

Interim report 1–9/2023

Tiina Alahuhta-Kasko

President & CEO

Net sales grew and operating profit improved in the third quarter

- Our net sales increased by 9% and totaled EUR 47.9 million (44.1).
- The increase in net sales was driven particularly by growth in wholesale sales both internationally and in Finland.
- Net sales in Finland grew by 6% as non-recurring promotional deliveries increased domestic wholesale sales and retail sales amounted almost to the record-high level of the comparison period. International sales grew by 13%.
- Our comparable operating profit totaled EUR 13.1 million (11.1) equaling to 27.4% of net sales (25.2).
- Operating profit was boosted especially by increased net sales but also by the improved relative sales margin. On the other hand, an increase in fixed costs had a weakening impact on operating profit.



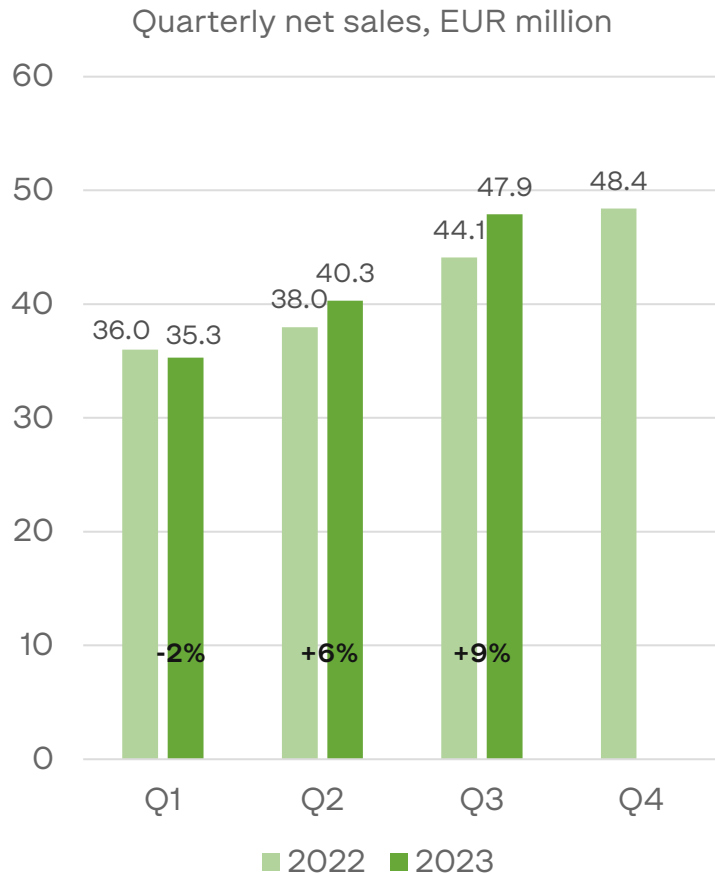
Marimekko's key figures in the third quarter

EUR million	7-9/2023	7-9/2022	Change, %	1-9/2023	1-9/2022	Change, %	1-12/2022
Net sales	47.9	44.1	9	123.5	118.1	5	166.5
International sales	19.7	17.4	13	55.1	49.9	10	68.3
% of net sales	41	39		45	42		41
Comparable EBITDA	15.4	13.5	15	30.6	30.7	0	40.0
Operating profit	12.9	11.1	16	23.3	23.4	0	30.2
Comparable operating profit	13.1	11.1	18	23.7	23.4	1	30.4
Comparable operating profit margin, %	27.4	25.2		19.2	19.8		18.2
Comparable earnings per share, EUR	0.26	0.22	19	0.44	0.46	-4	0.56
Cash flow from operating activities	5.4	7.0	-23	8.4	8.4	0	20.1
Return on Capital Employed (ROCE), %				32.0	35.6		31.5
Equity ratio, %				53.2	48.3		49.2
Net debt / EBITDA (rolling 12 months)				0.34	0.25		0.03
Gross investments	0.5	0.5	-13	1.2	0.8	46	1.0
Personnel at the end of the period				451	432	4	459

Net sales and operating profit

Net sales increased +9% to EUR 47.9 million (44.1)

The increase in net sales was driven particularly by growth in wholesale sales both internationally and in Finland.



