

Interim Report 1–9/2022

Tiina Alahuhta-Kasko
President & CEO

In the third quarter, Marimekko's net sales continued to grow despite a strong comparison period; operating profit margin was at an excellent level

- Our net sales grew by 4% to EUR 44.1 million (42.4). Net sales were boosted in particular by increased international sales but also retail sales in Finland.
- Net sales in Finland decreased by 7% as wholesale sales in Finland in the comparison period were strengthened by substantially higher non-recurring promotional deliveries than before.
- International sales were up by 28% with especially wholesale and retail sales in the Asia-Pacific region developing strongly. International sales were partly increased by a different kind of weighting of wholesale deliveries compared to the previous year.
- Our comparable operating profit was EUR 11.1 million (13.1) or 25.2 percent of net sales (31.0).
- Earnings were weakened especially by an increase in fixed costs but also lower relative sales margin resulting mostly from growing logistics costs. On the other hand, increased net sales in particular supported earnings.



Marimekko's key figures in the third quarter

EUR million	7-9/2022	7-9/2021	Change, %	1-9/2022	1-9/2021	Change, %	1-12/2021
Net sales	44.1	42.4	4	118.1	104.2	13	152.2
International sales	17.4	13.6	28	49.9	42.5	17	59.9
<i>% of net sales</i>	39	<i>32</i>		42	<i>41</i>		<i>39</i>
Comparable EBITDA *	13.5	16.1	-16	30.7	32.6	-6	43.1
Operating profit *	11.1	13.1	-15	23.4	23.6	-1	31.2
Comparable operating profit *	11.1	13.1	-15	23.4	23.6	-1	31.2
<i>Comparable operating profit margin, % *</i>	25.2	<i>31.0</i>		19.8	<i>22.7</i>		<i>20.5</i>
Comparable earnings per share, EUR *, **	0.22	0.26	-15	0.46	0.46		0.60
Cash flow from operating activities *	7.0	9.7	-27	8.4	18.1	-54	35.9
<i>Return on investment (ROI), % *</i>				35.6	<i>31.2</i>		<i>33.0</i>
<i>Equity ratio, % *</i>				48.3	<i>52.8</i>		<i>53.3</i>
Net debt / EBITDA (rolling 12 months)				0.25	-0.29		-0.64
Gross investments *	0.5	0.1		0.8	0.2		0.2
Personnel at the end of the period				432	381	13	409

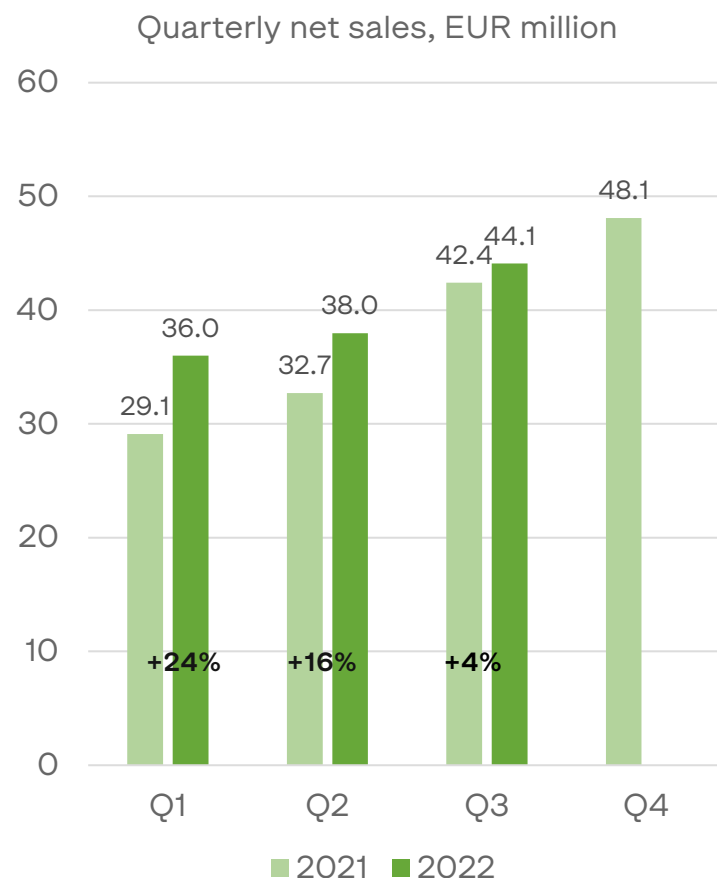
* The quarterly figures for comparison period have been restated as the accounting principle changed in 2021 following the IFRS Interpretations Committee agenda decision. Additional information is presented in the accounting principles of Interim Report.

