)
Area of responsibility: Design & Development Services of Work and Learning Environments. Joined the company in 2016, a member of the management team since 2021.

Previous professional experience:
Martela Oyj, Head of Workplace development, 2018–2021
Martela Oyj, Workplace Specialist, 2016–2018
Ramboll Management Consulting Oy, different roles in research and development projects, and project management, 2009–2016

Owns 23,016 Martela Oyj A shares.

Suvi-Maarit Kario

VP, HR & SUSTAINABILITY
Born: 1968
Education: M.Soc.Sc.
Area of responsibility: HR, Sustainability and internal communication.
Joined the company and a member of the management team since 2023.

Previous professional experience:
Puro Tekstiilihuoltopalvelut Oy, 2020–2023
HKScan Oyj, 2018–2020
GS-Hydro Oy, 2012–2017
Alstom Finland Oy, 2010–2012
Destia Oy, 2007–2010
Finnlines Oyj, 1997–2007

Does not own any company shares.

Kari Leino

VP, BRAND & DESIGN
Born: 1965
Education: IDBMpro
Area of responsibility: Group Marketing and Product Design.
Joined the company in 1987, a member of the management team since 2021.

Previous professional experience:
Martela Oyj, Product & Design Director, 2016–2021
Martela Oyj, Offering Manager, 2002–2016
P. O. Korhonen Oy, Sales & Marketing, 1997–2002
Martela Oyj, Sales, 1987–1997

Owns 6,544 Martela Oyj A shares.

Kimmo Hakkala

VP, SALES AND MARKETING
Born: 1971
Education: M.Sc. (Agric.)
Area of responsibility: Group Customers, Sales and Marketing in Finland, Sweden & Norway and international dealer Network.
Joined the company and a member of the management team since 2023.

Previous professional experience:
Berner Oy, Business Unit Director, 2013–2022
Fiskars Finland Oy Ab, Sales and Marketing Director, 2007–2013
Kemira Grow-How Oyj, Business and Marketing Manager, 2001–2007 Kesko Oyj, Product Manager, 1996–2001

Does not own any company shares.

Kalle Sulkanen

VP, OPERATIONS
Born: 1978
Education: M.Sc. (Tech.)
Area of responsibility: Group Sourcing, Production, Removal Services, Product Development, Sustainability, Logistics and Quality Control.
Joined the company and a member of the management team since 2022.

Previous professional experience:
Peab AB, Head of Procurement, 2020–2022
YIT Oyj, Procurement Director, 2019–2020
AB Enzymes GmbH / Roal Oy, Head of Procurement, 2017–2019
Componenta Oyj, Sourcing Director and managerial positions, 2011–2017
Nokia Oyj, Development Manager positions in supply chain, 2001–2011

Owns 13,555 Martela Oyj A shares.

Information for shareholders

Annual General Meeting

The Annual General Meeting of Martela Oyj will be held on Friday 5 April 2024 at 10 a.m. at Töölönlahdenkatu 2, 00100 Helsinki (Sanomatalo).

A shareholder, who has the right to participate in the Annual General Meeting and whose shares are registered on his/her Finnish book-entry account, may participate in the Annual General Meeting by way of remote access. Shareholder participating via remote access to the Annual General Meeting has voting right and speaking right during the Annual General Meeting. Instructions for shareholders are presented in this notice under section C. (Instructions for the participants in the General Meeting) and on the Company's website www.martela.com/about-us/about-martela/investors.

The names of shareholders wishing to attend the meeting should be entered in the share-holder register at Euroclear Finland Ltd no later than 22 March 2024 and the shareholder should register by email to agm@innovatics.fi, by post to Innovatics Oy, Yhtiökokous / Martela Oyj, Ratamestarinkatu 13 A, 00520 Helsinki, or on the internet site of the Corporation https://www.martela.com/about-us/about-martela/investors no later than April 2, 2024 at 4 p.m.

Payment of dividends

The Board of Directors proposes to the Annual General Meeting that no dividend would be paid for the financial year 1 January 2023 – 31 December 2023.

Publication of financial information

Martela Corporation's financial information in 2024 will be published as follows:

- January–March (Q1) Financial Review on Tuesday May 14, 2024
- January–June (H1) Half-Year Report on Friday August 16, 2024
- January–September (Q3) Financial Review on Friday November 8, 2024

Financial reports are available in Finnish and English on the company's website (www.martela.fi and www.martela.com). Annual reports are available on the company's website in pdf format. After published, stock exchange releases are available on the company's website, where you can find all stock exchange releases in chronological order.

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