

# Interim Report 1-9/2021

Tiina Alahuhta-Kasko  
President & CEO



## Net sales and result continued to increase in the third quarter

- Our net sales grew by 11% to EUR 42.4 million (38.0). Like in the comparison period, the majority of Marimekko's own stores were open. Our omnichannel retail sales increased by 3% and wholesale sales by 23%.
- Net sales in Finland grew by 25%. Marimekko's actions to control gray exports decreased international sales, which were down by 10%.
- Our comparable operating profit improved significantly and was EUR 13.3 million (10.5). Earnings were boosted especially by increased sales. Improved relative sales margin also supported results. On the other hand, an increase in fixed costs had a weakening impact on earnings. Fixed costs are expected to increase clearly also during the fourth quarter as a result of changes in accounting principles and investments in growth.
- In 2021, Marimekko will invest in strengthening the building blocks of its long-term international growth.



# Performance continued to be strong in the third quarter

EUR million	7-9/2021	7-9/2020	Change, %	1-9/2021	1-9/2020	Change, %	1-12/2020
Net sales	<b>42.4</b>	38.0	11	<b>104.2</b>	86.2	21	123.6
International sales	<b>13.6</b>	15.0	-10	<b>42.5</b>	38.3	11	52.4
% of net sales	<b>32</b>	40		<b>41</b>	44		42
Comparable EBITDA	<b>16.3</b>	13.6	20	<b>33.5</b>	23.8	41	32.7
Operating profit	<b>13.3</b>	10.5	26	<b>24.4</b>	14.4	70	19.3
Comparable operating profit	<b>13.3</b>	10.5	26	<b>24.4</b>	14.4	70	20.2
Comparable operating profit margin, %	<b>31.3</b>	27.7		<b>23.4</b>	16.7		16.3
Comparable earnings per share, EUR *	<b>1.30</b>	0.98	33	<b>2.36</b>	1.27	86	1.78
Cash flow from operating activities	<b>9.9</b>	12.6	-22	<b>19.0</b>	12.2	56	28.1
Return on investment (ROI), %				<b>31.9</b>	20.7		22.5
Equity ratio, %				<b>53.2</b>	44.6		46.6
Net debt/ EBITDA (rolling 12 months)				<b>-0.28</b>	0.15		-0.10
Gross investments **	<b>0.3</b>	0.4	-18	<b>1.1</b>	1.2	-12	2.1
Personnel at the end of the period				<b>381</b>	428	-11	422

\* Taking account of similar items as in comparable operating profit; tax effect included.

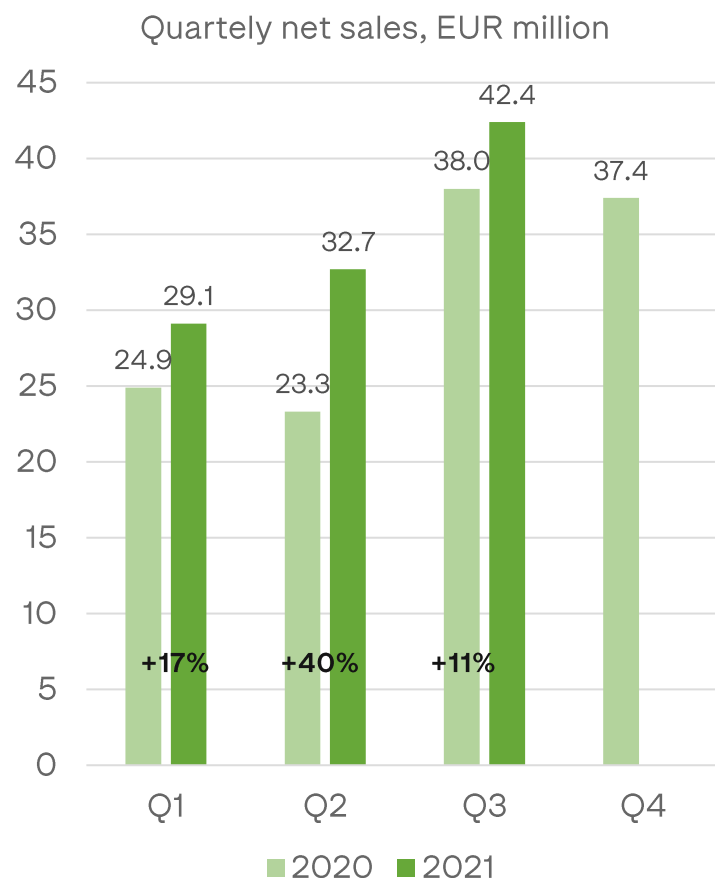
\*\* The figures for gross investments do not include the impact of IFRS 16.



# Net sales and operating profit

# Net sales +11% to EUR 42.4 million (38.0)

**Especially wholesale sales in Finland developed favorably, supported in particular by non-recurring promotional deliveries**



EUR million	Q3 2021	Q3 2020	Change %
<b>Finland</b>	<b>28.8</b>	<b>23.0</b>	<b>25</b>
Scandinavia	2.9	2.8	4
EMEA	2.7	4.0	-32
North America	2.0	1.6	25
Asia-Pacific	5.9	6.6	-10
<b>International sales</b>	<b>13.6</b>	<b>15.0</b>	<b>-10</b>
<b>TOTAL</b>	<b>42.4</b>	<b>38.0</b>	<b>11</b>

