

# 2022

## Interim report

1 January – 31 March 2022

Martela



## MARTELA CORPORATION'S INTERIM REPORT 1 JANUARY – 31 MARCH

The January–March 2022 revenue increased and operating result improved compared to previous year.

### January–March 2022

- Revenue was EUR 27.0 million (19.9), representing a change of 35.9%
- Comparable operating result was EUR 0.1 million (-1.4)
- Operating result was EUR 0.1 million (-2.0)
- Operating profit per revenue was 0.4 % (-10.1%)
- The result for the period was EUR 0.0 million (-2.3 )
- Earnings per share amounted to EUR -0.01 (-0.56)

### Outlook

#### Outlook for 2022

Martela anticipates its Revenue to grow over 10 % compared to previous year and operating result to be positive.

### Key figures, EUR million

	2022	2021	Change	2021
	1-3	1-3	%	1-12
Revenue	27.0	19.9	35.9%	91.9
Operating result	0.1	-2.0		-1.3
Operating result %	0.4 %	-10.1 %		-1.4 %
Result before taxes	-0.1	-2.4		-2.3
Result for the period	0.0	-2.3		-2.4
Earnings/share, euro	-0.01	-0.56		-0.53
Return on investment %	2.5	-30.9		-4.7
Return on equity %	-0.4	-22.2		-21.3
Equity ratio %	23.6	21.8	8.3 %	22.2
Gearing %	67.8	54.2	25.1 %	74.8

**Ville Taipale, CEO:**

"First quarter this year was defined by corona pandemic and war in Ukraine which caused general uncertainty in the market. Despite of these we were able to increase our revenue by 35.9 % in the first quarter compared to same period last year. Revenue in the first quarter was EUR 27.0 million.

New orders continued to increase especially in Commercial sector and in all market areas.

Our operating result improved significantly in the first quarter compared to the same period last year and was EUR 0.1 million. Operating result was naturally positively impacted by increased revenue, but especially recent actions that has been done in terms of improvements in the cost structure as well as determined work to manage material price increases and maintaining sales prices.

I am extremely pleased that our hard work in improving our cost structure, offering and in way of working has started to result in our performance. This work will in the future further improve our position as a leading sustainable workplace specialist. This has been achieved because of our committed and professional employees and demonstrates what can be achieved with seamless co-operation.

War in Ukraine and uncertainty caused by it has negatively impacted the overall market situation as well as raw material prices and supply. It is difficult at this point to evaluate what impacts this will have in the mid-term to development of our revenue and result performance.

We believe that working environments will permanently change in the future. The coronavirus pandemic has accelerated the process of changing the way we work. The office is just one of the many places where we work from, and for some of us the amount of remote work will increase for good. This will increase the demand for multipurpose working spaces and the need to invest in remote working conditions. We will continue together with our customers to be a forerunner in creating user centric working environments, which will improve user experience, efficiency and innovation capabilities as well as lower the overall costs. We will meet our customers needs for increased flexibility in workplace with our WaaS concept, which we have piloted and actively developed further during the last winter. Interest towards our concept has been encouraging and we expect it to have a positive impact on our business."

**Market situation**

Gradual removal of restrictions caused by corona pandemic has impacted positively to Martela's market environment. Simultaneously war in Ukraine has brought uncertainty to the market and caused radical price increases in the raw materilas as well as restricted the supply of materials. It is too early to say what impacts thiese will have in the mid-term to overall market situation.

## Revenue and operating result

### Revenue and result for January–March 2022

Revenue for January–March was EUR 27.0 million (19.9) and increased by 35.9 % from previous year. Revenue in Finland increased by 0.1%, in Sweden by 114.5%, in Norway by 2.3% and in Other countries by 486.2% compared to previous year.

The Group's comparable operating result in January–March was EUR 0.1 million (-1.4) and operating result was EUR 0.1 million(-2.0).

The January–March result before taxes was EUR -0.1 million (-2.4) and net result EUR 0.0 million (-2.3).

### Revenue by country, EUR million

	2022	2021	Change	2021
	1-3	1-3	%	1-12
Finland	15.5	15.4	0.1%	69.7
Sweden	3.5	1.6	114.5%	8.7
Norway	1.8	1.7	2.3%	5.8
Other	6.3	1.1	486.2%	7.7
<b>Revenue total</b>	<b>27.0</b>	<b>19.9</b>	<b>35.9%</b>	<b>91.9</b>
Income from the sale of goods	23.3	16.8	39.0%	78.5
Income from the sale of services	3.7	3.1	19.4%	13.4

Cumulative revenue includes EUR 232 thousand (207) income from sold furniture that based on the customer agreement is classified as rental income.