** 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 +4% to EUR 44.1 million (42.4)

Net sales boosted in particular by increased international sales but also retail sales in Finland



EUR million	Q3 2022	Q3 2021	Change %
Finland	26.7	28.8	-7
Scandinavia	3.5	2.9	21
EMEA	3.7	2.7	36
North America	1.9	2.0	-8
Asia-Pacific	8.3	5.9	40
International sales	17.4	13.6	28
TOTAL	44.1	42.4	4

- retail sales +11%
- wholesale sales -3%
- licensing income +168%

Sales in Finland -7%

- retail sales +10% (like-for-like +5%)
- wholesale sales -27%
- licensing income -2%

International sales +28%

- retail sales +15%
- wholesale sales +29%
- licensing income grew significantly

Net sales boosted in particular by increased international sales but also retail sales in Finland. Net sales were weakened by wholesale sales in Finland, as domestic wholesale sales in the comparison period were strengthened by substantially higher non-recurring promotional deliveries than before. International sales partly increased by a different kind of weighting of wholesale deliveries compared to the previous year.

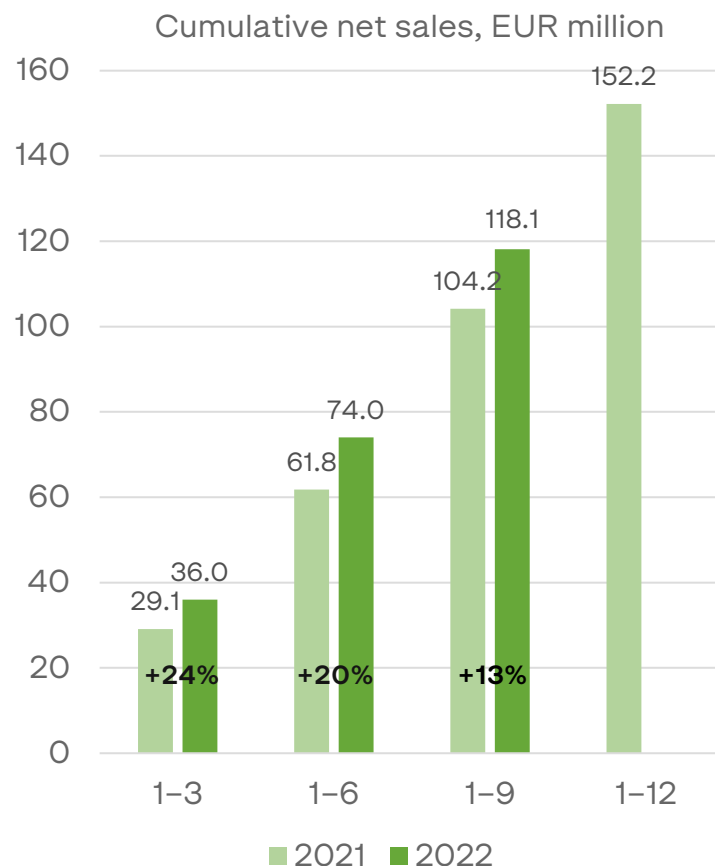
All own stores were open in the third quarter, and the footfall in the stores continued to grow clearly from the comparison period, when some own stores were still temporarily closed. Both sales in stores and online developed well.

Both wholesale and retail sales in the Asia-Pacific region increased. The good development of wholesale sales was partly affected by the different kind of weighting of deliveries compared to the previous year.

Net sales +13% to EUR 118.1 million (104.2)

Net sales boosted by a favorable trend in retail sales in Finland and growing international sales.

- retail sales +23%
- wholesale sales +5%
- licensing income +38%



EUR million	1-9/ 2022	1-9/ 2021	Change %
Finland	68.2	61.7	11
Scandinavia	9.5	8.2	15
EMEA	12.3	9.8	26
North America	5.7	5.7	0
Asia-Pacific	22.4	18.8	19
International sales	49.9	42.5	17
TOTAL	118.1	104.2	13

Sales in Finland +11%

- retail sales +21% (like-for-like +18%)
- wholesale sales -5%
- licensing income +7%