- retail sales +3%
- wholesale sales +23%

## Sales in Finland +25%

- retail sales +5% (like-for-like +4%)
- wholesale sales +61%

## International sales -10%

- retail sales -3%
- wholesale sales -7%
- licensing income -73%

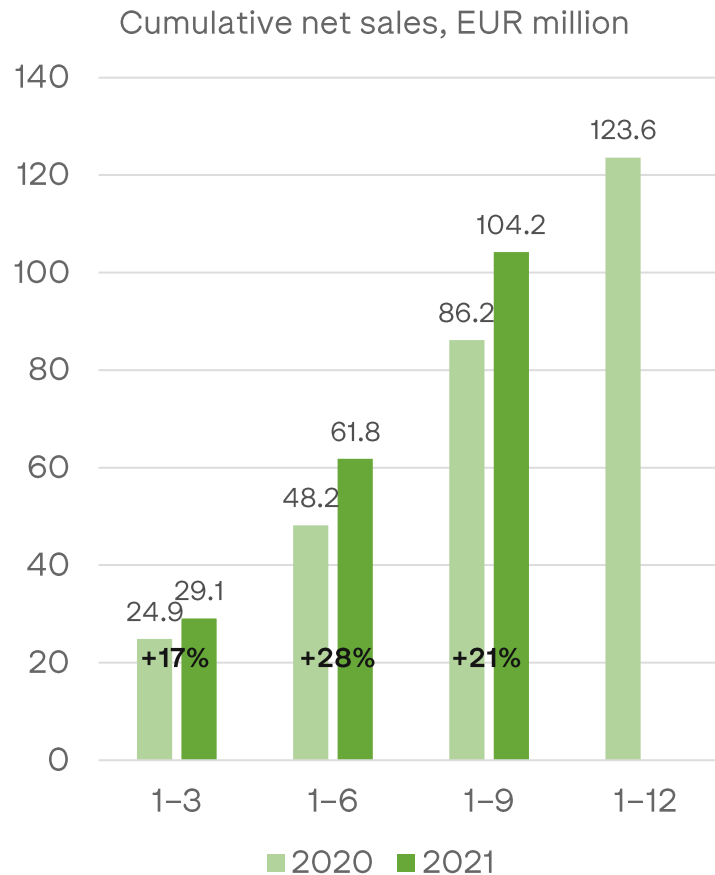
Net sales were boosted especially by a favorable trend in wholesale sales in Finland, supported in particular by non-recurring promotional deliveries. On the other hand, net sales were especially weakened by reduced wholesale sales in EMEA and lower licensing income in the Asia-Pacific region.

Marimekko's actions to control gray exports decreased international sales, which were down by 10% in the period under review. In addition, lower licensing income impacted international sales. Actions to control gray exports decreased especially wholesale sales in EMEA.

Like in the comparison period, the majority of Marimekko's own stores were open in the third quarter.

# Net sales +21% to EUR 104.2 million (86.2)

Growth in particular from wholesale and retail sales in Finland as well as from wholesale sales in the Asia-Pacific region and Scandinavia.



EUR million	1-9/ 2021	1-9/ 2020	Change %
<b>Finland</b>	<b>61.7</b>	<b>47.9</b>	<b>29</b>
Scandinavia	8.2	6.7	22
EMEA	9.8	10.0	-2
North America	5.7	4.8	20
Asia-Pacific	18.8	16.8	12
<b>International sales</b>	<b>42.5</b>	<b>38.3</b>	<b>11</b>
<b>TOTAL</b>	<b>104.2</b>	<b>86.2</b>	<b>21</b>

- retail sales +10%
- wholesale sales +33%
- licensing income -10%

## Sales in Finland +29%

- retail sales +15% (like-for-like +14%)
- wholesale sales +55%
- licensing income +29%

## International sales +11%

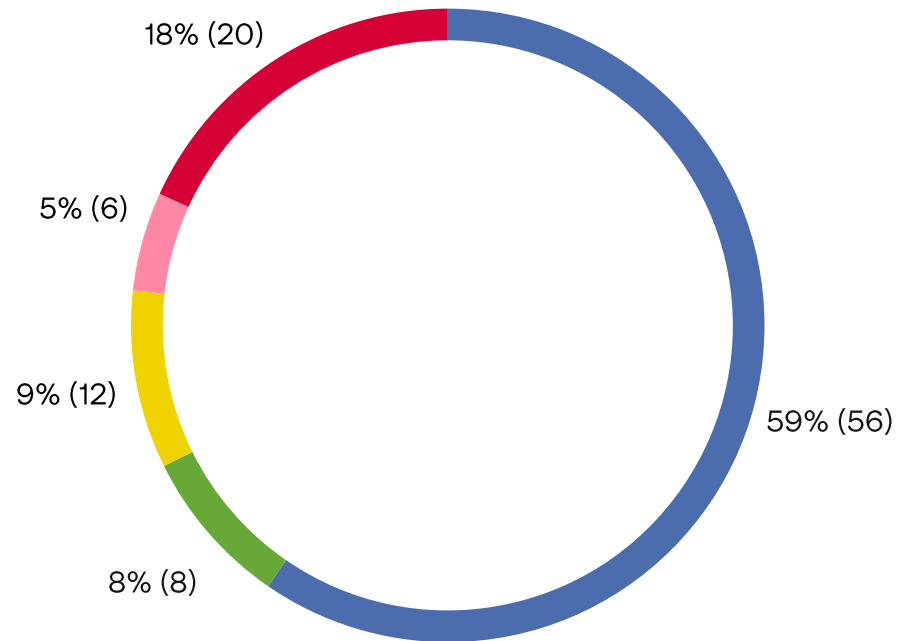
- retail sales -3%
- wholesale sales +18%
- licensing income -12%

Net sales were boosted especially by a favorable trend in wholesale and retail sales in Finland as well as growing wholesale sales in the Asia-Pacific region and Scandinavia. Wholesale sales in Finland were partly supported by nonrecurring promotional deliveries. Sales growth in the Asia Pacific region was partly due to the transfer of some of the wholesale deliveries for the final quarter of 2020 to the first quarter of the current year. On the other hand, net sales were weakened by lower licensing income in the Asia-Pacific region.