## Financial position

The cash flow from operating activities in January–March was EUR 1.2 million (-0.5).

At the end of the period, interest-bearing liabilities stood at EUR 11.2 million including EUR 3.8 million lease liabilities according to IFRS 16. At the end of comparison period the interest-bearing liabilities stood at EUR 14.5 million. Net liabilities were EUR 7.3 million (5.1). At the end of the period, short-term limits of EUR 4.0 million were in use (5.2).

The gearing ratio at the end of the period was 67.8% (54.2) and the equity ratio was 23.6% (21.8). Financial income and expenses were EUR -0.2 million (-0.4).

Financing arrangements include a covenant clause in which the ratio between the Group's net liabilities and EBITDA is examined. The key figures calculated at the end of the review period fulfilled the covenant clause.

The balance sheet total stood at EUR 50.5 million (45.5) at the end of the period.

## Capital expenditure

The Group's gross capital expenditure for January–March was EUR 0.2 million (0.0).

## Personnel

The Group employed an average of 398 people (431), which represents a decrease of 33 persons or 7.7%. The number of employees in the Group was 397 (432) at the end of the review period. Personnel costs in January–March totalled EUR 6.1 million (6.6).

Personnel on average	2022	2021	Change	2021
by country	1-3	1-3	%	1-12
Finland	324	358	-9.5%	346
Sweden	26	22	18.2%	23
Norway	14	15	-6.7%	14
Other	34	36	-5.6%	36
Total	398	431	-7.7%	419

## Martela's offering

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

To add to the traditional way of purchasing Martela has introduced two new service models, Workplace as a Service and Learning environment as a Service. The monthly service fees can include everything from one to all of the lifecycle phases.

## OTHER MATTERS

### Changes in Management Team

Kalle Sulkanen is appointed Martela's Vice President, Operations and member of the Management Team. He will report to Ville Taipale, CEO of Martela. Sulkanen will start in his position in May 1, 2022. The change has been announced in the stock exchange releases on March 1, 2022.

### Shares

In January–March, a total of 715,699 (717,141) of the company's series A shares were traded on the NASDAQ OMX Helsinki exchange, corresponding to 18.3% (20.2) of the total number of series A shares.

The value of trading turnover was EUR 1.8 million (2.0), and the share price was EUR 2.66 at the end of the period (2.70). During January–March the share price was EUR 2.90 at its highest and EUR 2.12 at its lowest. At the end of March, equity per share was EUR 2.40 (2.27).

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

## **Treasury shares**

Martela did not purchase any of its own shares in January–March. Martela owns a total of 13 082 Martela A shares and its holding of treasury shares amounted to 0.3% of all shares and 0.1% of all votes. Out of the shares 12 036 were purchased at an average price of EUR 10.65 and 1 046 were transferred from Martela Corporation's joint account to the treasury shares reserve based on the decision by AGM on March 13, 2018.

## **New Share-based Incentive Plan**

In the effective Performance-based Share Plan 2021–2023, there are three earning periods, which are 2021, 2022 and 2023. The prerequisite for participating in the new plan was that a participant acquires the company's series A shares up to the number determined by the Board of Directors. In order to implement the plan, the Board of Directors decided on a share issue against payment directed to the target group.

The Board of Directors will decide the earning criteria and the goals for each criterion of the programme at the beginning of each earning period.

The Performance-based Matching Share Plan 2021–2023 consists of three performance periods, covering the financial years of 2021, 2022 and 2023, respectively.

In the plan, the target group is given an opportunity to earn Martela Corporation series A shares based on performance and on their personal investment in Martela Corporation series A shares. The Board of Directors decides on the plan's performance criteria and targets to be set for each criterion at the beginning of a performance period.

The rewards to be paid based on the plan will amount to an approximate maximum total of 718,000 Martela Corporation series A shares including also the proportion to be paid in cash.

Approximately 40 key employees, including the CEO and other Martela's Management Team members, belong to the target group of the share-based incentive plan.

The rewards will be paid partly in Martela Corporation series A shares and partly in cash. The cash proportions of the rewards are intended for covering taxes and tax-related expenses arising from the rewards to the participants.

During the performance period 2021, the rewards are based on the Group's Earnings before Interest and Taxes (EBIT).