International sales +17%

- retail sales +27%
- wholesale sales +13%
- licensing income +40%

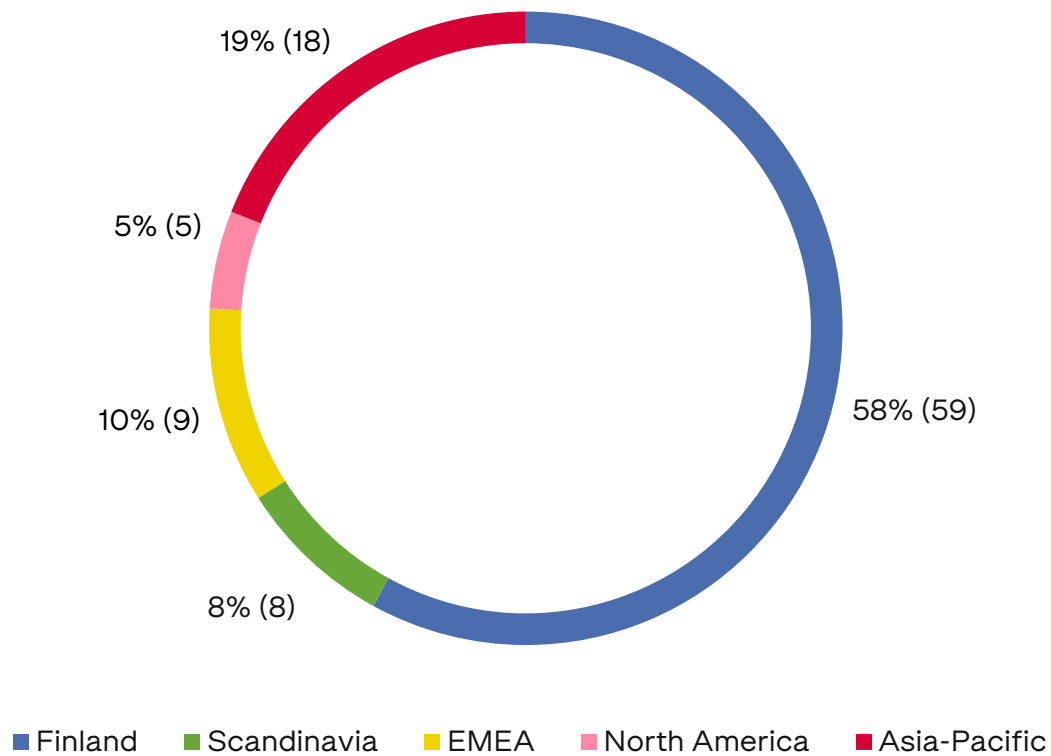
Net sales boosted both by a favorable trend in retail sales in Finland and growing international sales. Net sales weakened by wholesale sales in Finland, which were in the comparison period strengthened by substantially higher non-recurring promotional deliveries than before. International sales partly increased by a different kind of weighting of wholesale deliveries in the third quarter than the same period the year before.

In the Asia-Pacific region, both wholesale and retail sales grew. Wholesale sales were partly increased by a different kind of weighting of wholesale deliveries in the third quarter than the same period the year before. No own stores were temporarily closed like in the previous year.

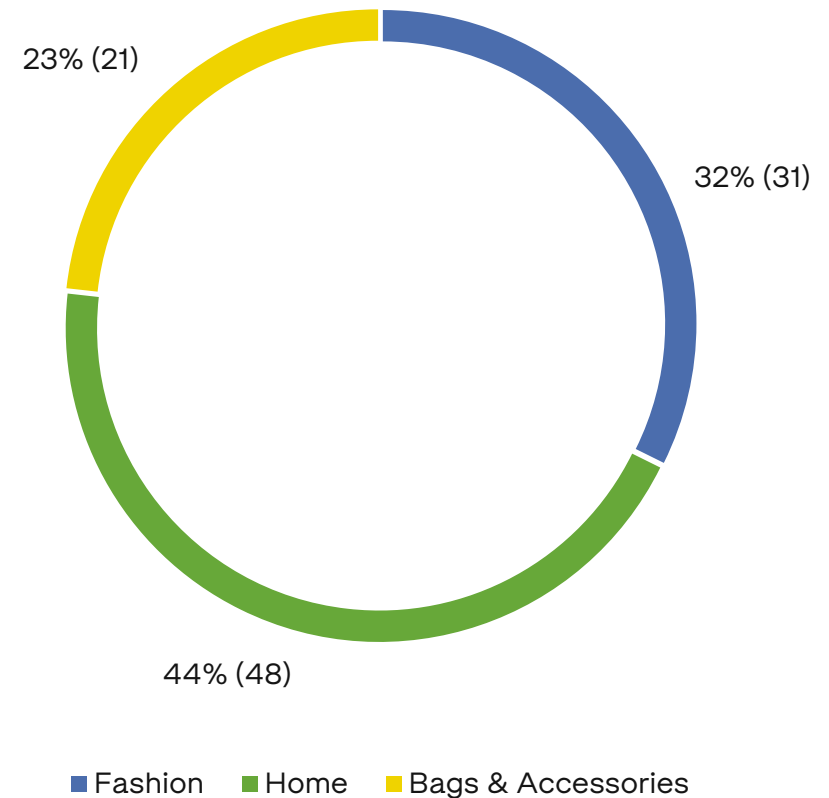
Sales grew in all product lines

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

Net sales by market area, 1-9/2022 (1-9/2021)

