Tulikivi®

Annual Report 2023

www.tulikivi.com

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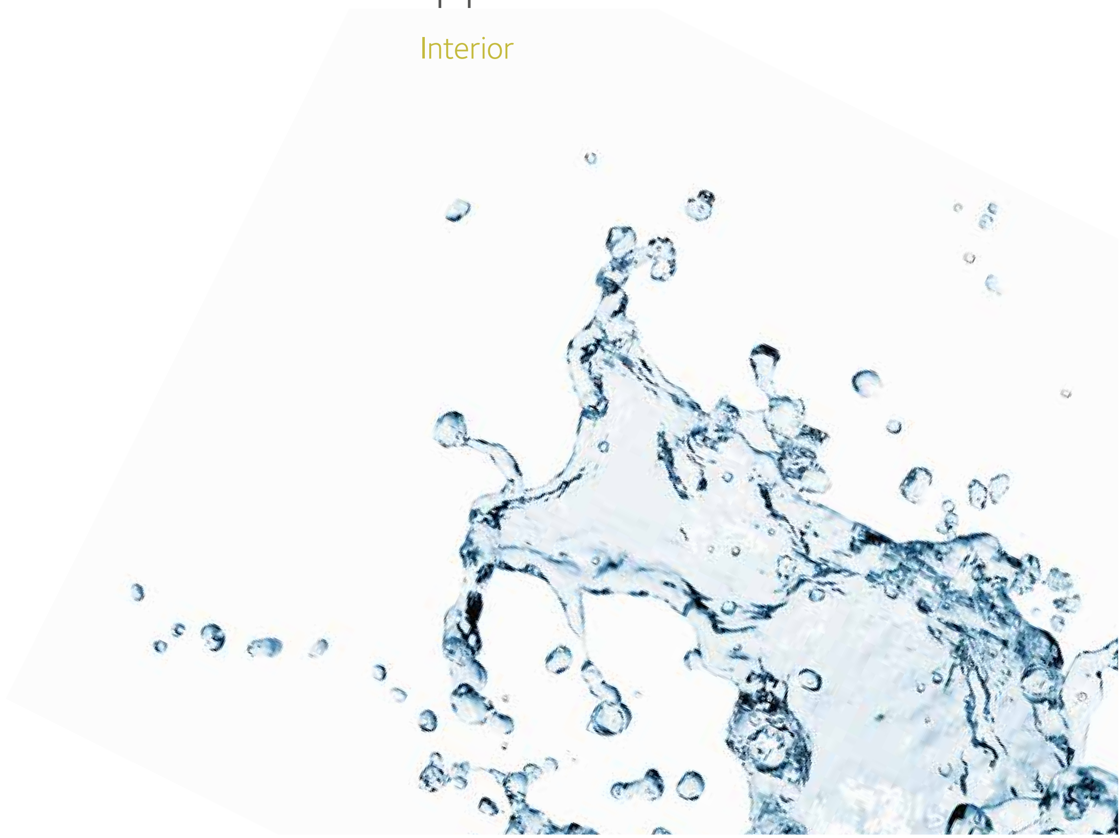







The year 2023 in brief

The Tulikivi Corporation is a stock exchange listed family business and the world's largest manufacturer of heat-retaining fireplaces. The company has three product groups: Fireplaces, Sauna and Interior.

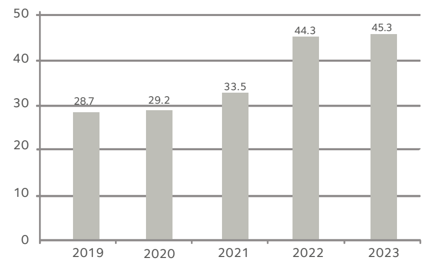
Tulikivi and its customers value wellbeing, interior design and the benefits of bioenergy. Tulikivi's net sales was approximately EUR 45.3 million (EUR 44.3 million in 2022), of which exports accounted for more than half. Tulikivi employs 224 (220) people.

The companies in the Group are the parent company Tulikivi Corporation, Nordic Talc Ltd., Tulikivi U.S. Inc. and OOO Tulikivi. Group companies also include Tulikivi GmbH and The New Alberene Stone Company Inc., which are dormant.

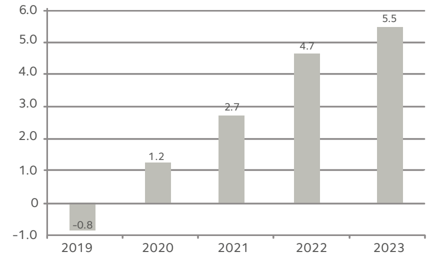
The formula for calculating key figures are on page 48.

	2023	2022	Change, %
Net Sales, MEUR	45,3	44,3	2,4
Operating result, MEUR	5,5	4,7	18,0
Result before income tax, MEUR	4,9	4,1	19,1
Return on investments, %	20,8	19,7	
Solvency ratio, %	47,8	39,0	
Earnings per share, EUR	0,06	0,08	
Equity per share, EUR	0,30	0,24	
Payment of dividend on			
A share, EUR	0,01	-	
K share, EUR	0,0083	-	

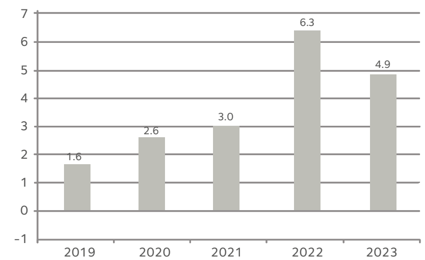
Development of Net Sales, MEUR



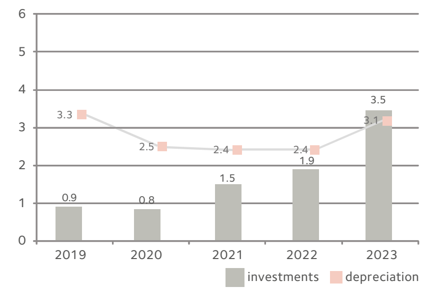
Operating Result, MEUR



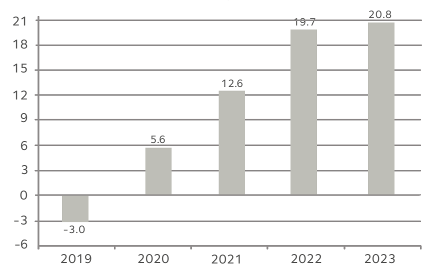
Net Cash Flow from Operating Activities, MEUR



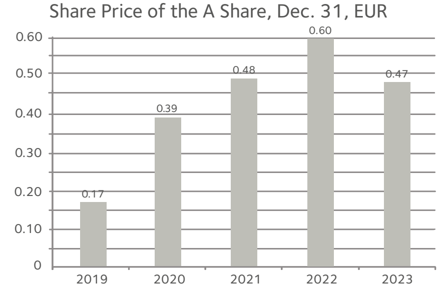
Investments and Depreciation, MEUR



Return on Investments, %



Share Price of the A Share, Dec. 31, EUR



Tulikivi in brief

- Tulikivi is the world leader in the heat-retaining fireplace market. Tulikivi's net sales were approximately EUR 45 million in 2023.
- Tulikivi was created through combining Finnish knowledge of the Arctic conditions, expertise in heating with wood and unique soapstone reserves.
- Our mission is to create genuine experiences and reliable heat with natural materials.
- Our vision is to stand out from the rest on the fireplace, sauna heater and natural stone market, and offer design and technological expertise that are highly valued in Europe.
- We aim to grow our market share in the Central European fireplace market and increase our net sales in domestic and export sales of sauna products.

Product groups

Tulikivi has three product groups: Fireplaces, Sauna and Interior.

Fireplaces

We estimate that around 1.5 million fireplaces were sold in 2022 in Europe, Tulikivi's main market. Of these, 40–50 per cent, or around 600,000–750,000 units, were stoves. Around 25 per cent of the stoves were heat-retaining stoves, where stone or concrete heat-retaining mass surrounds the metal frame of the stove. This means around 150,000–200,000 units were sold. Around 25,000–35,000 units of traditional heat-retaining fireplaces were sold. In general, heat-retaining products that are compact in size and easy to install are now more popular on the market than before.

In response to this market development, Tulikivi launched the new Jero collection in 2023, which combines the technology of a heat-retaining fireplace with the compact size of a stove. The new models have been very well received in the market.

With the introduction of the Jero collection, the fireplaces product group now consists of four consumer-oriented collections.

The Karelia collection is the most advanced heat-retaining fireplace collection in terms of its design, combustion technology and thermal properties, which lives up to the wishes of even the most demanding customers in Central Europe. The soapstone surface finish technologies and the new Tulikivi Color options will broaden the customer base for soapstone fireplaces. The combustion technology of the fireplaces meets even the most stringent requirements in the world. The collection has patented whirlbox technology that allows either wood or pellets to be burnt in the firebox. The heat release of the models in the Karelia collection is adjustable for both low-energy and traditional houses. The combustion of the models in the Karelia collection can be controlled with the Tulikivi Senso fireplace controller if desired.

The models in the Pielinen collection are based on modern Scandinavian design and feature a new soapstone surface finish technology. The products of the Pielinen collection are compact and easy to install. They are particularly well suited for the Central European market and for markets where there is no expertise in installing heat-retaining fireplaces. The special features of the Pielinen products are the versatile door solutions that are developed together with partners.

Tulikivi's fourth collection of soapstone fireplaces is a classic collection made up of popular models from recent decades. It consists of heat-retaining fireplaces, bakeovens and stoves made of soapstone. The strengths of the fireplaces in the collection include classic design and unrivalled heating properties.

Tulikivi's Kermansavi collection is a stylish collection of heat-retaining fireplaces and fireplace/bakeovens and it is based on reusing recycled materials. The new collection beats the emission limit values for fireplaces defined in the EU Ecodesign Directive that entered into force in the EU at the beginning of 2022. In addition to Finland, it is hoped that the new collection will achieve significant growth in the Central European market, where environmental friendliness, Scandinavian design and good firing characteristics are all valued.

All our collections emphasise timeless design, convenience, innovative technology and high quality. Product development focuses on clean combustion, and therefore Tulikivi's products already beat even the toughest emission standards.

Most of our customers are building new homes or renovating existing homes, and they value bioenergy as a form of heating and appreciate the economic advantages of wood-based heating and self-sufficiency. Tulikivi fireplaces appeal to the customers because of their eco-friendliness, energy efficiency, aesthetics and durability, and because of the pleasant heat they produce.

Tulikivi Sauna

The main products of the product group are electric and woodburning sauna heaters, which can be clad with soapstone and other natural stone, and also with ceramic tiles, cast stone and metal. Tulikivi also manufactures sauna heaters for smoke saunas and commercial saunas. Thanks to the large stone compartment, Tulikivi's sauna heaters always give an enjoyable and gentle sauna experience.

The strengths of Tulikivi sauna heaters are the careful attention to safety and design. The fresh and distinctive design attracts consumers and designers in Finland and abroad.

The sauna products are sold under the Tulikivi brand, and their principal markets are Finland and Central Europe. Soapstone interior design stones and tiles are sold as accessories in the Sauna product group and they are very popular on the export market.

Tulikivi Interior

The main products of the Interior product group are countertops made of different natural or composite stone materials or ceramic materials and tiling for different rooms in the home. Tulikivi has an extensive interior stone product collection.

In home construction, natural stone is a genuine and timeless material that is extremely well suited for use in kitchens and bathrooms and for floors, walls and stairs.

As an interior design material, natural stone is environmentally friendly and fire safe and it also increases the value of the home, because stone wears better than many other surface materials.

The main customer group is Finnish kitchen stores with which Tulikivi cooperates. Products are also sold directly to home builders and renovators who appreciate the natural aesthetic quality, environmental-friendliness and durability of Tulikivi's interior stone products.

The Interior products are mostly manufactured at Tulikivi's own factory in Espoo, and their principal market is Finland. Soapstone interior design products and countertops are also manufactured for export to various project sites abroad.

Soapstone tiles are Tulikivi's speciality. They are particularly suitable for bathroom floors as they are not slippery even when wet. The heat-retaining characteristic of soapstone is beneficial in spaces with underfloor heating.

Managing Director's review

Profitability exceeded targets

The Tulikivi Group's net sales in the review period totalled EUR 45.3 million (EUR 44.3 million in 1–12/2022), the operating profit was EUR 5.5 (4.7) million and the result before taxes was EUR 4.9 (4.1) million. The growth in net sales is attributable to systematic long-term work to renew the product portfolio, the development of online sales and the streamlining of distribution channels in export markets.

In 2023, the profitability of the business developed well and the operating margin exceeded 12 per cent. This was made possible by the growth in net sales from exports, good cost control and successful profitability measures. The company's profitability is also supported by the fact that its operations are, to a substantial degree, based on the utilisation of its own soapstone reserves in Finland.

Net sales in export markets in the review period were EUR 30.6 (27.6) million, or 67.6 per cent (62.2) of total consolidated net sales. The largest countries for exports were Germany, France and Sweden. In the review period, net sales in Finland were EUR 14.7 (16.7) million, or 32.4 per cent (37.8) of total consolidated net sales.

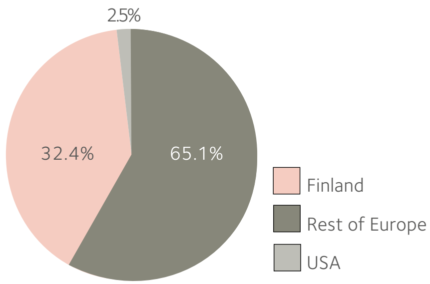
Demand slowed in second half of year

After a period of exceptionally high demand for fireplaces, which started in 2022, the market calmed down in the second half of 2023. This was caused by the decline in energy prices during the summer. In addition, high interest rates significantly reduced new construction and housing sales, which led to a decline in consumer building projects in Finland and elsewhere in Europe. At the end of 2023, the company's order books stood at EUR 6.8 (17.2) million.

Balance sheet has strengthened significantly in recent years

Since the beginning of 2019, the company has been able to improve its operating profit for 17 consecutive quarters. The strong profit performance has significantly increased the equity ratio, which stood at 47.8 (39.0) per cent at the end of the review period. The ratio of interest-bearing net debt to equity, or gearing, was 58.4 per cent (72.7). The current ratio was 1.6 (1.3), and equity per share was EUR 0.30 (0.24).

Net Sales
per Geographical Area, %



Successful product development lays foundation for expansion of distribution channels

In Central Europe, sales and training activities were continued for the expansion of the distribution network of both Tulikivi and Kermansavi fireplaces. The focus of these activities was on the new Jero collection, which combines the technology of heat-retaining fireplaces with the compact size and modern design of a stove. Central European consumers prefer products in the stove-size range, and the new collection will enable Tulikivi to reach new customer groups. Deliveries of the Jero collection started in the final quarter of the year.

Tulikivi's systematic long-term investments in product design and the development of heat-retaining fireplaces have paid off, and Tulikivi has a clear advantage over its competitors in the domestic and export markets.

In Finland Tulikivi offers wider modern collections of fireplace models than its competitors and this strengthens its position. Since the same models are sold for export on a large scale, Tulikivi has a manufacturing advantage in relation to other Finnish producers of heat-retaining fireplaces. The increase in testing and product development costs also raises the threshold for entry to the sector.

Progress in the Suomussalmi talc project

The most significant achievements in 2023 were the completion of the locked-cycle tests simulating the industrial beneficiation process, fine milling of the concentrate and the completion of the results from the talc product trials, the completion of the preliminary design of the enrichment plant, and a research and development loan granted by Business Finland. The results of the product trials on plastic and paint applications show that talc products of competitive quality compared to the characteristics of talc products on the market can be made from the enriched Haaponen talc.

The EUR 1.6 million R&D loan granted by Business Finland was a significant boost for the financing of the talc project. The loan was granted for the three-year Carbon Neutral Talc Mine and Process project. In recent years, the company has invested around EUR 2 million in the development of the talc project.

Based on a prefeasibility study, we believe that the decisions made during 2023 in terms of technology and product portfolio will strengthen the competitiveness of the project. The project's profitability is boosted by the largest untapped talc deposit in Europe, the Carbon Neutral Talc Mine and Process concept, and dry stacking of the tailings. These factors also enable responsible production.

A big thank you to our personnel and partners

Improving profitability in a continually changing environment has been made possible with the hard work of all Tulikivi personnel and our partners. I would like to warmly thank you all for your contribution. We were able to start 2024 on a strong footing. The new development projects provide promising prospects for the future!

Nunnanlahti March 11, 2024

Heikki Vauhkonen,
Managing Director

Trends

- The popularity of alternative heating systems is growing.
- As people work more from their homes, investments in detached houses and holiday homes increase.
- The popularity of Scandinavian interior design and lifestyle is growing.
- Consumers are focusing on home interiors, personal wellbeing and experiences.
- Ease of purchase is emphasised in consumers’ purchase decisions.

Growth strategy

- **Increasing the share of the Central European stove market with the Jero collection**
  - Modern design and soapstone surface finishes
  - Features of soapstone fireplaces in stove-size products
  - Quick and easy to install
  - Competitive price level
  - Jero collection facilitates the expansion of the distribution network and enables growth in the existing network by reaching new customer groups

- **Increasing net sales with sauna products**
  - Modern design and original materials
  - High-quality heating properties and energy efficiency
  - Soapstone interior stone products for sauna rooms and bathrooms
  - Growth opportunities in both traditional and new markets

- **Modular collections**
  - Improvement of manufacturing efficiency
  - Focus on product development

- **Control of fixed costs**
  - Centralisation of production
  - Digitalisation of support functions

Shareholders and Management Ownership December 31, 2023

10 Major shareholders according to number of shares Shares registered in the name of a nominee are not included.	K shares	A shares	Proportion, %
1. Vauhkonen Heikki	5 809 500	674 920	10,83
2. Keskinäinen Eläkevakuutusyhtiö Ilmarinen		3 420 951	5,71
3. Elo Eliisa	477 500	2 631 036	5,19
4. Suomen Kulttuurirahasto SR	100 000	2 158 181	3,77
5. Toivanen Jouko	100 000	1 506 259	2,68
6. Mutanen Susanna	797 500	799 721	2,67
7. Keskinäinen vakuutusyhtiö Fennia		1 515 151	2,53
8. Laakkonen Mikko		1 500 000	2,51
9. Nikkola Jarkko		1 482 200	2,48
10. Keskinäinen työeläkevakuutusyhtiö Elo		1 475 107	2,46
10 Major shareholders according to number of votes Shares registered in the name of a nominee are not included.	Votes/K shares	Votes/A shares	Proportion, %
1. Vauhkonen Heikki	58 095 000	674 920	45,55
2. Mutanen Susanna	7 975 000	799 721	6,80
3. Elo Eliisa	4 775 000	2 631 036	5,74
4. Vauhkonen Mikko	3 975 000	275 760	3,29
5. Keskinäinen Eläkevakuutusyhtiö Ilmarinen		3 420 951	2,65
6. Suomen Kulttuurirahasto SR	1 000 000	2 158 181	2,45
7. Toivanen Jouko	1 000 000	1 506 259	1,94
8. Keskinäinen Vakuutusyhtiö Fennia		1 515 151	1,17
9. Laakkonen Mikko		1 500 000	1,16
10. Nikkola Jarkko		1 482 200	1,15

The members of the Board and Managing Director control 5 810 000 K shares and 1 008 976 A shares representing 45.82 % of votes.

Stone supplies and reserves

In accordance with its strategy, Tulikivi Corporation strives to ensure that the company is in possession of the best possible soapstone reserves. The company has been systematically examining soapstone reserves for over 40 years, for example by using the expert services of the Geological Survey of Finland. The aim of examination has been to evaluate current soapstone reserves in greater detail as well as to seek new soapstone reserves.

Tulikivi Corporation's stone supplies and reserves total over 10 million m3. Examined and evaluated deposits are located at Nunnanlahti, Kuhmo, and Suomussalmi. The company has in total six valid mining patents: one at Suomussalmi, one at Kuhmo, and four at Nunnanlahti. The total area of the mining patents is 320 ha. Soapstone is currently quarried and products are manufactured at Nunnanlahti and Suomussalmi. In 2023, the examination of deposits focused on Suomussalmi and Nunnanlahti. Examination of potential deposits and further work on current deposits will continue in 2024.

Stone supplies used sparingly

In geographic terms quarrying is limited to small areas in comparison with, for example, clear cutting of forest resources. A total of approximately 70 000 cubic metres of soapstone is annually quarried from the company's quarries. Approximately from 12 000 to 20 000 cubic metres of quarried soapstone is delivered to three soapstone factories. Adjoining rock, which is not part of the deposits, is quarried annually just under from 50 000 to 100 000 cubic metres. Soil needs also to be moved when excavating quarries in order to access the deposits, from time to time. When a quarry is closed, the area will be made safe and the quarry's stacking area will be landscaped. In accordance with Tulikivi's environmental strategy, sparing use of natural resources is considered important. The overall yield of raw material is improved through development of the production technologies and product development as well as taking account of the properties of raw material. Tulikivi's strategic objective is to ensure sufficient raw material reserves for decades to come.

Environmental aspects of operations

Soapstone is extracted by sawing. The extraction does not require chemical treatment, and no chemicals are used in the quarrying. The saws used in the quarrying run on electricity and do not require cooling water. Only rapeseed or tall oil are used for lubricating the blades. The rainwater entering the quarry is pumped into sedimentation pools through measurement pits. Water samples are taken three times a year in order to monitor the environmental impact of the quarrying operation. Watering is used to prevent the dust from spreading. The noise from the extraction is mainly sawing and machine noise. The noise levels emitted from quarrying are within the permitted limits. In the quarrying work, the explosion breaking of adjoining rock takes place two or four times a month, on average.

Quarrying process accords with environmental and mining permits

The principal goals of Tulikivi's operations are as follows: a safe and healthy working environment, the sparing use of natural resources and the management of quarrying and production processes that minimizes adverse environmental effects. Tulikivi takes environmental considerations into account in its procurement of raw materials, in production and in the end products. Tulikivi monitors the environmental effects of its operations in accordance with officially approved monitoring programmes. Tulikivi has permits for its entire production and for the storage and use of blasting materials, granted by the environmental and mining authorities.

Suomussalmi talc reserves

Our goal is to transform the Suomussalmi soapstone factory into a modern production facility producing carbon-neutral and traceable talc and to ensure the industrial utilization of talc reserves. This allows us to offer responsibly produced European talc for our daily needs, including plastics, paints and packaging.

The most significant achievements in 2023 included the completion of locked cycle tests simulating an industrial enrichment process, fine grinding of concentrate and talc application test results, completion of the preliminary design of the concentrator plant and obtaining a research and development loan granted by Business Finland.

During the year, we produced the first pilot products, which were tested for plastic and paint applications. The concentrate from the locked cycle enrichment tests was used to produce talc products with an average grain size ranging from about 2.5 microns to 5

microns. Based on the results of plastic and paint application tests of talc products, Haaponen's talc ore can be used to produce talc products with competitive properties compared to talc products on the market. At the end of the year, preparations began for the production of a larger batch of concentrate.

The preliminary design of the concentrator plant was based on the results of the locked cycle tests and included consideration of tailings filtration and water purification needs. During the preliminary design, the flow diagram of the enrichment process was confirmed, and the necessary equipment was pre-selected and preliminary dimensioning was carried out to estimate e.g. the energy and consumables consumption required by the process.

Tailings filtration enables dry stacking of tailings and a more closed water circulation. The water treatment plant ensures the quality of both process and discharged water. It was noteworthy that the buildings and infrastructure in the mining area can also be utilized in the planned talc production. Attention was paid to occupational safety and environmental aspects, and the work done creates a good basis for minimizing risks and harms.

The EUR 1.6 million research and development loan granted by Business Finland significantly strengthened the financing of the talc project. The loan has been granted for the Carbon-neutral talc mine and concentrator project, the duration of which is 3 years. In recent years, the company has invested a total of approximately EUR 2 million in the development of the talc project.

The company will continue to investigate the possibilities of utilizing talc production side streams. Tailings contain almost 40% magnesium oxide and magnesium is listed as critical raw material by the EU. The utilization of tailings would significantly improve the resource efficiency of the project.

In addition to technical design and profitability analysis, studies and modelling required by the environmental impact assessment report (EIA report) have been carried out. Stakeholder work has been an important part. The project's monitoring group, which consists of local residents, representatives of associations and landowners, and authorities, has met four times during the year. In addition, a general information and discussion event related to the resident survey was organized.

Based on the preliminary feasibility study, we believe that the decisions made during the year regarding the technology used and product portfolio will strengthen the competitiveness of the project. Europe's largest unexploited talc deposit, the Carbon-neutral talc mine and concentrator concept, and dry tailings stacking support the profitability of the project and enable responsible production.

Environmental and corporate responsibility

Tulikivi's operations are guided by the company's values. According to these val-ues we operate in an economically, socially and ecologically sustainable way. We understand the positive and facilitating effect responsibility has on our business operations. We continuously examine the responsibility of our operations in rela-tion to society, the environment and our stakeholders. The most important stakeholders for Tulikivi are its customers, personnel, shareholders, finance pro-viders and other cooperation partners, both in Finland and abroad.

Environmental responsibility

Responsibility covers the entire supply chain

Tulikivi's operations are based on the efficient use of its own soapstone reserves and secondary industrial streams in Finland. We operate systematically to protect the environment and ensure the sustainable use of natural resources. All Tulikivi em-ployees take environmental matters into account in their daily work and act respon-sibly for the benefit of the environment.

Tulikivi is committed to the goals of the UN 2030 Agenda for Sustainable Develop-ment. Tulikivi has certified quality and environmental systems in accordance with the standards ISO 9001 and ISO 14001.

The goal of our environmental work is to improve the company's ability to use natu-ral resources sparingly, and to manage processes and products in a way that mini-mises their impact on the environment. We also work to minimise environmental loads at every stage of a product's lifecycle. In the production chain, materials, ener-gy consumption and transport together account for a significant proportion of the environmental impact of our products.

We also take environmental issues and potential risks into account in all of our agreements. We increase our suppliers' awareness of their environmental responsi-bilities and help them act in accordance with the principles of sustainable develop-ment. Our goal is to ensure that our products are as durable as possible and that they are safe to use.

Fireplaces are an important part of the climate solution

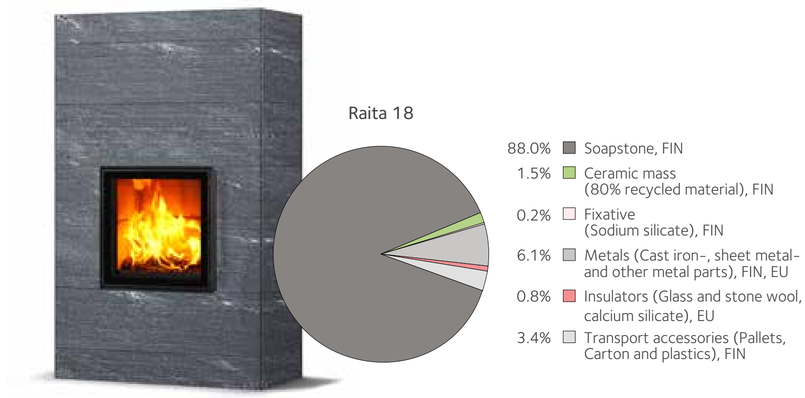
Nowadays, climate change is a big driver in everything people do. We continuously develop our operations from the perspective of mitigating climate change and adapting to it. In order to achieve the EU's climate goals, fossil fuels must be re-placed. Fireplaces can play a key role in the climate solution. Our raw materials are sourced where we manufacture our products, and this is a good starting point for minimising our carbon footprint. Also, transporting products from the factory to customers usually causes relatively few emissions.

