

# Interim Report 1–3/2023

Tiina Alahuhta-Kasko  
President & CEO

## In the first quarter, our business developed as estimated

- Our net sales decreased by 2% from the record-high comparison period and totaled EUR 35.3 million (36.0).
- As estimated, net sales decreased due to a decline in Finnish wholesale sales and lower licensing income in the EMEA region. On the other hand, net sales were boosted by increased retail sales in Finland and growing international wholesale sales.
- Net sales in Finland decreased by 3% when weakened general consumer demand lowered domestic wholesale sales. International sales were almost on a par with the comparison period despite the lower licensing income.
- Our comparable operating profit totaled EUR 3.8 million (6.6) equaling to 10.9 percent of net sales (18.4).
- Operating profit was decreased especially by a lower relative sales margin, mainly weakened by lower licensing income, and an increase in fixed costs compared to the same period the previous year.



# Marimekko's key figures in the first quarter

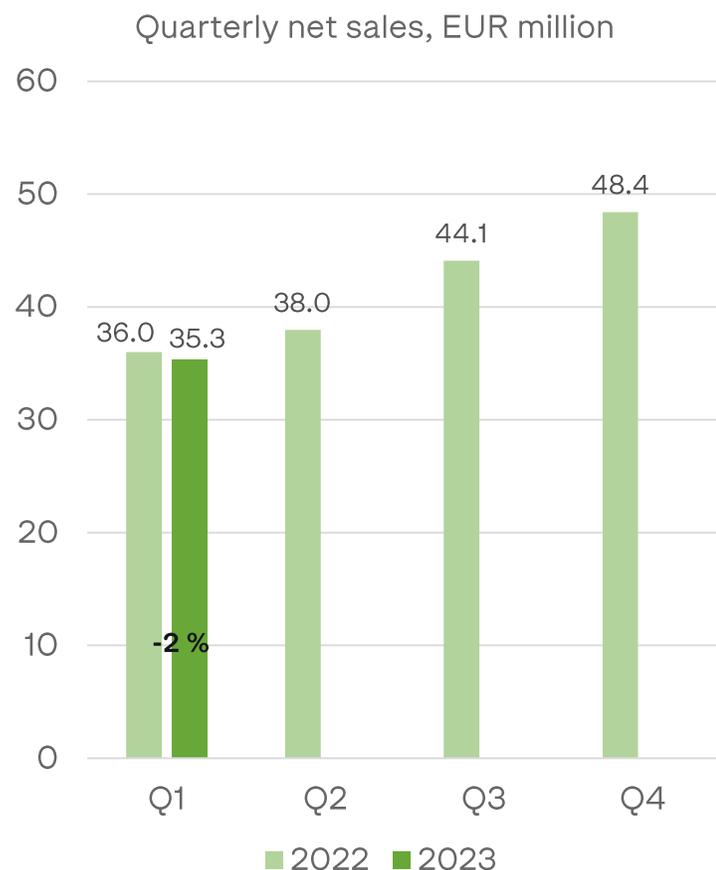
| EUR million                           | 1-3/2023    | 1-3/2022 | Change, % | 1-12/2022 |
|---------------------------------------|-------------|----------|-----------|-----------|
| Net sales                             | <b>35.3</b> | 36.0     | -2        | 166.5     |
| International sales                   | <b>17.3</b> | 17.5     | -1        | 68.3      |
| % of net sales                        | <b>49</b>   | 49       |           | 41        |
| Comparable EBITDA                     | <b>6.2</b>  | 9.1      | -33       | 40.0      |
| Operating profit                      | <b>3.8</b>  | 6.6      | -43       | 30.2      |
| Comparable operating profit           | <b>3.8</b>  | 6.6      | -42       | 30.4      |
| Comparable operating profit margin, % | <b>10.9</b> | 18.4     |           | 18.2      |
| Comparable earnings per share, EUR    | <b>0.06</b> | 0.12     | -52       | 0.56      |
| Cash flow from operating activities   | <b>-2.0</b> | -3.1     | -34       | 20.1      |
| Return on investment (ROCE), %        | <b>27.7</b> | 35.2     |           | 31.5      |
| Equity ratio, %                       | <b>53.6</b> | 57.2     |           | 49.2      |
| Net debt / EBITDA (rolling 12 months) | <b>0.15</b> | -0.31    |           | 0.03      |
| Gross investments                     | <b>0.2</b>  | 0.1      | 39        | 1.0       |
| Personnel at the end of the period    | <b>449</b>  | 409      | 10        | 459       |

# Net sales and operating profit

## Net sales decreased -2% to EUR 35.3 million (36.0)

As expected, net sales decreased due to a decline in Finnish wholesale sales and lower licensing income in the EMEA region.