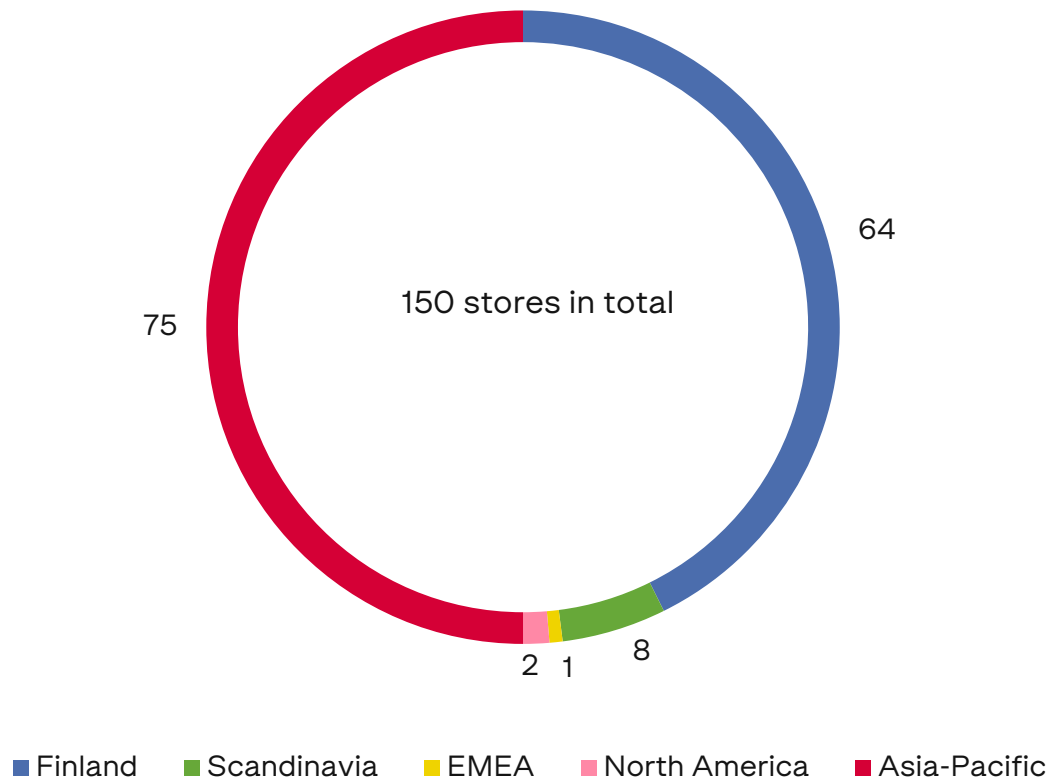


Net sales by product line, 1-9/2022 (1-9/2021)



