Martela Financial statements 1-12/2017

2.2.2018

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JANUARY-DECEMBER 2017 SUMMARY

- Revenue decreased by 15.2 per cent on the previous year due challenges related to the implementation of new IT systems, lack of big of projects, discontinuation of own sales operations in Poland and Russia.

- The Group's operating result was EUR 0.3 million (6.2)

- Cash flow from operating activities in January–December was EUR -7.6 million (11.7). The cash flow from the operating activities was positive both in Q4 (EUR 0.7 million) and Q3 (EUR 2.9 million).

- Increased sales orders in Finland and improved delivery accuracy during Q4 compared to previous year

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JANUARY– DECEMBER 2017 REVENUE

January-December revenue declined clearly compared to previous year

January-December revenue was EUR 109.5 million (129.1)

- Finland: Revenue declined by 8.4 %.
  - IT reform challenges had a high impact in the decline.
  - In the fourth quarter new orders in Finland and exceeded the previous year level by 5 %
- Sweden: Revenue declined by 42.4 %.
  - Previous year had big projects.
  - IT reform challenges also had an impact in the decline
- Norway: Revenue increased by 10.8 %.
  - More comprehensive Martela Lifecycle deliveries.
- Other countries: Revenue declined by 34.5 %.
  - Discontinuation of sales operations in Poland and Russia.
- There has not been any material changes in the market situation during the year.

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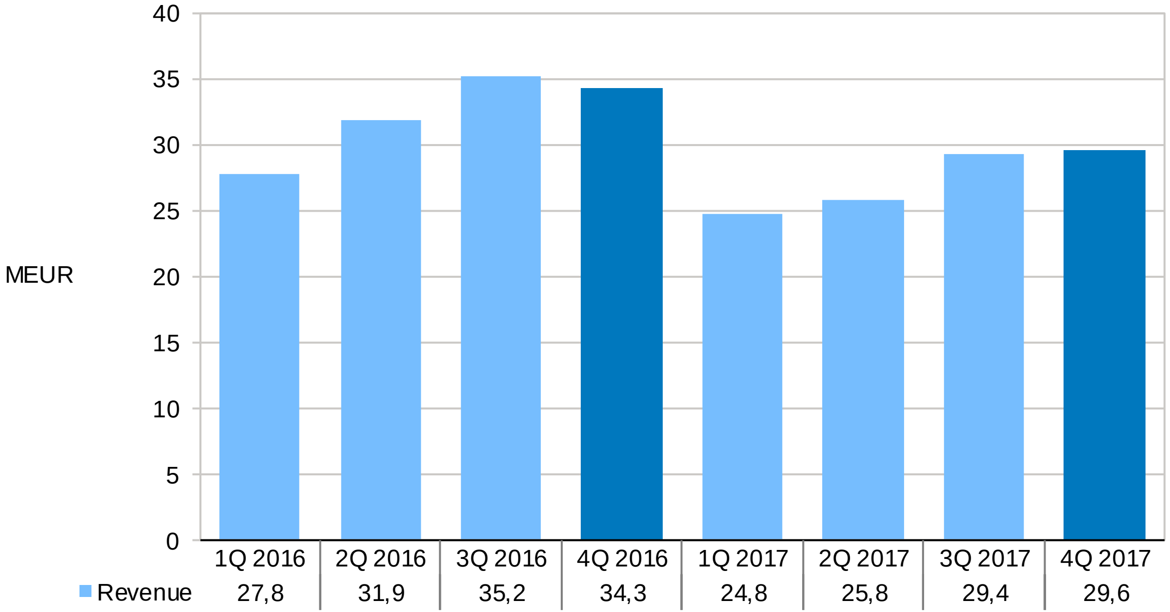
REVENUE



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JANUARY– DECEMBER 2017 OPERATING RESULT

January-December operating result declined clearly compared to previous year.

