2025

Interim Report

1 January – 31 March 2025

MARTELA CORPORATION'S INTERIM REPORT 1 JANUARY – 31 MARCH

The revenue and operating result for January-March 2025 improved compared to the same period of the previous year, but the operating result remained on loss.

January–March 2025

- Revenue was EUR 25.6 million (20.2), representing a change of 26.6%
- Operating result was EUR -1.6 million (-2.2)
- Operating profit per revenue was -6.1% (-11.0%)
- The result for the period was EUR -2.1 million (-2.7)
- Earnings per share amounted to EUR -0.45 (-0.60)

Outlook

Outlook for 2025

Martela anticipates its revenue to increase in full-year 2025 compared to previous year and comparable operating profit close to zero result.

Key figures, EUR million

	2025	2024	Change	2024
	1-3	1-3	%	1-12
Revenue	25.6	20.2	26.6%	86.7
Operating result	-1.6	-2.2	-29.6%	-6.5
Operating result %	-6.1%	-11.0%		-7.5%
Result before taxes	-2.1	-2.5	-17.9%	-8.2
Result for the period	-2.1	-2.7	-23.3%	-8.7
Earnings/share, EUR	-0.45	-0.60	-24.43%	-1.87
Return on investment %	-6.8	-31.9		-25.4
Return on equity %	-784.1	-32.8		-362.6
Equity ratio %	-1.5	17.0	-108.8%	2.5
Gearing % *)	neg.	203.4		1,455.2

*) Gearing was negative because equity was negative.

Ville Taipale, CEO:

“During the first quarter, customer demand strengthened compared to the same period last year. The cautious positive trend that began in late 2024 continued. The group's total new orders increased by approximately 12% in the first quarter compared to the same period last year. Orders increased in all market regions during the first quarter of the year. The order backlog at the end of the review period was approximately 30% higher than at the same time last year.

Our revenue increased to EUR 25.6 (20.2) million in the first quarter, representing an 26.6% increase compared to the same period last year. Revenue grew in Finland, Sweden, and Norway, but decreased in the group “Others”.

Our operating result improved in the first quarter compared to the same period last year, but unfortunately remained at a loss of EUR 1.6 (-2.2) million. The interim period operating result was improved by higher revenue and a decrease in administrative and other fixed costs compared to the same period last year, as a result of implemented efficiency measures. The operating result for the review period, however, was in loss due to a higher relative share of delivered projects and products with lower margins. Additionally, the tight competition generally pressured the profit margins of projects. The results were also burdened by the costs related to restructuring negotiations conducted in different units of the group during the first quarter. For the upcoming quarters, we expect an improvement in the average profit margins of the coming to be delivered projects and products.

In 2025, we will focus strongly on improving profitability and cash flow. We have announced progress on new measures aimed at enhancing efficiency and profitability on January 3, 2025, February 17, 2025, and April 30, 2025. Some concrete results have already been achieved in the first quarter, and full benefits are expected to be realized in the upcoming quarters. The main focus is on immediate measures to improve efficiency and profitability.

We will continue to invest in active customer work and work closely with our value chain partners. We will continue to develop our service channels and maintain our circular economy service model and the offering of the sustainably designed products.

The years 2023 and 2024 have been significantly more challenging than expected, but our investments in business development, the positive feedback received from customers, and the nascent recovery of the markets give us confidence in the upcoming quarters of 2025 and the longer-term future. The work for the best working environments continues.”

Market situation

During the latter part of 2024 and the beginning of 2025, demand in Martela’s main markets has gradually strengthened. The competitive situation remains intense to some extent, which continues to put pressure on profit margins, but on average less so compared to the second half of 2024. For the upcoming quarters of 2025, we still expect demand to increase slightly due to accumulated needs and overall positive economic development. The need for changes in office spaces arises as work methods evolve. The materialization of this need will increase demand for Martela's services and furniture in the future.

However, there are still significant uncertainties related to the strengthening of the overall economic situation, including the potential escalation of a trade war. Uncertainty also exists regarding the prospects for interest rates and inflation developments.

Revenue and operating result

Revenue and result for January–March 2025

Revenue for January–March was EUR 25.6 million (20.2) and increased by 26.6% from previous year. Compared to previous year revenue increased in Finland by 31.7%, in Norway by 23.6% and in Sweden by 27.6%. In Other countries revenue decreased by 7.0% compared to previous year.

The Group's operating result in January–March was EUR -1.6 million (-2.2).

The January–March result before taxes was EUR -2.1 million (-2.5) and net result EUR -2.1 million (-2.7).

