

Half-year Financial Report 1–6/2022

Tiina Alahuhta-Kasko

President & CEO

Marimekko's net sales grew and result improved in the second quarter of 2022

- Our net sales grew by 16% to EUR 38.0 million (32.7). Net sales were boosted in particular by a favorable trend in retail sales in Finland but also internationally.
- Net sales in Finland rose by 25%; international sales were up by 5 percent. However, the rate of growth of international sales was negatively impacted by a different kind of weighting of wholesale deliveries compared to the previous year. For the full year 2022, we expect our international net sales to grow clearly.
- Our comparable operating profit grew by 17% to EUR 5.7 million (4.9) and was 15.0% of net sales (14.9).
- Earnings were boosted especially by increased net sales. On the other hand, an increase in fixed costs had a weakening impact on result.



Eight consecutive quarters of growing net sales and result

EUR million	4-6/2022	4-6/2021	Change, %	1-6/2022	1-6/2021	Change, %	1-12/2021
Net sales	38.0	32.7	16	74.0	61.8	20	152.2
International sales	15.0	14.3	5	32.5	28.9	13	59.9
<i>% of net sales</i>	<i>39</i>	<i>44</i>		<i>44</i>	<i>47</i>		<i>39</i>
Comparable EBITDA *	8.1	7.8	4	17.3	16.5	5	43.1
Operating profit *	5.7	4.9	17	12.3	10.5	17	31.2
Comparable operating profit *	5.7	4.9	17	12.3	10.5	17	31.2
<i>Comparable operating profit margin, % *</i>	<i>15.0</i>	<i>14.9</i>		<i>16.6</i>	<i>17.0</i>		<i>20.5</i>
Comparable earnings per share, EUR *, **	0.12	0.09	31	0.24	0.20	22	0.60
Cash flow from operating activities *	4.4	7.0	-36	1.4	8.4	-84	35.9
<i>Return on investment (ROI), % *</i>				<i>42.3</i>	<i>30.5</i>		<i>33.0</i>
<i>Equity ratio, % *</i>				<i>44.6</i>	<i>48.3</i>		<i>53.3</i>
Net debt / EBITDA (rolling 12 months)				0.29	-0.08		-0.64
Gross investments *	0.1	-0.3		0.3	0.1		0.2
Personnel at the end of the period				460	400	15	409

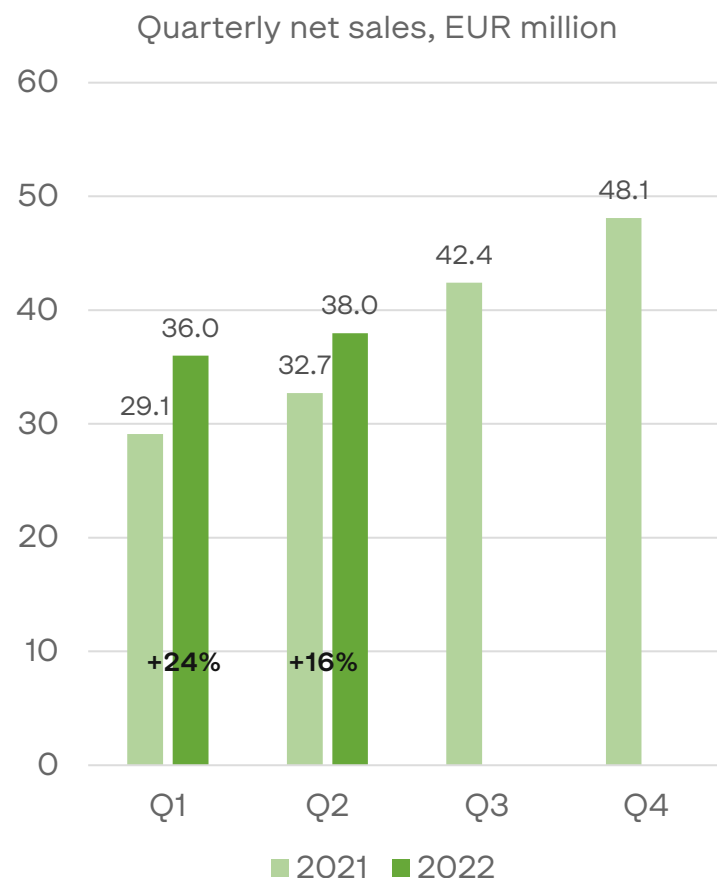
* The quarterly figures for comparison period have been restated as the accounting principle changed in 2021 following the IFRS Interpretations Committee agenda decision. As a result of restatement, gross investments in the second quarter of 2021 were negative. Additional information is presented in the accounting principles of Half-year Financial Report.

** Per-share key figures have been calculated and the figures for the comparison 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 to +16% to EUR 38.0 million (32.7)

Net sales boosted in particular by a favorable trend in retail sales in Finland but also internationally.