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

Global retail footprint 1-9/2022

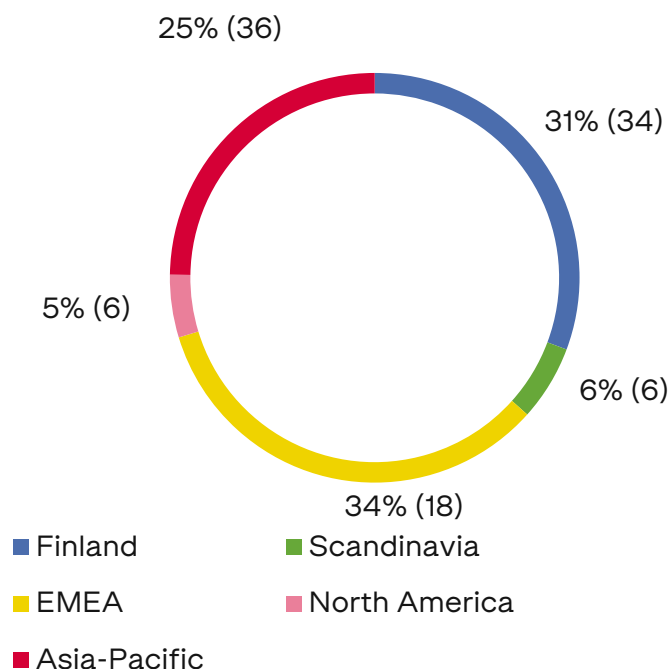


Net sales by channel, e-commerce included

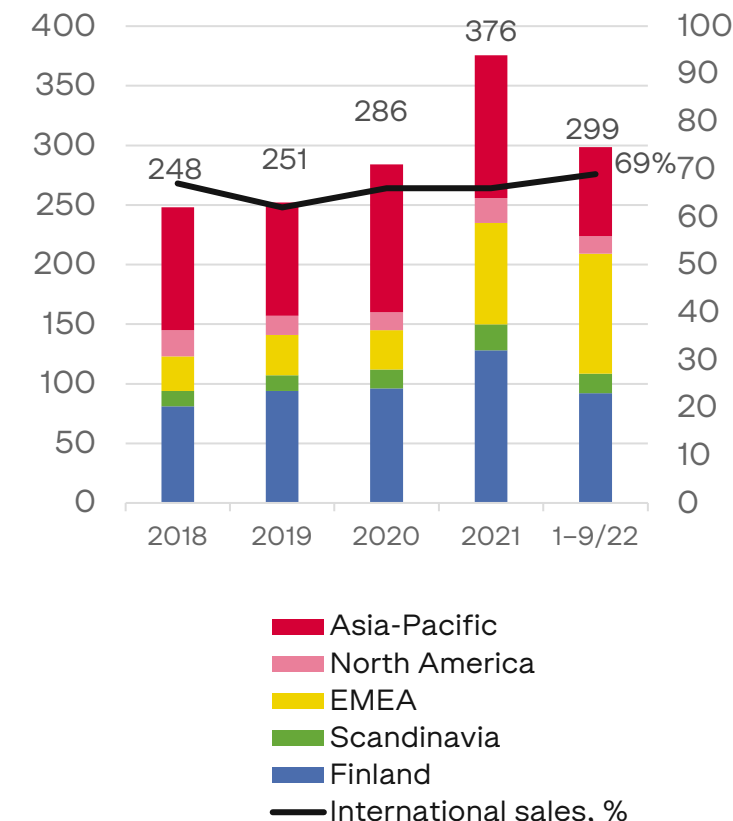


Marimekko brand sales +21% to EUR 298.6 million (247.3)

In the third quarter, 67% of brand sales outside home market (62)