Revenue by country, EUR million

	2025	2024	Change	2024
	1-3	1-3	%	1-12
Finland	20.0	15.2	31.7%	66.2
Sweden	2.3	1.8	27.6%	8.6
Norway	1.2	1.0	23.6%	4.8
Other	2.1	2.2	-7.0%	7.1
Revenue total	25.6	20.2	26.6%	86.7

Income from the sale of goods	22.1	16.0	37.7%	71.5
Income from the sale of services	3.6	4.2	-15.2%	15.2

Cumulative revenue from the sale of goods includes EUR 1,297 thousand (1,077) 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 -0.2 million (-0.1).

At the end of the period, interest-bearing liabilities stood at EUR 20.9 million including EUR 17.6 million lease liabilities according to IFRS 16. At the end of the comparison period the interest-bearing liabilities stood at EUR 17.9 million including EUR 17.1 million lease liabilities according to IFRS 16.

Net liabilities were EUR 19.6 million (14.5). At the end of the period, short-term limits of EUR 0.0 million were in use (0.0).

The gearing ratio at the end of the period was negative 3,129.3% because equity was negative. In the comparison period, the gearing ratio was 203.4%. The equity ratio was -1.5% (17.0). Financial income and expenses were EUR -0.5 million (-0.3).

The balance sheet total stood at EUR 51.5 million (49.8) at the end of the period.

Capital expenditure

The Group's gross capital expenditure for January–March was EUR 0.0 million (0.1). Investments do not include changes in non-current assets capitalized in the balance sheet of lease liabilities in accordance with IFRS16.

Personnel

The Group employed an average of 350 people (380). The number of employees in the Group was 352 (381) at the end of the review period. Personnel costs in January–March totalled EUR 5.6 million (6.2).

Personnel on average by country	2025 1-3	2024 1-3	Change %	2024 1-12
Finland	285	304	-6.3%	302
Sweden	23	28	-17.9%	25
Norway	13	15	-13.3%	14
Other	30	33	-9.1%	31
Total	350	380	-7.9%	372

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

Shares

In January–March, a total of 281,310 (401,210) of the company's series A shares were traded on the NASDAQ OMX Helsinki exchange, corresponding to 7.0% (10.1) of the total number of series A shares.

The value of trading turnover was EUR 0.2 million (0.5), and the share price was EUR 0.84 at the end of the period (1.3). During January–March the share price was EUR 0.92 at its highest and EUR 0.68 at its lowest. At the end of March, equity per share was EUR -0.13 (1.56).

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.

Share-based Incentive Plans

On March 13, 2024, Martela Oyj's Board of Directors decided on a new share-based incentive plan for the group's key employees.

Participating in the new plan requires that the participant acquire new or transfer already acquired company A shares up to the amount decided by the Board of Directors. In order to implement the plan, the Board of Directors decided on April 29, 2024, on a share issue of 65,717 company A shares aimed at the target group of the plan. In addition to this, the employees who participated in the old plan have transferred 172,644 of the company's A shares from their investments in the old plan to the new plan.

In the system, it is possible for the target group to earn Martela Oyj's A shares based on performance and personal investment in Martela Oyj's A shares. The board decides the earning criteria of the plan and the goals set for each earning criterion at the beginning of the earning period

The rewards paid based on the plan are estimated to correspond to a maximum of 715,000 Martela Oyj's A shares, including the portion paid in cash.

37 people, including the CEO and other members of Martela's management team, were part of the plan's target group when the plan started.

The new performance-based additional share plan 2024—2026 has three earning periods, the fiscal years 2024, 2025 and 2026. In the earning period 2025, the rewards are based on the group's operating profit (EBIT).

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. In 2025, no reward were paid on the basis of the plan, because the targets of the earning period 2024 were not achieved.

As part of the implementation of the performance-based share plan, the Board of Directors has decided to grant interest-bearing loans of a maximum of approximately EUR 60,000 to persons participating in the program to finance the acquisition of the company's shares. With the loans in question, the participants finance the acquisition of 65,717 of the company's A shares in the above-mentioned share issue. The maximum amount of the loans in question is 70 percent of the participant's share investment. In addition to this, for persons who participated in the old plan and have transferred to the new plan, the Bord of Directors has decided to extend the maturity of the loans granted in 2021 by two years until the end of 2027.

2025 Annual General Meeting

Martela Corporation’s Annual General Meeting was held on Monday, April 7, 2025. The Meeting approved the Financial Statements, discharged the members of the Board of Directors and CEO’s from liability for the year of 2024 and approved remuneration report and new remuneration policy. The Board of Directors proposal that no dividends would be paid was approved.

The Annual General Meeting confirmed that the Board of Directors will consist of six members and Mr. Eero Martela, Ms. Hanna Mattila, Mr. Jan Mattsson, Mr. Johan Mild, Ms. Anni Vepsäläinen and Mr. Jacob Kragh 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.

Sustainability audit firm Ernst & Young Oy was elected as the company's sustainability reporting assurer. The remuneration of the sustainability reporting assurer 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 Sustainability Auditor Mr. Osmo Valovirta will act as the principally responsible sustainability reporting assurer.