EUR million	Q2 2022	Q2 2021	Change %
Finland	23.0	18.4	25
Scandinavia	3.0	2.9	4
EMEA	3.2	3.0	7
North America	2.0	2.2	-10
Asia-Pacific	6.8	6.3	9
International sales	15.0	14.3	5
TOTAL	38.0	32.7	16

- retail sales +37%
- wholesale sales -1%
- licensing income -52%

Sales in Finland +25%

- retail sales +39% (like-for-like +36%)
- wholesale sales +0%
- licensing income +64%

International sales +5%

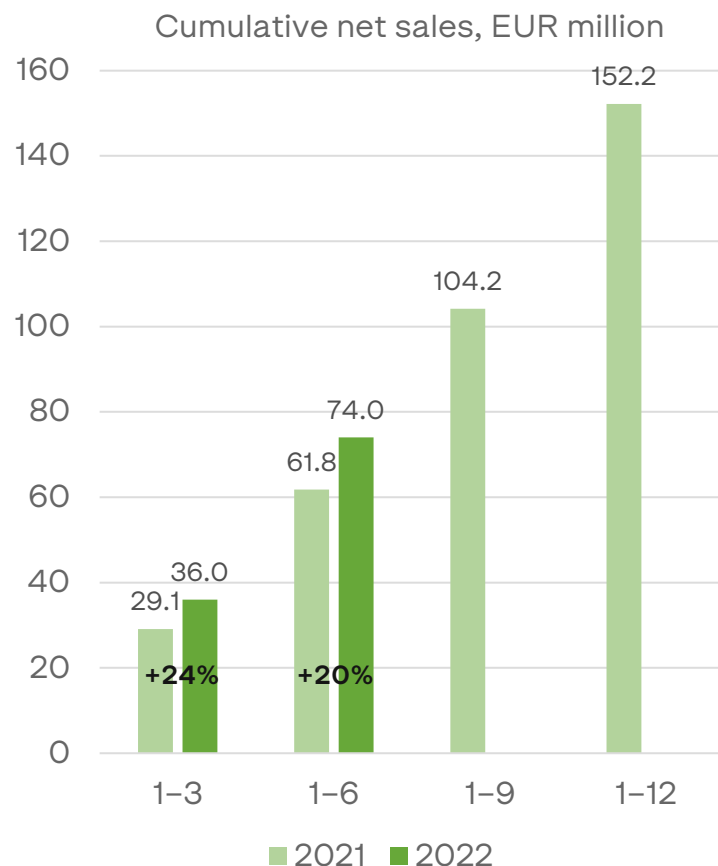
- retail sales +33%
- wholesale sales -1%
- licensing income -59%

Net sales were boosted in particular by increased retail sales in Finland but also internationally. All of Marimekko's own stores were open in the second quarter, and the footfall in the stores continued to grow clearly from the comparison period, when some own stores were still temporarily closed due to the pandemic situation. Both sales in stores and online developed strongly.

In the Asia-Pacific region, a different kind of weighting of wholesale deliveries compared to the previous year as well as replenishment orders being negatively affected by the worsening of the coronavirus situation in the region had a weakening impact on the growth of wholesale sales in some countries in the second quarter.

Net sales +20% to EUR 74.0 million (61.8)

Sales grew in all market areas.



EUR million	1-6/ 2022	1-6/ 2021	Change %
Finland	41.5	32.9	26
Scandinavia	6.0	5.3	12
EMEA	8.6	7.0	22
North America	3.8	3.7	4
Asia-Pacific	14.1	12.9	10
International sales	32.5	28.9	13
TOTAL	74.0	61.8	20

- retail sales +31%
- wholesale sales +11%
- licensing income +17%

Sales in Finland +26%

- retail sales +30% (like-for-like +28%)
- wholesale sales +20%
- licensing income +14%

International sales +13%

- retail sales +34%
- wholesale sales +6%
- licensing income +17%

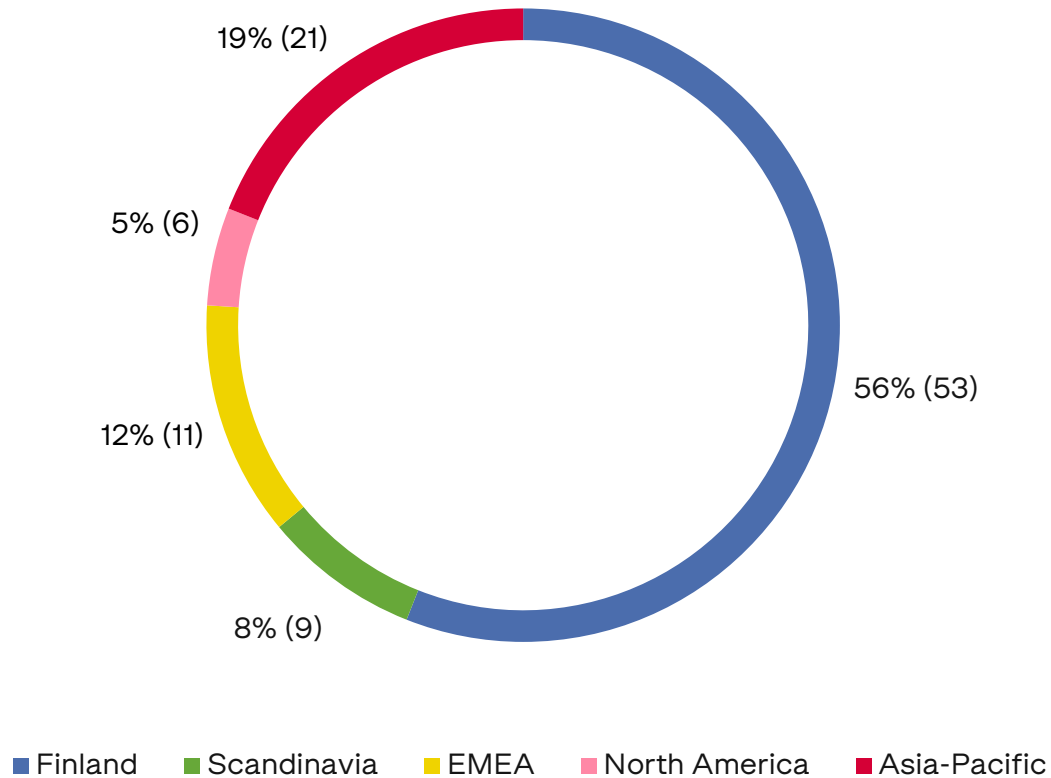
Net sales were boosted especially by a favorable trend in retail and wholesale sales in Finland but also by growing international sales.