The use of bioenergy-consuming fireplaces as a heating source instead of electricity, heating oil or gas helps to cut the CO2 emissions of energy generation. Tulikivi's fire-places already beat the strict emissions standards of the Ecodesign Directive, and we are continuing our research into even cleaner combustion.

The raw materials used at Tulikivi's production plants include soapstone, natural stone and ceramics. In quarrying and the related operations Tulikivi complies with the best environmental practices identified in the production of natural stone prod-ucts. Tulikivi monitors the environmental impact of quarrying and complies with the officially approved supervision programmes. Naturally, all of Tulikivi Corporation's operational quarries and production plants have valid mining and environmental permits.

Tulikivi has drawn up an operating principles document for its quarries, on the basis of which we conduct regular analyses of operating risks, taking into account both safety and environmental considerations. Landscaping is carried out as part of nor-mal quarrying operations and at quarries that have been discontinued.

No substances that are hazardous to the environment are used in the processing of soapstone, and none arise in the manufacturing process. The production plants use closed process water circulation. We actively seek applications for secondary pro-duction streams..

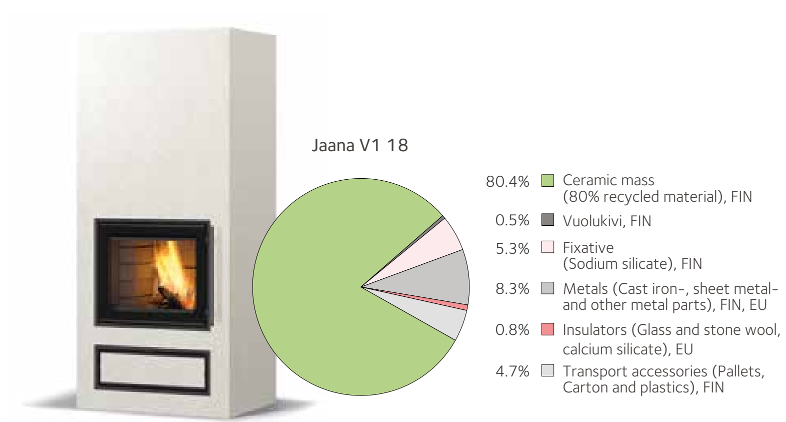


Up to 80 per cent recycled material

To improve material efficiency, Tulikivi utilises by-products from other parts of the ceramics industry as a raw material for its ceramic fireplaces. In the Kermansavi fire-place collection, the proportion of recycled materials will increase to approximately 80 per cent of the raw materials used in the fireplace bodies. The materials and components used in the products are tested regularly and the products must pass type approval tests. Tulikivi's soapstone has been approved as a material that can come into contact with food, for example.

All of Tulikivi's sites have a waste sorting system, the purpose of which is to reduce the amount of landfill waste and to reuse as much waste as possible in energy pro-duction and for other purposes. Recyclable waste (e.g. board and paper) is sent for recycling via normal waste management. Tulikivi has joined the Environmental Reg-ister of Packaging PYR Ltd and is a member of SELT (Electrical and Electronic Equip-ment Producers' Association).

We regularly monitor and assess the environmental impact of our operations. In 2022, we determined the carbon footprint of our own operations. In 2024, the plan is to develop carbon footprint calculation and its reporting.



Social responsibility

Personnel wellbeing ensures the high quality of products

Tulikivi is a responsible employer and its products are safe, durable and of high qual-ity. We are committed to observing the internationally recognised principles of the UN Convention on Human Rights. In 2023, we will introduce the UN Guiding Princi-ples on business and human rights to our processes.

Reliable partners are vital for successful operations. When selecting partners, Tulikivi considers all aspects of responsibility and monitors compliance with them regularly throughout every agreement period. Tulikivi requires its partners to demand re-sponsible operations throughout their own procurement chains.

Tulikivi's products are manufactured in Finland by its own committed personnel. We want to ensure our employees' wellbeing and that their work is meaningful to them and that they want to become even better at what they do. The commitment of our employees to their work and their expertise ensure the quality of our products. The overall success of the delivery is ensured by an expert fireplace installer and sales network.

The Tulikivi Group employed an average of 224 (220 in 2022) people during the fi-nancial year. The average was calculated according to the period of employment.

Tulikivi systematically promotes the equality and non-discrimination of its employ-ees. Harassment, bullying and abuse are not acceptable in the working community. We do not allow discrimination on the basis of age, opinion, religion, gender, sexual orientation, health status or other personal characteristics in recruitment or during employment.

Ensuring expertise through continuous training

The company supports the objectives of continuous learning through on-the-job learning and training. Personnel training focused on managing the current status. This includes acquiring skills required under legislation or other regulations (such as GDPR), and first aid and occupational safety training. On-the-job learning remains the most important form of learning in the company. The expertise of fireplace and other installers and sales network personnel is maintained with continuous training on topical matters.

Tulikivi works actively to minimise sickness absences and to maintain working capac-ity and motivation at a good level. The focus of our occupational health service is on preventive actions, but basic medical care focusing on occupational health is also part of occupational healthcare. Under our early intervention model, we review employees' working capacity together with them after every 40 hours of sickness absence over a 12-month monitoring period. Workplace reports were completed in the various places of operation in cooperation with occupational healthcare and the Finnish Institute of Occupational Health.

In our scheme to promote personnel initiatives, a total of 34 (70) new initiatives were submitted during 2023. The frequency of accidents was 31 (18) accidents per million working hours. In 2023, a project to improve occupational safety carried out together with our insurance company Fennia and our pension insurance company Elo.

Interaction keeps you up to date

In its operating environment Tulikivi fosters a sense of community in many ways and wants to maintain an open dialogue with all stakeholders. The company is very visi-ble in many areas in Juuka and Heinävesi where its plants are located. Tulikivi em-ployees have an important role in local sports and cultural and other activities. The company has supported the Vaarojen Maraton running event organised at Koli since the very first event and has been active in developing tourism in the Koli region. The municipality of Heinävesi has joined the region of North Karelia and this will have a positive influence on the company's opportunities to contribute to the development of tourism in the region.

Tulikivi Corporation is a member of several organisations and forums that promote the company's operating conditions. They include KIVI – Stone from Finland (former Finnish Natural Stone Association), the Chemical Industry Federation of Finland, Nuohousalan Keskusliitto (Central union of chimney sweeps), The Finnish Family Firms Association, Confederation of Finnish Construction Industries RT (CFCI),the Association for Finnish Work, Tulisija- ja savupiippuyhdistys TSY (Association of manufacturers of fireplaces and chimneys), TTS, the Finnish Clean Energy Associa-tion, the Finnish Investor Relations Society, the Chemical Industry Federation of Fin-land, the Securities Market Association, the HKI-Verband, and Teknikföretagens Branschgruppen.

Financial responsibility

Good governance supports success

Tulikivi is a listed family company that seeks good financial profitability and operates on a long-term basis and appreciates its stakeholders. In accordance with good cor-porate governance, the company respects the rights of its shareholders and engages in diligent and timely financial reporting. Auditing, internal control, risk management and compliance have been arranged appropriately and adequately. Management and administration have been organised in such a way that they support successful management and responsible financial administration.

Tulikivi's starting point in all of its operations is to avoid such situations that would put the reliability of the company's operations at risk on the basis of an external evaluation. We do not accept the grey economy in any part of our operating chain. Tulikivi has zero tolerance for any form of bribery and corruption.

Many ways to fund society

Tulikivi's operations have significant effects on many stakeholder groups: customers, suppliers, service providers, employees, investors and the public sector. The direct financial impact of Tulikivi's operations on stakeholders consisted of the following in 2023:

Customers generated total net sales of EUR 45.3 (44.3) million. This consisted of Tulikivi and Kermansavi fireplaces, natural stone products, sauna heaters and prod-uct-relat-ed services sold to customers.

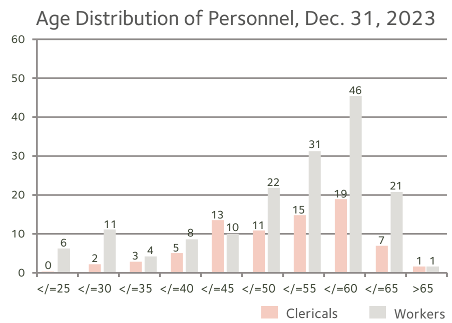
Suppliers of goods and semifinished products were paid EUR 9.8 (10.7) million and service providers were paid EUR 14.7 (14.5) million. The company paid EUR 0.9 (0.3) million for machinery and equipment.

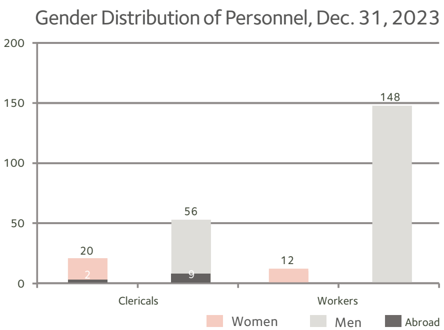
Employees' salaries and bonuses totalled EUR 10.8 (10.5) million, and the associated pension and other insurance contributions were EUR 2.2 (2.1) million.

Finance providers were paid EUR 0.6 (0.6) million net in interest and other financial expenses.

Shareholders will be paid a dividend of EUR 0.01 for A shares and EUR 0.0083 for K shares for the year 2023.

In 2024, we will develop our company's sustainability (CSRD) and ESG reporting.





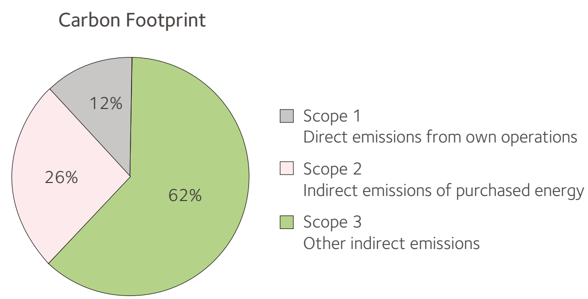
Tulikivi determined its carbon footprint

During 2022, Tulikivi determined its carbon footprint.

Data of the year 2021 were used as the starting point for the calculation and calculation was performed in accordance with the GHG Protocol Corporate Accounting and Reporting -standard and the Corporate Value Chain Accounting and Re-porting -standard. In the calculation the emissions according to the Scope 1, Scope 2 and Scope 3 groups were taken into account as outlined in the standards. The calculation was carried out by Green Carbon Finland Oy.

The carbon footprint was determined to be 8308.96 t CO2e (equivalent ton of carbon dioxide). This is 248 t CO2e/million € turnover or 41 t CO2e/person. Tulikivi is one of the pioneers in its own field, because there was no direct comparison point in the industry (fireplaces). However, the magnitude of the footprint can be illustrated as follows; 1 ton of CO2e emissions is equivalent to driving 6798 km by car (Liikennefakta 2021) and the average annual emissions of Finns are about 10 tons of CO2e (Sitra 2018). If the emissions are divided for each manufactured fireplaces, they correspond to ap-proximately 10,000 km of driving a car towards the one fireplace.

The result obtained and the breakdown related to it will be used as a basis for planning Tulikivi's measures when the purpose is to strive reduce emissions and gradually strive towards carbon neutrali-ty. The calculation is to be updated in 2024.



Soapstone made a prominent appearance at the Habitarematerials exhibitions in Milan and Helsinki in 2023

The Habitarematerials exhibition held in Milan in April provided a splendid stage for soapstone when NEMO architects designed an experiential material library consisting of materials from 14 Finnish companies. This exhibition, which was part of the most interesting events of Milan Design Week and included in the Alcova exhibition curated by Joseph Grima and Valentina Ciuffi, highlighted the unique beauty and versatility of soapstone.

The versatility and eco-friendliness of soapstone took center stage at Helsinki's Habitarematerials

In Helsinki, the Habitarematerials exhibition at the Habitare fair brought to the forefront the diversity and ecological benefits of soapstone with a touch of Milan in September. Attendees were able to deeply explore the materials of participating companies with the help of a new tool for comparing environmental impacts.

Launch of the Jero collection at the World of Fireplaces fair in Leipzig

At the World of Fireplaces fair in Leipzig, from April 17th to 19th, 2023, Tulikivi unveiled its new product, the Jero collection, revolutionizing the fireplace and stove market. The fair showcased the round Puro models and the angular Korpi models. The collection innovatively combines the compact size known from stoves with the efficient heating and heat retention properties of traditional soapstone fireplaces.

A key goal in the design of the collection has also been to speed up the installation phase. The compact size and quick installation work mean that the fireplaces are significantly cheaper for consumers than traditional large fireplaces, offering Tulikivi also the opportunity to increase sales in the large stove markets of Central Europe.

The design of the collection emphasizes the natural essence of soapstone and its different surface structures, as well as the experiential and visual aspects of fire. The Jero collection's fireplaces are based on soapstone sourced from Tulikivi's own quarries combined with Kermansavi's ceramic recycled mass. All Tulikivi fireplaces are designed and manufactured in North Karelia. The new collection is named after Lake Jero, located near Koli.

Innovations in sustainable living at the Loviisa Housing Fair

The Housing Fair held in Loviisa's Queen's Beach from July 7th to August 6th, 2023, offered a unique look at responsible and sustainable housing solutions in an idyllic maritime landscape. Tulikivi stood out with its booth, extensively showcasing its updated fireplace collection, the advanced control technology of saunas, and presenting its products in six fair homes, where fireplaces, saunas, and decorative stones played a central role.

Highlights of the fair included the floating Lovisea house, where Tulikivi's sauna heater and stone countertops were prominently displayed. The Cranberry fair home, on the other hand, provided a comprehensive overview of Tulikivi's product range. Fair visitors crowned the seaside Villa Havet as their favorite, whose sauna was awarded by the Sauna from Finland association as one of the fair's most experiential saunas. The innovative heating solution of the Kinos wood-burning sauna heater from the terrace side received praise from the jury. Additionally, Villa Aurora rose as the public's favorite, where Tulikivi's Raita S 2D heat-retaining fireplace was responsible for its warmly atmospheric ambiance.

The next-generation sauna heaters concept premiered at the Helsinki Design Week Merikortteli

Tulikivi was part of the largest Nordic design and architecture festival, Helsinki Design Week 2023, held in Helsinki's Merikortteli in September, which offered a unique stage for Tulikivi's next-generation sauna heaters concept and innovative sauna controller.

The next-generation sauna heaters concept presented at Tulikivi's booth combined a compact and minimalist design, smaller safety distances, easy integration into sauna benches, and adjustability in height. The concept utilizes innovative optimization of the amount of sauna stones relative to the stove's power, which allows for energy savings.

Board of Directors

Jyrki Tähtinen (b.1961)
LL.M., MBA, attorney-at-law. Member of the Board of Directors of Tulikivi Corporation since 2015. Chairman of the Board since 13 April 2015.

Other key positions of trust: Member of the Board of Directors, JSH Capital Oy.

Primary work experience: Borenius Attorneys Ltd: CEO 1997–2008, Chairman of the Board 2008–2018 and partner since 1991, and before this in legal positions in the service of other law firms and the City of Helsinki since 1983.

Tulikivi Corporation share ownership:
Series A shares: 42 553

Niko Haavisto (b. 1972)
M.Sc. (Business). Authorised Public Accountant. Member of the Board of Directors of Tulikivi Corporation since 2022, Chairman of the Audit Committee since 2022.

Other key positions of trust: Saka Finland Group Oy Member of the Board of Directors (2022-) CapMan Group's subsidiaries Member of the Board of Directors (2010-)

Primary work experience: Nokian Tyres Finance and Treasury 2023-, CapMan Advisor 2022-2023, CapMan Group CFO 2010-2021, CapMan Group Interim CEO 2013, Oriola-KD Corporation Director of Financial Control and Planning 2006-2010, GE Healthcare Finland Oy financial controller 2005–2006, PricewaterhouseCoopers Oy Authorised Public Accountant 1999–2005.

Tulikivi Corporation share ownership:
-

Tarmo Tuominen (b. 1962)
M.Sc. (geology). Member of the Board of Directors of Tulikivi Corporation since 2021, Member of the Audit Committee since 2021.

Other key positions of trust: Member of the Board of Directors of Paraisten Kaukolämpö Oy since 2020, Chairman of the Board of Directors, the Geological Survey of Finland 2014–2020, Chairman of the Board of Directors, Nordic Mining ASA, 2011–2019, Chairman of the Board of Directors, Finnmin, 2013–2014

Member of the Board of Directors, Svemin, 2002–2020, Member of the Advisory Board, Nordic Talc, since 2020, Member/Chairman of the Board of Directors in several of Nordkalk's international subsidiaries, 2000–2020.

Primary work experience: LTL Consulting, owner and CEO 2020–, Various executive positions at Nordkalk, including member of the Management Team from 2002 to 2019/Deputy CEO 2016–2019.

Tulikivi Corporation share ownership:
Series A shares: 20 000

Heikki Vauhkonen (b.1970)
LLB, BBA, Member of the Board of Directors of Tulikivi Corporation since 2001, Managing Director April 2007 – April 2013, Chairman of the Board April 16, 2013- August 22, 2013, Managing Director since August 23, 2013. Member of the Management Group since 2001. Has worked for Tulikivi since 1997.

Other key positions of trust: Member of the Board of Directors of Tulikivi Corporation since 2001, Member of the Supervisory Board of Fennia since 2011, Member of the Board of Directors of Suomen Lähienergialiitto ry since 2015, Member of the Board of Directors of Rakennusteollisuus RTT ry since 2012. Member of the Board of the TSY ry, Finnish Fireplace and Chimney Association since 2015, member of the Board of Associaton of Sauna from Finland.

Primary work experience: Tulikivi Corporation: Managing Director August since 2013, Chairman of the Tulikivi Board of Directors April 2013- August 2013, Managing Director 2007- April 2013, Marketing Director 2002-2007, Tulikivi U.S., Inc.: Vice President 1997-2001.

Tulikivi Corporation share ownership:
Series A shares 674 920 pieces
Series K shares 5 809 500 pieces

Jaakko Aspara (b. 1981)
Professor (Hanken School of Economics). D.Sc. (Econ. & Bus. Admin.), D.A. (Industrial Design), M.Sc. (Tech.). Member of the Board of Directors of Tulikivi Corporation since 2016.

Other key positions of trust: Member of the Board of Directors: HOK-Elanto since 2014, Nordic Institute for Business & Society since 2011. Member of the Board of Directors: Business Finland since 2022. Member of the Advisory Board: Upstreet/ESC operations Pty Ltd. since 2019.

Primary work experience:
Helsinki School of Economics and Business Administration: Professor (fixed term) 2007–2014. Aalto University: Professor of Design Business Management 2014. Hanken School of Economics: Vice Rector 2018–2020, Head of Department 2016–2018. Neoma Business School: Dean of PhD programme, Head of Department, Director of Area of Excellence 2020–2021. New York University NYU, Maastricht University: Visiting scholar/Professor 2008–2009; 2010.

Tulikivi Corporation share ownership:
Series A shares: 167 000

Liudmila Niemi (b.1972)
Ms.S, eMBA. Member of the Board of Directors of Tulikivi Corporation since 2019, member of the Audit Committee since 2019.

Other key positions of trust: Parish Council member, Finnish Orthodox Church, since January 2021, Board member of Pyhän Helenan säätiö sr since January 2022, Board member Oy Electrolux Ab April 2015–August 2020, Board member of ERP Finland Oy March 2019-August 2020, Board member of Elektroniikan Tukkukauppiaat ETK Ry November 2015–August 2020.

Primary work experience: Optitune Oy: Director BA Europe 05/2021- ; Oy Electrolux Ab: Country Manager 04/2015 – 08/2020; 2011-2015 Business Management positions: LPN Consulting, Regus Ltd, Technopolis Oyj; BSH Bosch & Siemens Home Appliances Group: Sales Director 2001-2011.

Tulikivi Corporation share ownership:
Series A shares : 10 000

Management Group

Heikki Vauhkonen (b. 1970)
LLB, BBA, Member of the Board of Directors of Tulikivi Corporation since 2001, Managing Director April 2007 – April 2013, Chairman of the Board April 16, 2013- August 22, 2013, Managing Director since August 23, 2013. Member of the Management Group since 2001. Has worked for Tulikivi since 1997.

Other key positions of trust: Member of the Board of Directors of Tulikivi Corporation since 2001, Member of the Supervisory Board of Fennia since 2011, Member of the Board of Directors of Suomen Lähienergialiitto ry since 2015, Member of the Board of Directors of Rakennusteollisuus RTT ry since 2012, Chairman of the Board of Directors of the Finnish Stone Research Foundation since 2015. Finnish Fireplace and Chimney Association since 2015, member of the Board of Associaton of Sauna from Finland

Primary work experience: Tulikivi Corporation: Managing Director August since 2013, Chairman of the Tulikivi Board of Directors April 2013- August 2013, Managing Director 2007- April 2013, Marketing Director 2002-2007, Tulikivi U.S., Inc.: Vice President 1997-2001.

Tulikivi Corporation share ownership:
Series A shares 674 920 pieces
Series K shares 5 809 500 pieces

Simo Kortelainen (b. 1980)
M.Sc. (Econ.) Manager of Soapstone Production and Quarrying in Juuka Suomussalmi. Member of the Management Group since 2015. Has worked for Tulikivi since 2008.

Primary work experience: Manager of Soapstone Production and Quarrying since 2015, Production Control Specialist 2014-2015, Accounting and Information System Specialist 2011-2013, Accounting Consultant (entrepreneur)

Tulikivi Corporation share ownership:
No shareholding

Markku Prättälä (b. 1967)
Automation technician. Sales Director, Finland. Member of the Management Group since 2015. Has worked for Tulikivi since 2006.

Primary work experience: Tulikivi Corporation: Sales Director, Finland since 2015, Sales Manager 2013-2015, Factory and Product Manager 2009-2013, Sales Manager/Kermansavi-fireplaces 2006-2008, Kermansavi Oy: Sales Manager 2004-2006, Varkauden Educa: Managing Director 2003

Tulikivi Corporation share ownership:
Series A shares 15 525 pieces

Martti Purtola (b. 1966)
M.Sc (Eng.) Sales Director, Scandinavia, Middle-Europe and lining stones. Member of the Management Group since 2015. Has worked for Tulikivi 1999-2005 and since 2008.

Primary work experience: Tulikivi Corporation: Sales Director, Germany and lining stones since 2015, Director, saunas and design fireplaces 2011-2014, Business Development Manager 2009-2011, Product Manager 2008-2009, Kesla Oyj: Sales Manager 2006-2008, Tulikivi Corporation: Product Manager 2003-2006, Kiantastone Oy: Marketing Manager 1999-2002, Halton Oy: product development engineer 1996-1999, Enerpac Oy: Sales Engineer 1992-1996.

Tulikivi Corporation share ownership:
Series A shares 5 000 pieces

Jari Sutinen (b. 1962)
D.Sc.(Tech.) M.Sc. (Eng.). Product Development Manager. Member of the Management Group since 2015. Has worked for Tulikivi since 2005.
Positions of trust: Member of the Varparanta water cooperative 2007-2016.

Primary work experience: Tulikivi Corporation: Product Development Manager since 2009, Laboratory Manager 2005-2009, IVO Consulting/ Fortum Engineering /Enprima Engineering Ltd, research engineer, product manager, Engineering Consultant 1998-2005, Tampere University of Technology: researcher 1990-1998.

Tulikivi Corporation share ownership:
Series A shares 15 000 pieces

Jouko Toivanen (b. 1967)
D.Sc. (Tech.), M.Sc. (Eng.). Director of Finance and Administration. Member of the Management Group Group since 1995. Has worked for Tulikivi since 1993.

Positions of trust: Member of the Board of Directors of the Finnish Natural Stone Association 2008-2020. Member of the Board of Nordic Talc since 2020.

Primary work experience: Tulikivi Corporation: Director of Finance and Administration since 2013, Director, lining and interior decoration stone products 2011-2013, Director of Natural Stone Products Business 2003-2011, Financial Director 2001-2007, Director of operational accounting and management systems 1999-2001, Financial Manager 1997-1999, Accounting Manager 1995-1997,

Tulikivi Corporation share ownership:
Series K shares 100 000 pieces
Series A shares 1 506 259 pieces

The Management Group from left to right:
Markku Prättälä, Jari Sutinen, Jouko Toivanen, Heikki Vauhkonen, Martti Purtola and Simo Kortelainen

Report on the Corporate Governance Statement 2023

The administration of Tulikivi Corporation and its subsidiaries is based on the law, the Articles of Association and the Finnish Corporate Governance Code, which entered into force on 1 January 2020. The company complies with the NASDAQ OMX Helsinki Guidelines for Insiders. This Corporate Governance Statement has been prepared in accordance with the recommendations of the Finnish Corporate Governance Code. The company deviates from the recommendations of the Corporate Governance Code regarding Recommendation 18 Nomination Committee. The composition of the Nomination Committee deviates from the recommendations of the Finnish Corporate Governance Code because Heikki Vauhkonen, the Managing Director, is a member of the Committee. The reason is that Tulikivi is a family company.

The Corporate Governance Statement is published separately from the Board of Directors' report and is available on the company's website and in the Annual Report.

The Corporate Governance Code is publicly available on the Securities Market Association website at *www.cgfinland.fi/en/.*

Tulikivi Corporation prepares its consolidated financial statements and interim reports in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU. In communications, the Group complies with the Securities Markets Act, the applicable standards of the Financial Supervisory Authority and NASDAQ OMX Helsinki's regulations. The Board of Directors' Report and the parent company's financial statements are prepared in accordance with the Finnish Accounting Act and the instructions and statements of the Finnish Accountancy Board.

Organisation of the Tulikivi Group

The companies in the Group are the parent company Tulikivi Corporation, Nordic Talc Oy, Tulikivi U.S. Inc. in the USA and OOO Tulikivi in Russia. Group companies also include Tulikivi GmbH and The New Alberene Stone Company, Inc., which are dormant.

The Board of Directors, which is elected by the Annual General Meeting, the Board committees, the Managing Director and the Management Group, which assists the Managing Director, are responsible for the Tulikivi Group's administration and operations.

Description of the composition and operations of the Board of Directors and the Board committees

The Board of Directors is responsible for the company's administration and the due organisation of operations. The Board of Directors is composed of no fewer than five and no more than seven members. The Annual General Meeting elects the members of the Board for one year at a time. The Board of Directors elects a chairman from among its members. The Board of Directors of the Group's parent company decides on the composition of the subsidiaries' Boards of Directors.

Composition of the Board of Directors

Tulikivi Corporation's Annual General Meeting of 27 April 2023 decided that the Board shall have six members.

Personal information of the members of the Board of Directors:

- Jyrki Tähtinen, b. 1961. Chairman of the Board. LL.M., MBA, attorney-at-law. Board membership in several companies. Tulikivi Corporation's Series A shares 42,553.
- Jaakko Aspara, b. 1981. D.Sc. (Econ. & Bus. Admin.), D.A. (Industrial Design), M.Sc. (Tech.). Board membership in several companies. Tulikivi Corporation's Series A shares 167,000.
- Niko Haavisto, b. 1972. M.Sc. (Business). Authorised Public Accountant. Board membership in several companies. No shareholding.
- Liudmila Niemi, s. 1972. Ms.S, eMBA. Board membership in several companies. Tulikivi Corporation's Series A shares 10,000
- Tarmo Tuominen, b. 1962. M.Sc. (Geology). Board membership in several companies. Tulikivi Corporation's Series A shares 20,000.
- Heikki Vauhkonen, b. 1970. Managing Director of Tulikivi Corporation. LL.B., B.Sc. (Econ. & Bus. Adm.). Tulikivi Corporation's Series K shares: 5,809,500 and Series A shares: 674,920.