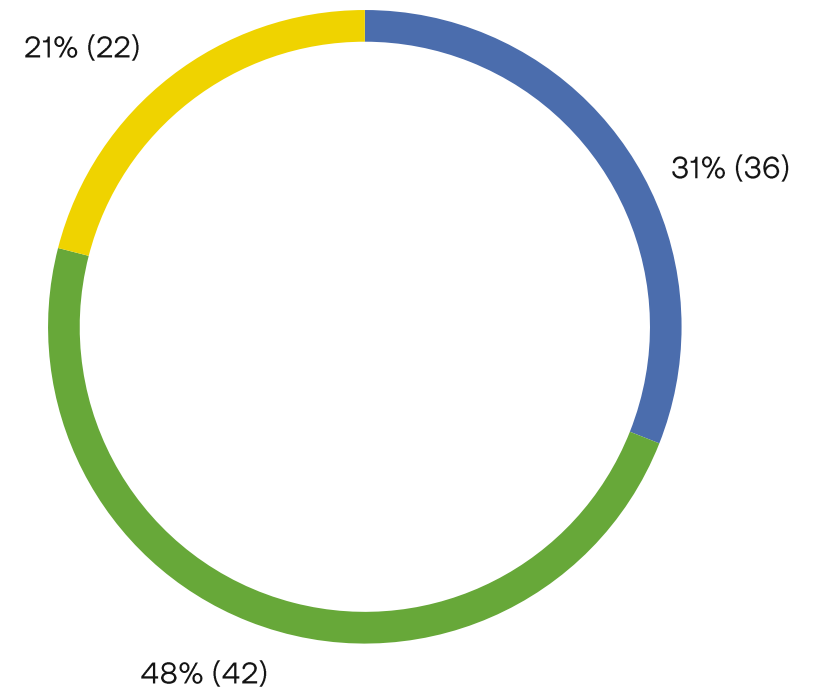
# Growth strongest for home products (+39%), also fashion (+5%) and bags & accessories (+13%) developed positively

Finland a strong home market, the Asia-Pacific region second biggest market

Net sales by market area, 1-9/2021 (1-9/2020)



Net sales by product line, 1-9/2021 (1-9/2020)



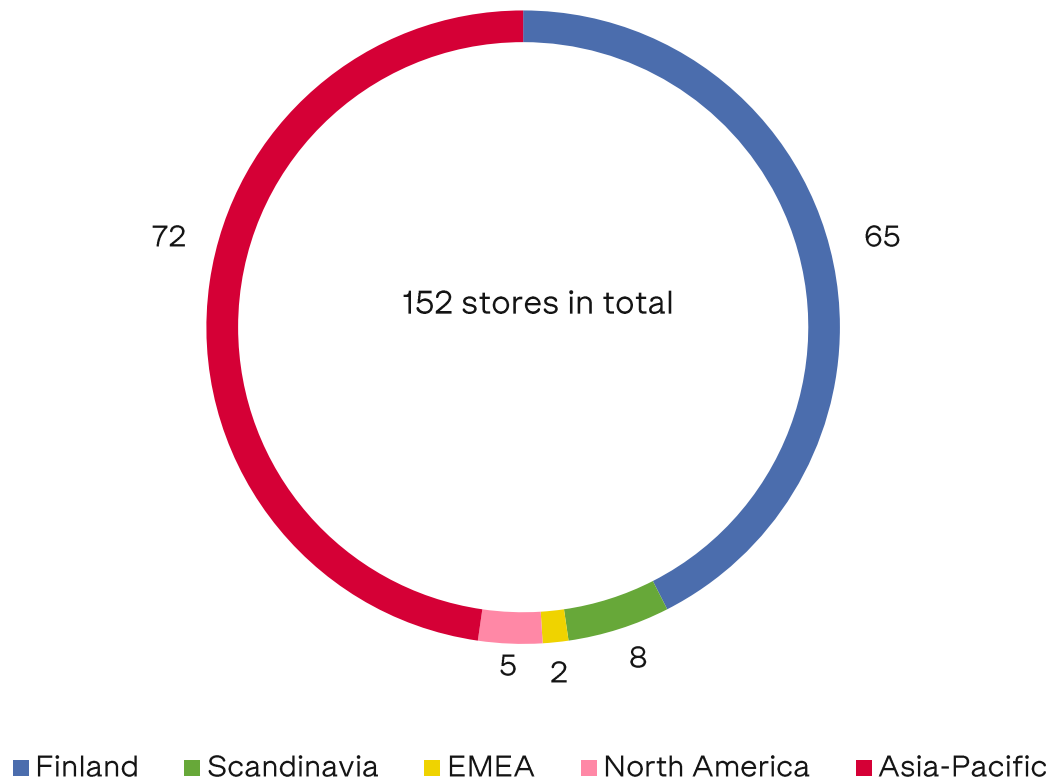
■ Finland ■ Scandinavia ■ EMEA ■ North America ■ Asia-Pacific

■ Fashion ■ Home ■ Bags & Accessories



The Asia-Pacific region has the greatest number of stores.  
Online store serving customers in 35 countries already.