On the other hand, net sales were boosted by increased retail sales in Finland and growing international wholesale sales.



| EUR million                | Q1 2023     | Q1 2022 | Q1 Change % |
|----------------------------|-------------|---------|-------------|
| <b>Finland</b>             | <b>18.0</b> | 18.5    | -3          |
| Scandinavia                | 3.5         | 3.0     | 16          |
| EMEA                       | 3.8         | 5.5     | -31         |
| North America              | 1.6         | 1.8     | -11         |
| Asia-Pacific               | 8.4         | 7.3     | 16          |
| <b>International sales</b> | <b>17.3</b> | 17.5    | -1          |
| <b>TOTAL</b>               | <b>35.3</b> | 36.0    | -2          |

- retail sales +9%
- wholesale sales -4%
- licensing income -71%

### Sales in Finland -3%

- retail sales +12% (like-for-like +4%)
- wholesale sales -20%
- licensing income +9%

### International sales -1%

- retail sales on a par with the comparison period
- wholesale sales +8%
- licensing income -73%

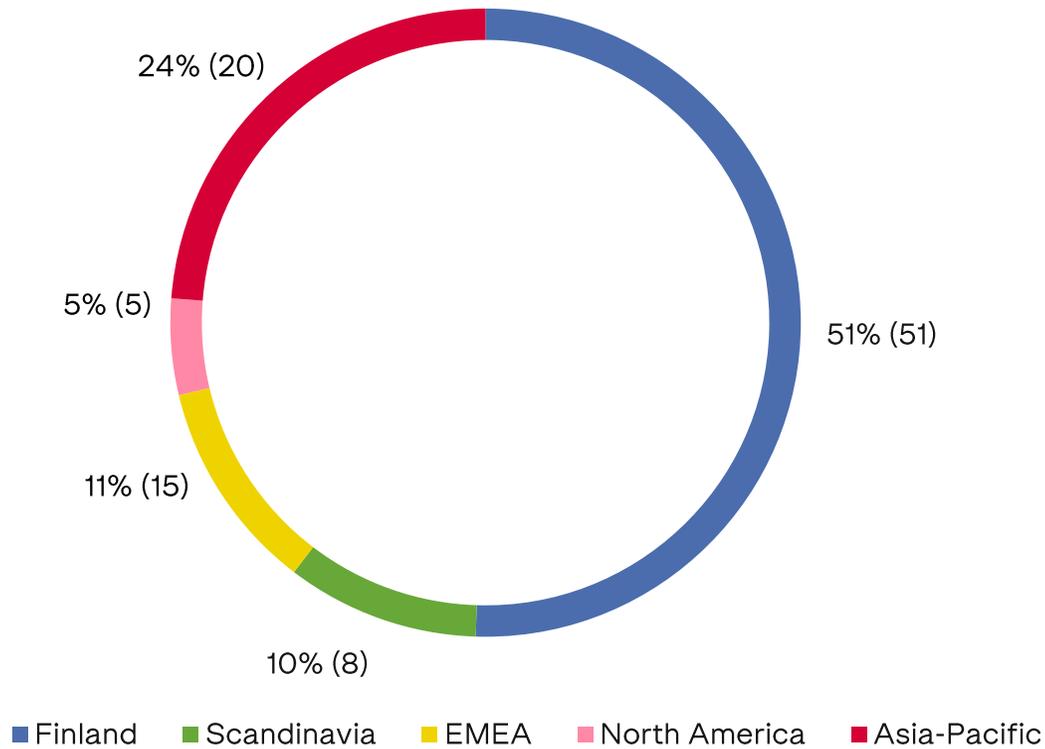
As estimated earlier, net sales were lower due to a decline in Finnish wholesale sales and lower licensing income in the EMEA region. In addition, actions to control gray exports weakened wholesale sales in the EMEA region. On the other hand, increased retail sales in Finland and growing international wholesale sales boosted net sales.

