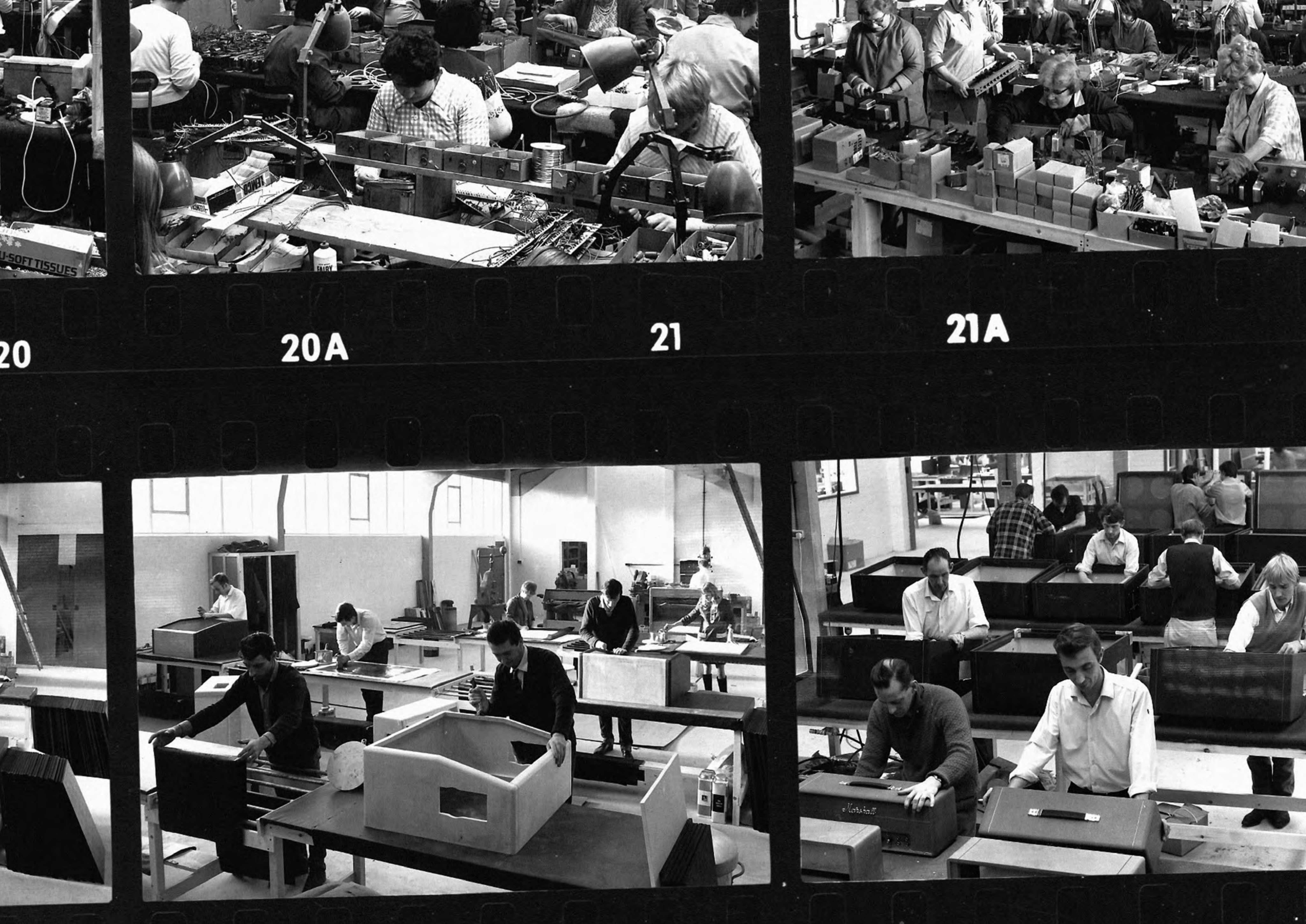
MARSHALL GROUP ANNUAL REPORT 2023

Marshall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2023 IN REVIEW – MARSHALL GROUP IS BORN

2023 saw the creation of the Marshall Group with Marshall Amplification and Zound Industries coming together. It has been a historic year for everyone at Marshall. We have launched iconic products across all key categories, built on our legacy and premium positioning and delivered record breaking revenues and profits while continuing to invest in the future.

FEBRUARY

Marshall launched the Middleton, the brand's newest portable speaker. The speaker is manufactured from 55 percent post-consumer recycled plastics and is completely PVC-free. Its rugged IP67 dust and water-resistant design gives the user an option to bring the speaker outside no matter the weather.

MARCH

On March 30, Zound Industries announced the acquisition of Marshall Amplification and its subsidiaries to create the Marshall Group. The deal includes all Marshall Amplification brands and subsidiaries, including Natal Drums, Marshall Records, and Marshall Live Agency.

APRIL

In the end of April, the acquisition of Marshall Amplification was successfully closed following an Extraordinary General Meeting.

MAY

The Annual General Meeting 2023 was held on May 23, re-electing the Chairman and the Board members. As representatives of the Marshall Family, Terry Marshall and Victoria Marshall were elected new Board members.

JUNE

On June 15, Zound Industries officially changed its name to Marshall Group AB, completing the new group structure and marking a new era for Marshall.

JULY

To honour what would have been Jim Marshall's 100 birthday and pay homage to the first Marshall amp, Marshall launched the Studio JTM amplifier. Inspired by the JTM 45 first produced in 1962, the new Studio JTM brings the same legendary, warm, and smooth tone that inspired generations of musicians to share their musical visions with the world.

AUGUST

Marshall launched the Motif II A.N.C., a true wireless headphone with a huge sound in a tiny package. With 30 hours of playtime, active noise cancellation and support for BT LE Audio, it offers music enjoyment without distraction.

Marshall Group became signatory of the UN Global Compact, the world's largest sustainability initiative for companies.

SEPTEMBER

Natal Drums released the Zenith Drum kit. This is a diligent homage to kits of the past that helped define contemporary rhythm but built with modern durability and production in mind. The Zenith's vintage look, feel and sound all deliver a unique playing experience for the modern musician of today.

OCTOBER

Altor Equity Partners acquired a minority stake in Marshall Group from funds advised by Varenne AB, Varenne Invest I AB, Zenith Venture Capital I AB, Zenith Venture Capital III AB as well as other smaller investors.

NOVEMBER

The classic Urbanears DJ headphone Zinken was re-launched in an updated and more sustainable form, made from 87 percent recycled plastics.

DECEMBER

An Extraordinary General Meeting was held where three new Board members were elected; Andreas Källström Säfweräng, representing Altor Fund VI, Karl Svenningsson, representing Altor Fund VI, and Filip Blomback, representing Telia Company.

COMING TOGETHER

The creation of the Marshall Group is the culmination of a long-term partnership between Zound Industries and Marshall Amplification. Spanning over a decade, this collaboration has grown, driven by a mutual passion for high-quality sound and iconic products designed to last.

Since 2010, we have been working together to bring the Marshall brand from the big stage to a global consumer audience through a range of headphones and wireless speakers.

Coming together as one company, the Marshall brand will resonate far more loudly. Marshall Group will leverage the first-class design, branding, and go-to-market capabilities from Zound, while building on Marshall Amplification's craftsmanship, experience and reputation as a true icon in rock 'n' roll history – having served as the music industry's amplifiers of choice for over 60 years.

The Marshall Group is now home to Marshall amplifiers, speakers and headphones, Marshall Records, Marshall Studio, Natal Drums and Urbanears. Bringing together around 800 employees across eight locations globally, we have the perfect conditions to create the best products and experiences for musicians and music lovers around the world.

Marshall is a globally renowned and iconic brand, uniquely positioned with 60 years of rock 'n' roll attitude, and with innovative products loved by people on stage, at home and on the go. The Marshall Group has a significant growth potential across product categories, geographies, and channels, in a growing, premium, 100 billion USD market. ■

WITH MARSHALL GROUP, THE WHOLE IS GREATER THAN THE SUM OF ITS PARTS. 1+1=11.

A NEW ERA FOR MARSHALL

2023 was a historic year for the Marshall Group. Record sales and double-digit profits for the third year in a row, as well as the acquisition of Marshall Amplification, we united one of the music world's most iconic brands with a design and technology-driven business that knows how to bring new products and technologies to market at scale. Today, we have a brand that is much bigger than our current business and the capabilities to capture an even larger share of the global market.

Becoming Marshall Group
We entered 2023 as Zound Industries, a licensee of Marshall Amplification, and came out as the Marshall Group fully owning the Marshall brand. Bringing together the best of both worlds under one roof, enabling us to look at our product offer holistically and providing musicians and music lovers with an even greater Marshall experience.

We have already started to accelerate innovation across existing and untapped product categories and look forward to introducing the Marshall experience to more aspects of our consumers' lives globally. During the year, the Marshall portfolio saw several premium additions, including the Middleton, Marshall's latest portable speaker, the already iconic Studio JTM amplifier, and the updated true wireless headphone Motif II A.N.C. We also worked tirelessly in product R&D, preparing our entry into new categories. In the years to come, Marshall Group will expand its presence in the lives of music lovers, at home and on the move, and fulfil musicians needs with a fully-fledged offer across valve and digital.

Less than a year into our shared journey, we can conclude that the integration of Zound and Marshall has proceeded faster and better than expected. We complement and learn from each other, collaborate, and build a strong culture around common goals, while continuing our growth momentum both in terms of revenue and profitability. The whole team has done a fantastic job leading the way forward through dedication, competence and experience. As we bring the curtains down on 2023, we present our annual report, highlighting record sales, profitability, a successful integration and an exciting product roadmap for the future.

2023 MARKED OUR THIRD CONSECUTIVE YEAR OF PROFITABLE GROWTH AND THE CREATION OF THE MARSHALL GROUP.

Jeremy de Maillard, CEO

Sustainable and profitable growth
2023 was our third consecutive year of solid results, and we closed the year by presenting our 12th consecutive quarter of sustained growth. Delivering 29 percent growth year on year, with a 19 percent adjusted operating margin, is a great achievement in times defined by global macro-economic challenges. It is also the result of a reshaped business model that drives our premium positioning and counteracts the historical seasonality in the business. Sales and profits are now more evenly balanced across quarters, driving profitability throughout the year.

By balancing our sales across quarters and diversifying distribution across channels and geographies, we significantly increased predictability, while reducing financial risk. Risk was further mitigated through our high quality inventory, enhanced cost management, and improvements in the supply chain.

While our financial performance demonstrated long-term stability, our business also made significant advancements in terms of sustainability. In August 2023, Marshall Group became signatory of the UN Global Compact, the world's largest sustainability initiative. During 2023, we have increased the use of recycled and responsible materials in our products, continued to audit and work closely on sustainability improvements with our partners, and enhanced our focus on designing for longevity, repairability and reuse. As Marshall Group, we are committed to build products that last and continuously lowering carbon emissions to drop to net zero by 2040.

Building for the future
In 2023, our focus was on building an integrated organisation, premiumizing our portfolio, and future-proofing our business model. Everything unfolded as planned and exceeded expectations. Looking ahead to 2024, we anticipate Marshall Group to continue its profitable growth journey by creating the best products and experiences for musicians and music lovers all around the world, and capture a larger share of a USD 100 billion market opportunity. Moving ahead, our iconic brand, innovative product portfolio, and talented team will pave the way for the journey towards becoming the world's most iconic, played, and loved brand for musicians and music lovers. ■

FINANCIAL HIGHLIGHTS

Marshall Group delivered a third year in a row of profitable growth in 2023 with net sales breaking the 4 billion SEK barrier, increasing 29 percent compared with 2022. 2023 was Marshall's best year to date, hitting double-digit growth and profitability in all four quarters with healthy growth across product categories, channels and regions.

Net sales MSEK

4,007

Year over year growth

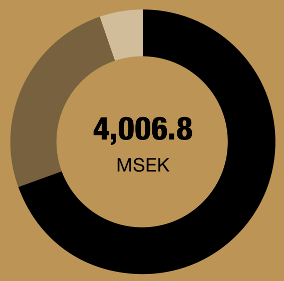
+29%

Adjusted operating profit, MSEK

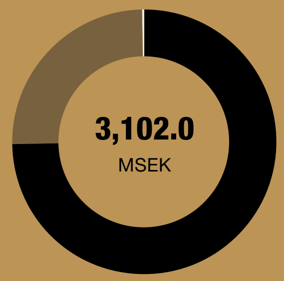
757

2023 | **2022**

Net sales by product category

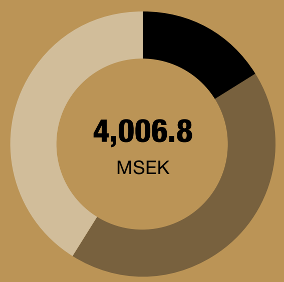


- Speakers 2,792.8 MSEK
- Headphones 1,012.1 MSEK
- Amps* 201.9 MSEK
- Other –

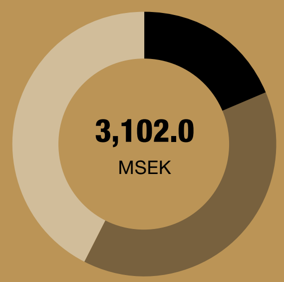


- Speakers 2,325.2 MSEK
- Headphones 768.7 MSEK
- Amps* –
- Other 8.1 MSEK

Net sales regions

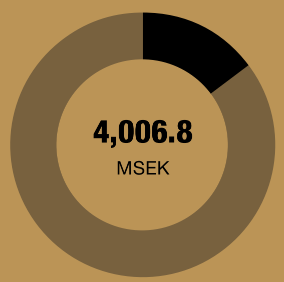


- Americas 646.7 MSEK
- APAC 1,713,6 MSEK
- EMEA 1,646.5 MSEK

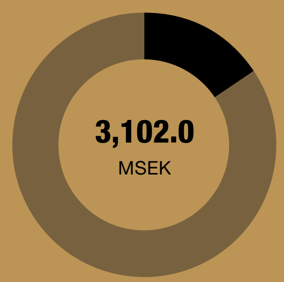


- Americas 584.7 MSEK
- APAC 1,200.3 MSEK
- EMEA 1,317 MSEK

Net sales in channels



- eCom 594.8 MSEK
- Other 3412.0 MSEK



- eCom 485.5 MSEK
- Other 2616.5 MSEK

**Amps numbers include all of Marshall Amplification and its subsidiaries from May 2023 and onwards.*

KEY FIGURES

MSEK / Full year	2023	2022	Δ%
Net sales	4,006.8	3,102.0	29
Gross profit	1,997.2	1,246.3	60
Gross margin, %	49.8%	40.2%	-
Operating profit, EBIT	626,6	318.5	96
Operating margin, %	15.6%	10.3%	-
Adjusted operating profit, EBIT*	757.0	427.1	77
Adjusted operating margin, %*	18.9%	13.8%	-
Net profit/loss for the period	427.8	260.5	64
Equity/assets ratio, %	55.6%	41.3%	-
Interest-bearing net debt	-736.2	-554.6	-33
Earnings per share, SEK	42.64	30.25	31

** Adjusted for expenses affecting comparability of MSEK 132.6 (108.6) in 2023.*

PRO FORMA NUMBERS*

in SEK millions	2023	2022	Δ%
Net sales	4,097.4	3,458.3	18
Adjusted operating profit, EBIT	789.4	534.6	48

** Pro forma numbers include Marshall Amplification* and its subsidiaries for the full year of 2023 and 2022.

1960 - Open for business

1962 - No. 1

32A 33 33A 34 34A 35

60 YEARS OF LOUD

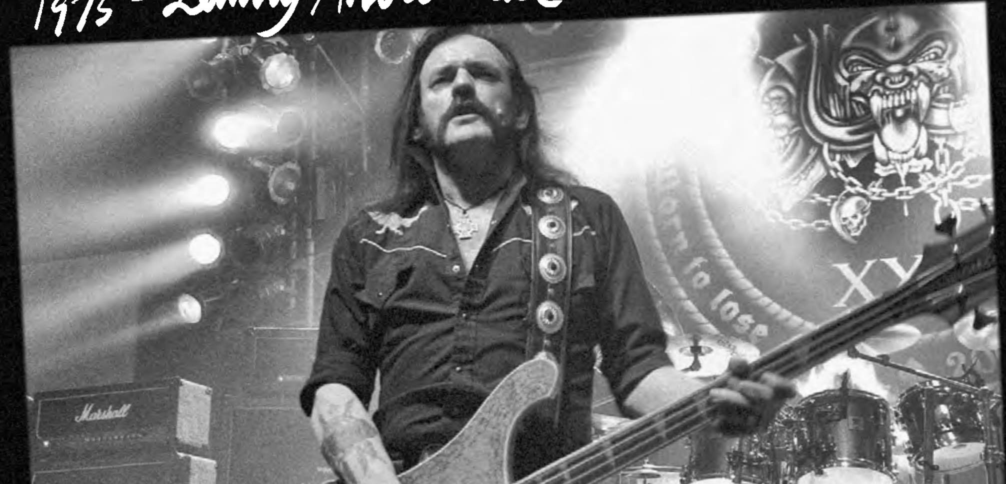
1967 - Jimi Hendrix

1973 - Blondie

1975 - Paul Stanley & Ace Frehley / Kiss

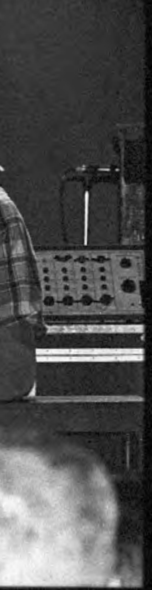
35 35A 36 36A 27A 28

1975 - Lemmy / Motörhead



1975 - Wall of amps

1976 - Iggy and Bowie



1981 – The JCM 800

31A 32

1982 – The evolution of punk

22A 23

1984 – Marshall goes to Hollywood

23A 24

1987 – Slash cranks it up

24 24A 25

1992 – Marshall royally marked

25A 26

6 9 1 3

2008 – Justice at FOF

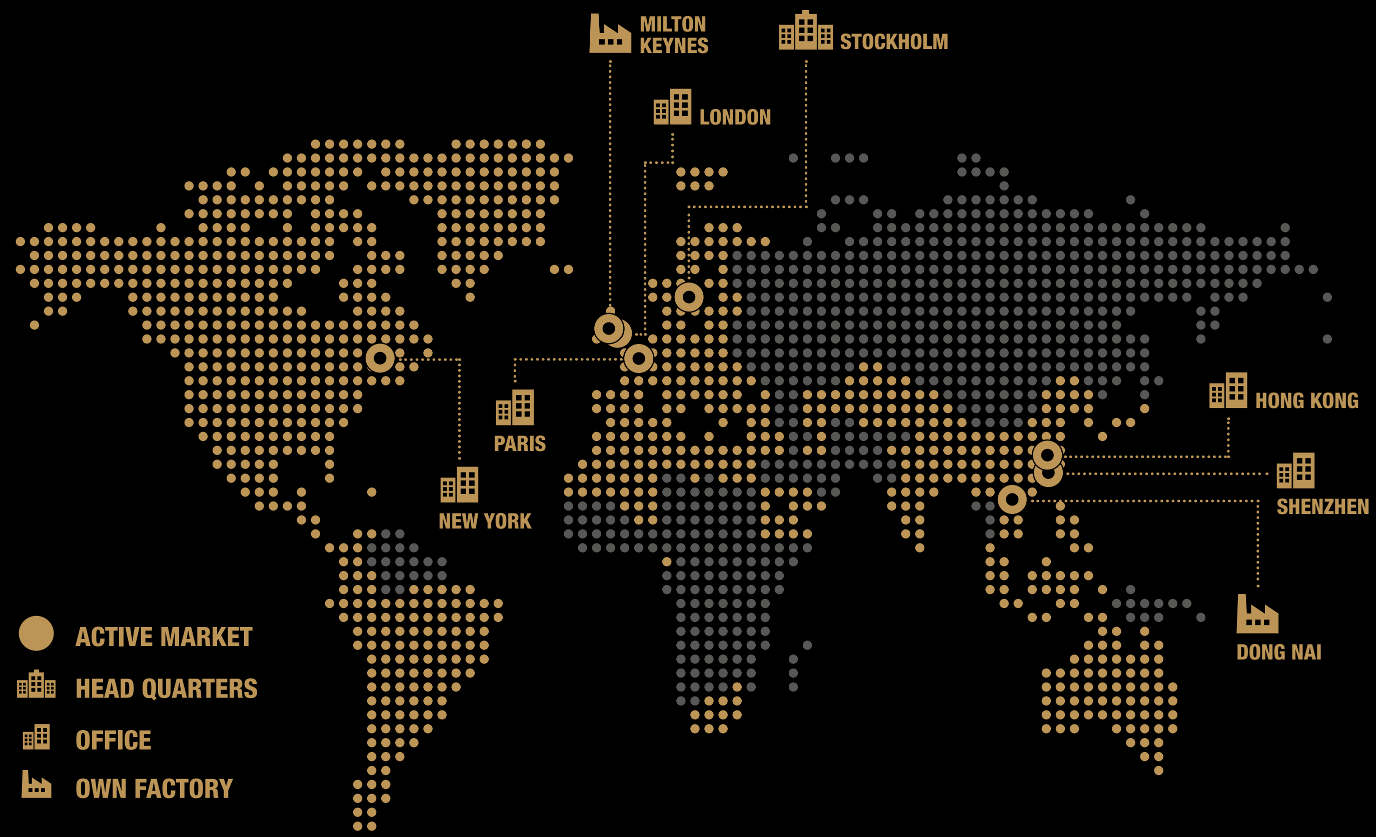
26A 27

2010 – Sound from the stage to the people

2016 – Nova Twins signed at Marshall Records

ABOUT MARSHALL GROUP

Marshall Group is the audio, tech and design powerhouse uniting musicians and music lovers through genre-breaking innovation.



90+	8	~800	>60
ACTIVE MARKETS	LOCATIONS	FTEs	MUSICIANS REPRESENTED

For over 60 years, we've amplified the sound of the world's most talented artists. We've brought their music to crowds and solo listeners everywhere. We give sound a design that resonates with ears and eyes, as well as at a deeper cultural level.

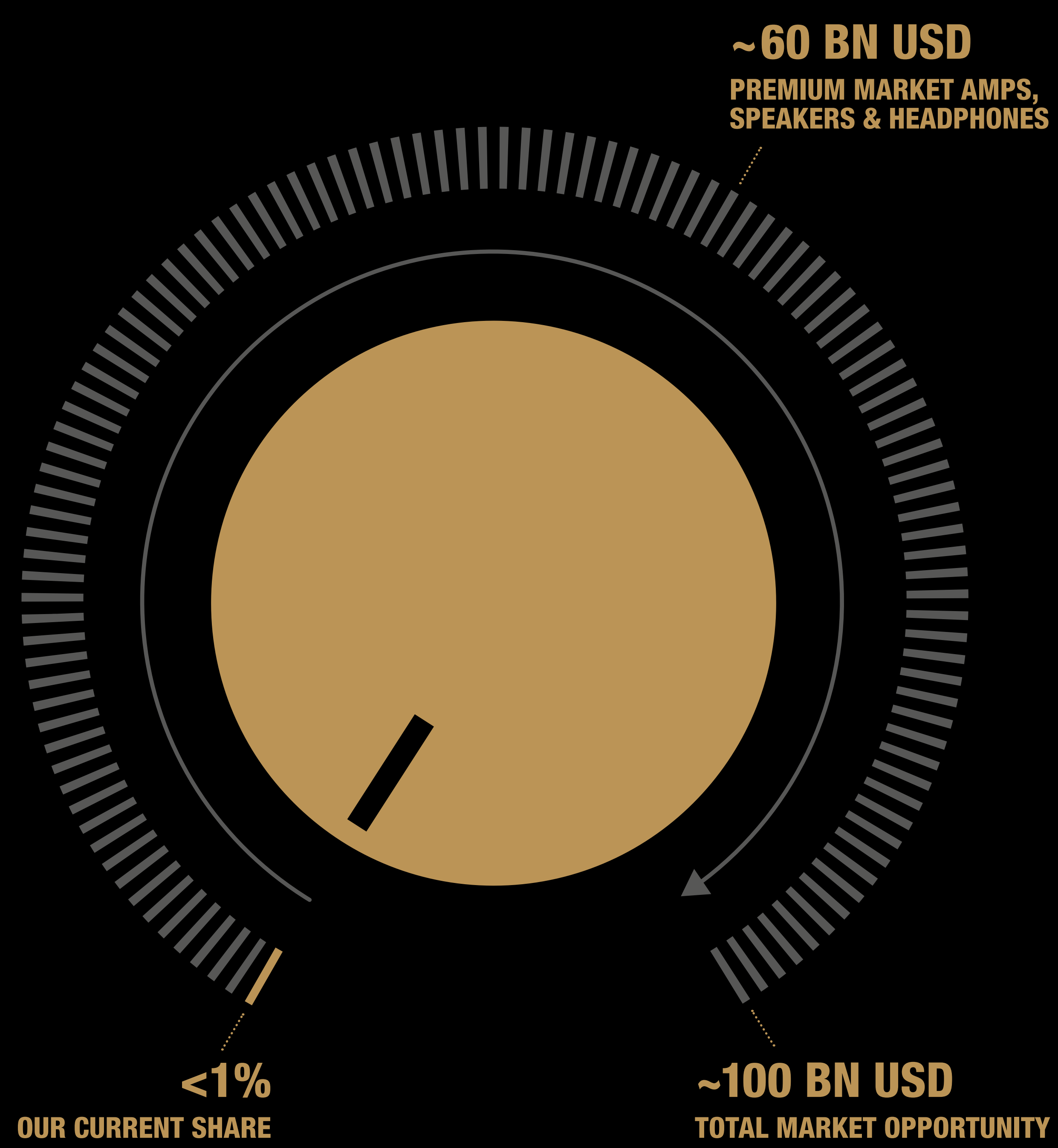
Bridging iconic rock 'n' roll heritage with cutting-edge innovation and culture-driven brand-building, our group activities span professional music equipment, consumer electronics, a record label, and more.

We gather almost 800 highly talented people across eight global locations and our products are sold in over 90 markets worldwide. ■

WE GIVE SOUND A DESIGN THAT RESONATES WITH EARS AND EYES, AS WELL AS AT A DEEPER CULTURAL LEVEL.

Marshall Group was born in 2023, following the fusion of Stockholm-based Zound Industries and Marshall Amplification of Milton Keynes, building on a decade long relationship that brought the Marshall brand from the big stage to a global consumer audience.

THE MARKET OPPORTUNITY



As one of the top brands in terms of brand awareness and reputation in our category, we still have less than one percent market share in a growing USD 100 billion total market.

The premium amps, headphones and speakers market represents USD 60 billion, with a going forward trend of 8–9 percent growth. By entering new product categories, we will open up an additional attractive and dynamic USD 40 billion market. ■

THE NEXT 60 YEARS OF LOUD

The strong profitable growth during the last three years is a result of our clearly defined strategy, rooted in what makes Marshall, Marshall, and our ability to build and deliver exceptional products to a global audience in the best possible way.

Building on 60 years of Loud, we have the perfect conditions to unlock the potential of the brand across the world moving forward.

BEST PRODUCTS & EXPERIENCES, FROM THE STAGE TO THE CROWD.

MUSICIANS

For musicians of all levels, from beginners to rockstars. Guitarists first – always.

MUSIC LOVERS

For people to express their own rock’n’roll attitude, explore and and share their love for music, at home or on the go.