EUR million	Q3/ 2023	Q3/ 2022	Change %
Finland	28.2	26.7	6
Scandinavia	4.3	3.5	24
EMEA	3.6	3.7	-3
North America	2.5	1.9	36
Asia-Pacific	9.2	8.3	11
International sales	19.7	17.4	13
TOTAL	47.9	44.1	9

- retail sales on a par with comparison period
- wholesale sales +17%
- licensing income -27%

Sales in Finland +6%

- retail sales -1% (like-for-like -4%)
- wholesale sales +18%
- licensing income -30%

International sales +13%

- retail sales +7%
- wholesale sales +17%
- licensing income -27%

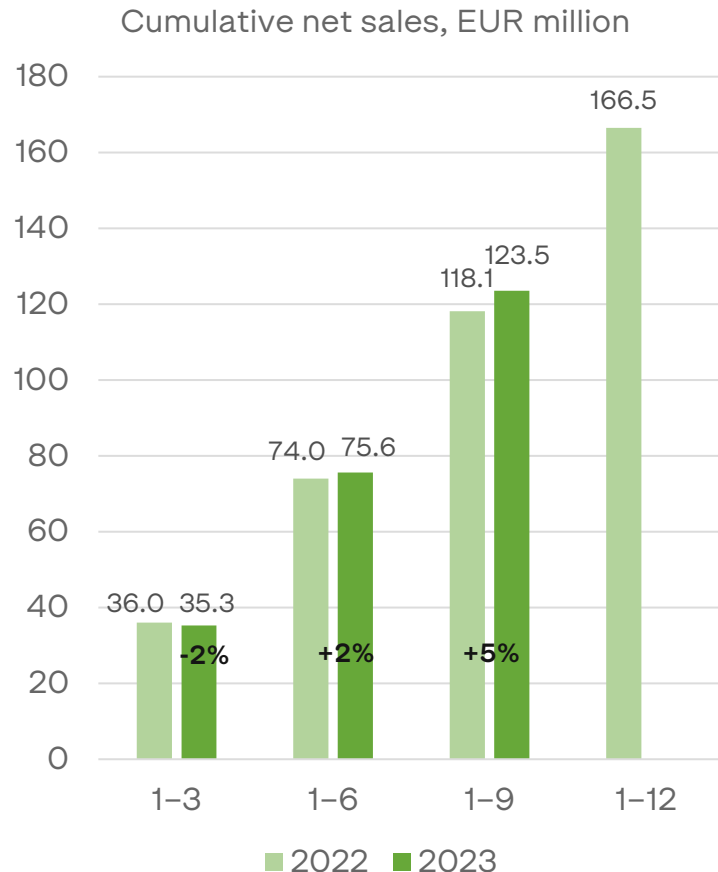
Net sales were boosted particularly by growth in wholesale sales both internationally and in Finland.

Net sales in Finland increased. Non-recurring promotional deliveries increased domestic wholesale sales. Despite the weakened general consumer demand, retail sales amounted almost to the record-high level of the comparison period.

In the company’s second-biggest market, the Asia-Pacific region, net sales increased with especially wholesale sales in the region growing.

Net sales increased +5% to EUR 123.5 million (118.1)

Net sales were boosted in particular by increased international wholesale sales.



EUR million	1-9/ 2023	1-9/ 2022	Change %
Finland	68.4	68.2	0
Scandinavia	10.8	9.5	14
EMEA	11.1	12.3	-10
North America	6.7	5.7	18
Asia-Pacific	26.4	22.4	18
International sales	55.1	49.9	10
TOTAL	123.5	118.1	5

- retail sales +3%
- wholesale sales +6%
- licensing income -8%

Sales in Finland on a par with comparison period

- retail sales +3% ((like-for-like -1%)
- wholesale sales -5%
- licensing income -18%

International sales +10%

- retail sales +2%
- wholesale sales +14%
- licensing income -7%

Net sales were boosted in particular by increased international wholesale sales.