January-December operating result was EUR 0.3 million (6.2)

- Sales volumes were lower.
- Efficiency of operations declined due to the IT system reform challenges (inefficiency and claim costs) and increase in credit loss reservations.
  - Our operations have normalised and we estimate that we have overcome the biggest challenges related to the IT system project
- Positive results from earlier completed savings programme in personnel and real estate expenditure. Low operating result also caused less profit based renumeration costs.
- Negative impact from increased IT and sales related costs

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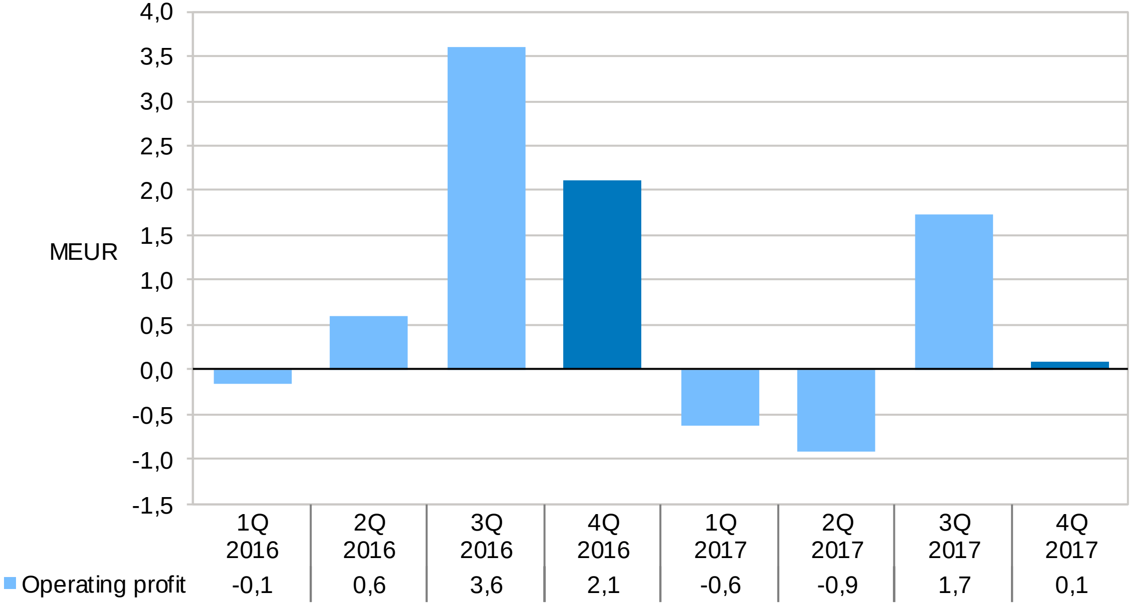
OPERATING RESULT



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JANUARY-DECEMBER 2017 OTHER KEY FIGURES

- Cash flow from operating activities in January-December was EUR -7.6 million (11.7)
  - The main reason for the negative cash flow from operating activities was the incomplete information concerning customers and the invoicing of them in the new system.
- Result of the period January-December was EUR -0.6 million (3.3)
- Equity ratio was 40.8 % (45.3)
- Gearing was 29.0 % (-18.9)