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 Anni Vepsäläinen 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 2025 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

The company has announced 30.4.2025 that plans to improve the efficiency of its operations and removal services are proceeding. According to the release the plans to improve the efficiency of operations and removal services are nearing completion. The anticipated efficiency and personnel savings from these measures are estimated to amount to approximately EUR 0.5-0.7 million annually, and partly the savings are to be realized in 2025 and with full effect in 2026. According to preliminary estimates, the planned measures will lead to a permanent reduction of about 30 jobs, and affecting the Group personnel in Finland. The plans also involve continued closer cooperation with external service providers. Martela has been in close negotiations regarding the changes with its staff and employee representatives. In addition to cost savings, the company continue to enhance the optimization of working capital.

There are no other significant events to report after the period from January to March 2025 and operations have continued as planned.

SHORT-TERM RISKS

The company's most significant short-term risks that may affect operations are related to earnings development and the development of liquidity. The key risks to earnings performance and liquidity are related to general economic and industry uncertainty, which impacts the overall demand in Martela's business environment and the relative success of Martela's offerings in the broader market. Additionally, the decline in the overall market in recent years has increased price competition in the industry, which has put pressure on profitability. These factors combined increase uncertainty regarding overall demand and margins, reducing the predictability of Martela's product demand and margins. Due to the project-based nature of the industry, near-term forecasting has been challenging, and the difficulty of forecasting is further accentuated by the prevailing economic uncertainty.

Outlook

Outlook for 2025

Martela anticipates its revenue to increase in full-year 2025 compared to previous year and comparable operating profit close to zero result.

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, 2024. 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 2024.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EUR 1000)

	2025 1-3	2024 1-3	2024 1-12
Revenue	25,626	20,220	86,668
Other operating income	14	18	148
Employee benefit expenses	-5,610	-6,217	-22,300
Operating expenses	-19,716	-14,461	-63,936
Depreciation and impairment	-1,874	-1,776	-7,114
Operating profit/loss	-1,560	-2,216	-6,533
Financial income and expenses	-510	-305	-1,677
Profit/loss before taxes	-2,070	-2,521	-8,210
Taxes	-24	-211	-482
Profit/loss for the period	-2,094	-2,732	-8,692
Other comprehensive income:			
Translation differences	310	291	192
Actuarial gains and losses	0	0	15
Other comprehensive income for the period	310	291	207
Total comprehensive income	-1,784	-2,441	-8,485
Basic earnings per share, eur	-0,45	-0,60	-1,87
Diluted earnings per share, eur	-0,45	-0,60	-1,87
Allocation of net profit for the period:			
To equity holders of the parent	-2,094	-2,732	-8,692
Allocation of total comprehensive income:			
To equity holders of the parent	-1,784	-2,441	-8,485

GROUP BALANCE SHEET (EUR 1000)	31/3/2025	31/3/2024	31/12/2024
ASSETS			
Non-current assets			
Intangible assets	3,175	4,120	3,337
Tangible assets	16,001	14,592	14,707
Investments	0	7	0
Deferred tax assets	2,589	2,763	2,631
Non-current loan receivables	544	532	567
Total	22,310	22,014	21,242
Current assets			
Inventories	11,104	10,209	10,879
Receivables	16,670	14,081	18,645
Cash and cash equivalents	1,373	3,463	3,903
Total	29,147	27,753	33,426
Total assets	51,457	49,767	54,668
EQUITY AND LIABILITIES			
Equity			
Share capital	7,000	7,000	7,000
Share premium account	1,116	1,116	1,116
Reserve for invested unrestricted equity	1,080	995	1,080
Other reserves	-9	-9	-9
Translation differences	-568	-779	-878
Retained earnings	-9,240	-1,202	-7,147
Treasury shares	-4	-4	-4
Total	-625	7,118	1,159
Non-current liabilities			
Interest-bearing liabilities	13,922	13,990	13,504
Other non-current liabilities	294	313	292
Pension obligations	77	105	77
Total	14,293	14,409	13,873
Current liabilities			
Interest-bearing	6,929	3,843	7,247
Non-interest bearing	30,860	24,398	32,389
Total	37,789	28,240	39,636
Total liabilities	52,082	42,649	53,509
Equity and liabilities, total	51,457	49,767	54,668