Marimekko's omnichannel retail sales increased as sales in stores and online both grew.

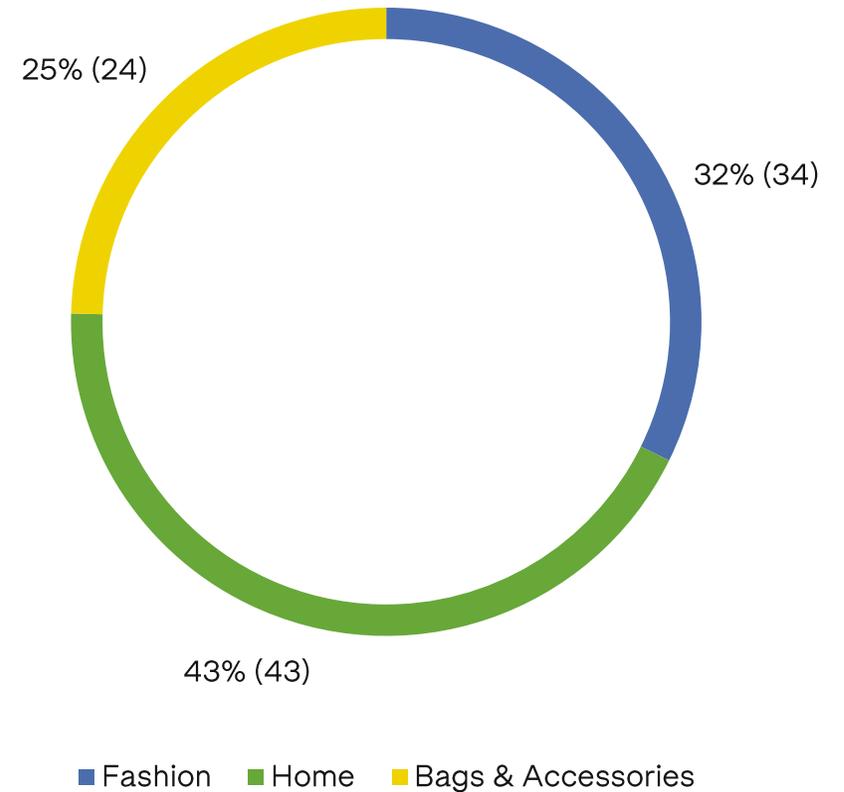
In the company's second-biggest market, the Asia-Pacific region, both wholesale and retail sales increased. In the comparison period, wholesale sales in the region were boosted by some of the wholesale deliveries in the fourth quarter of 2021 being transferred to the first quarter of 2022.

# Net sales in the strategically important Asia-Pacific region +16%

Net sales by market area, Q1/2023 (Q1/2022)