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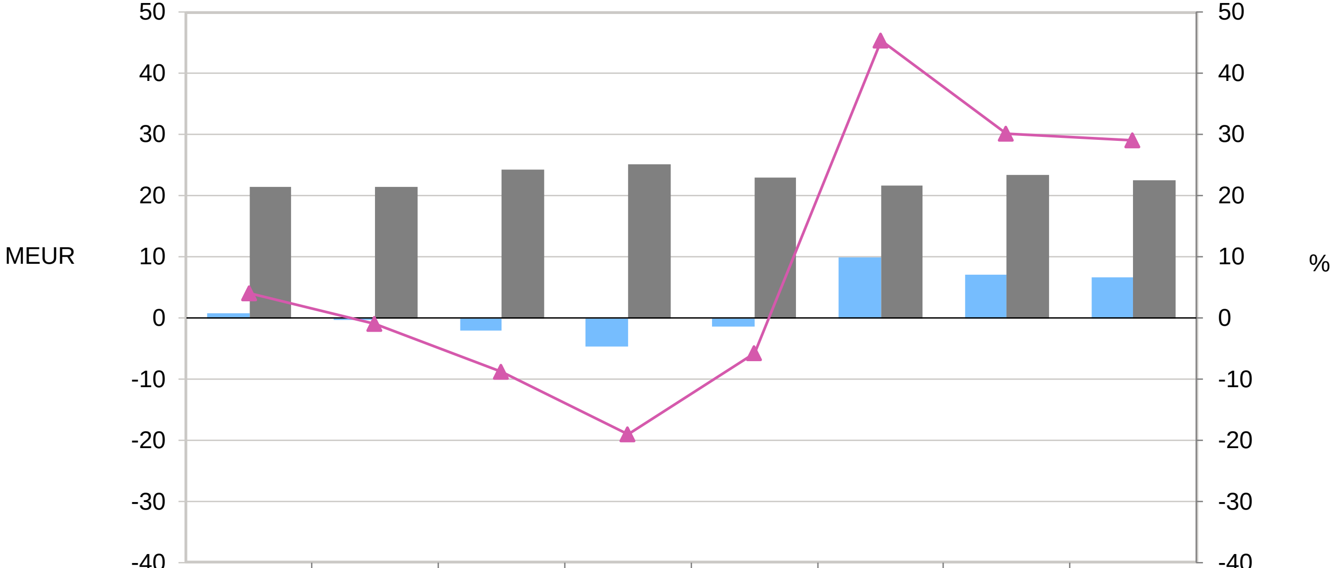
GEARING



	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	3Q 2017	4Q 2017
Interest bearing net debt	0,8	-0,2	-2,2	-4,8	-1,3	9,9	7,1	6,6
Equity	21,4	21,5	24,2	25,2	23,0	21,7	23,4	22,6
Gearing ratio %	3,9	-0,9	-8,9	-18,9	-5,8	45,4	30,2	29,0

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MAIN FOCUS AREAS

Implementing the Martela Lifecycle strategy in the Nordic countries

Increasing sales volumes	Increasing profitability	Increasing cash flow	Fine-tuning procedures

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OUTLOOK FOR 2018

Martela Group anticipates that its 2018 revenue and operating result will improve compared to the previous year. Due to normal seasonal variations, the Group's operating result accumulates mainly during the second half of the year.

