MARTELA CORPORATION
Business ID 0114891-2

FINANCIAL STATEMENTS

AND

BOARD OF DIRECTORS' REPORT

12/31/2024

MARTELA FINANCIAL STATEMENTS 2024

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BOARD OF DIRECTORS' REPORT

KEY FIGURES

The Group's revenue for the financial year was EUR 86.7 million (94.4). The operating result for the year was EUR -6.5 million (-2.4). Earnings per share were EUR -1.87 (-0.77). Cash flow from operating activities totalled EUR 0.1 (0.3) million. The equity-to-assets ratio was 2.5 per cent (20.0) and gearing was 1 455.2 per cent (137.2). The return on investment for the year was -25.4 per cent (-7.5).

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.

Throughout the year, several new products and updates to existing products were introduced. The popular Sola product family, designed by Antti Kotilainen, welcomed a new member with the launch of the Sola Meet & Work hybrid chair. As the name suggests, the chair is intended for use both at workstations and in meeting rooms, and its soft design enhances comfort in any space. Additionally, the Sola product family expanded in the later part of the year with the modular Sola sofa, which follows the design language of the previously launched Sola lounge chairs. The charming Hubbe lounge chair, launched for lobbies and waiting areas, introduced new young designers to Martela's design team, as the chair, designed by Timo Hoisko and Matti Korpela from KO-HO Industrial Design, became part of Martela's standard collection.

EUR -1.3 (-1.6) million has been entered in the Group profit and loss statement as reasearch and development expenses.

MARKET SITUATION

Economic development in the Nordic countries has been weak in 2023 and 2024, which has been reflected in caution among Martela's customers when making purchasing decisions. Economic growth is expected to improve in 2025 compared to 2024, but the market situation is still expected to remain somewhat uncertain in 2025. However, for 2025 and the years ahead, demand is expected to strengthen, partly due to the increased pent-up need.

The uncertainty in the markets, combined with changes in how work is being done, is also creating demand for Martela's transformation services, even though office occupancy rates have not yet returned to pre-pandemic levels. Workspaces are being adapted to meet the needs of multi-location hybrid work, with more focus being placed on their attractiveness than before.

GROUP STRUCTURE

There was no changes in the group structure in 2024.

REVENUE AND OPERATING RESULT

The January–December 2024 revenue was EUR 86.7 million (94.4), a decrease of -8.2 % from previous year. Compared to the previous year, revenues decreased by area as follows; in Sweden -10.0 % in Finland -1.7 % in Norway -31.1 % and in Other countries -32.7 %.

The Group's operating result for the January-December was EUR -6.5 million (-2.4). The January–December result before taxes was EUR -8.2 million (-3.3).

FINANCIAL POSITION

The cash flow from operating activities in January–December was EUR 0.1 million (0.3).

At the end of the period, interest-bearing liabilities stood at EUR 20.8 million including EUR 16.3 million lease liabilities according to IFRS 16. At the end of comparison period the interest bearing liabilities stood at EUR 18.2 million including EUR 16.8 million lease liabilities according to IFRS 16. Net liabilities were EUR 16.9 million (13.1). 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.

The gearing ratio at the end of the period was 1 455.2 % (137.2 %) and the equity ratio was 2.5 % (20.0 %). Financial income and expenses were EUR -1.7 million (-0.9).

The balance sheet total stood at EUR 54.7 million (55.7) at the end of the period.

CAPITAL EXPENDITURE

The Group's gross capital expenditure for January–December came to EUR 0.4 million (2.3).

CHANGES IN THE GROUP MANAGEMENT TEAM

There were no changes in the composition of the group's management team during 2024.

PERSONNEL

The Group employed an average of 372 people (403, change -7,7 %). Personnel on average employed in Finland was 302 (326), in Sweden 25 (29), in Norway 14 (15) and in group other countries 31 (33).

The number of employees in the Group was 360 (386) at the end of the review period. Personnel costs in January–December totalled EUR 22,3 million (23.0).

NON FINANCIAL INFORMATION

Management of corporate responsibility

Sustainability is an important part of Martela's strategy and operations. The group's sustainability, quality and environmental management, as well as occupational health and safety systems, are overseen by the VP, Human Resources and Sustainability. The responsibility for guiding sustainability in operations lies with the Sustainability Steering Group, which consists of members of the executive team, with the Sustainability Director acting as the secretary.

More detailed information about the group's sustainability aspects, goals, and achievements can be found in the separate sustainability report, which is published annually. The Global Reporting Initiative (GRI) indicators related to the 2024 sustainability reporting will be published after the annual report. For 2025, Martela falls under the CSRD reporting obligation and has therefore begun the DMA phase of the reporting process during 2024. Through the DMA process, no significant new aspects have emerged compared to the long-established GRI-based reporting that has been published annually.

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 material usage associated with the products and services provided to customers. Martela calculated its greenhouse gas emissions for 2023 using updated factors, and the scope of the calculations was expanded, which resulted in an increase in total emissions to 17.7 million kilograms compared to the previous year. Of the greenhouse gas emissions, 80 % came from the materials purchased for products delivered to customers (scope 3), 2 % from indirect energy use (scope 2), and 4 % from the distribution of finished products to customers (scope 1). The energy intensity within Martela's calculations, relative to revenue, was 303 GJ/million euros.

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 2023, around 23,140 pieces of used furniture found new homes through the Martela Outlet chain.

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 ja 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 2024 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 2024, 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 assessment. In the 2023 and 2024 evaluations, Martela was awarded the EcoVadis Gold Medal. EcoVadis is the world's largest sustainability rating agency. Its assessment includes 21 sustainability criteria, which are grouped into four themes: environment, labor and human rights, ethics, and sustainable procurement. The rating criteria are based on international sustainability standards, such as the UN Global Compact’s ten principles, the International Labour Organization (ILO) conventions, the Global Reporting Initiative (GRI) standards, and the ISO 26000 standard.

The 2024 sustainability training was conducted in the fall, with 89 % of the staff participating. The training aimed to assess Martela employees' commitment to the principles of responsible business practices and their awareness of the appropriate actions to take if they observe activities contrary to these principles. The survey showed that 100 % of the respondents were committed to these principles, and nearly 90 % knew how to act if they encountered behavior that violated these principles. During 2024, Martela's Whistleblowing portal was opened 82 times. Of these, two contained actual reports of suspected wrongdoing, leading the company to take the necessary internal actions.

<u>Prevention of corruption and bribery</u>

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 4,034,412 A series, together 4,639,212 shares.

In January–December, a total of 1,962,972 (1,122,349) of the company's series A shares were traded on the NASDAQ OMX Helsinki exchange, corresponding to 48.7 % (28.3 %) of the total number of series A shares. The value of trading turnover was EUR 2.2 million (2.1), and the share price was EUR 0.85 at the end of the period (1.28). During January–December the share price was EUR 1.59 at its highest and EUR 0.81 at its lowest. At the end of December, equity per share was EUR 0.25 (2.09).

During 2024 Martela has received three notifications in accordance with the Finnish Securities Market Act Chapter 9, Section 5.

On September 18, 2024 Martela received an announcement from Isku Yhtymä Oy that the total number of Martela Corporation shares owned by Isku-Yhtymä Oy has decreased below 5 % and 10 % of the share capital in Martela plc, as a result of share transactions concluded on September 17, 2024.

On September 18, 2024 Martela received an announcement from Isku Inspira Oy that the total number of Martela Corporation shares owned by Isku Inspira Oy has increased above 5 % of the share capital in Martela plc, as a result of share transactions concluded on September 17, 2024.

On October 11, 2024, Martela received an announcement from Isku Inspira Oy, according to which the total number of Martela Corporation shares owned by Isku Inspira Oy has increased above 10 % of the shares in Martela plc, as a result of share transactions concluded on October 10, 2024.

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

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 2024.

Based on the share issue authorization granted by the Annual General Meeting on 29.3.2023, 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.

On December 31, 2024, 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 31.12.2024 total of 147 622 Martela Oyj A -shares and 2 673 K -shares, which represents 3.2 % of the total amount of shares and 1.2 % of the voting rights.

Share-based incentive programme

The old share-based incentive plan

In the effective Performance-based Share Plan 2021–2023, there were three earning periods, which were financial years 2021, 2022 and 2023. The prerequisite for participating in the new plan was that a participant acquires the company´s series A shares up to the number determined by the Board of Directors. Approximately 40 key employees, including the CEO and other Martela's Management Team members, were belonging to the target group of the share-based incentive plan. In the plan, the target group was 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 decided the earning criteria and the goals for each criterion of the plan at the beginning of each earning period. 53,881 additional shares based on the program were paid as rewards in 2023 and 11,657 in 2022. In 2024, no reward will be paid on the basis of the plan, because the goals of the earning period 2023 were not achieved.

The new share-based incentive plan

On March 13, 2024, Martela Oyj's Board of Directors decided on a new share-based incentive plan for the group's key employees. The new system largely follows the principles of the old system.

Participating in the new plan requires that the participant acquire new or transfer already acquired company A shares up to the amount decided by the Board of Directors. In order to implement the plan, the Board of Directors decided on April 29, 2024, on a share issue of 65,717 company A shares aimed at the target group of the plan. In addition to this, the employees who participated in the old plan have transferred 172,644 of the company's A shares from their investments in the old plan to the new plan.