CONSOLIDATED CASH FLOW STATEMENT (EUR 1000)	2025 1-3	2024 1-3	2024 1-12
Cash flow from operating activities			
Profit/loss before taxes	-2,070	-2,521	-8,210
Depreciation and impairment	1,874	1,776	7,114
Unrealized exchange rate gains and losses	-71	133	106
Financial income and expenses	510	305	1,677
Other adjustments and income and expense non-cash *)	-57	-10	-1,886
Cash flow before change in working capital	187	-317	-1,199
Change in working capital			
Non-interest-bearing receivables, increase (-) / decrease (+)	1,991	5,034	395
Inventories, increase (-) / decrease (+)	-226	-974	-1,644
Non-interest-bearing liabilities, increase (+) / decrease (-)	-1,529	-3,257	4,735
Cash flow before financial items and taxes	423	487	2,287
Interest and other financial items paid	-306	-26	-827
Interest and other financial items received	10	8	35
Interest on lease liabilities	-170	-172	-673
Income tax paid	-181	-342	-711
Net cash from operating activities (A)	-224	-46	111
Cash flows from investing activities			
Capital expenditure on tangible and intangible assets	-22	-81	-387
Proceeds from sale of tangible and intangible assets	0	0	24
Cash flow from investing activities (B)	-22	-81	-363
Cash flow from financing activities			
Proceeds from short-term loans	0	0	3,198
Repayments of short-term loans	-1,195	-501	0
Repayments of lease liabilities	-1,051	-893	-3,979
Proceeds from long-term loan receivables	22	0	0
Cash proceeds from issuing shares	0	0	43
Cash flow from financing activities (C)	-2,224	-1,395	-738
Change in cash and cash equivalents (A+B+C)	-2,470	-1,522	-990
Cash and cash equivalents in the Beginning of the period	3,903	5,053	5,053
Translation differences	-60	-68	-160
Cash and cash equivalents at the end of period	1,373	3,463	3,903

*) The amount includes netted cash flows adjusting revenue and purchases related to the rental service model.

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
01/01/2024	7,000	1,116	995	-9	-1,070	1,530	-4	9,558
Profit/loss for the period						-2,732		-2,732
Translation differences					291			291
Other comprehensive income								291
Other comprehensive income for the period					291	-2,732		-2,441
31/3/2024	7,000	1,116	995	-9	-779	1,202	-4	7,118
01/01/2025	7,000	1,116	1,080	-9	-878	-7,147	-4	1,159
Profit/loss for the period						-2,094		-2,094
Translation differences					310			310
Other comprehensive income								310
Other comprehensive income for the period					310	-2,094		-1,784
31/3/2025	7,000	1,116	1,080	-9	-568	-9,241	-4	-625

CONTINGENT LIABILITIES	31/3/2025	31/3/2024	31/12/2024
Mortgages and shares pledged	9,809	9,895	9,809
Other commitments	841	888	898
Rental commitments	263	478	323

DEVELOPMENT OF SHARE PRICE	2025 1-3	2024 1-3	2024 1-12
Share price at the end of period, eur	0.84	1.30	0.85
Highest price, eur	0.92	1.59	1.59
Lowest price, eur	0.68	1.25	0.81
Average price, eur	0.79	1.35	1.16

KEY FIGURES/RATIOS	2025 1-3	2024 1-3	2024 1-12
Operating profit/loss, EUR thousand	-1,560	-2,216	-6,533
-% in relation to revenue	-6,1	-11,0	-7,5
Profit/loss before taxes, EUR thousand	-2,070	-2,521	-8,210
-% in relation to revenue	-8,1	-12,5	-9,5
Profit/loss for the period, EUR thousand	-2,094	-2,732	-8,692
-% in relation to revenue	-8,2	-13,5	-10,0
Basic earnings per share, eur	-0,45	-0,60	-1,87
Diluted earnings per share, eur	-0,45	-0,60	-1,87
Equity/share, eur	-0,13	1,56	0,25
Equity ratio %	-1,5	17,0	2,5
Return on equity %	-784,1	-32,8	-362,6
Return on investment %	-6,8	-31,9	-25,4
Interest-bearing net-debt, EUR million	19,6	14,5	16,9
Gearing %	-3,129,3	203,4	1,455,2
Capital expenditure, EUR million	0,0	0,1	0,4
-% in relation to revenue	0,0	0,4	0,4
Personnel at the end of period	352	381	360
Personnel on average	350	380	372
Revenue/employee, EUR thousand	73,2	53,2	233,0

Formulas for Calculation of Key Figures

Earnings / share	=	Profit attributable to the equity holders of the parent Average share issue-adjusted number of shares
Equity / share, EUR	=	Equity attributable to the equity holders of the parent Share issue-adjusted number of shares at year end
Return on equity, %	=	Profit/loss for the financial year x 100 Equity (average during the year)
Return on investment, %	=	(Pre-tax profit/loss + interest expenses + other financial expenses) x 100 Balance sheet total - Non-interest-bearing liabilities (average during year)
Equity ratio, %	=	Equity x 100 Balance sheet total - advances received
Gearing, %	=	Interest-bearing liabilities-cash and cash equivalents and liquid asset securities x 100 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 Henri Berg on Wednesday May 7, 2025 from 12 a.m. to 2 p.m. EET.

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Board of Directors

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