

Interim Report 1–3/2022

Tiina Alahuhta-Kasko
President & CEO

Marimekko's good development continued

- In the first quarter, our net sales grew by 24% to EUR 36.0 million (29.1).
- Net sales in Finland increased by 27% with both wholesale and retail sales growing. International sales rose by 20% as sales increased in all market areas.
- As in the comparison period, nearly all of Marimekko's own stores were open in the first quarter, and the footfall in the stores grew clearly from the comparison period, when the pandemic situation had a stronger impact on footfall.
- Our comparable operating profit improved by 18% to EUR 6.6 million (5.6) and was 18.4% of net sales (19.3).
- Earnings were boosted especially by increased net sales. On the other hand, an increase in fixed costs as well as lower relative sales margin had a weakening impact on result.
- The AGM decided to pay a regular dividend of EUR 1.60 per share and an extraordinary dividend of EUR 2.00 per share as well as to split the company share in order to improve its liquidity.



Net sales and result grew in the first quarter

EUR million	1-3/2022	1-3/2021	Change, %	1-12/2021
Net sales	36.0	29.1	24	152.2
International sales	17.5	14.6	20	59.9
<i>% of net sales</i>	<i>49</i>	<i>50</i>		<i>39</i>
Comparable EBITDA *	9.1	8.6	6	43.1
Operating profit *	6.6	5.6	18	31.2
Comparable operating profit *	6.6	5.6	18	31.2
<i>Comparable operating profit margin, % *</i>	<i>18.4</i>	<i>19.3</i>		<i>20.5</i>
Comparable earnings per share, EUR *, **	0.12	0.11	14	0.6
Cash flow from operating activities *	-3.1	1.5		35.9
<i>Return on investment (ROI), % *</i>	35.2	<i>29.0</i>		<i>33.0</i>
<i>Equity ratio, % *</i>	57.2	<i>46.8</i>		<i>53.3</i>
Net debt/ EBITDA (rolling 12 months)	-0.31	0.08		-0.64
Gross investments *	0.1	0.4	-61	0.2
Personnel at the end of the period	409	416	-2	409

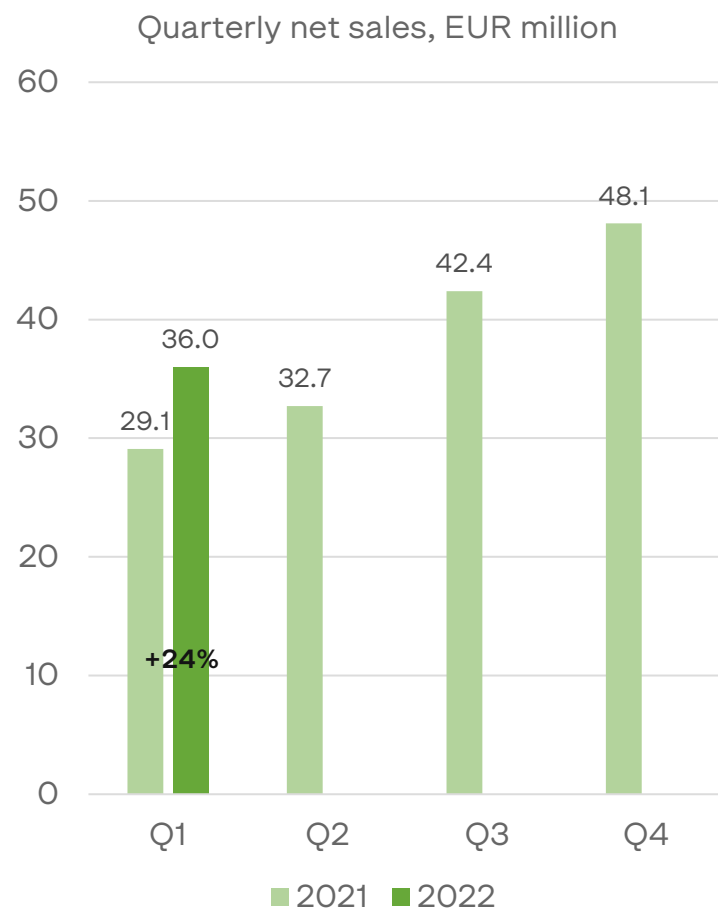
* The quarterly figures for comparable period have been restated as the accounting principle changed in 2021 following the IFRS Interpretations Committee agenda decision. Additional information is presented in the accounting principles of Interim Report.