The new shares were entered into the Trade Register on 4 June 2024 and trading on the new shares at the Main market administered by Nasdaq Helsinki Ltd began on 5 June 2024.

In the plan, it is possible for the target group to earn Martela Oyj's A shares based on performance and personal investment in Martela Oyj's A shares. The board decides the earning criteria of the plan and the goals set for each earning criterion at the beginning of the earning period.

The rewards paid based on the plan are estimated to correspond to a maximum of 712,000 Martela Oyj's A shares, including the portion paid in cash.

37 people, including the CEO and other members of Martela's Management Team, were part of the plan's target group when the plan started.

The new performance-based additional share plan 2024—2026 has three earning periods, the fiscal years 2024, 2025 and 2026. In the earning period 2024, the rewards are based on the group's operating profit (EBIT). In 2025, no reward shall be paid based on the program, as the targets for the 2024 earning period were not achieved.

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.

As part of the implementation of the performance-based share plan, the Board of Directors granted interest-bearing loans of EUR 42,100 to persons participating in the program to finance the acquisition of the company's shares. With the loans in question, the participants financed the acquisition of 65,717 of the company's A shares in the above-mentioned share issue. The maximum amount of the loans in question is 70 percent of the participant's share investment. In addition to this, for persons who participated in the old plan and have transferred to the new plan, the Bord of Directors has decided to extend the maturity of the loans granted in 2021 by two years until the end of 2027.

2024 ANNUAL GENERAL MEETING

Martela Corporation’s Annual General Meeting was held on Friday, April 5, 2024. The Meeting approved the Financial Statements, discharged the members of the Board of Directors and CEO’s from liability for the year of 2023 and approved remuneration report and new remuneration policy. The Board of Directors proposal that no dividends would be paid was approved.

The Annual General Meeting confirmed that the Board of Directors will consist of six members and Mr. Eero Martela, Ms. Hanna Mattila, Mr. Jan Mattsson, Mr. Johan Mild and Ms. Anni Vepsäläinen be re-elected as members of the Board of Directors and a new member Mr. Jacob Kragh was elected to replace Ms. Katarina Mellström. 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 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. Ernst & Young Oy has informed that Authorized Public Accountant Mr. Osmo Valovirta will act as the principal auditor.

The Annual General Meeting authorized the Board in accordance with the proposal of the Board of Directors to decide on the repurchase and/or accepted as pledge 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. Own shares repurchased to the Company may be retained in the possession of the Company, cancelled or transferred further. The Board of Directors resolves how own shares are repurchased and/or accepted as pledge. The authorization grants the Board of Directors the right to resolve on all other terms of the repurchase and/or acceptance as pledge of the own shares. Thus, this share repurchase authorization includes the right to repurchase shares otherwise than in proportion of the shareholdings (directed repurchase). 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 2025.

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 2025.

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 Anni Vepsäläinen 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 2024 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. In addition to general economic development, changes related to working life trends, such as the evolving relationship between remote work and on-site work, also affect the overall demand in the business environment and the product-specific focus areas of demand. The aforementioned changes in working life trends create risks for performance development and its forecasting, and due to the project-based nature of the industry, short-term predictability is generally challenging. According to Martela's risk management model, risks are classified and addressed in various ways.

Company regulary evaluates and monitors the finanicng need of its operations in order to secure sufficient liquid funds to run the operations and to facilitate other liabilities, like long-term rental agrements 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. This risk is managed, among other measures, by adjusting costs and increasing operational efficiency. Additionally, efforts are made to raise product margins whenever possible without reducing the overall volume of revenue. Furthermore, the group aims to accelerate the turnover of working capital by lowering inventory levels and increasing billing frequency through advance invoicing. Additional funding opportunities are also evaluated regularly. If the challenging market situation were to persist unusually long, and the group could not sufficiently mitigate its effects through the aforementioned actions, there is a risk that weakened liquidity could jeopardize the group's ability to continue its 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 necessary for products other than the most common product lines, where the delivery speed has been prioritized. 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 company's most significant individual risks affecting operations in the short-term are related to earnings development and, consequently, to the evolution of liquidity. The key risks to earnings development and liquidity are related to general economic uncertainty and its impact on the overall demand for Martela's business environment, as well as Martela's relative performance in the total market. Additionally, the decline of the overall market in recent years has increased price competition within the industry, which has pressured profitability. These factors together increase uncertainty regarding overall demand and margins, making the demand for Martela's products and margins less predictable. Due to the project-based nature of the industry, forecasting in the near term has been challenging, and the difficulties in forecasting are further amplified in times of economic uncertainty.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

On January 3, 2025, the company announced that it was planning to streamline its operations. According to the release, the challenging market conditions in the industry over the past few years have affected Martela's operating environment, weakening business volume and profitability. The ongoing economic recovery is positively impacting the industry situation, but there are still uncertainties regarding the strength of the recovery in key market areas. For the reasons mentioned above, Martela is planning to streamline and reorganize its operations in order to mitigate the negative effects caused by the market situation, adjust its cost structure to match the prevailing conditions, and bring flexibility to the uncertainty driven by demand. The planned personnel savings and other cost-saving measures are expected to result in annual cost savings of approximately EUR 1.5 to 2.0 million. According to the preliminary estimate, the planned actions could lead to a permanent reduction of around 20 job positions. The planned measures will affect Martela Group's employees in Finland, Sweden, and Norway. Additionally, there are plans to use layoff procedures to achieve the necessary temporary flexibility. Martela is in close discussions with employees and employee representatives regarding the changes. The negotiation processes and their timelines will vary by country.

On January 17, 2025, the company announced preliminary information about its revenue and operating profit for 2024. The company stated that, according to preliminary unaudited financial statements, Martela Group's operating profit for the full year 2024 did not meet the level outlined in the guidance provided on December 11, 2024. According to the preliminary unaudited financial statements, both revenue and operating profit for the full year 2024 declined compared to the previous year. Revenue was approximately 87 million euros (94.4), and the operating loss was between EUR 6.3 and 6.7 million (-2.4).

On January 30, 2025, the company announced that it would streamline the composition of its executive team. The goal of the change is to enhance operations, standardize the development of Martela's products and services, and strengthen the position of Martela's products in the market. As part of this, technical product development will move from the Product & Design unit to the Operations business unit, and product portfolio management will be transferred to a new Brand, Products & Services unit. These changes will lead to adjustments in the group’s executive team. Eeva Terävä will begin as the leader of the new Brand, Products & Services unit on February 1, 2025. Kari Leino, who previously led the Product & Design unit, will continue as the product portfolio and design director in the Brand, Products & Services unit starting from February 1, 2025.

There are no other significant events to report after the period from January to December 2024, and operations have continued as planned.

OUTLOOK FOR 2025

Martela anticipates its revenue to increase in full-year 2025 compared to previous year and and comparable operating profit close to zero result.

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 2024.

ANNUAL GENERAL MEETING

Martela Corporation’s AGM is planned to be held on Monday April 7, 2025. 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 2024	1 Jan–31 Dec 2023
Revenue	**1**	**86 668**	**94 389**
Other operating income	2	148	149
Changes of inventories of finished goodsand work in progress		4 572	1 420
Raw material and consumables used		-56 618	-56 219
Production for own use		326	513
Employee benefits expenses	3	-22 300	-22 995
Other operating expenses	4	-12 216	-12 865
Depreciation and impairment	5	-7 114	-6 773
Operating profit (-loss)		**-6 533**	**-2 380**
Financial income	7	163	645
Financial expenses	7	-1 839	-1 557
Profit (-loss) before taxes		**-8 210**	**-3 292**
Income taxes	8	-482	-222
Profit (-loss) for the financial year		**-8 692**	**-3 514**
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		15	45
Taxes from items that will not later be recognised through profit or loss		0	0
Items that may later be recognised through profit or loss			
Translation differences		192	-415
Other comprehensive income for the period		**207**	**-370**
Total comprehensive income		**-8 485**	**-3 883**
Allocation of profit (-loss) for the financial year			
Equity holders of the parent		-8 692	-3 514
Allocation of total comprehensive income			
Equity holders of the parent		-8 485	-3 883
Earnings per share of the profit attributable to the equity holders of the parent			
Basic earnings/share, EUR	9	-1,87	-0,77
Diluted earnings/share, EUR	9	-1,87	-0,77

Consolidated balance sheet
(EUR 1 000)

	Note	31 Dec 2024	31 Dec 2023
ASSETS			
Non-current assets			
Intangible assets	10	3 337	4 334
Tangible assets	11	14 707	14 408
Non-current financial assets	12	567	539
Deferred tax assets	13	2 631	3 003
Non-current assets, total		**21 242**	**22 283**
Current assets			
Inventories	14	10 879	9 235
Trade receivables and other receivables	12, 15	18 645	19 115
Cash and cash equivalents		3 903	5 053
Current assets, total		**33 426**	**33 403**
ASSETS, TOTAL		**54 668**	**55 686**