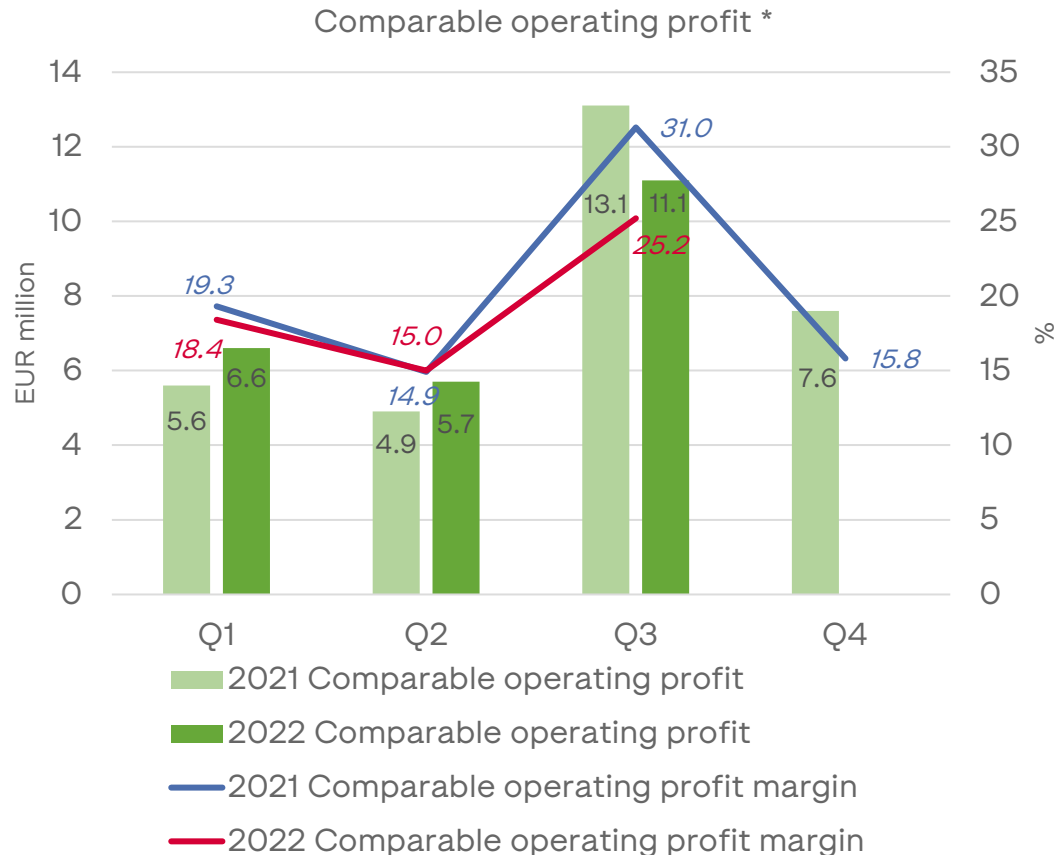


EUR million	1-9/ 2022	1-9/ 2021	Change %
Finland	92.1	85.3	8
Scandinavia	16.5	14.5	14
EMEA	100.5	44.1	128
North America	14.9	14.2	5
Asia-Pacific	74.7	89.2	-16
International sales	206.5	162.0	27
TOTAL	298.6	247.3	21



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.

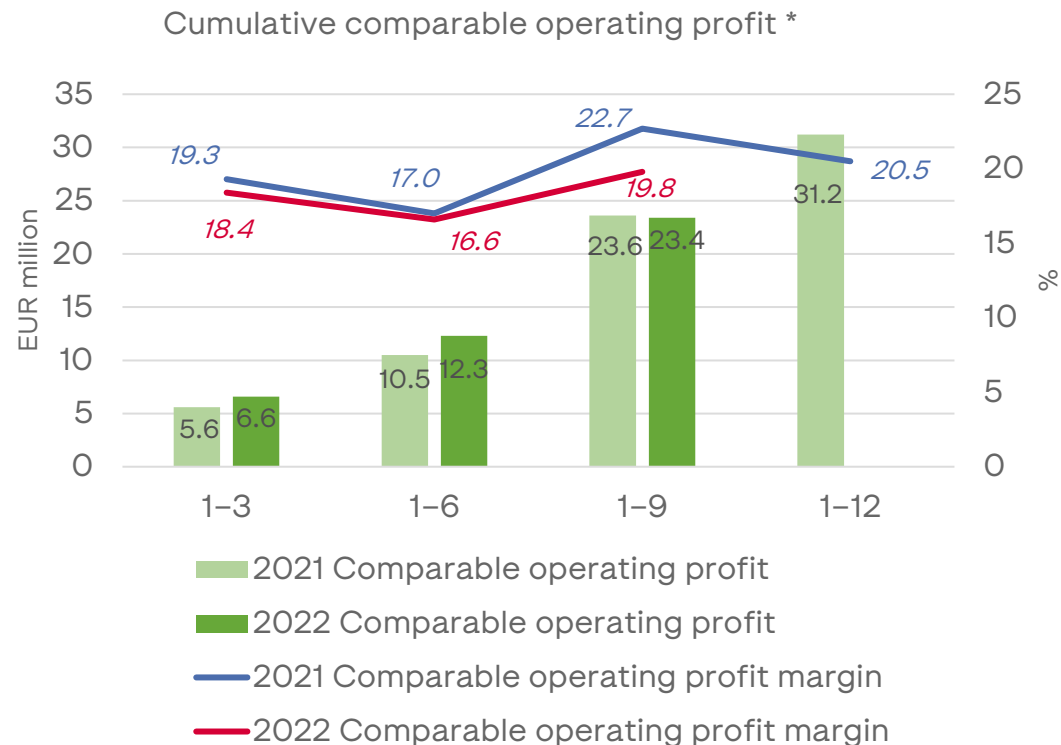
Comparable operating profit margin at an excellent level



- Comparable operating profit EUR 11.1 million (13.1)
- No items affecting comparability, so operating profit EUR 11.1 million (13.1) or 25.2 percent of net sales (31.0)
- Earnings weakened especially by an increase in fixed costs but also lower relative sales margin mainly due to increased logistics costs.
- On the other hand, increased net sales and lower depreciation than in the comparison period supported earnings.

