

# 2023

## Interim Report

1 January – 31 March 2023

Martela



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

The January–March 2023 revenue and operating result decreased compared to previous year.

### January–March 2023

- Revenue was EUR 24.1 million (27.0), representing a change of -10.8%
- Operating result was EUR -1.8 million (0.1)
- Operating profit per revenue was -7.5% (0.4%)
- The result for the period was EUR -2.2 million (0.0)
- Earnings per share amounted to EUR -0.49 (-0.01)

### Outlook

#### Outlook for 2023

Martela anticipates its revenue to stay on same level as in 2022 and operating result to be positive.

### Key figures, EUR million

	2023	2022	Change	2022
	1-3	1-3	%	1-12
Revenue	24.1	27.0	-10.8 %	106.7
Operating result	-1.8	0.1		2.5
Operating result %	-7.5 %	0.4 %		2.3%
Result before taxes	-2.1	-0.1		1.3
Result for the period	-2.2	0.0		2.6
Earnings/share, EUR	-0.49	-0.01		0.57
Return on investment %	-24.1	2.5		9.1
Return on equity %	-17.3	-0.4		20.8
Equity ratio %	24.9	23.6	5.8 %	24.7
Gearing %	82.1	67.8	21.1 %	58.6

**Ville Taipale, CEO:**

"The uncertainty in the market that started last year continued also in the first quarter this year. Impact from this was reflected also to Martela's operating environment. Our revenue decreased to EUR 24.1 million in the first quarter which was 10.8 % lower compared to the same period last year.

New orders in the first quarter decreased in all other market areas except in "Others" compared to the same period last year.

Our operating result decreased in the first quarter compared to the same period last year and was EUR -1.8 million. Operating result was negatively impacted especially by decrease in revenue. It was also impacted by investments into future growth and increased depreciations.

First quarter this year was challenging due to the uncertainty in the market. We have invested into development of our sales and customer experience, so that we can in the future better respond to market conditions. We have started a project where we can in the future bring digital sales channels into our offering. I am also pleased that Mr. Kimmo Hakkala joined as our new VP Sales and Marketing and member of the Management Team in February.

War in Ukraine and uncertainty caused by it still has a negative impact on the overall market situation as well as raw material prices although early sign of stabilisation in raw material price can be seen. Increases in inflation and interest rates will also have impact on the market situation. It is difficult at this point to evaluate the impact on our revenue and result performance in the mid-term.

We believe that working environments will change permanently in the future. The coronavirus pandemic has accelerated the process of changing the way we work. The office is just one of many places where we work, and for some 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 overall costs. We will meet our customers' needs for increased flexibility in workplace with our Workplace as a Service concept, which we have piloted and actively further developed during last winter. Interest towards our concept has been encouraging and we expect it to have a positive impact on our business."

**Market situation**

The war in Ukraine has brought uncertainty to the market and caused radical price increases in raw materials as well as restricted supply of materials. In addition, rapid increase in inflation and interest rates has also negatively impacted the market. It is too early to say which impacts these will have on the overall market in the mid-term.

## Revenue and operating result

### Revenue and result for January–March 2023

Revenue for January–March was EUR 24.1 million (27.0) and decreased by -10.8% from previous year. Revenue increased in Finland by 14.5% and in Norway by 10.4%, whereas in Sweden it decreased by -7.9% and in Other countries by -80.8% compared to previous year.

The Group's operating result in January–March was EUR -1.8 million (0.1).

The January–March result before taxes was EUR -2.1 million (-0.1) and net result EUR -2.2 million (0.0).

### Revenue by country, EUR million

	2023	2022	Change	2022
	1-3	1-3	%	1-12
Finland	17.7	15.5	14.5 %	74.5
Sweden	3.2	3.5	-7.9 %	11.2
Norway	2.0	1.8	10.4 %	7.6
Other	1.2	6.3	-80.8 %	13.5
<b>Revenue total</b>	<b>24.1</b>	<b>27.0</b>	<b>-10.8 %</b>	<b>106.7</b>

Income from the sale of goods	19.7	23.3	-15.5 %	91.6
Income from the sale of services	4.4	3.7	18.1 %	15.1

Cumulative revenue includes EUR 985 thousand (355) income from furniture which is based on customer agreements and is classified as rental income.

## Financial position

The cash flow from operating activities in January–March was EUR -0.9 million (1.2).

At the end of the period, interest-bearing liabilities stood at EUR 17.2 million including EUR 17.1 million lease liabilities according to IFRS 16. At the end of the comparison period the interest-bearing liabilities stood at EUR 11.2 million including EUR 3.8 million lease liabilities according to IFRS 16.