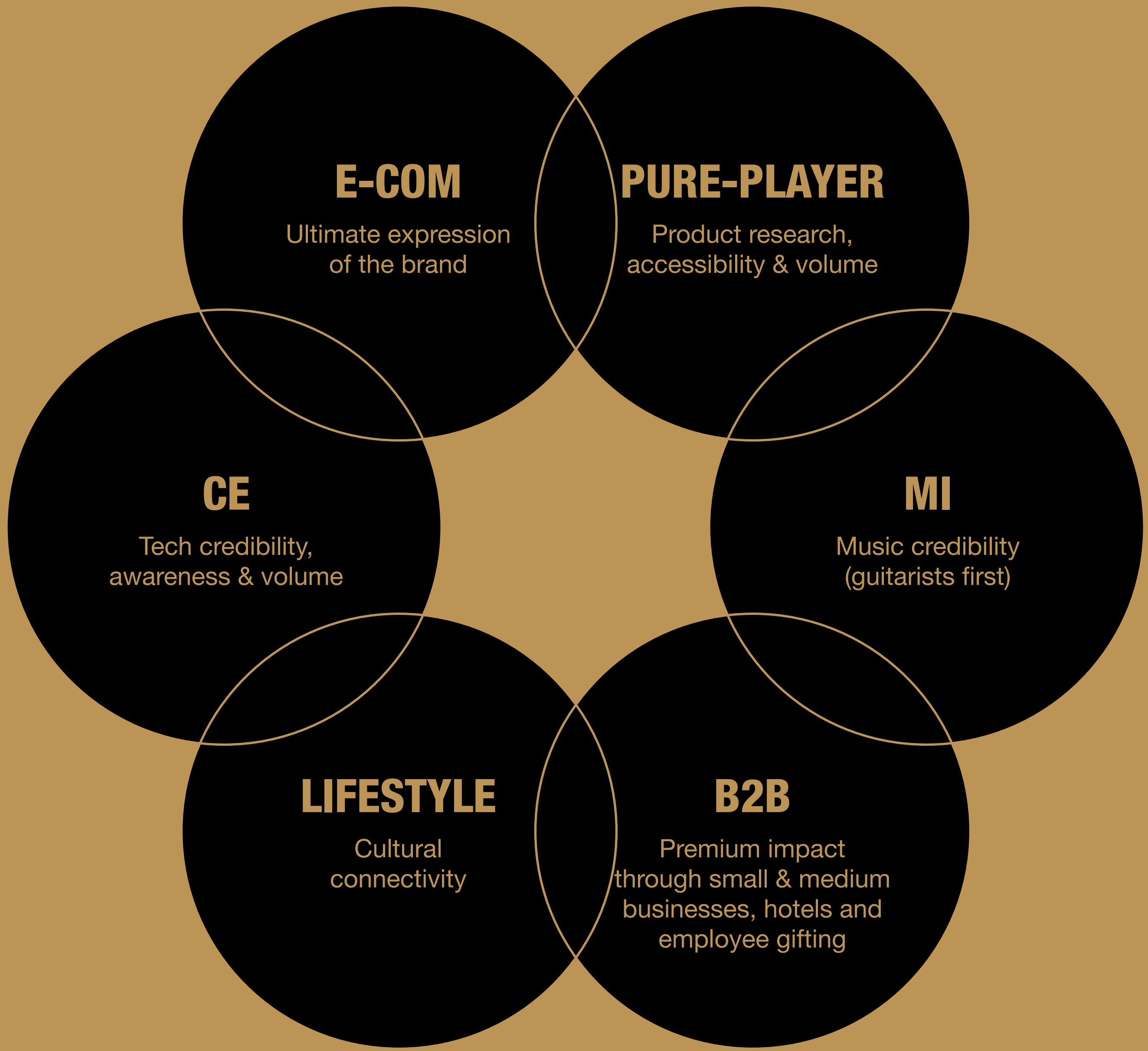
WE WANT TO BE THE WORLD’S MOST ICONIC, PLAYED AND LOVED BRAND FOR MUSICIANS AND MUSIC LOVERS.

OUR AMBITION

The strategy starts with a clear ambition, both in terms of market position and financial performance. Our “Where to Play” and “How to Win” choices are what steer us towards that ambition.

- We want to be the world’s most iconic, played and loved brand for musicians and music lovers.
- We want to deliver double-digit profitable growth year on year.

HOLISTIC MARKETPLACE MANAGEMENT ACROSS CHANNELS AND GEOGRAPHIES.



WHERE TO PLAY

Our “where to play” choices cover the product categories, the geographies, channels and audiences we choose to focus on.

We want to create the best products and experiences from the stage to the crowd. From the rockstars and the bedroom musicians, always guitarists first, to the people who want to express their own rock’n’roll attitude in their everyday lives.

We are managing the marketplace holistically across APAC, EMEA and the Americas. From our own e-commerce (e-com) to online pure players, consumer electronics stores (CE), music stores (MI), lifestyle stores and business-to-business (B2B). Each channel has a clear role and a clear proposition to win in the marketplace.

BY BRIDGING THE GAP FROM MUSIC CREATION TO MUSIC CONSUMPTION, WE EMBRACE NEW TECHNOLOGY, ENHANCING WITHOUT OVERSHADOWING REAL-LIFE EXPERIENCES.

HOW TO WIN

Product & brand driven
We obsess over heritage and iconic design, offering a simple, yet truly immersive, user experience; exceptional acoustics, open ecosystems, and built-to-last products. We embrace new technology, enhancing without overshadowing real-life experiences. Brand is the sum of all parts, it’s every single touch point that we have with our audience. We cannot make iconic products without an iconic brand, and vice versa.

Digitally connected
We prioritise our digital ecosystem across everything we do to own, fuel and protect the direct consumer relationship.

Sustainability committed
We want to lead our industry towards circular, emission free and responsible practices. Designing products that are built to last; easy to repair and recycle, made from harmless materials.

Diversity & inclusion minded
We represent everyone’s voice in everything we do by building an organisation, network, products and experiences that match our audiences to drive change from within. ■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MARSHALL, IN THE EYES OF AN ARTIST

Text by Frida Calderon | Photography by Therés Stephansdotter Björk

Sweden is home to a plethora of outstanding and progressive metal bands and metal guitarists, Opeth's Fredrik Åkesson is one of them. He began his career playing with the hard rock band Talisman, before moving onto doom metal band Krux, then melodic death metal band Arch Enemy. Fredrik is a frequent and long-term user and endorsee of Marshall amps.

"I grew up listening to Gary Moore, Judas Priest and Iron Maiden. Dio, Merciful Fate, Ozzy Black Sabbath, Randy Rhodes, Michael Schenker and Richie Blackmore. Uli Roth, Frank Marino, Yngwie Malmsteen and Eddie Van Halen. So, Marshall has always been there", Fredrik says.

He quit school when he was 15 years old, because he was more into guitars, and he got his first job at a factory to be able to buy his first Marshall amp.

"My dad said you can work, but if you don't have a gig before you're 19, you must go back to school", says Fredrik. "And I did get a gig with the band Talisman with Marcel Jacob and Jeff Scott Soto. They used to be in Rising Force with Yngwie Malmsteen so that was a big thing back then".

Fredrik first got in touch with the Marshall family at the time he went on to play in Opeth with Mikael Åkerfeldt, and he thinks being endorsed by Marshall means you are in great company of guitar legends.

"Just look at the roster of amazing artists that are endorsed by Marshall! When I grew up, we saw these stack walls at shows, and that just felt very mighty because Marshall is such a strong, iconic brand", says Fredrik.

MY DAD SAID YOU CAN WORK, BUT IF YOU DON'T HAVE A GIG BEFORE YOU'RE 19, YOU MUST GO BACK TO SCHOOL.

Fredrik Åkesson

Opeth have used several different Marshall amps in their album recordings, such as JVMs and the older plexi amps, but one is particularly special. Fredrik says, "We've also used JCM800 2205 with two channels that's not made anymore. Michael Schenker and Tom Morello still uses it, and Kerry King did too before he had the signature Marshall 2203KK amp (The Beast) made".

Fredrik describes the Marshall tone as ‘iconic’ with a distorted sound that cuts through the mix of instruments and creates a symbiosis, and he is especially fond of the plexi amps.

“When recording, I use the 1987X reissue as I think it’s super close to the classic 70’s plexi amp. The original ones tend to sound a bit different from one another and you can really be nerdy about this and switch tubes and experiment. It will make a massive difference”, Fredrik says. “You need a distortion or an overdrive in front of the old-school amps to make them workable in a rock or metal environment, but a good Marshall overdrive pedal, like the Guv’nor, will definitely also do the trick”.

Fredrik sometimes also uses different amps for different guitar layers, which he did when playing on a couple of recordings for the rock band Ghost.

“But you can also switch guitars to create diverse tones, or change the amp cabinet to make a heavier and wider sound”, he says.

Fredrik addresses the Marshall legacy and quality products as a strong success factor for the brand, but also the effort to engage and involve the younger generation of musicians through constant development.

“You have your iconic models that will always last, and then the more high-gain stuff that will appeal to the younger metal kids. There are always ways to develop the amps, and Marshall is already doing that”, he says.

“I have also had to use the digital solutions. They're good and convenient, and I do have the Marshall CODE amp in my living room that I practice on every morning, but I still prefer the traditional items that have that core and fire breathing of a proper tube amp”.

Fredrik is also a fan of Marshall’s headphones and speakers. “I got a couple of noise-canceling over-ears – I really like them, they’re great! I have them chained to my body when I travel these days!”, he says.

During the launch of Marshall Group in 2023, Fredrik hosted a Guitar Clinic at the Stockholm office, playing riffs all the way from Jimi Hendrix and Deep Purple to New Wave of British Heavy Metal and Slayer, capturing the history of Marshall and inspiring the Marshall employees.

“I transformed myself into some kind of jukebox in a time capsule – which was a bit of a challenge – but I do sometimes end up in the Stockholm office doing late-night jams on the stage anyway so that’s really cool”, Fredrik says. ■


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1964
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CRAFTING ICONIC SOUND

Text by Nina Slmberg | Photography by Calle Elf

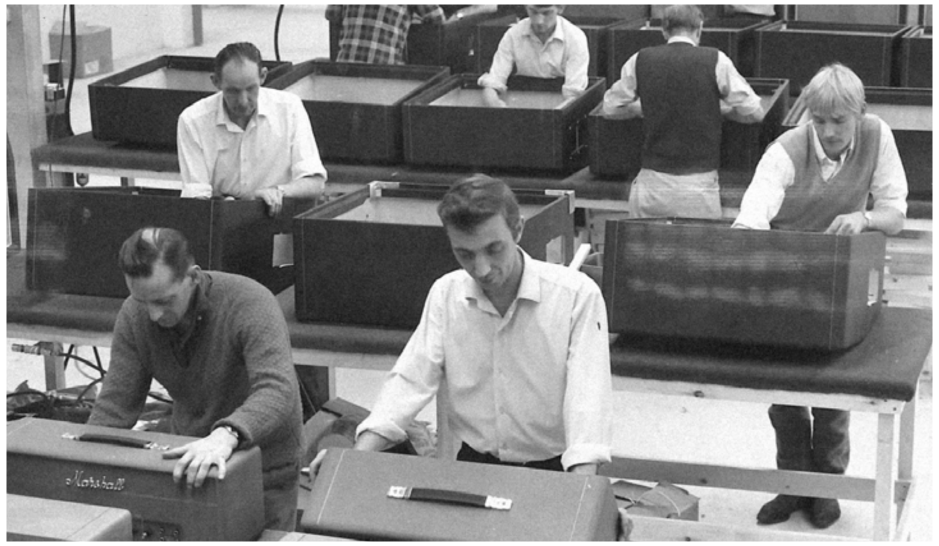
From the very start, Marshall has been at the forefront of global musical innovation, proudly rooted in the UK. A deep passion for music, engineering and quality reflects our dedication to keep breaking new ground while maintaining firmly rooted in craftsmanship. That way, guitarists everywhere can get the best sound – with the authentic Marshall soul.

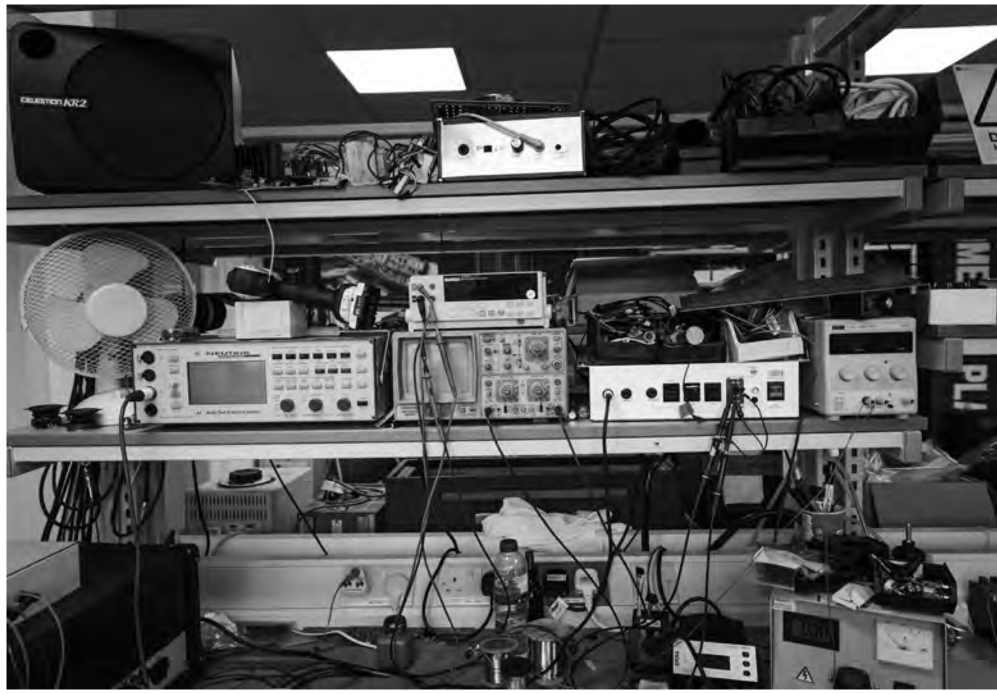
Marshall's first amp was created in 1962, and only two years later, the first factory in Hayes opened. By 1967, we had already outgrown the original site and moved to a factory in Bletchley – which is still our home today.

THE FACTORY – WHERE HISTORY MEETS INNOVATION

Marshall's presence in the UK is not just about manufacturing; it is about creating a legacy of sound that has been integral to music history.

In the early days of the factory, Jim Marshall would occasionally jump into the production to help, signing the finished cabs when assembled. This tradition lives on today, with every Marshall artisan sticking their name on the cabs. As our production expands, it is crucial to keep the same Marshall authenticity. Therefore, the expansion of our factory in the eighties and our factory in Vietnam, carry the same specifications as the original factory. Our factory, with its blend of traditional craftsmanship and modern technology, is where our commitment to excellence comes to life, ensuring that every Marshall product not only sounds exceptional but carries with it a story of music history.

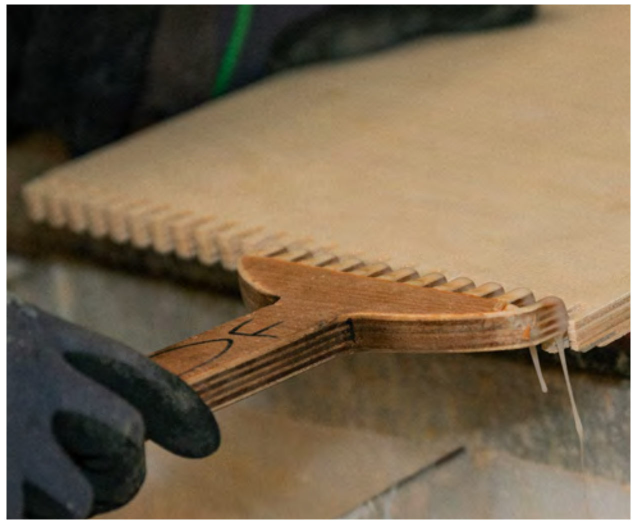


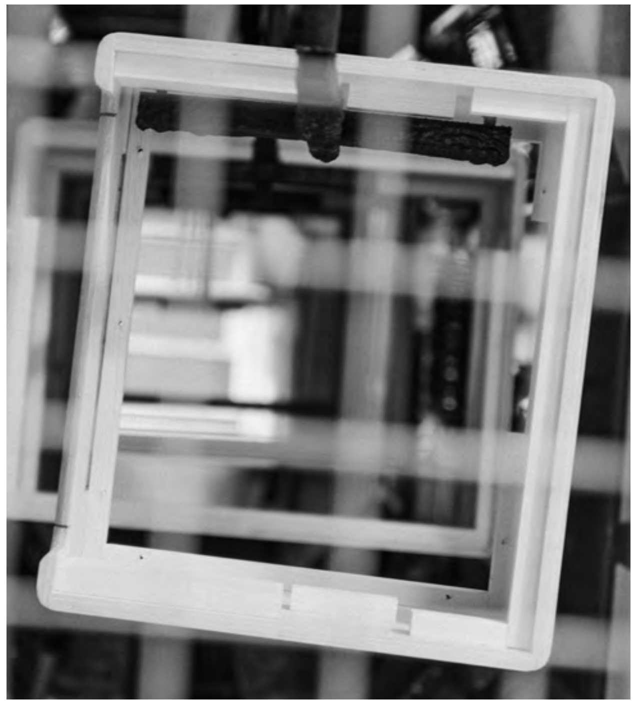


Marshall's legacy is built on more than just sound; it is a testament to the enduring quality and innovation that comes from a deep pride in our work and a commitment to the craft – all the way from a plank of plywood to a finished amp on stage.

PRODUCTION

The five production departments each play a crucial role in the creation of our amps: the Wood Mill, Engineering, Electronics, Covering and Finishing.

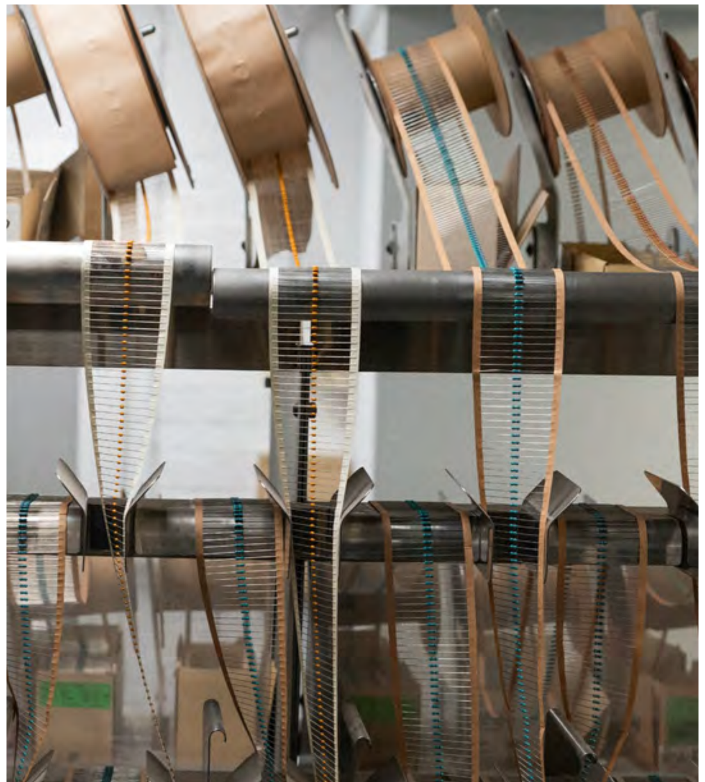




The Wood Mill is where the product cabinets begin to take shape, from cutting individual sheets of plywood to produce the tops, bottoms and sides of the cabinets to the hands-on gluing of cabinet joints and batten work, and finishing with the hand sanding, ensuring each piece resonates with the Marshall sound.

In the **Engineering department,** each amp chassis is made to safely house a range of electronics and valves. Sheet metal is cut and bent to perfectly fit each internal component. The completed chassis is then reinforced for added strength, ready for anything a hard-working musician can throw at it.

In the **Electronics department**, some amps are wired by hand using traditional 1962 construction methods, while others feature printed-circuit-boards automatically populated with up to six components per second. The boards are put into the chassis, wired-up and tested. At this point the panels, switches, transformers, and valve bases are also added manually.



The **Covering process**, particularly for vintage models, requires a high level of skill, showcasing our artisans' dedication to perfection. Whether it is classic elephant grain or timeless levant, adding the covering is where the product starts to become recognisable as one of our iconic amps.

With meticulous attention to detail in the **Finishing**, the fret cloth is carefully applied by hand ensuring each piece meets our stringent quality standards. This is the department where all the handles, speakers, and logo's are added, and when we truly know it's a Marshall.

From there each finished product is evaluated by Marshall's dedicated tester with the best job in the world; to put on a short concert with every amp to make sure it delivers that special Marshall sound.

Once ready and approved, the finished amp and its accessories are carefully packed. The box is then prepared to be transported, ready to be used by more guitarists around the world.

BESPOKE BUILDS: PERSONALISATION IN PRODUCTION

Marshall has been celebrated by some of the world's greatest bands and musicians and this legacy runs through the entire factory.

From Zakk Wylde's signature guitar in the reception, to Jimi Hendrix signature amp in the wood mill, our iconic pieces are celebrated. We're creating bespoke products such as Dave Mustaine's signature cab. From the artist liaison vault located in the middle of the factory, Marshall-endorsed artists are always welcome to loan equipment for recording purposes or festivals. ■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AMPLIFICATION
HANDLE WITH CARE
Marshall
AMPLIFICATION
HANDLE WITH CARE
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AMPLIFICATION

MEETING THE NOVA TWINS

Text by Frida Calderon | Photography Federica Burelli

Our record label artists, Nova Twins, are a trailblazing duo featuring lead vocalist/guitarist Amy Love and bassist Georgia South. Their innovative blend of genres has captivated audiences globally, leading to sold-out tours, prestigious awards and a dedicated fanbase.

Amy Love and Georgia South, Nova Twins

Their journey has seen them share stages with renowned acts like MUSE, Bring Me The Horizon, Yungblud, Wolf Alice, and Enter Shikari, Foo Fighters, and light up festivals such as Glastonbury, Summer Sonic, Afropunk, Download, Rock En Seine, Rock Werchter, Reading & Leeds, Lowlands, Mad Cool, and Hellfest.

The band is innovative in every element of what they do, whether that is performing to moshing crowds and packed-out tents, art directing their own music videos or designing and making their outfits for photoshoots and stage-wear. The collaboration between Marshall and Nova Twins reflects and supports this do-it-yourself spirit.

"Marshall's support has been instrumental in helping us maintain our artistic independence, which is very important to us", Georgia says. "Working with another independent brand that is not afraid to take risks works really well".

MARSHALL'S SUPPORT HAS BEEN INSTRUMENTAL IN HELPING US MAINTAIN OUR ARTISTIC INDEPENDENCE, WHICH IS VERY IMPORTANT TO US.

Georgia South, Nova Twins bassist

Long before their endorsement, Nova Twins were avid users of Marshall amps, a testament to their genuine affinity for the brand. The record label stepped in at a crucial point during the pandemic when Nova Twins were planning their second album but had not yet found the right label partner to work with.

Amy reflects on their early challenges: "When we first started the band, we didn't see many women or POC artists shredding on guitar, screaming, and making loud noises on stage, so if felt like people didn't get what we were doing, but Marshall was brave enough to take us in. They became a solid force that supported us with whatever we needed and kept encouraging us to offer something different. We're so grateful for that."

As pioneers, Nova Twins use their influence to champion diversity in the music industry and open doors for other women and POC artists, aligning closely with Marshall's commitment to inclusivity.

"Marshall sticks to their values by actively trying to diversify the music industry, driving change and championing women by inviting them to be part of the business, as well as using their gear, which is amazing", says Georgia.

The collaboration has significantly enhanced the band's profile, amplifying their voice through Marshall's marketing channels and aiding their expansion into the U.S. market.

"Marshall have supported us financially across U.S. tours and have helped us establish stateside connections, that played a pivotal role in our campaign. We are very grateful for this", says Georgia.

After a successful album campaign last year, Nova Twins plan to return to the Marshall Studio in 2024 for their next album and look forward to continuing the fruitful partnership.

"Marshall has built an incredible studio, a proper high functioning place with amazing gear and sound, and if there's anything else you need, Marshall will take care of it. Being there makes you feel like being part of a family, and it's just amazing to have that space and opportunity available for artists", says Amy. ■

MARSHALL RECORDS

Marshall Records is our own record label supporting musicians to create, record, produce and promote their music. The catalogue includes over 25 albums with several notable acts such as Therapy?, Nova Twins, Kid Bookie and Dream Nails.

SUPPORTING THE MUSIC COMMUNITY

Text by Frida Calderon

”When I grew up, there were frontstage women that I could look up to, like Shirley Manson. But there were no women in the industry representing other jobs than being musicians”. The words are Jenn D’Eugenio’s, founder of non-profit organisation Women in Vinyl and convinced enthusiast in diversifying the music scene – backstage as well as on stage. Wanting to support the same cause and to honour Jim Marshall’s legacy and the brand’s heritage in amplifying voices, Women in Vinyl is supported by Marshall.

WOMEN IN VINYL'S MISSION IS TO EDUCATE, DEMYSTIFY AND DIVERSIFY THE INDUSTRY.

Jenn D'Eugenio

Jenn, who, by the way, owns an impressing 54 vinyl versions of Black Sabbath's "Master of Reality", labels the Marshall partnership as a perfect match. Women in Vinyl's mission is to educate, demystify and diversify the industry. One way to do this is by highlighting career paths and women in the industry, and by creating diverse role models for a wide range of people in different locations and of different gender identities. With extra spotlight on female-identifying, non-binary, LGBTQ+, BIPOC, and otherwise marginalised people working in the music industry, the ambition is to create, preserve, and improve the art of music on vinyl. "There are plenty of paths within music, you just need to find them: working in audio, making physical media, innovation, or designing album covers", continues Jenn. "If we can show young people that someone like them does these jobs; jobs they may not even know existed, then that will encourage them and give them that little extra fire to follow through."

Women in Vinyl also depend on Marshall's funding to continue their work to give back to the community and to offer scholarships. The Women in Vinyl book The Art of Making Vinyl was released in the spring of 2024, and motivating information sessions aligning with the book are planned. Marshall, sharing inspiring stories in own channels, helps to give these initiatives attention and engagement.

"The partnership with Women in Vinyl helps build a stronger community", says Christine Kennedy, Director of Integrated Marketing at Marshall. "Funding the growth and development of college- to working-level professionals is so valuable; starting out in music through targeted internship programs, education, and access to exclusive networking events.

"The relationship with Marshall has been beyond fantastic", Jenn says. "The financial support has given us opportunities we otherwise wouldn't have had. It is amazing that Marshall wants to do the right thing without self-gain as a goal. It really is something special." ■


The Best and British.
Marshall
Marshall Winter Collection
Some of our current models
LEAD
ORGAN
Rose-Morris
SPONSORED INSTRUMENTS
MARSHALL AR
John and Clea
and all the other musicians,
sponsors and helpers who
have devoted their time
and talent to
making "Allmusic" a "Live"
success.
Marshall
AMPLIFICATION
MARSHALL AMPLIFICATION
Marshall PROFESSIONAL P.A.
SERIES 2 12 CHANNEL STEREO MIXER
IRON MAIDEN
STRANGE WORLD LTD
The sound of success-
JIMI HENDRIX EXPERIENCE
THE TREMELOES - PROCOL HARUM
THE CREAM - THE BEE GEES
THE SMALL FACES - ROY ORBISON
JIMMY JAMES & THE VAGABONDS
SPENCER DAVIS
MARSHALL
Let 'em hear it like it is.
Marshall
It comes out like it goes in - but bigger.
IRON MAIDEN
GO OVER BIG with MARSHALL
START OF A BUSY DAY
Marshall
THE PEOPLE BEHIND THE NAME
The many-sided career of Jim Marshall
THE FINISHING TOUCH
ATTENTION TO DETAIL IS KEYNOTE

EXPLORING NEW B2B OPPORTUNITIES

Text by Gustav Dahlgren | Photography by Mike Palmer and Calle Elf

There has always been a huge demand for Marshall products from businesses around the world – from hotel rooms to employee gifting and sound systems for small and medium businesses. In 2023, Marshall took a deeper look at the opportunity to expand the presence of the Marshall brand across the B2B landscape.

"B2B has been a growing opportunity for us for some time. Therefore, when our development team created a new technical solution for our speakers, we were ready to shift gear. Last year, we started to bring key partners onboard to validate our offering", says Meysam Majd, Senior Manager, Business Development at Marshall Group.