As part of the implementation of the Performance-based Matching Share Plan 2021–2023, the Board of Directors has resolved to grant plan participants interest-bearing loans in the maximum total amount of EUR 686,000 to finance the acquisition of the company's shares. The maximum amount of the loan is 70 per cent of the participant's investment in shares.

## **2022 Annual General Meeting**

Martela Corporation's Annual General Meeting was held on Thursday, March 17, 2022. The Meeting approved the Financial Statements, discharged the members of the Board of Directors and CEO from liability for the year of 2021 and approved remuneration report for 2021. The Board of Directors proposal that no dividend will be distributed was approved.

The Annual General Meeting confirmed that the Board of Directors will consist of six members and Mr. Jan Mattsson, Mr. Eero Martela, Ms. Katarina Mellström, Mr. Johan Mild and Ms. Anni Vepsäläinen be re-elected as members of the Board of Directors and Ms. Hanna Mattila will be elected as a new member of the Board. The Annual General Meeting resolved a monthly compensation of EUR 3,400 be paid for the Chairman of the Board and EUR 1,700 for the Board Members, and an additional compensation of EUR 1,600 per year to the Board members belonging to a committee.

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

The Annual General Meeting authorized the Board in accordance with the proposal of the Board of Directors to decide on the repurchase of own shares, issuance of own shares and/or to dispose of the own shares held by the Company.

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

### **Corporate responsibility and quality**

Corporate responsibility forms an integral part of Martela's strategy and operations. We support the responsibility of our customer companies by offering sustainable solutions for the workplace throughout its entire life cycle and by sustainably taking care of any furniture that is no longer needed. The company's Martela Lifecycle -model covers the entire lifecycle of the workplace. The Group has a occupational health and safety (ISO 45001) management system and a quality (ISO9001) and environmental (ISO14001) management system certified by an independent certifier, and they guarantee that operations are continuously improved, client expectations met and environmental matters taken into consideration.

Further information on the corporate responsibility of the Group's operations can be found in the annually published responsibility report. Martela's Sustainability reporting includes extensive non-financial information (NFI) required by the new accounting legislation. It has been published since 2011. All reports are available on the Martela website.

### **Administration**

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

### **EVENTS AFTER THE END OF THE REPORTING PERIOD**

No significant events requiring reporting have taken place since the January–March period, and operations have continued according to plan.

## **SHORT-TERM RISKS**

The principal risk regarding profit performance relates to the general economic uncertainty and the consequent effects on the overall demand in Martela's operating environment. War in Ukraine and the uncertainty caused by it have had a negative impact on the market situation as well as to supply and prices of raw materials. Due to the project-based nature of the sector, forecasting short-term development is challenging in normal circumstances. This has been further emphasized by the general uncertainty caused by the war in Ukraine.

## **Outlook**

### **Outlook for 2022**

Martela anticipates its Revenue to grow over 10 % compared to previous year and operating result to be positive.



## TABLES

### Accounting policies

Martela Corporation's consolidated financial statements have been prepared in compliance with the IAS 34 standard and the International Financial Reporting Standards (IFRS) valid on March 31, 2022. The figures in the release have been rounded and the total sum of individual figures may differ from the total presented in the release. The figures presented in this release have not been audited. Same accounting principles have been applied in this report as in the financial statements 2021.

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EUR 1000)

	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>1-3</b>	<b>1-3</b>	<b>1-12</b>
<b>Revenue</b>	<b>27,018</b>	<b>19,881</b>	<b>91,889</b>
Other operating income	76	272	637
Employee benefit expenses	-6,112	-6,609	-22,684
Operating expenses	-19,526	-14,193	-65,724
Depreciation and impairment	-1,346	-1,359	-5,428
<b>Operating profit/loss</b>	<b>110</b>	<b>-2,009</b>	<b>-1,309</b>
Financial income and expenses	-228	-362	-1,014
<b>Profit/loss before taxes</b>	<b>-119</b>	<b>-2,371</b>	<b>-2,324</b>
Taxes	80	32	-61
<b>Profit/loss for the period</b>	<b>-39</b>	<b>-2,339</b>	<b>-2,385</b>
Other comprehensive income:			
Translation differences	2	101	214
Actuarial gains and losses			267
Actuarial gains and losses, deferred taxes			-43
Other comprehensive income for the period	2	101	438
<b>Total comprehensive income</b>	<b>-37</b>	<b>-2,239</b>	<b>-1,946</b>
Basic earnings per share, eur	-0,01	-0.56	-0.53
Diluted earnings per share,eur	-0,01	-0.56	-0.53
Allocation of net profit for the period:			
To equity holders of the parent	-39	-2,339	-2,385
Allocation of total comprehensive income:			
To equity holders of the parent	-37	-2,239	-1,946