Net liabilities were EUR 9.7 million (7.3). At the end of the period, short-term limits of EUR 0.0 million were in use (4.0).

The gearing ratio at the end of the period was 82.1% (67.8) and the equity ratio was 24.9% (23.6). Financial income and expenses were EUR -0.3 million (-0.2).

The balance sheet total stood at EUR 55.5 million (50.5) at the end of the period.

## Capital expenditure

The Group's gross capital expenditure for January–March was EUR 0.6 million (0.2).

## Personnel

The Group employed an average of 398 people (398), containing no change. The number of employees in the Group was 398 (397) at the end of the review period. Personnel costs in January–March totalled EUR 6.2 million (6.1).

<b>Personnel on average</b>	<b>2023</b>	<b>2022</b>	<b>Change</b>	<b>2022</b>
<b>by country</b>	<b>1-3</b>	<b>1-3</b>	<b>%</b>	<b>1-12</b>
Finland	321	324	-0.9 %	328
Sweden	28	26	7.7 %	27
Norway	15	14	7.1 %	14
Other	34	34	0.0 %	34
<b>Total</b>	<b>398</b>	<b>398</b>	<b>0.0 %</b>	<b>403</b>

## Martela's offering

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

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 the Management Team

In order to strengthen development of circularity, workplace as a service and digital sales channel company has appointed Mr. Kimmo Hakkala Vice President Sales and Marketing and member of management team. Hakkala started in his position on February 1, 2023, and report to the Martela CEO.

As of February 1, 2023, Martela management team will consist of following functions and management team members lead by Martela CEO Ville Taipale:

- The Brand & Design business unit lead by Mr. Kari Leino. Unit is responsible for brand and product portfolio management.
- Martela Design Studio business unit lead by Mrs. Eeva Terävä. Unit is responsible for the planning and development of work and learning environment projects.
- Operations business unit lead by Mr. Kalle Sulkanen. Unit is responsible for production and supply chain management.
- Sales and Marketing unit lead by Mr. Kimmo Hakkala. Unit is responsible for global sales operations, customer service and marketing.
- Business Support unit lead by Mr. Kalle Lehtonen. Unit is responsible for finance, human resources and IT.

The matter has been announced in stock exchange release on January 16, 2023.

### Shares

In January–March, a total of 248,945 (715,699) of the company's series A shares were traded on the NASDAQ OMX Helsinki exchange, corresponding to 6.4% (20.2) of the total number of series A shares.

The value of trading turnover was EUR 0.6 million (1.8), and the share price was EUR 2.35 at the end of the period (2.66). During January–March the share price was EUR 2.72 at its highest and EUR 2.25 at its lowest. At the end of December, equity per share was EUR 2.61 (2.40).

### Treasury shares

Martela did not purchase any of its own shares in January–March.

Martela owns a total of 1 425 Martela A shares and its holding of treasury shares amounted to 0.0% of all shares and 0.0% of all votes. Out of the shares 379 were purchased at an average price of EUR 10.65 and 1 046 were transferred from Martela Corporation's joint account to the treasury shares reserve based on the decision by AGM on March 13, 2018. More information to be found under Events after the End of the Reporting Period.

### 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.

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 will decide the earning criteria and the goals for each criterion of the programme at the beginning of each earning 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 2022, 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.

More information to be found under Events after the End of the Reporting Period.

## **2023 Annual General Meeting**

Martela Corporation's Annual General Meeting was held on Wednesday, March 29, 2023. The Meeting approved the Financial Statements, discharged the members of the Board of Directors and CEO's from liability for the year of 2022 and approved remuneration report for 2022. The Board of Directors proposal to distribute dividend of EUR 0.10 / share was approved.

The Annual General Meeting confirmed that the Board of Directors will consist of six members and Mr. Eero Martela, Ms. Hanna Mattila, Ms. Katarina Mellström, Mr. Johan Mild and Ms. Anni Vepsäläinen be re-elected as members of the Board of Directors. The Annual General Meeting resolved a monthly compensation of EUR 3,700 be paid for the Chairman of the Board and EUR 1,850 for the Board Members, and an additional compensation of EUR 1,600 per year to the Board members belonging to a committee.

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

The Board of Directors proposal that the Company's articles of association are amended so that the domicile of the Company is changed to Espoo and that an addition is made to the articles of association concerning possible remote participation in the general meeting as an alternative or without convening a physical meeting were approved.