According to the Board's general assessment, Jaakko Aspara, Liudmila Niemi, Niko Haavisto, Tarmo Tuominen and Jyrki Tähtinen are independent members of the Board. The company's goal is that both genders are represented on the Board. It has succeeded in reaching this goal.

During 1 January–27 April 2023 the members of the Board of Directors were Jyrki Tähtinen, Jaakko Aspara, Niko Haavisto, Liudmila Niemi, Tarmo Tuominen and Heikki Vauhkonen.

Primary duties of the Board of Directors

Pursuant to the Limited Liability Companies Act, the Board of Directors must see to the administration of the company and the appropriate organisation of its operations. The Board of Directors is responsible for the appropriate arrangement of the control of the company accounts and finances. The Board directs and supervises the company's operational management; appoints and dismisses the Managing Director; approves the company's strategic objectives, budget, total investments and their allocation, and the reward systems employed; decides on agreements that are of far-reaching consequence and the principles of risk management; ensures that the management system is operational; confirms the company's vision, values to be complied with in operations and organisational model; approves and publishes the interim reports, annual report and financial statements; and determines the company's dividend policy and summons the General Meeting. It is the duty of the Board of Directors to promote the best interests of the company and all of its shareholders.

In 2023, the company's Board of Directors convened 11 times. The average participation rate of the Board members in these meetings was 100.0%. The attendance of each member at the meetings is shown in the table below. The Board of Directors conducts a self-assessment annually.

Board Committees

The Board of Directors has two committees: the Nomination Committee and the Audit Committee. The Board of Directors appoints the members and Chairmen of the committees.

The Nomination Committee was composed of Jyrki Tähtinen (Chairman), Jaakko Aspara (member) and Heikki Vauhkonen (member). During 1 January–27 April 2023 the members of the Nomination Committee were Jyrki Tähtinen (Chairman), Jaakko Aspara (member) and Heikki Vauhkonen (member). The composition of the Nomination Committee deviates from the recommendations of the Finnish Corporate Governance Code because Heikki Vauhkonen, the Managing Director, is a member of the Committee. The reason is that Tulikivi is a family company. The duties of the Nomination Committee include the preparatory work for proposals for the election of directors to be presented to the General Meeting, the preparation of matters relating to the compensation of members of the Board of Directors and succession planning for members of the Board of Directors. The Nomination Committee met one time in 2023.

The Audit Committee was composed of Niko Haavisto (Chairman), Tarmo Tuominen (member) and Liudmila Niemi (member). During 1 January–27 April 2023 the members of the Audit Committee were Niko Haavisto (Chairman), Tarmo Tuominen (member) and Liudmila Niemi (member). The Audit Committee's task is to assist and expedite the work of the Board by dealing with issues associated with the company's financial reporting and control and ensuring communication with the auditors. The Audit Committee met four times in 2023. The average participation rate of the committee members in these meetings was 100.0%.

Managing Director

Tulikivi Corporation's Managing Director is Heikki Vauhkonen. Pursuant to the Limited Liability Companies Act, the Managing Director sees to the executive management of the company in accordance with the instructions and orders provided by the Board of Directors. The Managing Director must ensure that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner. The Managing Director must supply the Board of Directors and its members with the information necessary for the performance of the Board's duties. The Managing Director may undertake measures that are unusual or extensive in view of the scope and nature of the activities of the company only if so authorised by the Board of Directors or if it is not possible to wait for a decision of the Board of Directors without causing essential harm to the business operations of the company. In the latter case, the Board of Directors must be notified of the measures as soon as possible. The Managing Director is responsible for operational management, the implementation of the budget, the Tulikivi Group's financial result and the activities of his or her subordinates.

Management Group

In operational management and planning, the Management Director has been assisted by the Management Group, the members of which are as follows, in addition to the Managing Director himself: Jouko Toivanen, Director of Finance and Administration, Markku Prättälä, Sales Director, Finland, Martti Purtola, Director Sales & Marketing Scandinavia, Central Europe and Lining Stone, Jari Sutinen, Product Development Manager and Simo Kortelainen, Manager of Soapstone Production and Mining. The Management Group met 18 times in 2023.

Participation by Board members in the meetings of the Board, Audit Committee and Nomination Committee and Nomination Board.

1 January–31 DECEMBER 2023	Board meetings	Audit Committee	Nomination Board
Jyrki Tähtinen	11/11		1/1
Jaakko Aspara	11/11		1/1
Liudmila Niemi	11/11	4/4	
Niko Haavisto	11/11	4/4	
Tarmo Tuominen	11/11	4/4	
Heikki Vauhkonen	11/11		1/1

Personal information of the members of the Management Group:

- Heikki Vauhkonen, b. 1970. Managing Director of Tulikivi Corporation. LL.B., B.Sc. (Econ. & Bus. Adm.). Tulikivi Corporation's Series K shares: 5,809,500 and Series A shares: 674,920.
- Jouko Toivanen, b. 1967. Tulikivi Corporation's Director of Finance and Administration. D.Sc. (Tech.), M.Sc. (Eng.). Tulikivi Corporation's Series K shares: 100,000 and Series A shares: 1,506,259.
- Markku Prättälä, b. 1967. Tulikivi Corporation's Sales Director, Finland. Automation technician. Tulikivi Corporation's Series A shares 15,525.
- Martti Purtola, b. 1966. Tulikivi Corporation's Director Sales & Marketing Scandinavia, Central Europe and Lining Stone. B.Sc. (Eng.). Tulikivi Corporation's Series A shares 5,000.
- Jari Sutinen, b. 1962. Tulikivi Corporation's Product Development Manager. D.Sc. (Tech.), M.Sc. (Eng.). Tulikivi Corporation's Series A shares 15,000.
- Simo Kortelainen, b. 1980. Tulikivi Corporation's Manager of Soapstone Production and Mining. M.Sc. (Econ.) No shareholding.

Description of the main characteristics of the internal control and risk management systems associated with the financial reporting process

1. Description of the control environment

Tulikivi's business idea and values

The Tulikivi Group specialises in fireplaces, sauna heaters and interior stone products that are of a high quality and made from natural materials. Our customers appreciate the environmentally friendly and aesthetically pleasing nature of our products, the comfort created by these products and the benefits of wood heating. Tulikivi is a versatile company that appreciates its customers, entrepreneurship and fair play.

Environmental Policy

Engaging in mining activities requires the forming of a mining concession and an environmental permit. Mining operations are regulated by the Mining Act and environmental legislation. The director in charge of quarrying is responsible for ensuring that mining permits are valid and up to date.

Tulikivi's environmental strategy is geared towards systematic progress in environmental efforts in specified sub-areas. The aim of environmental work is to improve the company's ability to use natural resources sparingly and to manage processes and products in a way that minimises their environmental loading. The Group complies with the environmental legislation and norms that concern its operations, and, through the continuous improvement of Tulikivi's operations, it engages in preventive environmental work. The Group acknowledges and is aware of its responsibility as an environmental operator.

Planning and monitoring processes

The Group plans its operations and ensures the efficiency of the operations during its annual strategy planning and budgeting process. The implementation of the plans and changes in the operating environment are monitored through monthly, quarterly and annual reporting.

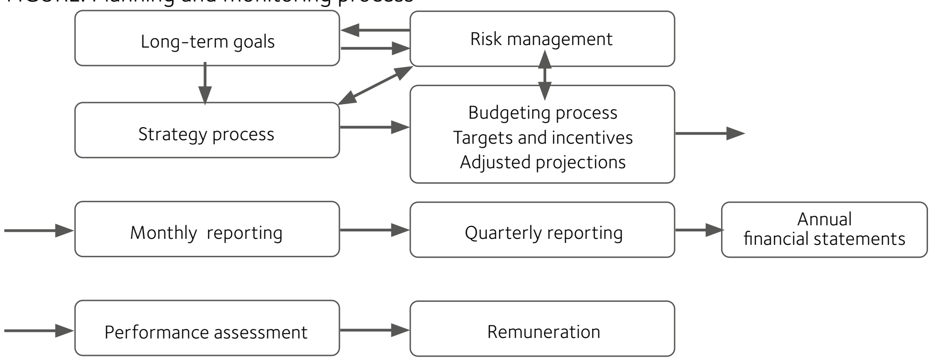
In the Tulikivi Group, risk analysis and risk management form part of the regular strategic planning process performed each year and also part of the operational management. The purpose of internal control and risk management is to ensure that all operations are efficient and profitable, based on reliable information and compliant with provisions and operating policies.

Control responsibilities

Based on the organisational structure and job descriptions, powers and responsibilities are delegated to persons with budgetary responsibility and to those in charge within the line organisation. Compliance with laws and regulations is ensured through the operational handbook and other internal guidelines.

In 2023 the focus of operations was on optimising the use of information systems and improving the quality of reporting. The enterprise resources planning system contains the necessary internal control mechanisms.

FIGURE: Planning and monitoring process



Internal control is a part of the planning and monitoring process.

FIGURE: Division of responsibilities in internal control and risk management

Responsible person/group	Responsibilities
Board of Directors	- establishes guidelines for internal control - ensures effective monitoring - approves risk management principles - reviews auditors' reports - establishes incentive systems - financial control
Audit Committee	- evaluates the efficiency of internal control - attends to issues related to reporting - maintains contact with auditors
Managing Director, assisted by the Management Group	- oversees the different areas of internal control and ensures their efficiency - ensures operational compliance with company values - adjusts operating principles and policies - ensures efficient and appropriate use of resources - establishes control mechanisms (approval principles, reconciliation and reporting practices) - establishes risk management methods and practices - environmental policy - ESG
Members of the Management Group, according to responsibility area: domestic sales, marketing, product development, exports, production, purchasing, administration and economy	- delegate specific control tasks in their respective areas of responsibility to people responsible for different operations. Ensure the efficiency of internal control within respective area of responsibility - oversee risk management in respective area of responsibility
Director of Finance and Administration	- internal accounting: monitoring and analysis of results - external accounting and reporting
Auditor	- statutory audits - expanded audits assigned by the Board of Directors or the Audit Committee - reports to the Board of Directors and the Audit Committee

Internal control is performed by the Board of Directors, the Audit Committee, the Managing Director and the Management Group in accordance with the table below, using external experts when needed. In view of the Group's size and the nature of its activities, it has not been deemed necessary to appoint an internal auditor. The Board may choose to use an external expert in certain fields.

Risk management is part of the company's control system. The purpose of risk management is to ensure that business risks are identified and constantly monitored and evaluated as part of normal business operations.

2. Risk assessment

The purpose of risk management is to ensure that the Tulikivi Group's business risks are identified and managed as effectively as possible. This allows the Group to achieve its strategic and financial goals. All goals have been assigned risk limits. If these risk limits are exceeded, or if other divergences from operating plans so require, the person in charge will initiate enhanced risk management procedures. Regular reporting indicates when financial risk limits have been exceeded.

3. Reporting system, internal control and risk management

In accordance with the reporting system, the Managing Director reports monthly to the Board of Directors on the operations and performance of the Group and its various business units and on any divergence from the budget and adjusted projections. The Managing Director also reports quarterly to the Board of Directors on the operating profit based on the interim reports, semi-annual reports or annual financial statements. The Managing Director must also report immediately on fundamental changes in the operating environment. The relevant persons in charge report according to the internal reporting system.

The parent company's Director of Finance and Administration is responsible for Group-level reporting. The parent company's financial department handles accounts and group-level accounting for domestic companies. The accounts and reporting of foreign subsidiaries are handled locally, using qualified accounting firms or external experts.

Financial reporting guidelines, competence development, reliable information systems, standard control mechanisms and expanded audits ensure accuracy in reporting. Any reported divergences from the budget and operating plans call for closer analysis to find the underlying causes.

The internal control of the financial reporting process is part of the Group's overall system of internal control. The aim is to ensure that the information produced by financial reporting is reliable, comprehensive and timely and that the financial statements are prepared in accordance with valid laws and regulations, generally accepted accounting policies and other requirements concerning listed companies.

To ensure the effectiveness of financial reporting, the Tulikivi Group has guidelines that all units must comply with. Organisational competence is ensured through briefings and training. Accounting schedules and any changes to accounting policies and laws are reviewed in preparatory meetings related to annual financial statements.

The Audit Committee evaluates the functionality of the financial reporting system quarterly on the basis of performance analyses of profit outlooks and assessment of the reporting accuracy. The evaluation also includes examining the risks associated with malpractice and illegal activity. The members of the Management Group monitor the accuracy of result reporting on a monthly basis and, within their respective areas of responsibility, evaluate the reasons for any deviation.

FIGURE: Risk identification and management

Risk analysis and prioritization	- identifying risks at the group level and in different areas of responsibility - evaluating the effects and probability of risks - determining risk limits for set goals - determining control points - identifying risks related to reporting
Risk management	- establishing risk management procedures - assigning responsible persons for different procedures - setting a time frame for implementation - establishing procedures for monitoring implementation
Risk management process control	- responsible persons report to the Managing Director on risk materialization, implemented measures and their effectiveness - risk evaluations related to controls
Risk management process continuity	- measures implemented during a reporting period, as well as foreseeable changes in the business environment, will affect the plans and risk management measures for the subsequent period - risk identification requires continuous collection of background information

4. Communications

The guidelines for reporting and accounting principles are provided to all financial personnel and those who produce information and auditing results for the financial system. The Managing Director reports any defects observed in the field of internal control, including the accuracy of reporting, to the Audit Committee. In its meetings, the Audit Committee processes the audit reports and extended audit reports and the statements for those reports provided by the persons in charge. Moreover, the Audit Committee reports to the Board about any observations it has made and any guidelines or recommendations it has supplied to the organisation.

The Managing Director is responsible for communications at the Tulikivi Group. The Group's communications guidelines cover both internal and external communications. They also specify the persons with the right to speak on behalf of the company.

5. Monitoring

The efficiency of internal control is evaluated regularly in conjunction with management and governance and separately on the basis of audit reports. In financial reporting, continuous monitoring measures include comparing goals with actual results, implementing reconciliations and monitoring the regularity of operational reports.

The Board of Directors' annual plan includes planning and monitoring meetings. The Group's information systems are largely well-established, and external experts regularly evaluate their reliability.

6. The company's insiders and insider administration

The company complies with the valid NASDAQ OMX Helsinki Guidelines for Insiders. The members of the Tulikivi Corporation Board of Directors and Management Group have been specified as managers as referred to in the Market Abuse Regulation. A Tulikivi manager may not trade in Tulikivi shares during the 30 days preceding financial results announcements. Managers and persons closely related to them must notify the company and the Financial Supervisory Authority of all transactions made on their own account concerning the company's financial instruments. The company must publish such information in a stock exchange release. Persons and parties with access to specific insider information are entered in a project-specific insider list. A person or party entered in a project-specific insider list may not engage in trading while they are on the list.

Tulikivi's related parties include the members of the company's management, their family members and also companies in which the above persons, alone or jointly, hold a controlling position. Tulikivi evaluates and monitors transactions with related parties and ensures that any conflicts of interest are taken into consideration in the company's decision-making. The Board of Directors will decide on related party transactions that are not the company's normal business operations or that are not conducted on normal commercial terms. The company maintains a list of related parties.

Tulikivi repaid the working capital loan of EUR 0.1 million to Jaakko Aspara and Jyrki Tähtinen, members of the Board of Directors who are related parties of Tulikivi Corporation, on 7 August 2023 in accordance with the terms of the agreement.

7. Auditing

The auditor is elected at the Annual General Meeting for a term ending at the conclusion of the subsequent Annual General Meeting. The Tulikivi Corporation Annual General Meeting of 27 April 2023 appointed KPMG Oy Ab, Authorised Public Accountants, as auditor, with Heli Tuuri, APA, as chief auditor. In 2023, the auditor was paid EUR 75,000 for the audit and EUR 1,000 for services not associated with the audit.

Remuneration report 2023

1. Introduction

The Tulikivi Corporation Remuneration Policy sets out the principles and decision-making processes for the remuneration of the Board of Directors and the Managing Director and the key terms of the service contract of the Managing Director. The company's remuneration principles apply to all employees of the company. Transparency in remuneration, market orientation and rewarding good performance are key principles in the remuneration process.

The company's remuneration policy applies to the company's Board of Directors and the Managing Director. The purpose of the company's remuneration policy is to encourage and reward management for operating in accordance with the company's current strategy and for compliance with current rules, and to motivate them to strive for Tulikivi's success.

Effective and competitive remuneration is an essential tool for recruiting capable management for the company, which in turn contributes to the company's financial success and good governance. Remuneration supports the achievement of the company's goals, strategy and long-term profitability.

Remuneration in accordance with the remuneration policy is based on the following elements. Basic salary and employee benefits must comply with local market practices, laws and regulations. The purpose of the short-term incentive plan is to steer the performance of individuals and the organisation and to support the rapid implementation of strategic projects. The long-term incentive plan is designed to engage key people. Long-term incentives aim to engage management and align their interests with those of the company's shareholders.

The table below shows the development in the fees paid to the Board of Directors and Managing Director compared with the development of the average remuneration of the Group's employees and the Group's financial performance over the previous five financial years.

Development of remuneration (EUR 1,000)

	2019	2020	2021	2022	2023
Annual fees of the Board of Directors	191	189	190	186	186
Annual fees of the Managing Director	230	235	238	256	257
Development of average remuneration /pp	49.2	50.9	51.7	55,6	55,9
Tulikivi's net sales	28 681	29 164	33 517	44 287	45 320
Tulikivi's operating profit	-772	1 171	2 697	4 700	5 543
Tulikivi's comparable operating profit	33	1 171	2 697	4 700	5 543

* The development of average remuneration has been calculated by dividing the salaries and fees by the average number of employees during the financial year.

2. Remuneration of the Board of Directors

The Annual General Meeting of Tulikivi Corporation decides on the fees paid to the members of the Board of Directors. As of 27 April 2023, the annual fees of the Board members were EUR 21,000, which was paid in full in cash.

Annual fees paid to members of the Board of Directors in 2020 for their Board and committee work (EUR):

	Annual fees	Audit Committee	Nominated Committee	Total
Aspara Jaakko, member of the Board	21 000		330	21 330
Haavisto Niko, member	21 000	2 640		23 640
Niemi Liudmila member	21 000	1 320		22 320
Tähtinen Jyrki, member, part-time Chairman of the Board	75 000		330	75 330
Tuominen Tarmo, member	21 000	1 320		22 320
Vauhkonen Heikki, member	21 000		330	21 330
Total	180 000	5 280	990	186 270

In addition, the part-time Chairman of the Board of Directors was paid a monthly fee of EUR 4,500 (4,500) and the member serving as the secretary of the Board of Directors was paid a monthly fee of EUR 1,400 (1,400). The members of the Board's Audit Committee and the Nomination Committee were paid a meeting attendance allowance of EUR 330 (330) per meeting. The Chairman of the Board's Audit Committee was paid a meeting attendance allowance of EUR 660 per meeting. The travel expenses of the Board of Directors are reimbursed in accordance with the company's travel rules. In 2023, no other fees than those related to their duties on the Board and the committees were paid to the members of the Board of Directors.

3. Salaries of the Managing Director and other management

The remuneration of the Managing Director and of the other members of the Management Group is composed of a fixed basic salary and, as determined in the incentive plan, annual incentive pay (variable) and a share-based payment.

The Board of Directors decides the Managing Director's salary, fees and other terms of his service contract. The incentive plan for the other members of the Management Group and for the managing directors of foreign subsidiaries is determined by the Board of Directors, and their fixed salaries by the Managing Director together with the Board Chairman.

The fixed salary of the Managing Director was EUR 203,799 (197,455) in 2023. The total salary includes the Managing Director's car and mobile phone benefits, and travel expenses are reimbursed in accordance with the company's travel rules. The Managing Director was paid incentive payments of EUR 6,527 (13,555) for the year 2023. The Managing Director's period of dismissal is three months. If the company terminates his service contract, the period of dismissal is 12 months. A separate severance payment will not be paid at the termination of the service contract.

The Managing Director's pension cover is arranged through a statutory pension insurance (YEL). Pension payments totalled EUR 46,948 (45,288).

The fixed salaries of the other members of the Management Group and of the managing directors of foreign subsidiaries were EUR 632,667 (622,257) in 2023. Incentive payments were paid EUR 21,871 (55,497) to the Management Group or the managing directors of foreign subsidiaries in 2023.

Stock options for management and key personnel

In 2022 and 2023, the company did not have a stock option programme.

Incentive pay scheme

The principles of the incentive pay scheme have been defined for the entire personnel of Tulikivi Corporation. The Board of Directors determines the scheme's earnings criteria and the amount of the incentive pay. The incentive scheme is in force for one year at a time. The Board of Directors approves the payment of incentive scheme payments to the Managing Director, members of the Management Group and the managing directors of foreign subsidiaries, and the Managing Director approves the payments to others after relevant calculations have been prepared.

1 INTRODUCTION

The Tulikivi Corporation Remuneration Policy sets out the principles and decision-making processes for the remuneration of the Board of Directors and the Managing Director and the key terms of the contract of the Managing Director.

The company's remuneration principles apply to all employees of the company. Transparency in remuneration, market orientation and rewarding good performance are key principles in the remuneration process.

The company's remuneration policy applies to the company's Board of Directors and the Managing Director. The purpose of the company's remuneration policy is to encourage and reward management for operating in accordance with the company's current strategy and for compliance with current rules, and to motivate them to strive for Tulikivi's success. Effective and competitive remuneration is an essential tool for recruiting capable management for the company, which in turn contributes to the company's financial success and good governance. Remuneration supports the achievement of the company's goals, strategy and long-term profitability.

Remuneration in accordance with the remuneration policy is based on the following elements. Basic salary and employee benefits must comply with local market practices, laws and regulations. The purpose of the short-term incentive plan is to steer the performance of individuals and the organisation and to support the rapid implementation of strategic projects. The long-term incentive plan is designed to engage key people. Long-term incentives aim to engage management and align their interests with those of the company's shareholders.

2 DECISION-MAKING PROCESS

Tulikivi Group's remuneration principles and policies are discussed by the Board of Directors. The company does not have a remuneration committee appointed by the Board of Directors to manage the remuneration system. It has not been considered necessary given the size and nature of the company's operations.

The Board of Directors monitors and supervises the performance of the remuneration policy, the competitiveness of remuneration, and the way in which the remuneration policy contributes to the long-term goals of the company and the Group and, if necessary, will propose changes to the company's remuneration policy. When changing the remuneration policy, the Board will provide the reasons for any significant changes. In addition, the Board will give an account of how the new remuneration policy has taken into account the decision of the Annual General Meeting concerning the previous remuneration policy and the opinions expressed during the Annual General Meeting's consideration of remuneration reports published following the adoption of the previous remuneration policy.

The Board of Directors adopts and presents the company's remuneration policy to the General Meeting.

The remuneration policy must be presented to the Annual General Meeting at least every four years. In addition, material changes in the remuneration policy must always be presented to the General Meeting. The General Meeting will decide whether it supports the proposed remuneration policy. The General Meeting's decision is advisory.

If a majority at a General Meeting does not support the proposed remuneration policy, the revised remuneration policy and a description of how the new remuneration policy has taken into account the decision of the General Meeting regarding the previous remuneration policy must be submitted to the General Meeting at the next Annual General Meeting at the latest. The Board of Directors has been entrusted with the preparation of the remuneration proposal. The General Meeting makes the final decision on the fees payable to the members of the Board of Directors.

The Board of Directors shall decide on the remuneration and key terms of service of the Managing Director and Deputy to the Managing Director, if any. The decisions must be made within the current remuneration policy presented to the General Meeting.

The Managing Director is assisted by the Management Group in the operative management of the company. The Board appoints the Managing Director, who appoints the other members of the Management Group. The Board of Directors decides on the company's remuneration and incentive plan.

3 REMUNERATION OF THE BOARD OF DIRECTORS

The Annual General Meeting decides on the fees paid to the members of the Board of Directors for one term at a time based on the Board of Directors' proposal.

The decision on the remuneration of the members of the Board of Directors must be based on the valid remuneration policy that has been presented to the Annual General Meeting. In accordance with the decision of the Annual General Meeting, members of the Board of Directors are paid an annual or monthly fee and / or a meeting fee.

Members of the Board of Directors may be reimbursed for travel expenses and / or other expenses resulting directly from the duties as a Board member in accordance with the decision of the Annual General Meeting.

The Board members and members of any committee may be paid, in accordance with the decision of the Annual General Meeting, in whole or in part in company shares.

The members of the Board of Directors are not covered by the short-term incentive pay scheme, the company's stock option schemes or other long-term incentive plans.

The General Meeting or the Board, when authorised by the General Meeting, decides on the distribution of the company's shares, options and other special rights entitling to shares. Where shares, options or other special rights entitling to shares are granted to members of the company's bodies as part of remuneration, this must take place within the framework of the remuneration policy.

If a company employee is a member of the Board of Directors, their remuneration shall be determined on the same basis as that of the other members of the Board of Directors, and their salary and other benefits are determined in accordance with the terms and conditions applicable to their employment relationship.

4 REMUNERATION OF THE MANAGING DIRECTOR

The Board of Directors decides on the remuneration of the Managing Director and the terms and conditions of his/her contract of service within the framework of a valid remuneration policy that has been presented to the Annual General Meeting.

Remuneration components and their proportional shares of overall remuneration

The Managing Director's remuneration consists of a monthly salary, benefits and performance-based incentive plans. The Managing Director's remuneration may also include a supplementary pension and severance compensation.

The incentive plans consist of an annual short-term incentive pay scheme and a long-term share-based incentive plan.

The Managing Director's basic salary must be in line with the interests of the company and its shareholders. The basic salary should be competitive on the labour market in order to attract and retain talented professionals.

Short-term incentive pay

The Managing Director may be paid an annual performance bonus. The Board of Directors set the Managing Director's performance targets.

The Managing Director's performance period for the short-term incentive pay is one year.

The Managing Director may be entitled to an performance bonus of up to 75 per cent of the fixed annual salary if the criteria set annually by the Board are met.

The criteria defined by the Board of Directors may take into account financial, business or shareholder value, customer or staff satisfaction, quality and corporate responsibility objectives that are critical for the implementation the company's strategy. The Board of Directors will evaluate whether the criteria have been met.

Long-term incentive pay

The purpose of the long-term incentive pay is to encourage the Managing Director to work on increasing the long-term shareholder value and to further commit the Managing Director to the company.

The Managing Director is covered by a share- or option-based plan decided by the company.

The stock options will be distributed to key personnel employed by a Group company as part of the Group's incentive and commitment plan for key personnel. The terms and conditions of the stock options define the related vesting periods and ownership obligation.

The company may distribute stock options or bonuses to key personnel employed by the company and to the Managing Director as part of the Group's incentive and commitment programme for key personnel.

The company does not currently have a stock option plan.

Pension plan

The Managing Director's pension coverage is provided under statutory pension cover (YEL), which provides pension and earnings-based pension coverage as required by law. The retirement age of the Managing Director is determined by the Employees' Pensions Act.

Terms of termination

The service contract may stipulate a notice period applicable to the Managing Director. The Managing Director's period of notice is three months. If the company terminates the service contract, the period of notice is 12 months. A separate severance payment will not be paid at the termination of the contract. In addition, other terms of termination may be agreed upon with the Managing Director, such as that the Managing Direct will be entitled to a stock option plan that has already been issued, in all circumstances, including in the event of termination.

Terms for deferral and possible clawback of remuneration

The company's remuneration policy does not include any terms or conditions for deferring remuneration that could be used to reclaim any benefits paid other than for stock options. As a rule for stock options, key employees lose their options when their employment relationship with the company ends. However, the Board of Directors may decide to deviate from the above condition in the terms of the Managing Director's service contract.

5 REQUIREMENTS FOR TEMPORARY DEVIATION

There may be temporary deviation from the remuneration policy when it is necessary to ensure the long-term interests of the company, taking into account the company's long-term financial success, competitiveness and development of shareholder value.