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APPENDIX

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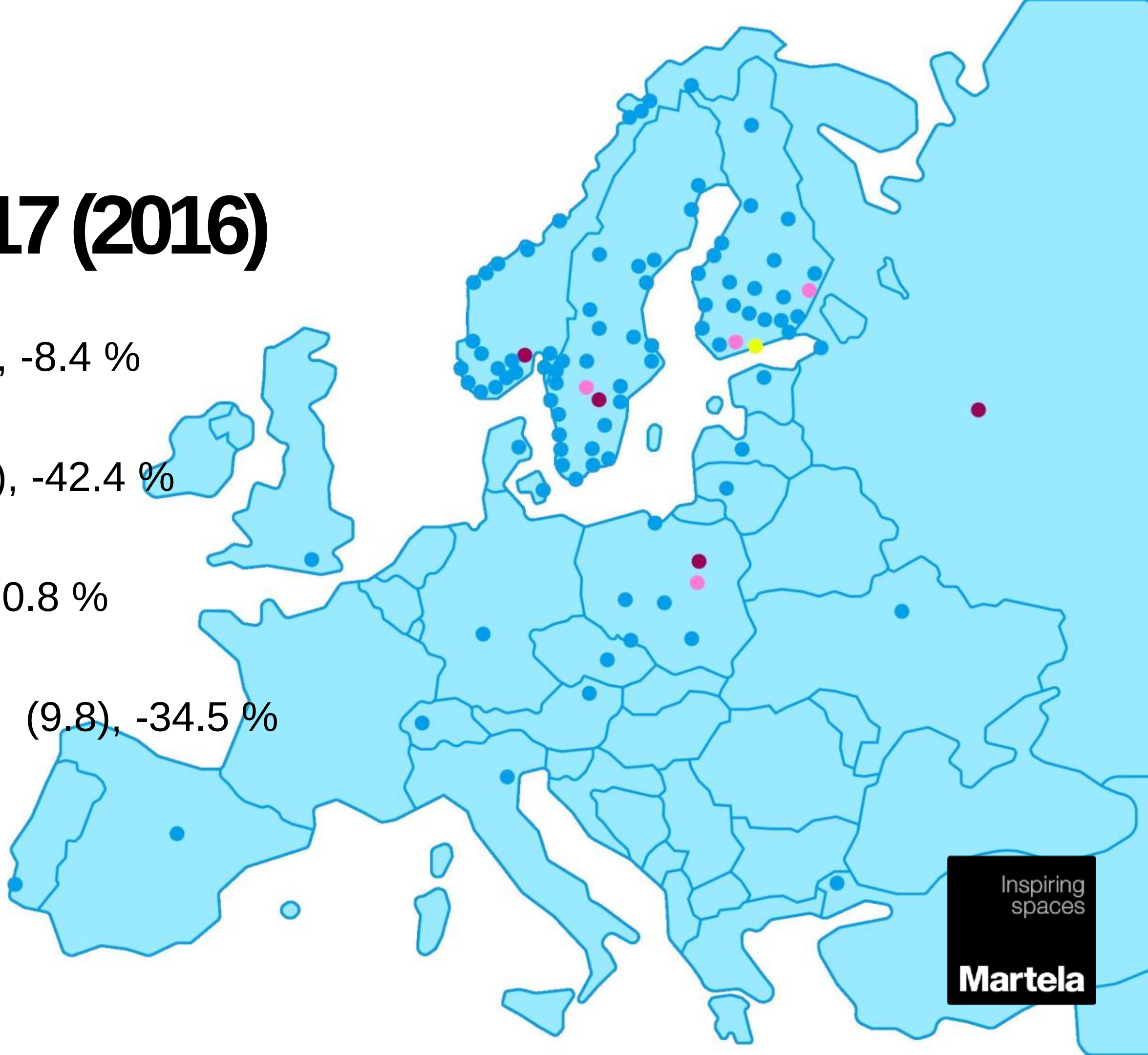
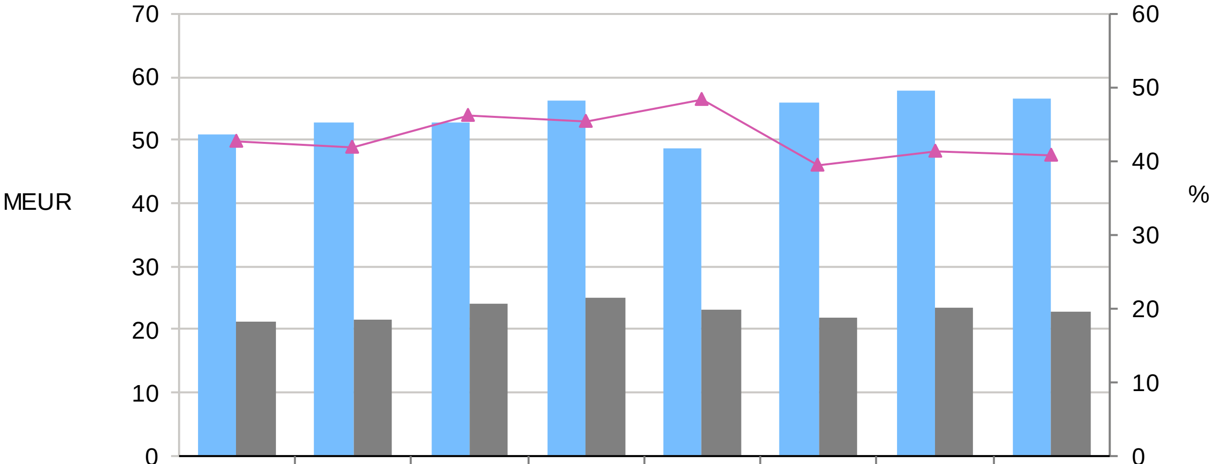
REVENUE 1-12 / 2017 (2016)