(EUR 1 000)	Note	31 Dec 2024	31 Dec 2023
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		1 080	995
Other reserves		-9	-9
Treasury shares*)		-4	-4
Translation differences		-878	-1 071
Retained earnings		-7 147	1 530
Equity, total		**1 159**	**9 558**
Non-current liabilities			
Pension obligations	19	77	105
Financial liabilities	12, 18	13 504	13 812
Provisions	20	292	269
Non-current liabilities, total		**13 873**	**14 187**
Current liabilities			
Financial liabilities	12, 18	7 247	4 287
Advances received	21	8 524	7850
Trade payables	12, 21	14 368	9 440
Accrued liabilities and prepaid income	12, 21	6 366	6 789
Other current liabilities	12, 21	3 057	3 507
Provisions	20	73	67
Current liabilities, total		**39 636**	**31 941**
LIABILITIES, TOTAL		**53 509**	**46 128**
EQUITY AND LIABILITIES, TOTAL		**54 668**	**55 686**

*) 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 2024	1 Jan–31 Dec 2023
Cash flows from operating activities			
Profit/loss before taxes		-8 210	-3 292
Depreciation and impairment		7 114	6 773
Unrealized exchange rate gains and losses		106	-141
Financial income and expenses		1 677	912
Other adjustments and income and expense non-cash *)		-1 886	-2 841
Cash flow before change in working capital		**-1 199**	**1 411**
Change in working capital			
Non-interest-bearing receivables, increase (-) / decrease (+)		395	-786
Inventories, increase (-) / decrease (+)		-1 644	2 546
Non-interest-bearing liabilities, increase (+) / decrease (-)		4 735	-1 181
Cash flow before financial items and taxes		**2 287**	**1 991**
Interest and other financial items paid		-827	-330
Interest and other financial items received		35	29
Interest on lease liabilities		-673	-694
Income tax paid		-711	-677
Net cash from operating activities (A)		**111**	**320**
Cash flows from investing activities			
Capital expenditure on tangible and intangible assets		-387	-2 332
Proceeds from sale of tangible and intangible assets		24	0
Cash flow from investing activities (B)		**-363**	**-2 332**
Cash flows form financing activities			
Proceeds from short-term loans		3 198	0
Repayments of short-term loans	18	0	-417
Repayments of lease liabilities		-3 979	-3 457
Dividends paid and other profit distribution		0	-452
Cash proceeds from issuing shares	18	43	0
Net cash used in financing activities (C)		**-738**	**-4 326**
Change in cash and cash equivalents (A+B+C), increase +, decı		**-990**	**-6 338**
Cash and cash equivalents at the beginning of year		**5 053**	**11 295**
Translation differences		-160	96
Cash and cash equivalents at the end of year		**3 903**	**5 053**

*) The amount includes netted cash flows adjusting revenue and purchases related to the rental service model.

Statement of changes in equity

(EUR 1 000)

Equity attributable to equity holders of the parent	Share capital	Share premium account	Reserve for invested unrestricted equity	Other reserves	Treasury shares	Translation diff.	Retained earnings	Equity total
Equity 1 Jan 2023	**7 000**	**1 116**	**995**	**-9**	**-4**	**-655**	**5 406**	**13 850**
Profit (-loss) for the financial year							-3 514	-3 514
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								
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**
Equity 1 Jan 2024	**7 000**	**1 116**	**995**	**-9**	**-4**	**-1 071**	**1 530**	**9 558**
Profit (-loss) for the financial year							-8 692	-8 692
Translation differences						192		192
Items resulting from remeasurement of the net debt related to defined benefit plans (incl. Deferred taxes)							15	15
Other comprehensive income for the period						**192**	**15**	**207**
Total comprehensive income						**192**	**-8 677**	**-8 485**
Share issue			85					85
Share-based incentives								
Dividends paid								
Equity 31 Dec 2024	**7 000**	**1 116**	**1 080**	**-9**	**-4**	**-878**	**-7 147**	**1 159**

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, 2024. 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 2024, 2025 and 2026, 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.

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.

Going concern assumption
The financial statements for the financial year 2024 have been prepared on a going concern basis, which assumes that Martela will be able to meet its liabilities and obligations arising from its operations in the foreseeable future as part of its normal business operations. When assessing the going concern assumption, Martela's management has taken into account the uncertainties and risks related to the business environment, the company's available funding sources, and the cash flow forecasts of the various group companies' operations over the next 12 months. The company's long-term and short-term financial liabilities are mainly deferred lease commitments, which are amortized in monthly rent payments and do not involve any covenants or other maturity terms. The company's most significant lease agreements are long-term.
The business environment has been extremely challenging in recent years, and as a result, the group's liquidity situation has weakened, especially during 2024. The risk related to liquidity is managed, among other things, by adjusting costs and increasing operational efficiency. In addition, the aim is to increase product margins as much as possible without reducing the total volume of turnover. In addition, the aim is to accelerate the turnover rate of working capital, for example by reducing inventory levels and increasing the invoicing frequency through advance invoicing. The company is also exploring opportunities for using new sources of financing. The company has taken structural adjustment and efficiency measures in the early part of 2024, which will be fully reflected in 2025. In addition, the new adjustment measures initiated in early 2025 aim to improve the company's cost-efficiency for the most part in 2025 and fully in 2026.
The assumption of continuity of operations is related to the above-mentioned uncertainties mainly caused by the unfavourable market situation, as well as risks mainly related to liquidity, which Martela's management estimates can be controlled with the measures initiated and planned by the company. In the opinion of the company's management and Board of Directors, the 2024 financial statements do not involve significant uncertainty regarding the going concern assumption in accordance with the IFRS standard.

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 audited.

New and amended IFRS-standards and interpretations effective from 2024 onwards

In 2024 and thereafter, the Group has adopted the following new and revised standards and interpretations issued by the IASB:

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: Disclosures: Supplier Finance Arrangements. The amendment provides additional disclosures about supplier finance arrangements that enable investors to assess the effects on a company's debts, cash flows and exposure to liquidity risk.

The amendments did not have any significant impact on the consolidated financial statements.

New IFRS standards, amendments to standards and IFRIC interpretations that have not yet been implemented

IAS 21 Lack of Exchangeability - The Amendments introduce requirements to assess when a currency is exchangeable into another currency and when it is not. The Amendments require an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency.

The new IFRS standards, changes to standards and IFRIC interpretations listed above that come into force on or after 1 January 2025 are not estimated to have a material impact on the group.

The IFRS18 Information presented in the financial statements standard may have a significant impact on the information presented in the group's financial statements in the future.

Events after the end of the financial year

On January 3, 2025, the company announced that it was planning to streamline its operations. According to the release, the challenging market conditions in the industry over the past few years have affected Martela's operating environment, weakening business volume and profitability. The ongoing economic recovery is positively impacting the industry situation, but there are still uncertainties regarding the strength of the recovery in key market areas. For the reasons mentioned above, Martela is planning to streamline and reorganize its operations in order to mitigate the negative effects caused by the market situation, adjust its cost structure to match the prevailing conditions, and bring flexibility to the uncertainty driven by demand. The planned personnel savings and other cost-saving measures are expected to result in annual cost savings of approximately EUR 1.5 to 2.0 million. According to the preliminary estimate, the planned actions could lead to a permanent reduction of around 20 job positions. The planned measures will affect Martela Group's employees in Finland, Sweden, and Norway. Additionally, there are plans to use layoff procedures to achieve the necessary temporary flexibility. Martela is in close discussions with employees and employee representatives regarding the changes. The negotiation processes and their timelines will vary by country.

On January 17, 2025, the company announced preliminary information about its revenue and operating profit for 2024. The company stated that, according to preliminary unaudited financial statements, Martela Group's operating profit for the full year 2024 did not meet the level outlined in the guidance provided on December 11, 2024. According to the preliminary unaudited financial statements, both revenue and operating profit for the full year 2024 declined compared to the previous year. Revenue was approximately 87 million euros (94.4), and the operating loss was between EUR 6.3 and 6.7 million (-2.4).

On January 30, 2025, the company announced that it would streamline the composition of its executive team. The goal of the change is to enhance operations, standardize the development of Martela's products and services, and strengthen the position of Martela's products in the market. As part of this, technical product development will move from the Product & Design unit to the Operations business unit, and product portfolio management will be transferred to a new Brand, Products & Services unit. These changes will lead to adjustments in the group’s executive team. Eeva Terävä will begin as the leader of the new Brand, Products & Services unit on February 1, 2025. Kari Leino, who previously led the Product & Design unit, will continue as the product portfolio and design director in the Brand, Products & Services unit starting from February 1, 2025.

There are no other significant events to report after the period from January to December 2024, and operations have continued as planned.

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)

Revenue by area	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Finland	66 162	67 313
Sweden	8 605	9 561
Norway	4 819	6 992
Other areas	7 082	10 523
Total	**86 668**	**94 389**

Income from the sale of goods	71 453	77 653
Income from the sale of services	15 215	16 736
Total	**86 668**	**94 389**

Revenue includes EUR 4 583 thousand (4 287) income from furniture which is based on customer agreements and is classified as rental income.