Global retail footprint 1-9/2021



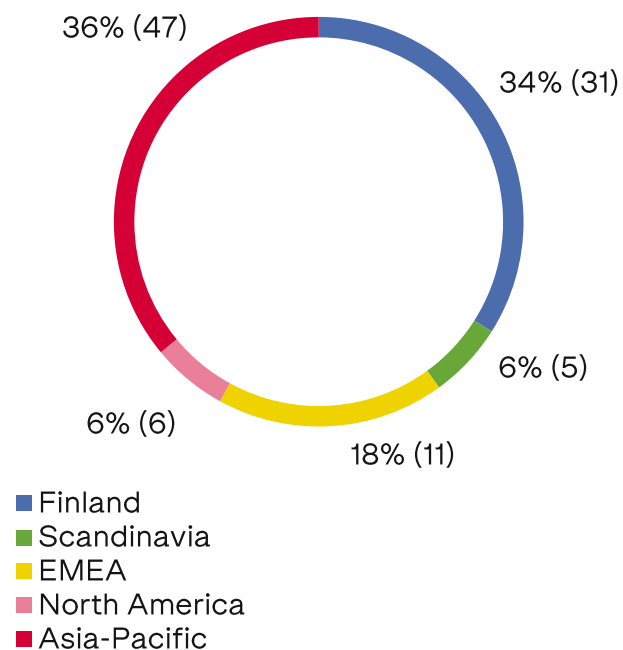
Net sales by channel, e-commerce included



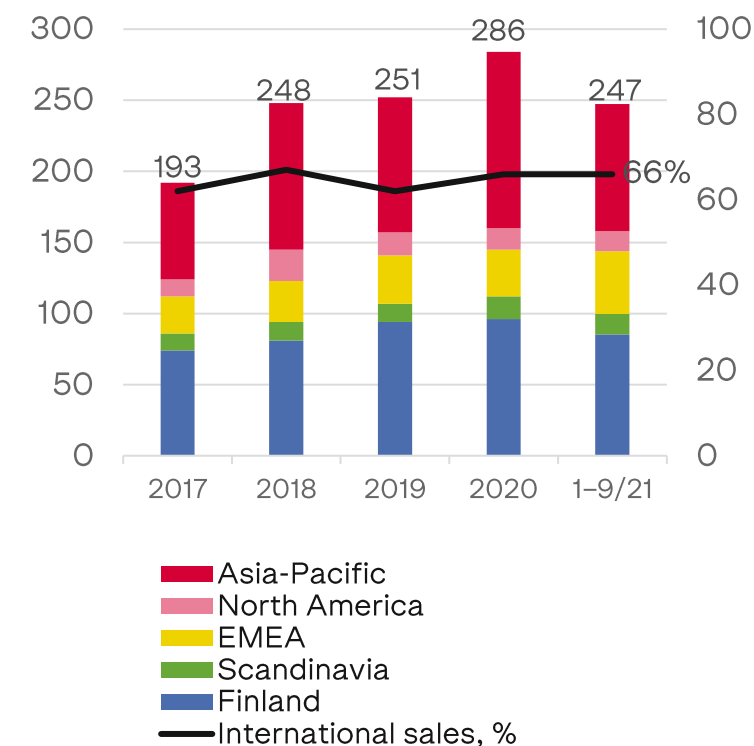


# Marimekko brand sales +18% to EUR 247.3 million (209.6)

In Q3, 62% of brand sales outside home market (60)

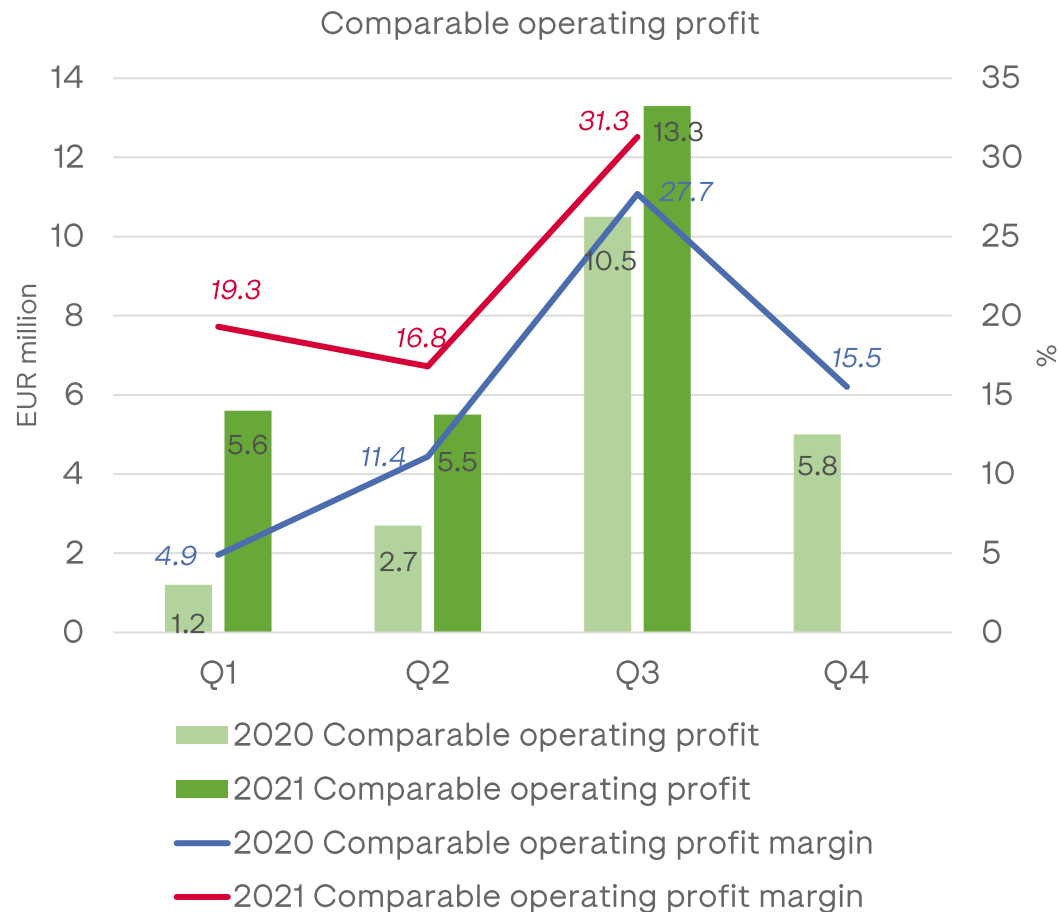


EUR million	1-9/ 2021	1-9/ 2020	Change %
<b>Finland</b>	<b>85.3</b>	64.6	32
Scandinavia	14.5	10.5	38
EMEA	44.1	23.4	88
North America	14.2	12.1	18
Asia-Pacific	89.2	99.0	-10
<b>International sales</b>	<b>162.0</b>	145.0	12
<b>TOTAL</b>	<b>247.3</b>	209.6	18