In the Asia-Pacific region, a different kind of weighting of wholesale deliveries compared to the previous year as well as replenishment orders being negatively affected by the worsening of the coronavirus situation in the region had a weakening impact on the growth of wholesale sales in some countries during the second quarter.

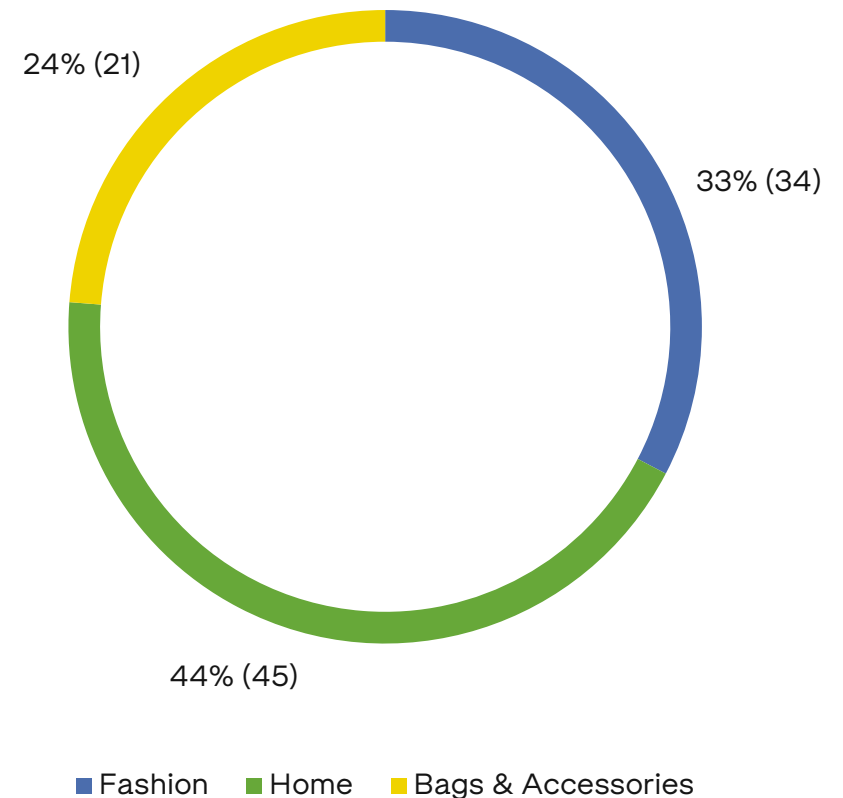
Sales grew in every market area and in all product lines

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

Net sales by market area, 1-6/2022 (1-6/2021)

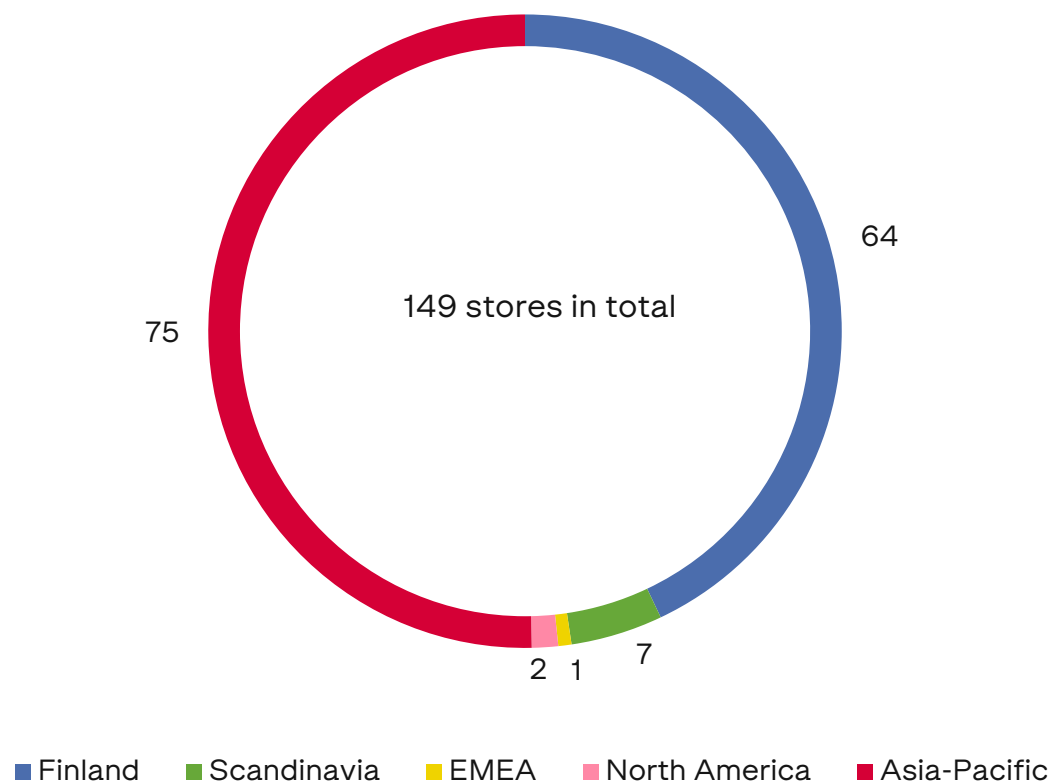


Net sales by product line, 1-6/2022 (1-6/2021)