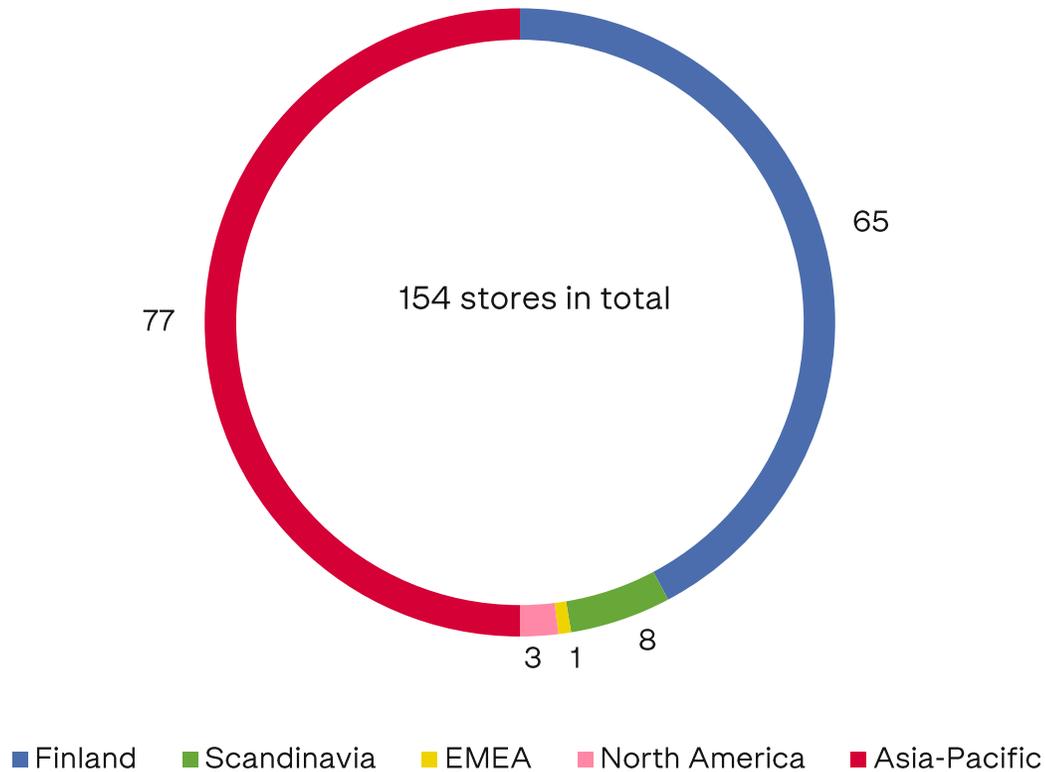


Net sales by product line, Q1/2023 (Q1/2022)