The Bluetooth development in recent years, along with a push from Marshall to lead the exploration of this new technology, has led to the new "Commercial Spaces" offering, a promising area for the Marshall brand.

By adding extended connectivity features to the existing wireless speaker range, through the new Bluetooth LE audio protocol, we have been able to tailor a new offer to small and medium-sized businesses.

The sound experience in commercial spaces such as smaller stores, restaurants, bars, and coffee shops has so far been dominated by a few key players. However, these solutions are often costly, difficult to set up and tend to come with some common challenges associated with Wi-Fi technology.

BY UNLOCKING NEW FEATURES, INCLUDING MULTI-SPEAKER CAPABILITIES, WE HAVE BEEN ABLE TO DEVELOP A COMPETITIVE ALTERNATIVE IN THIS INDUSTRY.

Meysam Majd, Senior Manager, Business Development

"Bluetooth has the benefit of being super easy to set up and extremely reliable. By unlocking new features, including multi-speaker capabilities, we have been able to develop a competitive alternative in this industry", Meysam adds.

Meysam Majd, Senior Manager, Business Development and Rebecca Thureson, Senior Manager for B2B & Lifestyle

Ross Morton, Deus Ex Machina UK Brand Manager

THE SOUND IS ESSENTIAL FOR THIS PLACE AND MARSHALL OFFERS WHAT WE NEED.

Ross Morton, Deus Ex Machina UK Brand Manager

The new B2B setup has been tried and tested with a few select partners during 2023 and is now opening for further expansion in 2024.

The lifestyle and culture hub Deus Ex Machina has tested the setup in their store in Bournemouth, UK. Ross Morton, Deus Ex Machina UK Brand Manager, says “It's incredibly easy to set up and use. The sound is essential for this place and Marshall offers what we need.”

Swedish lifestyle store Sneakers n' Stuff in Stockholm has also been a valuable partner in the project and were quick to try out the new solution in their stores.

“We're huge music lovers and Marshall fans, so it's important for us to have the right sound in the store for the customers. We've got eight Marshall speakers in the store, and it works brilliantly”, says Courtney Ramsey at Sneakers n' Stuff in Stockholm.

Rebecca Thureson, Senior Manager for B2B and Lifestyle at Marshall, develops the marketing plans for the new B2B offering. She is excited about the positive response the new solution has received so far.

“It's been incredible to hear from the partners we've piloted the solution with. Not only did we finally give them a product and brand that align with their own, but we've also improved the user experience and reliability compared to previous solutions”, says Rebbeca. ■

MARSHALL FOR BUSINESS

Hotels
Our speakers play a role in creating an exceptional guest experience in hotels. The Marshall products favourably reflect the hotel brand and reinforce its reputation in providing high-end service and attention to detail.

Employee Gifting
Marshall Group's B2B Channel offers a range of premium corporate gifts and promotional items to companies.

Signature Sound For Business
Marshall's solutions help small and medium businesses create visually appealing physical spaces. By leveraging the latest Bluetooth technology, we provide a smooth setup for an easy-to-use and stable speaker solution with multiple connectivity capabilities.

For more information about our B2B offering, head to www.marshall.com/business


12
page book in colour
TRIPTYCH COVER
TOMMY
Written by PETE TOWNSHEND
24
twenty four tracks
COUNT THEM
THE WHO
Deaf Dumb and blind boy
He's in a quiet vibration land
Strange as it seems his musical dreams
Ain't quite so bad.
Sickness will surely take the mind
Where minds can't usually go.
Come on the amazing journey
And learn all you should know.
A DOUBLE ALBUM
ON TRACK RECORDS
Marshall
RECORD STORE DAY

THE MARSHALL CONSUMER

Text by Nina Simberg | Photography by Calle Elf

Märta is on fire it seems, talking about her job makes her talk with great engagement and intensity in her eyes. “I love my job! It is so interesting and important. I get to be at the center of what consumers care about. The insights we share with our colleagues should be the starting point from which we get inspiration, help priorities, and make decisions.”

OUR PURPOSE IS TO FEED IN THE INSIGHTS NEEDED SO THAT WE, AS A COMPANY, CAN BE PROACTIVE IN THE WAY WE DEVELOP OUR BUSINESS AND OUR PRODUCTS.

Märta Eriksson, Senior Manager, CI & Analytics

Together with her three colleagues in the consumer insights team, Märta helps enabling growth while honouring the brand legacy. “I’ve always been super interested in how people express their identity through consumption and their choice of products and brands.”

“In short, our team collects insights from a number of different sources”, she explains. “We analyse the data and share key learnings, implications, and opportunities with our colleagues. Our purpose is to feed in the insights needed so that we, as a company, can be proactive in the way we develop our business and our products.”

Märta brings up a few examples: One is external data, which helps us understand the overall development of different product categories. Additionally, we utilize various sources of quantitative and qualitative studies to understand consumers’ motivations, beliefs, attitudes, and purchase drivers. We also use future-looking materials to anticipate how behaviors are expected to shift over time. Finally, we leverage customer data to understand our customers’ opinions about their recent purchases, using this information in the development of new products.

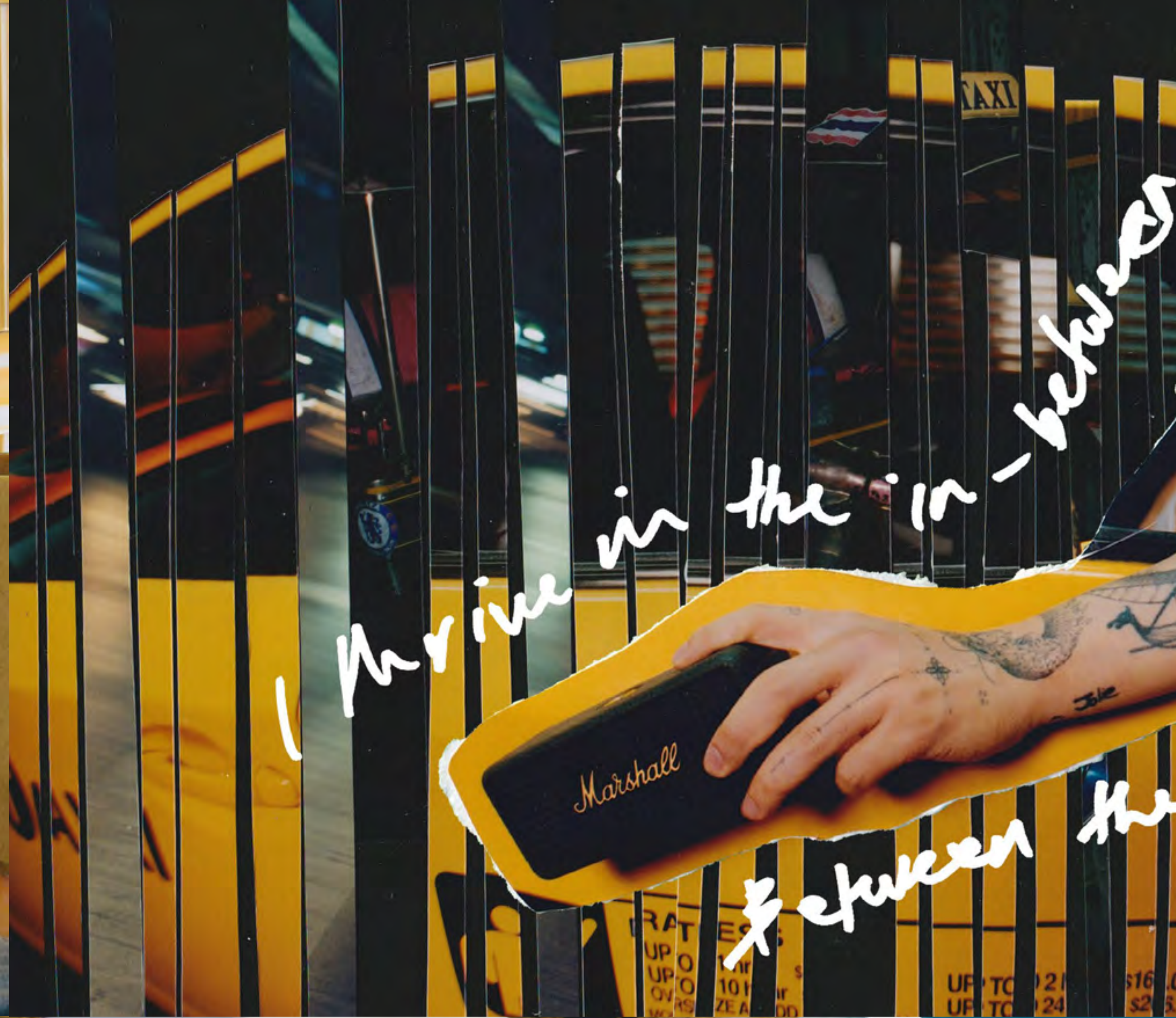
“As a part of our qualitative research, we visited a few Chinese cities recently. We met with a number of musicians and music lovers, went shopping with them and immersed in their in-home audio experiences. What triggers them to purchase a speaker or a new pair of headphones? What is important to them and what are they influenced by? And when they listen, where and how do they do it?”

“Many companies split the consumer segment into age, gender and demographics”, Märta continues. “But we have found that such a split has no value for us: We understand our consumer through their motivations, their music interest and how they express themselves. And amazingly enough, that split goes beyond borders. A Chinese music lover, who is passionate about music and where music is a large part of what defines her, has much more in common with a British music lover than she would based on gender, age and country.”

“Music engagement is a spectrum. There are people who listen to a lot of music but to whom music is just one of many other interests, like casual entertainment. Many of our consumers are on the other end of the spectrum. To them, music is so much more than just listening. It’s a deep passion. It’s a way of life.”

Marshall's audience is so passionate about music that a good chunk of them not only just consume music, but also create it, play it and produce it. Music interest is reflected in everything they do and it defines who they are. “When we say that we are a company for musicians and music lovers, that’s what we mean. At Marshall, we are passionate about music and sound, just like our audience, ends Märta. ■


Everyone starts somewhere
You learn what makes you you
- SUKI
Marshall


I thrive in the in-between
between the
Marshall
TAXI


in-between...
tween the cracks. Bohan Phoenix
TAXI


LIFE COMES AT YOU QUICKLY
BACK FROM IT ALL - KEVIN


TEAC
Marshall
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NATAL DRUMS

Natal Percussion Company was formed in 1965 by British percussionist Alan Sharp. Being tired of not having enough high-quality percussions, he decided to make them himself. Since then, the production volume and range has grown steadily and Natal has become an renowned drum brand across the globe. Natal develops products using new and different materials and designs – making sure to always stay close to the users and their needs. The connection between Natal and Marshall has been present from the start, as Jim Marshall, originally a drummer, offered Natal percussions in his shop from the early 1960s. With similar values and clients, it may not have been a great surprise to anyone when Natal joined the Marshall family in 2010. ■

In 2023, we launched the Natal Zenith kit, an homage to 1960s drums. The kit honours the past in design while delivering a quality sound for the modern musician, as we continue to do things out of the ordinary and design simple, yet extraordinary products.

URBANEARS ZINKEN RELAUNCHED

Zinken headphones were first launched in 2012. They soon became popular amongst DJs, musicians and music lovers for their functionality, comfort, and minimalistic design. Demand never died when Zinken was retired in 2017, and DJs kept ordering spare parts to keep their Zinken headphones working.

The relaunched Urbanears Zinken

When the decision was made to relaunch, it was clear that not much needed to be changed or updated. The mold stayed the same to keep the look and feel. However, the cord was updated and so was the material. 53 percent of the Zinken headphones consist of plastic, and 87 percent of the plastic material is now recycled. Because we believe in a better sounding future, we work hard to reduce the environmental impact of our products. Urbanears has created audio products, entirely designed and engineered in Stockholm, since 2009. The ambition is to create simple products, with great functionality and with consideration for the planet.


DAZED & CONFUSED
RELEASE / CELEBRATE LIFE
GERT VAN VEEN
URBANEARS
Zinken
→Charcoal
Black
URBANEARS
Zinken
→Jet
Black
URBANEARS
URBANEARS
URBANEARS
Zinken
→Jet
Black
URBANEARS
Zinken
→Taxi
Yellow
URBANEARS
URBANEARS
Pre-MP
URBANEARS
Sustainable plastic
technologies
URBANEARS

PORTFOLIO OVERVIEW


Marshall
Marshall
Marshall
Marshall
NATAL
ZENITH

SUSTAINABILITY REPORT 2023

2023 was a year of massive change with the creation of the Marshall Group. Growing from 300 to almost 800 employees, incorporating in-house production and broadening our product portfolio was an historic moment. While this change presents new considerations and challenges from a sustainability perspective, it also presents clear opportunities. As the Marshall Group, we have the right conditions to develop a strong, holistic, sustainability strategy for the whole of the company, the brand and our products, which we aim to roll-out during 2024.

CONTENTS

SUSTAINABILITY REPORT 2023

In 2023, we focused on understanding each other's ways of working when it comes to sustainability - assessing impacts, risks and opportunities and starting the work to integrate the two strategies into one. Coming together as one group and creating one shared culture is inspiring, and we learn a lot every day as we remain focused on leading our industry towards more sustainable practices.

Leaning into our legacy and building for the future
Marshall Amps has earned a legendary status in the music industry, renowned for iconic sound, reliability, and enduring quality. One of the key factors contributing to the longevity of the products is our unwavering commitment to craftsmanship and innovation. Each amplifier is meticulously designed and built to exacting standards, using high-quality components and time-tested manufacturing techniques. This dedication to excellence ensures that the Amps not only deliver exceptional performance but also stand the test of time, becoming cherished assets for musicians and collectors alike. As a result, Marshall amplifiers retain their value and desirability for decades.

This legacy is what we have spent over a decade bringing to the consumer electronics industry, through our range of speakers and headphones. We are mindful of the fact that the technical complexities, the rate of change, and the supply chains, alongside consumer preferences and behaviors, all play their part in making the consumer electronics industry inherently less sustainable than the musical instruments category that Marshall traditionally have been involved in.

LONG LASTING PRODUCTS ARE SYNONYMOUS TO THE MARSHALL BRAND WITH MUSICIANS AND MUSIC LOVERS USING OUR PRODUCTS FOR YEARS, EVEN DECADES.

Emelie James, Senior Sustainability Manager

Just as we are focused on bridging the gap between musicians and music lovers through or product offering, we also see a clear opportunity to bridge the gap in sustainability between product categories – bringing learnings such as more responsible material choices from our speakers and headphones business to the amps side, and taking inspiration in product durability and repairability from Amps to our Headphone and Speaker products. We are convinced that by leaning into our legacy, we can start to build towards a more sustainable future for the consumer electronics industry.

JTM 45 – built 1964 and still kicking

Keeping up with the changing regulatory landscape
The regulatory landscape for sustainability is undergoing rapid evolution, driven by growing environmental, social, and economic imperatives. We welcome this push from regulators, steering the industry to more sustainable practices, and we embrace sustainability as a strategic imperative. Navigating the complexities of the regulatory landscape is however becoming trickier, with local regulations at times contradicting, and we need to seize opportunities for long-term value creation and resilience in this rapidly changing world. Our main focus in 2023 was preparing the company for the upcoming reporting regulations from the European Union, the Corporate Sustainability Reporting Directive (CSRD), while also staying on top of the increasing regulatory demands on a product level, not least within repairability, such as right to repair laws on regional and local level.

As a Group, we have made considerable progress towards our sustainability ambition in 2023. ■

KEY PROGRESS 2023

Integration
The Annual Report 2023 represents the first integrated sustainability report, covering the whole of Marshall Group across all product categories and locations.

Data accuracy
We have finalised a CO2-eq emission library covering the most used materials and components, enabling us to do faster and deeper analyses of impacts from materials as well as to measure progress towards our ambitions.

Refurbishment
We finalised our first ever solution to offer refurbished Marshall speakers on our website, paving the way for us to scale up circular business models in the years to come.

Recycled material
We have increased the use of recycled plastic in our products to 39 percent in total, as well as researching and testing several new recycled materials, metals and minerals in ongoing products projects.

UN Global Compact
Marshall Group became signatory of the UN Global Compact, the world's largest sustainability initiative for companies.

CSRD / ESRS preparation
We initiated the work to complete our first double materiality assessment for the Marshall Group, in accordance with the EU guidance.

New Leadership Principles
Marshall's four Leadership Principles was introduced, serving as guidelines for how to act as a leader, empower the organisation and help us navigate the ongoing integration work.

ROAD TO ZERO

For the first time, global warming has exceeded 1.5°C across an entire year, according to the EU's climate service. Every fraction of a degree of warming means more extreme weather and more sea level rise impacting millions of people and other living creatures. Taking action to bring down emissions to zero is more urgent than ever, and at Marshall Group we focus our efforts where we have the biggest footprint to achieve the greatest impact. In 2023, we joined the UN Global Compact and continued our work to become a net zero company by 2040.

We are committed to reducing carbon emissions from our own operations as well as from our supply chain. Our net zero carbon target was validated by the Science Based Target initiative (SBTi) in 2022, confirming that the target is in line with the efforts required to keep global warming to 1.5°C above the pre-industrial temperature levels.

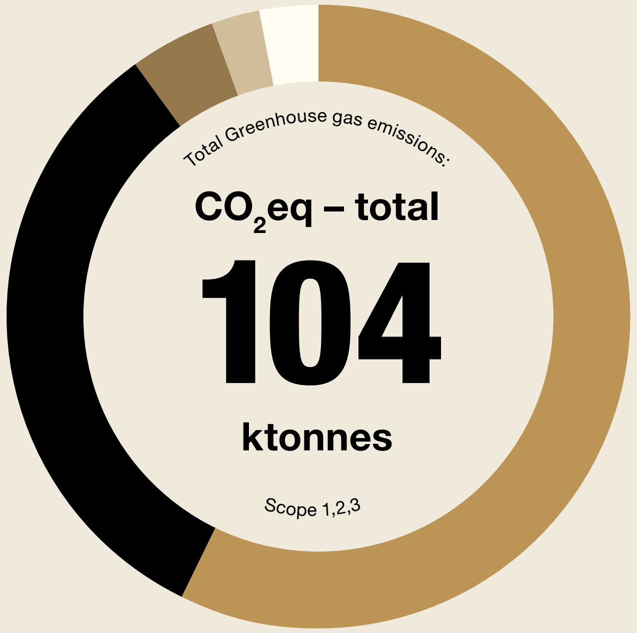
Our carbon footprint
We calculate our carbon emissions on an annual basis based on the Greenhouse Gas Protocol (GHG) by using a combination of primary and secondary data. By adopting a comprehensive approach, we report all the direct emissions (Scope 1) as well as the indirect emissions (Scope 2 and 3) following a financial approach.

We work continuously to improve the quality of the sustainability data, with the aim to make better choices in product design, production and across our operations, as well as to be able to share more precise and comparable data with our stakeholders.

Our GHG calculations are complemented by ongoing Life Cycle Assessment (LCA). This type of analysis will help us make better internal decisions to reduce our impacts and is a tool to increase transparency and improve communication with our consumers.

The total emissions associated with our operations in 2023 were 103,869 tCO2eq. Four categories represent more than 97 percent of total emissions. Purchased Goods and Services 57.4 percent, Use of Sold Products 32.7 percent, End of Life treatment of products 4.3 percent and Transport and Distribution 2.7 percent.

IN 2023, WE JOINED THE UN GLOBAL COMPACT AND CONTINUED OUR WORK TO BECOME A NET ZERO COMPANY BY 2040.



2023	Unit: tCO2eq
Purchased goods and services	57,4%
Use of sold products	32,7%
End-of-Life Treatment	4,3%
Transport and distribution	2,7%
Others	2,8%

SCOPE 1

Direct emissions from operations. This includes both emissions generated at company facilities and by vehicles. The activities included, are mobile combustion from leased or owned vehicles and fugitive emissions (refrigerants). These activities represent 0.09 percent of our total emissions (97 t CO2eq).

SCOPE 2

Indirect emissions from purchased electricity, heating and cooling associated with the operations of Marshall Group's production sites in the UK and Vietnam, as well as the offices located in Stockholm, Shenzhen, New York, London, Paris and Hong Kong. Representing 0.59 percent of the emissions (610 t CO2eq).

SCOPE 3

Purchased goods and services
The largest proportion of Marshall Group's CO2eq impact, 46 percent, came from the materials used in Speakers and Headphones and the manufacturing process, as well as the materials purchases for the Amplifiers production. Since 2019, our Product Sustainability team has implemented recycled material alternatives in parts of the products to lower the impact.

For the first year, indirect purchases have been included in our report and covers a wide variety of services such as marketing support, software, equipment and product repair among others. In total, these represents 11 percent of the total emissions.

Use of sold products
The second largest source of emissions, 32.7 percent of our total emissions, is associated with the energy needed to play our products. During 2023, we have improved the certainty of estimates by better understanding the usage habits of consumers through surveys and refined the measurement of the power consumed by our equipment in its different operational modes, as well as the playtime. The main impact, 88 percent, relates to the use of speakers, with our Homeline speakers representing the biggest part of emissions in this category at 59 percent.

End of life
The estimated CO2eq emissions associated with the waste treatment of our Headphones and Speakers were around 4.3 percent of the total emissions, making this category the third largest source of emissions. As the estimation depends on the waste treatment followed for the materials content of each product, it is necessary to know more about the final disposal of our products.

Knowing more about what happens to our products once their lifecycle has come to an end will help us better estimate emissions associated with waste management and presents us with a great opportunity to evaluate and develop circularity programmes, supporting equipment recovery and recycling. So far, amplifiers are not included due to lack of product data.

Transport and distribution

Our fourth largest source of CO2eq is associated with transports of the products and represents 2.7 percent of the group's total emissions. 73 percent of total transports are under Marshall Group control. In recent years we have optimised our supply chain by relocating the local warehouses in US and EU, which is having a positive effect on 2023 numbers. In 2023, we optimised the warehousing setup for our eCom business by introducing a new warehouse in the APAC region to lower the number of transports and increase the proximity to our consumers.

During the past year, the largest share of weight of our fully controlled transports, 59 percent, was by road, 37 percent by sea, 3 percent railway and less than 1 percent by air. However, air transport accounted for 11 percent of the carbon emissions from transports, with truck and sea transports representing 53 percent and 36 percent of the emissions, respectively.

Data accuracy and methodological improvements

During 2023, we have digitalised our GHG calculations using a third-party platform. This will increase the traceability and accuracy of data year by year, allowing us to make better decisions which will help us achieve our climate ambitions. In the platform, we can also measure the quality improvements of data and methodologies. Given the acquisition of Marshall Amplification and the creation of the new Marshall Group, as well as important methodological changes in order to improve calculations, 2023 is set to be the new base year for our GHG calculations going forward.

We also advanced in the calculation methodology for Category 1 "Purchased goods and services" and Category 12 " End-of life", going from a spend-based methodology to calculations broken down on material level based on our products bill of materials for Headphones and Speakers, using material CO2eq emission factors associated with the material used. This allows us to measure the CO2eq savings from material choices and helps us direct our efforts better in the responsible material strategy. As a next step, we plan to continue the work to break down the calculations on material level for all product categories, including Amplifiers.

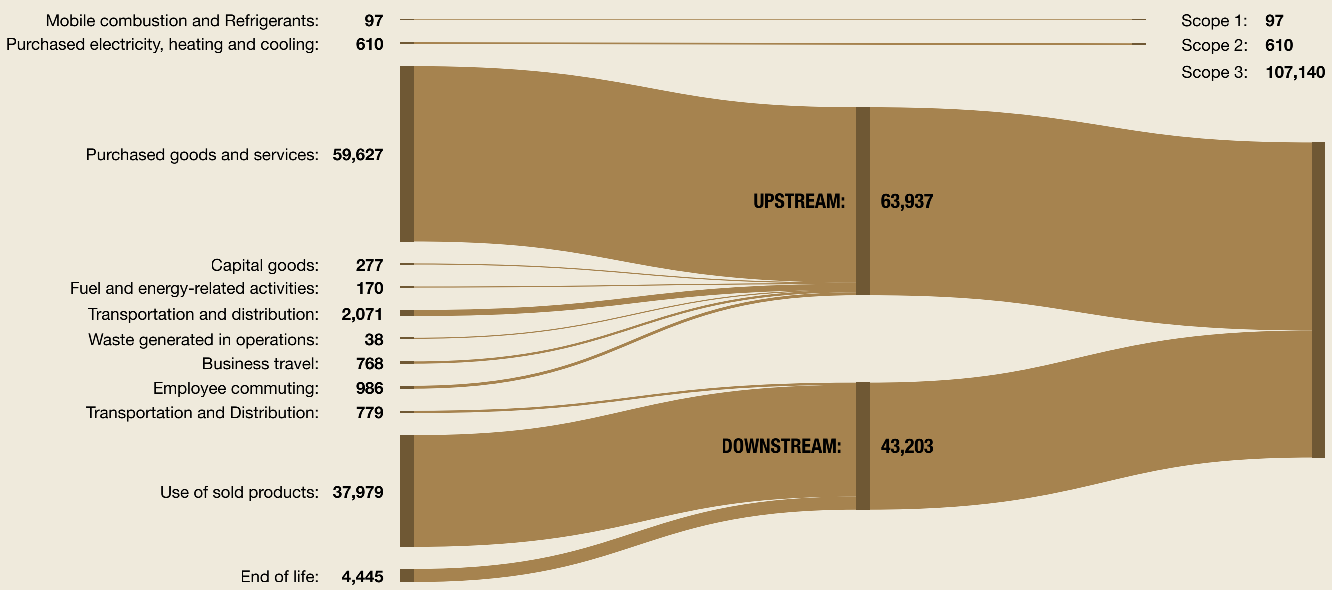
Additional improvements have also been implemented such as a standardised methodology for measuring power consumption in Headphones and Speakers. Finally, 2023 is the first year where we have been able to include emission calculations for further Scope 3 categories; Category 2 "Capital goods" and Category 5 "Waste Generated in operation", as well as activities such as "Indirect purchases" as part of Category 1 "Purchased goods and services" and "Accommodation" in Category 6 "Business travel".

A crucial aspect to develop a high impact decarbonisation strategy, assess the effectiveness of the strategy, and achieve our reduction targets, is the necessity to have reliable GHG calculations. It is important to mention that we are under a constant improvement process, meaning that along the whole organisation we are working on getting better data.

MARSHALL GROUP CONTROLLED TRANSPORTS

Transport mode	Weight (tons)	Emissions (tCO_2e)	% of weight	% of emissions
Air	48	227	0,4%	10,9%
Truck	7 406	1 094	59%	52,9%
Sea	4 657	749	37%	36,2%
Rail	437	0,5	3%	0,0%
Total	**12 548**	**2 071**		

TOTAL GHG EMISSIONS



	2019	2020	2021	2022	2023
Scope 1 GHG emissions					
Gross Scope 1 GHG emissions (tCO_2eq)	16	13	16	9	97
Scope 2 GHG emissions					
Gross location-based Scope 2 GHG emissions (tCO_2eq)	103	77	78	72	791
Gross market-based Scope 2 GHG emissions (tCO_2eq)					909
Gross supplier-based Scope 2 GHG emissions (tCO_2eq)**					610
Significant Scope 3 GHG emissions					
Total gross indirect (Scope 3) GHG emissions (tCO_2eq)	19,546	22,114	18,714	32,418	103,162
1 Purchased goods and services	37	21	38	59	59,627
2 Capital goods	-	-	-	-	277
3 Fuel and energy-related activities (not Scope 1 or 2)	12	8	8	16	170
4 Upstream (transportation and distribution)	2,877	2,602	2,326	3,170	2,071
5 Waste generated in operations	-	-	-	-	38
6 Business travels	1,309	125	91	142	768
7 Employee commuting	39	55	57	35	986
9 Downstream (transportation and distribution)	351	397	185	252	779
11 Use of sold products	14,922	18,907	16,010	24,582	34,001
12 End of life	-	-	-	4,162	4,445

**Based on specific emission factors provided by the supplier

ENERGY USE

Product
The energy needed to charge and play Marshall Group's products is the second most significant contributor to our carbon footprint. Bringing quality sound to our customers, while at the same time increasing overall energy efficiency, poses a challenge. We believe in a system approach, simultaneously working on increasing the energy efficiency of our products, understanding, and analysing consumer behaviour and staying on top of innovative ways of influencing customers' energy sources and their behaviours.