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

Global retail footprint 1-6/2022

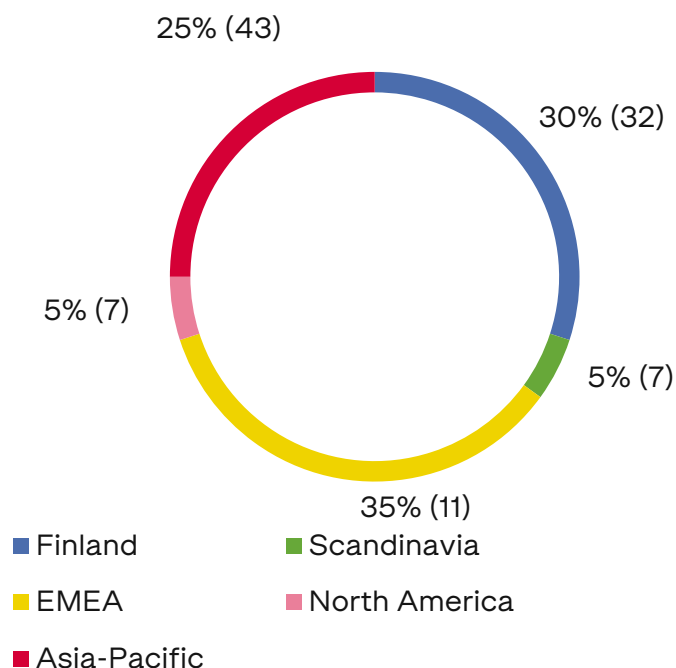


Net sales by channel, e-commerce included

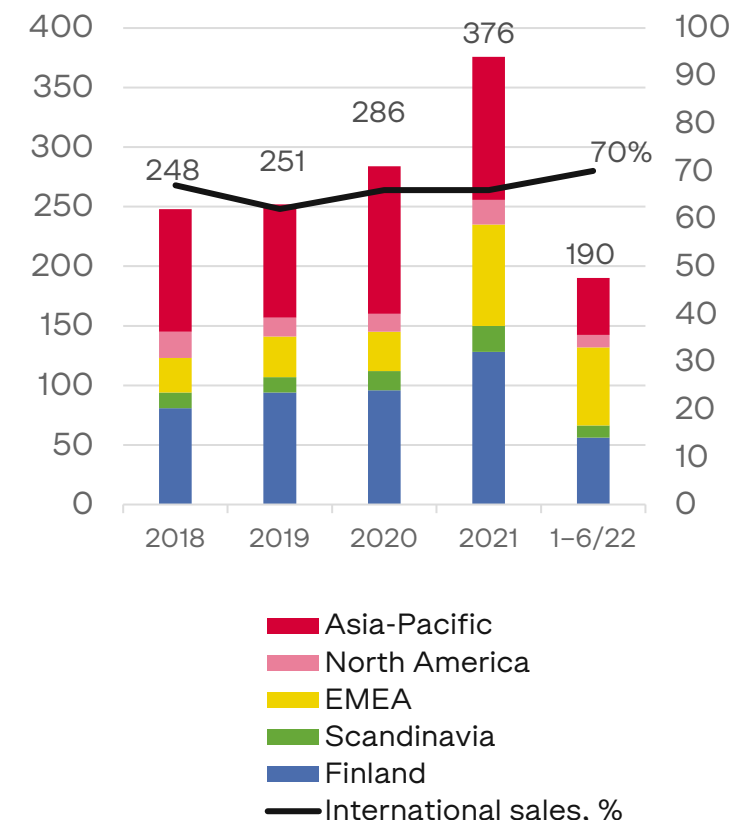


Marimekko brand sales +34% to EUR 190.1 million (142.1)

In the second quarter, 71% of brand sales outside home market (67)