- Finland EUR 87.3 million (95.2), -8.4 %
- Sweden EUR 11.7 million (20.4), -42.4 %
- Norway EUR 4.1 million (3.7), 10.8 %
- Other countries EUR 6.4 million (9.8), -34.5 %



BALANCE SHEET



	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	3Q 2017	4Q 2017
Balance sheet total	50,8	52,9	52,8	56,2	48,8	56,1	57,7	56,4
Equity	21,4	21,5	24,2	25,2	23,0	21,7	23,4	22,7
Equity ratio %	42,8	41,9	46,3	45,3	48,4	39,5	41,2	40,9

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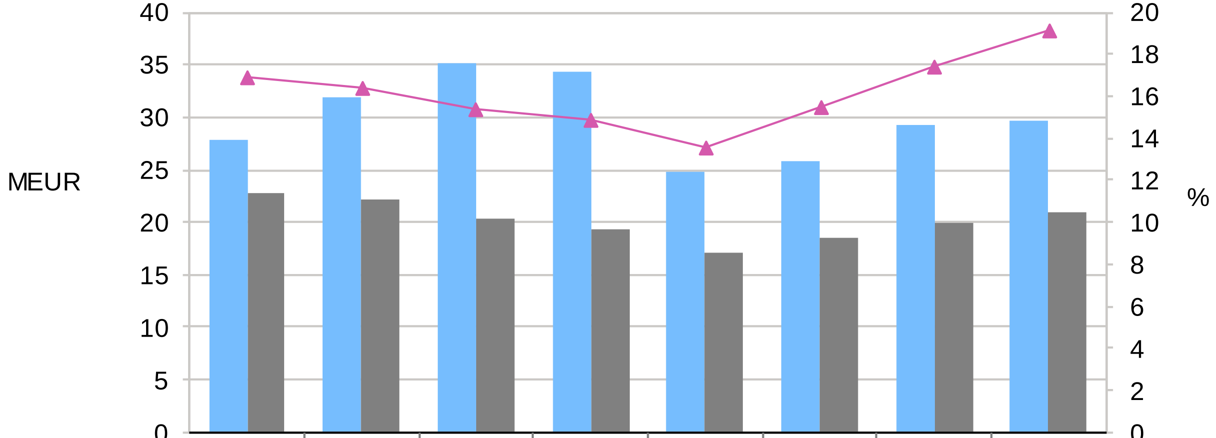
WORKING CAPITAL
On average 12 months



	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	3Q 2017	4Q 2017
Turnover	27,8	31,9	35,2	34,3	24,8	25,8	29,4	29,6
Working capital	22,7	22,2	20,3	19,2	17,1	18,6	20,0	21,0
% of turnover (annualized)	16,9	16,4	15,4	14,9	13,6	15,5	17,5	19,2