** Per-share key figures have been calculated and the figures for the comparable period have been restated using the new total number of shares following the issuance of shares without payment (share split), in accordance with the decision made by the AGM on 12 April 2022.

Net sales and operating profit

Net sales +24% to EUR 36.0 million (29.1)

Sales grew in all market areas



EUR million	Q1 2022	Q1 2021	Change %
Finland	18.5	14.5	27
Scandinavia	3.0	2.4	23
EMEA	5.5	4.1	34
North America	1.8	1.4	26
Asia-Pacific	7.3	6.6	10
International sales	17.5	14.6	20
TOTAL	36.0	29.1	24

- retail sales +22%
- wholesale sales +23%
- licensing income +48%

Sales in Finland +27%

- retail sales +18% (like-for-like +18%)
- wholesale sales +41%
- licensing income -21%

International sales +20%

- retail sales +35%
- wholesale sales +13%
- licensing income grew significantly

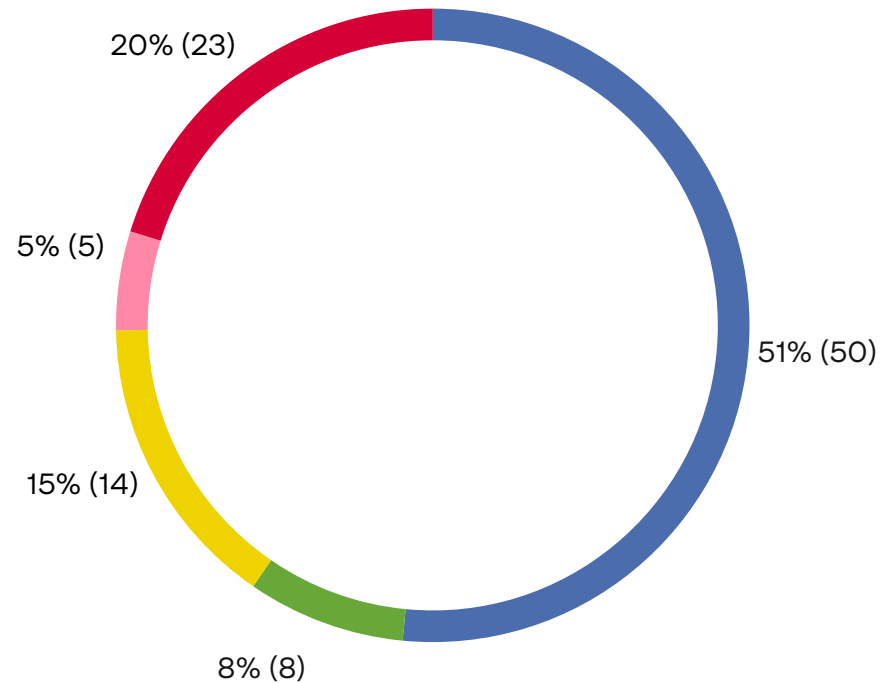
Net sales were boosted both by a favorable trend in wholesale and retail sales in Finland as well as the good development of international net sales, with sales growing in all market areas.

As in the comparison period, nearly all of Marimekko's own stores were open in the first quarter, and the footfall in the stores grew clearly from the comparison period, when the pandemic situation had a stronger impact on footfall. Sales developed well both in brick-and-mortar stores and the online store.