(EUR 1 000)

Assets and liabilities from contracts with customers	31 Dec 2024	31 Dec 2023
Trade receivables	16 557	16 218
Accrued income based on customer contracts	420	281
Prepayments based on customer contracts	8 524	7 850

Assets

Information about geographical regions

Non-current assets (EUR 1000)	Intangible assets 31 Dec 2024	Tangible assets 31 Dec 2024
Finland	3 337	14 455
Sweden	0	75
Other regions	0	177
Total	**3 337**	**14 707**

Non-current assets	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**

2. Other operating income

(EUR 1 000)	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Gains on sale of tangible assets	24	0
Rental income	51	58
Public subsidies	3	6
Other income from operations	70	85
Total	**148**	**149**

3. Employee benefits expenses

(EUR 1 000)	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Salaries and wages	-18 326	-18 505
Pension expenses, defined contribution plans	-2 827	-2 876
Pension expenses, defined benefit plans	-74	-70
Expenses of matching share plan	0	-275
Other salary-related expenses	-1 073	-1 270
Personnel expenses in the income statement	**-22 300**	**-22 995**
Other fringe benefits	-287	-499
Total	**-22 586**	**-23 494**

A total of EUR 400 thousand for 2024 and EUR 769 thousand from 2023 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	2024	2023
Personnel on average, workers	182	194
Personnel on average, officials	190	209
Personnel on average, total	**372**	**403**
Personnel at year-end	**360**	**386**
Personnel on average in Finland	302	326
Personnel on average in Sweden	25	29
Personnel on average in Norway	14	15
Personnel on average in Poland	31	33
Total	**372**	**403**

4. Other operating expenses

Other operating expenses are reported by type of expense.

(EUR 1000)	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Freight	-1 308	-1 237
Travel	-499	-611
Administration	-1 725	-2 041
IT	-3 585	-3 217
Marketing	-716	-640
Electricity and heating	-479	-330
Unrealised loss of electricity derivatives	-58	-52
Other real estate	-923	-1 089
Royalties	-587	-646
Other	-2 334	-3 002
Total	**-12 216**	**-12 865**

Auditors' fees	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Auditing	-184	-173
Other services	-19	-18
Total	**-203**	**-191**

Auditors' fees are included in administration expenses.

5. Depreciation and impairment

(EUR 1 000)	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Depreciation		
Intangible assets	-850	-1 267
Tangible assets		
Buildings and structures	-46	-170
Machinery and equipment	-753	-359
Depreciation, total	**-1 649**	**-1 796**

Depreciation of right-of-use assets according to IFRS 16		
Buildings and structures	-1 843	-1 795
Machinery and equipment	-3 621	-3 182
Depreciation, total	**-5 464**	**-4 977**

6. Research and development expenses

The income statement includes research and development expenses of EUR -1,329 thousand (EUR -1,573 thousand 2023).

7. Financial income and expenses

(EUR 1 000)	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Financial income		
Interest income on loans and other receivables	34	29
Foreign exchange gain on loans and other receivables	127	615
Other financial income	1	1
Total	**163**	**645**
Financial expenses		
Interest expenses from financial liabilities measured at amortised cost	-12	-25
Foreign exchange losses on loans and other receivables	-331	-533
Interest expenses of lease liabilities according to IFRS 16	-673	-694
Other financial expenses	-823	-304
Total	**-1 839**	**-1 557**
Financial income and expenses, total	**-1 677**	**-912**
Total exchange rate differences affecting profit and loss are as follows:		
Exchange rate differences, sales (included in revenue)	-129	-39
Exchange rate differences, purchases (included in adj. of purchases)	43	-81
Exchange rate differences, financial items	-204	81
Exchange rate differences, total	**-289**	**-38**

8. Income taxes

(EUR 1 000)	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Income taxes, financial year	-112	-175
Taxes for previous years	0	-86
Change in deferred tax liabilities and assets	-370	39
Total	**-482**	**-222**

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%.

	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Profit before taxes	-8 210	-3 292
Taxes calculated using the domestic corporation tax rate	-1 642	-658
Different tax rates of subsidiaries abroad	-22	-17
Taxes for previous years	0	86
Tax-exempt income	-83	6
Non-deductible expenses	72	58
Unbooked deferred tax assets on losses in taxation	2 023	838
Other items	135	-90
Income taxes for the year in the p/l (+ = expense, - = profit)	**482**	**222**

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 2024**	**1 Jan–31 Dec 2023**
Profit attributable to equity holders of the parent	-8 692	-3 514
Weighted average number of shares (1,000)	4 638	4 572
Basic earnings per share (EUR/share)	**-1,87**	**-0,77**

The company has no diluting instruments December 31, 2024 or December 31, 2023.
For more information on weighted average number of shares see note 16.

10. Intangible assets

(EUR 1 000)	1 Jan–31 Dec 2024				1 Jan–31 Dec 2023			
	Intangible assets	Goodwill	Work in progress	Total	Intangible assets	Goodwill	Work in progress	Total
Acquisition cost 1 Jan	16 405	883	1 121	18 409	15 479	883	724	17 086
Increases	869		212	1 081	926		2 166	3 092
Decreases			-1 229	-1 229			-1 769	-1 769
Acquisition cost 31 Dec	**17 274**	**883**	**104**	**18 261**	**16 405**	**883**	**1 121**	**18 409**
Accumulated depreciation 1 Jan	-14 075	0	0	-14 075	-12 808	0	0	-12 808
Depreciation for the year	-850			-850	-1267			-1 267
Accumulated depreciation 31 dec	**-14 925**	**0**	**0**	**-14 925**	**-14 075**	**0**	**0**	**-14 075**
Carrying amount 1 Jan	2 330	883	1 121	4 334	2 671	883	724	4 278
Carrying amount 31 Dec	**2 349**	**883**	**104**	**3 337**	**2 330**	**883**	**1 121**	**4 334**

Goodwill

The Group’s Goodwill EUR 883 thousand (EUR 883 thousand 2023) 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 % (10.0 %) 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 15.7 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

(EUR 1 000)

1 Jan–31 Dec 2024	**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	23 620	13 636	34 661	4 124	10 383	23	0	86 452
Increases		0	1 626	115	1 652	3 582		241	7 216
Decreases	0	-82	-690	0	-780	-848		-159	-2 558
Exchange rate differences			-70		-34				-104
Acquisition cost 31 Dec	**4**	**23 538**	**14 502**	**34 776**	**4 963**	**13 118**	**23**	**82**	**91 006**
Accumulated depreciation 1 Jan	0	-23 173	-9 961	-33 224	-2 601	-3 083	0	0	-72 043
Accumulated depreciation, decreases	0		690	0	758	460	0	0	1 908
Depreciation for the year	0	-46	-1 843	-753	-1 020	-2 601	0	0	-6 264
Exchange rate differences			59		41		0	0	100
Accumulated depreciation 31 Dec	**0**	**-23 219**	**-11 054**	**-33 977**	**-2 823**	**-5 225**	**0**	**0**	**-76 299**
Carrying amount 1 Jan	4	448	3 676	1 437	1 523	7 298	23	0	14 408
Carrying amount 31 Dec	**4**	**320**	**3 448**	**799**	**2 140**	**7 891**	**23**	**82**	**14 707**

*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 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	1536	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.

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
2024 balance sheet items							
Non-current financial assets							
Loan receivables	567			567	567	2	
Current financial assets							
Trade and other receivables	16 557			16 557	16 557	2	15
Book value by group	**17 123**			**17 123**	**17 123**		
Non-current financial liabilities							
Interest-bearing liabilities		13 446		13 446	13 446	2	18
Derivatives designated as hedging instruments			58	58	58	1	
Current financial liabilities							
Interest-bearing liabilities		7 247		7 247	7 247	2	18
Derivatives designated as hedging instruments						1	
Trade payables and other liabilities		17 426		17 426	17 426	2	21
Book value by group		**38 118**	**58**	**38 177**	**38 177**		

(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**		

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

(EUR 1 000)

Changes in deferred taxes during 2024	1 Jan 2024	Recognised in the income statement	Recognised in the other comprehensive income	Recognised in the retained earnings	31 Dec 2024
Deferred tax assets					
Right of use asset	2 454	0	0	4	2 458
Pension obligations	-9	0	-10		-19
Other temporary differences	753	-174	0	0	579
Total	**3 198**	**-174**	**-10**	**4**	**3 018**
Deferred tax liabilities					
Right of use asset	191	196			387
On buildings measured at the fair value of the transition date	4	0	0	-4	0
Total	**195**	**196**	**0**	**-4**	**387**
Deferred tax assets and liabilities, total	**3 003**	**-370**	**-10**	**8**	**2 631**

(EUR 1 000)

Changes in deferred taxes during 2023	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**

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 34.9 million (25.1 in 2023) including current year results.

Of these losses 11.3 million will expire starting from year 2033 and according to our current knowledge rest of the losses have no expiration date. The losses mainly originate from foreign subsidiaries and parent company.

14. Inventories

(EUR 1 000)	31 Dec 2024	31 Dec 2023
Raw materials and consumables	6 949	7 777
Work in progress	743	399
Finished goods	3 186	1 059
Total	**10 879**	**9 235**

The value of inventories has been written down by -488 thousand (-381 thousand 2023) 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 2024	31 Dec 2023
Trade receivables	**16 557**	**16 218**
Accrued income and prepaid expenses of		
Personnel expenses	81	91
Uninvoiced revenue	420	445
Prepaid expenses	1 173	1 869
Tax receivables	415	491
Accrued income and prepaid expenses total	**2 089**	**2 897**
Total	**18 645**	**19 115**

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)	2024	Incl. credit loss provision	2023	Incl. credit loss provision
Undue	13 363	46	12 279	74
0-6 months overdue	2 238	38	3 723	97
6-12 months overdue	294	28	128	299
12-24 months overdue	140	73	74	50
Over 24 months overdue	522	435	14	64
Total	**16 557**	**622**	**16 218**	**584**

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 622 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)	2024	2023
Finland	11 002	9 704
Scandinavia	4 713	5 188
Other European countries	813	1 256
Other regions	29	70
Total	**16 557**	**16 218**

Credit risks from trade receivables are not concentrated.