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 organisational 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 lifecycle and by taking care of unnecessary furniture needed in a sustainable way. The company's Martela Lifecycle model covers the entire lifecycle of a workplace. The Group has an occupational health and safety (ISO 45001) management system and a quality (ISO9001) and environmental (ISO14001) management system certified by an independent certifier, which 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**

Based on the share issue authorisation granted by the Annual General Meeting held on 29 March 2023, the Board of Directors of Martela Corporation resolved on an issue of 53,881 new Class A shares to the company itself without consideration. The shares that have been issued to the company has been used for reward payments under the company's incentive plans. The total number of the company's Class A shares after the share issue is 4 573 495 shares.

The matter has been announced in stock exchange release on April 17, 2023.

No other significant events requiring reporting have taken place since the January–March period.

### **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 the supply and prices of raw materials. In addition, rapid increase in inflation and interest rates will also have an impact on the market. 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 and in the financial markets.



## **Outlook**

### **Outlook for 2023**

Martela anticipates its revenue to stay on same level as in 2022 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 December 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 2022.

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

	<b>2023</b>	<b>2022</b>	<b>2022</b>
	<b>1-3</b>	<b>1-3</b>	<b>1-12</b>
<b>Revenue</b>	<b>24,089</b>	<b>27,018</b>	<b>106,710</b>
Other operating income	43	76	2,293
Employee benefit expenses	-6,198	-6,112	-23,557
Operating expenses	-18,057	-19,526	-77,164
Depreciation and impairment	-1,684	-1,346	-5,790
<b>Operating profit/loss</b>	<b>-1,807</b>	<b>110</b>	<b>2,491</b>
Financial income and expenses	-288	-228	-1,142
<b>Profit/loss before taxes</b>	<b>-2,095</b>	<b>-119</b>	<b>1,349</b>
Taxes	-119	80	1,205
<b>Profit/loss for the period</b>	<b>-2,214</b>	<b>-39</b>	<b>2,554</b>
Other comprehensive income:			
Translation differences	46	2	190
Actuarial gains and losses	0	0	103
Actuarial gains and losses, deferred taxes	0	0	-22
Other comprehensive income for the period	46	2	270
<b>Total comprehensive income</b>	<b>-2,168</b>	<b>-37</b>	<b>2,824</b>
Basic earnings per share, eur	-0,49	0,01	0,57
Diluted earnings per share, eur	-0,49	0,01	0,57
Allocation of net profit for the period:			
To equity holders of the parent	-2,214	-39	2,554
Allocation of total comprehensive income:			
To equity holders of the parent	-2,168	-37	2,824

<b>GROUP BALANCE SHEET (EUR 1000)</b>	<b>31/3/2023</b>	<b>31/3/2022</b>	<b>31/12/2022</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	4,310	4,407	4,278
Tangible assets	13,286	9,336	13,312
Investments	7	7	7
Deferred tax assets	2,798	319	2,860
Non-current loan receivables	546	535	546
<b>Total</b>	<b>20,948</b>	<b>14,603</b>	<b>21,003</b>
<b>Current assets</b>			
Inventories	10,107	13,828	11,781
Receivables	16,899	18,189	18,248
Cash and cash equivalents	7,512	3,914	11,295
<b>Total</b>	<b>34,519</b>	<b>35,930</b>	<b>41,324</b>
<b>Total assets</b>	<b>55,467</b>	<b>50,533</b>	<b>62,327</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	995	962	995
Other reserves	-9	-9	-9
Translation differences	-609	-843	-655
Retained earnings	1,841	1,506	4,056
Treasury shares	-4	-128	-4
Share-based incentives	1,479	1,189	1,351
<b>Total</b>	<b>11,810</b>	<b>10,794</b>	<b>13,850</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	14,249	3,397	14,678
Other non-current liabilities	263	236	237
Pension obligations	115	235	115
<b>Total</b>	<b>14,628</b>	<b>3,868</b>	<b>15,030</b>
<b>Current liabilities</b>			
Interest-bearing	2,840	7,595	4,612
Non-interest bearing	26,189	28,276	28,835
<b>Total</b>	<b>29,029</b>	<b>35,872</b>	<b>33,447</b>
<b>Total liabilities</b>	<b>43,657</b>	<b>39,740</b>	<b>48,477</b>
<b>Equity and liabilities, total</b>	<b>55,467</b>	<b>50,533</b>	<b>62,327</b>