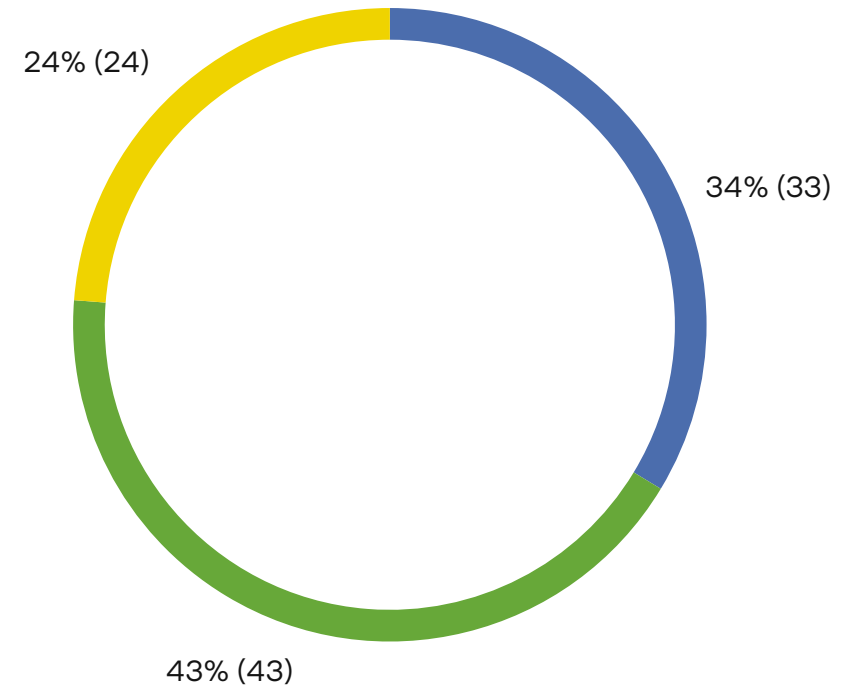
Sales grew in every market area and in all product lines

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

Net sales by market area, Q1/2022 (Q1/2021)



Net sales by product line, Q1/2022 (Q1/2021)