In 2024 credit losses of EUR -37 thousand (EUR -535 thousand 2023) 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 1.51 (1.53). 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.

(EUR 1 000)

Changes in share capital	Number of shares		Share capital	Share premium account	Reserve for invested unrestricted	Treasury shares	Total
	A shares	K shares			equity		
1 Jan 2023	**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**
Shares of directed share issue	65 717				85		85
31 Dec 2024	**4 032 987**	**604 800**	**7 000**	**1 116**	**1 080**	**-4**	**9 192**

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.

The subscription price of the directed share issue has been registered in reserve for invested unrestricted equity
Company has decided on a paid direct share issue April 5, 2024, in which 65,717 of series A shares have been subscribed.
The share subscription price EUR 85 thousand, 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 EUR 7,136 thousand on December 31, 2024.

17. Share-based payments

Share-based incentive plan for the group’s key employees 2024, 2025 and 2026

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. In total, 37 people participated in the new plan. The Performance-based Matching Share Plan 2024–2026 consists of three performance periods, covering the financial years of 2024, 2025 and 2026, 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 2024, 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 2024-2026 will amount to an approximate maximum total of 1,400,000 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 2024–2026**		
Type	**Share**		
Instrument	**Earning period 2024**	**Earning period 2025**	**Earning period 2026**
Issuing date	14.3.2024	14.3.2024	14.3.2024
Maximum amount, pcs	1 400 000	1 400 000	1 400 000
Dividend adjustment	No	No	No
Grant date	14.3.2024	14.3.2024	14.3.2024
Beginning of earning period	1.1.2024	1.1.2025	1.1.2026
End of earning period	31.12.2024	31.12.2025	31.12.2026
End of restriction period	31.5.2025	31.5.2026	31.5.2027
Vesting conditions	Share ownership, employment until the end of vesting date, EBIT		
Maximum contractual life, yrs	1,4	1,4	1,4
Remaining contractual life, yrs	0,4	1,4	2,4
Number of persons at the end of reporting year	37	37	37
Payment method	Cash & Equity	Cash & Equity	Cash & Equity

Changes during the period 2024	**Earning period 2024**	**Earning period 2025**	**Earning period 2026**
1 Jan			
Outstanding at the beginning of the reporting period, pcs			
Changes during the period			
Granted	237 316	237 316	237 316
Forfeited			
Shares given			
Lost during the period			
Outstanding at the end of the period	237 316	237 316	237 316

Effects from the share based incentive programme on the financial year (EUR 1 000)	**2024**	**2023**
Expenses for the financial year, share-based payments, equity settled	0	43 612

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 1.33 per share (14.3.2024).

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 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	0.0
Number of persons at the end of reporting year	36	35	0
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	157 046
Shares given	23 305	107 744	
Lost during the period	129 709		
Outstanding at the end of the period	0	0	0

Effects from the share based incentive programme on the financial year 2022 (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 2024	31 Dec 2023
Non-current		
Derivatives designated as hedging instruments	58	36
Lease liabilities	13 446	13 776
Total	**13 504**	**13 812**
Current		
Loans from financial institutions	4 404	1 207
Derivatives designated as hedging instruments	0	15
Lease liabilities	2 843	3 065
Total	**7 247**	**4 287**

Current loans consist of factoring loan in 2024.

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.

	31 Dec 2024	31 Dec 2023
Lease liabilities are payable as follows:	Lease liabilities	Lease liabilities
Lease liabilities - total amount of minimum lease payments		
No later than one year	3 422	3 672
Later than one year and no later than five years	9 585	8 777
Later than five years	5 724	7 246
Total	**18 731**	**19 695**
Lease liabilities - present value of minimum lease payments		
No later than one year	2 843	3 065
Later than one year and no later than five years	8 131	7 159
Later than five years	5 314	6 617
Total	**16 288**	**16 841**
Unearned finance expense	**2 443**	**2 854**

Amounts recognised in profit or loss (EUR 1 000)	31 Dec 2024	31 Dec 2023
Interest on lease liabilities	-673	-694
Expenses related to short-term leases	-1 049	-985

Changes in net debt 2024	1 Jan 2024	Cash flows	Non-cash changes Fair value of Derivatives designated as	Transfer between groups	Lease liabilities increase	Lease liabilities decrease	31 Dec 2024
Long-term liabilities total	13 812	0	22	-2 634	2 304	0	13 504
Short-term liabilities total	4 287	3 198	-15	2 624	994	-3 841	7 247
Total liabilities from the financing activities	**18 099**	**3 198**	**7**	**-10**	**3 298**	**-3 841**	**20 751**

Changes in net debt 2023	1 Jan 2023	Cash flows	Non-cash changes 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**

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**	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
1 Jan	**1 081**	**1 380**	**-1 067**	**-1 364**	**13**	**16**
Recognised in profit or loss						
Service cost in the period	30	40			29	40
Past service cost	0	0	0	0		
Interest expense or income	41	51	-41	-52	0	-1
Settlements	-24	-357	24	357		
	47	**-266**	**-17**	**305**	**29**	**39**
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	48	-8			48	-8
Experience based profits (-) or losses (+)	42	-15			42	-15
Return on the funds included in the plan, excluding items in interest expenses or income (+/-)			-76	53	-76	53
	90	**-23**	**-76**	**53**	**15**	**30**
Other items						
Employer's payments (+)	0	0	-65	-71	-65	-71
Benefits paid	0	-10	0	10	0	0
	0	**-10**	**-65**	**-61**	**-65**	**-71**
31 Dec	**1 218**	**1 081**	**-1 225**	**-1 067**	**-8**	**13**

The Group anticipates that it will pay a total of EUR 40 thousand to defined benefit pension plans in the financial period of 2025.

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)	-6,0 %	-5,7 %
Increase in salaries (0.5% change)	N/A	N/A
Morality rate (a change of 5% points)	-0,9 %	-0,9 %

The weighted average of the duration of the plans is 13.8 years.

20. Provisions

(EUR 1 000)	31 Dec 2024	31 Dec 2023
Long-term provisions	292	269
Short-term provisions	73	67
Total	**366**	**337**
Provisions 1 Jan	**337**	**286**
Net change in provisions	29	50
Provisions 31 Jan	**366**	**337**

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

21. Current liabilities

(EUR 1 000)	31 Dec 2024	31 Dec 2023
Financial liabilities	7 247	4 287
Advances received	8 524	7 850
Trade payables	14 368	9 440
Total	**30 140**	**21 577**
Accrued liabilities and prepaid income of		
Personnel expenses	3 926	4 243
Royalties	180	214
Residual expenses	2 256	2 331
Other	4	1
Total	**6 366**	**6 789**
Other current liabilities	3 057	3 507
Other	**3 057**	**3 507**
Provisions*	58	67
Current liabilities	**39 636**	**31 941**

*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 2023 and 2024 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 2024 and 2023.

The following table presents currency risks per instrument and currency.

Transaction risks per instrument and currency 31 Dec 2024 (EUR 1 000)

	EUR	SEK	NOK
Trade receivables	0	2 257	1 743
Trade payables	0	1 321	257
Total	**0**	**3 578**	**2 000**

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**

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 2024 (2023). 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 2024	
EUR	+/- 0
SEK	+/- 358
NOK	+/- 200

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

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 2024	31 Dec 2023
Fixed rate		
Lease liabilities	16 288	16 841
Financial liabilities incl derivatives	4 462	1 258
Total	**20 751**	**18 099**

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)	2024	2023
Non-current loan receivables	567	532
Trade receivables and other receivables	18 645	19 115
Cash and cash equivalents	3 903	5 053
Total	**23 114**	**24 700**

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

The business environment has been very challenging in 2023 and 2024. As a result the profitability and cash flow has been weak and the liquidity situation has tightened, especially in the last half of 2024. The group has systematically implemented measures to improve profitability and cash flow.The efficiency of the group's working capital circulation has begun to be improved, with the aim of e.g. increasing the turnover rate of inventories and accelerating the invoicing frequency. Improving the circulation of working capital supports operational profitability. However the risks related to liquidity have increased compared to the previous year.

Cash and cash equivalent at the year-end 2024 were EUR 3,903 thousand.