Our ambition is to minimise power consumption in our speakers in all modes, make the software more energy efficient and choose hardware components with power-saving features. We also want to innovate how we encourage the consumers to charge their devices with renewable energy. During 2023, we have continued to work closely with our suppliers to find more energy efficient solutions while building knowledge together. We have also gained wider insights of how our customers are using the products and updated calculation methodologies based on the updated knowledge. 2023 also saw the introduction of our first ever power consumption certification on our products with the third generation of the Homeline-series getting an Energy Star certification.

Facilities
All Marshall Group's production sites are to work to improve resource utilisation through efficient processes, more recycling and by investigating new uses for their waste streams. We aim to source 100 percent renewable energy at our facilities. In addition, Marshall Group works together with facility management companies to improve the energy efficiency of its facilities.

The Stockholm office uses 100 percent renewable electricity, and heating and cooling is powered by waste incineration. Our Milton Keynes site pay a renewable fee for electricity consumption. Together the consumption represents 33 percent of the total energy consumption along the seven offices and two production sites used by Marshall Group for the operations in 2023.

LIFE CYCLE ASSESSMENTS

Getting high quality data and learning more about the full footprint across the lifecycle of our products has been a priority at Marshall Group and a process that is under constant development. By conducting a Life Cycle Assessment (LCA) on products together with a third-party, we broaden our understanding and can do necessary changes in order to minimise our environmental impact.

We have conducted LCAs since 2018 on several products to gaina better understanding of the products' impacts across the full range of the portfolio, track changes over time, and deepen our knowledge. During 2023, we initiated a LCA strategy five reference products representing our portfolio. We have chosen to assess some our most popular products from our five product categories, headband headphones, true wireless headphones, portable speakers, Homeline speakers and amplifiers. The first version of our reference product LCA's will be completed during 2024.

TOTAL ENERGY CONSUMPTION

KPI	2019	2020	2021	2022	2023
Consumption of puchased or acquired electricity (kWh)	338,474	242,632	235,896	268,148	1,832,736
Consumption of purchased heating (kWh)	509,604	509,604	501,424	509,604	1,228,904
Consumption of purchased cooling (kWh)	196,004	196,002	192,856	212,556	19,550
Energy used from renewable sources (kWh)	-	-	-	483,502	1,025,878
Energy used from renewable sources (%)	-	-	-	49%	33%
Total energy consumption (kWh)	**1,044,082**	**948,238**	**930,176**	**990,308**	**3,081,190**

CHEMICALS

The impact of chemicals on people and the environment is an urgent issue and managing the control of chemicals through our complex supply chain requires constant attention. Marshall Group's ambition is to go beyond compliance with chemical laws and regulations to minimise the negative impacts throughout our value chain.

This involves continuously evaluating materials and chemicals used in our products and sourcing alternatives with less potential negative impact. Collaboration with our suppliers is an important part of these efforts. We want to design products that avoid the need for hazardous chemicals such as "forever chemicals" (PFAS) and processed chemicals that could be harmful to the environment. We also want to ensure material integrity, so that the materials we use are suitable for recycling and reuse.

All our Tier 1 Original Design Manufacturing (ODM) suppliers are contractually bound to follow our Restricted Substances List. To ensure compliance and safety, we conduct chemical testing of all Headphones and Speakers in third-party laboratories. We share information about products containing chemicals of concern with our customers through European Chemicals Agency (ECHA) database SCIP. So far, we have eliminated harmful substances such as mercury, brominated flame retardants and phthalates from all our products and banned perfluorinated substances PFOA and PFOS in our Headphones and Speakers. Since 2022, Halogen-free PCBAs (the multiple electronic components assembled on the circuit board) has become standard in new design.

We support legalisation proposals for a wide ban of per- and polyfluorinated alkyl substances (PFAS). Marshall Group is a member of Chemsec's PFAS Movement, an independent non-profit organisation that advocates substitution of toxic chemicals to safer alternatives. During 2023, we have continued the process of phasing out PFAS chemicals by design, mapping and replacing materials containing PFAS where it is possible and still meet flammability and other performance requirements. We continue to build knowledge within our product development department and together with suppliers, but safety standards lack alignment with new regulatory requirements and technical development. There is also lack of alternatives in most applications. We will continue to push for improvements in both these fields.

In 2023, we have initiated the work of building one common Marshall Group chemical management strategy, including restricted substances lists beyond compliance for all product categories and process chemicals, as well as processes for monitoring compliance. We will continue this work during 2024.

We have also worked to find substitutions to non-PFAS materials in numerous components in product development, such as in cabinets, wires, coatings and lubricant oils as well as having introduced internal processes and finalised reporting of products concerned to the ECHA SCIP database. ■

DESIGNING FOR LONGEVITY

Design and quality are our passions, and we believe designing timeless, built-to-last products is the most important way to contribute to a more sustainable audio electronics industry. Taking inspiration from our own heritage in guitar amplification, we design for durability. Whether we are developing a headphone, a portable speaker or an amp, we always adopt a human centred approach to design.

To make sure our products retain value for as long as possible, we need to design with longevity and adaptability in mind. If anything was to happen to a product, it needs to be easily repaired. And when a product has reached the end of its life, components and materials ideally need to be easy to disassemble and recycle.

A challenge, and an opportunity, for us is our wide range of products. On one end we have amplifiers that musicians are playing for decades, and where technology rarely become outdated. On the other end of the spectrum, we have technically advanced, true wireless products that are small in size. This challenges how we think about longevity and pushes us to look to further circular practices to keep materials in use for as long as possible.

As Marshall Group, we are now deepening our understanding of what longevity truly means in the consumer electronics space. We have started our transition into a circular business by prolonging the lifetime of both our products and materials, being more resource efficient and supporting consumers through new circular business models.

Circular design

For all our new Headphone and Speaker products, we work with circularity competence across our product department in each concept phase to identify opportunities to design for increased lifetime and lower emissions. The work is guided by our Circular Design Guideline, covering the areas of durability, reusability, upgradeability, repairability and recyclability. The work also entails a close relationship with our inhouse mechanical engineers as well as our ODMs. For each new product, we set clear minimum targets towards our suppliers and continue to innovate and implement solutions throughout the projects. At set project milestones, circularity ambitions and results are followed up in Project Forums, with representation from the Management team.

We deepen our knowledge in the area by performing internal research sprints and participate in various external research projects on circularity and longevity. The knowledge is spread through Product Development Forums, the Sustainable Design Manager's involvement in every project, and through our Circular Design Guideline and supporting Repair and Recycling Guideline.

In recent years, we have focused on improving battery life. Battery capacity is among the most common factors that limit product lifetime. Since 2021, all our true wireless products have a set upper limit of 80–90 percent of full capacity to help the consumers extend the lifetime of their headphones. According to our battery suppliers, this feature can prolong the battery life by a factor of two to three. We have also introduced a smart battery preservation feature in Marshall's app, where consumers can make conscious choices based on their preferences.

In the portable speaker Middleton, released in 2023, we have made great improvements on repairability, including a service centre replaceable battery pack. Repairability is another focus area in several ongoing headphone projects.

Headphone and Speakers material usage

Material groups	Total (tonnes)	Recycled (%)
Electrical Components	1749	0%
Wood	1197	0%
Plastic	885	39%
Metals	392	0%
Textiles and PU leathers	177	17%
Paper	165	10%
Elastomers	137	0%
Duromers	27	0%
Glue and tapes	26	0%

Materials

Our ambition is to use 100 percent recycled or renewable materials. Choosing such materials, and ensuring they are recyclable at the end of each product and packaging life cycle, will help us lower our impact and ultimately close the circle to eliminate waste.

Since 2022, all new Headphones and Speakers have been manufactured using post-consumer recycled plastic (ABS or PC). For several products we've managed to exchange over 86% of total plastics to a recycled plastic alternative *. We have also introduced several recycled textiles and leathers. All recycled materials we are using are certified by Global Recycle Standard (GRS).

In terms of electrical components, a lot still needs to be done to reach material circularity. The main part of our footprint today is associated with electrical components. They are packed with finite minerals and metals that can cause environmental disruption and involve energy intensive processing that poses health risks. Electrical components are largely pre-defined in each industry, making them more complex to address. We are continuously assessing metals and minerals used in electronics and associated with big risks for negative sustainability impact, geopolitical challenges, scarcity, and increased costs. In 2023, we have therefore started an increased minerals focus. This has included raising awareness through internal training and collaborating with suppliers. The first initiatives have been taken to reduce the use of virgin and rare earth minerals in batteries.

In 2023, we have deepened our knowledge of the materials used in the Headphones and Speaker portfolio by gathering Bill of Materials data in a more structured way, using a software platform (see table). We have also initiated life cycle assessment of our best-selling product in each product category; Headband Headphones, True-Wireless Headphones, Portable Speakers, Homeline Speakers and Amplifiers. Further, together with a third-party, we have finalised a CO2eq emissions library covering the most used materials and components. This enables us to do more quantified analyses of material impact in design and measure progress towards our climate and material ambitions. As a next step, our goal is to use the knowledge in the design phase when making design and materials choices.

For packaging, our target is to design out plastic. In 2023, 99 percent of our packaging was paper based for Headphones and Speakers. Going forward we will improve the data to include Amplifier packaging materials. We have an internal packaging design team that makes sure that the Amplifiers, Headphones and Speakers are protected and presented in the best way while taking steps to minimise the environmental impact by optimising size and weight, using materials from renewable or recycled sources, designing out plastic.

* Excluding plastics used in electrical components.

FOR SEVERAL PRODUCTS WE'VE MANAGED TO EXCHANGE OVER 86% OF TOTAL PLASTICS TO A RECYCLED PLASTIC ALTERNATIVE *.

Circular business models - enabling longevity

Our Amps business has been a prime example of enabling the longevity of Marshall products for over 60 years. Through our own inhouse service centre in Milton Keynes, UK, we offer consumer repairs of the amps and support distributors and local authorised repair centres across the world with manuals and spare parts. Many amps and cabinets that we produced in the 60s are still played and loved by fans across the world to this day. We lean into this heritage as we look at implementing the circular business models to support our Headphones and Speaker business working both on product refurbishment and repair.

Refurbishment

For many years, we have refurbished thousands of speakers and sold them through partner channels. During 2023, our commitment to longevity took a significant stride with the initiation of sales for refurbished products in the EMEA market through our e-commerce channel. The products are refurbished by our service centres. We aim to give the customers the same experience as a new product would have given them. They come with the same uncompromised sound, a one-year warranty and are fully equipped with cables and manuals in the box. We intend to extend our refurbishment setup to further regions.

Repair

For Headphones and Speakers, consumers can buy spare parts that are worn out or get displaced, such as cables and headphone ear-cushions through our own e-commerce. We also provide repair services through warranty claims and paid repair services after warranty on most of our speaker models. Our repair service partners are re-using parts when possible, and if not possible, they use original spare parts to ensure quality and safety. In 2023, we established the first service centre in Hongkong covering e-commerce repairs from the APAC region. Going forward, offering, and expanding our repair solutions tp cover more products and more markets is one of our top priorities. ■

HUMAN RIGHTS

Marshall Group respects and supports internationally proclaimed human rights and aim to create a more equitable and sustainable society. As a global company we seek to continuously assess and take action to uphold Human Rights, as set forth by the International Bill of Human Rights and International Labour Organisation's (ILO) Core Conventions, for everyone impacted by our operations across our value chain.

OUR SUPPLIER CODE OF CONDUCT CLEARLY LAYS OUT OUR EXPECTATIONS IN THE AREAS OF HUMAN RIGHTS ON OUR DIRECT SUPPLIERS AND THEIR SUB-SUPPLIERS.

The electronics industry has a complex supply chain that includes a risk of negatively impacting human rights. There is a clear need for a continued focus on risk control throughout the value chain. We are committed to respecting human rights within our entire value chain, and do not tolerate child labour or any other form of forced labour in our own production or at any suppliers or partners. We comply with applicable national laws and international standards wherever the group operates. Marshall Group promotes fair working conditions, health and safety, the trade union rights of employees and the right to collective bargaining.

As a member of the UN Global Compact, Marshall Group takes responsibility for the UN's ten principles in the areas of human rights, working conditions, the environment and anticorruption. In addition, our Supplier Code of Conduct clearly lays out our expectations in the areas of human rights on our direct suppliers and their sub-suppliers. ■

OUR EMPLOYEES

People come first in everything we do and our employees are the most important part of our company. With that in mind, we are focused on building a culture of belonging and an inclusive workforce that reflects the diversity of the communities we engage with. We bring together people with a variety of perspectives and value the innovation that comes about as these viewpoints intersect. We strive to offer a workplace where our employees thrive and develop, to provide clarity on priorities, accountability and a structure that helps mitigate physical and mental risks for employees associated with their work. A strong culture needs to be nurtured, and alongside our work to ensure the wellbeing of our employees, we believe in the benefit of activities that bring our values to life and help strengthen our collective culture. This means creating opportunities that bring employees together across geographies and departments, from larger kick-offs to lunchtime seminars. Our strategic focus on diversity and inclusion, talent attraction and retention, and wellbeing are stated in our HR Policy, which also covers working conditions and labour rights principles.

Wellbeing

The wellbeing of all Marshall Group's employees is fundamental. We believe systematic efforts to promote physical and mental health at work are more important than ever as mental illness continues to increase in society. We aim to foster a culture of wellbeing, safety and work life balance for our employees. This commitment goes beyond compliance with local laws and regulations, and we follow up on employee wellbeing through both our managers, our HR team as well as twice a year through our employee survey.

As a part of Marshall Group's leadership training program 2023, trainings were held within the focus areas stress and addiction. By educating managers about the effects of stress or addiction substance use on health, job performance, and work safety, potential issues can be identified early on, potentially preventing the escalation of problems, enhancing employee wellbeing and maintaining a productive and healthy work environment. At our production site in UK, during 2023 we have introduced a mental health program with the aim to reduce the stigma and increase awareness around mental health. The program includes trainings, deep-dive sessions discussions, mental health first aider, a wellness room and resources to help employees with varying needs associated with their mental wellbeing.

Health and Safety management

With two production facilities, one in the UK and one in Vietnam, Marshall Group's internal health and safety initiatives are highly prioritised to ensure that every employee will return home safe and healthy every day. Poor health and safety practices at the production facilities may cause ill health or a workplace accident with substantial consequences for individual employees. Marshall Group works actively and systematically to minimise the risk of personal injury and ill health.

Workplace representatives

Marshall Group's Work Environment group has representatives from our headquarters in Sweden and our office in the US. The group supports in creating a good work environment, and employees can reach out to the group with work related questions, anything from physical working conditions in the offices to social interaction or stress.

Hybrid work

Over the past years, we have used the learnings from the transition to a virtual workplace due to the pandemic, and combined these with Marshall Group's ambition to keep cultural activities going. This has resulted in a flexible working model, giving the individual employee more power over their working situation and an opportunity to attend to the question of work-life balance. When possible, we provide flexible working models, with employees balancing working remotely and working in the offices. Our ambition is to gradually expand our flexible work policy to cover all Marshall Group office staff regardless of location.

Employee engagement survey

Through our bi-annual Employee Engagement Survey, employees share their thoughts about their roles, their teams and the company as a whole. This provides valuable insights into how our employees are feeling in terms of commitment, motivation, sense of purpose, alignment with our goals and their thoughts about the leadership. The Employee Engagement survey conducted during the fall in 2023 resulted in an Employee Engagement Index of 3.25 out of 4. The areas with the highest scoring results were in leadership and diversity and inclusion. The areas with the most opportunity for improvements were individual workload and clarity around role descriptions. To some degree this is naturally associated with the fact that the whole company and many departments have been going through structural changes as a consequence of the integration of Marshall Amps during 2023, and the results of these changes and effects on the organisation is monitored closely by the management team, supported by the managers across the organisation.

As a follow-up on the employee survey, the Management team are reviewing the results and considers any specific actions that needs to be taken. In addition, all managers receive training and a report to present to their team. The manager, together with the team, is discussing the results and actions are decided jointly.

EMPLOYEES DATA

Characteristics of Employees in own workforce

Gender	Number of employees (headcount)
Male	389
Female	367
Other	-
Not reported	-
Total employees	**756**

Country	Number of employees (headcount)
Vietnam	271
Sweden	214
United Kingdom	195
China	45
USA	18
France	7
Hongkong	6

Worker type	Number of employees (headcount)
Office staff	401
Manufacturing staff	355

Health and Safety

Health and Safety indicators	2022	2023
Sick leave, %	2,2*	4,2*
Number of Fatalities	-	0
Lost Time Injury (LTI)**, Number of incidents	-	1
Non Lost Time Injury (NLTI), Number of incidents	-	25

* Data covering fulltime employees in Sweden, China, USA, France and partly United Kingdom and Hong Kong.Total 38% of the employees.

** The LTI involved one permanent employee operating a saw in the woodmill in Milton Keynes, UK. The investigation showed that the operators' injury to his thumb was sustained by a projectile of wood that was ejected and hit his thumb. The operator was away from work for 7 days for dressing change and healing of the thumb. The incident was reported to UK HSE (Health and Safety Executive) as a RIDDOR.

Employee engagement indicators*

Employee engagement	2022	2023
Employee Engagement Index 1-100	80	81
Response rate, %	72%	82%

Diversity metrics

Gender distribution leadership positions (headcount)	Chief	Vice President	Director	Overall
Total, number of persons	8	11	38	57
Male, %	75,0	72,7	57,9	66,0
Female, %	25,0	27,3	42,1	44,0

Employee age distribution	2023
Under 30 years, %	11,1
30-50 years, %	76,5
Above 50 years, %	12,4

DIVERSITY AND INCLUSION

Diversity and Inclusion (D&I) is one of Marshall Group's four key strategic areas, one of our four "How to wins". A diverse and inclusive environment drives innovation, increases employee engagement, improves decision making with more perspectives while preparing us to manage changes in a better way. Ensuring a diverse and equitable workplace, where all employees feel included and have equal access to opportunities is essential to enhance the wellbeing and attract and retain talent.

We want all our employees to feel included and part of Marshall Group, hence our D&I Strategy aims to represent everyone's voice in everything we do by building an organisation and network that matches our audiences and to drive the change from within. The strategy was developed in close collaboration with our employees, based on their insights and perspectives, and consists of three pillars, each underpinning and supporting the strategy, and with corresponding KPIs and action plans:

Pillar 1: Increase our awareness and champion D&I
Pillar 2: Create products and experiences for everyone
Pillar 3: Equality, belonging, collaboration

Accelerate awareness
During the last years, we have put resources into increasing awareness about the D&I strategy, internally through mandatory training, and externally by sharing it with stakeholders. Several times per year, we also invite external speakers for inspiration and awareness building in our "Eyes on D&I" program.

Representation
During 2023, one common framework of titles and grades have been developed, introduced, and implemented which is enabling us to measure representation in a structural way to set targets on D&I. We are still working on a solution to collect representation data on more aspects than legal gender without jeopardising employee privacy.

Harassment and discrimination
Marshall Group does not tolerate any form of discrimination or harassment whatsoever. We consider all discrimination and harassment to be an issue that concerns all employees. All employees are expected to contribute to a positive working environment, one where we respect one another's differences. No one may be discriminated against due to gender, transgender identity or expression, ethnicity, disability, sexual orientation, age, religion or other beliefs. The act of discriminating against or harassing a colleague is considered an infringement of the employment contract. Likewise, no colleague should conceal or overlook any discrimination or harassment they witness. Any discrimination, bullying or harassment can be reported through our anonymous whistleblowing channel, HR or management. Reported incidents are investigated to correct any damage and prevent reappearance.

Talent attraction and retention
We have a broad variety of competencies in-house and hire new talents to a variety of disciplines, from design to acoustics, production operations to software, sales to development engineer, marketing to e-commerce and lots in between. Finding and keeping the right talents is key to ensuring we can continue to grow and strengthen our culture, and a workforce that truly reflects our world is the foundation of an inclusive culture and helps us to produce great products and sounds.

Talent Acquisition and onboarding
We connect with a global talent pool and source talents from all over the world. We believe that it is essential that we have an inclusive, transparent, and forward-thinking recruitment process where each candidate gets the same opportunities and is evaluated on their merits. This starts at the recruitment stage. By research, we know that biases have an effect of the choices we make as humans. The primary thing we need to do is to constantly look over when, how and where in our recruitment process biases risk slipping in. To meet these risks, all employees are trained in diversity and inclusion and our talent acquisition team supports hiring managers throughout the whole process.

New employees enter an onboarding program including a two-day introduction training to the company and several mandatory online trainings that must be completed within three months. In production, additional trainings are added to the onboarding to ensure safety for everyone.

OUR LEADERSHIP PRINCIPLES

NAVIGATE WITH CLARITY

EMPOWER PEOPLE

LISTEN TO SIGNALS

CREATE SAFE SPACES

Talent development
Equally important to finding the right talent is retaining and developing the talents we have. Cultivating leadership, providing career paths, room for growth, learning and development are areas which our Director, Talent Development, works with to further strengthen our workforce.

To fuel our ambition, execute our strategy, care for our people, continue building strong teams and develop individual talents, a present and harmonised leadership is fundamental. During 2023, group leadership principles have been developed, launched, and trained to all leaders and people managers. The principles are based on input from leadership surveys and workshops, and guide us for how to show up as leader.

Clear career paths
At Marshall, we have clear and transparent career paths for both experts and leaders to enable talent growth and be an attractive employer. Each title and grade on the scale comes with clear and transparent expectations. To enable clarity, consistency and prevent discrimination of promotions we have a Talent mobility approval framework and process, where leaders can request promotions of employees in their team and where decision are based on the same criteria's for everyone.

Learning and development opportunities
Marshall Group provides employees with a selection of learning opportunities to grow, develop and retain talents. During 2023, a number of trainings have been offered to a larger group within the company, for example the anti-bribery and anti-corruption training which is a mandatory e-learning course applicable for all employees, as well as diversity & inclusion and data protection. Trainings are planned by managers and leaders and offered to upskill and reskill employees as needed in their job role, ranging from mandatory introductory, to advanced trainings.

Performance review
We always encourage a close and frequent dialogue between leaders and their team members on performance and individual growth. At the end of each year, an organised and mandatory performance review between leaders and employees occurs and is documented digitally in our HR platform. Before each performance review, people managers and leaders get trained in the process which is finalised with structured 1 on 1 conversations between employees and managers. A 360 review is mandatory for all leaders and people managers by anonymous peers. The performance review process is transparent to all employees and the results are used in talent mobility requests and serve as one of several criteria in the yearly salary review.

Individual goal setting
We have an individual goals framework to empower everyone to create individual goals that contribute to Marshall Group's ambition and strategy. It is essential to have clarity on company goals so everyone knows where we are heading and how to contribute. All employees are trained in the framework, how to enter goals in our HR system, and how to monitor progress throughout the year. Everyone's individual goals are followed up mid-year as part of the yearly performance review.

MENTAL HEALTH – PUTTING WELLBEING AT THE HEART

Damon Wilson, Dean Bowditch, Di Evans and Warren Cox – Mental Health 1st Aiders at Milton Keynes.

At Marshall Group, we want to create an inclusive, open and respectful working environment, where every employee feels safe and valued and can be themselves. Mental health touches every aspect of our lives, especially workplace performance - productivity, creativity, and social engagement can all take a hit if an employee's mental health is suffering.

"By fostering an environment where mental health is openly discussed and supported, we can help break down barriers and encourage employees to open up and seek help if they are struggling", says, Jenny Blackwell, Health & Safety specialist at Marshall Group's manufacturing site in Milton Keynes, UK. Jenny is passionate about her profession, working to reduce accidents, injuries and health issues. In her role, Jenny has ownership of the health and safety programs in Milton Keynes, training employees on procedures to avoid accidents or injuries, ensuring they are adequately trained to use equipment safely in production, and that necessary processes are in place to provide a safe working environment. In close collaboration with HR, mental health initiatives strive to ensure parity between the way mental and physical health are treated in the workplace.

Since 2023, Jenny and the Milton Keynes team have included mental health as a part of their work, educating and increasing awareness around the subject by selecting specific mental health topics in which they deep-dive and do training, discussion sessions in smaller groups as well as information boards. Education around the topic is key to encourage more open communication around the topic within the workplace.

Mental Health 1st Aiders have also been introduced in Milton Keynes, as a step to 'normalise' and talk about mental health, creating an atmosphere where those who are struggling to feel comfortable discussing their symptoms, without fear of judgement or shame. The fact it is a colleague who is available in the workplace rather than, say, HR or a manager can also make it feel more approachable for employees. "By starting the conversations internally, and providing resources and support, we are taking positive steps towards creating a culture that views mental wellbeing as just as important as physical wellbeing", says Jenny.

WE KNOW THAT THE EFFORTS FOR EMPLOYEE MENTAL HEALTH IS NOT JUST A BUSINESS IMPERATIVE, IT IS ALSO SIMPLY THE RIGHT THING TO DO SINCE THE WELLBEING OF OUR EMPLOYEES IS FUNDAMENTAL.

With many manufacturing jobs requiring long periods of high concentration, focus, and precision, the demands of the work can affect the mental well-being of employees. Hence, a wellness room has been set up in the Milton Keynes office – a quiet space where the employees can drop in if feeling stressed, anxious, or just in need of some time alone, providing them with a vital break away from the rest of the office. We know that the efforts for employee mental health is not just a business imperative, it is also simply the right thing to do since the wellbeing of our employees is fundamental. Introducing measures like these is a positive move towards a healthier and more productive work environment. "There is still a lot more we can do", concludes Jenny with a smile. ■

RESPONSIBLE SUPPLY CHAIN

The electronics industry is associated with great challenges in terms of human and environmental health, from mineral sourcing to the end-of-life treatment of products. At Marshall Group, we are committed to improving workers' conditions throughout the entire supply chain. Responsible sourcing for us means protecting the human rights of the workers across our supply chain while asking for more environmentally preferable materials and production practices. We are guided by universally recognised declarations, conventions, and guidelines such as the UN Global Compact and the ILO's fundamental conventions, as well as our own internal standards.

As the risk for human rights violations increases as visibility decreases deeper into the supplier tiers, Marshall Group's close collaboration with the Tier 1 suppliers is crucial to improve the transparency of our supply chain. The characteristics and number of Tier 1 suppliers vary depending on the product category. Our Amplifiers are manufactured inhouse and ingoing materials are purchased directly from hundreds of Tier 1 suppliers. Headphones and Speakers are designed in collaboration with a selected number of ODMs who are contractually responsible for the purchasing of ingoing materials and components.

Working with all suppliers to mitigate risks and ensure compliance to ethics, corporate compliance matters and product compliance is essential. For Headphones and Speakers, we have close collaboration, train, and audit all the ODMs on our Supplier Code of Conduct, pushing our requirements up the supply chain together with these suppliers. Looking ahead, we plan to integrate our separate responsible sourcing practices into a common strategy with the aim of higher transparency and to minimize the negative environmental and human rights impact in the supply chain.

Responsible sourcing - Headphones and Speakers
Our requirements of and ambition for suppliers are summarised in our Supplier Code of Conduct. The Code of Conduct is an integrated part of the purchasing process and is included in all supplier agreements. We regularly update this document on issues such as management, labour and human rights, health and safety, environment and ethics.

Every ODM Marshall Group enters into an agreement with is required to adhere to the Supplier Code of Conduct including evaluating and monitoring its suppliers of content. At the same time, we know the immaturity of our industry in this area is evident, as we often meet suppliers who have never been asked about sustainability performance. To improve workers' conditions higher up in the supply chain, collaboration and knowledge is key.

Since 2019, we have run a Supplier Development Program for Headphone and Speaker ODMs. Through the program, we engage closely with our active ODMs with the help of local trained and certified personnel, to ensure a minimum standard of responsible practice and understanding. In the program, we assess and audit active and potential ODMs, maintain quarterly dialogues, and provide training on our Supplier Code of Conduct.