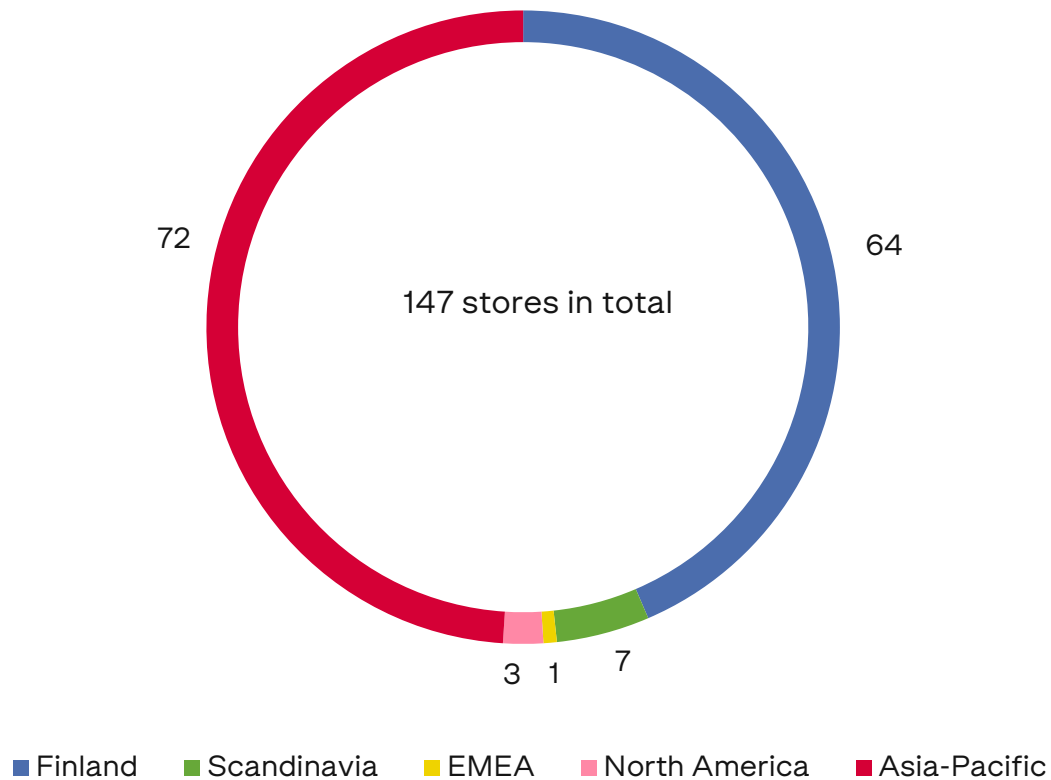


■ Finland ■ Scandinavia ■ EMEA ■ North America ■ Asia-Pacific

■ 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 Q1/2022

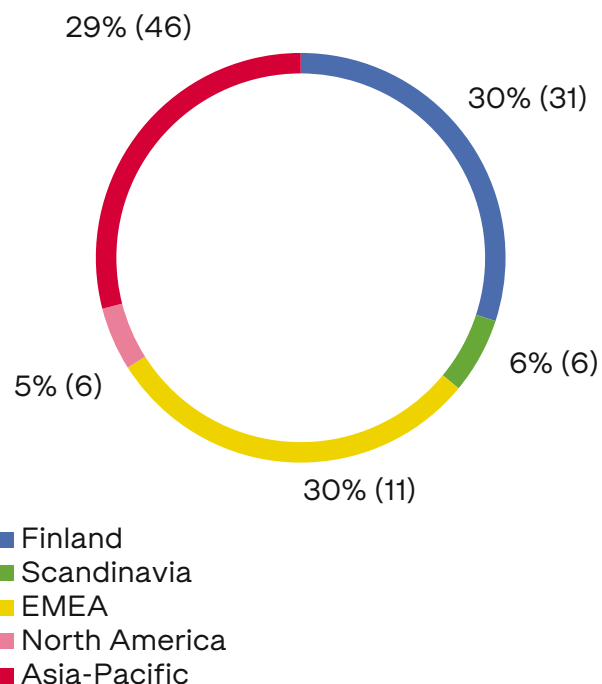


Net sales by channel, e-commerce included

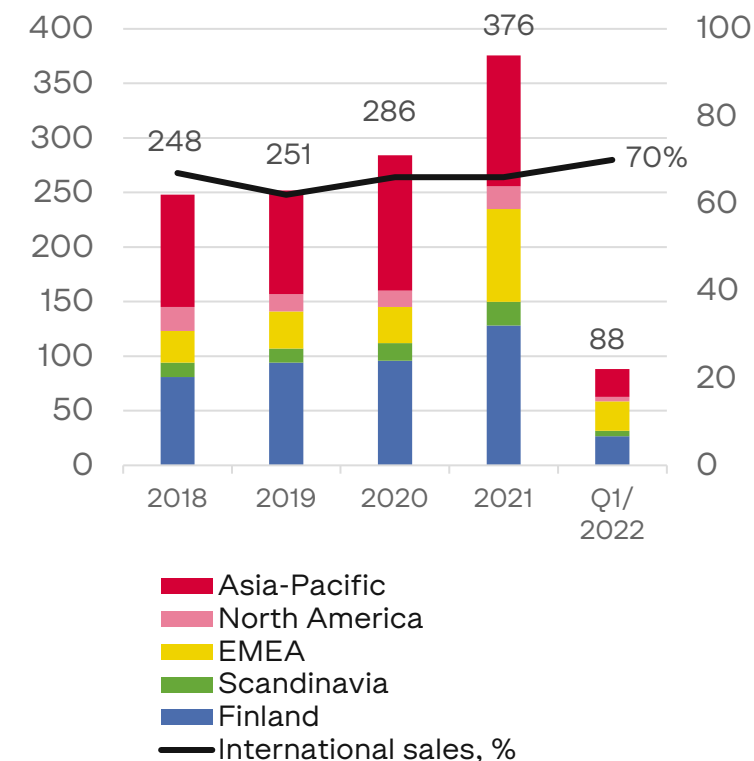


Marimekko brand sales +31% to EUR 88.3 million (67.4)

70% of brand sales outside home market (69)