Contractual cash flows mature as follows (EUR 1 000):	2025	2026	2027	2028	2029	Later	Total	Balance sheet value
Lease liabilities	3 422	2 912	2 648	2 313	1 712	5 724	18 731	16 288
Trade payables	14 368						14 368	14 368
Total	**17 790**	**2 912**	**2 648**	**2 313**	**1 712**	**5 724**	**33 099**	

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	202	2028	Later	Total	Balance sheet 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**	

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 2024	31 Dec 2023
Shareholders' equity	1 159	9 558
Balance sheet total - advance payments	46 143	47 836
Equity to assets ratio %	**2,5**	**20,0**

23. Pledges granted and contingent liabilities

(EUR 1 000)	31 Dec 2024	31 Dec 2023
Debts secured by mortgages	0	0
Corporate mortgages	9 809	9 895
Total mortgages	**9 809**	**9 895**
Other pledges		
Guarantees as security for rents	898	854
Commitments		
Rent commitments	323	589
Factoring debts which customer receivables as guarantee	4 404	1 207
Factoring receivables as guarantee	5 095	1 608

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 (18,142) 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 132,153 (109,191) Martela Corporation shares as at December 31, 2024.
As part of the implementation of the Performance-based Matching Share Plan, 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, 2027 and interest is 12-month Euribor, however not below 0 %. Management has been granted loan in total EUR 173,927.66 (137,888.02), of which EUR 81,889.99 (69,999.93) has been granted to CEO and other management EUR 92,037.67 (67,888.09).

Group structure	Domicile	Holding (%) 31 Dec 2024	Of votes (%) 31 Dec 2024	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)	2024	2023
Management employee benefits		
Salaries and other short-term employee benefits	-1 175	-1 184
Share-based benefits	0	-121
Total	**-1 175**	**-1 305**
Salaries and fees		
Board members	-167	-162
CEO	-240	-314
Management team members (excl. CEO)	-768	-829
Total	**-1 175**	**-1 305**

Fees paid to Board members:	2024	2023
Martela Eero	-23,8	-23,4
Mattsson Jan	-23,8	-23,4
Mellström Katarina *	-7,9	-23,4
Mild Johan	-46,0	-45,1
Vepsäläinen Anni	-23,8	-23,4
Mattila Hanna	-23,8	-23,4
Jacob Kragh **	-17,9	0,0
Total	**-167,0**	**-161,9**

*Member of Board until Q1 2024.
**Member of Board from Q2 2024.
Fees based on board membership are not paid to members employed by the company.

Salaries, fees and pension commitment to CEO	2024	2023
Salaries and fees	-240	-314
Statutory earnings-related pension payment (TyEL) on salaries	-58	-65

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 company, the CEO is entitled, besides of the notice period, to a lump-sum compensation equalling his 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 2020-2024		2024	2023	2022	2021	2020
Revenue	MEUR	86,7	94,4	106,7	91,9	88,4
Change in revenue	%	-8,2	-11,5	16,1	4,0	-16,8
Export and operations outside Finland	MEUR	20,5	27,1	34,5	22,1	16,3
In relation to revenue	%	23,7	28,8	32,3	24,1	18,5
Exports from Finland	MEUR	20,1	27,7	34,2	21,9	16,1
Gross capital expenditure	MEUR	0,4	2,3	0,9	0,4	1,2
In relation to revenue	%	0,4	2,4	0,8	0,4	1,4
Depreciation	MEUR	7,1	6,8	5,8	5,4	6,5
Research and development *)	MEUR	1,3	1,6	1,6	1,6	1,4
In relation to revenue *)	%	1,5	1,7	1,5	1,7	1,6
Personnel on average		372	403	403	419	451
Change in personnel	%	-7,7	0,0	-3,9	-7,1	-8,7
Personnel at the end of year		360	386	400	400	435
of which in Finland		302	312	324	326	362
Profitability						
Operating profit	MEUR	-6,5	-2,4	2,5	-1,3	-4,0
In relation to revenue	%	-7,5	-2,5	2,3	-1,4	-4,5
Profit before taxes	MEUR	-8,2	-3,3	1,3	-2,3	-4,8
In relation to revenue	%	-9,5	-3,5	1,3	-2,5	-5,4
Profit for the year	MEUR	-8,7	-3,5	2,6	-2,4	-4,8
In relation to revenue	%	-10,0	-3,7	2,4	-2,6	-5,4
Revenue / employee	TEUR	233	234	265	219	196
Return on equity	%	-362,6	-31,3	20,8	-21,3	-34,7
Return on investment	%	-25,4	-7,5	9,1	-4,7	-13,2
Finance and financial position						
Balance sheet total	MEUR	54,7	55,7	62,3	51,1	52,1
Equity	MEUR	1,2	9,6	13,9	10,8	11,6
Interest-bearing net liabilities	MEUR	16,9	13,1	8,1	8,1	4,3
In relation to revenue	%	19,5	13,9	7,5	8,8	4,9
Equity ratio	%	2,5	20,0	24,7	22,2	23,3
Gearing	%	1 455,2	137,2	58,6	74,8	36,5
Net cash flow from operations	MEUR	0,1	0,3	1,9	-3,4	5,7
Dividends paid	MEUR	0,0	0,5	0,0	0,0	0,0

*) The figures for the comparison years 2020-2022 have been adjusted in relation to the previously published
due to reclassification

26. Key share-related figures

		2024	2023	2022	2021	2020
Earnings per share	EUR	-1,87	-0,77	0,57	-0,53	-1,16
Earnings per share (diluted)	EUR	-1,87	-0,77	0,57	-0,53	-1,16
Share par value	EUR	1,51	1,53	1,55	1,55	1,68
Dividend	EUR	0,00*)	0,00	0,1	0,0	0
Dividend/earnings per share	%	0,00*)	0,0	17,69	0,0	0,0
Effective dividend yield	%	0,00	0,00	0,04	0,00	0,00
Equity per share	EUR	0,25	2,09	3,07	2,39	2,81
Price of A share 31 Dec	EUR	0,85	1,28	2,45	2,29	3,09
Share issue-adjusted number of shares	tpcs	4 639,21	4 573,50	4 519,61	4 508,04	4 155,60
Average share-issue adjusted number of shares	tpcs	4 639,21	4 573,50	4 519,61	4 508,04	4 155,60
Price/earnings ratio		-0,45	-1,67	4,34	-4,32	-2,66
Market value of shares **)	MEUR	3,94	5,85	11,07	10,29	12,80

*) Proposal by the Board of Directors for year 2024
**) 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	=	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, EU	=	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, 2024 was 4,639,212. 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 1.51. (1.55). The A shares are quoted on the Small Cap list of Nasdaq Helsinki.

Distribution of shares 31 Dec 2024	Number, pcs	Total EUR	% of Share Capital	Votes	% of votes
K shares	604 800	912 569	13	12 096 000	75
A shares	4 034 412	6 087 431	87	4 034 412	25
Total	**4 639 212**	**7 000 000**	**100**	**16 130 412**	**100**

The largest shareholders by number of shares 31 Dec 2024	K series shares	A series shares	Total number of shares	%	Number of votes	% of total votes
Marfort Oy	292 000	232 574	524 574	11,3	6 072 574	37,6
Isku Inspira Oy	0	481 193	481 193	10,4	481 193	3,0
Martela Heikki Juhani	52 122	130 942	183 064	3,9	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
Kelhu Markku Juhani	0	100 000	100 000	2,2	100 000	0,6
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
Sr Nordea Nordic Small Cap	0	76 286	76 286	1,6	76 286	0,5
Lindholm Tuija Elli Annikki	43 122	28 221	71 343	1,5	890 661	5,5
Martela Pekka Kalevi	69 274	8	69 282	1,5	1 385 488	8,6
Väätäjä Kaj Tapani	0	66 654	66 654	1,4	66 654	0,4
Taipale Ville Juhani	0	61 000	61 000	1,3	61 000	0,4
Tuuli Markku Juhani	0	60 706	60 706	1,3	60 706	0,4
Andersson Minna Sinikka	49 200	0	49 200	1,1	984 000	6,1
Martela Mari Kaarina	20 219	9 596	29 815	0,6	413 976	2,6
Martela Ille Ilari	13 218	8 368	21 586	0,5	272 728	1,7
Muut osakkeenomistajat	57 260	2 223 106	2 280 366	49,2	3 368 306	20,9
Total	**604 800**	**4 034 412**	**4 639 212**	**100**	**16 130 412**	**100**

The list includes all shareholders holding over 1 % of the shares or votes.
The Board of Directors hold 0.4 % of shares and 0.2 % 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 2024 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 2024

Shares, pcs	Number of shareholders	% of total shareholders	Number of shares	%	Number of votes	% of Votes
1-500	2 241	78,1	271 597	5,9	279 197	1,7
501-1,000	269	9,4	217 244	4,7	221 044	1,4
1,001-5,000	247	8,6	606 018	13,1	838 578	5,2
Over 5,000	112	3,9	3 533 153	76,2	14 567 593	90,3
Total	2 869	100,0	4 628 012	99,8	15 906 412	98,6
of which nominee-registered	7		128 058	2,8	128 058	0,8
In the waiting list and collective account	6		11 200	0,2	224 000	1,4
Total			**4 639 212**	**100,0**	**16 130 412**	**100,0**

Breakdown of shareholding by sector 31 Dec 2024

	Number of shareholders	% of total shareholders	Number of shares	%	Number of votes	% of Votes
Private companies	93	3,2	1 520 919	32,8	7 068 919	43,8
Financial and insurance institutions	10	0,3	114 452	2,5	222 951	1,4
Non-profit entities	5	0,2	3 161	0,1	3 161	0,0
Households	2 750	95,9	2 851 067	61,5	8 581 467	53,2
Foreign investors	11	0,4	10 355	0,2	29 914	0,2
Total	2 869	100,0	4 499 954	97,0	15 906 412	98,6
of which nominee-registered	7		128 058	2,8	128 058	0,8
In the waiting list and collective account	6		11 200	0,2	224 000	1,4
Total			**4 639 212**	**100,0**	**16 130 412**	**100,0**