<b>CONSOLIDATED CASH FLOW STATEMENT (EUR 1000)</b>	<b>2023 1-3</b>	<b>2022 1-3</b>	<b>2022 1-12</b>
<b>Cash flows from operating activities</b>			
Cash flows from sales	27,161	31,525	113,434
Cash flow from other operating income	42	65	282
Payments on operating costs	-28,230	-30,047	-110,881
<b>Net cash from operating activities before financial items and taxes</b>	<b>-1,027</b>	<b>1,543</b>	<b>2,835</b>
Interests paid	-13	-267	-472
Interests received	8	3	23
Other financial items	233	-58	4
Taxes paid	-81	-69	-319
<b>Net cash from operating activities (A)</b>	<b>-879</b>	<b>1,152</b>	<b>2,072</b>
<b>Cash flows from investing activities</b>			
Capital expenditure on tangible and intangible assets	-616	-237	-902
Proceeds from sale of tangible and intangible assets			11,124
<b>Net cash used in investing activities (B)</b>	<b>-616</b>	<b>-237</b>	<b>10,222</b>
<b>Cash flows from financing activities</b>			
Proceeds from short-term loans			33
Repayments of short-term loans	-1,624	-1,277	-5,000
Repayments of lease liabilities	-581	-651	-2,728
Proceeds from long-term lease liabilities			4,000
Repayments of long-term loans			-1,900
Cash proceeds from issuing shares			10
<b>Net cash used in financial activities (C)</b>	<b>-2,205</b>	<b>-1,928</b>	<b>-5,586</b>
<b>Change in cash and cash equivalents ( A+B+C) (+ increase, - decrease)</b>	<b>-3,701</b>	<b>-1,013</b>	<b>6,708</b>
Cash and cash equivalents in the beginning of the period	11,295	4,926	4,926
Translation differences	-81		-339
<b>Cash and cash equivalents at the end of period</b>	<b>7,513</b>	<b>3,914</b>	<b>11,295</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>01/01/2022</b>	<b>7,000</b>	<b>1,116</b>	<b>962</b>	<b>-9</b>	<b>-845</b>	<b>2 66,5</b>	<b>-128</b>	<b>10,761</b>
Profit/loss for the period						-39		-39
Translation differences					2			2
Other comprehensive income								2
<b>Other comprehensive income for the period</b>					2	-39		-37
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>
<b>01/01/2023</b>	<b>7,000</b>	<b>1,116</b>	<b>995</b>	<b>-9</b>	<b>-655</b>	<b>5,406</b>	<b>-4</b>	<b>13,850</b>
Profit/loss for the period						-2,214		-2,214
Translation differences					46			46
Other comprehensive income					46			46
<b>Other comprehensive income for the period</b>					46	-2,214		-2,168
Share-based incentives						128		128
<b>31/3/2023</b>	<b>7,000</b>	<b>1,116</b>	<b>995</b>	<b>-9</b>	<b>-609</b>	<b>3,320</b>	<b>-4</b>	<b>11,810</b>

**CONTINGENT LIABILITIES**

	<b>31/3/2023</b>	<b>31/3/2022</b>	<b>31/12/2022</b>
Mortgages and shares pledged	9,850	20,826	9,888
Other commitments	892	521	892
Rental commitments	710	641	527

**DEVELOPMENT OF SHARE PRICE**

	<b>2023 1-3</b>	<b>2022 1-3</b>	<b>2022 1-12</b>
Share price at the end of period, eur	2.35	2.66	2.45
Highest price, eur	2.72	2.90	3.81
Lowest price, eur	2.25	2.12	2.12
Average price, eur	2.47	2.56	2.84

<b>KEY FIGURES/RATIOS</b>	<b>2023 1-3</b>	<b>2022 1-3</b>	<b>2022 1-12</b>
Operating profit/loss, EUR thousand	-1,807	110	2,491
-% in relation to revenue	-7.5	0.4	2.3
Profit/loss before taxes, EUR thousand	-2,095	-119	1,349
-% in relation to revenue	-8.7	-0.4	1.3
Profit/loss for the period, EUR thousand	-2,214	-39	2,554
-% in relation to revenue	-9.2	-0.1	2.4
Basic earnings per share, eur	-0.49	-0.01	0.57
Diluted earnings per share, eur	-0.49	-0.01	0.57
Equity/share, eur	2.61	2.40	3.07
Equity ratio %	24.9	23.6	24.7
Return on equity %	-17.3	-0.4	20.8
Return on investment %	-24.1	2.5	9.1
Interest-bearing net-debt, EUR million	9.7	7.3	8.1
Gearing %	82.1	67.8	58.6
Capital expenditure, EUR million	0.6	0.2	0.9
-% in relation to revenue	2.6	0.9	0.8
Personnel at the end of period	398	397	400
Personnel on average	398	398	403
Revenue/employee, EUR thousand	60.5	67.9	264.8

**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 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 and CFO Kalle Lehtonen on Friday May 5, 2023 from 12 a.m. to 2 p.m. EET.

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Martela is a Nordic leader specialising in user-centric working and learning environments. We create the best places to work and offer our customers the Martela Lifecycle solutions which combine furniture and related services into a seamless whole.