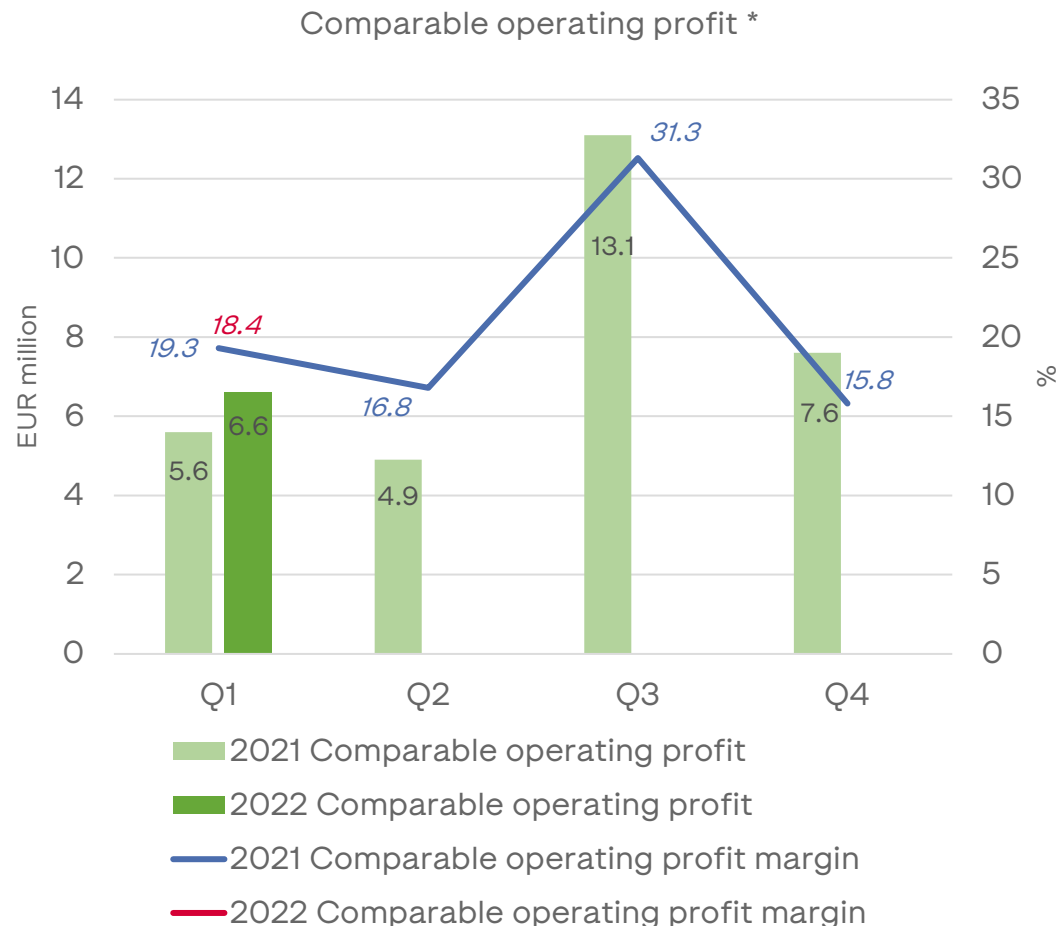


EUR million	Q1/ 2022	Q1/ 2021	Change %
Finland	26.6	20.6	29
Scandinavia	5.1	4.3	18
EMEA	26.8	7.6	
North America	4.1	4.1	0
Asia-Pacific	25.6	30.7	-17
International sales	61.8	46.8	32
TOTAL	88.3	67.4	31



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.

Comparable operating profit grew by 18% in the first quarter



- Comparable operating profit EUR 6.6 million (5.6)
- No items affecting comparability, so operating profit EUR 6.6 million (5.6)
- Earnings were boosted especially by increased net sales but also lower depreciation than in the comparison period.
- On the other hand, an increase in fixed costs as well as lower relative sales margin had a weakening impact on result.

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Key events in Q1

Continuous collection and brand development



In February, we presented our winter 2022 RTW collection at Copenhagen Fashion Week. The collection was designed with a focus on combinability and layering.

Improved combinability between seasons and the new block fits and archetype silhouettes that draw inspiration from our archives further strengthen the timelessness and sustainability of Marimekko's design.

Third brand collaboration collection with adidas

In March, we announced our third limited-edition collection with adidas, a global leader in the sporting goods and apparel industry. The collection, which launched in April, further increases Marimekko's brand awareness internationally and thereby supports our growth strategy.



Local collaborations to further increase brand awareness

In March, we launched in the Chinese market together with a local lifestyle brand, the Beast, a limited-edition collection of home products as well as Marimekko's first perfume.

In addition to global brand partnerships that provide us with extensive visibility, targeted local collaborations are an important way to introduce more and more new audiences to Marimekko.



Toward a value chain in line with the principles of circular economy

At the beginning of 2022, we started a cooperation concerning the recycling of end-of-life textiles. Rester Oy's recycling facility in Paimio, Finland, makes new textile fibers from the end-of-life-textiles of Marimekko's own production, i.e. from the textile printing factory and sewing shop in Helsinki.