Temporary deviation from a valid remuneration policy is only possible in exceptional circumstances in which the core operating circumstances of the company have, following the General Meeting's consideration of the remuneration policy, changed as a result of a change of Managing Director or a merger or an acquisition proposal or regulation, and the valid remuneration policy of the company's bodies would no longer be appropriate in the changed circumstances.

If the deviation from the remuneration policy is expected to continue other than on a temporary basis, the company shall draw up a new remuneration policy, which will be discussed at the next Annual General Meeting.

The Board of Directors evaluates the need for deviation from the remuneration policy and decides on the deviation. An account of a temporary deviation must be included in the remuneration report.

6 AVAILABILITY OF REMUNERATION POLICY

The company's valid remuneration policy is available to the public on its website.

If the company's general meeting has voted on the remuneration policy, the date and result of the vote must be disclosed in conjunction with the policy.

Information for Shareholders

Annual General Meeting

The Annual General Meeting of Tulikivi Corporation will be held on 25 April 2024 starting at 14:00 p.m. at the premises of Borenius Attorneys Ltd., Eteläesplanadi 2, 00130 Helsinki. Financial statement documents will be available for inspection at the company's Internet site and head office in Nunnanlahti as from March 31, 2024. Copies of these documents will be sent to shareholders upon request. The right to participate in the Annual General Meeting rests with a shareholder who by April 15, 2024 at the latest has been registered in the company's shareholder list that is maintained by Euroclear Finland Ltd. Shareholders who wish to attend the Annual General Meeting must notify the company thereof by April 15, 2024, either by telephoning mat +358 207 636 321 (Monday to Friday 8 a.m. to 4 p.m.) by emailing: *maj-lis.kallinen@tulikivi.fi*, by writing: Tulikivi Corporation / Annual General Meeting, Kuhnustantie 65, FI-83900 Juuka. Holders of nominee registered shares: instruction for the participants in the general meeting in address *www.tulikivi.com > Investors > General Meeting > General Meeting 2024*.

Payment of Dividends

The Board will propose to the Annual General Meeting that a dividend of EUR 0.01 per Series A share and EUR 0.0087 per Series K share be paid.

Share Register

We request shareholders to report any changes in their personal details, address and share, excluding ownership to the book-entry register in which the shareholder has a bookentry securities account.

Financial Reports

Tulikivi Corporation will publish the following financial reports in 2024:

Financial Statements Release on 1 March 2024

- Interim Report for January–March 3 May 2024
- Half Year Financial Report for January–June 16 August 2024
- Interim Report for January–September 1 November 2024

The Annual Report, Interim Reports and the company's stock exchange releases are published in Finnish and English.

The Annual Report will be published on the company´s website in week 13. Financial reports are posted on the company´s website, www.tulikivi.com, on their day of publication. If you have questions concerning investor relations, please contact the company´s director of finance and administration Jouko Toivanen, Tel. +358 207 636 330.

TULIKIVI CORPORATION´S ANNUAL SUMMARY OF STOCK EXCHANGE RELEASES 2023

3.3.2023	Tulikivi Corporation Financial statements release 1–12/2022: Strong growth continued.
28.3.2023	Notice to the Annual General meeting of Tulikivi Corporation 2023.
31.3.2023	Tulikivi Corporation’s annual report for 2022 has been published.
27.4.2023	Resolutions of the Annual General Meeting of Tulikivi Corporation on 27 April 2023.
5.5.2023	Tulikivi Corporation Interim report 1–3/2023: Strong export growth continued.
28.6.2023	Tulikivi Corporation - Managers’ Transactions: Jouko Toivanen.
18.8.2023	Tulikivi Corporation Half year financial report 1–6/2023: Profitable export growth continued.
23.8.2023	Tulikivi Corporation: Notification in accordance with chapter 9, section 10, of the Securities Markets Act.
3.11.2023	Tulikivi Corporation Interim report 1–9/2023: Strong operating profit in an uncertain market.
20.11.2023	Tulikivi Corporation financial reporting in 2024.

Board of Directors' Report and Financial Statements of Tulikivi Corporation for year 2023

■ Audited

BOARD OF DIRECTORS’ REPORT 2023

Operating environment

The high heating energy prices and the uncertainties related to energy availability of the previous heating season were still fresh in the memories of consumers and are estimated to have continued to influence the growth in demand for Tulikivi products. In addition to the general economic downturn, demand is likely to be weakened in particular by the downturn in new construction and renovation. Similarly, country-specific construction and emissions regulations and investment subsidies are estimated to have affected demand.

The EU Ecodesign Directive entered into force on 1 January 2022, and as a result emission regulations for fireplaces were harmonised and became stricter in the European Union. In connection with the change, Finland’s emissions requirements for ready-made fireplaces also became stricter to match the Central European level. This change is expected to benefit Tulikivi because its combustion technology met the new requirements for fireplaces well before the implementation of the change. In this respect, the Jero collection is a good complement to the collection as a whole.

Net sales and profit

The Tulikivi Group’s fourth-quarter net sales totalled EUR 9.9 million (EUR 13.8 million in 10–12/2022), the operating profit was EUR 0.6 (1.5) million and the result before taxes was EUR 0.5 (1.5) million. After the exceptionally high demand for fireplaces starting in 2022, the market situation calmed down in the second half of 2023. This was influenced by energy prices, which started to decline in the summer. In addition, high interest rates significantly reduced new construction and housing sales, leading to a decline in consumer building projects in Finland and elsewhere in Europe. In the fourth quarter, the company’s order intake was EUR 7.4 (14.3) million. Tulikivi’s order books remained at a good level, although below the 2022 peak, and amounted to EUR 6.8 (17.2) million at the end of the review period.

The Tulikivi Group’s net sales in the review period totalled EUR 45.3 million (EUR 44.3 million in 1–12/2022), the operating profit was EUR 5.5 (4.7) million and the result before taxes was EUR 4.9 (4.1) million. The growth in net sales is attributable to systematic long-term work to renew the product portfolio, the development of online sales and the streamlining of distribution channels in export markets. In 2023, the profitability of the business developed well and the operating margin exceeded the long-term financial target of 12 per cent. The good profitability was made possible by the growth in net sales from exports, good cost control and successful profitability measures. The company’s profitability is also supported by the fact that its operations are, to a substantial degree, based on the utilisation of its own soapstone reserves in Finland.

In the review period, net sales in Finland were EUR 14.7 (16.7) million, or 32.4 per cent (37.8) of total consolidated net sales. Measures to improve sales and customer experience were continued in Finland in order to increase renovation sales despite the weakened market situation.

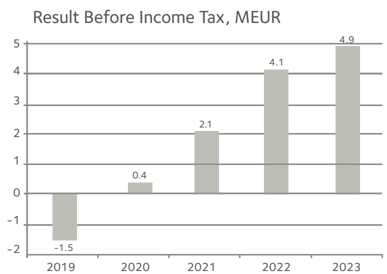
Net sales in export markets in the review period were EUR 30.6 (27.6) million, or 67.6 per cent (62.2) of total consolidated net sales. The largest countries for exports were Germany, France and Sweden. In Central Europe, sales and training activities were continued for the expansion of the distribution network of both Tulikivi and Kermansavi fireplaces. These measures focused on the new compact Jero collection, the deliveries of which started as planned in the final quarter. The Jero collection has been very well received in all markets, by retailers and consumers alike. Consumers in Central Europe prefer products in the stove-size range, and the new Jero collection will enable Tulikivi to reach new customer groups.

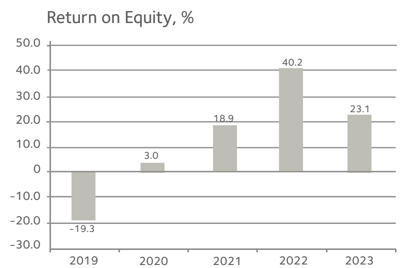
The sauna business focused on the commercialisation of a new range of electric sauna heaters. It will be launched for domestic and export markets during spring 2024. The collection highlights the great features of Tulikivi sauna heaters: high-quality design, energy efficiency, original materials and safety. The strong profit performance of recent years provides a good basis for advancing the key projects in Tulikivi’s strategy. The main objectives are to grow the market share in the Central European fireplace market, to increase the net sales of the sauna business, and move the Suomussalmi talc project forward to the investment stage.

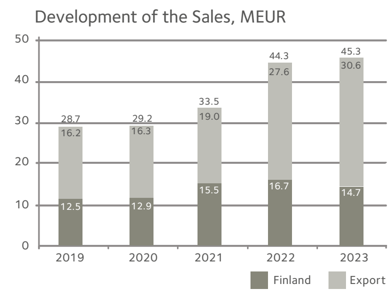
Financing

Net cash flow from operating activities was EUR 2.2 (2.8) million in the fourth quarter, and EUR 4.9 (6.3) million during the review period. Working capital totalled EUR 5.2 (2.4) million at the end of the review period. The increase was mainly due to an increase in inventories and a decrease in trade payables and accrued expenses.

Loan repayments totalled EUR 2.3 (1.1) million in the review period. During the review period, EUR 0.6 million was used for the development of the talcum powder project from a research







and development loan granted by Business Finland. Total debt was EUR 10.6 (12.3) million at the end of the review period, and net financial expenses were EUR 0.7 (0.6) million in the review period. The equity ratio at the end of the review period was 47.8 per cent (39.0). The ratio of interest-bearing net debt to equity, or gearing, was 58.4 per cent (72.7). The current ratio was 1.6 (1.3), and equity per share was EUR 0.30 (0.24). At the end of the review period, the Group's cash and other liquid assets were EUR 2.7 (3.7) million.

On 22 December 2022, Tulikivi agreed with Nordea Bank Plc on the restructuring of its financing. This facility replaced and refinanced the company's existing loans and provided for future growth-supporting investments and working capital needs. The financing agreement includes a repayment programme for 2022–2028 and loan covenants to the finance provider. The company's management estimates that the company will fulfil the financial covenants during the next 12 months.

Investments and product development

The Group's investments totalled EUR 3.5 (1.9) million during the review period. The most significant investments in the review period were an investment in a multiple blade saw used in production, an investment in the expansion of the soapstone quarry, investments in the development of the talc deposit and in product development, which was the investment in the development of the new Jero and sauna heater collections.

Product development expenditure during the review period was EUR 1.4 (1.2) million, or 3.0 per cent (2.7) of net sales. EUR 0.5 (0.4) million of this was capitalised in the balance sheet.

Suomussalmi talc reserves

The results of the product testing of finely ground planned talc products for plastic and paint applications that were started in the autumn were completed at the end of the year. These results show that talc products of competitive quality compared to the characteristics of talc products on the market can be made from the enriched Haaponen talc. It is worth noting that these are the first experimental products, and that there has not yet been time to optimise their characteristics.

During the fourth quarter, preparations were started for the production of a significantly larger batch of concentrate, which will enable the grinding and specification of finely ground end products.

Utilising the side streams from talc production would improve the resource efficiency and profitability of the project. The plan is to use the adjoining rock and soil from the mining operations for construction and landscaping in the area. Talc enrichment produces a by-product known as tailings sand that consists mainly of magnesite (magnesium carbonate), which contains almost 40 per cent magnesium oxide by weight. The company will continue to investigate the possibilities for the exploitation of magnesite. The potential use of by-products and its impact on the project's environmental impact will be taken into account in the Environmental Impact Assessment Report, which is intended to be submitted to the ELY Centre, the contact authority, in the second quarter of 2024.

Based on a prefeasibility study, we believe that the decisions made during 2023 in terms of technology and product portfolio will strengthen the competitiveness of the project. The project's profitability is boosted by the largest untapped talc deposit in Europe, a carbon-neutral talc mine and talc enrichment plant concept, and dry stacking of the tailings. These factors also enable responsible production.

In recent years, the company has invested around EUR 2.2 million in the development of the talc project.

Nevertheless, despite the good progress it is still too early to evaluate whether the project will be carried out or to estimate its financial impacts.

Personnel

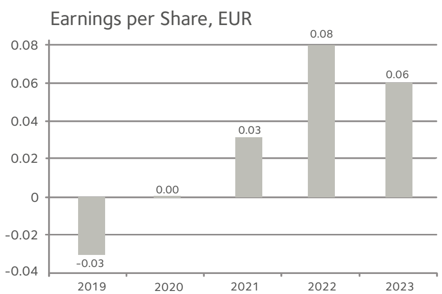
The Group had an average of 224 (220) employees in the review period. In the review period, total salaries and bonuses amounted to EUR 10.8 (10.5) million, but relative to net sales, salaries and bonuses were lower than in the comparison period. Operations were adjusted in the review period through layoffs for production-related reasons.

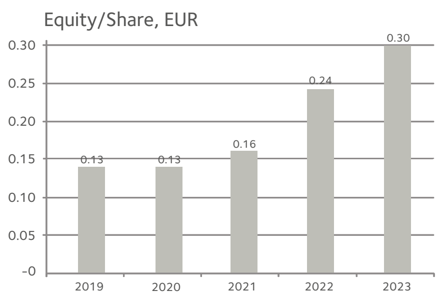
Annual General Meeting

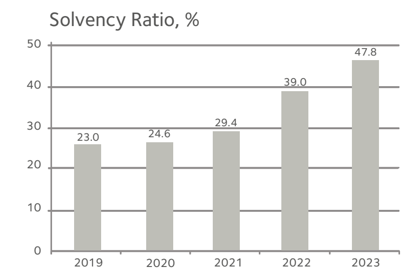
The Annual General Meeting of Tulikivi Corporation held on 27 April 2023 resolved not to distribute a dividend for the 2022 financial year. Jaakko Aspara, Liudmila Niemi, Niko Haavisto, Tarmo Tuominen, Jyrki Tähtinen and Heikki Vauhkonen were elected as members of the Board of Directors. The Board elected Jyrki Tähtinen as its Chair. The auditor appointed was KPMG Oy Ab, Authorised Public Accountants, with Heli Tuuri, APA, as principal auditor.

The Annual General Meeting authorised the Board of Directors to decide on issuing new shares and on assigning Tulikivi Corporation shares held by the company in accordance with the proposals of the Board. Tulikivi can issue new shares or assign treasury shares as follows: a maximum of 15,656,622 Series A shares and a maximum of 2,304,750 Series K shares.

The authorisation includes the right to decide on a directed rights issue, deviating from the shareholders' right of pre-emption, provided that there is a compelling financial reason for the company. The authorisation also includes the right to decide on a bonus issue to the company itself, where the number of shares issued to the company is no more than one







tenth of the total number of the company's shares.

The authorisation also includes the right to issue special rights referred to in chapter 10, section 1, of the Limited Liability Companies Act, which would give entitlement to Tulikivi shares against payment or by setting off a receivable. The authorisation includes the right to pay the company's share rewards. The Board is authorised to decide on other matters concerning share issues. The authorisation is valid until the 2024 Annual General Meeting.

Treasury shares

The company did not purchase or assign any treasury shares during the review period. At the end of the review period, the total number of Tulikivi shares held by the company was 124,200 Series A shares, corresponding to 0.2 per cent of the company's share capital and 0.1 per cent of all voting rights.

Board of Directors' proposal on use of distributable equity

The Board will propose to the Annual General Meeting that a dividend of EUR 0.01 per Series A share and EUR 0.0083 per Series K share be paid.

Near-term risks and uncertainties

The Group's most significant risk is a decline in net sales in the principal market areas. The number of new construction and renovation projects affect the sales of Tulikivi's products in Finland. Economic uncertainties in the principal market areas also impact the demand for Tulikivi's products. High inflation and economic and geopolitical uncertainty may also weaken consumer confidence and, consequently, demand for Tulikivi products.

The strong rise in the prices of procured parts, wages, and freight and energy costs may affect the company's profitability if the prices of Tulikivi products cannot be correspondingly raised.

The risks are described in more detail on page 84 of the company's 2023 Annual Report.

Long-term financial targets

Tulikivi's goal is to exceed EUR 50 million in net sales by the end of 2026, and new product ranges will account for approximately 30 per cent of this. In terms of comparable operating profit, the goal is to exceed 12 per cent of net sales. The equity ratio goal is to retain the minimum level of 40 per cent.

Future outlook

Net sales in 2024 are expected to be EUR 37 to 44 million and the comparable operating profit is expected to be EUR 3 to 5 million.

Key figures and information concerning ownership

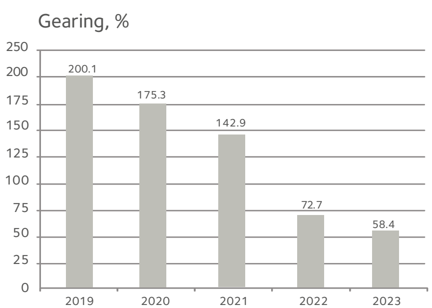
The key figures concerning the Group's financial performance, as well as key figures per share and their calculation formulas, are presented in the financial statements, along with the company's shareholders and the management's holdings.

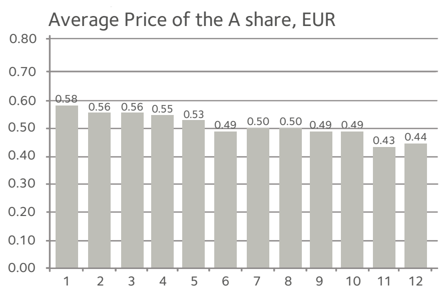
Corporate Governance Statement

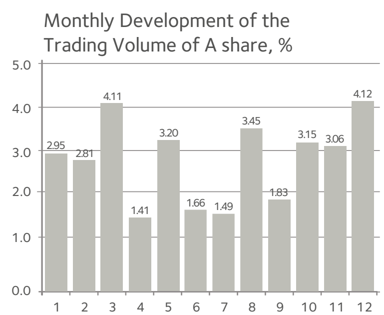
Tulikivi Corporation will issue its Corporate Governance Statement for 2023 separately from the Annual Report. The Corporate Governance Statement has been prepared in accordance with Finnish Corporate Governance Code, which entered into force on 1 January 2020. Information about corporate governance can be found under "Corporate Governance and Management" on Tulikivi's website at www.tulikivi.com/en/tulikivi/corporation.

Group structure

The companies included in the Group are the parent company Tulikivi Corporation, Nordic Talc Oy, Tulikivi U.S. Inc. in the United States and OOO Tulikivi in Russia. Group companies also include Tulikivi GmbH and The New Alberene Stone Company, Inc., which are dormant.







Key Financial Indicators

Development of the Group by Quartal and Business Area

MEUR	Q4/2023	Q3/2023	Q2/2023	Q1/2023	Q4/2022	Q3/2022	Q2/2022	Q1/2022
Sales	9,9	9,1	13,3	13,0	13,8	9,9	12,2	8,4
Operating profit	0,6	1,3	2,3	1,3	1,5	1,2	1,7	0,3

Key Figures, thousand euros unless stated otherwise

Income statement	2019	2020	2021	2022	**2023**
Sales	28681	29164	33517	44287	45320
Change, %	0,3	1,7	14,9	32,1	2,4
Operating profit	-772	1171	2697	4700	5543
% of turnover	-2,7	4,0	8,0	10,6	12,2
Finance incomes and expenses	-776	-806	-608	-622	-687
Result before income tax	-1548	365	2089	4078	4857
% of turnover	-5,4	1,3	6,2	9,2	10,7
Income taxes	-95	-128	-436	752	-1092
Result for the year	-1641	237	1653	4830	3702
Balance sheet					
Assets					
Non current assets	23334	22124	21719	23219	23460
Inventories	6553	6683	7965	8658	9570
Cash and cash equivalents	1158	1310	1074	3715	2682
Other current assets	2981	2482	2975	3691	3002
Equity and liabilities					
Equity	7717	7901	9574	14449	18133
Interest bearing liabilities	15078	14178	12871	11800	10562
Non-interest bearing liabilities	10308	10520	11288	13034	10018
Balance sheet total	34026	32599	33733	39283	38714

Key Figures	2019	2020	2021	2022	**2023**
Return on equity, %	-19,3	3,0	18,9	40,2	23,1
Return on investments, %	-3,0	5,6	12,6	19,7	20,8
Solvency ratio, %	23,0	24,6	29,4	39,0	47,8
Net indebtness ratio, %	200,1	175,3	142,9	72,7	58,4
Current ratio	1,1	1,1	1,1	1,3	1,6
Gross investments, EUR 1 000	906	763	1502	1890	3515
% of turnover	3,2	2,6	4,5	4,3	7,8
Research and development costs, EUR 1 000	601	734	1081	1210	1379
% of turnover	2,1	2,5	3,2	2,7	3,0
Development costs (net), capitalised, EUR 1 000	319	216	372	384	467
Order book, EUR million	2,9	3,2	6,3	17,2	6,8
Average personnel	205	192	204	220	224

Key indicators per share

Key figures, IFRS					
Earnings per share, EUR	-0,03	0	0,03	0,08	0,06
Dividends					
Nominal dividend per share, EUR					
A share	–	–	–	–	0,01
K share	–	–	–	–	0,0083
Key indicators per share					
Equity per share, EUR	0,13	0,13	0,16	0,24	0,30
Dividend per earnings, %	–	–	–	–	15,5
Effective dividend yield, %/A shares	–	–	–	–	2,1
Price/earnings ratio, EUR	-5,3	125	17,1	7,4	7,7
Highest share price, EUR	0,19	0,54	0,73	0,95	0,61
Lowest share price, EUR	0,1	0,08	0,25	0,38	0,39
Average share price, EUR	0,14	0,21	0,43	0,64	0,51
Closing price, December 31, EUR	0,17	0,39	0,48	0,60	0,47
Market capitalization, EUR 1 000	10038	23003	28559	35848	28320
(supposing that the market price of the K share is the same as that of the A share)					
Number of shares traded, (1 000 pcs)	8263	40771	68398	32570	17481
% of the total amount	16,0	78,7	132,1	62,9	33,8
The average issue-adjusted number of shares for the financial year (1 000 pcs)	59747	59747	59747	59747	59747
The issue-adjusted number of outstanding shares at December 31 (1 000 pcs)	59747	59747	59747	59747	59747

Non-recurring items

To ensure comparability between reporting periods, the Group classifies certain items of expense and income as non-recurring items in its financial reporting. The Group presents as non-recurring items expenses and income related to the restructuring of the Group's operations, non-recurring impairment losses on goodwill and assets, and other exceptional items that materially distort the comparability of the profitability of the Group's core business.

Calculations of Key Ratios

Key figures describing financial development

Return on equity (ROE), % = $100 \times \dfrac{\text{Result for the year}}{\text{Average shareholders' equity during the year}}$

Return on investments (ROI), % = $100 \times \dfrac{\text{Result before income tax + interest and other finance expenses}}{\text{Shareholders' equity + financial loans with interest, average during the year}}$

Solvency ratio, % = $100 \times \dfrac{\text{Shareholders' equity}}{\text{Balance sheet total - advance payments}}$

Net indebtness ratio, % = $100 \times \dfrac{\text{Net interest-bearing financial liabilities}}{\text{Shareholders' equity}}$

Current ratio= $\dfrac{\text{Current assets}}{\text{Current liabilities}}$

Key figures, IFRS

Earnings per share = $\dfrac{\text{Profit/loss attributable to owners of the parent company}}{\text{Average issue-adjusted number of shares for the financial year *)}}$

Dividend per share = $\dfrac{\text{Dividend paid for the year}}{\text{Issue-adjusted number of shares at balance sheet date *)}}$

Key figures per share

Equity per share = $\dfrac{\text{Shareholders' equity}}{\text{Issue-adjusted number of shares at balance sheet date *)}}$

Dividend per earnings, % = $100 \times \dfrac{\text{Dividend per share}}{\text{Earnings per share}}$

Effective dividend yield, % = $100 \times \dfrac{\text{Issue-adjusted dividend per share}}{\text{The closing price of A- share at balance sheet date}}$

Price/ Earnings ratio (P/E) = $\dfrac{\text{The closing price of A-share at balance sheet date}}{\text{Earnings per share}}$

*) own shares held by the company excluded

Indicators relating to environmental obligation, thousand euros	**2023**	2022	2021
Use of energy, electricity MWh	9 139	9 162	8 216
Use of oil, m^3	100	90	145
District and wood chips heating, MWh	658	493	694
Liquid gas, tonne	0	0	0
Fuel for vehicles, tonne.	348	235	155
Exsplosives, tonne	90	50	40
Stone material extracted in quarrying, 1 000 fixed-m^3	176	116	192
Quarrying of soap stone, 1 000 fixed-m3 gross	80	50	54
Stacked soil material, 1 000 net-m^3	236	356	202
The lubricant used for saw chains, for soap stone extraction sawing, is rapeseed oil which binds permanently with fine soap stone powder.	90	56	65

The amount of soapstone used is affected by factory-specific capacity as well as yield of stone in the quarry and the factory in a given time.

Acquired natural stone, 1 000 tonne	1	1	1

Leftover clippings from production are partly used as filling for earthwork sites, the rest is stacked in stacking areas or is transferred to a waste disposal site. The natural stone is purchased from external suppliers.

The ceramic fireplace production uses mainly recycled porcelain fracture, feldspar and various kinds of cements as raw material for concrete products. The amount of ceramic materials used annually is approximately 1 500 tonnes. The amount of surface tiles used in coating of ceramic fireplaces supplied annually is approximately 50 tonnes and waste from cutting of ceramic tile slabs is directed to the sedimentation basin. Normal washing water and waste from the ceramic and concrete production is directed to the sedimentation basin on the factory area from which the solids are carried to the dumping ground.

In 2023, 5 954 cubic meter new process water was taken in Group's production processes. Soapstone manufacturing uses a closed process water cycle. In the Espoo plant part of process waters is recyclable, in the Heinävesi production plant process waters are treated in sedimentation basins. In Heinävesi process waters are led through sedimentation basins to the water system as overflow to drainage network or they absorb into ground. Quarry waters are led to the water system through sedimentation basins. Domestic waste water is led to the municipal waste water system or in absence of such a system, in filted fields.

Shareholders and Management Ownership December 31, 2023

10 Major shareholders according to number of shares Shares registered in the name of a nominee are not included.	K shares	A shares	Proportion, %
1. Vauhkonen Heikki	5 809 500	674 920	10,83
2. Keskinäinen Eläkevakuutusyhtiö Ilmarinen		3 420 951	5,71
3. Elo Eliisa	477 500	2 631 036	5,19
4. Suomen Kulttuurirahasto SR	100 000	2 158 181	3,77
5. Toivanen Jouko	100 000	1 506 259	2,68
6. Mutanen Susanna	797 500	799 721	2,67
7. Keskinäinen vakuutusyhtiö Fennia		1 515 151	2,53
8. Laakkonen Mikko		1 500 000	2,51
9. Nikkola Jarkko		1 482 200	2,48
10. Keskinäinen työeläkevakuutusyhtiö Elo		1 475 107	2,46

10 Major shareholders according to number of votes Shares registered in the name of a nominee are not included.	Votes/K shares	Votes/A shares	Proportion, %
1. Vauhkonen Heikki	58 095 000	674 920	45,55
2. Mutanen Susanna	7 975 000	799 721	6,80
3. Elo Eliisa	4 775 000	2 631 036	5,74
4. Vauhkonen Mikko	3 975 000	275 760	3,29
5. Keskinäinen Eläkevakuutusyhtiö Ilmarinen		3 420 951	2,65
6. Suomen Kulttuurirahasto SR	1 000 000	2 158 181	2,45
7. Toivanen Jouko	1 000 000	1 506 259	1,94
8. Keskinäinen Vakuutusyhtiö Fennia		1 515 151	1,17
9. Laakkonen Mikko		1 500 000	1,16
10. Nikkola Jarkko		1 482 200	1,15

The members of the Board and Managing Director control 5 810 000 K shares and 1 008 976 A shares representing 45.82 % of votes.