Parent Company Income Statement

(EUR 1 000)	Note	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Revenue	1	**85 112**	**93 038**
Change in inventories of finished goods and work in progress	3	1 784	289
Production for own use		317	425
Other operating income	2	666	761
Materials and services	3	-70 384	-71 696
Personnel expenses	4	-12 420	-12 956
Other operating expenses	5	-11 642	-11 889
Depreciation and impairment	6	-2 438	-2 534
Operating profit (-loss)		**-9 004**	**-4 563**
Financial income and expenses	7	-1 918	-2 931
Profit (-loss) before appropriations and taxes		**-10 922**	**-7 494**
Group contributions	8	1 600	2 000
Depreciation difference and Group contributions		**1 600**	**2 000**
Income taxes	9	0	25
Profit (-loss) for the financial year		**-9 322**	**-5 470**

Parent Company Balance Sheet

(EUR 1 000)	Note	31 Dec 2024	31 Dec 2023
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	10		
Intangible rights		1 512	1 254
Goodwill		390	520
Other long-term expenditure		612	902
Advance payments		98	1 008
		2 612	**3 685**
Tangible assets	11		
Buildings and structures		11	12
Machinery and equipment		2 371	3 011
Other tangible assets		23	23
Advance payments		82	116
		2 488	**3 162**
Investments	12		
Share is subsidiaries		9 417	9 324
Receivables from subsidiaries		3 760	3 760
Other shares and participations		7	7
		13 177	**13 091**
CURRENT ASSETS			
Inventories			
Materials and supplies		5 215	6 338
Work in progress		329	237
Finished goods		3 427	1 735
Advances paid to suppliers		335	146
		9 306	**8 455**
Non-current receivables	13		
Loan receivables		**567**	**532**
Current receivables	13		
Trade receivables		16 685	17 416
Loan receivables		1 600	2 000
Prepaid expenses		356	406
Accrued income		1 523	2 329
		20 165	**22 152**
Cash and cash equivalents		**3 541**	**4 771**
		51 856	**55 845**

Parent Company Balance Sheet

(EUR 1 000)	Note	31 Dec 2024	31 Dec 2023
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Shareholders' equity	14		
Share capital		7 000	7 000
Share premium account		1 116	1 116
Reserve fund		11	11
Invested unrestricted equity fund		1 081	995
Retained earnings		15 377	20 847
Profit for the year		-9 322	-5 470
Total		**15 263**	**24 500**
Compulsory reservations			
Other compulsory reservations		**366**	**269**
LIABILITIES			
Non-current	15		
Accrued liabilities and prepaid income		143	128
		143	**128**
Current	16		
Loans from financial institutions		4 404	1 207
Advances received		524	289
Trade payables		22 083	18 070
Accrued liabilities and prepaid income		6 194	7 874
Other current liabilities		2 880	3 508
		36 085	**30 947**
Liabilities, total		**36 227**	**31 076**
		51 856	**55 845**

Parent Company's Cash Flow Statement

(EUR 1 000)	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
CASH FLOW FROM OPERATING ACTIVITIES		
Profit (-loss) before appropriations and taxes	-10 922	-7 494
Depreciation and impairment	2 438	2 534
Unrealized exchange rate gains and losses	161	107
Financial income and expenses	1 979	3 054
Other adjustments and income and expense non-cash	-255	-24
Cash flow before change in working capital	**-6 600**	**-1 823**
Change in working capital		
Non-interest-bearing receivables, increase (-) / decrease (+)	562	-704
Inventories, increase (-) / decrease (+)	-851	1 833
Non-interest-bearing liabilities, increase (+) / decrease (-)	3 733	-1 742
Cash flow before financial items and taxes	**-3 156**	**-2 436**
Interest and other financial items paid	-659	-286
Interest and other financial items received	35	31
Income tax paid	0	-157
Net cash from operating activities (A)	**-3 781**	**-2 848**
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on tangible and intangible assets	-377	-2 166
Investments on subsidiary shares	-314	-132
Net Cash used in investing activities (B)	**-690**	**-2 298**
CASH FLOWS FROM FINANCING ACTIVITIES		
Paid share issue	43	0
Proceeds from current loans	3 198	0
Repayments of current loans	0	-417
Dividends and other profit distribution	0	-452
Net cash used in financing activities (C)	**3 241**	**-869**
CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C) (+ increase, - decrease)	**-1 230**	**-6 016**
Cash and cash equivalent at the beginning of financial year *)	**4 771**	**10 787**
Cash and cash equivalent at the end of financial year *)	**3 541**	**4 771**

*) 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.

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 1,544 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 (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 2024, 2025 and 2026, 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 366 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

	2024	2023
Finland	76	71
Scandinavia	16	18
Other	8	11
Total	**100**	**100**

2. Other operating income

(EUR 1 000)	2024	2023
Rental income	43	50
Other operating income	30	77
Other operating income, Group	593	634
Total	**666**	**761**

3. Materials and services

(EUR 1 000)	2024	2023
Purchasing during the financial year	-50 862	-52 534
Change in inventories of materials and suppliers	-1 123	-2 121
External services	-16 614	-16 752
Materials and supplies, total	**-68 600**	**-71 408**

4. Personnel expenses and number of personnel

(EUR 1 000)	2024	2023
Salaries, CEO	-240	-314
Pension expenses	-58	-65
Salaries of Board and directors	-167	-162
Salaries of Board and directors and managing director, total	**-465**	**-541**
Other salaries	-9 967	-10 277
Pension expenses	-1 749	-1 756
Other salary-related expenses	-240	-383
Personnel expenses in the income statement	**-12 420**	**-12 956**
Fringe benefits	-122	-253
Total	**-12 542**	**-13 209**
Personnel		
Personnel on average, workers	44	49
Personnel on average, officials	136	148
Personnel on average, total	**180**	**197**
Personnel at the year end	**179**	**192**

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

5. Other operating expenses

(1 000 eur)	2024	2023
Auditor's fees		
Auditing	-184	-173
Other services	0	-18
Auditor's fees, total	**-184**	**-191**

6. Depreciation and write-down

(EUR 1 000)	2024	2023
Depreciation according to plan		
Intangible assets	-1 230	-1 412
Tangible assets		
Buildings and structures	-2	-1
Machinery and equipment	-1 207	-1 121
Depreciation according to plan, total	**-2 438**	**-2 534**
Depreciations and impairments, total	**-2 438**	**-2 534**

7. Financial income and expenses

(EUR 1 000)	2024	2023
Financial income and expenses		
Interest income from short-term investments	35	29
Interest income from short-term investments from Group companies	0	3
Foreign exchange gains	96	549
Interest expenses	-255	-131
Dividends from Group companies received	361	0
Losses on foreign exchange	-289	-448
Other financial expenses	-344	-147
Impairment	-1 523	-2 785
Total	**-1 918**	**-2 931**

Based on the goodwill testing write-down of Martela AB shares EUR 842 thousand and Martela AS shares EUR 674 thousand.

8. Depreciations and Group contributions

(EUR 1 000)	2024	2023
Appropriations		
Group contributions, received	1 600	2 000
Group contributions total	**1 600**	**2 000**
Appropriations, total	**1 600**	**2 000**

9. Income Taxes

(EUR 1 000)	2024	2023
Income taxes from operations	0	0
Taxes from previous years	-25	25
Total	**-25**	**25**

Deferred tax liabilities and assets are not included in the income statement or balance sheet.
The total deferred tax asset arising from confirmed losses is EUR 518 thousand.

10. Intangible assets

(EUR 1 000)

1 Jan–31 Dec 2024	Intangible rights	Goodwill	Other long-term expenses	Work in progress	Intangible assets total
Acquisition cost 1 Jan	6 338	9 200	12 471	1 008	29 018
Increases	1 067	0	0	212	1 279
Decreases	0	0	0	-1 122	-1 122
Acquisition cost 31 Dec	**7 405**	**9 200**	**12 471**	**98**	**29 174**
Accumulated depreciation 1 Jan	-5 086	-8 680	-11 567	0	-25 333
Depreciation for the year 1 Jan 31 Dec	-810	-130	-290	0	-1 230
Accumulated depreciation 31 Dec	**-5 895**	**-8 810**	**-11 856**	**0**	**-26 563**
Carrying amount 1 Jan	1 254	520	902	1 008	3 685
Carrying amount 31 Dec	**1 512**	**390**	**612**	**98**	**2 612**

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	636	27 732
Increases	914	0	0	2 071	2 985
Decreases	0	0	0	-1 698	-1 698
Acquisition cost 31 Dec	**6 338**	**9 200**	**12 471**	**1 008**	**29 018**
Accumulated depreciation 1 Jan	-4 501	-8 550	-10 872	0	-23 923
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**	**-25 332**
Carrying amount 1 Jan	925	650	1 597	636	3 808
Carrying amount 31 Dec	**1 254**	**520**	**902**	**1 008**	**3 685**

11. Tangible assets

(EUR 1 000)