We strive to continuously reduce the amount of waste from our operations. This work begins already in the design process. We aim to re-use and recycle the generated waste as efficiently as possible. This cooperation supports our goal of a value chain in line with circular economy.



Outlook 2022

Market outlook and growth targets for 2022 (1/4)

- The coronavirus pandemic has been the worst crisis experienced by the global fashion industry and specialty retail sector in decades, and it will impact the sector in 2022 as well.
- The development of the pandemic situation in different markets, political tensions, and increased inflation impact the global economic trend as well as consumers' purchasing behavior and, as a result, can have an impact on Marimekko's business.
- The war in Ukraine does not directly affect Marimekko's business as Marimekko's products are not manufactured or sold in Russia, Belarus or Ukraine and the company does not source raw materials from these countries. However, the war in Ukraine causes disturbances in global supply chains and contributes to the general economic situation and consumers' buying power and behavior. These factors may affect company's sales and profitability as well as operational reliability and efficiency of the company's value chain.
- Marimekko is closely monitoring the impacts of the war in Ukraine and the coronavirus pandemic and will adjust its operations and plans according to the situation.
- 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. In percentage terms, net sales growth is expected to be stronger at the beginning of 2022 than in the second half of the year. In 2021, the pandemic situation had a negative impact on the footfall in Marimekko's own stores at the beginning of the year and the net sales in the second half of the year were supported, for example, by substantial nonrecurring promotional deliveries in wholesale in Finland.

Market outlook and growth targets for 2022 (2/4)

Finland

- Finland traditionally represents about half of the company's net sales.
- Sales in Finland are expected to grow on the previous year.
- The total value of nonrecurring promotional deliveries in wholesale in 2022 is estimated to be substantially lower than the year before.

In addition:

- Both retail and wholesale sales are estimated to increase in 2022.
- Licensing income is forecasted to be higher than in the previous year.
- Marimekko will continue actions to control gray exports, but these actions will have a significantly lower weakening impact on the company's sales and earnings in 2022 than in the previous year.

Asia-Pacific

- The Asia-Pacific region is Marimekko's second-largest market and it plays a significant part in the company's international growth. 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 smaller than in Japan, but operations in these countries are constantly growing. All brick-and-mortar Marimekko stores and most online stores in Asia are partner-owned.
- Net sales in the Asia-Pacific region are expected to increase clearly in 2022.
- The aim is to open approximately 5 to 10 new Marimekko stores and shop-in-shops in 2022, and most of the planned openings will be in Asia.

Market outlook and growth targets for 2022 (3/4)

- The coronavirus pandemic, related restrictions and the war in Ukraine cause disruptions in global supply chains. These disruptions have resulted in delivery delays, and thus can impact Marimekko's net sales and profitability. In addition, disruptions in supply chain increase logistics costs, which have also grown overall worldwide. Furthermore, net sales and earnings essentially depend on maintaining the operational reliability and efficiency of distribution centers and logistics in the exceptional situation.
- Costs of raw and other materials have increased globally. Early commitment to product orders, which is typical of the fashion and design industry, means that changes in raw and other material prices affect the company with a delay. In addition, the early commitment to product orders, further emphasized in the pandemic situation, undermines the company's ability to optimize product orders and respond to rapid fluctuations in demand, especially in exceptional situations.
- Marimekko is actively working on mitigating disruptions in supply chain and the negative effects of increased costs.

Market outlook and growth targets for 2022 (4/4)

- Marimekko continues to accelerate its long-term international growth. In 2022, it will invest especially in increasing brand awareness, in digital and omnichannel business, in developing sustainability, in recruitments supporting its growth as well as in IT systems.
- Fixed costs are expected to be up on the previous year. In 2021, fixed costs were still reduced by partly temporary cost savings.
- Marketing expenses are expected to grow (2021: EUR 7.5 million).

Financial guidance for 2022

The Marimekko Group's net sales for 2022 are expected to grow from the previous year (2021: EUR 152.2 million). Comparable operating profit margin is estimated to be approximately some 17–20 percent (2021: 20.5 percent). Global supply chain disruptions and generally increased material and logistics costs in particular cause volatility to the outlook for 2022.