By working closely and on a long-term basis with a selected number of manufacturers who share our values while at the same time maintaining a high presence at our factories, we have seen a positive response in labour conditions at our Tier 1 manufacturers and a general willingness to work actively with sustainability related issues and advances in responsible sourcing programs.

Supplier audits - Headphone and Speakers
Auditing across the supply chain is a way of ensuring that suppliers act in accordance with the requirements set out in our Supplier Code of Conduct. The audits allow us to gain insight into our suppliers' practices and track progress. They increase transparency and help to hold us accountable for the conditions in our supply chain. They result in a score from **A** (highest rating) to **D** (lowest rating), based on any non-compliance and the severity of these issues. When non-compliance is identified, we follow up and work in collaboration with the suppliers to solve any issues and implement improvements. If this is unsuccessful, we reserve the right to terminate our contract with the supplier. Since the start of the Supplier Development Programme in 2019, the audit scores have been taken into account in our sourcing processes and we have prioritised manufacturers with high scores and shared values.

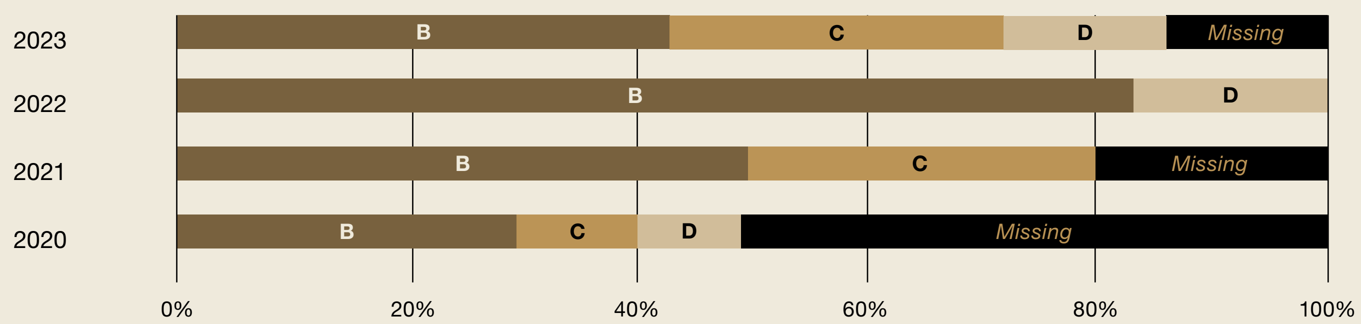
In 2023, for the first time, we have diversified our Tier 1 supplier base outside of China, introducing two new ODM sites, one in Vietnam and one in Thailand. Both sites were audited and being new to the requirements in our Supplier Code of Conduct, this affected our total audit scores. We have strengthened our local organisation and are working closely with the suppliers to close the gaps and become ready for production.

In addition, we are working to extend our audits deeper into our tiers to make the supply chain visible and transparent beyond Tier 1 manufacturers. In 2023, we performed nine audits of active or potential Tier 2 Material and Component suppliers. ■

Audits in number	2019	2020	2021	2022	2023
Marshall Audits	-	7	12	10	16
3rd party Audits	-	3	3	6	0

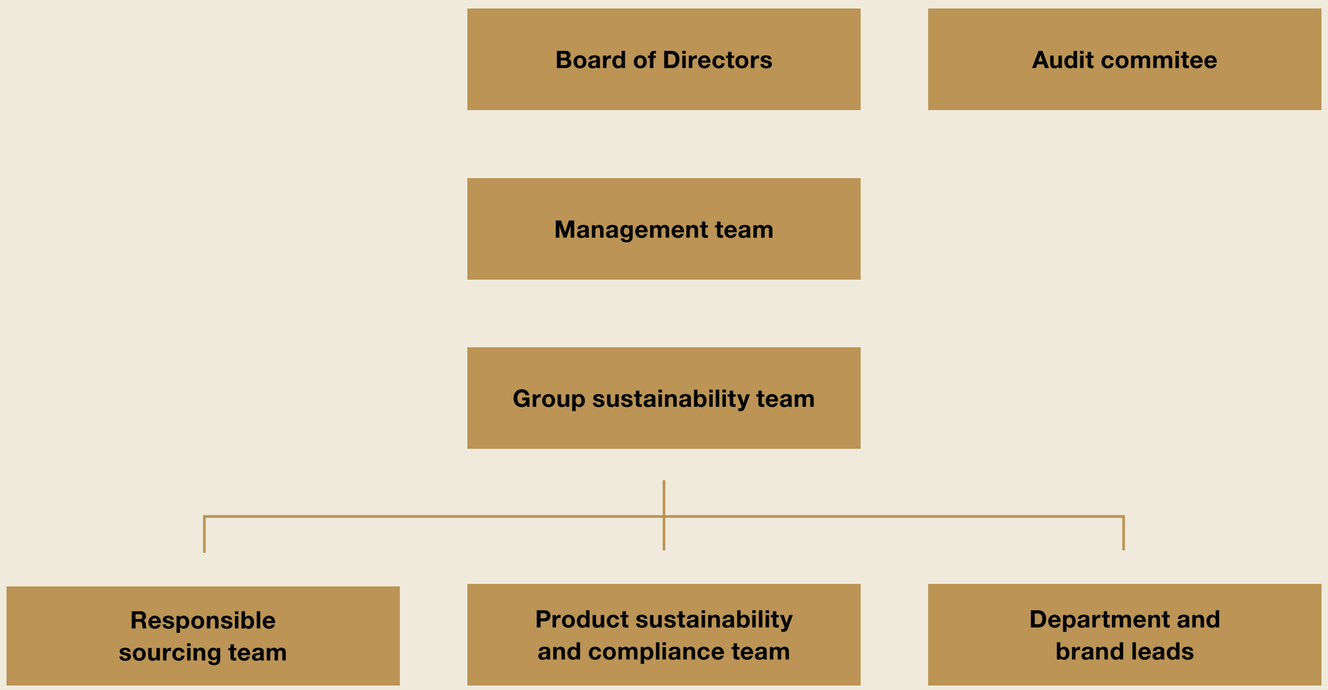
* No third-party audits were conducted during 2023 as the development and production of Adidas products have ended.

Supplier development program		2020	2021	2022	2023
ODMs	Number of active ODMs sites	10	10	6	7
	% of active suppliers with annual audit score	50%	80%	100%	86%
	% of active ODMs signed our Supplier Code of Conduct	23%	69%	100%	100%
Material and component suppliers (Tier 2+3)	Number of active Material and component suppliers included in our Supplier Development program	1	4	4	7



SUSTAINABILITY GOVERNANCE

Committing to sustainable operations requires a governance structure that allows us to manage our impacts, risks and opportunities in a responsible manner. The main purpose of having sustainability governance at Marshall Group is to ensure that we walk the talk and maintain trust from our stakeholders, including colleagues, customers, suppliers, investors, and representatives from communities we engage with. Our governance structure provides a framework to support us in delivering on our key policies and guidelines. It helps ensure we operate responsibly and in line with our values. We continually focus on strengthening our policies, trainings and processes to a establish a strong business conduct and ethics.



Board of Directors: The Board has overall responsibility for overseeing sustainability and compliance, including approval of policies and strategies related to sustainable development. The Board receives quarterly progress reports regarding sustainability issues.

Audit committee: The Audit Committee is a subcommittee of the Board, overseeing the identification, evaluation, and management of risks, including sustainability and compliance risks.

Management team: The VP, Communications and Sustainability in the Management team is responsible for managing and overseeing the implementation of the company's sustainability ambition and strategy.

Group sustainability team: The Senior Group Sustainability Manager has the overall responsibility for implementation and performance against our strategies, policies and goals covering all key business functions and brands. The Group Sustainability Manager reports to the Head of Communication and Sustainability.

Product sustainability team: Responsible for product compliance and driving sustainability progress. Managing product sustainability initiatives cross-functionally with product development, sourcing and quality departments.

OUR KEY POLICIES

Employees:
Employee Code of Conduct
Sustainability policy
Anti-Corruption Policy
HR policy
Information Security Policy
IT policy
Whistleblowing Policy

Suppliers:
Supplier Code of Conduct

Customers:
Customer Privacy Policy

Compliance management

Corporate compliance is managed by Marshall Group's legal team. Product compliance is managed by the product compliance and sustainability team. This includes assessing, testing and certifying products according to global requirements. The team assesses product safety, materials and solutions during product development and manages compliance during the product life cycle, such as certification maintenance and extended producer responsibility obligations.

Ethical business conduct

Marshall Group is committed to the highest standards of ethical conduct and integrity in our business activities everywhere we operate. Our company Code of Conduct outlines the expected behaviour of our employees and helps us navigate everyday situations.
As a part of our onboarding programme, new colleagues are trained in our Code of Conduct. Employees' managers are responsible for ensuring that employees have understood the content of the Code and to guide them when uncertainties arise. The Management team is responsible for implementing and ensuring compliance with the Code of Conduct.

Anti-bribery and corruption

Marshall Group does not tolerate any form of bribery or corrupt activity engaged in by its employees, partners or consultants. Being an international company with suppliers and partners in parts of the world where there is a high risk of corruption, it is our responsibility to make our position clear in writing as well as in daily representation. Our Non-Tolerance Statement is included in our Code of Conduct as well in the Supplier Code of Conduct.
The Anti-Corruption Policy is based on risk analysis and covers operational areas in the value chain with higher exposure to corruption risks. It is outlined in accordance with relevant international and local legislations.

In 2023, a mandatory anti-corruption training for all employees was launched. The anti-corruption training is done via a digital training platform.

All product manufacturers are obligated to sign our Supplier Code of Conduct as they enter into business relationships with Marshall Group. We also conduct on-site sustainability audits and provide supplier training in our Supplier Code of Conduct.

Whistleblowing system
Marshall Group uses an external whistleblower provider for employees to report any malpractice or misconduct. All reported incidents are managed with absolute confidentiality, and we guarantee that employees raising concerns will not face any risk of reprisals. Marshall Group's Chief Legal Officer has the overall responsibility for the whistleblowing instructions and procedures. Incidents reported into our Whistleblowing System are handled by our Chief Legal Officer, Chief HR Officer and VP, Communications & Sustainability. Routines are described in our Whistleblowing Policy. During 2023, one incident was reported into the system. The incident was assessed not to be a formal whistleblowing case and was instead handled by our HR department.

NETWORKS AND MEMBERSHIPS

Marshall Group is a member of key associations and initiatives that are directly or indirectly related to our material sustainability topics.

UN Global Compact
In August 2023, Marshall Group became signatory of the UN Global Compact. Global Compact is the world's largest sustainability initiative for companies. The framework contains ten principles on corporate social responsibility. The principles are based on international conventions on human rights, labour rights, the environment and anti-corruption. We are proud to be affiliated with the UN Global Compact and are committed to adhering to the ten principles of sustainable business.

UN Sustainable Development Goals (SDGs)
Marshall Group uses the United Nation's Sustainable Development Goals (SDGs) to guide and inspire us in developing our sustainability agenda. The SDGs are a universal call to action on society's biggest global challenges. The 17 goals were adopted by all UN Member States in 2015 and provide a roadmap to countries, businesses and civic society on how to mobilise for a more sustainable and equal world.

United Nations Race To Zero
Marshall Group is a member of the UN Race To Zero campaign and has committed to science-based targets to become a net zero company by 2040 in line with the Paris Climate Agreement, to keep global temperature rise to 1.5 per cent.

Science Based Targets initiative (SBTi)
The Science Based Target initiative (SBTi) is a partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF) that defines and promotes best practice in emissions reductions and net-zero targets in line with climate science, including providing a second opinion on the ambition level of targets set by corporates and other entities. Marshall Group's net zero targets were approved by the SBTi's board in 2023.

Cradlenet Network
Marshall Group is a member of Cradlenet Network, which is a platform for knowledge and networking with the ambition to accelerate Sweden's transition to a circular economy.

Chemsec PFAS Movement
Marshall Group is a member of ChemSecs movement to support a ban of PFAS. ChemSec recognises that citizens and public interest groups are not the only voices needed in the debate about toxic PFAS chemicals.

Research Institutes of Sweden (RISE)
Active industry representative partner in two research projects: 1) RISE "POPFREE Industry" planning project, which aims to build a competence centre for a Circular and PFAS-free industry. 2) Certified to LAST project, which aims to develop a certification concept, a way of rewarding products with long service life.

Sweden-China Trade Council (SCTC)
Marshall Group are members of the Sweden-China Trade Council and its Sweden-China Forum for Sustainable and Responsible Business. SCTC is an independent, non-political and member-funded association. SCTC focuses on increasing members' knowledge on operating in China in general, and on current trends and policies as well as relevant challenges and opportunities for the Swedish business community in Chinese business life in particular.

COMMUNITY ENGAGEMENT

Womenengineer IGE-day at Marshall HQ

Marshall Group puts a lot of emphasis on community engagement. We want our community engagement efforts to reflect our values and what our employees care about. Inclusion, equality, and passion for music guide us in the initiatives we choose to engage in. We also want to make sure we can contribute timely as events unfold where we could be a positive force, financially or through collective action. By strengthening the local community through activities and collaboration with organisations, authorities, and other stakeholders, Marshall aims to promote access to culture and diversity and inclusion in the industry. For instance, Marshall Group supports the music community through independent venues and NGOs, and activities can also include donations and voluntary work.

INCLUSION, EQUALITY, AND PASSION FOR MUSIC GUIDE US IN THE INITIATIVES WE CHOOSE TO ENGAGE IN.

In 2023, we were involved in several important community engagement projects. Our head office in Stockholm participated in an internship programme with Järvaskolan, providing access and inspiration to youth from marginalised areas. We held inspirational training days with Womengineer through its project “Introduce a Girl to Engineering Day” and co-created Fryshuset’s “YOU LIVE” initiative that enables young talent from marginalised areas to access the music industry.

In the UK, Marshall Group supported the charity “Girls Rock London”, aiming to provide all girls and women with the chance to make music. We are a yearly sponsor of the “Youth Music Awards”, and we also supported the annual international contest for female drummers “Hit Like A Girl”, which was held for the 12th consecutive year. Its purpose is to showcase and encourage drumming and lifelong musicianship for girls, women, female-identifying and non-binary individuals, regardless of age, playing level or geographic location. In addition, Marshall Group supported “Independent Venue Week” (IVW), an annual seven-day celebration of independent music and arts venues, and the people that own, run and work in them.

We’ve also continued to build on our partnership with Women in Vinyl (See page 58).

Our main focus is to help build a better future where we can achieve the biggest impact through local engagement, but the urgency of the present is sadly often also a factor. Our largest charitable donations in 2023 were made to UNICEF, UNHCR and Save the Children, following the ongoing conflicts and wars around the world. ■

MATERIALITY RISK AND METHODOLOGY

The materiality analysis shows the areas where Marshall Group's operations and sustainability initiatives have the greatest impact on the economy, environment and people. Marshall Group's materiality analysis is based on several different elements: summaries of market trends, regulatory requirements, value chain mapping, surveys, stakeholder dialogues and the Group's and management's strategic priorities. Based on the insights and analysis, and with the assistance of external experts, 10 main impact material areas have been identified. The materiality analysis forms the basis for Marshall Group's strategic direction and priorities within the Group's sustainability agenda. On a yearly basis, the material topics are reviewed and validated by internal experts and the management team and by including external stakeholders directly every third year.

During 2023, our work has continued to ensure that our sustainability strategy supports efficient business operations, performs in line with our ambition and covers all the material topics. This will allow us to systematically report on all aspects of the operations and address progress and targets for each of our material topics.
After the reporting period, a double materiality analysis has been carried out to determine material topics and sub-topics for future reporting.

MOST MATERIAL SUSTAINABILITY TOPICS

GHG emissions
Waste
Human rights
Product longevity and circularity
Diversity and Inclusion
Responsible sourcing practices
Chemicals
Consumer health and safety
Ethical business conduct
Employee wellbeing

STAKEHOLDER ENGAGEMENT AND DIALOGUE

To have an ongoing dialogue with different stakeholders, such as colleagues, customers, suppliers, industry peers, policy makers, investors and society is of vital importance. The multitude of perspectives among the stakeholders help us innovate and prioritise as we develop our sustainability engagement. By openly sharing experiences and giving feedback, our stakeholders help us deliver on our promises and keep ahead of global developments.

	How we engage	Key topics and concerns
End-consumers and retailers	Consumer surveys in key markets including sustainability area. Social media, customer support, emails. Ongoing dialogue on sustainability of products with key retailers. The World Tour, an annual meeting for key retailers and partners to share progress and discuss our business.	Climate impact Repair, reuse and recycling services Third party certificates and eco labels Consumer Health and Safety Product durability and quality Supply chain social responsibility Compliance on legal and regulatory requirements
Employees and potential candidates	Ongoing dialogue e.g. through weekly 1-1 with manager, Annual Performance Review with manager and Employee Engagement Survey. Intranet, emails, company meetings and events. Community engagement activities.	Wellbeing Climate impact Diversity and Inclusion Consumer health and safety
Licensee partners	Meetings, emails, workshops. Licensee sustainability guidelines and requirements.	Waste and resource use Sustainable and recycled materials Compliance on legal and regulatory requirements
Suppliers	Request for information. Contracts and Policies. Site Visits, Audits and Training. Meetings and emails.	Growth Long-term partnership Contribution to economic development Employee attraction and retention Standardisation
Investors	Annual General Meeting. Annual Report. Investor newsletter.	Product durability and quality Compliance on legal and regulatory requirements Financial sustainability and growth
Society	Annual Report. Participation in various research projects. Active member of various networks, participating in meetings and workshops.	Climate impact Circularity Repair and product standardisation Chemicals

RISK MANAGEMENT

Marshall Group's risk management processes include identifying, evaluating, and securing commercial, operational, financial, legal and regulatory risks, which also comprise sustainability related risks. The CEO is responsible for risk management. It is primarily managed by the management team in close collaboration with their operating units who are responsible for handling risks in their area of responsibilities.

Marshall Group's approach to sustainability is defined from both a risk and an opportunity perspective. Since 2017, we have had the ambition of performing an annual top-down risk analysis focusing on sustainability and compliance related risks, including interviews with all members of the management team to identify risks in their operational area of responsibility. The latest structured sustainability risk analysis was finalised in 2020, showing that we need to keep improving our supply chain, especially in terms of mineral and metal sourcing, make our products more sustainable and improve the external communication, especially with our customers, about Marshall Group's sustainability work. In 2023 a new risk assessment was initiated as part of the double materiality analysis according to the ESRS requirements.

SUSTAINABILITY RISK MANAGEMENT TABLE

Area	Material impact	Value chain Scope	Management
Environment	**Environmental impact** Marshall Group wants to play an important part in pushing our industry towards circular, emission free and responsible practices across the value chain. From a lifecycle perspective, most of our products' environmental impact comes from extraction of materials, manufacturing, energy use while using the product, end-of-life treatment and transport and distribution. Apart from managing legal requirements, such as those linked to chemical management, Marshall Groups' brand could be exposed if associated with causing negative environmental impacts	- Product Design - Raw Material Extraction - Component Assembly - Final Product Assembly - Marshall Group operations and Sales - Product Distribution and Repair - Consumer Use - End of Life Treatment	- Continuous environmental impact mapping - Life cycle analysis - Sustainability policy - Sustainable design guidelines and building awareness of sustainable design - Continued improvements on recycled content of products and packaging - Chemical analyses of materials and products - Efficient production planning and optimise logistics,including evaluating alternative modes of transport - Sustainability audits of manufacturers - Taking extended producer responsibility for end-of-life - Piloting Circular business models Improving accessibility of consumer information
Human rights	**Responsible supply chain** Marshall Group's commitment to always respect Human Rights and set people first in everything we do. As a global electronics company we seek to continuously assess and take action to uphold Human Rights, as set forth by the International Bill of Human Rights and International Labour Organisation's (ILO) Core Conventions, for everyone impacted by our operations across our value chain. The electronics industry has a complex supply chain that includes a risk of negatively impacting human rights. There is a clear need for a continued focus on risk control throughout the value chain	- Raw Material Extraction - Component Assembly - Final Product Assembly - Marshall Group operations and Sales - Product Distribution and Repair - Consumer Use - End of Life Treatment	- Marshall Group Supplier Code of Conduct, (revised 2021) communicated and signed by 100% of active ODMs - Sustainability training for product manufacturers and sourcing managers - Audit of product manufacturers, both Marshall Group audits and third-party audits - Risk analysis
Anti-corruption	**Fight corruption** Marshall Group advocates free and fair trade, strives for open and fair competition and ethical conditions within the legal frameworks of the countries in which it operates. If Marshall Group does not follow these principles, it can jeopardise the company's reputation and can also result in fines.	- Raw Material Extraction - Component Assembly - Final Product Assembly - Marshall Group operations and Sales	- Supplier Code of Conduct - Employee Code of Conduct - Anti-corruption policy - Risk analysis - Anti-corruption training - Audit of product manufacturers - Routines for follow-up of irregularities
Employees & social conditions	**Talent attraction and retention** Marshall Group partly manages the entire value chain in-house, having expertise within several business-critical areas. Having employees with the right competencies in the right position is business critical.	- Product Design - Marshall Group operations and Sales	- Quality-assured and transparent recruitment-process - Skills development according to individual needs
	Wellbeing The wellbeing of our employees is extremely important. We believe systematic efforts to promote both physical and mental health at work is more important than ever, as mental illness continues to increase in society. We aim to foster a culture of wellbeing and equal development opportunities. Everyone should feel safe and free of harassment working at Marshall Group. This commitment goes beyond compliance with local laws and regulations.	- Product Design - Product Distribution and Repair	- Employee Code of Conduct - Working with our culture and values - Diversity & Inclusion strategy - Employee engagement survey - Systematic working environment work, including a work environment committee that meets quarterly - Sports and wellness activities - OneLab – a health platform that identifies ill health and offers the right care at the right time.

REPORTING METHODOLOGY

In preparation for the EU Corporate Sustainability Reporting Directive (CSRD), this report has been structured in line with the recommendations of the European Sustainability Reporting Standard (ESRS).

Greenhouse Gas Protocol
When measuring, analysing and reporting emissions of CO2 and other greenhouse gases, Marshall Group uses the global Greenhouse Gas Protocol standard for its calculations. The different gasses are calculated into CO2 equivalents (CO2eq) depending on their global warming potential. When breaking down Marshall Group's emissions according to the structure of the GHG Protocol, the emissions are divided into three scopes:

Scope 1: Direct emissions from operations. This includes both emissions generated at company facilities and by vehicles. Since we have chosen to use a financial approach when declaring our emissions, only the corresponding emissions, in our case, to the mobile combustion from leased or owned vehicles and fugitive emissions (refrigerants) were registered in this section.

Scope 2: Indirect emissions from purchased electricity, heating and cooling associated with the operations of Marshall Group's production sites in the UK and Vietnam, as well as the offices located in Stockholm (HQ), Shenzhen, New York, London, Paris and Hong Kong.

Scope 3: Indirect emissions associated with the value chain generated by our products, including upstream and downstream emissions. The Scope 3 categories that Marshall Group has not included are upstream and downstream leased assets, processing of sold products, franchises and investments. These categories are either not relevant or applicable for our operations GHG accounting.

Scope 1. Company facilities and vehicles
For calculating the emissions associated with Marshall Group's vehicles, either own or leased, two different methodologies were followed, depending on the data available, fuel or distance based.

Fuel
Based on the fuel consumption reported per fuel type, and the corresponding emission factor.

$$\sum\left(Fuel\ consumption\ per\ type\ (liters)\ x\ Emission\ factor\ \left(\frac{tCO2eq}{liters}\right)\right)$$

Distance based
In case it is not possible to get the fuel consumed, the distance travelled by vehicle type was used to calculate the emissions, as well as the corresponding emission factor.

$$\sum\left(Distance\ traveled\ per\ vehicle\ type\ (km)\ x\ Emission\ factor\ \left(\frac{tCO2eq}{liters}\right)\right)$$

It is relevant to mention that in the case of electric vehicles, the emissions were allocated in Scope 2, Purchased electricity, as well as in Scope 3, Category 3 Fuel and energy related activities.

Scope 1. Refrigerants use
Emissions generated in facilities based on the refrigerants losses leakage along the year. Emissions were calculated using the refrigerants purchased during the year, as well as the refrigerant levels difference between the end and the beginning of the year, and the corresponding emission factor per refrigerant type. gies were followed, depending on the data available, fuel or distance based.

$$\sum\left(Refrigerant\ leakages\ per\ type\ (liters)\ x\ Emission\ factor\ \left(\frac{tCO2eq}{liters}\right)\right)$$

Scope 2. Purchased electricity, steam, heating and cooling
Using as input the energy consumption measured by each of Marshall Group's offices and production sites, as well as the corresponding emission factor (for purchased electricity location and market based) the CO2eq emissions were calculated. The offices in Sweden and Hong Kong have their respective emission factor provided by the service providers, and in the case of the production site in Milton Keynes, UK, an extra fee was paid for renewable electricity.

$$\sum\left(Energy\ consumption\ per\ type\ (kWh)\ x\ Emission\ factor\ \left(\frac{tCO2eq}{kWh}\right)\right)$$

In the case of the offices with a co-working spaces (London and Hong Kong), an emission factor per employee and working days was used. However, since this data was not directly measured and is based on a proxy, it was decided to include it in the Scope 3 Category, 3 Fuel and energy related activities.