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

Global retail footprint Q1/2023

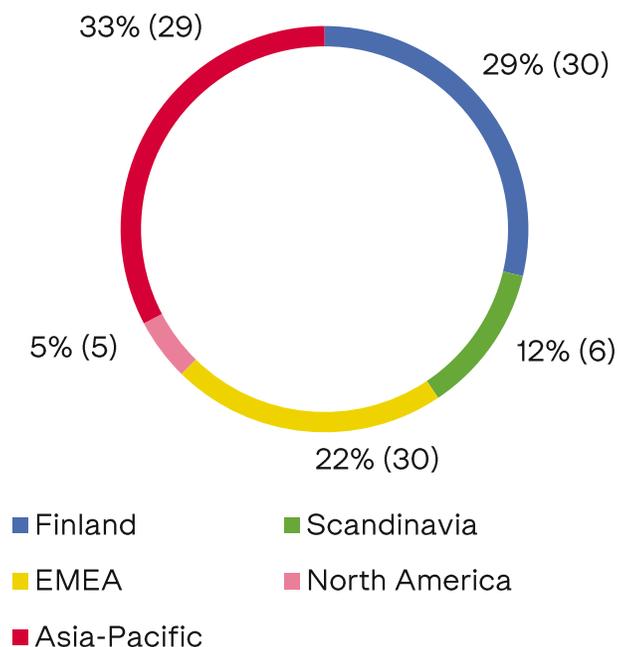


Net sales by channel, e-commerce included

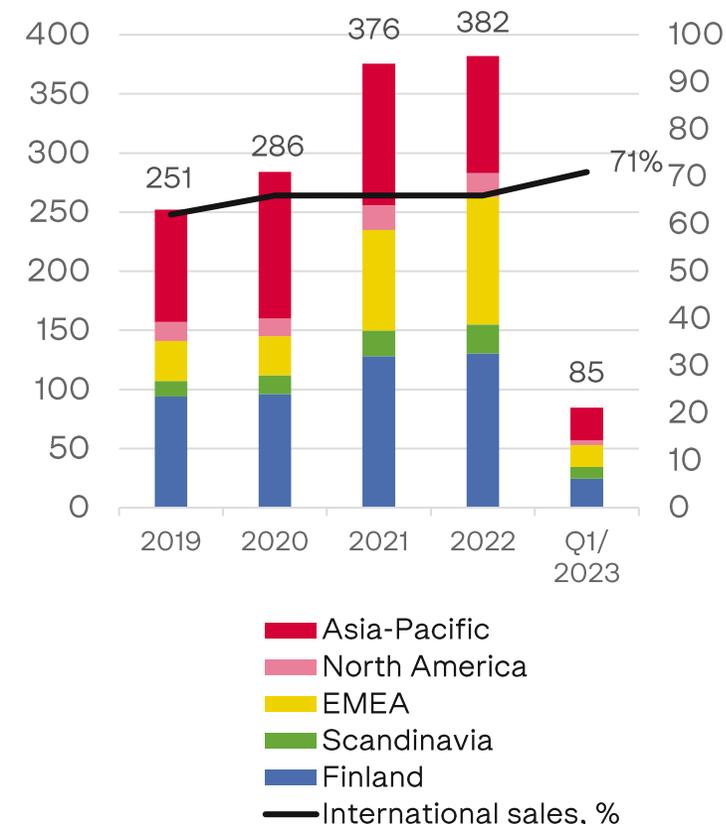


# Marimekko brand sales decreased -4% to EUR 84.5 million (88.3)

71% of brand sales outside home market (70)



| EUR million                | Q1/2023     | Q1/2022 | Change % |
|----------------------------|-------------|---------|----------|
| <b>Finland</b>             | <b>24.5</b> | 26.6    | -8       |
| Scandinavia                | 9.9         | 5.1     | 92       |
| EMEA                       | 18.6        | 26.8    | -31      |
| North America              | 3.9         | 4.1     | -6       |
| Asia-Pacific               | 27.7        | 25.6    | 8        |
| <b>International sales</b> | <b>60.0</b> | 61.8    | -3       |
| <b>TOTAL</b>               | <b>84.5</b> | 88.3    | -4       |



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. 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 below the record-high comparison period

Our strong financial position enables investments in long-term growth



- Operating profit was EUR 3.8 million (6.6).
- Comparable operating profit totaled EUR 3.8 million (6.6) and was 10.9 percent of net sales (18.4).
- Operating profit was decreased especially by a lower relative sales margin, mainly weakened by lower licensing income, and an increase in fixed costs compared to the same period the previous year. Fixed costs grew particularly by increased personnel costs in the stores to support retail sales growth, as well as investments in the building blocks of international growth.

# Key events Q1

## Brand collaboration with IKEA in stores globally in March

In March, IKEA stores worldwide launched BASTUA, a limited-edition collection that combines Nordic design, sauna culture and wellbeing. The collaboration collection was enthusiastically received.

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



## Collaboration with adidas continued with a fifth collection

The new collaboration collection that combines Marimekko's art of printmaking with adidas' wide-ranging expertise in sports clothing, footwear and apparel was launched in adidas stores, online store and wholesalers around the world from March onwards.

In addition to the valuable global visibility, brand collaboration collections typically generate licensing income to Marimekko.



## The network of Marimekko stores was further developed

During the first quarter, two new Marimekko stores were opened in Beijing, Mainland China. We also expanded our e-commerce activities in China to another online sales platform. In addition, two pop-up stores in Japan and one in Taiwan were opened. During the coming years, we will focus on Asia as the most important geographical area for our international growth.