Uncertainties related to the development of net sales and result are described in more detail in the Major risks and factors of uncertainty section of the Interim Report.



Appendices

Income statement

EUR million	1-3/2022	1-3/2021	1-12/2021
Net sales	36.0	29.1	152.2
Other operating income	0.0	0.0	0.1
Change in inventories of finished goods and work in progress	0.7	1.6	3.2
Raw material and consumables	-14.0	-11.8	-61.5
Employee benefit expenses	-7.1	-6.6	-28.2
Depreciation and impairments *	-2.5	-3.0	-11.9
Other operating expenses *	-6.5	-3.6	-22.7
Operating profit *	6.6	5.6	31.2
Net financial items	-0.1	-0.1	-0.6
Result before taxes *	6.5	5.5	30.7
Income taxes *	-1.5	-1.1	-6.3
Net result *	5.0	4.4	24.4

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Balance sheet

EUR million	31.3.2022	31.3.2021	31.12.2021
Non-current assets *	35.0	40.7	35.1
Inventories	26.5	24.0	26.0
Trade and other receivables	10.9	9.1	12.0
Cash and cash equivalents	47.0	33.1	59.7
Assets, total *	119.4	107.0	132.9
Shareholders' equity *	67.3	49.3	69.8
Non-current liabilities	22.7	25.1	22.0
Current liabilities	29.3	32.5	41.1
Shareholders' equity and liabilities, total *	119.4	107.0	132.9

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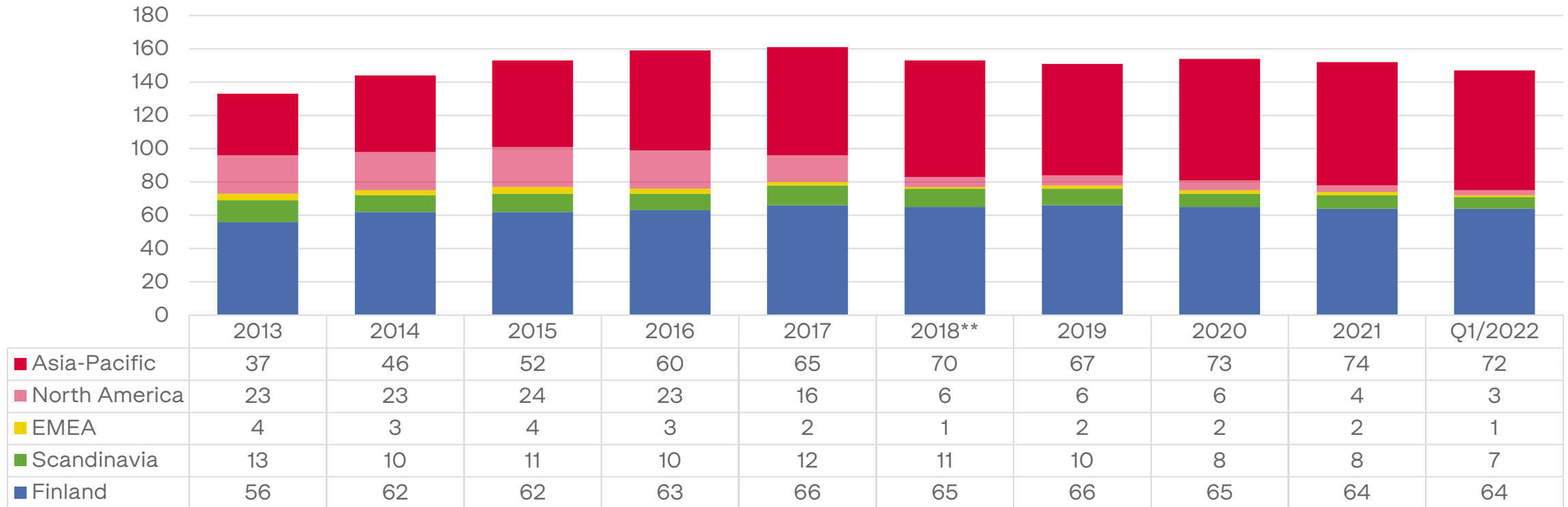
Cash flow statement

