

MARTELA HAS SHARPENED ITS STRATEGY AND CHANGED THE GUIDANCE; NORDIC COUNTRIES TO BE THE CORE MARKET AREA

Digitalization, diversifying workforce and needs to improve work productivity and talent retention will all require more from working environments in the future. Martela believes that Result Oriented Working Environments (ROWE) is the answer to the changing work. Based on the market opportunities, Martela has sharpened its Lifecycle strategy and has set its focus on the Nordic countries. Thus the Company brand and market focus will have a clear Scandinavian approach, as the Nordic countries have a common culture background and needs, and are a forerunner in activity based office environments.

To accelerate the implementation of Martela Lifecycle strategy in the Nordic market area and to re-enforce Martela One approach to service offering and market focus, the company has planned changes in its' operations in Poland and Russia. As a consequence Martela will withdraw its own sales operations in the Polish and Russian markets. However, the production unit and purchasing activities in Warsaw will continue its operations and will remain as integrated part of Martela Customer Supply Management. Company believes that the planned changes will help focus and speed-up activities to implement Martela Lifecycle strategy and improve the profitability. The planned changes are estimated to cause maximum of 700 000 eur one-time costs. Furthermore, the planned changes will have employee impact and therefore Martela will initiate consultation process in Poland and will follow local legislation on employee reductions in Russia.

The planned activities will change the Group's guidance for 2016 as follows:

Old guidance, published in April 2016:

The Martela Group anticipates that its revenue and operating result for 2016 will remain at the previous year's level. Due to normal seasonal variations, the Group's operating result accumulates mainly during the second half of the year.

New guidance for 2016:

The Martela Group anticipates that the Martela Group's revenue will slightly decline compared to previous year, however the Group's operating result will remain at the level of 2015. Due to normal seasonal variations, the Group's operating result accumulates mainly during the second half of the year.

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