Breakdown of share ownership of December 31, 2022 Number of shares	Shareholders pcs	Proportion %	Shares pcs	Proportion %
1 - 100	2 387	24,96	109 268	0,09
101 - 1000	3 934	41,13	1 954 920	1,52
1001 - 5000	2 276	23,80	5 600 328	4,34
5001 - 10000	494	5,17	3 798 477	2,94
10001 - 100000	415	4,34	10 691 666	8,28
100001 -	58	0,61	106 859 084	82,83
Total	9 564	100,00	129 013 743	100,00

The Company's shareholders were broken down by sector as follows Sector	Holding %	Votes %
Enterprises	6,19	2,87
Financial and insurance institutions	5,06	2,35
Public organisations	8,18	3,80
Non-profit organisations	4,37	2,73
Households	75,39	87,88
Foreign	0,81	0,37
Total	100,00	100,00

Nominee-registered shares, 1 829 389 in total (3,06 per cent of the capital stock, 1,418 per cent of votes), are entered under financial and insurance institutions.
Treasury shares owned by Tulikivi Corporation, in total 124 200 Series A shares, are included in section dealing with shareholding information.

Consolidated Financial Statements, IFRS
Consolidated Statement of Comprehensive Income

Thousand euros	Note	1.1. - 31.12.2023	1.1. - 31.12.2022
Sales	3	**45 320**	44 287
Other operating income	4	345	313
Increase/decrease in inventories of finished goods and in work in progress		-116	571
Production for own use		1 152	742
Raw materials and consumables		-10 856	-12 051
External services		-5 791	-6 072
Personnel expenses	5	-13 350	-12 813
Depreciation and amortisation	6	-3 103	-2 418
Other operating expenses	7	-8 058	-7 859
Operating result		**5 543**	4 700
Financial income	8	171	85
Financial expenses	9	-858	-708
Result before income tax		**4 856**	4 077
Income taxes expense	11	-1 092	752
Result for the year		**3 764**	4 829
Other comprehensive income			
Items that may be reclassified to profit or loss			
Translation differences	10	-79	45
Other comprehensive income, net of tax		-79	45
Total comprehensive result for the year		**3 685**	4 874
Calculated from result attributable to the equity holders of the parent company earnings per share, EUR basic/diluted	12	**0,06**	0,08

Consolidated Statement of Financial Position

Thousand euros	Note	31.12.2023	31.12.2022
Assets			
Non-current assets			
Property, plant and equipment	13	6 961	6 852
Goodwill	15	2 849	2 849
Other intangible assets	15	11 062	9 882
Investment properties	14	20	20
Other financial assets	17	26	26
Deferred tax assets	18	2 448	3 483
Other receivables	17	94	107
Total non-current assets		**23 460**	23 219
Current assets			
Inventories	19	9 570	8 658
Trade and other receivables	20	3 002	3 691
Cash and cash equivalents	21	2 682	3 715
Total current assets		**15 254**	16 064
Total assets		**38 714**	39 283
Equity and liabilities			
Capital and reserves attributable to equity holders of the Company			
Share capital	22	6 314	6 314
Treasury shares	22	-108	-108
The invested unrestricted equity fund	22	14 407	14 407
Translation differences	22	19	98
Retained earnings		-2 498	-6 262
Total equity		**18 134**	14 449
Non-current liabilities			
Deferred income tax liabilities	18	572	581
Provisions	24	250	258
Non-current liabilities	25	8 534	10 000
Other non-current liabilities	26	1 787	1 682
Total non-current liabilities		**11 144**	12 522
Current liabilities			
Trade and other payables	26	7 375	10 380
Current tax liabilities		0	105
Provisions	24	34	28
Short-term interest-bearing liabilities	25	2 028	1 800
Total current liabilities		**9 436**	12 312
Total liabilities		**20 580**	24 834
Total equity and liabilities		**38 714**	39 283

Consolidated Statement of Cash Flows

Thousand euros	Note	1.1. - 31.12.2023	1.1. - 31.12.2022
Cash flows from operating activities			
Result for the year		3 764	4 829
Adjustments:			
Non-cash transactions	29	2 999	2 436
Interest expense and finance costs		858	708
Interest income		-167	-80
Dividend income		-4	-5
Income taxes	11	1 092	-752
Changes in working capital:			
Change in trade and other receivables		692	-694
Change in inventories		-912	-689
Change in trade and other payables		-2 735	1 318
Interest paid		-690	-700
Interest received		166	53
Dividends received		4	5
Income tax paid		-188	-105
Net cash flow from operating activities		**4 879**	6 324
Cash flows from investing activities			
Purchases of property, plant and equipment (PPE)		-895	-327
Purchases of intangible assets		-2 567	-1 680
Grants for intanginble assets		177	90
Proceeds from sale of tangible assets		18	42
Investments in other investments		0	0
Net cash flow from investing activities		**-3 267**	-1 875
Cash flows from financing activities			
Repayments of current borrowings		-450	0
Proceeds from noncurrent borrowings		562	11 800
Repayments of noncurrent borrowings		-1 800	-12 921
IFRS 16 lease liabilities paid		-864	-714
Net cash flow from financing activities		**-2 552**	-1 835
Net decrease (-) / increase (+) in cash and cash equivalents		-940	2 614
Cash and cash equivalents at the beginning of the year		3 715	1 074
Exchange gains (+) / losses (-)		-93	27
Cash and cash equivalents at the end of the year	21	**2 682**	3 715

Consolidated statement of changes in equity

Attributable to equity holders of the Company	Note	Share capital	The invested unrestricted equity fund	Treasury shares	Translation differences	Retained earnings	Total equity
Thousand euros							
Equity at January 1, 2022		6 314	14 407	-108	52	-11 091	**9 574**
Total comprehensive result for the year					46	4 829	4 874
Equity at December 31, 2022		6 314	14 407	-108	98	-6 262	14 449
Equity at January 1, 2023		**6 314**	**14 407**	**-108**	**98**	**-6 262**	**14 449**
Total comprehensive result for the year					-79	3 764	3 685
Equity at December 31, 2023	22, 27.5	**6 314**	**14 407**	**-108**	**19**	**-2 498**	**18 134**

Basic Information of the Group

The Group's parent company is Tulikivi Corporation (Business ID 0350080-1). The parent company is domiciled in Juuka and its registered address is Kuhnustantie 22, 83900 Juuka.

A copy of the consolidated financial statements is available on the Internet at www.tulikivi.com, or at the parent company's head office, located at the above address.

Tulikivi Corporation's Board of Directors approved these financial statements for publication at its meeting held on 20 March 2024. Under the Finnish Limited Liability Companies Act, shareholders may approve or reject the financial statements at the Annual General Meeting held after publication. The Annual General Meeting also has the right to decide on making changes to the financial statements.

1. Accounting Principles for Financial Statements

1.1. Basis of Preparation

These are the financial statements of the Group. They have been prepared in accordance with International Financial Reporting Standards (IFRS) and in compliance with the IAS and IFRS standards as well as the SIC and IFRIC interpretations in force as at 31 December 2023. The term IFRS refers to the standards and interpretations that are approved for adoption in the Finnish Accounting Act and regulations issued by virtue to it and endorsed in the EU in accordance with the procedure defined in the EU Regulation (EY) No 1606/2002. The notes to the consolidated financial statements also comply with the additional requirements under the Finnish accounting and company legislation. The consolidated financial statements have been prepared based on the original acquisition costs, unless stated otherwise in the preparation principles below. The consolidated financial statements are presented in thousands of euros. The Group has reviewed the interpretations of IFRS standards and their amendments, valid at 31 December 2023. The interpretations and amendments to the standards that came into force during the financial year had no effect on the consolidated financial statements.

The preparation of the consolidated financial statements in conformity with IFRS requires the management to make certain estimates and judgements. Information about the areas where the management has exercised judgment in the application of the Group's accounting principles and which have the most impact on the figures presented in the financial statements is presented in the accounting policies under "Critical management judgments in applying the entity's accounting principles and major sources of estimation uncertainty".

1.2. Accounting Policies for the Consolidated Financial Statements

Subsidiaries

The consolidated financial statements include the parent company, Tulikivi Corporation, and all its subsidiaries. Subsidiaries are companies, over which the Group has control. Control exists when the Group owns more than half of the voting rights, or it otherwise has control. Tulikivi has control when, by being a shareholder in the company, it is exposed to the company's variable return or is entitled to its variable return and it is able to influence this return by using its power over the company.

Intragroup share holdings are eliminated using the acquisition method. The consideration transferred and the identifiable assets acquired and liabilities assumed in the acquired company are measured at fair value at the acquisition date.

Subsidiaries are consolidated from the date on which control is transferred to the Group, and the disposed subsidiaries until the control ceases. Intragroup transactions, receivables, liabilities, unrealised gains, and intragroup distribution of profits are eliminated when preparing the consolidated financial statements. Unrealised losses are also eliminated unless the loss is due to impairment. Tulikivi Corporation owns its subsidiaries in full, therefore the Group's profit for the year or equity do not include non-controlling interests.

Translation of Foreign Currency Items

The results and financial positions of subsidiaries are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in euros, which is the parent company's functional and presentation currency.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency using the foreign exchange rate prevailing at the transaction date. In practice, exchange rates close to the rates prevailing at the dates of the transactions are usually used. Monetary items are translated into functional currency using the exchange rates prevailing at the reporting date. Non-monetary items, which are valued at fair values, are translated into functional currency using the exchange rates prevailing at the fair value reporting date. Non-monetary items are otherwise translated using the exchange rate at the transaction date.

Exchange differences of transactions in foreign currencies and translation of monetary items are recognised through profit or loss. Exchange differences resulting from business operations are recognised in the respective items in the income statement as part of the operating profit. Gains or losses arising from borrowings and cash in bank are recognised in finance income and expenses.

Translation of financial statements of foreign subsidiaries

Income and expenses in the statements of comprehensive income of the foreign subsidiaries are translated at exchange rates at the dates of the transactions and the statements of financial position are translated at closing rates at the reporting date. The consolidation of the group's subsidiaries uses the official ECB exchange rate for the US dollar (USD) and the exchange rates reported by Kauppalehti as the exchange rate for the Russian ruble (RUB). Exchange differences arising from translation of comprehensive income with different exchange rates in the statement of comprehensive income and in the statement of financial position are recorded within equity and this change is recognised in other comprehensive income. Translation differences arising from eliminating the cost of foreign subsidiaries and from translating the foreign subsidiaries' accumulated post-acquisition equity are recognised in other comprehensive income. When a subsidiary is disposed of, in part or in full, the accumulated translation difference is restated in profit or loss as part of the gain or loss on disposal. The Group did not acquire or sell any foreign subsidiaries in 2022–2023.

Goodwill arising from the acquisitions of foreign entities and related fair value adjustments to the assets and liabilities of the acquired entities are recognised as assets and liabilities of the said foreign entities. and are translated into euros using the exchange rates at the reporting date.

Property, Plant and Equipment

Property, plant and equipment assets are measured in the balance sheet at cost less accumulated depreciation and impairment charges.

Cost includes expenditure directly attributable to the acquisition of an item of property, plant and equipment. The cost of a self-constructed asset includes material costs, direct employee benefit costs and other direct costs attributable to the cost of preparing the asset for its intended use. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as a part of the cost of the asset.

When the asset consists of several items with different useful lives, each item will be dealt with as a separate asset. In this case the replacement costs of the item are capitalised and any remaining part of the asset is derecognised. Otherwise subsequent costs are included in the book value of an item of property, plant and equipment only when it is probable that the Group will gain the future economic benefits associated with the item and that it will be possible to measure the cost reliably. Other repair and maintenance costs are charged to the income statement when they occur.

Depreciation is calculated using the straight-line method based on the useful lives of the assets. Land areas are not depreciated except for mining areas, where depreciations are recognised based on the consumption of the rock material and stacking area filling time. The useful lives are as follows:

The useful lives are as follows:

Buildings	25 to 30 years
Constructions	5 years
Process machinery	3 to 15 years
Motor vehicles	5 to 8 years
Others	3 to 5 years
Equipment	3 to 5 years
investment property	10 to 20 years

The assets' residual values and useful lives are reviewed at each financial year-end at the minimum and adjusted, if appropriate, to describe any changes in the anticipated economic benefits.

Depreciation of property, plant and equipment is discontinued when the item of property, plant and equipment is classified as being held for sale in accordance with the IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations. The Group had no items of property, plant and equipment classified as held for sale during the years 2022 and 2023. Gains and losses on disposal of property, plant and equipment are recognised through profit or loss and presented in other operating income and expenses. Gain/loss on sale is determined based on the difference between the disposal price and the residual value.

Government Grants

Government grants, for example grants from the state, related to the purchase of property, plant and equipment or intangible assets are deducted from the carrying amount of the asset when there is a reasonable assurance that the grant will be received and the group will comply with attached conditions. The grants are recognised through profit or loss through the depreciation/amortisation made over the useful life of the asset. Grants received as compensation for expenses already incurred are recognised through profit or loss during the period in which they become receivable. Such government grants are presented within other operating income.

Leases

– Group as lessee

Tulikivi records the rent, contractual debt and the corresponding right-of-use asset at the time the lease agreement begins. Rents are discounted at the Group's incremental borrowing rate. The right-of-use assets are measured at acquisition cost at the inception of the contract, including the original amount of the lease liability; any initial direct costs and estimated restoration costs of the asset, and any rents paid up to the date of inception of the contract, less any incentives received. The lease term for the lease is the period during which the lease is non-cancellable. The period included in the lease is increased by the period of the option to extend or terminate, if it is reasonably certain that the Group will exercise the extend option or will not exercise the terminate option. Leases for business premises are mainly for three years. There are two reliefs for short-term leases of up to 12 months and assets of up to USD 5 000 with regard to recognition in the balance sheet. The company applied some of the recognition exemptions allowed by the standard, according to which short-term leases and leases where the underlying asset has a low value are not recognised on the balance sheet. With regard to leases valid until further notice, the company only recognises leases with a notice period of more than 12 months on its balance sheet. Some leases for business premises include an index term that is included in the amount of the lease liability, as are the minimum increase terms. After the inception of the contract, the Group values the non-current asset using the acquisition cost model. The right-of-use asset is measured at cost less depreciation and impairment losses. In addition, the carrying amount of a non-current asset is restated to the value of the lease liability if the lease liability is re-measured during the lease term. If the value of the asset is zero, the adjustment is recognised through profit or loss. The residual value and useful life of a right-of-use asset are reviewed as necessary but at least in all financial statements, and any impairment is recognised if there is any change in the expected future economic benefits from the right-of-use asset. The Group values the lease liability in subsequent periods using the effective interest method. The lease liability is redefined if future lease payments are subject to change due to index increases or price changes, or changes to rentals payable under the residual value guarantee. In addition, changes in the estimates of the purchase option or the option to extend or terminate the asset may lead to a revaluation of the lease liability.

– Group as lessor

Assets leased by the Group are included in property, plant and equipment or investment properties in the balance sheet. They are depreciated over their useful lives consistent with the Group's normal depreciation policy. Some of the leased assets are subleased. Lease income from operating leases is recognised on a straight-line basis over the lease term. The Group has only a small number of operational leases in which leases received during the lease period are recognised as revenue on a straight-line basis. There are no finance leases.

Intangible assets and goodwill

An intangible asset is initially entered in the balance sheet at the acquisition cost in the event that the acquisition cost can be determined reliably and it is likely that the expected future financial benefit resulting from the asset will benefit the group.

– Goodwill

Goodwill arising on business combinations taking place is recognised as the excess of the aggregate of the consideration transferred, the recognised amount of non-controlling interests and previously held equity interest in the acquired company, over the Group's share of the fair value of the net identifiable assets acquired.

Goodwill is not amortised but tested annually for impairment. For this purpose the goodwill is allocated to cash-generating units. The goodwill is measured at historical cost less impairment.

– Research and development costs

Research costs are expensed in the income statement as incurred. Development costs arising from planning of new or improved products are capitalised as intangible assets in the balance sheet when costs arising from the development phase can be reliable measured, the entity can demonstrate the technological and commercial feasibility of the product and the Group has the intention and resources to complete the development work. Capitalised development costs comprise the material, labour and test costs that are directly incurred when making the assets capable of operating in the manner intended by management. Development costs previously expensed cannot be capitalised later.

The group records depreciation on right-of-use assets as well as own-owned assets. Assets not available for use are tested annually for impairment. After initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. The useful life of the capitalised development costs is 3 to 10 years during which the capitalised costs are expensed using the straight-line method.

– Mineral resource exploration and evaluation costs

Costs of exploration and evaluation of soapstone resources are mainly capitalised. However, costs of exploration and evaluation of soapstone resources are expensed in the statement of comprehensive income when there is significant uncertainty related to commercial viability. Elements of cost of exploration and evaluation are geographical studies, exploration drilling, trenching, sampling and activities in relation to evaluating the technical feasibility and commercial viability of extracting mineral resources.

After initial recognition the Group applies the cost model and the assets are amortised over 5 to 10 years. The exploration and evaluation assets are classified as a separate intangible asset category until it is possible to demonstrate technical feasibility and commercial viability. Afterwards the exploration and evaluation assets are reclassified to other intangible assets. The exploration and evaluation activities may only start once the Ministry of Employment and the Economy has granted a right of appropriation.

– Other intangible assets

Intangible assets are initially recognised in the balance sheet at cost only if the cost of the item can be measured reliably and it is probable that the Group will gain the future economic benefits associated with the asset.

Costs arising from establishing the soapstone quarries and construction of roads, dams and other site facilities related to the quarry are also capitalised, and are considered to be an intangible asset based on their ownership in the quarry. It can take years to establish a quarry. Amortisation of quarry lands, basins and other auxiliary structures begins when the quarry is ready and taken into production use, and the amortisation is allocated over the useful life of the quarry, that is, over the extraction period using the unit of production method. The extraction periods vary by quarry and can last tens of years. The amount of amortisation in unit of production method is the portion of the cost equalling the portion of extracted rock during the reporting period from the estimated total extractable amount of rock of the quarry. The amortisation period of quarries in the production phase varies from ten to twenty years. The amortisation of construction expenses of roads and dams begins in the construction year.

Intangible assets with a finite useful life are recognised as expenses on a straight-line basis over the known or estimated useful life of the asset.

Cloud service arrangements

The accounting treatment of cloud service arrangements depends on whether the cloud-based software is classified as an intangible asset or a service contract. Those arrangements in which Tulikivi does not have control over the software in question are treated in accounting as service contracts, which give the group the right to use the cloud service provider's application software during the contract period. The ongoing license fees for the application software, as well as configuration or customization costs related to the software, are recorded under Other business expenses when the services are received.

Amortisation periods of other intangible assets are as follows:

Patents and trademarks	5 to 20 years
Development costs	3 to 10 years
Distribution channel	10 years
Mineral resource exploration and evaluation costs	5 to 10 years
Quarrying areas and basins = unit of production method	
Quarrying area roads and dams	5 to 15 years
Computer software	3 to 10 years
Others	5 years

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost is determined using the weighted average cost method. The cost of quarried blocks is affected by the stone yield percentage. The cost of acquiring finished products includes all costs of purchase, including direct transportation, handling and other costs. The cost of own finished goods and work in progress consists of raw materials, direct labour input, other direct costs and related variable and fixed production overheads systematically allocated on a reasonable basis on a normal capacity of the production facilities. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Impairment of tangible and intangible assets

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is assessed. In addition, the recoverable amount is assessed annually for the following assets, whether or not there is an indication of impairment: goodwill and intangible assets not yet available. Mineral resource exploration and evaluation assets are tested always before reclassification of the assets in question. For the purpose of assessing criteria for recognising an impairment loss assets are grouped at the lowest levels for which there are separately identifiable cash-generating units with separately identifiable cash flows. The Group's corporate assets, which contribute to several cash-generating units and which do not generate separate cash flows, have been allocated to cash-generating units in a reasonable and consistent manner and they are tested as a part of each cash-generating unit.
The recoverable amount of an asset is the higher of the fair value less costs to sell and value in use. Value in use is the value, discounted to the present value, of the future cash flows expected to be derived from an asset or a cash-generating unit. A pre-tax rate, which reflects the market view on the time value of money and asset-specific risks is used as the discount rate.
An impairment loss is recognised when the carrying amount of the asset exceeds the recoverable amount. The impairment loss is immediately recognised through profit or loss. If an impairment loss is allocated to a cash-generating unit, it is first recognised as a deduction of the goodwill allocated to the unit and then on a pro-rata basis to unit's other assets. When an impairment loss is recognised, the useful life of the asset to be depreciated / amortised is reassessed. For other assets except for goodwill, the impairment loss is reversed when there is a change in those estimates that were used when the recoverable amount of the asset was determined. The increased carrying amount must not, however, exceed the carrying amount that would have been determined if no impairment loss had been recognised in prior years. Previously recognised impairment loss on goodwill is not reversed for any reason.

Employee Benefits

- Short-term employment benefits

Short-term employee benefits include salaries, bonuses, benefits in kind, annual vacations and bonuses. These costs are recorded for the period in which the work in question is performed.

- Pension obligations

Pension plans are classified either as defined benefit plans or defined contribution plans. In defined contribution plans the group makes fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay any further contributions if the receiver of payments is not able to pay the pension benefits in question. All other pension plans that do not meet these conditions are defined benefit plans. The contributions made to defined contribution plans are recognised through profit or loss in the period which they are due. Group's pension plans are defined contribution plans.

Provisions and Contingent Liabilities

A provision is recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. A provision is measured at the present value of the expenditure required to settle the obligation. The discount factor used in the calculation of the present value is determined so that it reflects the current market assessment of the time value of money and risks related to the obligation. The amount of the provisions is assessed at each reporting date and adjusted to correspond to the current best estimate at the time of evaluation. Changes in provisions are recognised in the comprehensive income statement in the same item in which the provision was originally recognised.
A warranty provision is recognised when the product subject to the warranty is sold. The amount of the warranty provision relies on the statistical information of historical warranty realisation.
A provision for restructuring is recognised when the Group has prepared a detailed restructuring

plan and the restructuring has commenced or those affected have been informed about the restructuring plan. No provisions are recognised on expenses related to the Group's continuing operations.

A provision of onerous contracts is recognised when the incremental costs exceed the benefits received from the contract.

Based on environmental legislation, the Group has obligations related to the restoration of quarry areas to their original condition. A provision has been entered in the consolidated financial statements for environmental liabilities, which covers the costs of water monitoring related to the closure of the quarries during the time, safety arrangements and the final upholstery of the landfill areas. For the quarries currently open, expenditure is estimated to be generated in about nine years on average, and the estimated expenditure is discounted to the present

A contingent liability is a contingent obligation as a result of a past event and its existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. An existing obligation in which the payment obligation probably does not need to be settled or whose amount that cannot be reliably estimated is also considered a contingent liability. Contingent liabilities are disclosed in the notes.

Current and Deferred Taxes

Income tax expense comprises current tax based on taxable income for the period and deferred tax. Taxes are recognised through profit or loss, except when they relate to items recognised directly in equity or in other comprehensive income. In this case, tax is also recognised within the item in question. Current tax is the amount of income taxes payable in respect of the taxable profit for the period and is calculated on the basis of the local tax legislation.

Deferred tax is recorded on temporary differences between the accounting values and tax values of assets and liabilities on the balance sheet date, unused tax losses and unused tax-related credits. Deferred tax debt is usually recorded in full on the balance sheet. However, the deferred tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination and the transaction does not affect accounting or taxable profit or loss at the time of execution.

Deferred tax is recognised for investments in subsidiaries and associates, with the exception that the Group is able to control the timing of the reversal of the temporary difference and it is not probable that the temporary difference will reverse in the foreseeable future.

The Group´s most significant temporary differences arise from depreciation of property, measuring derivatives at fair value, tax losses carried forward and fair value measurement associated to business combinations.

Deferred tax is determined using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The recognition criteria of a deferred tax asset in this respect are assessed at each reporting date.

Revenue Recognition

- Sold goods and rendered services

Tulikivi's revenue consists of sales of products and sales of installation and freight services. In accordance with the IFRS 15 Revenue from Contracts with Customers standard, Tulikivi recognises revenue to express the sale of goods and rendering of services to customers as an amount that reflects the consideration to which Tulikivi expects to be entitled in exchange for those goods or services. A five-step model is used to record sales revenue. 1. Identification of contracts with the customer. 2. Identification of performance obligations under all contracts. 3. Determining the purchase price. 4. Allocation of the purchase price to the performance obligations under the contract. 5. Sales revenue is recognised as performance obligations are met. The model determines when and to what extent sales revenue is recognised. The model identifies Tulikivi's customer contract, the contract performance obligations, defines the transaction prices, allocates the transaction price to the performance obligations, and records sales revenue. Revenue is recognised when the customer is deemed to have control over the promised goods or services at a point in time.

- Interest income and dividends

Interest income is recognised according to the effective interest rate method and dividend income when the right to the dividend has arisen.

Financial assets and financial liabilities

-Financial Assets

The classification of the Group's financial assets depends on the purpose for which the financial asset was acquired and is made at initial recognition. The classification is based on the objectives of the business model and the contractual cash flows of the financial assets or on applying the fair value option at initial acquisition. The Group has recognised all financial assets at amortised cost and did not have any financial assets recognised at fair value. Transaction costs are included in the initial value of all the financial assets not carried at fair value through profit or loss. All purchases and sales of financial assets are recognised at trade date.

All accounts receivables and cash are recognised under the item. According to the Group's business model, accounts receivable is intended to hold contracts and to collect cash flows relating to them, which are solely based on capital or interest.

Assets classified in the group are measured at amortised cost using the effective interest method. The carrying amount of current receivables and other receivables is assumed to be equal to fair value. The Group recognises a deduction for expected credit losses on a financial asset that is measured at amortised cost.

Trade and other receivables are, by their nature, current or non-current assets. Items are included in the balance sheet as current or non-current receivables, the latter if they are due after more than 12 months. For trade receivables a simplified procedure is used whereby credit losses are recognised at an amount equal to the expected loss for the entire life of the loan. Credit losses recognised are based on historical information on bad debts.

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments which are readily convertible to known amounts of cash and for which the risk of changes in value is insignificant. Cash and cash equivalents mature in three months or less.

Impairment of financial assets

For the estimation of expected credit losses on trade receivables, the so-called simplified approach is used, according to which credit losses are recorded at an amount equal to lifetime expected credit losses. Expected credit losses are estimated based on historical credit losses, and the model also takes into account the information available on future financial conditions at the time of review.

Financial liabilities

In the financial years 2023 and 2022, the group only had financial liabilities valued at amortized cost. Financial liabilities are initially recognised at fair value. Transaction costs are included in the initial carrying amount for those financial liabilities carried at amortised cost. Subsequently financial liabilities are measured at amortised cost using the effective interest rate method. Financial liabilities may comprise current and non-current liabilities. Financial liabilities are classified as current liabilities unless the Group has an unconditional right to postpone the settlement of the liability at least 12 months from the reporting date.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as a part of the cost of that asset when it is probable that they will result in future economic benefits and the costs can be measured reliably. Other borrowing costs are recognised as an expense in the period in which they are incurred. Fees related to the establishment of loan facilities are recognised as transaction costs to the extent that it is probable that some or all of the loan facility will be drawn down. In these cases, the fees are capitalised in the balance sheet until the drawdown occurs. As the loan is drawn down, any related transaction fees are recognised as part of transaction expenses. To the extent that it is probable that the loan facility will not be drawn down, the fees are capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The principles applied in determination of fair values of financial assets and financial liabilities are presented in Note 28 Carrying amounts of financial assets and financial liabilities by category and their fair values.

Treasury shares

If Tulikivi Corporation repurchases its own equity instruments the cost of these instruments is deducted from equity.