<b>GROUP BALANCE SHEET (EUR 1000)</b>	<b>31/03/2022</b>	<b>31/03/2021</b>	<b>31/12/2021</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	4,407	5,632	4,588
Tangible assets	9,336	10,393	8,965
Investments	7	7	7
Deferred tax assets	319	373	203
Non-current loan receivables	535		535
<b>Total</b>	<b>14,603</b>	<b>16,406</b>	<b>14,298</b>
<b>Current assets</b>			
Inventories	13,828	8,823	12,119
Receivables	18,189	10,865	19,712
Cash and cash equivalents	3,914	9,440	4,926
<b>Total</b>	<b>35,930</b>	<b>29,128</b>	<b>36,756</b>
<b>Total assets</b>	<b>50,533</b>	<b>45,533</b>	<b>51,054</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	7,000	7,000	7,000
Share premium account	1,116	1,116	1,116
Reserve for invested unrestricted equity	962		962
Other reserves	-9	-9	-9
Translation differences	-843	-958	-845
Retained earnings	1,614	1,299	1,550
Treasury shares	-128	-128	-128
Share-based incentives	1,081	1,081	1,115
<b>Total</b>	<b>10,794</b>	<b>9,400</b>	<b>10,761</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	3,397	5,937	1,791
Deferred tax liabilities		182	0
Other non-current liabilities	236	282	236
Pension obligations	235	492	235
<b>Total</b>	<b>3,868</b>	<b>6,893</b>	<b>2,262</b>
<b>Current liabilities</b>			
Interest-bearing	7,595	8,103	10,952
Non-interest bearing	28,276	21,137	27,079
<b>Total</b>	<b>35,872</b>	<b>29,240</b>	<b>38,032</b>
<b>Total liabilities</b>	<b>39,740</b>	<b>36,133</b>	<b>40,294</b>
<b>Equity and liabilities, total</b>	<b>50,533</b>	<b>45,533</b>	<b>51,054</b>

<b>CONSOLIDATED CASH FLOW STATEMENT (EUR 1000)</b>	<b>2022 1-3</b>	<b>2021 1-3</b>	<b>2021 1-12</b>
<b>Cash flows from operating activities</b>			
Cash flows from sales	31,525	22,655	84,749
Cash flow from other operating income	65	266	595
Payments on operating costs	-30,047	-22,881	-88,030
<b>Net cash from operating activities before financial items and taxes</b>	<b>1,543</b>	<b>39</b>	<b>-2,686</b>
Interests paid	-267	-300	-425
Interests received	3	8	20
Other financial items	-58	-225	-353
Taxes paid	-69	11	45
<b>Net cash from operating activities (A)</b>	<b>1,152</b>	<b>-466</b>	<b>-3,399</b>
<b>Cash flows from investing activities</b>			
Capital expenditure on tangible and intangible assets	-237	-49	-357
Proceeds from sale of tangible and intangible assets			40
<b>Net cash used in investing activities (B)</b>	<b>-237</b>	<b>-49</b>	<b>-317</b>
<b>Cash flows from financing activities</b>			
Proceeds from short-term loans			1,591
Repayments of short-term loans	-1,277	-500	-2,000
Repayments of lease liabilities	-651	-723	-2,543
Cash proceeds from issuing shares			421
<b>Net cash used in financial activities (C)</b>	<b>-1,928</b>	<b>-1,223</b>	<b>-2,530</b>
<b>Change in cash and cash equivalents ( A+B+C) (+ increase, - decrease)</b>	<b>-1,013</b>	<b>-1,738</b>	<b>-6,246</b>
Cash and cash equivalents in the beginning of the period	4,926	11,172	11,172
Translation differences		6	
<b>Cash and cash equivalents at the end of period</b>	<b>3,914</b>	<b>9,440</b>	<b>4,926</b>