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Cumulative result on par with the excellent level of the comparable period



- Comparable operating profit EUR 23.4 million (23.6)
- No items affecting comparability, so operating profit EUR 23.4 million (23.6) or 19.8 percent of net sales (22.7)
- Earnings mainly weakened by an increase in fixed costs but also lower relative sales margin. Relative sales margin weakened by increased logistics costs as well as higher discounts than in the comparison period.
- On the other hand, increased net sales and lower depreciation than in the comparison period supported earnings.

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Key events in Q3



Targeting strong profitability by scaling growth



Annual growth in net sales 15%

earlier: over 10%

Comparable operating profit margin 20%

earlier: 15%

Ratio of net debt to EBITDA at year end max. 2

unchanged

The intention is to pay a yearly dividend; percentage of earnings per share allocated to dividends at least 50%

unchanged

Long-term financial goals and the next strategy period were elaborated in Capital Markets Day on 14 September 2022.



Continuation for brand collaboration with adidas

Our fourth limited-edition collaboration collection with adidas, a global leader in the sporting goods industry, launched gradually starting from July 2022 on the adidas online store and at selected adidas stores and retailers around the world.

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



The network of Marimekko stores was further developed

New Marimekko stores in Shanghai, China and in Copenhagen, Denmark were opened in the third quarter. In addition, our new Marimekko Marimade home concept was presented in pop-up stores in Hong Kong and Taipei.

Even in the digitalized world, creative and experiential physical retail concepts have an important role as the hearts of brand culture that build awareness, deepen the customer experience and support omnichannel sales.



We committed to Science Based Targets Initiative (SBTi) to reduce greenhouse gas emissions

We believe that determined sustainability efforts strongly support Marimekko's long-term success. In 2020, we published our new, more ambitious sustainability strategy, and in September 2022, we made a commitment to the Science Based Targets (SBTi) initiative to set even more determined, science-based targets for reducing emissions throughout our value chain, in line with the UN Paris Climate Agreement.

Science-based emission reduction targets are an important tool in our work towards our ambitious long-term vision of our operations leaving no trace on the environment in the future.



More sustainable materials in our collections

In August, we launched together with Spinnova a capsule collection that contains first printed products made using partly Spinnova's innovative, more sustainably produced wood-based textile fiber.

September saw the launch of our latest home concept, Marimekko Marimade. Marimekko Marimade products are made with recycled, reused, bio-based and biodegradable materials, for example.



Marimekko Pre-loved market place to lengthen product lifespan

In August, we opened the Marimekko Pre-loved platform for buying and selling second-hand and vintage products.

The new online second-hand marketplace supports one of the main principles of our sustainability strategy – timeless design brings joy for generations to come – and represents an important step in our ambitious efforts to continuously extend the lifespan of our products and contribute to promoting the circular economy.



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.
- 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:

- 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.
- In 2022, the aim is to open approximately 5 to 10 new Marimekko stores and shop-in-shops, and most of the planned openings will be in Asia.

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 also during the second half of the year.

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 situations.
- 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, for example, 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 Interim Report.



Appendices

Income statement

EUR million	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
Net sales	44.1	42.4	118.1	104.2	152.2
Other operating income	0.0	0.1	0.1	0.1	0.1
Change in inventories of finished goods and work in progress	3.5	1.1	8.3	5.3	3.2
Raw material and consumables	-20.3	-16.6	-52.6	-43.3	-61.5
Employee benefit expenses	-7.1	-6.1	-21.7	-19.5	-28.2
Depreciation and impairments *	-2.3	-3.0	-7.3	-8.9	-11.9
Other operating expenses *	-6.8	-4.8	-21.5	-14.1	-22.7
Operating profit *	11.1	13.1	23.4	23.6	31.2
Net financial items	0.2	-0.0	0.3	-0.5	-0.6
Result before taxes *	11.3	13.1	23.8	23.1	30.7
Income taxes *	-2.4	-2.6	-5.1	-4.6	-6.3
Net result *	8.9	10.5	18.7	18.5	24.4

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Balance sheet

EUR million	30.9.2022	30.9.2021	31.12.2021
Non-current assets *	37.0	36.3	35.1
Inventories	34.2	27.5	26.0
Trade and other receivables	13.2	14.2	12.0
Cash and cash equivalents	24.2	43.6	59.7
Assets. total *	108.5	121.6	132.9
Shareholders' equity *	51.6	63.4	69.8
Non-current liabilities	24.7	21.8	22.0
Current liabilities	32.2	36.4	41.1
Shareholders' equity and liabilities. total *	108.5	121.6	132.9