Operating profit / result

The IAS 1 Presentation of Financial Statements does not define the concept of operating profit. The Group has defined it as follows: the operating profit is the net amount attained when other operating income is added to and purchase expenses adjusted with changes in finished goods, and work in progress and costs of production for own use, employee benefit expenses, depreciation and amortisation, any impairment charges and other operating expenses are deducted from net sales. All other items are presented below operating profit in the income statement. Exchange rate differences and the fair value changes of derivatives are included in operating profit if they result from business operations, otherwise they are recognised in the financial items. Negative operating profit is referred to as Operating result in the reporting.

Critical management judgments in applying the entity's accounting principles and major sources of estimation uncertainty

The company's management must make estimates and assumptions when preparing the financial statements and their results may differ from previous estimates and assumptions. In addition, the company's management is required to exercise discretion in applying the accounting policies.

Judgments and assumptions are based on the management's best estimate as at the reporting date. The estimates are based on earlier experience and assumptions of the future considered to be most probable at the reporting date, relating to i.a. expected development of the economic environment in which the Group operates affecting the sales volumes and expenses. The Group monitors realisation of the estimates, the assumptions and the changes in the underlying factors regularly in cooperation with business units by using various, both internal and external sources of information. Possible revisions to estimates and assumptions are recognised in the period in which the estimates and assumptions are revised and in any future periods affected.

At Tulikivi the key assumptions about the future and major sources of estimation uncertainty as at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are related to, amongst others, deferred tax assets, measurement of inventories, property, plant and equipment related to quarries, fair value measurement and impairment testing, that are described in detail below. The Group management believes that these are the key areas in the financial statements, since they include the most complex accounting policies and require most significant estimates and assumptions. In addition, changes in the estimates and assumptions used in these areas of financial statements are estimated to have the most extensive effects.

Impairment testing

The Group tests goodwill, intangible assets not yet available for use annually for potential impairment and assesses indications of impairment of property, plant and equipment and intangible assets at each reporting date. In addition, regarding mineral resource exploration and evaluation assets, impairment tests are performed when the assets are reclassified. The recoverable amounts of the cash-generating units are assessed based on their value in use. The preparation of such calculations requires the use of estimates, especially in respect of future growth estimates of the cash-generating units and changes in profitability.

Further information on the sensitivity of the recoverable amount to the changes in the assumptions used can be found in Note 16.3 Impairment testing.

2. Segments

IIn connection with the performance improvement programme, the organisation has been streamlined and the Fireplace and Interior Stone businesses have been integrated from 2020 onwards.

3. Sales

3.1. Net sales per goods and services, thousand euros	2023	2022
Sales of goods	43 016	41 560
Rendering of services	2 304	2 727
Sales, total	**45 320**	44 287

3.2. Geographical information, thousand euros	2023		2022	
	Sales	Assets	Sales	Assets
Finland	14 695	23 179	16 736	23 110
Rest of Europe	29 499	281	26 403	109
USA and Canada	1 126	0	1 148	0
Group total	**45 320**	**23 460**	44 287	23 219

Non-current assets exclude financials instruments and deferred tax assets.
Geographical segments' sales are presented based on the country in which the customer is located and assets are presented based on location of the assets.

3.3. Information on most important clients

Group's revenue was distributed so that no one external client generated over 10 per cent of the company's total revenue in 2023 (2022).

3.4. Timing of satisfying performance obligations, thousand euros	2023	2022
At a point in time	45 320	44 287
Over time	0	0
Sales, total	**45 320**	44 287

4. Other operating income, thousand euros

Proceeds from sale of PPE	18	25
Other income	327	288
Other operating income, total	**345**	313

5. Employee benefit expense, thousand euros

Wages and salaries	-10 805	-10 516
Pension costs – defined contribution plans	-1 726	-1 721
Other social security expenses	-504	-410
Voluntary personnel expenses	-315	-166
Employee benefit expense, total	**-13 350**	-12 813

Information on key management personnel compensation is disclosed in note 33.3. Key management compensation.

5.1. Group's number of personnel for the financial period, thousand euros		
Group's average number of personnel for the financial period, total	**224**	220
Group's personnel at 31 December.	**236**	242

6. Depreciation, amortisation and impairment, thousand euros

	2023	2022
Depreciation and amortisation by class of assets		
Intangible assets		
Trademarks	-136	-136
Capitalised development costs	-390	-347
Other intangible assets	-211	-162
Amortisation on quarries based on the unit of production method *)	-515	-386
Impairments	-435	0
Right-of-use assets	0	0
Amortisation of intangible assets, total	**-1 687**	-1 031
Tangible assets		
Buildings	-244	-409
Machinery and equipment	-342	-305
Motor vehicles	-20	-11
Depdeciation on land areas based on the unit of production method *)	-14	-15
Other tangible assets	0	0
Right-of-use assets	-796	-647
Depreciation of tangible assets, total	**-1 416**	-1 387
Total depreciation, amortisation and impairment	**-3 103**	-2 418

*) The Group applies the unit of production method based on the usage of stone in calculating the amortisation for quarries, precipitation basins and mining rights. Land areas are depreciated on a unit-of-use basis based on the consumption of the rock material or stacking area filling time

7. Other operating expenses, thousand euros

Losses on sales of tangible assets	0	-2
Expense - leases of low-value assets (<5000 USD)	-96	-93
Expense - short-term leases (<12 months)	-167	-74
Real estates costs	-410	-428
Marketing expenses	-1 346	-1 245
Other variable production costs	-3 911	-4 063
Other expenses	-1 263	-1 954
Other operating expenses, total	**-7 193**	-7 859

7.1. Research expenditure

Research costs expensed totalled EUR 912 thousand (827 thousand in 2022).

7.2. Auditors' fees

KPMG Oy AB		
Audit fees	67	61
Other fees and pleadings	9	6
Audit fees, total	**76**	67

The non-audit services provided by KPMG Oy Ab in the financial year 2023 totaled 1,000 euros.

8. Finance income, thousand euros

	2023	2022
Dividend income on available for sale financial assets	4	5
Foreign exchange transaction gains	105	73
Interest income on trade receivables	2	1
Other interest income	60	6
Finance income, total	**171**	85

9. Finance expense, thousand euros

9.1. Items recognised in profit or loss

Interest expenses on financial liabilities at amortised cost and other liabilities	-737	-420
Interest expense related to lease contracts	-71	-55
Foreign exchange transactions losses	-71	-112
Other finance expense	-50	-120
Finance expense, total	**-929**	-707

10. Other comprehensive income, thousand euros

Financial items recognised in other comprehensive income:

	2023			2022		
	Before taxes	Tax effects	After taxes	Before taxes	Tax effects	After taxes
Other comprehensive income, total	-79		-79	45		45
Other comprehensive income, total	**-79**	**0**	**-79**	45	0	45

Translation differences have arised from exchange rate fluctuation of Russian Ruble and US Dollar.

11. Income taxes, thousand euros

	2023	2022
Current tax	-1 092	-752
Income taxes, total	**-1 092**	-752

The reconciliation between the tax expense in the income statement and the tax calculated based on the Group's domestic tax rate (20 per cent).

Profit before tax	4 857	4 077
Tax calculated at domestic tax rates 20 per cent	-971	-815
Effect of foreign subsidiaries different tax bases	-8	-2
Income not subject to tax	1	1
Unrecognized deferred taxes on provisions	-31	-19
Use of previously unrecognized tax losses	0	826
Unrecognized deferred taxes from tax losses	-26	803
Unrecognized deferred taxes on provisions	0	-7
Impairment of goodwill	0	0
Other	-58	-35
Income statement tax expense	**-1 093**	752

12. Earnings per share

Earnings per share is calculated by dividing the profit attributable to equity holders of the parent company by the weighted average number of ordinary shares in issue during the year.	2023	2022
Profit attributable to equity holders of the parent company (EUR 1 000)	3 702	4 830
Weighted average number of shares for the financial period	59 747 043	59 747 043
Basic/diluted earnings per share (EUR)	0,06	0,08

13. Property, plant and equipment

2023	Land	Buildings	Vehicles and machinery	Motor vehicles	Other tangible assets	Advances	Total
Cost January 1	1 284	15 096	16 471	1 499	1 807	96	36 253
Additions	0	60	805	115	6	0	986
Disposals	0	0	-2 065	-119	0	-96	-2 280
Translation differences and other adjustments	0	0	16	-14	0	0	2
Cost December 31	1 284	15 156	15 227	1 481	1 813	0	34 961
Accumulated depreciation and impairment January 1	-566	-13 337	-15 608	-1 442	-871	0	-31 824
Depreciation	-14	-244	-342	-20	-435	0	-1 055
Depreciation related to the disposals	0	0	2 065	119	0	0	2 184
Accumulated depreciation and impairment December 31	-580	-13 581	-13 885	-1 343	-1 306	0	-30 695
Property, plant and equipment, Net book amount January 1	718	1 759	863	57	936	96	4 429
Property, plant and equipment, Net book amount December 31, 2023	**704**	**1 575**	**1 342**	**138**	**507**	**0**	**4 266**
IFRS 16							
Right-of-use assets January 1	0	1 521	899	0	0	0	2 420
Additions	0	846	225	0	0	0	1 071
Depreciation	0	-482	-314	0	0	0	-796
Disposals	0	0	0	0	0	0	0
Right-of-use assets December 31	0	1 885	810	0	0	0	2 695
Property, plant and equipment, Net book amount January 1	718	3 280	1 762	57	936	96	6 849
Property, plant and equipment, Net book amount December 31, 2023	**704**	**3 460**	**2 152**	**138**	**507**	**0**	**6 961**

The Group's production machinery within property, plant and equipment has carrying amount of EUR 1 205 (1 224) thousand.

The depreciation of machinery and equipment and the accumulated depreciation deductions included scrapings in 2023 (2184) in 2022 (0). There were no construction under Machinery and equipment in 2023 or 2022.

The Group did not obtain government grants to acquisitions of plant and equipment in 2023 or 2022.

13. Property, plant and equipment
2022

	Land	Buildings	Vehicles and machinery	Motor vehicles	Other tangible assets	Advances	Total
Cost January 1	1 284	15 096	16 264	1 482	1 807	0	35 933
Additions	0	0	207	17	0	96	320
Disposals		0	0	0	0	0	0
Translation differences and other adjustments	0	0	0	0	0	0	0
Cost December 31	1 284	15 096	16 471	1 499	1 807	96	36 253
Accumulated depreciation and impairment January 1	-551	-12 929	-15 299	-1 431	-871	0	-31 081
Depreciation	-15	-409	-309	-11	0	0	-744
Depreciation related to the disposals	0	0	0	0	0	0	0
Accumulated depreciation and impairment December 31	-566	-13 338	-15 608	-1 442	-871	0	-31 825
Property, plant and equipment, Net book amount January 1	733	2 167	965	51	936	0	4 852
Property, plant and equipment, Net book amount December 31, 2022	**718**	**1 758**	**863**	**57**	**936**	**96**	**4 428**
IFRS 16							
Right-of-use assets January 1	0	1 329	541	0	0	0	1 870
Additions	0	1 041	594	0	0	0	1 635
Depreciation	0	-410	-236	0	0	0	-646
Disposals	0	-439	0	0	0	0	-439
Right-of-use assets December 31	0	1 521	899	0	0	0	2 420
Property, plant and equipment, Net book amount January 1	733	3 496	1 506	51	936	0	6 722
Property, plant and equipment, Net book amount December 31, 2022	**718**	**3 279**	**1 762**	**57**	**936**	**96**	**6 848**

14. Investment property, thousand euros

Buildings	**2023**	2022
Acquisition cost January 1 and December 31		28
Accumulated depreciation and impairment January 1 and December 31		-28
Net book amount January 1 and December 31	**0**	0
Land		
Acquisition cost January 1	20	39
Disposals	0	-19
Cost December 31	20	20
Fair value *)	20	20
Investment property, total	**20**	39

*) The value of the properties is based on the real estate agent's statement for properties with a market value in an active market.

The Group has categorised the fair value measurement for all of its investment properties as a Level 3 fair value since observable market data was not comprehensively availab-le when fair value was determined.

15. Intangible assets, thousand euros

15.1. Goodwill and other intangible assets 2023	Goodwill	Patents and trademarks	Development costs	Internally generated capitalised intangible assets	Mineral resource exploration and evaluation assets	Quarry lands and mining patents	Other intangible assets	Total
Cost January 1	2 849	3 388	6 780	7 339	123	3 870	5 816	30 165
Additions	0	0		702	0	638	624	1 964
Capitalised development costs	0	0	467	0	0	0	0	467
Disposals	0	0	0	0	0	0	0	0
Impairments				-435				
Cost December 31	2 849	3 388	7 247	7 606	123	4 508	6 440	32 161
Accumulated amortisation and impairment January 1	0	-1 025	-6 041	-4132	-119	-1 661	-4 456	-17 434
Depreciation	0	-136	-390	-315	-2	-245	271	-817
Depreciation related to the disposals	0	0	0	0	0	0	0	0
Accumulated amortisation and impairment December 31	0	-1 161	-6 431	-4 447	-121	-1 906	-4 185	-18 251
Goodwill and other intangible assets, Net book amount January 1	2 849	2 363	739	3 207	4	2 209	1 360	12 731
Goodwill and other intangible assets, Net book amount December 31, 2023	**2 849**	**2 227**	**816**	**3 159**	**2**	**2 602**	**2 255**	**13 910**
IFRS 16								**0**
Right-of-use assets January 1	0	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0	0
Right-of-use assets December 31	0	0	0	0	0	0	0	0
Goodwill and other intangible assets, Net book amount January 1	2 849	2 363	739	3 207	4	2 209	1 360	12 731
Goodwill and other intangible assets, Net book amount December 31, 2023	**2 849**	**2 227**	**816**	**3 159**	**2**	**2 602**	**2 255**	**13 910**

Internally generated intangible assets are costs incurred from opening new quarries and construction of basins. The carrying amount of intangible assets includes costs incurred from opening quarries EUR 5 670 (5 325) thousand in total. Costs from opening quarries are a few €/m3 for the total stone reserves of the quarry in question. Book value is the carrying amount of each quarry at the balance sheet date. Carrying amount includes the cost of opening a quarry, concession fees, coagulation basin and the attributable carrying amounts of roads
Other intangible assets consist of licences, software, connection fees as well as of expenditures arisen from gates and asphalting works.

In 2023, the group received public grants of EUR 177 thousand (90) for development expenses and other intangible assets.

There were no classification changes relating to the mineral resources exploration and evaluation assets, that is, there were no transfers to other intangible assets during the reporting period or comparative period. There haven't been recognised any expenditures relating to mineral resources exploration and evaluation directly as an expense in the income statement in 2023 or 2022.
There were no deductions / accumulated amortization of intangible assets in 2023 or 2022.

15. Intangible assets, thousand euros

2022	Goodwill	Patents and trademarks	Development costs	Internally generated capitalised intangible assets	Mineral resource exploration and evaluation assets	Quarry lands and mining patents	Other intangible assets	Total
Cost January 1	2 849	3 388	6 396	6 835	123	3 415	5 677	28 683
Additions	0	0	0	504	0	455	139	1 098
Capitalised development costs	0	0	384	0	0	0	0	384
Disposals	0	0	0	0	0	0	0	0
Impairments								
Cost December 31	2 849	3 388	6 780	7 339	123	3 870	5 816	30 165
Accumulated amortisation and impairment January 1	0	-888	-5 694	-3926	-117	-1 484	-4 293	-16 402
Depreciation	0	-137	-347	-206	-2	-177	-163	-1 032
Depreciation related to the disposals	0	0	0	0	0	0	0	0
Accumulated amortisation and impairment December 31	0	-1 025	-6 041	-4 132	-119	-1 661	-4 456	-17 434
Goodwill and other intangible assets, Net book amount January 1	2 849	2 500	702	2 909	6	1 931	1 384	12 281
Goodwill and other intangible assets, Net book amount December 31, 2022	**2 849**	**2 363**	**739**	**3 207**	**4**	**2 209**	**1 360**	**12 731**
IFRS 16								
Right-of-use assets January 1	0	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0	0
Right-of-use assets December 31	0	0	0	0	0	0	0	0
Goodwill and other intangible assets, Net book amount January 1	2 849	2 500	702	2 909	6	1 931	1 384	12 281
Goodwill and other intangible assets, Net book amount December 31, 2022	**2 849**	**2 363**	**739**	**3 207**	**4**	**2 209**	**1 360**	**12 731**

16. Goodwill and trademark, thousand euros

16.1. Goodwill allocation

The Group's goodwill is EUR 2.8 (2.8) million. Of this, EUR 2.2 million has been allocated to fireplaces and EUR 0.6 million to interior stones, which form separate cash-generating units.The soapstone fireplaces and ceramic fireplaces share financial, administrative, IT and product development functions, as well as the sales and marketing functions of the businesses. In addition, they have common production and procurement functions, so the units naturally integrate into one entity as a result of common processes and cash flows.

The goodwill of the Kermansavi trademark that was acquired in conjunction with the acquisition of Kermansavi Oy was EUR 2.24 (2.4) million on the reporting date and it is allocated in its entirety to the Fireplaces business. The economic exposure time of the trademark is set to be 20 years as of June 1, 2020.

The carrying amounts of goodwill and trade mark were allocated as follows:	Interior stone products	Fireplaces
2023		
Goodwill	632	2 229
Trademark	-	2 226
Total	**632**	**4 455**
2022	Interior stone products	Fireplaces
Goodwill	632	2 229
Trademark	-	2 362
Total	632	4 591

16.2. Recognition and allocation of impairment losses

Tulikivi's earnings improved during the year 2023 and the result of the impairment test showed no impairment.

16.3. Impairment testing

In impairment testing, the recoverable amounts of the cash-generating units are determined based on their value in use. The cash-flow projections are based on management forecasts covering a five-year period. The calculations used in testing long-term forecasts are approved by the government's strategic objectives clearly lower. Assumptions about the level of profitability are based on management's views, which are affected by the actual development, the competitive situation in the market, the development of the competitive position of the cash-generating unit and Tulikivi's development and savings measures. The pre-tax discount rate used in impairment testing was 13.0 (15.9) per cent for fireplaces and 13.0 per cent for interior stones (15.9), which correspond to the weighted average cost of capital, taking into account the risk premium. In Fireplaces the net-sales improvement of 3.0 per cent is based on a new add sales for new product models and price increase made in 2023. Cost savings are based on savings from the cost savings programme implemented in the Group. The sales margin will also improve as a result of enhanced production and purchasing efficiency. In Interior Stones, the 3.0 per cent increase in net sales is based new partners agreements and the price increases made 2023. For Fireplaces and Interior Stones the average figures for the 2024–2028 forecast period have been used for the terminal year.

The key assumptions used in determining value in use were as follows:
1. **Sales margin:** Operating result of Kermansavi fireplaces is assumed to slightly improve resulting from the renewed product collection and efficiency measures under the performance improvement programme being carried out. Operating result of Interior Stone unit is assumed to improve resulting from the optimization of operations through restructuring.
2. **Discount rate:** Determined as the weighted average cost of capital (WACC) where the cost of capital is the weighted average cost of equity and liability components including the adjustment for risk.

The discount rate and growth rate	Interior stone		Fireplaces	
	2023	2022	2023	2022
Discount rate	13,0	15,9	13,0	15,9
Growth rate (average for the forecast period)	3,0	3,0	3,0	3,0

The cash amount recoverable with the assumptions made less book value is presented in the following table.	**2023**	2022
Interior stone	449	1 476
Fireplaces	13 074	13 148

Effects of potential changes in the variables on other factors have not been taken into account in the sensitivity analysis. The change in result has been tested on the operating profit level.

1. Effect on impairment if the discount rate rises by 1 per cent or if profit is 20 per cent lower than the target.	Effect of changes in discount rate, in thousands of euro		Effect of changes in profit, in thousands of euro	
	2023	2022	2023	2022
Interior stone	-	-	-	-
Fireplaces	-	-	-	-

In Fireplaces an interest rate increase of 12.8 (12.3) percentage points and in Interior Stones an increase of 5.3 (19.0) percentage points would result in an impairment loss. A decline of 4.7 (5.6) percentage points in Fireplaces and 1.6 (4.8) percentage points in Interior Stones in the operating margin would result in an impairment loss.

16.4. Mineral resource exploration and evaluation assets

Mineral resource exploration and evaluation assets belong to the Fireplaces business segment. The carrying amount of capitalised exploration and evaluation expenditure is EUR 2(4) thousand. Impairment tests are performed always when theclassification of assets in question changes and if there is an indication of impairment. Change in classification is dealt with more thoroughly in the accounting principles, section Mineral resource exploration and evaluation assets

17. Other equity instruments recognised in comprehensive income, thousand euros	2023	2022
Financial assets available for sale		
Balance sheet value January 1	26	26
Balance sheet value December 31	**26**	26

Financial assets available for sale are investments in unquoted shares. They are measured at cost, since their fair values can not be determined reliably. The company has made an irrevocable decision to recognise unlisted shares in other comprehensive income. There have been no changes in the item during the financial year

18. Deferred tax assets and liabilities, thousand euros

18.1. Changes in deferred taxes during year 2023:	Jan. 1, 2023	Recognised through profit and loss	Recognised in other comprehensive income	Recognized in equity	Translation differences	Dec. 31, 2023
Deferred tax assets:						
Unused tax losses	867	-482	0	0	0	385
Accumulated depreciation / amortisation not yet deducted in taxation	2 381	-523	0	0	0	1 858
Lease liabilities	485	55				540
Other items	234	-27	0	0	-3	204
Netted against deferred tax liabilities	-484	-55				-539
Deferred tax assets, total	**3 483**	**-1 032**	**0**	**0**	**-3**	**2 448**
Deferred tax liabilities:						
Valuation of tangible and intangible assets at fair value in a business combinations	-472	27	0	0	0	-445
Right-of-use assets	-484	-55				-539
Other items	-109	-20	0	0	1	-128
Netted against deferred tax assets	484	55				539
Deferred tax liabilities, total	**-581**	**7**	**0**	**0**	**1**	**-573**

Changes in deferred taxes during year 2022:	Jan. 1, 2022	Recognised through profit and loss	Recognised in other comprehensive income	Recognized in equity	Translation differences	Dec. 31, 2022
Deferred tax assets:						
Unused tax losses	69	798	0	0	1	867
Accumulated depreciation / amortisation not yet deducted in taxation	2 282	99	0	0	0	2 381
Lease liabilities	377	108				485
Other items	220	13	0	0	1	234
Netted against deferred tax liabilities	-374	-110				-484
Deferred tax assets, total	2 574	908	0	0	2	3 483
Deferred tax liabilities:						
Valuation of tangible and intangible assets at fair value in a business combinations	-499	27	0	0	0	-472
Right-of-use assets	-374	-110				-484
Other items	-110	1	0	0	0	-109
Netted against deferred tax assets	374	110				484
Deferred tax liabilities, total	-609	28	0	0	0	-581

The Group has recognized deferred tax assets for the part of deductible temporary differences. Deferred tax assets are recognized for some unused tax losses as well as depreciation and amortization charges not yet deducted in taxation to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilized.

Deferred tax assets are recorded to the extent that it is probable that taxable income will be generated in the future against which the unused tax losses can be utilized. In 2023 and 2022, Tulikivi produced an accounting profit and taxable income in Finland, and the financial result clearly improved compared to previous periods. According to the assessment made by Tulikivi's management at 31 Deceber 2023, it is likely that Tulikivi will be able to utilize the unused losses in taxation. In the 2023 taxation, Tulikivi utilized the confirmed losses incurred in previous years, for which no deferred tax assets had been recognized. The utilized amount of tax was 0.8 million euros. In addition, Tulikivi booked EUR 0.5 (0.8) million of deferred tax assets from confirmed losses based on the parent company's predicted taxable profit in 2023.

The Group has EUR 5 542 (9 611) thousand tax losses carried forward.

Expiration of remaining confirmed losses, thousand euros

In 2024	786
In 2025	2 487
In 2026	841
In 2027	738
In 2028	524
In 2029	166

19. Inventories, thousand euros

	2023	2022
Raw materials and consumables	4 646	3 618
Work in progress	2 844	2 410
Finished goods	2 080	2 630
Inventories, total	**9 570**	8 658

In 2023 raw materials, consumables and changes in finished goods and in work in progress recognized as an expense amounted to EUR 25 685 (25 729) thousand. Furthermore, a write-down of inventories to net realisable value was made, amounting to EUR 348 (278) thousand.

20. Trade and other receivables, thousand euros

	2023	2022
20.1. Current trade and other receivables		
Trade receivables	2 133	2 828
Accrued incomes	502	313
Tax assets	7	0
Other receivables	360	550
Current receivables, total	**3 002**	3 691

20.2. Aging analysis of trade receivables and impairment losses at balance sheet date

The company uses the impairment matrix for expected credit losses for impairment losses on trade receivables. The matrix is based on historical credit losses and the amount is calculated as a simplified present value of trade receivables.

2023	Gross	Impairment (%)	Impairment	Net
Not past due	**1 414**	0	4	**1 410**
past due				
Past due 1-30 days	571	2	10	561
Past due 31-60 days	0	4		0
Past due 61-90 days	14	7	1	13
Past due over 90 days	488	11	339	149
Total	**2 487**		**354**	**2 133**
2022	Gross	Impairment (%)	Impairment	Net
Not past due	1 802	0	5	1 796
past due				
Past due 1-30 days	762	2	13	749
Past due 31-60 days	141	4	6	135
Past due 61-90 days	2	7	1	1
Past due over 90 days	416	11	270	146
Total	3 123		295	2 828

20.3. Trade receivables by risk categories, thousand euros

2023	Gross	Impairment	Net
Largest customers by customer groups	**Gross**	**Impairment**	**Net**
Stove producers	226	2	224
Distributors of fireplaces in foreign countries	1 117	94	1 023
Construction companies	389	253	136
Distributors in home country	568	4	564
End users	187	1	186
Trade receivables, total	**2 487**	**354**	**2 133**
2022			
Largest customers by customer groups	Gross	Impairment	Net
Stove producers	376	2	374
Distributors of fireplaces in foreign countries	1 243	29	1 215
Construction companies	387	253	134
Distributors in home country	640	5	636
End users	477	7	469
Trade receivables, total	3 123	296	2 828

	2023	2022
The carrying amount of trade receivables for which the terms have been renegotiated	0	0

Trade and other receivables

The carrying amounts of trade and other receivables equal with their fair values, since discounting has not material effect owing to short maturities.

Credit risk related to receivables is presented in note 27.3 Credit risk.

21. Cash and cash equivalents, thousand euros

	2023	2022
Cash in hand and at bank	2 682	3 715

22. Notes to shareholders’ equity

Share series	Number of shares	% of shares	% of voting rights	Share, EUR of share capital
K shares (10 votes) at December 31,2023	7 682 500	12,8	59,6	810 255
A-shares (1 vote) total at December 31, 2023	52 188 743	87,2	40,5	5 504 220
Shares total at December 31, 2023	**59 871 243**	**100,0**	**100,0**	**6 314 475**

Effect of changes in the number of shares	Number of shares	Share capital, EUR	Treasury shares, EUR	Total, EUR
January 1, 2011	37 143 970	6 314 475	-108 319	6 206 156
Acquisition of own shares	-124 200			0
December 31, 2011	37 019 770	6 314 475	-108 319	6 206 156
December 31, 2012	37 019 770	6 314 475	-108 319	6 206 156
Issue of shares	22 727 273			
Shares total at December 31, 2014 and December 31, 2023	59 747 043	6 314 475	-108 319	6 206 156

According to the articles of association the company shall distribute from distributable profit EUR 0.0017 per share more to the company's series A shares than for the company's series K shares. Tulikivi Corporation's series A share is listed in the NASDAQ OMX Helsinki Ltd. Shares do not have nominal value. Maxium share capital was EUR 10 200 in 2023 and 2022.