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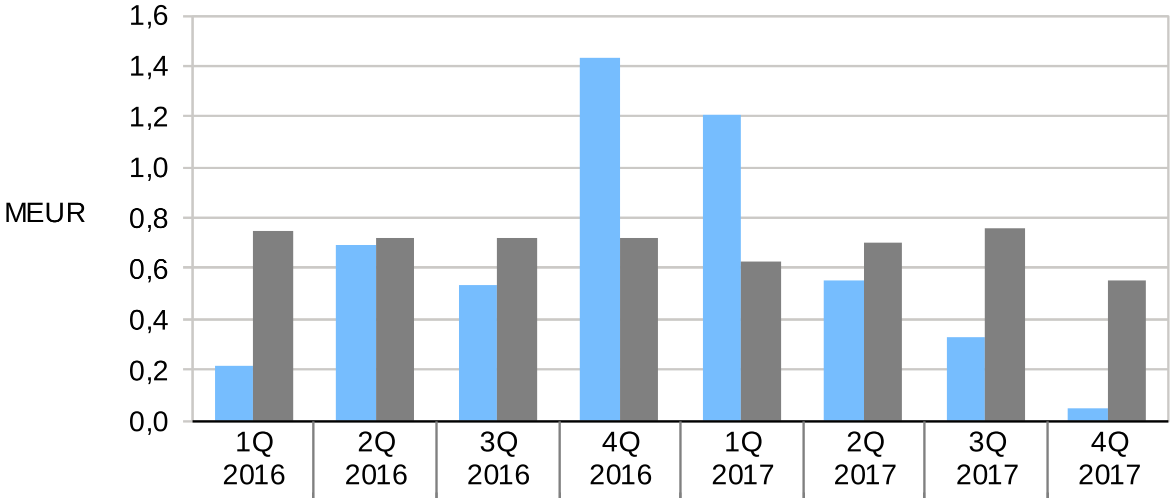
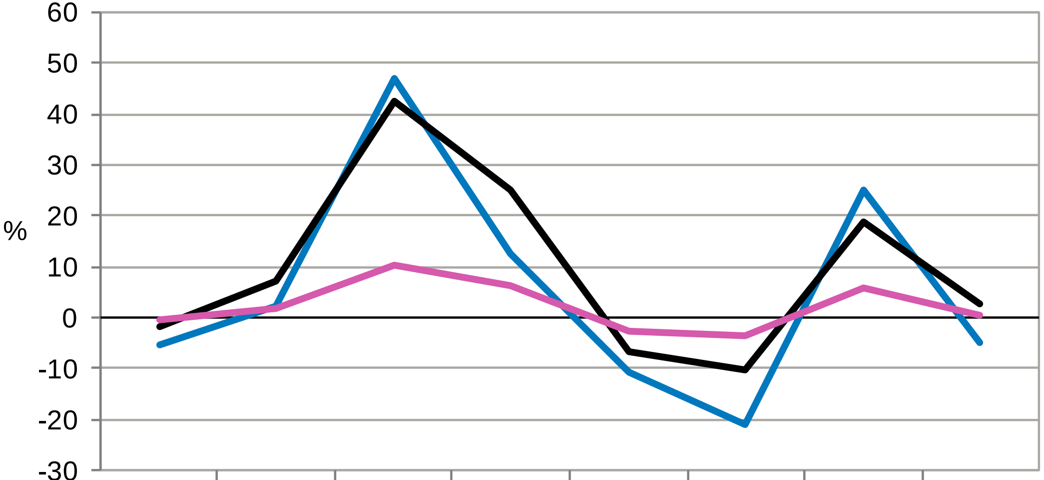
CAPITAL EXPENDITURE AND DEPRECIATIONS



	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	3Q 2017	4Q 2017
Capital expenditure	0,2	0,7	0,5	1,4	1,2	0,6	0,3	0,0
Depreciation	0,7	0,7	0,7	0,7	0,6	0,7	0,8	0,5

PROFITABILITY BY QUARTER



	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	3Q 2017	4Q 2017
Return on equity	-5,5	2,1	46,8	12,7	-10,6	-21,0	25,1	-4,7
Return on investment	-1,7	7,3	42,6	25,0	-6,6	-10,1	19,0	2,8
Operating profit %	-0,5	1,9	10,2	6,1	-2,5	-3,5	5,9	0,3

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THANK YOU !

The figures in this report have been rounded and so the combined sum of individual figures may differ from the sums presented.

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