Scope 3 Category 1. Purchased goods and services
Two main methodologies were followed for the greenhouse gases emissions calculation. Firstly, a mass-based methodology for the Headphones and Speakers, using the materials composition per product, as well as an emission factor associated to each material. In addition, the energy used for the product assembly was included, resulting in an emission factor per unit. Finally, to calculate the annual emissions, the emission factor per unit was multiplied with the number of units of each product purchased during the current year.

$$\sum\left(Units\ per\ product\ (units) * \left(\sum\left(Material\ per\ type\ (grams)\ x\ Emission\ factor\ \left(\frac{tCO2eq}{grams}\right)\right)\right)\right)$$

Also, a spend-based methodology was used for purchases of goods as the materials for the amplifiers production, offices supplies, and services as the equipment repair, marketing, research and development, among others. The purchases include our operations in all our offices and production sites.

$$\sum\left(Amount\ spent\ per\ type\ (USD)\ x\ Emission\ factor\ \left(\frac{tO2eq}{USD}\right)\right)$$

Scope 3 Category 2. Capital goods
Similar to Category 1, calculating the emissions associated with capital goods, a spend based methodology was followed, using the amount spent on machines and equipment required for the production as input, as well as the corresponding emission factor.

$$\sum\left(Amount\ spent\ per\ type\ (USD)\ x\ Emission\ factor\ \left(\frac{tO2eq}{USD}\right)\right)$$

Scope 3 Category 3. Fuel and energy related activities
The category complements the emissions from purchased electricity, heating and cooling, in such a way that it includes the well-to-tank emission factor. This emission factor considers the production, processing and delivery of a fuel or energy vector, as well as the losses generated during the transmission of electricity.

$$\sum\left(Energy\ consumption\ per\ type\ (kWh)\ x\ Emission\ factor\ \left(\frac{tO2eq}{kWh}\right.\right.$$

Also, as mentioned previously, this category includes the energy consumed in the offices in Hong Kong and London, based on consumed energy per employee.

$$\sum\left(Number\ of\ employees\ (employees)\ x\ Energy\ consumption\ \left(\frac{tO2eq}{kWh}\right)\ x\ Emission\ factor\ \left(\frac{tO2eq}{kWh}\right)\right)$$

Scope 3 Category 4 and 9. Transportation and distribution (upstream and downstream)
Using the registers on product transportation, both relative to weight and the origin-destination, the distance travelled throughout the supply chain of the products was estimated considering different transportation modes (road, sea, air or rail).

$$\sum\left(Products\ (tonnes)\ x\ Distance\ traveled\ per\ mode\ (km)\ x\ Emission\ factor\ \left(\frac{tO2eq}{km * ton}\right)\right)$$

Scope 3 Category 5. Waste generated in operations
Since there is a different level of information available, and type of operations per unit along Marshalls Group units, two different methodologies were used for the greenhouse gases calculation. For the production sites and the headquarter, an emission factor per material and waste treatment was used.

$$\sum\left(Material\ type\ per\ waste\ treatment\ (tonnes)\ x\ Emission\ factor\ \left(\frac{tO2eq}{ton}\right)\right)$$

For the other offices, since there was not registered information, or was nor available, an average emission factor per employee was used.

$$\sum\left(Number\ of\ employees\ (employees)\ x\ Emission\ factor\ \left(\frac{tO2eq}{employee}\right)\right)$$

Scope 3 Category 6. Business travel
In this particular category, to consider the emissions generated among the different activities, different methodologies were used. Firstly, if there was an emissions report pre-calculated by an airline, rail company, etc., then this calculation was considered. In the case of flights, since air traveling has a high impact compared to other modes, an emissions calculator was used. This tool estimates the emissions based on the distance between airports, number of passengers and ticket class.

$$\sum\left(Pre - calculated\ emissions\ (tO2eq)\right)$$

If there is not a pre-calculated emissions report provided, then a spend-based emission factor was used for calculating the emissions associated with flight and train tickets, taxis, rental and private cars on duty, as well as hotels.

$$\sum\left(Amount\ spent\ per\ type\ (USD)\ x\ Emission\ factor\ \left(\frac{tO2eq}{USD}\right)\right)$$

In the cases of rental and private cars on duty, a distance and fuel-based methodology was used for the emissions calculations.

$$\sum\left(Distance\ traveled\ per\ mode\ (km)\ x\ Emission\ factor\ \left(\frac{tO2eq}{km}\right)\right)$$

$$\sum\left(Fuel\ consumption\ per\ type\ (liters)\ x\ Emission\ factor\ \left(\frac{tO2eq}{liter}\right)\right)$$

In the cases of rental and private cars on duty, a distance and fuel-based methodology was used for the emissions calculations.

$$\sum\left(Hotel\ nights\ per\ country\ (nights)\ x\ Emission\ factor\ \left(\frac{tO2eq}{night}\right)\right)$$

Scope 3 Category 7. Employee commuting
Based on a survey carried out on among the employees during 2022 in the offices located in Stockholm, London, Hong Kong, Shenzhen, Paris and New York, and in 2021 for the production sites in Milton Keynes and Vietnam, transport habits were identified along with the average number of days employees work from home for each location. Using the mode of transportation and the distance traveled in an average week, as well as the corresponding emission factors, the total emissions were estimated. Although the survey was not answered by all the employees, in cases where there was no response, it was assumed that the results were representative for each office.

$$\sum \left(\text{Number of employees per mode of transport } (\text{employees}) \text{ x Distance traveled } (km) \text{ x Emission factor } \left(\frac{tO2eq}{night}\right)\right)$$

Scope 3 Category 11. Use of sold products
Unlike the purchased goods and services category, where the estimate is based on what is produced in the year, in this category it is based on the sales registered during the year, also considering the country where they were sold since this determines the electricity emission factor. For the estimation, the entire lifespan of the product is taken into account, in addition to an estimate of the use of the product and the power consumption.

The Speakers' power consumption is divided in three operational modes: off, on and standby. On the other hand, the Amplifiers have two operational modes: on and off. It is important to mention that for the amplifiers, home and movable speakers ,the same methodology was used, based on power consumption measurements, to calculate the total power consumption for the whole product lifespan.

$$\sum \left(\text{Power measurement per mode } (kWh) \text{ x Usage per mode } (hours) \text{ x Lifespan } (years)\right)$$

In the case of Portable Speakers and Headphones, the power consumption was calculated based on the number of times that the product must be charged per year. For this calculation, it was necessary to consider the product's playtime, i.e., the number of hours that a product can be used after being charged.

$$\sum \left(\frac{\text{Days per year } (days)}{\text{Playtime } (hours)} \text{ x Usage } \left(\frac{hours}{day}\right)\right)$$

Once the number of times to be charged has been calculated, the power consumption can be calculated based on battery capacity (considering loses) and the product lifespan.

$$\sum \left(\text{Number of times to be charged by product } \left(\frac{times}{year}\right) \text{ x Battery capacity } (kWh) \text{ x Lifespan } (years)\right)$$

With the power consumption calculated, using the emission factor and sales per country as input, the emissions associated to the use products sold during 2023 were calculated.

$$\sum \left(\text{Units per product } (units) \text{ x Power consumption per product } (kWh) \text{ x Emision factor } \left(\frac{tO2eq}{kWh}\right)\right)$$

Scope 3 Category 12. End of life
As in the case of the Category 1 Purchased goods and services category, the estimate is based on the products material composition, but in this case, the emission factor is associated with the waste treatment for each material and the sales registered, giving an emission factor per unit as result. This calculation was done only for Headphones and Speakers.

$$\sum \left(\text{Units per product } (units) * \left(\sum \left(\text{Material per type } (grams) \text{ x Emission factor } \left(\frac{tCO2eq}{grams}\right)\right)\right)\right)$$

CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL YEAR 1 JANUARY 2023 – 31 DECEMBER 2023

CONTENTS

ADMINISTRATION REPORT

The board of directors and CEO of Marshall Group AB (publ) hereby submit the following annual report and consolidated financial statements for the financial year 1 January 2023 to 31 December 2023.

This annual report has been prepared in Swedish krona (SEK). Unless otherwise stated, all amounts are posted in thousands of Swedish krona (SEK thousand). The figures in parentheses refer to the previous year.

INFORMATION ABOUT THE BUSINESS

Marshall Group AB was formed in 2008, then under the name Zound Industries International AB, and is the parent company of the Marshall group. The group consists of the parent company Marshall Group AB with branches in France and Switzerland, the subsidiaries Zound Industries CH SA, Zound Industries Ltd, Zound Industries Shenzhen Limited, Zound Industries Services Shenzhen Ltd, Zound Industries USA Inc., Zound Industries UK Ltd, and Zound Industries Smartphones AB, all of which are wholly owned. Since May 2023, the wholly owned Marshall Amplification PLC is also included, with subsidiaries Marshall Records Ltd, Marshall Records Publishing Ltd, Marshall Amplification Ltd. (Hong Kong), and Marshall Amplification Ltd. (Vietnam).

Marshall Group conducts operations throughout the value chain including the design, development, production, marketing, and sales of music equipment and audio products. The company has its own manufacturing facilities in the UK and Vietnam as well as contract manufacturers in Asia.

The company's brands are the wholly owned Marshall, Natal, and Urbanears, as well as Adidas Headphones, which is operated under license. These brands are currently represented in more than 90 markets, with the primary markets being China, the US, France, Germany, the UK, and the Nordics. Distribution takes place via third-party distributors, through business-to-business, as well as directly to the consumer via proprietary e-commerce channels.

The head office is in Stockholm, Sweden, with subsidiary offices in Milton Keynes, London, Shenzhen, Hong Kong, New York, Paris, and Dong Nai.

The company has its registered office in Stockholm.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Consolidated net sales for the year amounted to SEK 4,006.8 million (3,102.0), which is an increase of 29 percent compared to the previous year.

Net sales in the speakers segment grew by 20 percent during the year compared with the previous year, amounting to SEK 2,792.8 million (2,325.2). The Homeline series and portable speakers such as Stanmore III, Acton III, and Emberton II, were the biggest sellers during the year.

Net sales in the headphone segment increased by 32 percent during the year to SEK 1,012.1 million (768.7), largely thanks to the bestseller Marshall Major IV and Marshall's range of true wireless headphones.

The guitar amplifier segment, which was added through the acquisition of Marshall Amplification, contributed with net sales of SEK 201.9 million from the month of May, when the acquisition was included in the consolidated financial statements.

Net sales from e-commerce increased by 23 percent compared to the previous year and amounted to SEK 594.8 million (SEK 485.5 million), corresponding to 15 percent of total sales during the period. Marshall further strengthened its position in e-commerce in 2023, while a lot of work was put into creating a common experience on marshall.com for all product categories, in line with the company's online growth strategy.

Net sales in the APAC region grew by 43 percent in 2023 compared to the previous year, amounting to SEK 1,713.6 million (1,200.3), making it the largest region in terms of sales over a whole year for the first time in the company's history. Strong growth in markets such as China, Japan, India, and South Korea contributed to the results for the region. The EMEA region increased by 25 percent to SEK 1,646.5 million (1,317.0), while net sales in the Americas increased by 11 percent to SEK 646.7 million (584.6).

Operating profit for the full year amounted to SEK 626.6 million (318.5), corresponding to an operating margin of 15.6 percent (10.3). Adjusted for the acquisition of Marshall Amplification Ltd. and for currency effects, the operating margin amounted to 17.2 percent. Adjusted for extraordinary costs, operating profit amounted to SEK 757.0 million (427.1).

Just like in 2022, the company returned a profit every quarter thanks to more even sales volumes. This is in line with the company's ambition to lower the seasonality of sales, become less dependent on the big sales events during the latter part of the year, and retain Marshall's position as a premium brand.

Acquisition of Marshall Amplification Plc.

In March 2023, Zound Industries announced its intention to acquire Marshall Amplification and its subsidiaries. The acquisition went through in April in a deal that came to mark the next chapter in the successful partnership between the two companies that has now spanned more than a decade. In conjunction with the deal, the company announced its intention to change the company name to Marshall Group upon completion of the acquisition, which came into effect in June 2023. Throughout the rest of 2023, the company has worked actively to successfully integrate the business.

Key product launches

In February 2023, Marshall launched the latest addition to its range of portable speakers, the Marshall Middleton. Middleton uses Marshall's custom "True Stereophonic" sound configuration, which is a unique form of multi-channel stereo sound. Middleton offers more than 20 hours of portable playtime on a single charge.

The first product launch within the scope of the new Marshall Group came on 28 July 2023 with the launch of Studio JTM. Launched in honour of Jim Marshall on what would have been his 100th birthday, this guitar amp is a tribute to the amp that laid the foundation for everything. Hand-built in Milton Keynes in the UK, the Studio JTM reproduces the legendary tone of the original Marshall JTM that has inspired generations of musicians.

On 12 September 2023, Marshall introduced the Motif II ANC wireless headphones. The Motif II ANC offers more than 30 hours of playtime, active noise reduction, and is ready for BT LE Audio.

At the end of November, the classic Urbanears DJ headphones Zinken were relaunched in an updated and more sustainable form, made from 87% recycled plastic. For now, Zinken was the last product launch planned for Urbanears.

Board changes

A second extraordinary general meeting was held on 11 December 2023 where it was decided to elect Andreas Källström Säfweräng (representative of Altor Fund VI), Karl Svenningsson (representative of Altor Fund VI), and Filip Blomback (representative of Telia Company) as new board members for the period up to and including the next annual general meeting. The new board members replace the former members Tommy Jacobson, Monika Elling, and Heikki Mäkijärvi.

Other events

During the year, it was also decided to suspend product development within the Urbanears brand to free up resources for investment in the Marshall portfolio. Furthermore, it was decided in consultation with Adidas not to extend the current license agreement, which expires in mid-2024.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

No significant events have occurred after the end of the financial year.

EXPECTED FUTURE PROSPECTS AND SIGNIFICANT RISKS AND UNCERTAINTIES

Risks and risk management

Risk management is primarily handled by the CEO and CFO in consultation with the board. Risk management includes identifying, evaluating, and securing commercial, operational, financial, legal, and regulatory risks, which also comprise sustainability-related risks. This is done in close collaboration with the company's operating units and there are specific departments for managing specific individual areas.

Commercial risks

The company is exposed to several commercial risks such as changing market conditions, technological developments, and dependence on individual brands, product categories, customers, partners, and suppliers. Among other things, the company works with diversification, partnerships, skills, and process development to manage the group's commercial risks.

Operational risks

The company's strong growth and pace of change requires a keen awareness of the risks that can arise due to inadequate internal procedures, processes, systems, or other internal and external events. The company works on an ongoing basis to develop and adapt internal procedures, processes, and systems to support and manage the operations accordingly.

In addition to this fundamental work, there are several policies and manuals to, as far as possible, minimise the risk of losses due to deficiencies in these areas.

Legal and regulatory risks

The company has a legal unit and a compliance unit that work together to manage contract-related obligations, external regulations, and other laws and regulations. Both functions work together to ensure compliance in relevant areas and to minimise the company's risks. Awareness of legal and regulatory risks is considered good.

Financial risks

Marshall Group is an international organisation with operations in several countries. The reporting currency is the Swedish krona. This means that the group is exposed to currency risks as fluctuating exchange rates, among other things, can impact earnings and equity.

For a more detailed description of the group's financial risk management, refer to the section "Financial risk management" in the supplementary disclosures.

RESEARCH AND DEVELOPMENT

The company pursues research and development within all product categories and within a number of categories which the company intends to enter within the next few years. Research and development is also ongoing in broader areas such as acoustics, ergonomics, software development, technology, and sustainability.

OTHER NON-FINANCIAL INFORMATION

Employees

The number of full-time positions (FTEs) amounted to 744 (276) as at 31 December. The increase compared to the previous year is primarily a consequence of the acquisition of Marshall Amplification Ltd. Of the 744 employees, 346 (0) are employed within the company's own production unit and the rest are office workers. The total number of women amounts to 360 (133), and men 385 (142).

Sustainability report

In accordance with § 11, Ch. 6 of the Swedish Annual Accounts Act, Marshall Group AB prepares a sustainability report each year. The sustainability report can be found at www.marshall.com.

Ownership structure

As at 31 December, the group's largest shareholders were Altor Equity Partners AB with 32 percent, Marshall Family Investments Ltd with 24 percent, Telia Company AB with 9.6 percent, Time Investors SAS with 7.3 percent, and Zenith Venture Capital AB with 4.7 percent. The rest of the shares were distributed among 306 shareholders.

Annual general meeting 2024

The annual general meeting for 2024 is scheduled to take place on 12 June 2024 and will be held in the company's premises at its head office at Centralplan 15 in Stockholm.

MULTI-YEAR OVERVIEW (SEK MILLION)

Group	2023	2022	2021	2020	2019
Net sales	4,007	3,102	2,153	1,756	1,997
EBITDA	724	356	168	48	24
EBIT	627	319	132	9	–17
Profit before tax	566	338	136	14	–41
Profit for the year	428	261	106	6	–34
Margin (%) EBITDA	18.0	11.5	7.8	2.7	1.2
Operating margin (%) EBIT	15.6	10.3	6.2	0.5	–0.8
Profit margin (%)	10.7	8.4	4.9	0.0	–2.0
Balance sheet total	3,309	1,939	1,414	879	1,113
Equity	1,866	805	525	403	406
Equity/assets ratio (%)	56	41	37	46	36
Average number of employees	584	262	239	231	228

For definitions of key ratios, see “Accounting and valuation policies”.

PROPOSED APPROPRIATION OF PROFITS

The board proposes that unappropriated earnings (SEK):

other capital contributions	883,919,803
retained earnings	393,663,065
net profit for the year	363,576,431
	1,641,159,299
be allocated as follows:	
to be carried forward	1,641,159,299
	1,641,159,299

The group’s and the parent company’s profits and financial position in general are shown in the following income statements and balance sheets, as well as in the cash flow statements and notes to the accounts.

CONSOLIDATED INCOME STATEMENT

SEK thousand	Note	01/01/2023 –31/12/2023	01/01/2022 –31/12/2022
Net sales	3	4,006,761	3,101,968
Other operating income		8,729	7,541
		4,015,490	**3,109,508**
Operating expenses			
Goods for resale		–2,009,582	–1,855,739
Other external expenses	3	–873,452	–600,526
Employee benefit costs	4	–407,953	–297,100
Amortisation, depreciation, and impairment losses of property, plant and equipment, and of intangible assets		–97,787	–37,598
Other operating expenses		–84	–21
		–3,388,858	**–2,790,984**
Operating profit	5	**626,632**	**318,524**
Profit from financial items			
Financial income and similar profit/loss items	6	13,169	23,920
Financial costs	7	–73,928	–4,735
		–60,759	**19,184**
Profit after financial items		**565,873**	**337,709**
Profit before tax		**565,873**	**337,709**
Tax on profit for the year	8	–118,882	–69,374
Deferred tax	8	–19,162	–7,632
Profit for the year		**427,829**	**260,702**
Attributable to parent company shareholders		427,829	260,702
Earnings per share before dilution (SEK)		42.64	30.27
Diluted earnings per share (SEK)		42.64	30.27
Average numbers of shares before dilutive effects		10,034,337	8,612,658
Average numbers of shares after dilutive effects		10,034,337	8,612,658

CONSOLIDATED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME

SEK thousand	01/01/2023 –31/12/2023	01/01/2022 –31/12/2022
Profit for the year	**427,829**	**260,702**
Total net profit for the year	**427,829**	**260,702**
Items that may be reclassified to the income statement		
Translation differences on translation of foreign operations	–16,315	13,630
Total other comprehensive income	**–16,315**	**13,630**
Comprehensive income for the year	**411,514**	**274,332**
Total comprehensive income attributable to parent company shareholders	411,514	274,332

CONSOLIDATED BALANCE SHEET

SEK thousand	Note	31/12/2023	31/12/2022
ASSETS			
Fixed assets			
Intangible fixed assets			
Other intangible fixed assets	9	48,191	51,672
Patents and trademarks	10, 11	886,040	5,504
Advances relating to intangible fixed assets	12	16,631	3,808
		950,862	**60,984**
Property, plant and equipment			
Buildings and land	13	39,848	0
Plant and machinery	14	12,555	0
Equipment, tools, fixtures and fittings	15	19,036	5,829
Right-of-use assets	16	16,585	34,433
		88,024	**40,262**
Other fixed assets			
Deferred tax assets	17	29,366	16,061
Other non-current receivables	18	13,292	12,773
		42,658	**28,834**
Total fixed assets		**1,081,544**	**130,080**
Current assets			
Inventories, etc.	19		
Finished goods and goods for resale		553,712	599,779
		553,712	**599,779**
Current receivables			
Accounts receivable	20	493,768	510,372
Other receivables	21	59,057	23,413
Prepaid expenses and accrued income	22	63,171	56,532
		615,996	**590,316**
Cash and cash equivalents	23	1,057,889	617,140
Total current assets		**2,227,597**	**1,807,235**
TOTAL ASSETS		**3,309,141**	**1,937,315**

CONSOLIDATED BALANCE SHEET, cont.

SEK thousand	Note	31/12/2023	31/12/2022
EQUITY AND LIABILITIES			
Equity			
Equity attributable to parent company shareholders			
Share capital		1,077	861
Other capital contributions		883,920	234,095
Reserves		–12	0
Other equity including profit for the year		981,216	569,690
Equity attributable to parent company shareholders		**1,866,200**	**804,646**
Total equity		**1,866,200**	**804,646**
Non-current liabilities	24, 25		
Provisions for pensions and similar obligations	26	528	528
Provisions for deferred tax	17	48,242	15,774
Lease liabilities		690	7,858
Liabilities to credit institutions		175,000	19,168
		224,460	**43,328**
Current liabilities	24, 25		
Lease liabilities		12,359	23,955
Liabilities to credit institutions		146,668	43,333
Accounts payable		338,655	431,294
Current tax liabilities	8	162,618	58,537
Other liabilities	27	41,931	26,558
Accrued expenses and deferred income	28	516,249	505,665
		1,218,480	**1,089,341**
TOTAL EQUITY AND LIABILITIES		**3,309,141**	**1,937,315**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

SEK thousand	Share capital	Other capital contributions	Reserves	Profit brought forward, incl. profit for the year	Total equity
Equity, opening balance 1 Jan 2022	**861**	**228,930**	**5,746**	**295,358**	**525,149**
Profit for the year				260,702	260,702
Exchange rate differences			13,630		13,630
Total comprehensive income			**13,630**	**260,702**	**274,332**
Transactions with shareholders					
Share warrants		5,165			5,165
		5,165			**5,165**
Equity, closing balance 31 Dec 2022	**861**	**234,095**	**19,376**	**550,314**	**804,646**
Equity, opening balance 1 Jan 2023	**861**	**234,095**	**19,376**	**550,314**	**804,646**
Profit for the year				427,829	427,829
Exchange rate differences			–16,315		–16,315
Total comprehensive income			**–16,315**	**427,829**	**411,514**
Transactions with shareholders					
New share issue	215	649,825			650,041
	215	**649,825**			**650,041**
Equity, closing balance 31 Dec 2023	**1,077**	**883,920**	**3,061**	**978,143**	**1,866,201**

The number of shares totals 10,765,823 with quotient value of SEK 0.10. Each share corresponds to one vote. All shares registered as at the balance sheet date are fully paid.

CONSOLIDATED CASH FLOW STATEMENT

SEK thousand	Note	01/01/2023 –31/12/2023	01/01/2022 –31/12/2022
Operating activities			
Profit after financial items	29	565,873	337,709
Adjustments for items not included in cash flow, etc.	30	138,587	56,256
Tax paid		–87,785	–29,611
Cash flow from operating activities before changes in working capital		**616,674**	**364,354**
Cash flow from changes in working capital			
Change in inventories and work in progress		122,580	–304,640
Change in accounts receivable		11,419	–547
Change in current receivables		36,256	–23,632
Change in accounts payable		–108,886	38,516
Changes in current liabilities		48,943	178,061
Cash flow from operating activities		**726,984**	**252,113**
Investing activities			
Investments in intangible fixed assets		–43,821	–6,290
Investments in property, plant and equipment		–17,311	–3,542
Investments in other fixed assets		–519	5,906
Acquisitions		–402,903	0
Cash flow from investing activities		**–464,554**	**–3,926**
Financing activities	31		
Borrowings		350,000	0
Loan repayments		–90,832	–43,333
Share warrants		0	5,165
Amortisation of lease liabilities		–26,319	–27,073
Cash flow from financing activities		**232,850**	**–65,241**
Cash flow for the year		**495,279**	**182,946**
Cash and cash equivalents at beginning of year			
Cash and cash equivalents at beginning of year		617,140	406,768
Exchange-rate difference in cash and cash equivalents			
Exchange-rate difference in cash and cash equivalents		–54,531	27,426
Cash and cash equivalents at year-end		**1,057,888**	**617,140**

PARENT COMPANY INCOME STATEMENT

SEK thousand	Note	01/01/2023 –31/12/2023	01/01/2022 –31/12/2022
Operating income			
Net sales		3,352,827	2,625,946
Other operating income		504	3,725
		3,353,331	**2,629,671**
Operating expenses			
Goods for resale		–1,819,839	–1,738,672
Other external expenses	3	–546,883	–427,160
Employee benefit costs	4	–251,169	–218,106
Amortisation, depreciation, and impairment losses of property, plant and equipment, and of intangible assets		–58,072	–10,922
Other operating expenses		–12	2
		–2,675,975	**–2,394,858**
Operating profit	32	**677,356**	**234,813**
Profit from financial items			
Profit from participations in group companies	33	0	64,978
Other interest income and similar profit/loss items	6	6,192	23,252
Interest expenses and similar profit/loss items	7	–59,648	–3,617
		–53,456	**84,613**
Profit after financial items		**623,900**	**319,426**
Appropriations	34	–157,514	–64,519
Profit before tax		**466,386**	**254,907**
Tax on profit for the year	8	–102,810	–42,759
Profit for the year		**363,576**	**212,148**

STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME

SEK thousand	01/01/2023 –31/12/2023	01/01/2022 –31/12/2022
Profit for the year	**363,576**	**212,148**
Comprehensive income for the year	**363,576**	**212,148**

PARENT COMPANY BALANCE SHEET

SEK thousand	Note	31/12/2023	31/12/2022
ASSETS			
Fixed assets			
Intangible fixed assets			
Other intangible fixed assets	9	10,096	51,672
Patents and trademarks	10	5,042	5,504
Advances relating to intangible fixed assets	12	16,631	3,808
		31,769	**60,984**
Property, plant and equipment			
Equipment, tools, fixtures and fittings	15	6,521	3,588
		6,521	**3,588**
Financial fixed assets			
Participations in group companies	35, 36	1,357,103	12,424
Other non-current receivables	18	10,916	10,062
		1,368,019	**22,486**
Total fixed assets		**1,406,309**	**87,058**
Current assets			
Inventories, etc.	19		
Finished goods and goods for resale		301,650	430,748
		301,650	**430,748**
Current receivables			
Accounts receivable	20	335,936	334,644
Receivables from group companies		203,643	310,848
Other receivables	21	48,289	23,413
Prepaid expenses and accrued income	22	30,455	48,000
		618,323	**716,905**
Cash and bank balances		766,243	391,914
Total current assets		**1,686,216**	**1,539,567**
TOTAL ASSETS		**3,092,525**	**1,626,625**

PARENT COMPANY BALANCE SHEET, cont.

SEK thousand	Note	31/12/2023	31/12/2022
EQUITY AND LIABILITIES			
Equity	37		
Restricted equity			
Share capital		1,077	861
		1,077	**861**
Non-restricted equity			
Share premium reserve		883,920	234,095
Profit brought forward		393,663	182,428
Profit for the year		363,576	212,148
		1,641,159	**628,671**
Total equity		**1,642,236**	**629,532**
Untaxed reserves	38	234,183	76,571
Provisions			
Other provisions for pensions and similar obligations	26	528	528
Total provisions		**528**	**528**
Non-current liabilities	24		
Liabilities to credit institutions		175,000	19,168
Total non-current liabilities		**175,000**	**19,168**
Current liabilities	24		
Liabilities to credit institutions		146,668	43,333
Accounts payable		361,221	423,491
Liabilities to group companies		63,550	17,111
Current tax liabilities	8	132,507	47,122
Other liabilities	27	17,876	14,109
Accrued expenses and deferred income	28	318,756	355,660
Total current liabilities		**1,040,578**	**900,826**
TOTAL EQUITY AND LIABILITIES		**3,092,525**	**1,626,625**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

SEK thousand	Share capital	Other capital contributions	Profit brought forward	Profit for the year	Total equity
Equity, opening balance 1 Jan 2022	**861**	**228,930**	**121,893**	**59,036**	**410,720**
Profit for the year				212,148	212,148
Appropriation of profits from previous year			59,036	–59,036	0
Share warrants		5,165			5,165
Exchange rate differences			1,499		1,499
Equity, closing balance 31 Dec 2022	**861**	**234,095**	**182,428**	**212,148**	**629,531**
Equity, opening balance 1 Jan 2023	**861**	**234,095**	**182,428**	**212,148**	**629,531**
Profit for the year				363,576	363,576
Appropriation of profits from previous year			212,148	–212,148	0
Exchange rate differences			–912		–912
New share issue	215	649,825			650,041
Equity, closing balance 31 Dec 2023	**1,077**	**883,920**	**393,663**	**363,576**	**1,642,236**

The number of shares totals 10,765,823 with quotient value of SEK 0.10. Each share corresponds to one vote. All shares registered as at the balance sheet date are fully paid.

PARENT COMPANY CASH FLOW STATEMENT

SEK thousand	Note	01/01/2023 –31/12/2023	01/01/2022 –31/12/2022
Operating activities			
Profit after financial items	29	623,901	319,426
Adjustments for non-cash items	30	83,261	25,822
Tax paid		–56,964	–4,145
Cash flow from operating activities before change in working capital		**650,198**	**341,103**
Cash flow from change in working capital			
Change in inventories and work in progress		131,518	–252,301
Change in accounts receivable		139,501	–172,761
Change in current receivables		435	–1,499
Change in accounts payable		–59,193	38,125
Changes in current liabilities		13,450	154,016
Cash flow from operating activities		**875,909**	**106,683**
Investing activities			
Investments in intangible fixed assets		–26,385	–6,290
Investments in property, plant and equipment		–5,406	–2,317
Investments in financial fixed assets		–695,492	–12
Cash flow from investing activities		**–727,283**	**–8,619**
Financing activities	31		
Borrowings		350,000	0
Loan repayments		–90,832	–43,333
Share warrants		0	5,165
Cash flow from financing activities		**259,168**	**–38,168**
Cash flow for the year		**407,794**	**59,896**
Cash and cash equivalents at beginning of year			
Cash and cash equivalents at beginning of year		391,914	309,386
Exchange-rate difference in cash and cash equivalents			
Exchange-rate difference in cash and cash equivalents		–33,465	22,632
Cash and cash equivalents at year-end		**766,243**	**391,914**

NOTES WITH ACCOUNTING POLICIES AND RISKS

NOTES

SEK thousand

NOTE 1 ACCOUNTING AND VALUATION POLICIES

General disclosures

Marshall Group AB and its subsidiaries ("Marshall Group" or "the group") conducts operations throughout the value chain including the design and development, marketing, and sales of audio products.