Share premium fund and invested unrestricted equity fund

Payments for share subscriptions under the old Companies Act (29.9.1978/734) have been recognised in share capital and share premium fund in accordance with the terms of the share issues. As decided by the Annual general meeting the funds of the share premium account, EUR 7 334 thousand, has been transfered to the invested unrsetricted equity fund.

The funds raised in the share offering in 2013, amounting to EUR 7 500 thousand, are recognised in the invested unrestricted equity fund. The related transaction costs, totalling EUR 427 thousand, are debited to the invested unrestricted equity fund. The invested unrestricted equity fund amounted to EUR 14 407 thousand at December 31, 2013.

Translation differences

Translation differences consist of translation differences related to translation of the financial statements of foreign entities into Group reporting currency.

Revaluation reserve

The revaluation reserve includes the effective portion of changes in the fair value of derivatives that qualify as cash flow hedges.

Treasury shares

Treasury shares include the cost of own shares held by the Group. It is presented as a deduction from equity.

During the reporting period, Tulikivi Oyj has neither acquired nor disposed any own shares in 2023 (2022). At the reporting date, the company held 124 200 (124 200) own A shares, which represents 0.2 per cent of the share capital and 0.1 per cent of the voting rights. The acquisition price is EUR 0.87 /share on average. The acquisition of own shares has not had any significant effect on the distribution of ownership or voting rights of the company.

The Board will propose to the Annual General Meeting that a dividend of EUR 0.01 per Series A share and EUR 0.0083 per Series K share be paid,total EUR 584 thousand. No dividend was paid in 2022.

23. Share-based payments

Option rights for the management and the key employees

In 2023 and 2022, the company did not have an option program.

24. Provisions , thousand euros

	Environmental provision		Warranty provision	
	2023	2022	2023	2022
Provisions January 1	216	182	70	85
Increase in provisions	0	0	71	53
Effect of discounting, change	4	40	0	0
Used provisions	-6	-6	-71	-68
Discharge on recerves	0	0	0	0
Provisions December 31	**214**	216	**70**	70

Environmental provision

A provision for Tulikivi Group's estimable environmental obligations has been recognised. The provision covers the costs from future closure of quarries related to monitoring waters, security arrangements and stacking area lining work. For the quarries open at the moment, the costs are estimated to incur on average in ten years from now. The discount rate used in determining the present value is 4 (4) per cent. The undiscounted amount of environmental provision was EUR 446 (461) thousand.

Warranty provision

There is a warranty period of five years related to certain products of Tulikivi Group. During the warranty period faults consistent with the warranty contract are fixed at company's expense. Warranty provision is based on previous years experience on the faulty products, taking into consideration improvements.

	2023	2022
Non-current provisions	251	258
Current provisions	33	28
Proviosions, total	**284**	286

25. Interest-bearing liabilities

Bank borrowings	10 562	11 800
TyEL pension loans		
Balance sheet value	10 562	11 800
25.1. Non-Current		
Bank borrowings	8 534	10 000
TyEL pension loans		
Non-Current Total	**8 534**	10 000
Interest bearing loans expire as follows:		
2024		2 028
2025	2 028	2 028
2626	2 028	2 028
2027	2 028	2 028
2028	1 888	1 888
2029	319	
2030	243	
Interest bearing loans total	**8 534**	10 000

25.2. Current			
Repayments of long-term bank loans in 2024		2 028	1 800
Repayments of long-term TyEL loans in 2024			
Interest-bearing liabilities total		**2 028**	1 800

The terms of interest-blearing liabilities

Debt obligations are denominated in euro.

On 22 December 2022, Tulikivi agreed with Nordea Bank Plc to restructure its financing. This facility replaced and refinanced the company's existing loans and provided for future growth-supporting investments and working capital needs. The financing agreement includes a repayment programme for 2022–2028 and loan covenants to the finance provider. In December 2023, Tulikivi received consent from the financier to exceed the maximum amount of investments in the agreement during the financial year. Taking into account the consent, the company is in compliance with the covenants of the financing agreement according to the situation on 31 December 2023. The company's management estimates that the company will fulfil the financial covenants during the next 12 months.

Reconciliation table for financial liabilities at balance sheet, thousand euros

2023	1.1.	changes	31.12.
Long-term financial liabilities	10 000	-1 466	8 534
Short-term financial liabilities	1 800	228	2 028
Lease liabilities	741	174	915
Total	**12 541**	-1 064	**11 477**

2022	1.1.	changes	31.12.
Long-term financial liabilities	15 684	-5 684	10 000
Short-term financial liabilities	1 300	500	1 800
Lease liabilities	1 506	-765	741
Total	18 490	-5 949	12 541

26. Trade and other payables, thousand euros

	2023	2022
26.1. Non-current		
Other non-current liabilities	1 787	1682

Other non-current liabilities comprise IFRS 16 lease liabilities EUR 1682 thousand.

26.2. Current		
Trade payable	2 234	2 944
Advances received	784	2 209
Accrued expenses		
Wages and social security expenses	2 592	2 907
Discounts and marketing expenses	399	445
External services	7	164
Interest liabilities	7	4
Other accrued expenses	59	104
Accrued expenses, total	3 064	3 624
Other liabilities	1 293	1 602
Current trade and other payables, total	**7 375**	10 379

The other accrued liabilities include the deferral of other operating expenses. Other liabilities include IFRS 16 current lease liabilities EUR 915 thousand. There are no other IFRS 15 liabilities related to customer contracts.

27. Financial risk management

The Group's activities expose it to various financial risks. The objective of the Group's financial risk management is to minimisize the unfavourable effects of the changes in the finance market to its profit for the period. The main financial risks to which the Group is exposed are foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Group finance has been centralised in parent company, and the financing of the subsidiaries is mainly taken care of by internal loans. The liquidity of the Group companies is centralised by consolidated accounts. The finance department is responsible for investing the liquidity surplus and for financial risk management in accordance with the policies approved by the Board of Directors.

27.1. Foreign exchange risk:

The group's currency risks arise from commercial transactions, monetary items on the balance sheet, and net investments in foreign subsidiaries. The most significant currencies in terms of the group's currency risk are the United States dollar (USD) and the Russian ruble (RUB). In consolidating the group's subsidiaries, the official European Central Bank (ECB) exchange rate for the United States dollar (USD) and the exchange rates reported by Kauppalehti for the Russian ruble (RUB) have been used. Over 90 per cent of the Group's cash flows are denominated in euro, thus, the Group's exposure to foreign currency risk is not significant. Foreign currency risk can be hedged with forward contracts. The Group did not have any open forward contracts at the year-end 2023. The group does not apply hedge accounting as defined in IFRS 9 on forward contracts.

The functional currency of the parent company is Euro. Foreign currency assets and liabilities translated to euro using the balance sheet rate are as follows:

	2023		2022	
Nominal values, EUR 1 000	USD	RUB	USD	RUB
Non-current assets	0	61	0	105
Current assets	241	514	399	1073
Non-current liabilities	0	19	0	8
Current liabilities	74	672	111	1178
Position	167	-116	288	-8
Net position	167	-116	288	-8

The equity-related foreign currency translation position, which mainly pertains to the foreign subsidiaries, was minor at the balance sheet date 2023 and 2022. The Group does not hedge the foreign equity exposure.

The table below analyses the effect of strengthening or weakening of Euro against the currencies below assuming that all other variables remain constant. The sensitivity analysis is based on assets and liabilities denominated in foreign currencies at the balance sheet date. The sensitivity analysis takes into account the effect of the foreign currency forwards.

	2023		2022	
	Income	Share capital	Income	Share capital
+/- 10 per cent change in EUR/USD exchange rate, before income taxes	+/-15	+/-0	+/-27	+/-0
+/- 10 per cent change in EUR/RUB exchange rate, before income taxes	+/-0	+/-0	+/-0	+/-0

27.2. Interest rate risk

The Group's short-term money market investments expose Tulikivi to interest rate risk but their effect as a whole is not material. The Group's result and cash flows from operating activities are mainly independent from changes in interest rates.

The Group is exposed to cash flow interest rate risk, which largely relates to the loan portfolio. The Group can borrow funds with fixed or floating rates and use interest rate swaps in order to hedge against risks arising from fluctuation of interest rates. The share of the loans with floating rates amounted to EUR 0 (1.8) million representing 0 per cent (15.3 per cent) for the interest-bearing liabilities at the year end.

Sensitivy analysis of interest rate risk		effect thousand euro		effect thousand euro
Result before income tax		**2023**		2022
+/- 1 %-point change in market rates		+/- 0		+/- 9
Interest rate risk				
		Balance sheet value		Balance sheet value
Fixed rate instruments				
Financial liabilities		8 534		10000
Floating rate instruments				
Financial liabilities		2 028		1 800
Accrued interest costs payable		0		0

27.3.Credit risk

The Group has no significant concentration of credit risk since it has a large clientele and receivables of single costumer or a group of customers is not material for the Group. The aggregate amount of the credit losses and the impairment losses on trade receivables recognised in the income statement during the financial year totalled EUR72 (292) thousand. Credit risk related to commercial activities has been reduced by customer credit insurances. These covered 17.0 (10.0) per cent of the outstanding accounts at balance sheet date. Business units are responsible for credit risk related to trade receivables. The aging analysis of trade receivables is presented in note 20.2. The group's maximum credit risk exposure for trade receivables is their carrying amount at the year-end less any compensation received from customer credit insurances.

Financial instruments involve a risk of the counterparty not being able to meet its obligations. Liquid assets are invested in objects with good credit rating. Derivative contracts are entered only with banks with good credit rating.

The maximum credit risk related to group's other financial assets than trade receivables equals their carrying amounts at the balance sheet date.

27.4. Liquidity risk

The group strives to continuously asses and monitor the amount of capital needed for business operations in order to ensure that the group has adequate liquid funds for financing its operations and repayment for loans due. The Group aims at ensuring the availability and flexibility of financing is ensured, in addition to liquid funds, by using credit limits and different financial institutions for raising funds.

On 22 December 2022, Tulikivi agreed with Nordea Bank Plc to restructure its financing. This facility replaced and refinanced the company's existing loans and provided for future growth-supporting investments and working capital needs. The financing agreement includes a repayment programme for 2022–2028 and loan covenants to the finance provider. In December 2023, Tulikivi received consent from the financier to exceed the maximum amount of investments in the agreement during the financial year. Taking into account the consent, the company is in compliance with the covenants of the financing agreement according to the situation on 31 December 2023. The company's management estimates that the company will fulfil the financial covenants during the next 12 months.

The following table summarises the maturity profile of the group. The undiscounted amounts include interests and capital repayments.

Maturity analysis, thousand euros

December 31, 2023							
Type of credit	Balance sheet value	Total cash flows	< 6months	6 - 12 months	> 12 -24 months	> 24 -60 months	> 60 months
Loans from credit institution	10 562	12 150	734	1 844	2 458	6 547	567
Lease liabilities	2 702	2 902	515	508	935	944	0
Trade and other payables	3 396	3 396	3 396	0	0	0	0
Total	**16 660**	**18 448**	**4 645**	**2 352**	**3 393**	**7 491**	**567**

December 31, 2022							
Type of credit	Balance sheet value	Total cash flows	< 6months	6 - 12 months	> 12 -24 months	> 24 -60 months	> 60 months
Loans from credit institution	11 800	13 965	764	1 658	2 567	7 009	1 967
Lease liabilities	2 423	2 553	381	394	707	1 046	25
Trade and other payables	6 014	6 014	5 564	450	0	0	0
Total	20 237	22 532	6 709	2 502	3 274	8 055	1 992

27.5. Capital management

The objective of the Group's capital management is through an optimal capital structure to support the business operations by ensuring the normal operating conditions and increase shareholder value by striving at the best possible return. The capital structure is effected i.a. through dividend distribution and share issues. The Group may vary and adjust the amount of dividends paid to shareholders or the amount of capital returned to them, or the number of new shares to be issued, or decide to sell assets to reduce liabilities. The equity shown in the consolidated balance sheet is managed as capital.

The group calculates equity ratio using the following formula (thousand euros)

100 x Equity / (Balance sheet total – Advances received)	2023	2022
Equity	18 072	14 450
Balance sheet total	38 652	39 282
Advances received	784	2 209
Solvency ratio, %	47,8	39,0

28. Carrying amounts of financial assets and financial liabilities by categories and their fair values, thousand euros

Balance sheet, 2023	Financial assets or liabilities at fair value through profit or loss	Loans and receivables	Available for sale financial assets	Financial liabilities at amortised cost	Carrying amounts of balance sheet items	Fair value	Hierarchy of fair value
Long-term assets							
Other receivables	0	0	26	0	26	26	2
Other receivables		17			17	17	
Short-term assets							
Trade and other receivables	0	2 492	0	0	2 492	2 492	
Cash and cash equivalents	0	2 682	0	0	2 682	2 682	
Carrying amounts of financial assets by categories	**0**	**5 191**	**26**	**0**	**5 217**	**5 217**	
Long-term liabilities							
Financial liabilities	0	0	0	8534	8 534	8 602	2
Non-current lease liabilities	0	0	0	1787	1 787	1 787	
Other non-current liabilities				0	0	0	
Short-term liabilities							
Interest-bearing liabilities	0	0	0	2 028	2 028	2 759	
Current lease liabilities	0	0	0	915	915	915	
Trade and other payables	0	0	0	2 612	2 612	2 612	
Carrying amounts of financial liabilities by categories	**0**	**0**	**0**	**15 876**	**15 876**	**16 675**	

The levels in a fair value hierarchy are as follows:

Level 1: fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: fair values are based on inputs other than quoted prices included within level 1. However, the fair values are based on information that is observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of these instruments is measured on the basis of generally accepted valuation techniques which primarily use inputs based on observable market data.

Level 3: fair values are not based on observable market data (non-observable inputs) but to large extent on management estimates and application of those in generally accepted valuation models. There were no transfers between levels of the fair value hierarchy during the financial year ended and the comparative financial year.

During the financial year ended and the previous financial year, there were no transfers between the levels of the fair value hierarchy.

28. Carrying amounts of financial assets and financial liabilities by categories and their fair values, thousand euros

Balance sheet, 2022	Financial assets or liabilities at fair value through profit or loss	Loans and receivables	Available for sale financial assets	Financial liabilities at amortised cost	Carrying amounts of balance sheet items	Fair value	Hierarchy of fair value
Long-term assets							
Other financial receivables	0	0	26	0	26	26	2
Other receivables		30			30	30	
Short-term assets							
Trade and other receivables	0	3 141	0	0	3 141	3 141	
Cash and cash equivalents	0	3 715	0	0	3 715	3 715	
Carrying amounts of financial assets by categories	**0**	**6 886**	**26**	**0**	**6 912**	**6 912**	
Long-term liabilities							
Financial liabilities	0	0	0	10000	10 000	10 859	2
Non-current lease liabilities	0	0	0	1682	1 682	1 682	
Other non-current liabilities				0	0	0	
Short-term liabilities							
Interest-bearing liabilities	0	0	0	1 800	1 800	1 800	
Current lease liabilities	0	0	0	741	741	741	
Trade and other payables	0	0	0	3 805	3 805	3 805	
Carrying amounts of financial liabilities by categories	**0**	**0**	**0**	**18 028**	**18 028**	**18 887**	

28.1. Reconciliation of financial liabilities with cash flow from financing, thousand euros

		Cash flows	Not influenced by cash flow			
2023	1.1.		Changes in exchange rates	Changes in fair values	Other changes	31.12.
Long-term financial liabilities	10 000	-1 466	0	0	0	8 534
Short-term financial liabilities	1 800	228	0	0	0	2 028
Lease liabilities	2 423	-864	0	0	1 143	2 702
Total	**14 223**	**-2 102**	0	0	1 143	**13 264**
2022	1.1.					31.12.
Long-term financial liabilities	11 271	-1 271	0	0	0	10 000
Short-term financial liabilities	1 600	200	0	0	0	1 800
Lease liabilities	1 886	-714	0	0	1 251	2 423
Total	**14 757**	**-1 785**	0	0	1 251	**14 223**

29. Adjustments of cash generated from operations, thousand euros

Non-cash transactions:	**2023**	2022
Depreciation and amortisation	3 103	2 417
Change in provisions	-1	19
Impairment	0	0
Exchange differences	-85	17
Other	-18	22
Non-cash transactions, total	**2 999**	2 475

30. Leases

30.1. Group as lessee

IFRS 16 lease liabilities on balance sheet	**2023**	2022
Carrying amount on January 1	2423	1886
Additions, new additional options	847	239
Additions, new lease contracts	224	1396
Repayments	-792	-645
Disposals (Unused add-options due to termination of leases)	0	-453
Carrying amount on December 31	**2702**	**2423**
Lease liabilities, non-current	1787	1682
Lease liabilities, current	915	741
Total 31.12.	**2702**	**2423**

IFRS 16 Amounts recognised in statement of income	1-12/2023	1-12/2022
Lease expense cancellations in other operationg expenses	864	714
Depreciation of right-of-use assets	-796	-647
Impact on operating result	68	67
Interest expense related to lease contracts	-71	-54
Impact on result before income tax	-3	13
Expense - leases of low-value assets (<5000 USD)	-96	-93
Expense - short-term leases (<12 months)	-167	-74

30.2. Group as lessor

The Group has leased commercial spaces and offices from its own properties under cancellable operating leases.

Minimum lease payment under non-cancellable operating leases

	2023	2022
Not later than 1 year	14	13
Later than 1 year and not later than 5 years	0	0
Later than 5 years	1	1
Total	**15**	14

31. Commitments, thousand euros

Loans with related mortgages and pledges		
Loans from financial institutions and loan guarantees	**10 562**	11 800
Real estate mortgages given	4 394	14 191
Company mortgages given	11 396	22 396
Total given mortgages and pledges	**15 790**	36 587
Other own liabilities for which guarantees have been given		
Real estate mortgages given	500	500
Pledges given	3	3
Total given guarantees on behalf of other own liabilities	**503**	503
Obligation to repay VAT deductions made in earlier periods	49	18

The Group is obligated to check the value added tax deductions made on property investments. The last annual check is in the year 2032.

32. Other contingent liabilities

Environmental obligations

Tulikivi group has landscaping obligations based on the Mining Act and other environmental legislation, which must be met during operations and when the quarries are shut down in the future.

Actions demanded by the environmental obligations are continuously performed besides normal production processes. Handling of water, arrangements for soil and rock material stacking areas, vibration and noise measurement, dust prevention and the monitoring the measurement result belong to these tasks. The costs relating to these activities are mainly recognised in the income statement as expense. Transport of soil material to stacking areas by opening new quarries is capitalised to other long-term expenses and depreciated during the useful life of the quarry. Lining work of stacking areas is based on long-term quarrying plans, according to which surface material of new opened quarries will be used in lining work. However, the lining work cannot be done until the point when there are finished sectors in the stacking area. The landscaping is not estimated to increase the costs of normal quarrying work.

After a factory or a quarry is shut down, the final lining work of the stacking areas, water arrangements, establishing of check points, bringing to safety condition and planting and seeding the vegetation will take place. For that part of these costs which are estimable, a provision is recognised.

Based on the environmental authorisations, the Group has given guarantees to the effect of EUR 516 thousand in total. For other environmental obligations.

33. Related-party transactions, thousand euros

Group's related parties comprise the parent company, subsidiaries, associates, Board members, Managing Director and the Management Group as well as the managing directors of the foreign subsidiaries. Related parties also include the close family members of all the aforementioned persons and entities that are under their control or joint control.

33.1. The Group's parent company and subsidiaries have the following relation:	Ownership interest (%)	Share of voting right (%)	Ownership interest (%)	Share of voting right (%)
Tulikivi Corporation, Juuka, parent company, factory	**2023**		2022	
Tulikivi U.S. Inc., USA, marketing company	100	100	100	100
OOO Tulikivi, Russia, marketing company	100	100	100	100
Tulikivi GmbH, Germany, marketing company	100	100	100	100
The New Alberene Stone Company Inc., USA	100	100	100	100
Nordic Talc Ltd	100	100	100	100

33.2. Related party transactions:

2023	Sales	Purchases	Assets	Liabilities
Transactions with key management				
Sales to related parties	1			
Loans to related parties				450
Interest paid				22
2022				
Transactions with key management	7	70		50
Sales to related parties	43			
Loans to related parties				
Interest paid				38

The Group companies had no receivables from the key management personnel at the end of the current or the previous financial year.

33.3. Key management compensation, thousand euros	**2023**	2022
Salaries and other short-term employee benefits of the Board of Directors and the Managing Director.	437	383
Post-employment benefits (pension benefits)		
Contributions to statutory pension plan	47	45
Share-based payments	0	0
Total	**484**	428
Managing Director		
Salaries and fees		
Vauhkonen Heikki		
Salaries	204	197
Post-employment benefits (pension benefits)		
Contributions to statutory pension plan	47	45
Share-based payments	0	0
Total	**251**	242

Members of the Board of Directors	**2023**	2022
Aspara Jaakko	21	20
Rönkkö Markku	0	6
Niemi Liudmila	22	22
Haavisto Niko	24	22
Tuominen Tarmo	22	22
Tähtinen Jyrki	75	74
Vauhkonen Heikki	21	20
Total	**186**	186

Key management personnel comprises the members of the Management Group as well as the managing directors of the foreign subsidiaries.

The Managing Director is a member of the Management Group.

Key management personnel compensation		
Salaries and fees	892	820
Post-employment benefits (pension benefits)		
Contributions to statutory pension plan	143	134
Share-based payments	0	0
Total	**1035**	954

34. Major risks and their management

Anything that may prevent or hinder the Group from achieving its objectives is designated as a risk. Risks may be threats, uncertainties or lost opportunities related to current or future operations. The Group's risks comprise strategic and operational risks, financial risks, and damage, casualty and loss risks. In the assessment of risks, their probability and impact are taken into account.

Strategic Risks

Strategic risks are related to the nature of business operations and concern, but are not limited to, the changes in the Group's business environment, financial markets, market situation and market position as well as consumer habits and demand factors, allocation of resources, raw material reserves, changes in legislation and regulations, business operations as a whole, reputation of the company, brands and the raw materials, and large investments.

Unfavourable changes in operating environment, market situation and market position

An abrupt fall in consumer confidence may result in a quick, unexpected fall in demand. Economic recession and the related consumer uncertainty play a role in decreasing housing construction and renovations, and this reduces demand for products and therefore profitability. Recession may also affect consumers' choices by making price the dominant factor instead of product features.

A changing competitive environment and substitute products entering the market and changes in consumer habits may adversely affect the demand for the Group's products. Operations in several market areas, active monitoring of industry development and flexibility of capacity and cost structure even out the sales risks arising from economic fluctuation. The downturn may also have a negative impact on customers' solvency and subcontractors' operations. Keeping the product cost structure competitive is a prerequisite for maintaining demand and growth.

In Tulikivi's market areas, the types of fireplace cultures range from areas which use conventional heat-retaining fireplaces to countries where there is a strong tradition of room heaters. As markets become more uniform, fireplace cultures will change in the target countries. These changes in consumer habits may affect the demand for certain products or production materials and thereby have an impact on profitability. Tulikivi focuses on understanding the needs of customers and meets these needs by, for instance, continuously developing products for new customer segments. Following trends and changes in standards enhances the ability to forecast customer demand. Correctly targeted communication makes it possible to reach the right customer groups. Unhealthy price competition may weaken profitability. Problems with the efficiency of distribution channels may decrease sales of products. Disturbances may arise in connection with the renewal of distribution channels, or owing to reasons relating to entrepreneurs which are part of the distribution channel, or competing products entering the same distribution channel. The distribution network and product range are continuously developed so that the distribution of the Group's products remains profitable and interesting for the entrepreneurs.

The volume of the fireplace market is partly dependent on the coldness of the winter season, thus, an exceptionally warm winter may reduce demand for fireplaces. In addition, public authority regulation measures may affect the demand for fireplaces.

Risks related to managing soapstone raw materials

Soapstone is a natural material whose integrity, texture and yield percentage varies by quarry. The quality of the raw materials affects manufacturing costs. Tulikivi seeks to determine the quality of the materials on a quarry-specific basis by taking core samples and through test excavations before opening the quarry. Risks are also posed by potential competitors in raw materials on a global scale and soapstone deposits held by parties other than Tulikivi. We seek and explore new deposits as needed. The adequacy of the stone is increased by using the raw material as precisely as possible, improving quarrying technology and accounting for the special requirements of the stone in product development. Tulikivi Group manages the competition risks of its raw materials with continuous product development, a strong total concept and the Tulikivi brand, as well as with long-term stone reserve and excavation planning.

Changes in legislation and environmental issues

More than half of the fireplaces manufactured by Tulikivi are exported, mainly to Central Europe. Exceptional changes in the product approval process in these countries, such as in the case of particulate emission limits or restrictions on use, might affect the sales potential of Tulikivi products and restrict their use. Other legislative risks are the tightening of the requirements of environmental permits for quarrying and the lengthening of permit processes. Environmental legislation and regulations may cause the company to incur costs that will affect sales margins and the earnings trend.

Tulikivi keeps abreast of the development and preparation of regulations and exercises an influence on them both directly and through regional fireplace associations. The combustion technology of the products is constantly developed and product development takes a long-term approach to ensuring that Tulikivi products measure up to local regulations. We secure product approval for our products in all our business countries. The Group's products have long life cycles and carbon emissions of fireplace production are extremely low.

Business portfolio

The management of Tulikivi's business operations accounts for development opportunities, new products and customer groups and new technological solutions. New business opportunities, new markets and new product groups involve risks that may affect not only profitability, but also the Tulikivi brand. Strong fluctuations in exchange rates may hinder the achievement of market-specific gross margin targets.

Business Risks

Business risks are related to products, distribution channels, personnel, operations and processes.

Product liability risks

Tulikivi Group reduces potential product liability risks by developing the products for optimal user safety. We ensure that the product and service chain spanning from Tulikivi to the customer functions smoothly and proficiently by providing training for retailers and installers and by ensuring that the terms and conditions of sale are precise. We also seek to protect ourselves against product liability risks by taking out product and business liability insurance policies.

Operational and process risks

Operational risks are related to the consequences of human activities, failures in internal company processes or external events. The operational risks of factory operations are minimised by means such as compliance with the company's operating manual, by developing occupational safety consistently and with systematic development efforts. The manufacturing and introduction of new products involve risks. Careful planning and training of personnel are used as protection against these risks.

Dependence on key suppliers may increase the Group's material costs, the cost of machinery and spare parts, or have a significant impact on production. Failures in the distribution network can affect the Group's ability to deliver products in a timely manner to its customers. Energy procurements from external suppliers might influence the Group's energy costs or energy supply. On the other hand, the high price of energy supports demand for products. Changes in distribution channels and logistics systems might also disturb operations. Contractual risks come under operational risks.

The Group's business relies on functional and reliable information systems. The utilisation of the ERP system involves risks if new practices are not adopted in business processes or the potential provided by the new system utilised promptly. The Group aims to manage the risks related to data applicability by setting up backups for critical information systems and telecom connections, selecting cooperation partners carefully and by standardising the workstation configurations and software used in the Group and its information security practices. The company has also conducted analyses of the current state of personal data processing and data security practices and taken measures to develop them to ensure that they comply with the EU's General Data Protection Regulation or GDPR.

In line with the nature of the Group's business, trade receivables and inventories are major balance sheet items. The credit loss risk of trade receivables is managed by means of a consistent credit granting policy, insuring receivables and effective collection operations.