Brand sales represent the reach of the Marimekko brand through different distribution channels. An unofficial estimate of sales of Marimekko products at consumer prices, brand sales are calculated by adding together the company's own retail net sales and the estimated retail value of Marimekko products sold by other retailers. The estimated retail value is based on the company's realized wholesale sales and licensing income. Brand sales do not include VAT, and the key figure is not audited. At the beginning of 2021, the coefficients used to calculate brand sales were adjusted, and the figures for the comparison year have been restated accordingly. Some licensees provide exact retail figures, in which case these figures are used in reporting brand sales. For other licensing agreements, Marimekko's own retail coefficients for different markets are used.

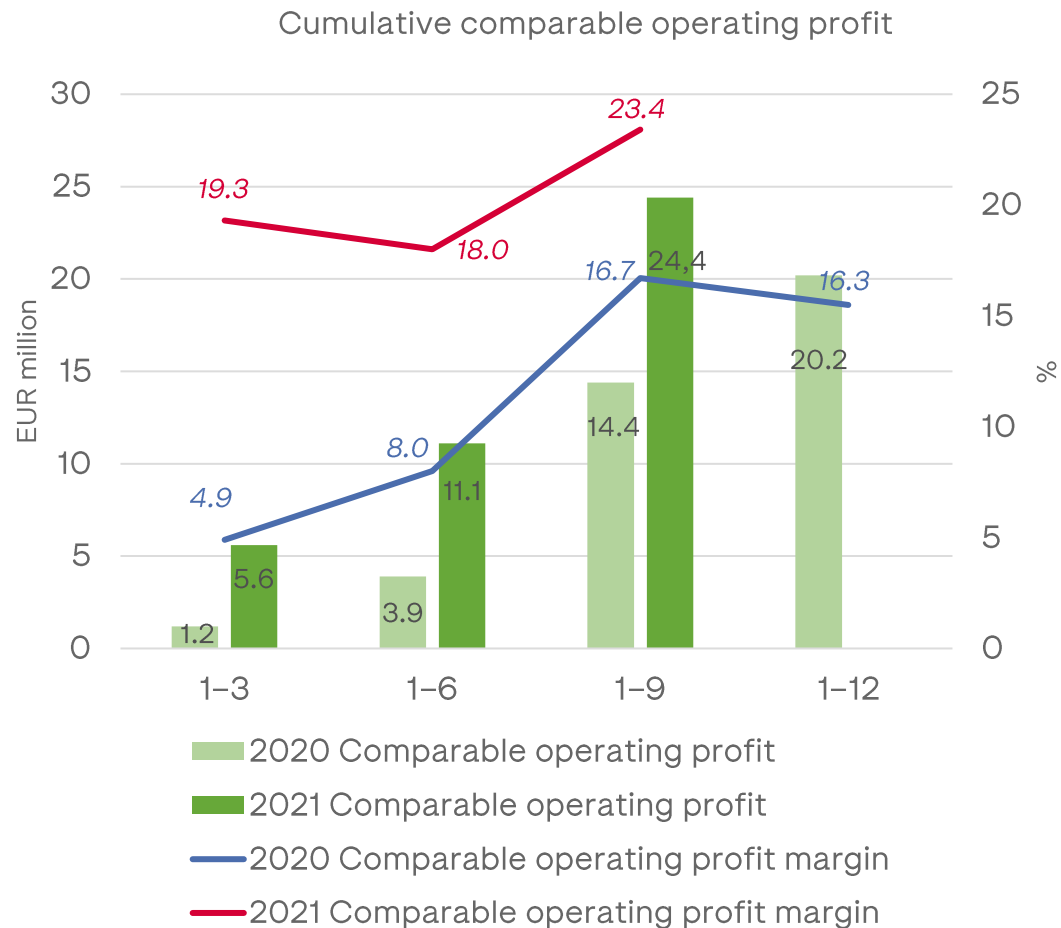
# Marimekko's result developed strongly also in the third quarter



- Comparable operating profit EUR 13.3 million (10.5)
- No items affecting comparability, so operating profit EUR 13.3 million (10.5)
- Earnings were boosted especially by increased net sales. Improved relative sales margin also supported result.
- On the other hand, an increase in fixed costs had a weakening impact on earnings.



## Result from nine first months improved significantly



- Comparable operating profit EUR 24.4 million (14.4)
- No items affecting comparability, so operating profit EUR 24.4 million (14.4)
- Earnings were boosted especially by increased net sales but also improved relative sales margin.
- On the other hand, an increase in fixed costs had a weakening impact on results.

# Key events in Q3



## Adidas x Marimekko reunite for the second time

In September, together with adidas, a global leader in the sporting goods industry, we announced our second limited-edition sports apparel collaboration collection. The adidas x Marimekko capsule collection embraces both brands' commitment to sustainability, originality and empowerment.