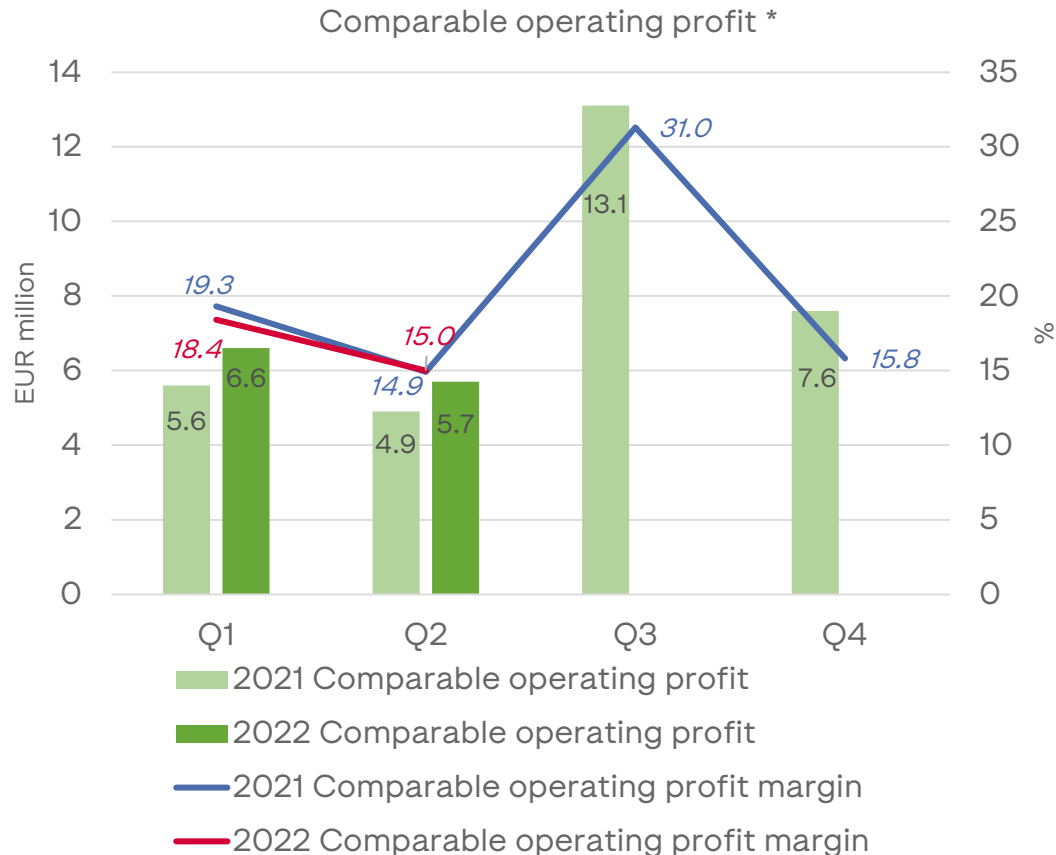


EUR million	1-6/ 2022	1-6/ 2021	Change %
Finland	56.1	45.4	23
Scandinavia	10.3	9.5	8
EMEA	65.6	16.1	
North America	10.4	9.5	9
Asia-Pacific	47.7	61.6	-22
International sales	134.0	96.7	39
TOTAL	190.1	142.1	34



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.

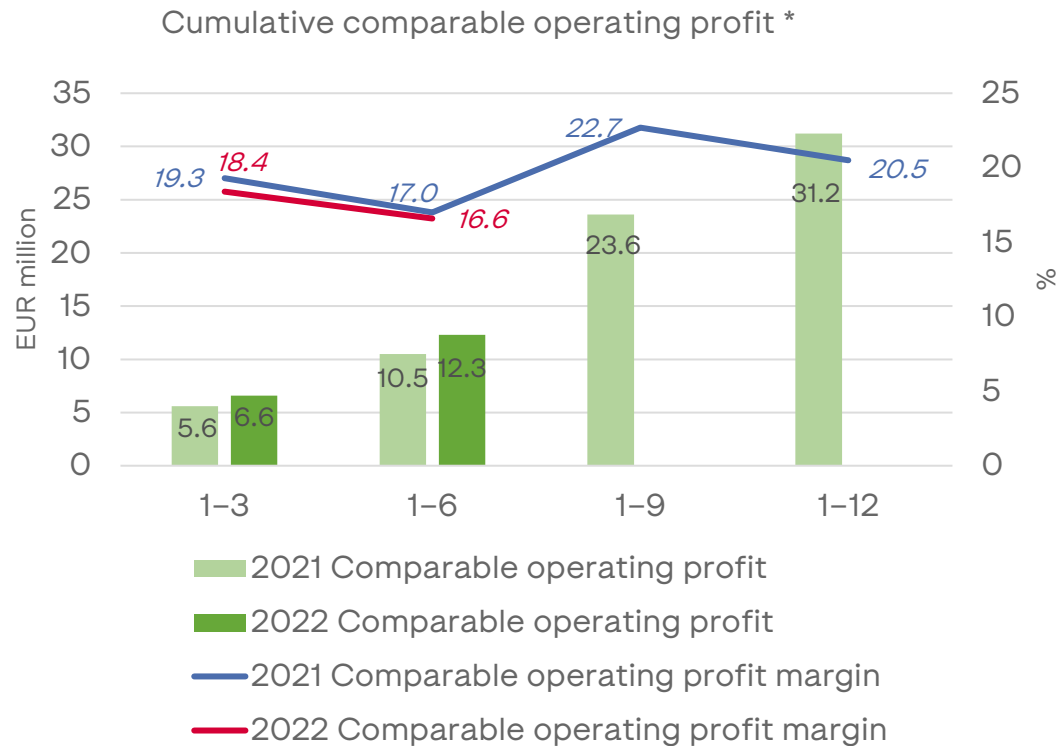
Comparable operating profit grew by 17% in the second quarter



- Comparable operating profit EUR 5.7 million (4.9)
- No items affecting comparability, so operating profit EUR 5.7 million (4.9)
- Earnings boosted especially by increased net sales but also lower depreciation than in the comparison period.
- On the other hand, an increase in fixed costs had a weakening impact on result.
- Relative sales margin on par with the same period the year before.

* The quarterly figures for comparison 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 Half-year Financial Report.

Earnings also improved clearly in the first half of the year



- Comparable operating profit EUR 12.3 million (10.5)
- No items affecting comparability, so operating profit EUR 12.3 million (10.5)
- Earnings 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.