The parent company is a limited company registered in Sweden with its registered office in Stockholm at Centralplan 15.

These consolidated financial statements have been approved for publication by the board on 23 May 2024.

This annual report has been prepared in Swedish kronor, and all amounts are reported in thousands of kronor (SEK thousand) unless otherwise stated.

Basis for preparing the report

Group

The annual report and consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the interpretations from the IFRS Interpretations Committee (IFRS IC) as adopted by the EU, the Swedish Annual Accounts Act, and RFR 1 Supplementary Accounting Rules for Consolidated Companies.

Parent company

The parent company's annual report has been prepared in accordance with the Swedish Annual Accounts Act. Marshall Group AB prepares its annual report according to IFRS with the additions and exceptions that follow from the Swedish Financial Reporting Board's recommendations RFR 2 "Accounting for legal entities". Where the parent company applies different accounting policies to the group, this is stated separately at the end of the described accounting policies.

Preparing reports in accordance with IFRS requires the use of estimates for accounting purposes. Furthermore, the management is required to make certain judgements about the application of the group's accounting policies. The areas involving substantial estimation – complex areas or areas in which assumptions and estimates are of material significance for the consolidated financial statements – are stated in Note 1.

Receivables and liabilities in foreign currency were valued at the exchange rate at year-end. Exchange gains and losses on operating receivables and operating liabilities are recognised in operating profit, while exchange gains and losses on financial receivables and liabilities are recognised as financial items.

The accounting policies are unchanged on the previous year.

Revenue recognition

Revenue is recognised when the group fulfils a performance commitment by transferring promised goods to a customer. The goods are transferred when the customer takes control of them, which is at a certain point in time. The transaction price is the remuneration that the group expects to receive in exchange for transferring the goods to the customer.

Sale of goods accounts for the majority of the group's sales. The majority of the goods are sold through distributors but also direct to businesses and are recognised as revenue when the goods are transferred, which occurs when the goods are delivered to the distributor and there are no unfulfilled commitments that can affect the distributor's approval of the goods. Sales also take place to end customers via e-commerce and are recognised as revenue when control of the goods is transferred, which occurs when the goods are delivered to the end customer.

Discounts can arise when selling goods, and revenue from the sale is recognised based on the price in the agreement, less estimated discounts. Historical data is used to estimate the expected value of the discounts and revenue is recognised only to the extent that it is highly unlikely that a significant reversal of revenue will occur. A liability is recognised for expected volume discounts in relation to sales up to and including the balance sheet date. The group does not expect to have any contract where the time between the transfer of goods to a customer and payment from a customer will exceed 12 months, which is why no adjustment is made for the transaction price with respect to the time value.

A receivable is recognised when the goods have been delivered, as this is the time when remuneration becomes unconditional (i.e., only the time required for payment to be made).

The group has no significant provisions for product guarantees or liabilities for return rights. There are no significant contractual assets or contractual liabilities in the group. The group's agreements with customers have a fixed term of less than 12 months. Consequently, in accordance with the exemption rules in IFRS 15, information about the transaction price allocated to the long-term performance commitments that are unfulfilled at the end of the reporting period is not reported.

License fees and royalties costs are recognised gross as goods for resale.

Royalties and sales commissions are recognised in accordance with the contractual terms and conditions stipulated in the agreements with license owners and customers. These costs arise in connection with sales transactions to external customers. In cases where invoices for royalties and sales commissions are not received in the current reporting period, the size of these items is estimated based on reported sales and is posted as an accrued expense. Royalties are posted gross as a cost and commissions are posted as reduced income.

Consolidated financial statements

Changes in the group's composition

Marshall Amplification Plc with subsidiaries Marshall Records Ltd and Marshall Amplification Hong Kong Ltd, and sub-subsidiaries Marshall Records Publishing Ltd and Marshall Amplification (Vietnam) Ltd were acquired in April 2023.

The acquired companies' net assets are valued at book value. The excess value between the net purchase price and the net assets is classified as brand value, see note 11.

Transactions between group companies

Intra-group receivables, liabilities, and transactions between group companies as well as unrealised gains are eliminated in their entirety. Unrealized losses are also eliminated unless the transaction corresponds to a need for impairment.

Changes in internal gains during the financial year have been eliminated in the consolidated income statement.

Translation of foreign subsidiaries

The financial statements of foreign subsidiaries have been recalculated according to the current rate method. All items in the balance sheet have been recalculated at the balance sheet rate. All items in the income statement have been converted to average exchange rates during the financial year. Differences that arise are reported as a separate component of other comprehensive income and directly in equity within the Reserves category.

Note 1, cont.

Fixed assets
Intangible fixed assets and property, plant and equipment are recognised at cost less accumulated amortisation and depreciation respectively according to plan and any impairment losses.

Intangible fixed assets
Capitalised expenditure for development and similar work
Directly attributable expenditure that is capitalised as part of the asset includes consultancy costs, materials, and a reasonable proportion of indirect costs. Capitalised expenditure for product development is recognised both as advances where projects are ongoing, and as other intangible assets when the projects are complete and is amortised from the date when the asset is ready to be used.

The company expenses the costs incurred for product development continuously as these do not meet the criteria for being recognised as an intangible asset. The increase in investments in recent years has therefore affected the company's profit. The development costs incurred, such as costs for consultants and certifications, are accrued over the period the services are received (usually 12 months or less).

Patents and trademarks
Capitalised expenditure related to trademark protection and patents. Patents and trademarks are reported at cost.

Other intangible fixed assets
Other intangible fixed assets consist primarily of expenditure for license agreements, and business management systems. Other intangible assets that have been acquired separately are recognised at cost.

Amortisation periods for intangible assets
All intangible assets in the group have a determinable useful life and are recognised at cost less accumulated amortisation and any impairment losses. Amortisation takes place on a straight-line basis over the asset's useful life. The excess value that is classified as brand value is not amortised.

Other intangible assets	2 to 10 years
Patents and trademarks	5 years

Property, plant and equipment
Property, plant and equipment in the group consists of buildings, plant and machinery, tools, fixtures, and fittings. Only if it is most likely that future economic benefits associated with the asset will accrue to the group and that the cost of the asset can be measured reliably, will the asset be capitalised in the balance sheet. All property, plant and equipment is recognised at cost less depreciation and any impairment losses. The cost includes expenditure that is directly attributable to the acquisition of an asset.

Additional expenditure is added to the asset's carrying amount or is recognised as a separate asset, depending on what is appropriate. The carrying amount for any replaced part is removed from the balance sheet. All other forms of repair and maintenance are recognised as costs in the income statement during the period in which they arise.

Depreciation period of property, plant and equipment
Depreciation to write down the acquisition value to the estimated residual value is made over the asset's estimated useful life. Amortisation takes place on a straight-line basis over the asset's useful life.

Gains and losses from disposals are established through a comparison between sales revenue and the carrying amount and are recognised as other operating income and other operating costs in the income statement.

Computers	3 to 5 years
Plant and machinery	10 years
Equipment, tools, fixtures and fittings	5 to 10 years
Buildings	25 to 40 years

Financial instruments
A financial asset or liability is recognised in the balance sheet when the company becomes a party to the contractual terms of the instrument. A receivable is recognised when the company has fulfilled its performance and there is a contractual obligation for the counterparty to pay, even if the invoice has not yet been sent. A liability is recognised when the counterparty has fulfilled its performance and there is a contractual obligation to pay, even if the invoice has not yet been received.

A financial asset is derecognised from the balance sheet once the rights in the agreement have been fulfilled, expire, or the company loses control over them. The same applies to part of a financial asset. A financial liability is removed from the balance sheet when the obligation in the agreement is fulfilled or otherwise executed. The same applies to part of a financial liability. A financial asset and a financial liability are offset and recognised by way of a net amount in the balance sheet only when there is a legal right to offset the amounts and there is an intention to settle the items with a net amount or to simultaneously realise the asset and settle the liability. Acquisitions and divestments of financial assets are recognised when the transaction is carried out (settlement date recognition).

The group classifies and has financial assets and liabilities in the following categories:
a. financial assets at amortised cost, and
b. financial liabilities at amortised cost.

Financial instruments are initially recognised at cost corresponding to the instrument's fair value with the addition of transaction costs. In subsequent periods, financial instruments are reported as below.

Financial assets in Marshall Group consist of Other non-current receivables, Accounts receivable, and Cash and cash equivalents. All financial assets in Marshall Group consist of debt instruments and their classification is determined by the business model of the portfolio which includes the financial asset and the nature of the contractual cash flows. The company's business model for all financial assets that are liability instruments is to collect the capital amount and any interest on that amount. The contractual cash flows from these assets consist only of capital and interest, which is therefore classified as financial assets valued at amortised cost. Assets in this category are recognised in subsequent periods at amortised cost using the effective interest method. For further information on cash and cash equivalents, see Note 23.

Financial liabilities in Marshall Group consist of Overdrafts, Non-current and Current liabilities to credit institutions, and Accounts payable. All financial liabilities in Marshall Group are classified at their amortised cost. Liabilities in this category are recognised in subsequent periods at amortised cost using the effective interest method.

Other non-current receivables
Deposits paid with the intention of being held over a long-term time frame have been recognised at cost. An assessment is made of any need for impairment on each balance sheet date.

Accounts receivable
Accounts receivable are recognised after deductions for expected credit losses. Discounting is not applied due to the short term, and therefore the amortised cost corresponds to the nominal amount. None of the group's accounts receivable contain any significant financing component.

The group's accounts receivable are short-term, which is why the group has chosen to apply the simplified method to assess the expected credit losses of its accounts receivable. The group values the loss provision at an amount that corresponds to the expected credit losses for the remaining term from the day they are first recognised. The assessments are made taking into account forward-looking information on macroeconomic factors that may affect the customers' ability to pay the receivables. The size of the provision reflects a probability-weighted amount determined by the group's item-by-item evaluation of receivables. Both losses regarding accounts receivable and recovered previously impaired accounts receivable are recognised in the income statement under other external expenses.

The carrying amount for accounts receivable after any impairment is assumed to correspond to the fair value as this item is of a short-term nature.

Note 1, cont.

Cash and cash equivalents
Cash and cash equivalents include cash and bank balances.

Leases
Marshall Group leases premises for its business operations. Otherwise, the existence of leases is limited to assets of lower value or with short lease terms. Examples of short-term leases are vehicles that are leased for a number of days.

The group's leases of premises generally run for a period of one to eight years but may vary according to the jurisdiction and the counterparty in the lease contract. Extension options do not currently exist.

Leases for premises are recognised as a right-of-use asset and a corresponding liability on the day when the asset is first available for use by the group. Every lease payment is allocated between the amortisation of a liability and a financial expense (interest expense). The financial cost shall be allocated over the lease period so that each accounting period is charged with an amount corresponding to a fixed interest rate for the liability recognised during the respective period. The right of use is amortised on a straight-line basis over the shorter of the asset's useful life or the length of the lease.

Assets and liabilities arising from leases are initially recognised at present value. The lease liabilities include the present value of the following lease payments:
- fixed fees
- variable lease fees that depend on an index

The lease payments are discounted by the lease's implicit interest rate if this interest rate can be easily established, otherwise the lessee's marginal loan interest rate is used. The right of use is valued at cost and includes the following:
- the amount at which the lease liability was initially valued
- lease fees paid at or before the start date of the lease
- initial direct expenses
- expenses for restoring the asset to the condition prescribed in the terms of the lease

Marshall Group has chosen to apply the exemption in IFRS 16, which means that payments for short contracts and leases of a minor value are expensed on a straight-line basis in the income statement. Short contracts are contracts with a lease term of 12 months or less. Contracts of a minor value include IT equipment and office furnishings. As the amounts are considered to be insignificant, the expensed amount is not disclosed.

Inventories
Inventories are recognised at the lower of cost and net realisable value. The acquisition value is determined using the first in, first out method (FIFO). The cost of goods for resale consists of the cost of purchasing the goods. Borrowing costs are not included. Inventories mainly consist of products for sale. The net realisable value is the estimated sales price in the ordinary course of business, less applicable sales costs. The required provision for obsolescence has been made following an individual assessment. Regular testing for impairment is carried out during the year at an overall level. A review of stock is performed item by item once per year with regard to possible impairment requirements

Income taxes
Income tax consists of current tax and deferred tax. Taxes are recognised in the income statement, except when underlying transactions are recognised directly against equity, whereby the associated tax effects are recognised in equity.

Current tax
Current tax refers to income tax for the current financial year and the part of the income tax for the previous financial year that has not yet been recognised. Current tax is calculated based on the tax rate applicable on the balance sheet date.

Deferred tax
Deferred tax is income tax that relates to future financial years as a result of past events. Recognition is carried out in accordance with the balance sheet method. According to this method, deferred tax liabilities and deferred tax assets are recognised on temporary differences arising between the book values and tax values of assets and liabilities and other tax deductions or deficits.

Due to the relationship between accounting and taxation, the deferred tax liability attributable to untaxed reserves is not recognised separately.

Remuneration to employees
Remuneration to employees refers to all forms of remuneration that the company provides to employees. Short-term remuneration includes salaries, paid vacation, paid time-off, bonuses, and post-employment remuneration (pension). Short-term benefits are recognised as costs and as a liability when there is a legal or informal obligation to pay remuneration as a result of a previous event and a reliable estimate of the amount can be made.

Remuneration
Short-term remuneration to employees is calculated without discounting and recognised as a cost when paid out.

Remuneration upon termination of employment
Severance pay is paid upon termination of employment when an employee's employment is terminated by the group before the normal retirement date or when an employee accepts voluntary redundancy in exchange for such remuneration. Marshall Group recognises severance pay when the group is demonstrably obliged either to terminate an employee's employment in accordance with a detailed formal plan with no possibility of cancellation, or to provide remuneration upon termination of employment as a result of an offer made to encourage voluntary redundancy.

Pension obligations
The group has only defined-contribution pension schemes. For defined-contribution schemes, Marshall Group pays contributions to publicly or privately managed pension insurance schemes on a mandatory, contractual, or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses as they are accrued in line with the employees performing services for the company. Prepaid contributions are recognised as an asset to the extent that a cash repayment or reduction in future payments could accrue to the group. Costs related to service in employment during previous periods are recognised directly in the income statement.

Profit-sharing and bonus schemes
The group recognises a liability and a cost for accrued bonuses and profit-sharing, based on a formula that takes into account the profit attributable to employees after certain adjustments. The group reports a provision when there is a legal obligation or an informal obligation due to previous practice.

Cash flow statement
The cash flow statement is prepared using the indirect method. The recognised cash flow covers only transactions that result in payment inflows or outflows.

In addition to cash, the company classifies the assets available to banks and other credit institutions and short-term liquid investments listed on a market with a maturity of less than three months from the date of acquisition as cash and cash equivalents. Changes in restricted funds are recognised in investment activities.

Definitions of key figures
EBITDA
Earnings before interest, tax, depreciation, and amortisation

EBIT
Earnings before interest and taxes

Margin % EBITDA
Earnings before interest, tax, depreciation, and amortisation divided by net sales

Operating margin % EBIT
Earnings before interest and taxes divided by net sales

Note 1, cont.

Profit margin %
Earnings before tax divided by net sales

Equity ratio %
Equity plus untaxed reserves less tax component of untaxed reserves in relation to total assets

Judgements and estimates
The preparation of financial statements and the application of accounting policies are often based on assessments, estimates, and assumptions that are considered to be reasonable at the time they are made. Estimates and judgements are evaluated on an ongoing basis, based on historical experience and a number of other factors, including expectations of future events that are considered reasonable under the prevailing circumstances. The results of these are used to assess the carrying amounts of assets and liabilities that could not otherwise be clearly determined from other sources. The actual outcome may deviate from these judgements and estimates. Estimates and assumptions are reviewed regularly.

Important estimates and assumptions for accounting purposes
The group makes estimates and assumptions regarding the future. The estimates for accounting purposes that result from these will, by definition, rarely correspond to the actual result. Judgements and assumptions that entail a significant risk of material adjustments to the recognised amounts for assets and liabilities in the coming financial years are outlined below.

Assessment of impairment requirement for inventories
In connection with the financial statements, a complete review of inventories was carried out as well as impairment testing item by item. Total obsolescence for 2023 amounts to SEK 122.1 million (66.4). Please also see Note 19 for disclosures regarding inventories.

Otherwise, any estimates are stated in each specific note.

Accounting policies in the parent company
The parent company's accounting policies correspond in all material respects with those for the group. The parent company's financial statements have been drawn up in accordance with RFR 2 Accounting for Legal Entities, and the Swedish Annual Accounts Act. RFR 2 specifies exemptions and additions to the standards issued by the IASB and statements issued by the IFRS IC. The exemptions and additions shall be applied from the date on which the legal entity applies the specified standard or statement in its consolidated financial statements. Deviations between the consolidated financial statements and the parent company are presented below.

The parent company uses the structures specified in the Swedish Annual Accounts Act.

Shares in subsidiaries are recognised at their acquisition cost less any impairment. When there is an indication that the value of shares and participations in subsidiaries has decreased, an assessment is made of the recoverable amount. If it is less than the carrying amount, an impairment loss is made. Impairment losses are recognised in the item "Profit from participations in group companies". Transaction costs are included in the cost of participations in subsidiaries. In the consolidated financial statements, transaction expenses are expensed in the period in which they arise.

Expenditure for leases and rented premises is expensed in the period in which it is incurred. The cost is charged to other external expenses. In the consolidated financial statements, leases are treated as right-of-use assets.

The parent company applies the exemption in RFR 2 not to apply IFRS 9. Financial assets and liabilities are instead recognised with a basis in their cost pursuant to the Swedish Annual Accounts Act.

Due to the connection between accounting and taxation, appropriations and untaxed reserves are reported in the parent company's financial statements. Group contributions are reported in the parent company according to the alternative rule, which means that group contributions both paid and received are recognised as appropriations in the income statement.

NOTE 2 BREAKDOWN OF NET SALES

Group
Marshall Group monitors net sales and gross profit for each product category. In addition, sales are monitored for each geographical area, sales channel, and brand, for which separate disclosures are provided below. Net sales are monitored only for the group as a whole and not for each subsidiary.

	01/01/2023 –31/12/2023	01/01/2022 –31/12/2022
Net sales by product category		
Speakers	2,792,778	2,325,111
Headphones	1,012,058	768,746
Amplifiers	201,925	0
Other	0	8,110
	4,006,761	**3,101,968**
Gross profit by product category		
Speakers	1,409,758	951,081
Headphones	515,036	297,490
Amplifiers	72,386	0
Other	0	–2,343
Total gross profit	**1,997,179**	**1,246,228**
Other operating income	8,729	7,541
Other operating expenses	–1,381,485	–935,245
Operating profit	**626,632**	**318,524**
Net financial items	–60,759	19,185
Extraordinary items - net	2,209	0
Profit before tax	**565,873**	**337,709**
Gross margin by product category, %		
Speakers	50.5	40.9
Headphones	50.9	38.6
Amplifiers	35.8	0.0
Other	0.0	–27.8
Total gross margin, %	**49.8**	**40.2**
Net sales by geographical market		
Americas	646,677	584,628
APAC	1,713,640	1,200,317
EMEA	1,646,444	1,317,022
	4,006,761	**3,101,967**
Net sales by brand		
Marshall	3,978,756	3,014,992
Urbanears	12,573	25,154
Adidas	15,432	59,166
Other	0	2,655
	4,006,761	**3,101,967**

NOTE 3 FEES TO AUDITORS

Group

"Audit engagement" refers to the inspection of the annual accounts and accounting records and of the administration by the board and president and to other tasks that the company's auditors consider necessary, as well as to the provision of advice or other assistance brought about by observations during such inspection or the carrying out of such tasks.

	01/01/2023 –31/12/2023	01/01/2022 –31/12/2022
PwC		
Audit engagement	1,500	1,700
Tax advice	117	206
Other services	868	0
	2,485	**1,906**
Other		
Audit engagement	943	90
Tax advice	12	12
	955	**102**

Parent company

	01/01/2023 –31/12/2023	01/01/2022 –31/12/2022
PwC		
Audit engagement	1,500	1,700
Tax advice	117	206
Other services	868	0
	2,485	**1,906**

NOTE 4 EMPLOYEES AND EMPLOYEE BENEFIT EXPENSES

Group

	01/01/2023 –31/12/2023		01/01/2022 –31/12/2022	
Average number of employees by country				
Sweden	191	(94)	184	(88)
China	47	(24)	44	(23)
USA	16	(9)	15	(8)
Hong Kong	6	(1)	5	(1)
France	8	(3)	6	(2)
UK	134	(44)	8	(1)
Vietnam	182	(106)	0	(0)
	584	**(281)**	**262**	**(123)**

The average number of women is stated in parentheses.

	01/01/2023 –31/12/2023	01/01/2022 –31/12/2022
Wages, salaries, and other remuneration		
Board, CEO, and other senior executives	36,021	31,337
Other employees	270,782	183,685
	306,803	**215,022**
Of which royalties to the board, CEO, and other senior executives	14,242	12,195
Social security expenses		
Pension costs for the board, CEO, and other senior executives	3,396	2,589
Pension costs for other employees	21,855	18,808
Other statutory or contractual social security expenses	61,124	49,836
	86,375	**71,233**
Gender distribution among senior executives		
Percentage of women on the board	25%	14%
Percentage of men on the board	75%	86%
Proportion of women among the CEO and other senior executives	27%	20%
Proportion of men among the CEO and other senior executives	73%	80%

Agreement on severance pay

For the CEO and other senior executives, a mutual period of notice applies according to current applicable rules, of up to 9 months. In addition, severance pay can apply for up to 12 months.

Note 4, cont.

Salaries and remunerations to the board, CEO, and other senior executives

Group 2023

	Basic salary and board fees	Variable salary	Other benefits	Pension	Total
Henri de Bodinat, chair of the board	675				675
Jonathan Forster, board member	200				200
Monika Elling, board member	350				350
Patrik Nilsson, board member	250				250
Tommy Jacobsson, board member*					
Heikki Mäkijärvi, board member	350				350
Terry Marshall, board member	200				200
Victoria Marshall, board member	200				200
Andreas Källström Säfweräng, board member					
Filip Blomback, board member					
Karl Svenningsson, board member					
Jérémy de Maillard, CEO**	3,818	4,809	827	298	9,751
Other senior executives (10***)	15,736	9,434	27	3,098	28,295
Total	**21,779**	**14,242**	**854**	**3,396**	**40,271**

* Has chosen to waive the remuneration determined by the annual general meeting of SEK 200,000 for their work as a board member.
** The benefit refers to accommodation and travel
*** The numbers in parentheses refer to the number of people that received salaries and remuneration during the year and not necessarily to the number of members on a given date.

Group 2022

	Basic salary and board fees	Variable salary	Other benefits	Pension	Total
Henri de Bodinat, chair of the board	200				200
Tommy Jacobsson, board member*					
Jonathan Forster, board member	100				100
Patrik Nilsson, board member	200				200
Heikki Mäkijärvi, board member*					
Monika Elling, board member	200				200
Jonathan Ellery, board member*					
Jérémy de Maillard, CEO**	3,619	4,090	793	251	8,753
Other senior executives (9***)	14,823	8,105	25	2,338	25,291
Total	**19,142**	**12,195**	**818**	**2,589**	**34,744**

* Has chosen to waive the remuneration determined by the annual general meeting of SEK 200,000 for their work as a board member.
** The benefit refers to accommodation and travel
*** The numbers in parentheses refer to the number of people that received salaries and remuneration during the year and not necessarily to the number of members on a given date.

Share warrants

At the 2021 annual general meeting, it was decided to issue 2,407,238 share warrants in four series to the CEO and CFO/Deputy CEO. All warrants were subscribed to in July 2021. The warrants may be exercised to subscribe for new shares once the issue of the options has been registered with the Swedish Companies Registration Office, up to and including 31 May 2026 (series 2021/2026:1 and 2021/2026:2) and 31 May 2028 (series 2021/2028:1 and 2021/2028:2).

At an extra general meeting on 15 December 2021 it was also decided to issue a maximum of 637,738 share warrants in two series (2021/2026:3 and 2021/2026:4) to senior executives and key employees, as well as to the board. The vast majority of the warrants were subscribed in January 2022. The warrants may be exercised to subscribe for new shares from the date of issue up to and including 31 December 2026.

All warrants have a redemption price of SEK 200 or more per share, have been valued in accordance with the Black & Scholes valuation model, and have been sold at market price at the time of issue. This will therefore not give rise to any significant payroll-related costs.

The general structure of all the warrant programmes has limitations on how many warrants can be converted into shares, depending on the company's development and value. Although the actual final dilution effect is therefore difficult to determine at present, it will be significantly lower than the theoretical dilution should all outstanding warrants be converted into shares, which would not exceed 10.3% in terms of value if the price per share amounts to SEK 1,000.

Note 4, cont.

Parent company

	01/01/2023 –31/12/2023		01/01/2022 –31/12/2022	
Average number of employees by country				
Sweden	191	(94)	184	(88)
France	8	(3)	6	(2)
	199	**(97)**	**190**	**(90)**

The average number of women is stated in parentheses.

	01/01/2023 –31/12/2023	01/01/2022 –31/12/2022
Wages, salaries, and other remuneration		
Board, CEO, and other senior executives	30,744	26,365
Other employees	141,461	124,651
	172,205	**151,016**
Of which royalties to the board, CEO, and other senior executives	12,539	10,489
Social security expenses		
Pension costs for the board, CEO, and other senior executives	2,768	2,426
Pension costs for other employees	18,417	15,991
Other statutory or contractual social security expenses	52,981	43,807
	74,166	**62,224**
Gender distribution among senior executives		
Percentage of women on the board	25%	14%
Percentage of men on the board	75%	86%
Proportion of women among the CEO and other senior executives	33%	25%
Proportion of men among the CEO and other senior executives	67%	75%

NOTE 5 PURCHASE OF GOODS AND SERVICES FROM RELATED PARTIES

Group

Marshall Group's related parties are the company management, the board of the parent, Marshall Group AB, the owners of Marshall Group AB, and the group's subsidiaries.

Shares in subsidiaries and transactions between group companies are eliminated in the consolidated financial statements. Otherwise, no transactions have arisen with related parties from the perspective of the consolidated financial statements.

NOTE 6 OTHER INTEREST INCOME AND SIMILAR PROFIT/LOSS ITEMS

Group

	01/01/2023 –31/12/2023	01/01/2022 –31/12/2022
Other interest income	13,015	1,548
Exchange rate differences	154	22,371
	13,169	**23,919**

Parent company

	01/01/2023 –31/12/2023	01/01/2022 –31/12/2022
Other interest income	6,185	122
Exchange rate differences	7	23,130
	6,192	**23,252**

NOTE 7 INTEREST EXPENSES AND SIMILAR PROFIT/LOSS ITEMS

Group

	01/01/2023 –31/12/2023	01/01/2022 –31/12/2022
Other interest expenses	–4,913	–1
Exchange rate differences	–47,603	0
Interest expense liabilities to credit institutions	–20,775	–3,617
Interest expenses for lease liabilities	–638	–1,116
	–73,929	**–4,734**

Parent company

	01/01/2023 –31/12/2023	01/01/2022 –31/12/2022
Interest expenses to group companies	–461	0
Exchange rate differences	–33,512	0
Interest expense liabilities to credit institutions	–20,775	–3,575
Other	–4,901	–43
	–59,649	**–3,618**

NOTE 8 CURRENT AND DEFERRED TAX

Group

	01/01/2023 –31/12/2023	01/01/2022 –31/12/2022
Tax on profit for the year		
Current tax	–109,476	–68,852
Adjustment to previous years	–9,406	–522
Change in deferred tax relating to temporary differences	–19,162	–7,632
Total reported tax	**–138,044**	**–77,006**

	01/01/2023 –31/12/2023		01/01/2022 –31/12/2022	
	Percent	Amount	Percent	Amount
Reconciliation of effective tax				
Reported profit before tax		565,873		337,709
Tax in accordance with applicable tax rate	20.60	–116,570	20.60	–69,568
Non-deductible costs		–1,430		–909
Non-taxable income		147		33
Adjustment for taxes for previous years		–11,241		–522
Effect of foreign tax rates		–8,871		–6,030
Other		–80		–10
Reported effective tax	**24.39**	**–138,044**	**22.80**	**–77,006**

Note 8, cont.