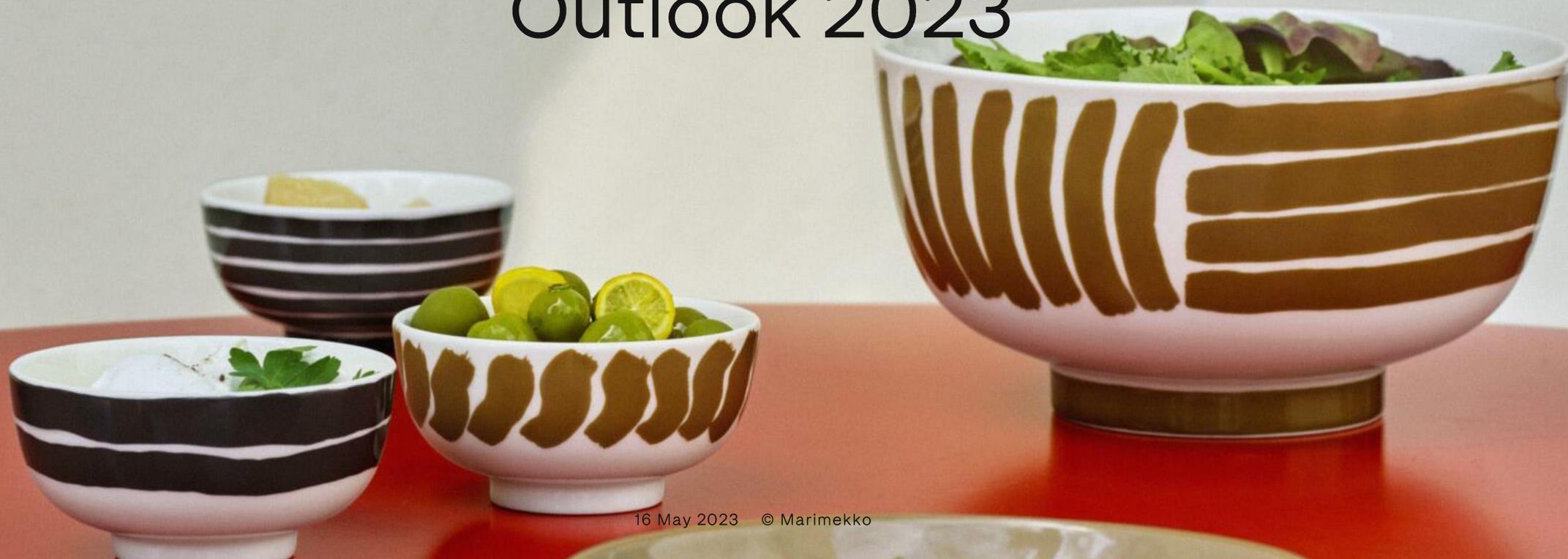
Inspiring stores and creative retail concepts play an important role not only as distribution channels but also as the hearts of our brand culture that build awareness, deepen the customer experience and support sales also in other channels.



# Spring/Summer 2023 fashion show in Thailand growing the Marimekko phenomenon further



# Outlook 2023



## Market outlook and growth targets for 2023: In general

- The uncertainties related to the general development of the global economy, such as the risk of an economic recession, general cost inflation, increasing interest rates, and the energy crisis as well as geopolitical tensions influence consumer confidence, purchasing power and behavior and, as a result, can have an impact on Marimekko's business in 2023, especially in the important domestic market of Finland.
- Different exceptional situations, such as Russia's war against Ukraine, may cause even significant disruptions in production and logistics chains, and may thus have a negative impact on the company's sales, profitability and cash flow.
- Marimekko is closely monitoring the general economic situation, and the development of consumer confidence and purchasing power, as well as the impacts of Russia's war against Ukraine and possible other exceptional situations, and the company will adjust its operations and plans according to the circumstances.

# Market outlook and growth targets for 2023: 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 Finnish wholesale sales in 2023 will be positively affected by non-recurring 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.
  
- In 2023, the aim is to open approximately 10 to 15 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. 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 in 2023, as are total international sales.

## Market outlook and growth targets for 2023: Seasonality

- Because of the seasonal nature of Marimekko's business, the major portion of the company's euro-denominated net sales and operating result are traditionally generated during the second half of the year.
- In 2023, Marimekko's net sales are expected to grow. As estimated, net sales in the first quarter of the year were lower than in the comparison period following the weaker outlook at the beginning of the year for the wholesale sales in Finland as well as lower licensing income. Furthermore, net sales in the first quarter of 2022 were boosted by some of the wholesale deliveries in the Asia-Pacific region in fourth quarter of 2021 being transferred to the first quarter of 2022.
- For the full year 2023, licensing income is forecasted to be below the record level of 2022.

## Market outlook and growth targets for 2023: Growth investments and costs

- Marimekko develops its business with a long-term view and aims to scale its growth especially in international markets during the strategy period of 2023–2027.
- In 2023, fixed costs are expected to be up on the previous year.
- Marketing expenses are expected to grow (2022: EUR 9.2 million).
- The general cost inflation continues to also affect Marimekko in 2023. Marimekko's early commitment to product orders from supplier partners, which is typical of the industry, means that changes in costs affect the company with a delay.
- These early commitments have been further emphasized by the exceptional situations, undermining the company's ability to optimize product orders and respond to rapid changes in demand and consumer behavior, which also increases risks related to inventory management. The domestic non-recurring promotional deliveries also raise inventory risks.
- Marimekko works actively to mitigate the negative impacts of disruptions in production and logistics chains as well as increased costs, and to enhance inventory management.