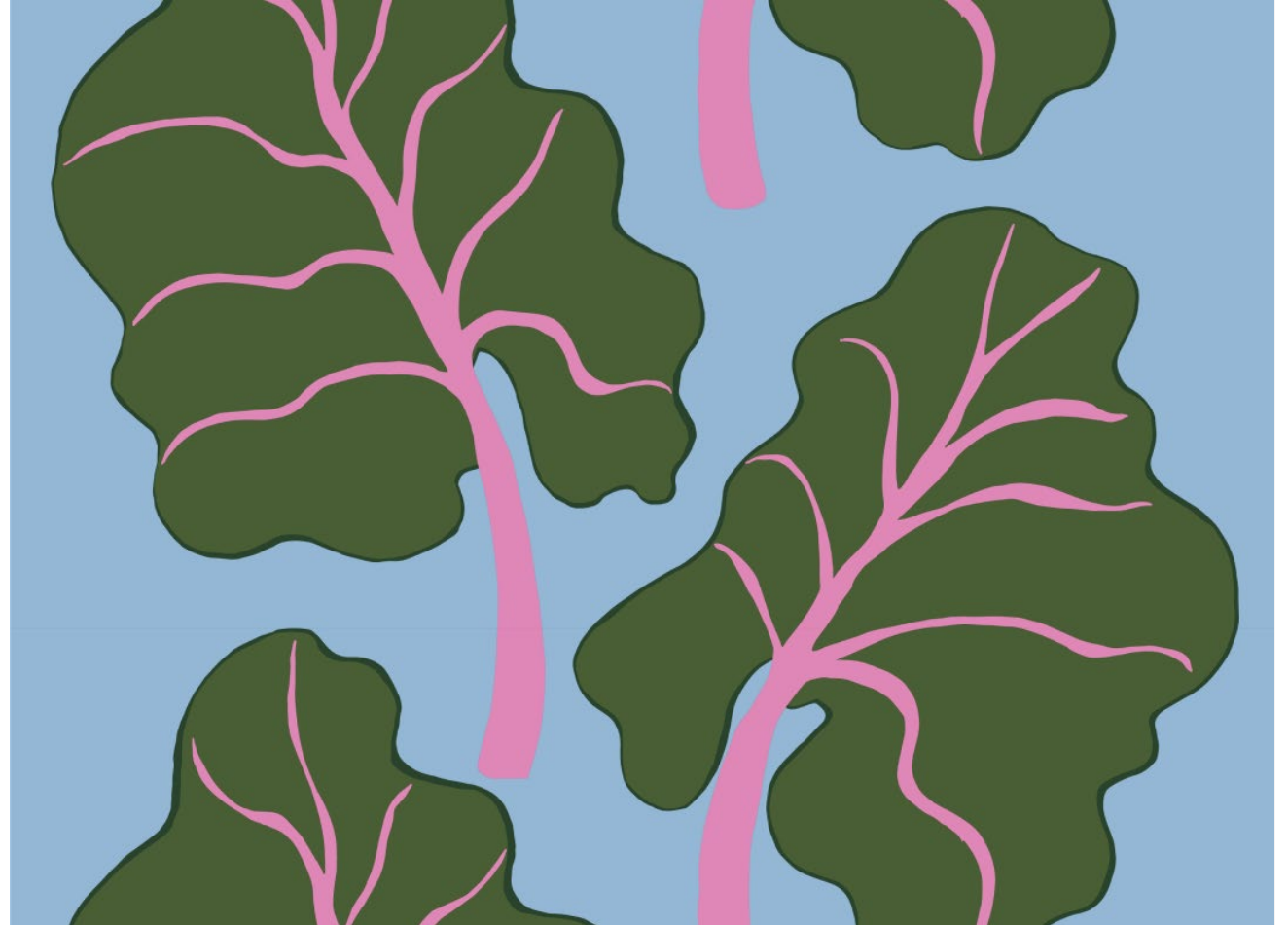
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Key events in Q2

Marimekko's art of printmaking combined with IKEA's home furnishing knowledge

At the beginning of April, Marimekko and IKEA announced a brand collaboration inspired by Nordic sauna culture. The limited-edition collection will be launched in March 2023 at most IKEA stores worldwide. The announcement of the collaboration was enthusiastically received also at Milan Design Week.

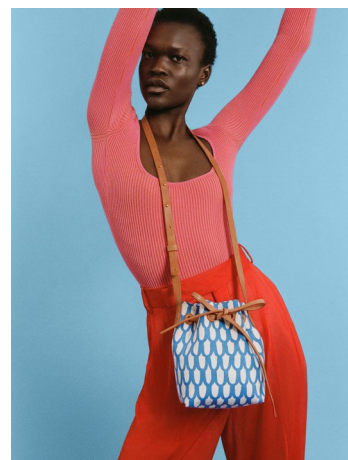
Various brand collaborations are an important tool for further increasing Marimekko's international brand awareness, which supports our growth strategy.



Mansur Gavriel x Marimekko capsule celebrates the optimistic lifestyle

In June, we launched a limited-edition collaboration collection with the modern luxury brand Mansur Gavriel.

The playful summer collection combines Mansur Gavriel's quality craftsmanship and most iconic bag styles with two bold Marimekko prints designed by Maija Isola and Annika Rimala in the 1960s.



Store network in Asia strengthened

During the second quarter, two new Marimekko stores in China Mainland and one in Hong Kong was opened. A pop-up store in South Korea became a permanent store and a Marimekko pop-up cafe was opened in Thailand.

We believe that physical stores continue to play an important role for consumers as inspirational and experiential meeting places centering around personalized service. Creative retail concepts deepen the omnichannel customer experience.



Our annual, open to all fashion show in Helsinki expanded around the city

In May, we organized our traditional fashion show in Esplanadi park in Helsinki, open to the public, after a two-year break caused by the coronavirus pandemic, and for the first time, extended the show to connected events around the city.

The tradition, which began 30 years ago, reflects several of Marimekko's core values: a sense of community, equality and inclusion.