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Cash flow statement

EUR million	1-9/2022	1-9/2021	1-12/2021
Cash flow from operating activities before change in working capital *	31.4	32.6	43.6
Change in working capital	-15.7	-10.1	-2.2
Cash flow from operating activities before financial items and taxes	15.7	22.4	41.4
Financial items and taxes	-7.3	-4.3	-5.5
Cash flow from operating activities	8.4	18.1	35.9
Investments in tangible and intangible assets *	-0.8	-0.9	-0.9
Cash flow before cash flow from financing activities	7.6	17.2	35.0
Short-term loans drawn	0.9	0.3	0.9
Short-term loans repaid	-0.7	-	-
Payments of lease liabilities	-6.6	-7.8	-10.2
Dividends paid	-37.4	-7.3	-7.3
Cash flow from financing activities	-43.8	-14.8	-16.6
Change in cash and cash equivalents	-36.2	2.4	18.4
Cash and cash equivalents at the end of the period	24.2	43.6	59.7

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In addition, Marimekko has unused committed credit lines of EUR 14.8 million (14.4).

Share price trend

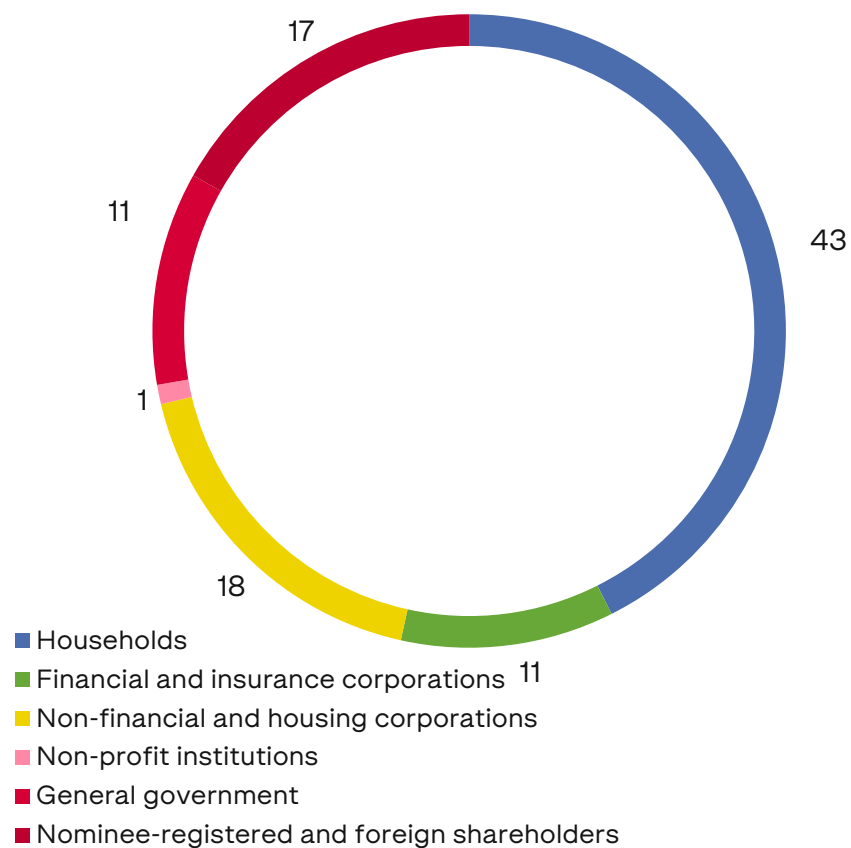
The Marimekko share (MEKKO) is quoted on the main list of Nasdaq Helsinki in the Consumer Products and Services Sector.

Market cap on 30 September 2022: EUR 353.4 million.



A total of 33,953 shareholders

Ownership by sector, % of shares



Largest shareholders

Shareholder	Shares and votes. %
PowerBank Ventures Oy (Mika Ihamuotila)	12.52
Varma Mutual Pension Insurance Company	4.75
Ilmarinen Mutual Pension Insurance Company	4.74
Nordea investment funds	4.57
Swedbank Robur funds	4.31
Ehrnrooth Anna Sophia	4.06
Evli investment funds	2.14
Lazard Frères Gestion	1.91
Aktia investment funds	1.25
Oy Talcom Ab	1.24

For more information

Tiina Alahuhta-Kasko, President and CEO

Phone +358 9 758 71

tiina.alahuhta-kasko@marimekko.com

Elina Anckar, CFO

Phone +358 9 758 7261

elina.anckar@marimekko.com

Anna Tuominen, Communications Director

Phone +358 40 584 6944

anna.tuominen@marimekko.com





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