## Financial guidance for 2023

The Marimekko Group's net sales for 2023 are expected to grow from the previous year (2022: EUR 166.5 million). Comparable operating profit margin is estimated to be approximately some 16–19 percent (2022: 18.2 percent). Development of consumer confidence and purchasing power, global supply chain disruptions and the general inflation development, in particular, cause volatility to the outlook for 2023.

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  | 1-3/2023    | 1-3/2022    | 1-12/2022    |
|--|-------------|-------------|--------------|
| <b>Net sales</b>   | <b>35.3</b> | <b>36.0</b> | <b>166.5</b> |
| Other operating income                                       | 0.0         | 0.0         | 0.1          |
| Change in inventories of finished goods and work in progress | -0.6        | 0.7         | 7.7          |
| Raw material and consumables                                 | -13.4       | -14.0       | -72.1        |
| Employee benefit expenses                                    | -7.8        | -7.1        | -30.8        |
| Depreciation and impairments                                 | -2.3        | -2.5        | -9.7         |
| Other operating expenses                                     | -7.4        | -6.5        | -31.5        |
| <b>Operating profit</b>                                      | <b>3.8</b>  | <b>6.6</b>  | <b>30.2</b>  |
| Net financial items  | -0.8        | -0.1        | -1.1         |
| <b>Result before taxes</b>                                   | <b>3.0</b>  | <b>6.5</b>  | <b>29.1</b>  |
| Income taxes   | -0.5        | -1.5        | -6.4         |
| <b>Net result</b>  | <b>2.4</b>  | <b>5.0</b>  | <b>22.7</b>  |

# Balance sheet

| EUR million  | 31.3.2023    | 31.3.2022    | 31.12.2022   |
|--|--------------|--------------|--------------|
| Non-current assets                                 | 35.7         | 35.0         | 36.1         |
| Inventories  | 33.4         | 26.5         | 33.8         |
| Trade and other receivables                        | 12.0         | 10.9         | 12.0         |
| Current tax assets                                 | 0.8          | 0.1          | -            |
| Cash and cash equivalents                          | 28.1         | 47.0         | 32.7         |
| <b>Assets, total</b>                               | <b>109.9</b> | <b>119.4</b> | <b>114.6</b> |
| Shareholders' equity                               | 58.0         | 67.3         | 55.4         |
| Non-current liabilities                            | 25.2         | 22.7         | 25.3         |
| Current liabilities                                | 26.7         | 29.3         | 33.9         |
| <b>Shareholders' equity and liabilities, total</b> | <b>109.9</b> | <b>119.4</b> | <b>114.6</b> |

# Cash flow statement

EUR million

|   | 1-3/2023    | 1-3/2022     | 1-12/2022    |
|---|-------------|--------------|--------------|
| <b>Cash flow from operating activities before change in working capital</b> | <b>6.2</b>  | <b>9.7</b>   | <b>40.6</b>  |
| Change in working capital   | -6.0        | -9.0         | -11.2        |
| <b>Cash flow from operating activities before financial items and taxes</b> | <b>0.2</b>  | <b>0.8</b>   | <b>29.4</b>  |
| Financial items and taxes   | -2.2        | -3.8         | -9.3         |
| <b>Cash flow from operating activities</b>                                  | <b>-2.0</b> | <b>-3.1</b>  | <b>20.1</b>  |
| Investments in tangible and intangible assets                               | -0.2        | -0.1         | -1.0         |
| <b>Cash flow before cash flow from financing activities</b>                 | <b>-2.2</b> | <b>-3.2</b>  | <b>19.1</b>  |
| Short-term loans drawn  | 0.2         | 0.7          | 1.0          |
| Short-term loans repaid   | -0.2        | -            | -0.7         |
| Payments of lease liabilities   | -1.8        | -2.3         | -8.5         |
| Acquisition of own shares   | -           | -            | -0.5         |
| Dividends paid  | 0           | -8.1         | -37.4        |
| <b>Cash flow from financing activities</b>                                  | <b>-1.9</b> | <b>-9.8</b>  | <b>-45.9</b> |
| <b>Change in cash and cash equivalents</b>                                  | <b>-4.1</b> | <b>-13.0</b> | <b>-26.8</b> |
| Cash and cash equivalents at the end of the period                          | 28.1        | 47.0         | 32.7         |

In addition, Marimekko has unused committed credit lines of EUR 30.6 million (14.3).