**STATEMENT OF CHANGES IN EQUITY**

(EUR 1000) Equity attributable to equity holders of the parent	Share capital	Share premium account	Reserve for invested unrestricted equity	Other reserves	Translation differences	Retained earnings	Treasury shares	Equity total
<b>01.01.2021</b>	<b>7,000</b>	<b>1,116</b>		<b>-9</b>	<b>-1,059</b>	<b>4,719</b>	<b>-128</b>	<b>11,639</b>
Profit/loss for the period						-2,339		-2,339
Translation differences					101			101
Other comprehensive income					101			101
<b>Other comprehensive income for the period</b>					<b>101</b>	<b>-2,339</b>		<b>-2,239</b>
Share-based incentives								
<b>31.3.2021</b>	<b>7,000</b>	<b>1,116</b>		<b>-9</b>	<b>-958</b>	<b>2,379</b>	<b>-128</b>	<b>9,400</b>
<b>01.01.2022</b>	<b>7,000</b>	<b>1,116</b>	<b>962</b>	<b>-9</b>	<b>-845</b>	<b>2,665</b>	<b>-128</b>	<b>10,761</b>
Profit/loss for the period						-39		-39
Translation differences					2			2
Other comprehensive income					2			2
<b>Other comprehensive income for the period</b>					<b>2</b>	<b>-39</b>		<b>-37</b>
Share-based incentives						70		70
<b>31.3.2022</b>	<b>7,000</b>	<b>1,116</b>	<b>962</b>	<b>-9</b>	<b>-843</b>	<b>2,695</b>	<b>-128</b>	<b>10,794</b>

**CONTINGENT LIABILITIES**

	31/03/2022	31/03/2021	31/12/2021
Mortgages and shares pledged	20,826	21,863	20,851
Other commitments	521	395	527
Rental commitments	5,070	6,525	5,518

**DEVELOPMENT OF SHARE PRICE**

	2022 1-3	2021 1-3	2021 1-12
Share price at the end of period, eur	2.66	2.70	2.29
Highest price, eur	2.90	3.20	3.44
Lowest price, eur	2.12	2.52	2.18
Average price, eur	2.56	2.81	2.68

<b>KEY FIGURES/RATIOS</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>1-3</b>	<b>1-3</b>	<b>1-12</b>
Operating profit/loss, EUR thousand	110	-2,009	-1,309
-% in relation to revenue	0.4	-10.1	-1.4
Profit/loss before taxes, EUR thousand	-119	-2,371	-2,324
-% in relation to revenue	-0.4	-11.9	-2.5
Profit/loss for the period, EUR thousand	-39	-2,339	-2,385
-% in relation to revenue	-0.1	-11.8	-2.6
Basic earnings per share, eur	-0.01	-0.56	-0.53
Diluted earnings per share, eur	-0.01	-0.56	-0.53
Equity/share, eur	2.40	2.27	2.39
Equity ratio %	23.6	21.8	22.2
Return on equity %	-0.4	-22.2	-21.3
Return on investment %	2,5	-30.9	-4.7
Interest-bearing net-debt, EUR million	7.3	5.1	8.1
Gearing %	67.8	54.2	74.8
Capital expenditure, EUR million	0.2	0.0	0.4
-% in relation to revenue	0.9	0.2	0.4
Personnel at the end of period	397	432	400
Personnel on average	398	431	419
Revenue/employee, EUR thousand	67.9	46.1	219.3

**Formulas for Calculation of Key Figures**

Earnings / share	=	$\frac{\text{Profit attributable to the equity holders of the parent}}{\text{Average share issue-adjusted number of shares}}$
Equity / share, EUR	=	$\frac{\text{Equity attributable to the equity holders of the parent}}{\text{Share issue-adjusted number of shares at year end}}$
Return on equity, %	=	$\frac{\text{Profit/loss for the financial year} \times 100}{\text{Equity (average during the year)}}$
Return on investment, %	=	$\frac{(\text{Pre-tax profit/loss} + \text{interest expenses} + \text{other financial expenses}) \times 100}{\text{Balance sheet total} - \text{Non-interest-bearing liabilities (average during year)}}$
Equity ratio, %	=	$\frac{\text{Equity} \times 100}{\text{Balance sheet total} - \text{advances received}}$
Gearing, %	=	$\frac{\text{Interest-bearing liabilities-cash and cash equivalents and liquid asset securities} \times 100}{\text{Equity}}$
Personnel on average	=	Month-end average calculation of the number of personnel in active employment
Interest-bearing net debt	=	Interest-bearing debt - cash and other liquid financial assets

## **BRIEFING**

A briefing will not be held, but additional information can be asked by telephone from CEO Ville Taipale on Friday 6<sup>th</sup> of May 2022 from 11 a.m. to 1 p.m. EET.

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Our strategic direction is defined by our mission "Better working" and our vision "People-centric workplaces". Martela supplies user-centric workplaces where the users and their wellbeing are what matter most. We focus on the Nordic countries because, based on our common open work culture and needs, the Nordic countries are leaders in hybrid workplaces.