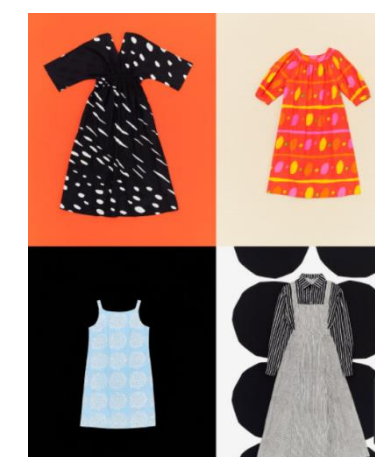
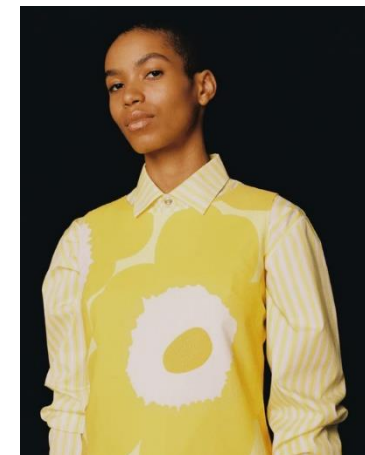
Brand collaborations provide Marimekko an excellent opportunity to introduce our brand to a global audience while strengthening our core business by increasing our brand awareness.



# marimekko Pre-loved

In August, Marimekko presented a carefully curated collection of vintage Marimekko pieces. This second-hand pilot on our revamped online store, Marimekko Pre-loved, was enthusiastically received.

We want to create timeless design and future classics and, in the coming years, to offer more comprehensive services to lengthen the product lifetime as well as support our community to resell and recycle used Marimekko products.





# Marimekko and Bukowskis – The Artist Who Shaped Us

In celebration of our anniversary year, we organized together with the auction house Bukowskis a special auction honoring our timeless and sustainable design.

The curated collection included textiles, artworks and furniture from some of the most prominent designers who have worked with Marimekko throughout the company's 70-year history as well as a selection of wonderful vintage Marimekko dresses from different decades.





# Copenhagen Fashion Week & Marimekko Kreative

In August, we presented our debut Spring/Summer 2022 collection under the creative direction of Rebekka Bay at the Copenhagen Fashion Week and opened an experimental, continuously evolving pop-up space in the city.

We believe that even in the ever more digital world, physical stores have an important role for consumers as inspirational and experiential meetings places centering around personal service. We continuously invest in developing our omnichannel customer experience.





## Visibility from pop-up stores in Japan and Hong Kong

During the review period, visibility was generated in Japan thanks to a pop-up store featuring the Marimekko Co-created special collection at the famous Dover Street Market in Tokyo's Ginza district as well as an experiential pop-up concept created together with Japan's largest bookstore Tsutaya in Tokyo to present our 70-year-old brand. In October, the concept was extended to four other cities. A new Marimekko pop-up store was also opened in Hong Kong.

Creative retail concepts are an important part of omnichannel customer experience, and we believe their significance will further grow in the new, post-pandemic reality.





# Outlook 2021



## Market outlook and growth targets for 2021 (1/5)

- The coronavirus pandemic has been the worst crisis experienced by the global fashion industry and specialty retail sector in decades, and it will heavily impact the sector in 2021 as well.
- It has taken uncertainty over the global economy to a completely new level and is changing consumers' purchasing behavior.
- Development of the pandemic situation can cause sudden fluctuations in demand, which can have an impact on Marimekko's sales, profitability and cash flow. Furthermore, the global crisis may affect the operational reliability and efficiency of the company's value chain.
- Vaccine coverage, new infection waves and virus variants as well as the way the crisis is handled by different countries may influence the economic development and consumers' purchasing behavior in different markets.
- The instability caused by the coronavirus pandemic in Marimekko's markets continues. Marimekko is closely monitoring the development of the pandemic situation in each of its market areas and will adjust its operations and plans according to the situation.



## Market outlook and growth targets for 2021 (2/5)

### **Finland**

- Finland traditionally represents about half of the company's net sales.
- Sales in Finland are expected to clearly grow on the previous year.
- Domestic wholesale sales in 2021 will be boosted by nonrecurring promotional deliveries, the total value of which is estimated to be substantially higher than the year before. A vast majority of the deliveries will take place in the second half of the year.

### **Asia-Pacific**

- The Asia-Pacific region is Marimekko's second-largest market and plays a significant part in the company's international growth. All Marimekko stores in Asia are partner-owned.
- Japan is clearly the most important country in this region to Marimekko and already has a very comprehensive network of Marimekko stores. The other Asian countries' combined share of the company's net sales is still noticeably smaller, but operations in these countries are constantly growing.
- Net sales in the Asia-Pacific region are expected to increase in 2021.
- The aim is to open approximately 5 to 10 new Marimekko stores and shop-in-shops in 2021, and most of the planned openings will be in Asia.

## Market outlook and growth targets for 2021 (3/5)

- Marimekko estimates that both wholesale and retail sales will increase in 2021. The growth is expected to be particularly strong in wholesale sales, which also include sales to partners operating Marimekko stores. The increase in wholesale sales is partly supported by the nonrecurring promotional deliveries in Finland, and they can increase Marimekko's inventory risks.
- The development of the coronavirus situation, vaccine coverage and possible restrictions and recommendations in different market areas during the year, on the other hand, influence footfall in stores and hence the outlook for both retail and wholesale, including nonrecurring wholesale promotions. Rapid fluctuations in demand due to the pandemic can also affect Marimekko's net sales.
- The pandemic situation has led to disruptions in global supply chains. Marimekko has also experienced some coronavirus related supply chain disruptions, which have resulted in delivery delays. If the disruptions continue, they can impact the availability of products during the rest of the year and consequently affect net sales and profitability. Furthermore, net sales and earnings also essentially depend on maintaining the operational reliability and efficiency of distribution centers and logistics in the exceptional situation.
- Marimekko will continue actions to control gray exports, which will have a clear weakening impact on the company's sales and earnings in 2021.
- Licensing income is forecast to be approximately at the same level as or lower than in the previous year.