One of the main partners of Helsinki Pride 2022

Our culture is based on equality, diversity and inclusion, and we promote and nurture these in our entire value chain.

One example of this work is our cooperation of many years with Helsinki Pride. This year, we were one of the main partners of Helsinki Pride 2022.

We are pleased to be able to promote values important to us and bring color and joy to our community in various ways.



Sustainability Review 2021 published in June

In line with our values, we want to be at the forefront of developing more sustainable products and practices. Our sustainability review details the steps we take on our ambitious sustainability journey.

In 2021, our work included, for example, reducing waste, increasing the share of more sustainable materials in our products and extending the lifetime of our products in various ways.

As a result of continuous development work and emission offsetting, our own operations have been carbon neutral since 2020.



Outlook 2022



Market outlook and growth targets for 2022: In general

- 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, Russia's war against Ukraine, political tensions, increased inflation and raising interest rates impact the global economic trend as well as the development of consumers' purchasing behavior and, as a result, can have an impact on Marimekko's business. The fall in consumer confidence in some of Marimekko's market areas can affect the business negatively in particular during the second half of the year.
- Russia's war against Ukraine does not directly affect Marimekko's business. However, Russia's war against Ukraine causes disturbances in global supply chains and contributes to the general economic situation and consumers' purchasing 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 Russia's war against Ukraine and the coronavirus pandemic as well as the development of the general economic situation, consumer confidence and purchasing power and will adjust its operations and plans according to the circumstances.
- 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: Net sales development

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, as are total international sales, though the accrual of the sales will be weighted differently between quarters than in the comparison year.
- 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: Supply chain

- The coronavirus pandemic, related restrictions and Russia's war against 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 chains increase logistics costs, which have also grown overall worldwide. 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, as well as increases risks related to inventory.
- Marimekko is actively working both on mitigating the negative effects of disruptions in supply chains and increased costs as well as to secure sales development also in a weaker general economic situation.

Market outlook and growth targets for 2022: Growth investments

- 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 as well as the development of consumer confidence and purchasing power 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 Half-year Financial Report.



Appendices

Income statement

EUR million	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Net sales	38.0	32.7	74.0	61.8	152.2
Other operating income	0.0	0.0	0.0	0.0	0.1
Change in inventories of finished goods and work in progress	4.0	2.6	4.7	4.1	3.2
Raw material and consumables	-18.3	-14.9	-32.3	-26.8	-61.5
Employee benefit expenses	-7.5	-6.9	-14.6	-13.4	-28.2
Depreciation and impairments *	-2.4	-3.0	-4.9	-6.0	-11.9
Other operating expenses *	-8.2	-5.7	-14.6	-9.3	-22.7
Operating profit *	5.7	4.9	12.3	10.5	31.2
Net financial items	0.3	-0.3	0.2	-0.5	-0.6
Result before taxes *	6.0	4.5	12.5	10.0	30.7
Income taxes *	-1.2	-0.9	-2.7	-2.0	-6.3
Net result *	4.8	3.6	9.8	8.1	24.4

* The quarterly figures for comparison 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 Half-year Financial Report.

Balance sheet

EUR million	30.6.2022	30.6.2021	31.12.2021
Non-current assets *	34.3	37.7	35.1
Inventories	30.8	26.5	26.0
Trade and other receivables	13.2	10.4	12.0
Current tax assets	0.2	-	-
Cash and cash equivalents	19.4	36.8	59.7
Assets, total *	97.9	111.4	132.9
Shareholders' equity *	42.8	53.0	69.8
Non-current liabilities	22.7	23.1	22.0
Current liabilities	32.4	35.3	41.1
Shareholders' equity and liabilities, total *	97.9	111.4	132.9

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Cash flow statement

EUR million	1-6/2022	1-6/2021	1-12/2021
Cash flow from operating activities before change in working capital *	17.9	16.5	43.6
Change in working capital	-11.0	-4.9	-2.2
Cash flow from operating activities before financial items and taxes	6.9	11.6	41.4
Financial items and taxes	-5.5	-3.1	-5.5
Cash flow from operating activities	1.4	8.4	35.9
Investments in tangible and intangible assets *	-0.3	-0.8	-0.9
Cash flow before cash flow from financing activities	1.1	7.7	35.0
Short-term loans drawn	0.7	0.5	0.9
Short-term loans repaid	-0.6	-	-
Payments of lease liabilities	-4.6	-5.2	-10.2
Dividends paid	-37.4	-7.3	-7.3
Cash flow from financing activities	-41.9	-12.0	-16.6
Change in cash and cash equivalents	-40.8	-4.4	18.4
Cash and cash equivalents at the end of the period	19.4	36.8	59.7