The Group's core expertise involves its core business processes, including sales, installation, product development, quarrying, manufacture, procurement and logistics, as well as the necessary support functions, which include information administration, finance, HR and communications. An unforeseen drain in the core expertise or decrease in the personnel's development ability or disadvantageous development in the population structure in current operation locations would pose risks. Core competence conservation and availability are secured by planning the need for personnel and knowledge and encouraging the commitment of personnel to constant change and growth. The Group continuously seeks to increase the core expertise and other significant competence of its personnel by offering opportunities for on-the-job learning and training and to complete the expertise needed for strategy implementation in those areas where it has not existed before. Sufficient core competencies can be partly secured through networking. The turnover of key personnel has been moderate.

Boosting operational efficiency, controlled change and effective internal communications serve as means of managing operational and process risks.

Financial Risks

The Group's business exposes it to various financial risks. The objective of the Group's financial risk management is to minimise the unfavourable effects of the changes in the finance market on its profit for the period. The main financial risks are liquidity risk, capital management risk, interest rate risk and foreign exchange risk. Financial risks and their management are presented in greater detail in Note 27 to the consolidated financial statements.

A potential recession in the euro area could weaken demand for the company's products, profitability and equity. The company's balance sheet assets include goodwill, the value of which is based on the management's estimates. If these estimates fail to materialise, it is possible that impairment losses would have to be recognised in connection with the impairment testing processes. On 22 December 2022, Tulikivi agreed with Nordea Bank Plc to restructure its financing. This facility replaced and refinanced the company's existing loans and provided for future growth-supporting investments and working capital needs. The financing agreement includes a repayment programme for 2022–2028 and loan covenants to the finance provider. The company is in compliance with the covenants of the financing agreement according to the situation on 31 December 2023. The company's management estimates that the company will fulfil the financial covenants during the next 12 months.

Damage, Casualty and Loss Risks

Most of the Group's production is capital-intensive and a large share of the Group's capital is committed to its production plants. A fire or serious machinery breakdown, for instance, could therefore cause major damage to assets or loss of profits as well as other indirect adverse impacts on the Group's operations. The Group seeks to protect itself against such risks by evaluating its production plants and processes from the perspective of risk management. Damage, casualty and loss risks also include occupational health and protection risks, environmental risks and accident risks. The Group regularly reviews its insurance coverage as part of overall risk management. Insurance policies are taken out to cover all the risks that are worth insuring against for business or other reasons. There are no pending legal proceedings and the Board of Directors is not aware of any other legal risks involved in the company's operations that would have a significant effect on its result or operations.

Parent Company Financial Statements, FAS
Income Statement

EUR 1 000	Note	Jan. 1 - Dec. 31, 2023	Jan. 1 - Dec. 31, 2022
Net Sales	1.1.	**43 557**	41 325
Increase (+) / decrease (-) in inventories			
in finished goods and in work in progress		60	618
Production for own use		980	742
Other operating income	1.2.	372	389
Materials and services			
Purchases during the fiscal year		-11 410	-11 356
Change in inventories, increase (-) / decrease (+)		1 028	122
External charges		-5 699	-5 975
Materials and services, total		-16 081	-17 209
Personnel expenses			
Salaries and wages		-10 262	-10 015
Pension expenses		-1 681	-1 640
Other social security expenses		-744	-547
Personnel expenses, total	1.3.	-12 687	-12 202
Depreciation, amortisation and value adjustments	1.4.	-2 179	-1 622
Other operating expenses	1.5.	-8 436	-8 063
Operating result		**5 586**	3 978
Financial income and expenses	1.6.	-420	-225
Result before untaxed reserves and income taxes		**5 166**	3 753
Untaxed reserves			
Change in accelerated depreciation		0	-14
Untaxed reserves, total		**0**	-14
Income taxes		-36	-34
Income taxes in total		-36	-34
Result for the year		**5 130**	3 705

Balance Sheet

EUR 1 000	Note	**Dec. 31, 2023**	Dec. 31, 2022
Assets			
Fixed asset and other non-current investments			
Intangible assets			
Capitalised development expenditure		816	739
Intangible rights		0	1
Other long term expenditures		8 920	8 142
Intangible assets, total	2.1.	**9 736**	8 882
Tangible assets			
Land		724	738
Buildings and constructions		1 575	1 758
Machinery and equipment		1 470	908
Other tangible assets		38	38
Advance payments and unfinished purchases		0	95
Tangible assets, total	2.2.	**3 807**	3 537
Investments			
Shares in group companies	2.3.	15	15
Group receivables	2.4.	152	52
Other investments	2.5.	26	26
Investments, total		**193**	93
Fixed assets and other non-current investments, total		**13 736**	12 512

Continues on next page.

Balance Sheet

EUR 1 000	Note	**Dec. 31, 2023**	Dec. 31, 2022
Current assets			
Inventories			
Raw material and consumables		4 646	3 618
Work in progress		2 844	2 410
Finished products/goods		1 971	2 346
Inventories, total	2.6.	**9 461**	8 374
Non-current receivables			
Loan receivables		414	472
Other receivables		17	30
Accrued incomes		77	77
Non-current receivables, total	2.5.	**508**	579
Current receivables			
Trade receivables		2 099	2 710
Receivables form group companies		14	10
Other receivables		189	95
Prepayments and accrued income		405	503
Current receivables, total	**2.9.**	**2 707**	3 318
Cash in hand and at banks		**2 134**	2 551
Total current assets		**14 810**	14 822
Total assets		**28 546**	27 334

Balance Sheet

EUR 1 000	Note	**Dec. 31, 2023**	Dec. 31, 2022
Liabilities and shareholders' equity			
Shareholders' equity			
Capital stock		6 314	6 314
Reserve for invested unrestricted equity		14 834	14 834
Treasury shares		-108	-108
Retained earnings		-14 884	-18 588
Result for the year		5 130	3 704
Total shareholders' equity	2.10.	**11 286**	6 156
Untaxed reserves			
Accelerated depreciation		92	92
Provisions	2.13.	285	286
Liabilities			
Non-current liabilities			
Libilities to group companies		220	210
Bank borrowings		8 534	10 000
Pension loand		0	0
Other liabilities		0	0
Non-current liabilities, total	2.14.	**8 754**	10 210
Current liabilities			
Bank borrowings		2 028	1 800
Advances received		173	1 193
Trade payable		2 213	2 918
Liabilities to group companies		446	365
Other liabilities		283	776
Accrued expenses		2 985	3 538
Current liabilities, total	2.15.	**8 128**	10 590
Total liabilities		**16 882**	20 800
Total liabilities and shareholders' equity		**28 546**	27 334

Cash Flow Statement

EUR 1 000	**Jan. 1 - Dec. 31, 2023**	Jan. 1 - Dec. 31, 2022
Cash flow from operating activities		
Reuslt before extraordinary items	5 166	3 753
Adjustments for:		
Depreciation	2 179	1 622
Unrealised exchange rate gains and losses	5	-21
Other non-payment-related expenses	-1	19
Financial income and expenses	400	225
Other adjustments	-18	-22
Cash flow before working capital changes	**7 731**	**5 576**
Change in net working capital:		
Increase (-) / decrease (+) in current non-interest bearing receivables	605	-578
Increase (-) / decrease (+) in inventories	-1 088	-740
Increase (+) / decrease (-) in current non-interest bearing liabilities	-2 296	1 051
Cash generated from operations before financial items and income taxes	**4 952**	**5 309**
Interest paid and payments on other financial expenses from operations	-755	-610
Dividends received	275	286
Interest received	94	75
Income tax paid	-36	-34
Cash generated from operations	**4 530**	5 026
Cash flow used in investing activities		
Investments in tangible and intangible assets, gross	-3 423	-1 918
Grants for investments	172	90
Proceeds from sale of tangible and intangible assets	18	41
Loans granted to subsidiaries	-102	-118
Other investments	13	-30
Repayment of loan receivables	60	20
Net cash used in investing activities	**-3 262**	**-1 915**
Repayment of short-term loans	0	11 800
Long-term borrowing	562	100
Repayment of long-term loans	-2 250	-12 921
Net cash flow from financing activities	**-1 688**	**-1 021**
Net increase (+) / decrease (-) in cash and cash equivalents	-418	2 090
Cash and cash equivalents at the beginning of the financial year	2 551	460
Effect of changes in exchange rates	1	1
Cash and cash equivalents at the end of the financial year	**2 134**	**2 551**

Accounting Policy
The financial statements have been prepared in accordance with the Finnish accounting law.

Valuation of Fixed Assets
Fixed assets have been disclosed in the balance sheet at acquisition cost net of received investment grants and depreciation according to plan. Depreciation according to plan have been calculated on straight-line method based on the economic life time of the assets as follows:

	Depreciation period
Intangible rights and other long-term expenditure	5 years
ERP-system	10 years
Quarring areas and basins	unit of production method
Goodwill	13 years
Buildings	25 to 30 years
Constructions	5 years
Process machinery	3 to 15 years
Motor vehicles	5 to 8 years
IT equipment	3 to 10 years
Development expenditure	3 to 10 years

Quarrying areas, including the opening costs of quarries, basins and quarry land areas are depreciated using the unit of production method based on the amount of rock used and filling time of damping areas. Depreciation of quarry lands and basins and other auxiliary structures is commenced when the quarry is ready for production use.

Valuation of Inventories
Inventories have been presented in accordance with the average cost principle or the net realisable value, whichever is lower. The cost value of inventories includes direct costs and their proportion of indirect manufacturing and acquisition costs.

Revenue Recognition
Net sales represents sales after the deduction of discounts, indirect taxes and exchange gains/losses on trade receivables. Revenue has been recognized at the time of the delivery of the goods. Revenue from installing and services is recognised in the period when the service is rendered.

Research and Development Cost
Research cost has been recorded as annual costs when incurred. Development costs related to Sauna products, the renewed ERP system and the commercialization of the new ceramic fireplace collection have been capitalised. Costs incurred from drilling exploration in quarry areas have been capitalised for their main part and they are depreciated over their useful lives. However, drilling exploration costs are expensed when there is significant uncertainty involved in the commercial utilization of the soapstone reserves in question. Development costs related to sauna-product group, the renewal of enterprise resource planning system, the productisation of new ceramic collection and the design of new soapstone interiors have been activated.

Retirement Costs
Employee pension schemes have been arranged with external pension insurance companies. Pension costs are expensed for the year when incurred. Pension schemes for personnel outside Finland follow the local practices.

Untaxed Reserves
According to the Finnish corporate tax law untaxed reserves, such as accelerated depreciation, are tax deductible only if recorded in financial statements.

Income Taxes
Income taxes include taxes corresponding to the Group companies' results for the financial period as well as the change in deferred tax asset.

Dividends
The proposed dividend from the Government to the General Meeting of Shareholders has not been recorded in the financial statements; instead, dividends will be accounted for only upon the decision of the General Meeting of Shareholders.

Share-based payments and option rights
The Group had no share-based incentive plans in 2023 or 2022.

Comparability of the result
Disclosures in the reporting period and the corresponding figures for the previous period are comparable over time.

Foreign Currency Items
Foreign currency balance sheet items have been valued at the average exchange rate prevailing on the balance sheet date as indicated by the European Central Bank.

Notes to the Income Statement

	2023	2022
1.1. Net sales, thousand euros		
1.1.1. Net sales per geographical area		
Finland	14 675	16 698
Rest of Europe	28 142	23 834
USA and Canada	740	793
Total net sales per geographical area	**43 557**	41 325
1.1.2. Net sales per goods and services		
Sales of goods	41 253	38 598
Rendering of services	2 304	2 727
Total net sales per goods and services	**43 557**	41 325
1.2. Other operating income		
Rental income	31	29
Charges for intergroup services	68	81
Proceeds from sale of fixed and other non-current investments	18	25
Other income	255	254
Total other operating income	**372**	389
1.3. Salaries and fees paid to Directors and number of employees		
1.3.1. Salaries and fees paid to Directors		
Salaries and other short-term employee benefits of the Board of Directors and the Managing Directors	404	383
Post-employment benefits (pension benefits)		
Contributions to statutory pension plan	47	45
Share-based payments	0	0
Total	**451**	428

	2023	2022
Managing Director		
Salaries and fees, thousand euros		
Vauhkonen Heikki		
Salaries	204	197
Post-employment benefits (pension benefits)		
Contributions to statutory pension plan	47	45
Share-based payments	0	0
Total	**251**	242
Members of Board		
Jaakko Aspara	21	20
Rönkkö Markku	0	6
Niemi Liudmila	22	22
Haavisto Niko	24	22
Tuominen Tarmo	22	22
Tähtinen Jyrki	75	74
Vauhkonen Heikki	21	20
Total	**186**	186

Key management personnel comprises the members of the Management Group.

The Managing Director is a member of the Management Group.		
Key management personnel compensation		
Salaries and fees	739	659
Post-employment benefits (pension benefits)		
Post-employment benefits	119	108
Share-based payments	0	0
Total	**858**	767

EUR 1 000	2023	2022
1.3.2. Average number of empoyees durung the fiscal year		
Clerical employees	63	62
Workers	148	148
Total number of employees	**211**	210
1.4. Depreciation according to plan		
Development expenditure	389	347
Intangible rights	0	1
Other long-term expenditure	177	154
Amortisation on quarries based on the unit of production method *)	514	386
Impairments of quarries	483	0
Buildings and constructions	244	409
Machinery and equipment	358	310
Other tangible assets	0	0
Depreciation on land areas based on unit of production method	14	15
Goodwill	0	0
Depreciation according to plan in total	**2 179**	1 622

*) The Group applies unit of production method based on the usage of stone in calculating the amortisation according to plan for quarries and mining rights. Land areas are depreciated on a unit-of-use basis based on the consumption of the rock material or stacking area filling time.

EUR 1 000	2023	2022
1.5. Other operating expenses		
Rental expenses	1 081	817
Maintenance of real estates	410	428
Marketing expenses	1 279	1 197
Other variable costs	3 911	4 063
Other expenses	1 755	1 558
Total	**8 436**	8 063
1.5.1. Auditors' fees		
KPMG Oy Ab		
Audit fees	66	53
Other fees and pleadings	9	6
Audit fees, total	**75**	59
1.6. Financial income and expenses		
Divedend received from Group	271	282
Income from non-current investments		
Didivends received from others	4	5
Other financial income	4	40
Interest income from Group companies	29	32
Interest income from others	60	4
Financial income, total	**368**	**363**
Reduction in value of investments held as non-current assets		
Interest expenses and other financial expenses to Group companies	-30	-25
Interest expenses to others	-665	-420
Other finalcial expenses to others	-93	-143
Interest expenses and other financial expenses, total	**-788**	-588
Financial income and expenses, total	**-420**	-225

Notes to the Balance Sheet

	2023	2022
2.1. Intangible assets, thousand euros		
2.1.1. Capitalised development expenditure		
Capitalised development expenditure January 1	4 351	3 697
Additions	466	384
Acquisition cost December 31	4 817	4 351
Accumulated depreciation according to plan January 1	-3 612	-3 265
Depreciation for the financial year	-389	-347
Accumulated depreciation December 31	-4 001	-3 612
Balance sheet value of capitalised development expenditure December 31	**816**	739
2.1.2. Intangible rights		
Acquisition cost January 1 and December 31	194	194
Accumulated depreciation according to plan January 1	-193	-192
Depreciation for the financial year	-1	-1
Accumulated depreciation December 31	-194	-193
Balance sheet value of intangible rights, December 31	**0**	1
2.1.3. Goodwill		
Acquisition cost January 1 and December 31	8 713	8 713
Accumulated depreciation according to plan January 1	-8 713	-8 713
Depreciation for the financial year	0	0
Accumulated depreciation December 31	-8 713	-8 713
Balance sheet value of goodwill, December 31	**0**	0

	2023	2022
2.1.4. Other long term expenditures, thousand euros		
Acquisition cost January 1	16 324	15 314
Additions	2 124	1 100
Disposals	-172	-90
Impairments	-483	0
Acquisition cost December 31	17 793	16 324
Accumulated depreciation according to plan January 1	-8 182	-7 642
Accumulated depreciation on disposals	0	0
Depreciation for the financial year	-690	-540
Accumulated depreciation December 31	-8 872	-8 182
Balance sheet value of long term expenditure, December 31	**8 920**	8 142
Total intangible assets	**9 736**	8 882

The parent company’s goodwill comprises merger losses.

The balance sheet value of other long term expenditure includes EUR 5 670 (5 325) thousand for stone research and costs relating to the opening of new soapstone quarries and of quarries not yet taken into production use.

There were no reductions / accumulated depreciation of other long-term expenditures in 2023 and 2022.

	2023	2022
2.2. Tangible assets, thousand euros		
2.2.1. Land		
Acquisition cost January 1	1 305	1 324
Disposals	0	-18
Acquisition cost December 31	1 305	1 305
Accumulated depreciation January 1	-567	-552
Depreciation based on the unit of production method for the financial year	-13	-15
Accumulated depreciation December 31	-580	-567
Balance sheet value of land, December 31	**725**	738
2.2.2. Buildings and constructions		
Acquisition cost January 1	15 085	15 085
Additions	60	0
Disposals	0	0
Acquisition cost December 31	15 145	15 085
Accumulated depreciation January 1	-13 833	-13 424
Depreciation based on the unit of production method for the financial year	-244	-409
Accumulated depreciation on disposals	0	0
Accumulated depreciation December 31	-14 077	-13 833
Revaluation	505	505
Balance sheet value of buildings and constructions, December 31	**1 574**	1 758

	2023	2022
2.2.3. Machinery and equipment, thousand euros		
Acquisition cost January 1	18 603	18 422
Additions	920	222
Disposals	0	-41
Acquisition cost December 31	19 523	18 603
Accumulated depreciation according to plan January 1	-17 736	-17 426
Depreciation for the financial year	-358	-310
Accumulated depreciation on disposals	41	41
Accumulated depreciation December 31	-18 053	-17 695
Balance sheet value of machinery and equipment, December 31	**1 469**	907

Disposals of Machinery and equipment / Accumulated depreciation on disposals include scrapped items in 2023 (2 184) and 2022 (0).

Amount of machinery and equipment included in balance sheet value	1 354	911
2.2.4.Other tangible assets		
Acquisition cost January 1 and December 31	38	38
Balance sheet value of other tangible assets, December 31	**38**	38
2.2.5. Advance payments		
Acquisition cost January 1	28	28
Accumulated depreciation December 31	-28	-28
Total tangible assets	**0**	0
2.2.6. Advance payments		
Advance payments 1.1.	0	0
Additions	96	96
Disposals	-96	0
Advance payments, total	0	96
Total tangible assets	**3 806**	3 537

Scrapping loss of the tangible assets have not been recognized in 2023 and 2022.

	2023	2022
2.3. Shares in Group Companies %		
Tulikivi U.S. Inc., USA	100	100
OOO Tulikivi, Russia	100	100
Tulikivi GmbH, Germany	100	100
The New Alberene Stone Company Inc., USA	100	100
Nordic Talc Ltd	100	100
2.4. Receivables from Group companies, thousand euros		
Capital loan, Tulikivi GmbH	52	50
Capital loan, Tulikivi U.S. Inc	362	422
Investments in Group Companies, total	**414**	472

Tulikivi U.S. Inc made a profit in 2023 and its business is growing well, so it is believed to be able to repay its loans to the parent company.

	2023	2022
2.5. Other investments		
Other	26	26
Total other investments	**26**	26
2.6. Inventories		
Raw material and consumables	4 646	3 618
Work in grogress	2 844	2 410
Finished products/goods	1 971	2 346
Total inventories	**9 461**	8 374
2.7. Non-current receivables		
Receivables from Group companies		
Loan receivables	414	472
Receivables from Group companies, total	414	472
Receivables from others		
Accrued income	17	30
Total Non-Current receivables	77	77
Pitkäaikaiset saamiset yhteensä	**508**	579

	2023	2022
2.8. Current receivables, thousand euros		
Receivables form group companies		
Trade receivables	14	11
Receivables form group companies, total	14	11
Receivables from others		
Trade receivables	2 099	2 710
Other receivables	189	95
Accrued income		
Other accrued income	135	167
Prepayments	270	336
Accrued income, total	404	503
Receivables from other, total	2 693	3 308
Total current receivables	**2 707**	3 319
2.9. Shareholders' equity		
Capital stock January 1 and December 31	6 314	6 314
Treasury shares	-108	-108
Restricted equity	6 206	6 206
The invested unrestricted equity fund January 1 and December 31	14 834	14 834
Retained earnings January 1	-18 588	-20 550
Retained earnings December 31	-14 883	-18 588
Result for the year	5 130	3 705
Equity	5 081	-49
Total shareholders' equity	**11 287**	6 157
2.10. Statement of distributable earnings December 31		
Profit for the previous years	-14 883	-18 588
The invested unrestricted equity fund	14 834	14 834
Result for the year	5 130	3 705
Capitalised development costs	-816	-739
Total distributable earnings	**4 265**	-788

The Board will propose to the Annual General Meeting that a dividend of EUR 0.01 per Series A share and EUR 0.0083 per Series K share be paid,total EUR 586 thousand. No dividend was paid in 2022. EUR 584 thousand. No dividend was paid in 2022.

2.11. Treasury shares

During the financial year 2022 (2021), Tulikivi Oyj has neither acquired nor disposed any own shares. At the reporting date, the company held 124 200 (124 200) own A shares, which represents 0.2 % of the share capital and 0.1 % of the voting rights. The acquisition price is EUR 0.87/share on average. The acquisition of own shares has not had any significant effect on the distribution of ownership or voting rights of the company.

	2023	2022
2.12. Provisions, thousand euros		
Warranty provision, non current	42	48
Warranty provision, current	28	22
Environmental provision, non current	209	210
Environmental provision, current	6	6
Total	**285**	286
2.13. Non-current liabilities		
Loans from credit institutions	8 534	10 000
Pension loans	0	0
Liabilities to Group companies	220	210
Liabilities from others	0	0
Total non-current liabilities	**8 754**	10 210
2.14. Current liabilities		
Liabilities to Group companies		
Trade payables	446	276
Accrued liabilities	0	2
Liabilities to others		
Loans from credit institutions	2 028	1 800
Pension loans	0	0
Advances received	173	1 280
Trade payables	2 213	2 918
Other current liabilities	283	776
Accrued liabilities		
Salaries, wages and social costs	2 519	2 842
Discounts and marketing expenses	399	427
External charges	2	162
Interest liabilities	7	4
Other accrued liabilities	58	103
Accrued liabilities, total	2 985	3 538
Liabilities to others, total	7 682	10 312
Total current liabilities	**8 128**	10 590

In relation to the Talc Project, a EUR 0.6 million support loan was raised from Business Finland against accumulated costs.

2.15 Given guarantees, contingent liabilities and other commitments, thousand euros	2023	2022
Loans and credit limit accounts with related mortgages and pledges		
Loans from financial institutions and loan guarantees	10 562	11 800
Real estate mortgages given	4 394	14 191
Company mortgages given	11 396	22 396
Given mortgages and pledges, total	**15 790**	36 587
Other own liabilities for which guarantees have been given Guarantees		
Real estate mortgages given	500	500
Other commitments	3	3
Other own liabilities for which guarantees have been given, total	**503**	503
Other commitments		
Rental commitments due		
Rental obligations payable not later than 1 year	525	422
Rental obligations payable later	526	739
Rental commitments due, total	**1 051**	1 161
Leasing commitments		
Due not later than 1 year	299	313
Due later	613	663
Leasing commitments, total	**912**	976

Leasing agreements are three to six years in duration and do not include redemption clauses.

Obligation to repay VAT deductions made in earlier periods	49	18

The Group is obligated to check the value added tax deductions made on property invsetments. The last annual check is in the year 2032.

2.16. Other contingent liabilities

Environmental obligations

Tulikivi Corporation's environmental obligations, their management and recognition of environmental costs

Tulikivi group has landscaping obligations based on the Mining Act and other environmental legislation, which must be met during operations and when the quarries are shut down in the future.

Actions demanded by the environmental obligations are continuously performed besides normal production processes. Handling of water, arrangements for soil and rock material stacking areas, vibration and noise measurement, dust prevention and the monitoring the measurement result belong to these tasks. The costs relating to these activities are mainly recognised in the income statement as expense. Transport of soil material to stacking areas by opening new quarries is capitalised to other long-term expenses and depreciated during the useful life of the quarry. Lining work of stacking areas is based on long-term quarrying plans, according to which surface material of new opened quarries will be used in lining work. However, the lining work cannot be done until the point when there are finished sectors in the stacking area. No provision is recognised for the lining work, because it is not estimated to increase the costs of normal quarrying work.

After a factory or a quarry is shut down, the final lining work of the stacking areas, water arrangements, establishing of check points, bringing to safety condition and planting and seeding the vegetation will take place. For that part of these costs which are estimable, a provision is recognised.

Based on the environmental authorisations, the Company has given guarantees to the effect of EUR 516 thousand in total.

Signatures to Board of Directors' Report and Financial Statements

Helsinki March 20. 2024

Jyrki Tähtinen	Niko Haavisto	Jaakko Aspara
Liudmila Niemi	Tarmo Tuominen	Heikki Vauhjonen Managing Director

Auditors' Report

To the Annual General Meeting of
Tulikivi Corporation

We have audited the financial statements of Tulikivi Oyj (business identity code 0350080-1) for the year ended
31 December 2023. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

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

Our opinion is consistent with the additional report submitted to the Audit Committee and Board of Directors.

Basis for Opinion

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

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

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 7.2 to the consolidated financial statements.

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

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters

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

The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

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

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Revenue recognition (Notes 1 and 3 to the consolidated financial statements)	
The consolidated sales comprise sales of products as well as installation and freight services. The Group's revenues for the financial year 2023 totalled to EUR 45.3 million. The Group uses different delivery terms, which determine when control of the product sold passes to the customer. Revenue is recognised when the customer is deemed to obtain control of the goods or services at a point in time. Due to the large number of sales transactions and the risk of incorrect timing for recognition of revenue, revenue recognition is considered a key audit matter.	We obtained an understanding of the revenue recognition bases and policies as well as assessed the revenue recognition principles applied by reference to the applicable IFRS standards. As part of our audit, we tested related key controls and performed substantive audit procedures. We inspected revenue transactions by comparing them to the invoices, order and delivery documents as well as payments received, on a sample basis. We tested revenue recognised in the period, with attention to whether the revenue was recognised in the correct period. This involved selecting a sample of invoices and agreeing them to supporting delivery documentation and inspecting credit invoices issued post period end in early 2024. In addition, we considered the appropriateness of the disclosures provided in respect of sales.
Valuation of goodwill and trademark (Notes 1, 15 and 16 to the consolidated financial statements)	
The carrying amounts of goodwill and trademark totalled to EUR 5.1 million in the consolidated financial statements representing 28 % of the consolidated equity. Tangible and intangible assets are allocated to cash-generating units and tested for impairment at least annually. Preparation of cash flow projections used as the basis for the impairment tests requires management judgments and assumptions for profitability, long-term growth rate and discount rate. Valuation of goodwill and trademark is considered a key audit matter due to the significance of the carrying amounts and high level of management judgement involved both in the projections used in impairment testing and in the determination of useful life.	We evaluated and challenged the key assumptions used in the calculations by reference to the budgets approved by the Board of Directors of the parent company, data external to the group and our own views. We assessed the historical accuracy of forecasts prepared by management by comparing the actual results for the year with the original forecasts. Furthermore, we evaluated the valuation and useful life of the trademark. We assessed the technical accuracy of the calculations and comparing the assumptions used to market and industry information. In addition, we assessed the appropriateness of the Group's disclosures in respect of goodwill, trademark and impairment testing.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on 13 April 2007, and our appointment represents a total period of uninterrupted engagement of 17 years.

Other Information

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

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

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

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

Helsinki 20 March 2024

KPMG OY AB

Heli Tuuri

Authorised Public Accountant, KHT

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ES 2021, 04/24