## Market outlook and growth targets for 2021 (4/5)

- Marimekko plans to accelerate its long-term international growth in 2021. Fixed costs are expected to be up on the previous year, especially during the second half of the year. The growth of fixed costs is estimated to be particularly strong in the fourth quarter. In 2020, fixed costs were reduced by partly temporary cost savings as well as subsidies granted in different countries to mitigate the negative business impacts of the coronavirus pandemic.
- Marketing expenses are expected to grow (2020: EUR 5.3 million) and take place especially in the second half of the year.
- In addition, IT costs are expected to increase clearly as the accounting principles related to configuration and customization costs in a cloud computing arrangement will change as a result of a new IFRIC interpretation. According to the current, preliminary estimate, the change in accounting principles will increase Marimekko's fixed costs and accordingly lower the company's investments approximately by some EUR 1 million during the financial year 2021. Marimekko will finalize the calculations during the fall of 2021 and possible impacts will be accounted for retrospectively at the financial statements 2021. As a result, total investments are estimated to be clearly lower than the year before (2020: EUR 2.1 million).
- The estimated effects of the long-term bonus system targeted at the company's Management Group will depend on the trend in the price of the company's share during the year. The first earnings period ended at the end of September 2021.



## Market outlook and growth targets for 2021 (5/5)

- Because of the seasonal nature of Marimekko's business, the major portion of the company's euro-denominated net sales and earnings are traditionally generated during the second half of the year.
- However, the relative growth of the net sales is expected to slow down during the second half of the year as the coronavirus pandemic had an exceptionally negative effect on the net sales during the first six months of 2020.

## Financial guidance for 2021

The Marimekko Group's net sales for 2021 are expected to be higher than in the previous year (2020: EUR 123.6 million). Comparable operating profit margin is estimated to be higher than in the previous year (2020: 16.3 percent).

The instability caused by the coronavirus pandemic in Marimekko's markets continues. Therefore, there are still significant uncertainties associated with the trend in the company's net sales and earnings due to the pandemic situation.



# Appendices



# Income statement

EUR million	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020
<b>Net sales</b>	<b>42.4</b>	<b>38.0</b>	<b>104.2</b>	<b>86.2</b>	<b>123.6</b>
Other operating income	0.1	0.0	0.1	0.3	0.3
Change in inventories of finished goods and work in progress	1.1	-2.3	5.3	3.4	-0.4
Raw material and consumables	-16.6	-12.3	-43.3	-36.6	-48.2
Employee benefit expenses	-6.1	-6.2	-19.5	-17.4	-25.3
Depreciation and impairments	-3.0	-3.1	-9.1	-9.4	-12.6
Other operating expenses	-4.6	-3.6	-13.2	-12.1	-18.1
<b>Operating profit</b>	<b>13.3</b>	<b>10.5</b>	<b>24.4</b>	<b>14.4</b>	<b>19.3</b>
Net financial items	-0.0	-0.6	-0.5	-1.4	-1.8
<b>Result before taxes</b>	<b>13.2</b>	<b>10.0</b>	<b>23.9</b>	<b>13.0</b>	<b>17.6</b>
Income taxes	-2.6	-2.0	-4.7	-2.7	-3.8
<b>Net result</b>	<b>10.6</b>	<b>8.0</b>	<b>19.1</b>	<b>10.3</b>	<b>13.8</b>

# Balance sheet

EUR million	30.9.2021	30.9.2020	31.12.2020
Non-current assets	37.3	38.1	43.2
Inventories	27.5	26.2	22.4
Trade and other receivables	14.2	11.8	8.1
Cash and cash equivalents	43.6	34.6	41.0
<b>Assets, total</b>	<b>122.7</b>	<b>110.7</b>	<b>114.8</b>
Shareholders' equity	64.5	49.4	52.8
Non-current liabilities	21.8	23.4	28.5
Current liabilities	36.4	37.9	33.6
<b>Shareholders' equity and liabilities, total</b>	<b>122.7</b>	<b>110.7</b>	<b>114.8</b>