1 Jan–31 Dec 2024	Buildings	Machinery and equipment	Other tangible assets	Work in progress	Total
Acquisition cost 1 Jan	8 784	17 210	23	116	26 133
Increases	0	567	0	126	693
Decreases	0	-137	0	-159	-137
Acquisition cost 31 Dec	**8 784**	**17 640**	**23**	**82**	**26 529**
Accumulated depreciation 1 Jan	-8 771	-14 198	0	0	-22 970
Accumulated depreciation on decreases	0	137	0		137
Depreciation for the year 1 Jan–31 Dec	-2	-1 207	0	0	-1 208
Accumulated depreciation 31 Dec	**-8 773**	**-15 268**	**0**	**0**	**-24 041**
Carrying amount 1 Jan	12	3 011	23	116	3 163
Carrying amount 31 Dec	**11**	**2 371**	**23**	**82**	**2 488**

1 Jan–31 Dec 2023	Buildings	Machinery and equipment	Other tangible assets	Work in progress	Total
Acquisition cost 1 Jan	8 770	15 943	23	88	24 825
Increases	13	1 267	0	95	1 374
Decreases	0	0	0	-68	-68
Acquisition cost 31 Dec	**8 784**	**17 210**	**23**	**115**	**26 132**
Accumulated depreciation 1 Jan	-8 770	-13 074	0	0	-21 845
Depreciation for the year 1 Jan–31 Dec	-1	-1 124	0	0	-1 125
Accumulated depreciation 31 Dec	**-8 771**	**-14 198**	**0**	**0**	**-22 970**
Carrying amount 1 Jan	0	2 869	23	88	2 980
Carrying amount 31 Dec	**12**	**3 011**	**23**	**116**	**3 163**

Carrying amount of production machinery and equipment in 2024 was EUR 20 thousand (28 in 2023).

12. Investments

(EUR 1 000)

1 Jan–31 Dec 2024	**Subsidiary shares**	**Other shares and participations**	**Shareholder loan receivables**	**Total**
Balance sheet value at beginning of year	9 324	7	3 760	13 091
Increases	1 609	0	0	1 609
Decreases / Impairment	-1 516	-7	0	-1 523
Balance sheet value at end of year	**9 417**	**0**	**3 760**	**13 177**

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**

Subsidiary shares		**Parent holding, %**	**Of total votes, %**	**Number of shares**	**Par value (1,000)**	**Book value (EUR 1,000)**
Kidex Oy	Finland	100	100	200	EUR 2,208	2 208
Muuttopalvelu Grundell Oy	Finland	100	100	100	EUR 8	4 440
Martela AB, Nässjö	Sweden	100	100	50 000	SEK 10,000	584
Aski avvecklingsbolag AB, Malmö	Sweden	100	100	12 500	SEK 1,250	48
Martela AS, Oslo	Norway	100	100	200	NOK 13,700	2 002
Martela Sp.z o.o., Varsova	Poland	100	100	3 483	PLN 3,483	135
Tehokaluste Oy	Finland	100	100	1	EUR 0	0
Total						**9 417**

Other shares and participations	**0**

Shareholder loan receivable Martela AB EUR 3,760 thousand.
Write-down Martela AB shares EUR 842 thousand and Martela AS shares EUR 674 thousand.

13. Receivables

(EUR 1 000)	2024	2023
Non-current receivables		
Loan receivables	567	532
Current receivables		
Receivables from Group companies		
Trade receivables	781	1 756
Loan receivables	1 600	2 000
Prepaid expenses	356	406
Receivables from others		
Trade receivables	15 905	15 660
Accrued income and prepaid expenses	1 523	2 329
Current receivables, total	**20 165**	**22 152**

Accrued income and prepaid expenses, main items	2024	2023
Related to personnel expenses	84	92
Related to payments in advance	539	1 422
Other accrued income or prepaid expenses	391	446
Periodization of revenue	510	369
Accrued income and prepaid expenses total	**1 523**	**2 329**

Related party loan	2024	2023
Loan 1 Jan	138	256
Increases	36	0
Decreases	0	-118
Loan 31 Dec	**174**	**138**

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 2027, at the latest. The interest rate is 12 months euribor but not below 0 %.

The loan granted to the board of directors is EUR 174 thousand (138 thousand), of which the CEO loan EUR 82 thousand and others EUR 92 thousand (138 thousand).

14. Changes in shareholders' equity

Distribution of shares 31 Dec 2024	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)	4 034 412	6 074 318	87	4 034 412	25
Total	**4 639 212**	**7 000 000**	**100**	**16 130 412**	**100**
Treasury shares	1 425				
Number of shares outstanding	**4 637 787**				

Shareholders' equity	**2024**	**2023**
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	85	0
Invested unrestricted equity fund 31 Dec	**1 081**	**995**
Retained earnings 1 Jan	**15 377**	**21 298**
Profit (-loss) for the year	-9 322	-5 470
Dividends paid	0	-452
Retained earnings 31 Dec	**6 055**	**15 377**
Shareholders' equity total	**15 263**	**24 500**

The distributable equity of the parent company is EUR 7,136 thousand in 2024.

Treasury shares held by Martela Oyj are reported as a deduction from retained earnings. Martela Oyj owns 1,425 A shares (1,425). 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, 2024 was EUR 0.85 per share (1.28), a total of EUR 1.2 thousand (1.8).

The subscription price of the directed share issue has been registered in reserve for invested unrestricted equity
Company has decided on a paid direct share issue April 5, 2024, in which 65,717 of series A shares have been subscribed.
The share subscription price TEUR 85, 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.

15. Non-current liabilities

(EUR 1 000)	2024	2023
Accrued expenses	143	128
Total	**143**	**128**
Accrued expenses		
Related to the personnel expenses	84	92

The company has purchased electricity derivatives, of which long-term liabilities 2024 amount to EUR 58 thousand (EUR 36,5 thousand) and short-term liabilities amount to EUR 0 thousand (EUR 15 thousand).

16. Current liabilities

(EUR 1 000)	2024	2023
Current liabilities		
Liabilities to Group companies		
Trade payables to Group companies	11 350	11 028
Accrued liabilities to Group companies	2 048	1 768
Other current liabilities Group companies	1 283	3 283
Total	**14 681**	**16 079**
Other current liabilities		
Loans from financial institutions	4 404	1 207
Advances received	524	289
Trade payables	10 732	7 042
Other current liabilities	2 880	3 508
Accrued liabilities	2 863	2 824
Total	**21 404**	**14 869**
Current liabilities, total	**36 085**	**30 947**

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

Essential items of accrued liabilities	2024	2023
Personnel expenses	1 710	1 819
Royalties	151	175
Residual expenses	1 002	829
Accrued liabilities, total	**2 863**	**2 824**

17. Pledges granted and contingent liabilities

(EUR 1 000)	2024	2023
Debts secured by mortgages	0	0
Corporate mortgages	7 191	7 191
Shares pledged	**7 191**	**7 191**
Other pledges		
Guarantees as security for rents	898	854
Total	**898**	**854**
Other liabilities		
Residual value liabilities related to the service business	3 111	2 715
Total	**3 111**	**2 715**
Leasing commitments		
Falling due within 12 months	541	764
Falling due after 12 months	2 127	1 085
Total	**2 668**	**1 849**
Rent commitments	**14 886**	**16 970**
Factoring debts which customer receivables as guarantee	4 404	1 207
Factoring receivables as guarantee	5 095	1 608

Company has signed premises lease contract on May 24, 2021.
Contract is valid at least until March 31, 2029, and the monthly rent is EUR 38,655.

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 130,086.

Proposal of the Board of Directors for distribution of profit

Distributable funds of the parent company are EUR 7 135 767,83 of which loss of the period is EUR 9 322 427,02
The Board of Directors proposes to the AGM that, distributable funds are used as follows:

- no dividend will be paid
- left in equity capital EUR 7 135 767,83

Espoo 11.2.2025

Signatures on Board of Directors Report and Financial Statements

Johan Mild Chairman of Board of Directors	Anni Vepsäläinen Vice-Chair of the Board of Directors	Ville Taipale CEO
Eero Martela	Jan Mattsson	Jacob Kragh
Hanna Mattila		

Auditor's note
Audit opinion of conducted statutory audit has been issued today

Espoo 11.2.2025

Ernst & Young Oy
Authorized Public Accountant Firm

Osmo Valovirta
Authorized Public Accountant

MARTELA FINANCIAL STATEMENTS 2024

List of accounting records, types of vouchers and storage methods 1.1.-31.12.2024

Monthly journal and general ledger		electronic form Microsoft D365
Account ledger lists		electronic form D365
Bank vouchers	B0/BA	bank statements Opus Capita
Bank vouchers	B0/BA	bank statements Nomentia
		cash-vouchers as paper documents
Sales invoices	45*,55*/1000*	electronic form Microsoft D365
	25*,35*/1000*	electronic form Microsoft D365
		as paper documents
Purchase invoices	PPP	electronic form Mediusflow
Payroll accounting with vouchers	GPA	electronic form
Memo vouchers	JE	electronic form
VAT calculations	TX	electronic form
Fixed assets	FAD	electronic form
Accounting notes	LT	electronic form

Microsoft D365 has been used in the accounting.
In cash management has Opus Capita been used and in purchase invoices Mediusflow.
Microsoft D365 and Opus Capita has been used in electronic archiving.