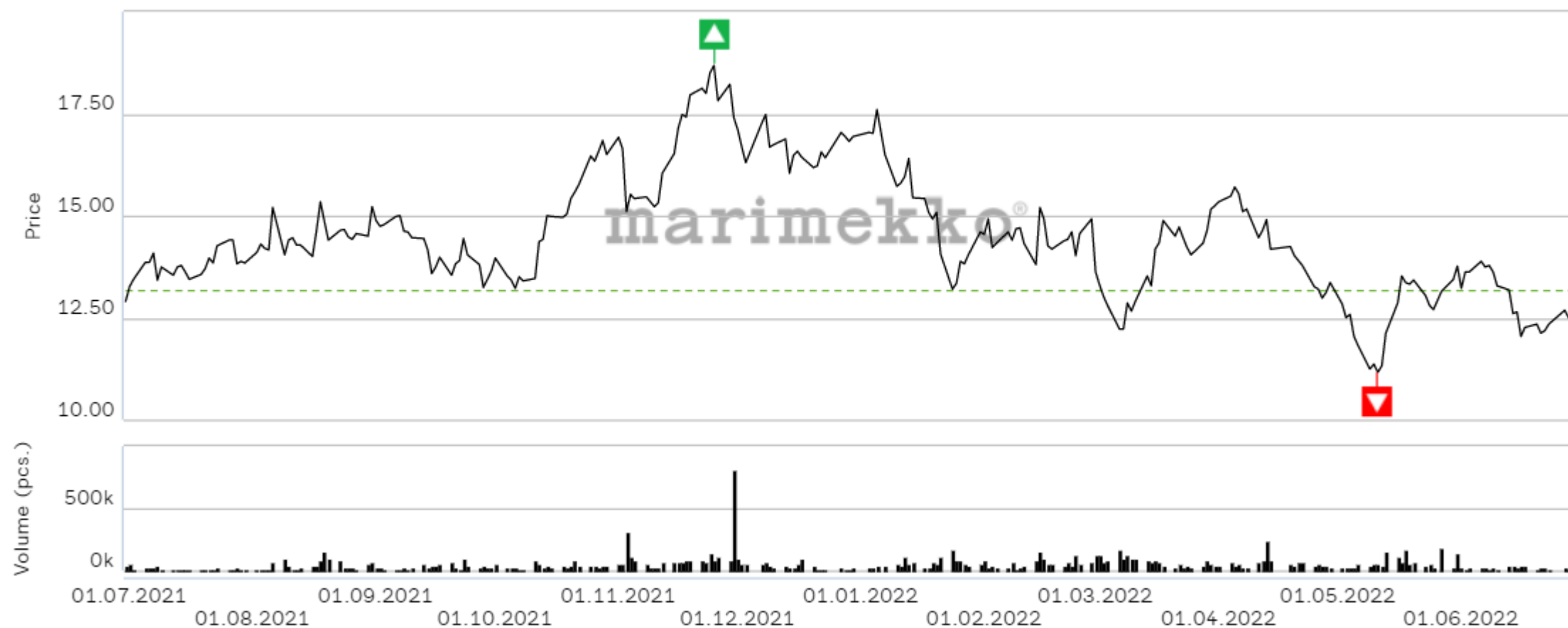
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In addition, Marimekko has unused committed credit lines of EUR 15.0 million (14.2).

Share price trend

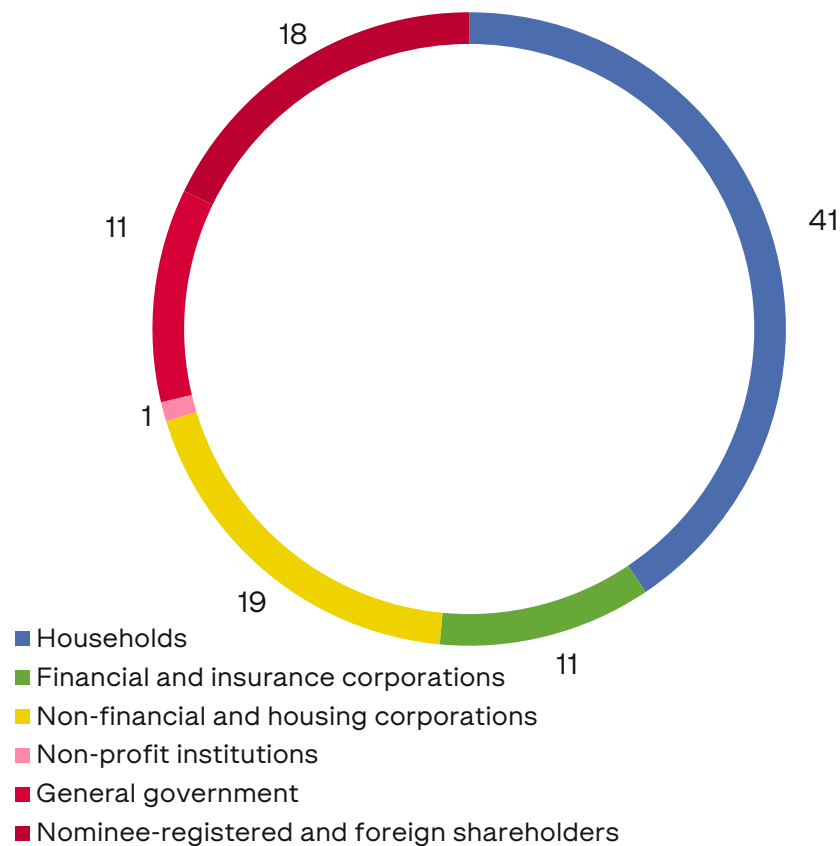
The Marimekko share (MEKKO) is quoted on the main list of Nasdaq Helsinki in the Consumer Products and Services Sector.

Market cap on 30 June 2022: EUR 501.3 million.



A total of 30,843 shareholders

Ownership by sector, %



Largest shareholders

Shareholder	Shares and votes, %
PowerBank Ventures Oy (Mika Ihamuotila)	12.52
Swedbank Robur investment funds	4.85
Varma Mutual Pension Insurance Company	4.75
Ilmarinen Mutual Pension Insurance Company	4.74
Nordea investment funds	4.38
Ehrnrooth Anna Sophia	4.06
Evli investment funds	2.25
Lazard Freres Gestion	1.91
Aktia investments funds	1.55
Oy Talcom Ab	1.24

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70 YEARS OF THE ART OF PRINTMAKING