# Share price trend

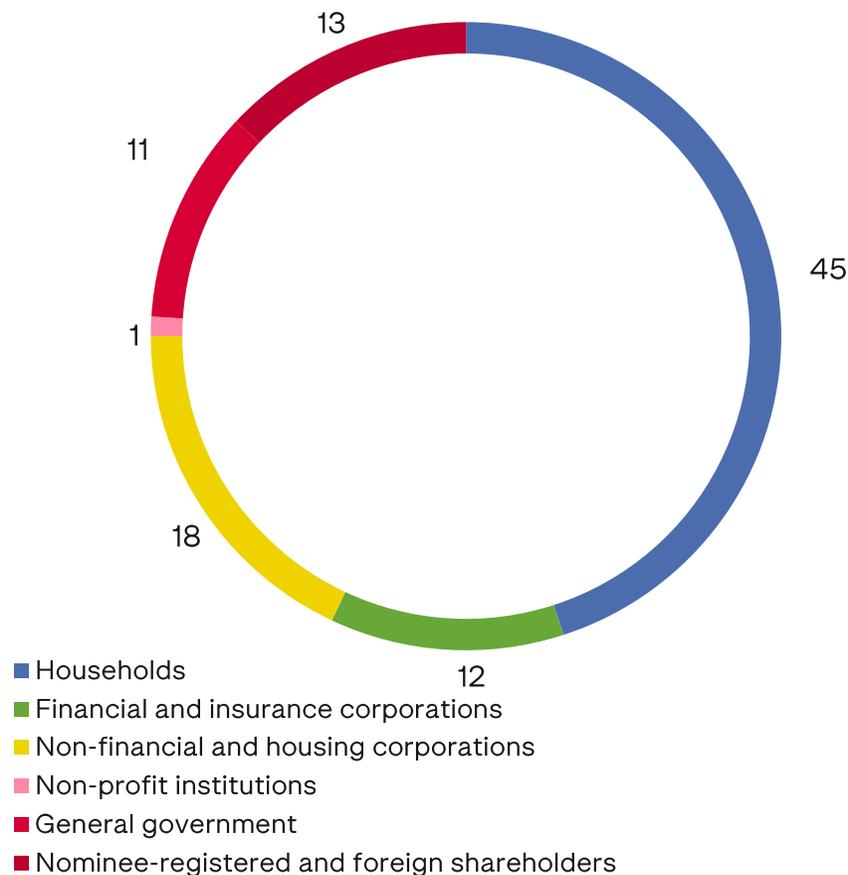
The Marimekko share (MEKKO) is quoted on the main list of Nasdaq Helsinki in the Consumer Products and Services Sector.

Market cap on 31 March 2023: 396.0 million.



# A total of 38,656 shareholders

Ownership by sector, % of shares



## Largest shareholders

(excl. foreign nominee-registered holders, 12.87% of total)

| 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                |
| Ehrnrooth Anna Sophia                      | 4.06                |
| Nordea Nordic Small Cap Fund               | 2.46                |
| Evli Finnish Small Cap Fund                | 2.14                |
| Oy Talcom Ab                               | 1.24                |
| Oy Etra Invest Ab                          | 1.23                |
| Alahuhta Matti                             | 1.04                |
| Veritas Pension Insurance Company          | 0.92                |

## For more information

**Tiina Alahuhta-Kasko**, President and CEO

Phone +358 9 758 71

[tiina.alahuhta-kasko@marimekko.com](mailto:tiina.alahuhta-kasko@marimekko.com)

**Elina Anckar**, CFO

Phone +358 9 758 7261

[elina.anckar@marimekko.com](mailto:elina.anckar@marimekko.com)

**Anna Tuominen**, Communications Director

Phone +358 40 584 6944

[anna.tuominen@marimekko.com](mailto:anna.tuominen@marimekko.com)





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