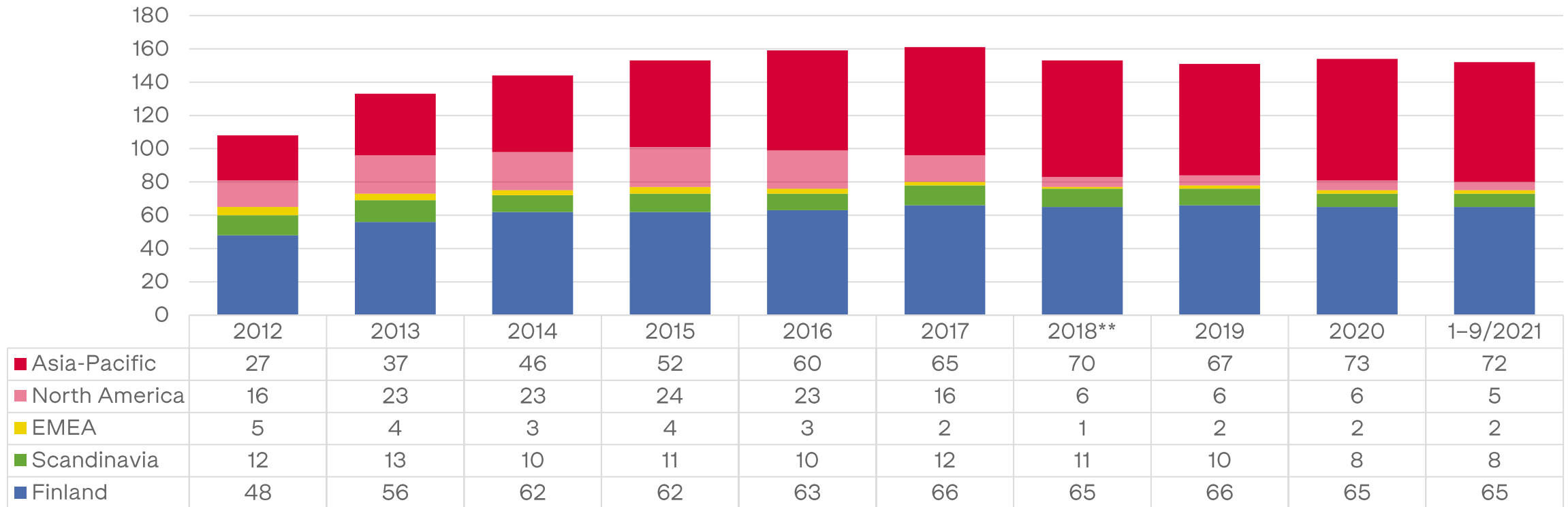


# Cash flow statement

EUR million	1-9/2021	1-9/2020	1-12/2020
<b>Cash flow from operating activities before change in working capital</b>	<b>33.5</b>	<b>23.8</b>	<b>31.9</b>
Change in working capital	-10.1	-6.6	3.3
<b>Cash flow from operating activities before financial items and taxes</b>	<b>23.4</b>	<b>17.2</b>	<b>35.2</b>
Financial items and taxes	-4.3	-5.0	-7.1
<b>Cash flow from operating activities</b>	<b>19.0</b>	<b>12.2</b>	<b>28.1</b>
Investments in tangible and intangible assets	-1.8	-2.0	-2.8
<b>Cash flow before cash flow from financing activities</b>	<b>17.2</b>	<b>10.1</b>	<b>25.2</b>
Short-term loans drawn and repaid	0.3	6.3	0.5
Payments of lease liabilities	-7.8	-8.0	-10.7
Dividends paid	-7.3	-	-
<b>Cash flow from financing activities</b>	<b>-14.8</b>	<b>-1.7</b>	<b>-10.2</b>
<b>Change in cash and cash equivalents</b>	<b>2.4</b>	<b>8.4</b>	<b>15.0</b>
Cash and cash equivalents at the end of the period	43.6	34.6	41.0

In addition, Marimekko has unused committed credit lines of EUR 14.4 million (17.3) as well as a long-term revolving credit facility of EUR 5 million, which includes a covenant.

## 152 Marimekko stores\* serve customers worldwide



\* Includes the company's own retail stores, retailer-owned Marimekko stores and shop-in-shops with an area exceeding 30 sqm. Company-owned stores numbered 50 at end of September (53). \*\* The company corrected the number of stores in North America in 2018 by reducing 11 shop-in-shops with an area below the reporting limit of 30 sqm. The change had no effect on reported North American wholesale sales.

## Share price trend

The Marimekko share (MEKKO) is quoted on the main list of Nasdaq Helsinki in the Consumer Products and Services Sector.

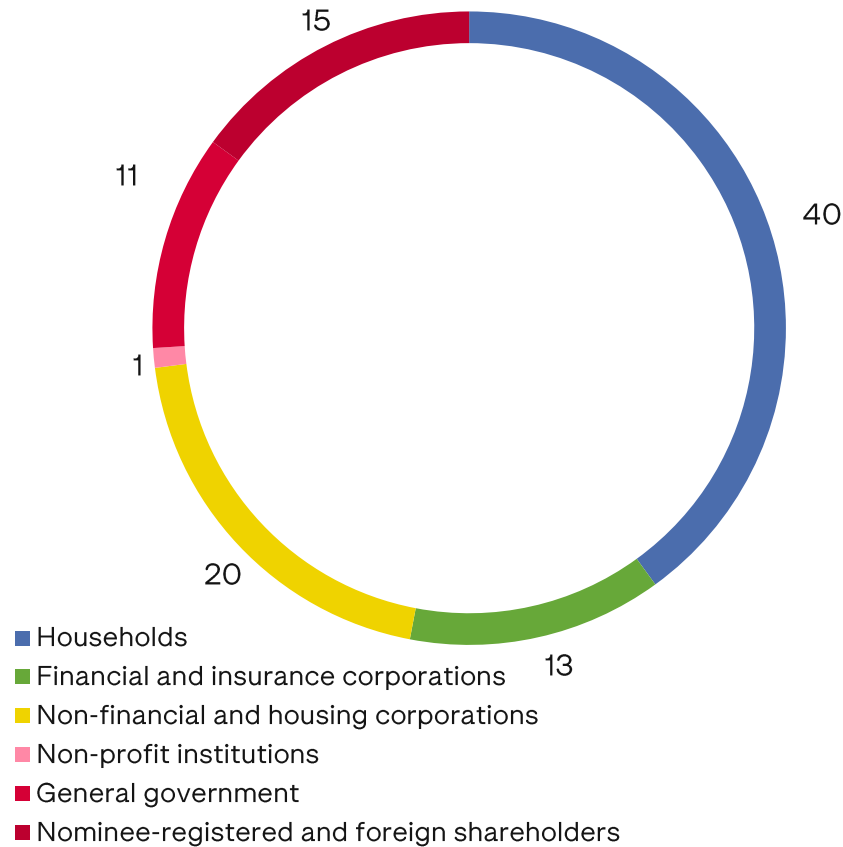
Market cap at the end of the period: EUR 553.1 million





# A total of 22,541 shareholders

## Ownership by sector, %



## Largest shareholders

Shareholder	Shares and votes, %
PowerBank Ventures Oy (Mika Ihamuotila)	12.52
Swedbank Robur investment funds	4.92
Ilmarinen Mutual Pension Insurance Company	4.86
Varma Mutual Pension Insurance Company	4.75
Sophia Ehrnrooth	4.19
Nordea investment funds	3.89
Evli investment funds	3.28
Lazard Freres Gestion	2.50
Aktia investments funds	2.35
Veritas Pension Insurance Company	1.84

## For more information

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