EUR million	1-3/2022	1-3/2021	1-12/2021
Cash flow from operating activities before change in working capital *	9.7	8.6	43.6
Change in working capital	-9.0	-5.3	-2.2
Cash flow from operating activities before financial items and taxes	0.8	3.3	41.4
Financial items and taxes	-3.8	-1.9	-5.5
Cash flow from operating activities	-3.1	1.5	35.9
Investments in tangible and intangible assets *	-0.1	-0.8	-0.9
Cash flow before cash flow from financing activities	-3.2	0.7	35.0
Short-term loans drawn and repaid	0.7	0.2	0.9
Payments of lease liabilities	-2.3	-2.6	-10.2
Dividends paid	-8.1	-6.3	-7.3
Cash flow from financing activities	-9.8	-8.7	-16.6
Change in cash and cash equivalents	-13.0	-8.0	18.4
Cash and cash equivalents at the end of the period	47.0	33.1	59.7

* The figures for the comparable period have been restated as as the accounting principle changed in 2021 following the IFRS Interpretations Committee agenda decision. Additional information is presented in the accounting principles of Interim Report.

In addition, Marimekko has unused committed credit lines of EUR 14.3 million (17.0).

147 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 47 at end of March (50).

** 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

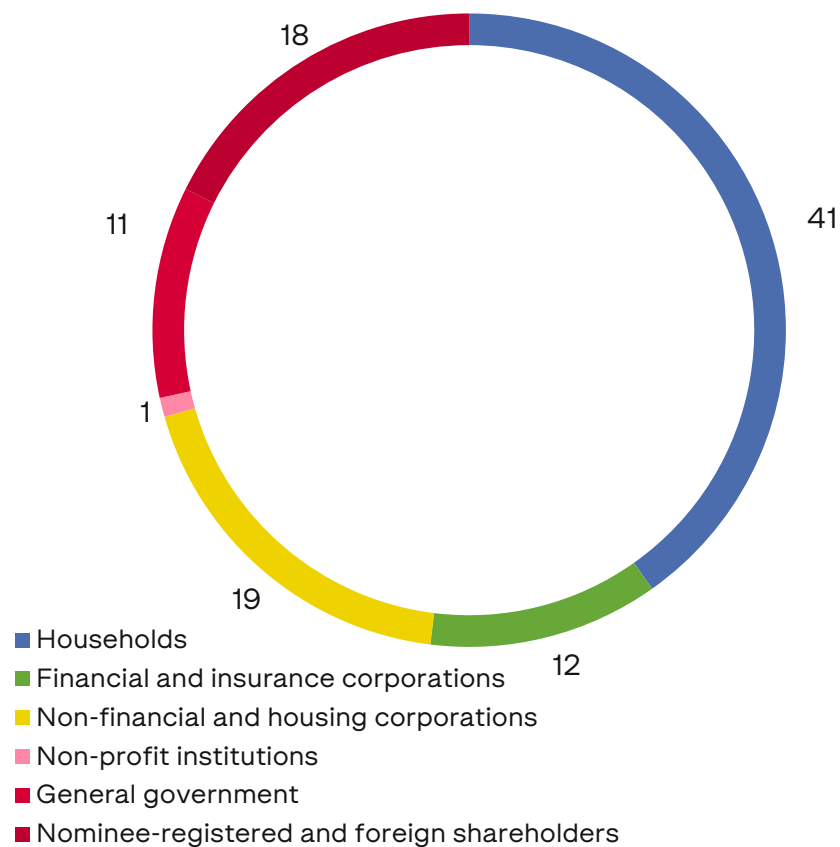
The Marimekko share (MEKKO) is quoted on the main list of Nasdaq Helsinki in the Consumer Products and Services Sector.

Market cap on 31 March 2022: EUR 619.1 million.



A total of 25,376 shareholders

Ownership by sector, %



Largest shareholders

Shareholder	Shares and votes, %
PowerBank Ventures Oy (Mika Ihamuotila)	12.52
Swedbank Robur investment funds	4.92
Varma Mutual Pension Insurance Company	4.75
Ilmarinen Mutual Pension Insurance Company	4.74
Nordea investment funds	4.35
Ehrnrooth Anna Sophia	4.06
Evli investment funds	2.70
Aktia investments funds	2.08
Lazard Freres Gestion	2.02
Oy Talcom Ab	1.24

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