Parent company

	01/01/2023 –31/12/2023	01/01/2022 –31/12/2022
Tax on profit for the year		
Current tax	–100,038	–42,237
Adjustment to previous years	–2,772	–522
Total reported tax	**–102,810**	**–42,759**

	01/01/2023 –31/12/2023		01/01/2022 –31/12/2022	
	Percent	Amount	Percent	Amount
Reconciliation of effective tax				
Reported profit before tax		466,387		254,906
Tax in accordance with applicable tax rate	20.60	–96,076	20.60	–52,511
Non-deductible costs		–1,384		–742
Non-taxable income		134		13,393
Adjustment for taxes for previous years		–2,779		–522
Effect of foreign tax rates		–2,627		–2,364
Other		–79		–12
Reported effective tax	**22.04**	**–102,810**	**16.77**	**–42,759**

NOTE 9 OTHER INTANGIBLE FIXED ASSETS

Group

	31/12/2023	31/12/2022
Opening cost	137,846	137,846
Purchases	27,956	0
Reclassifications	12,056	0
Acquisitions	30,984	0
Closing accumulated cost	**208,842**	**137,846**
Opening amortisation	–86,174	–79,772
Amortisation for the year	–74,477	–6,402
Closing accumulated amortisation	**–160,651**	**–86,174**
Closing carrying amount	**48,191**	**51,672**

Parent company

	31/12/2023	31/12/2022
Opening cost	137,846	137,846
Purchases	11,962	0
Closing accumulated cost	**149,808**	**137,846**
Opening amortisation	–86,174	–79,772
Amortisation for the year	–53,538	–6,402
Closing accumulated amortisation	**–139,712**	**–86,174**
Closing carrying amount	**10,096**	**51,672**

With the acquisition of Marshall Amplification, the capitalised royalty agreement has been written off in full, hence the higher amortisation compared to the previous year.

NOTE 10 PATENTS AND TRADEMARKS

Group

	31/12/2023	31/12/2022
Opening cost	18,845	16,359
Purchases	2,452	2,482
Exchange rate differences	–4	3
Acquisitions, trademarks	880,159	0
Closing accumulated cost	**901,452**	**18,844**
Opening amortisation	–13,341	–11,236
Amortisation for the year	–2,076	–2,101
Exchange rate differences	4	–3
Closing accumulated amortisation	**–15,413**	**–13,340**
Closing carrying amount	**886,040**	**5,504**

Parent company

	31/12/2023	31/12/2022
Opening cost	18,784	16,301
Purchases	1,599	2,482
Closing accumulated cost	**20,383**	**18,783**
Opening amortisation	–13,279	–11,178
Amortisation for the year	–2,061	–2,101
Closing accumulated amortisation	**–15,340**	**–13,279**
Closing carrying amount	**5,043**	**5,504**

NOTE 11 DISTRIBUTION OF PURCHASE PRICE FOR MARSHALL AMPLIFICATION

Intangible fixed assets	29,144
Property, plant and equipment	57,432
Inventories	91,234
Accounts receivable	40,387
Other short-term receivables	886
Prepaid expenses and accrued income	35,356
Cash and cash equivalents	283,989
Accounts payable	–36,868
Other short-term liabilities	67,046
Accrued expenses and deferred income	–110,186
Net assets acquired	**458,420**
Brand value (Excess value)	885,129
Net purchase price	**1,343,549**

NOTE 12 ADVANCES RELATING TO INTANGIBLE FIXED ASSETS

Group

	31/12/2023	31/12/2022
Opening cost	3,808	0
Purchases	12,824	3,808
Closing accumulated cost	**16,631**	**3,808**
Closing carrying amount	**16,631**	**3,808**

Parent company

	31/12/2023	31/12/2022
Opening cost	3,808	0
Purchases	12,824	3,808
Closing accumulated cost	**16,632**	**3,808**
Closing carrying amount	**16,632**	**3,808**

NOTE 13 BUILDINGS AND LAND

Group

	31/12/2023	31/12/2022
Purchases	3,134	
Acquisitions	40,597	0
Closing accumulated cost	**43,731**	**0**
Amortisation for the year	–3,883	0
Closing accumulated amortisation	**–3,883**	**0**
Closing carrying amount	**39,848**	**0**

NOTE 14 PLANT AND MACHINERY

Group

	31/12/2023	31/12/2022
Purchases	6,816	0
Sales/disposals	–8	0
Acquisitions	6,666	0
Closing accumulated cost	**13,474**	**0**
Sales/disposals	4	0
Amortisation for the year	–922	0
Closing accumulated amortisation	**–918**	**0**
Closing carrying amount	**12,555**	**0**

NOTE 15 EQUIPMENT, TOOLS, FIXTURES AND FITTINGS

Group

	31/12/2023	31/12/2022
Opening cost	29,793	26,050
Purchases	6,955	3,568
Sales/disposals	–1,633	–170
Reclassifications	–457	0
Exchange rate differences	–270	346
Acquisitions	11,996	0
Closing accumulated cost	**46,384**	**29,794**
Opening amortisation	–23,965	–21,169
Sales/disposals	1,633	170
Amortisation for the year	–5,170	–2,761
Exchange rate differences	154	–205
Closing accumulated depreciation	**–27,348**	**–23,965**
Closing carrying amount	**19,036**	**5,829**

Parent company

	31/12/2023	31/12/2022
Opening cost	24,428	22,108
Purchases	5,406	2,317
Exchange rate differences	0	3
Closing accumulated cost	**29,834**	**24,428**
Opening amortisation	–20,840	–18,983
Amortisation for the year	–2,473	–1,855
Exchange rate differences	**0**	**–3**
Closing accumulated amortisation	**–23,313**	**–20,841**
Closing carrying amount	**6,521**	**3,587**

NOTE 16 RIGHT-OF-USE ASSETS

Group
Right-of-use assets relating to premises Further information on the lease agreements is provided in the accounting policies.

	31/12/2023	31/12/2022
Right-of-use assets relating to premises		
Opening cost	80,795	77,563
Purchases	8,028	11,958
Sales/disposals	–24,227	–11,581
Exchange rate differences	1,084	2,855
Closing accumulated cost	**63,512**	**80,795**
Opening amortisation	–46,362	–30,060
Sales/disposals	24,227	11,581
Amortisation for the year	–25,441	–25,823
Exchange rate differences	649	–2,060
Closing accumulated amortisation	**–46,927**	**–46,362**
Closing carrying amount	**16,585**	**34,433**

Interest expenses for lease liabilities amounted to SEK 0.6 million (1.1) during the financial year. See Note 24 regarding terms. The total impact on cash flow of the above items amounted to SEK 26.4 million (26.9) during the financial year.

NOTE 17 DEFERRED TAX ON TEMPORARY DIFFERENCES

Group

Temporary differences 31/12/2023	Deferred tax assets	Deferred tax liability	Net
Right-of-use assets	2,688	–2,537	151
Inventories	24,931		24,931
Accrued cost	4,285		4,285
Untaxed reserves		–48,242	–48,242
	31,903	**–50,779**	**–18,875**

31/12/2022	Deferred tax assets	Deferred tax liability	Net
Right-of-use assets	6,552	–6,292	261
Inventories	13,966		13,966
Deferred tax assets, group	1,835		1,835
Untaxed reserves		–15,774	–15,774
	22,353	**–22,065**	**287**

Change in deferred tax	Opening balance	Recognised in the income statement	Closing balance
Right-of-use assets (net)	261	–110	151
Inventories	13,966	10,965	24,931
Deferred tax assets, group	1,835	–1,835	0
Untaxed reserves	–15,774	–32,468	–48,242
Accrued cost	0	4,285	4,285
	287	**–19,162**	**–18,875**

In the previous year, the change in deferred tax in the income statement was –7,332.

NOTE 18 OTHER NON-CURRENT RECEIVABLES

Group

	31/12/2023	31/12/2022
Deposit	2,103	2,922
Restricted bank balances	9,989	9,817
Other	1,200	34
	13,292	**12,773**

Parent company

	31/12/2023	31/12/2022
Deposit	927	245
Restricted bank balances	9,989	9,817
	10,916	**10,062**

NOTE 19 INVENTORIES

Group	31/12/2023	31/12/2022
Raw materials and consumables	7,852	8,242
Finished goods and goods for resale	667,983	657,986
Impairment, inventories	–122,124	–66,449
	553,712	**599,779**

Parent company	31/12/2023	31/12/2022
Raw materials and consumables	6,364	7,378
Finished goods and goods for resale	354,465	484,970
Impairment, inventories	–59,180	–61,600
	301,649	**430,748**

NOTE 20 ACCOUNTS RECEIVABLE

Group	31/12/2023	31/12/2022
Accounts receivable	494,027	511,131
Loss provision	–258	–759
	493,768	**510,372**
Accounts receivable by currency		
SEK	61,802	100,169
USD	213,248	235,171
EUR	173,156	117,623
GBP	64,096	52,191
CNY	–18,533	5,218
	493,768	**510,372**
Analysis of credit risk exposure for accounts receivable		
Accounts receivable without impairment	445,474	435,833
Due in less than 30 days	33,102	63,252
Due in less than 60 days	7,081	3,126
Due in less than 90 days	3,367	2,157
Due in more than 90 days	5,003	6,762
Loss provision	–258	–759
Carrying amount	**493,768**	**510,371**

The fair value of the group's accounts receivable corresponds with the carrying amount.

As at the balance sheet date, accounts receivable amounting to SEK 48,3 million (74.5) were due without any impairment requirement deemed to exist. These relate to a number of independent customers that have not had any financial difficulties in the past. The age analysis of these accounts receivable is provided above. Amounts recognised in the amortisation account are normally written off when the group is not expected to recover any further cash and cash equivalents. The maximum exposure to credit risk in accounts receivable on the balance sheet date consists of the carrying amount. The group has no collateral as security.

Parent company	31/12/2023	31/12/2022
Accounts receivable	335,936	335,134
Loss provision	0	–490
	335,936	**334,644**

NOTE 21 OTHER RECEIVABLES

Group	31/12/2023	31/12/2022
Tax account	42,995	6,782
VAT receivable	9,194	13,377
Other	6,868	3,254
	59,057	**23,413**

Parent company	31/12/2023	31/12/2022
Tax account	42,995	6,782
VAT receivable	5,256	13,377
Other	38	3,254
	48,289	**23,413**

NOTE 22 PREPAID EXPENSES AND ACCRUED INCOME

Group	31/12/2023	31/12/2022
Rent	1,993	2,165
Sales costs	16,845	16,208
Licensing costs	4,674	4,505
Insurance	4,668	0
Event costs	7,214	0
Product development costs*	14,661	22,563
Other	13,116	11,090
	63,171	**56,532**

Parent company	31/12/2023	31/12/2022
Rent	6,065	5,848
Sales costs	0	6,069
Licensing costs	3,045	4,505
Insurance	4,036	1,267
Product development costs*	14,661	22,563
Other	2,649	7,747
	30,456	**47,999**

* During the year SEK 27.1 million (29.6) of expenses related to research and development have been expensed.

NOTE 23 CASH AND CASH EQUIVALENTS

Group

	31/12/2023	31/12/2022
Cash and cash equivalents		
Cash	120	22
Bank balances	1,057,889	617,118
	1,058,009	**617,140**

Parent company

	31/12/2023	31/12/2022
Cash and cash equivalents		
Bank balances	766,243	391,914
	766,243	**391,914**

NOTE 24 LIABILITIES RELATED TO MULTIPLE ITEMS

Group
The company has bank loans of SEK 6.7 million and SEK 315 million respectively, as well as lease liabilities of SEK 13 million reported under the following items in the balance sheet.

In addition there is one revolving credit facility (RCF) of SEK 300 million granted, which was not utilized at year-end.

	31/12/2023	31/12/2022
Non-current liabilities		
Other liabilities to credit institutions	175,000	19,168
Lease liabilities	690	7,858
	175,690	**27,026**
Current liabilities		
Other liabilities to credit institutions	146,668	43,333
Lease liabilities	12,359	23,955
	159,027	**67,288**

Parent company
The company has two bank loans of SEK 6.7 million and SEK 315 million respectively, reported under the following items in the balance sheet.

In addition there is one revolving credit facility (RCF) of SEK 300 million granted, which was not utilized at year-end.

	31/12/2023	31/12/2022
Non-current liabilities		
Other liabilities to credit institutions	175,000	19,168
	175,000	**19,168**
Current liabilities		
Other liabilities to credit institutions	146,668	43,333
	146,668	**43,333**

NOTE 25 FINANCIAL RISK MANAGEMENT

Group
Through its operations, the group is exposed to different financial risks: market risk (currency and interest rate risk), credit risk, and liquidity/financing risk. The focus of the group's overall risk management policy is on the unpredictability of the financial markets and it aims to minimise potential adverse effects on the group's results and liquidity due to financial risks. Risk management is handled by the CFO in consultation with the CEO and the board, pursuant to the guidelines established by the board. The risk function identifies, evaluates, and hedges financial risks. This is in close co-operation with the group's operating units

Market risk
(i) Currency risk
Marshall Group is an international group with subsidiaries and customers in several countries. The reporting currency is the Swedish krona. This means that the group is exposed to currency risks as fluctuating exchange rates can impact earnings and equity. The majority of operations is conducted by the Swedish parent company. Exposure to currency fluctuations in the group are divided into two main groups, namely translation exposure and transaction exposure.

Translation exposure
The foreign subsidiaries' assets less liabilities constitute a net investment in foreign currency, which gives rise to a translation difference during consolidation. Such translation differences are transferred directly to other comprehensive income and are accumulated under "Reserves" in equity. The groups' policy is not to hedge its exposures, and the handling of the translation difference takes place in accordance with this.

Transaction exposure
Transaction exposure primarily means exposure resulting from commercial flows, i.e. sales and purchases across national borders. A relatively large part of the group's sales and purchases take place in a currency other than Swedish krona, which gives rise to exposure for the group. The exposure relates primarily to purchases in the parent company in USD. Exposure is partly offset by sales in USD from the parent company to the US and China. The net exposure from outstanding liabilities and receivables at the end of the reporting period was USD –17.3 million (–22.1). The group does not work actively to manage the transaction exposure that arises. Liabilities to credit institutions and the overdraft facility is only in SEK and does not form part of the currency exposure. Although exposure to EUR increases in line with sales in Europe, it is not significant so far.

(ii) Interest rate risk regarding cash flows and fair values
The group has an interest-bearing liability which, as of the balance sheet date, amounts to SEK 321.7 million (62.5), whereby there is a certain interest rate risk. A doubling of the market interest rate would result in additional costs for the group of approximately SEK 28 million (3) over two years. Apart from that, the group's income and cash flows from operating activities are essentially independent of changes in market interest rates.

Limited credit risk
Credit risk or counterparty risk is the risk that the counterparty in a financial transaction does not meet its obligations on the due date. Credit risk is managed at the group level and mainly arises through accounts receivable and cash and cash equivalents.

See Note 20 Accounts receivable, and the subsequent paragraph, for a more detailed description of the group's exposure in accounts receivable.

Customer credit risk
In addition to overall monitoring at group level, more detailed monitoring of customer credit risks is performed at the local level, close to the customer. Customer credit risk is the risk of customers not meeting their obligations. If customers have undergone a credit assessment by an independent assessor, these assessments are used. In cases where no credit assessment exists, a risk assessment is performed of the customer's creditworthiness where their financial position is considered as well as past experiences and other factors. Risk limits are adopted on the basis of internal or external credit assessments. The use of credit limits is regularly monitored. No large concentrations of credit risks are deemed to exist. The maximum exposure to credit risks in accounts receivable is the carrying amount on each given date.

Liquidity risk/Financing risk
As at 31 December 2023, the group had available liquidity of SEK 1,057.9 million (617.1). This liquidity consists of bank balances. In addition to the recognised cash and cash equivalents, the group has an unutilised overdraft facility of SEK 300.0 million (237.4).

The table below shows the undiscounted cash flows that arise from the group's liabilities in the form of financial instruments, based on the earliest remaining maturities contracted on the balance sheet date. Amounts in foreign currency and amounts to be paid based on a variable interest rate have been estimated using the exchange rates and interest rates applicable on the balance sheet date.

As at 31 December 2023	<1 year	1 to 2 years	3 to 5 years	>5 years
Overdraft facilities	0	0	0	0
Liabilities to credit institutions	165,930	184,350	0	0
Lease liabilities	12,483	699	0	0
Accounts payable and other liabilities	380,587	0	0	0
	559,000	**185,049**	**0**	**0**

As at 31 December 2022	<1 year	1 to 2 years	3 to 5 years	>5 years
Overdraft facilities	0	0	0	0
Liabilities to credit institutions	46,202	19,639	0	0
Lease liabilities	24,598	7,740	0	0
Accounts payable and other liabilities	457,852	0	0	0
	528,652	**27,379**	**0**	**0**

Note 25, cont.

Fair value hierarchy
The group classifies fair value measurement using a fair value hierarchy that reflects the reliability of the input data used in the measurements. The fair value hierarchy has the following levels:

Level 1 – Quoted prices on active markets for identical assets or liabilities as the company has access to at the time of valuation.

Level 2 – Other input data than the quoted prices in level 1, which is directly or indirectly observable for the asset or liability.

Level 3 – Unobservable input data for the asset or liability.

Capital risk management
The aim regarding the capital structure is to safeguard the group's ability to continue its operations in order to continue to generate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure in order to keep the cost of capital down.

In the same way as other companies in the sector, Marshall Group calculates the capital on the basis of the debt/equity ratio. This key ratio is calculated as net liabilities divided by total equity.

Debt/equity ratio, group	31/12/2023	31/12/2022
Total borrowing		
Bank loans	321,668	62,501
Lease liabilities	13,049	31,813
Less cash and cash equivalents	*–1,057,889*	*–617,140*
Net debt	**–723,172**	**–522,827**
Equity	1,866,200	804,646
Total equity	**1,143,029**	**281,819**
Debt/equity ratio	**–63%**	**–186%**

NOTE 26 PROVISIONS

Group	31/12/2023	31/12/2022
Pensions and similar obligations		
Opening balance	528	528
	528	**528**
Deferred tax liability		
Opening balance	15,774	2,579
Provisions for the year	32,468	13,195
	48,242	**15,774**

Parent company	31/12/2023	31/12/2022
Pensions and similar obligations		
Opening balance	528	528
	528	**528**

NOTE 27 OTHER LIABILITIES

Group	31/12/2023	31/12/2022
VAT liability	12,522	18,877
Personnel-related liabilities	12,216	7,680
Other	17,193	0
	41,931	**26,557**

Parent company	31/12/2023	31/12/2022
VAT liability	9,387	7,316
Personnel-related liabilities	8,489	6,792
	17,876	**14,108**

NOTE 28 ACCRUED EXPENSES AND DEFERRED INCOME

Group	31/12/2023	31/12/2022
Employee benefit costs	73,477	63,278
Royalties	0	68,545
Sales commissions	267,310	251,213
Logistic costs	11,620	12,932
Product costs	2,118	0
Other	161,724	109,696
	516,249	**505,665**

Parent company	31/12/2023	31/12/2022
Employee benefit costs	53,241	49,293
Royalties	0	54,606
Sales commissions	195,323	189,249
Logistic costs	11,620	12,932
Product costs	2,118	0
Other	56,453	49,582
	318,755	**355,662**

NOTE 29 INTEREST AND DIVIDENDS

Group	31/12/2023	31/12/2022
Interest received	13,015	1,548
Interest paid	–26,134	–4,735
	–13,119	**–3,187**

Parent company	31/12/2023	31/12/2022
Interest received	8,660	122
Dividend received	0	64,978
Interest paid	–28,412	–3,617
	–19,752	**61,483**

NOTE 30 ADJUSTMENT FOR ITEMS NOT INCLUDED IN CASH FLOW

Group	31/12/2023	31/12/2022
Depreciation/amortisation	97,787	37,598
Unrealised exchange rate differences	42,006	–22,371
Loss from sales of fixed assets	–845	0
Impairment, inventories	–1,044	41,029
Impairment, accounts receivable	–690	0
Accrued interest	191	0
Other	1,182	0
	138,587	**56,256**

Parent company	31/12/2023	31/12/2022
Depreciation/amortisation	58,072	10,922
Unrealised exchange rate differences	27,909	–23,130
Impairment, inventories	–2,420	38,030
Impairment, accounts receivable	–490	0
Accrued interest	191	0
	83,261	**25,822**

NOTE 31 RECONCILIATION OF FINANCIAL LIABILITIES IN FINANCING ACTIVITIES

Group	31/12/2023	31/12/2022
Financial liabilities		
Opening balance	62,501	105,834
Cash flow, current liabilities amortisation	–55,832	–43,333
Cash flow, non-current liabilities new borrowing	350,000	0
Cash flow, non-current liabilities amortisation	–35,000	0
	321,669	**62,501**
Lease liabilities		
Opening balance	31,813	44,703
Cash flow, amortisation of liabilities, right-of-use assets	–26,319	–27,073
Interest component of payment for liabilities, right-of-use assets	–638	–1,116
Additional lease agreements	8,028	11,958
Other non-cash flow changes	164	3,341
	13,048	**31,813**

Parent company	31/12/2023	31/12/2022
Financial liabilities		
Opening balance	62,501	105,834
Cash flow, current liabilities amortisation	–55,832	–43,333
Cash flow, non-current liabilities new borrowing	350,000	0
Cash flow, non-current liabilities amortisation	–35,000	0
	321,669	**62,501**

NOTE 32 PURCHASES AND SALES BETWEEN GROUP COMPANIES

Parent company	01/01/2023 –31/12/2023	01/01/2022 –31/12/2022
Share of the year's total purchases made from other companies in the group	3.76%	1.34%
Share of the year's total sales made to other companies in the group	25.11%	23.19%

NOTE 33 PROFIT/LOSS FROM PARTICIPATIONS IN GROUP COMPANIES

Parent company	01/01/2023 –31/12/2023	01/01/2022 –31/12/2022
Dividends received	0	64,978
	0	**64,978**

NOTE 34 APPROPRIATIONS

Parent company	01/01/2023 –31/12/2023	01/01/2022 –31/12/2022
Provision for tax allocation reserve	–157,612	–64,519
Group contributions received	98	0
	–157,514	**–64,519**

NOTE 35 PARTICIPATIONS IN GROUP COMPANIES

Parent company	31/12/2023	31/12/2022
Opening cost	12,424	12,424
Purchases	1,344,679	0
Closing accumulated cost	**1,357,103**	**12,424**
Closing carrying amount	**1,357,103**	**12,424**

NOTE 36 BREAKDOWN OF PARTICIPATIONS IN GROUP COMPANIES

Parent company

Name	Share of equity	Number of shares	Book value 2023	Book value 2022
Zound Industries Ltd, Hong Kong	100%	100	10	10
Zound Industries USA Inc, US	100%	1,000	2,465	2,465
Zound Industries Shenzhen Ltd, China	100%	0	8,941	8,941
Zound Industries Services Shenzhen Ltd, China	100%	0	809	809
Zound Industries UK Ltd, UK	100%	1	0	0
Zound Industries Smartphones AB, Sweden	100%	2,000	200	200
Zound Industries CH SA, Switzerland	100%	100	1,130	0
Marshall Amplification Plc, UK	100%	50,000	1,343,549	0
Marshall Records Ltd, UK*	100%			
Marshall Records Publishing Ltd, UK**	100%			
Marshall Amplification Hong Kong Ltd, Hong Kong*	100%			
Marshall Amplification (Vietnam) Ltd, Vietnam**	100%			
			1,357,104	**12,425**

	Corp. ID no.	Registered office
Zound Industries Ltd, Hong Kong		Hong Kong
Zound Industries USA Inc, US		New York
Zound Industries Shenzhen Ltd, China		Shenzhen
Zound Industries Services Shenzhen Ltd, China		Shenzhen
Zound Industries UK Ltd, UK		London
Zound Industries Smartphones AB, Sweden	556998-5723	Stockholm
Zound Industries CH SA, Switzerland		Lugano
Marshall Amplification Plc, UK		Milton Keynes

* subsidiary Marshall Amplification Plc
** sub-subsidiary Marshall Amplification Plc

NOTE 37 APPROPRIATION OF PROFIT OR LOSS

Parent company	31/12/2023
Proposed appropriation of profits	
The board proposes that the following profits:	
non-restricted share premium reserve	883,920
profit brought forward	393,663
profit for the year	363,576
	1,641,159
be allocated as follows:	
to be carried forward	1,641,159
	1,641,159

NOTE 38 UNTAXED RESERVES

Parent company

	31/12/2023	31/12/2022
Tax allocation reserve 2021	12,052	12,052
Tax allocation reserve 2022	64,519	64,519
Tax allocation reserve 2023	157,612	0
	234,183	**76,571**
Deferred tax relating to untaxed reserves	48,242	15,774

NOTE 39 SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

Parent company
No significant events have occurred after the end of the financial year.

NOTE 40 PLEDGED ASSETS

Group

	31/12/2023	31/12/2022
On behalf of the company:		
Floating charges, SEB	19,000	200,000
Floating charges, Nordea	281,000	0
	300,000	**200,000**

Parent company

	31/12/2023	31/12/2022
On behalf of the company:		
Floating charges, SEB	19,000	200,000
Floating charges, Nordea	281,000	0
	300,000	**200,000**

For the obligations in the current loan agreements with SEB and Nordea, the floating charges in Marshall Group AB of SEK 300 million (200) have been pledged as security.

NOTE 41 CONTINGENT LIABILITIES

Group

	31/12/2023	31/12/2022
Rent guarantee*	9,805	9,805
Performance guarantee in respect of Adidas	0	1,400
	9,805	**11,205**

Parent company

	31/12/2023	31/12/2022
Rent guarantee*	**9,805**	**9,805**
Performance guarantee in respect of Adidas	0	1,400
Contingent liabilities in respect of subsidiaries	4,805	5,106
	14,610	**16,311**

* The rent guarantee refers to guarantees for all premises at Centralplan 17 in respect of Jernhusen.

ASSURANCE

The board and CEO provide assurance that the annual accounts have been prepared in accordance with generally accepted accounting standards in Sweden and the consolidated financial statement have been prepared in accordance with the international accounting standards referred to in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

The annual accounts and consolidated financial statements present fairly the financial position of the parent company and the group and its performance. The administration report for the parent company and group respectively provides a fair overview of the development of the parent company's and group's operations, position, and performance, and describes material risks and uncertainties faced by the parent company and the companies that make up the group.

Stockholm, on the date stated by each senior executive's electronic signature

Henri de Bodinat
Chair of the board

Patrik Nilsson
Board member

Jonathan Forster
Board member

Terry Marshall
Board member

Victoria Marshall
Board member

Andreas Källström Säfweräng
Board member

Karl Svenningsson
Board member

Filip Blomback
Board member

Jérémy De Maillard
CEO

Our auditor's report was submitted on the date stated by my electronic signature

Öhrlings Pricewaterhouse Coopers AB

Magnus Svensson Henryson
Authorised public accountant


60 YEARS OF
Marshall
Marshall
Marshall
NEVER STO

Marshall Group is the audio, tech and design powerhouse uniting musicians and music lovers through genre-breaking innovation.

Marshall