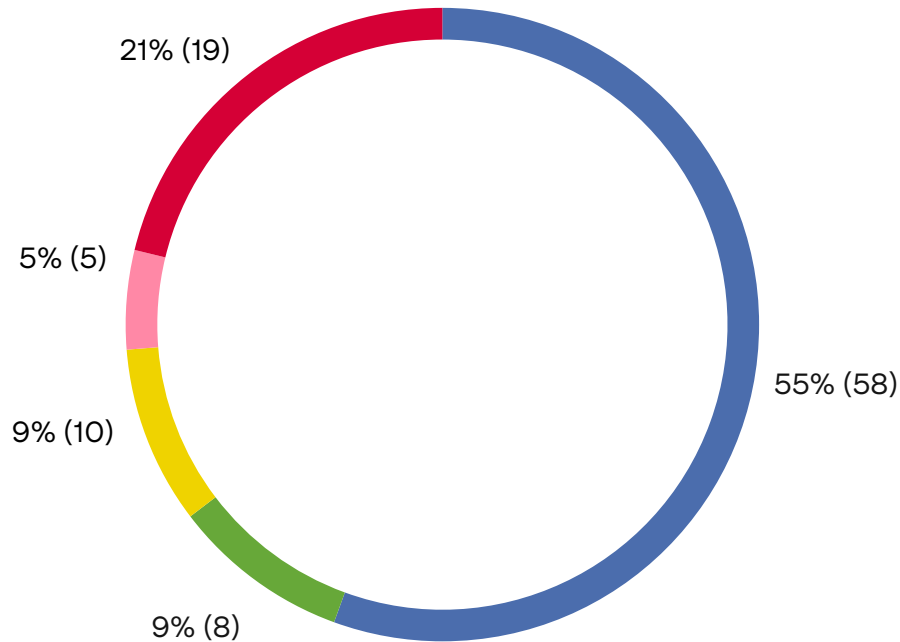
Net sales in Finland were on a par with the comparison period. Retail sales grew, but in spite of a strong third quarter, the cumulative wholesale sales in Finland were below the same period a year ago as a result of weakened general consumer demand.

Especially growth in wholesale sales and licensing income increased net sales in the Asia-Pacific region, the company's second-biggest market. 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 +18%

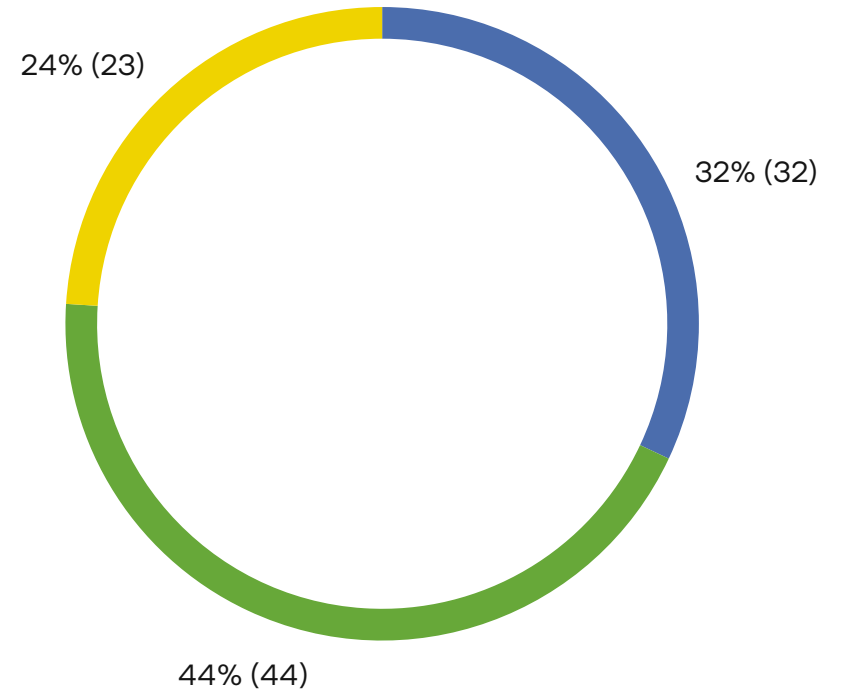
All three product lines grew.

Net sales by market area, 1-9/2023 (1-9/2022)



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

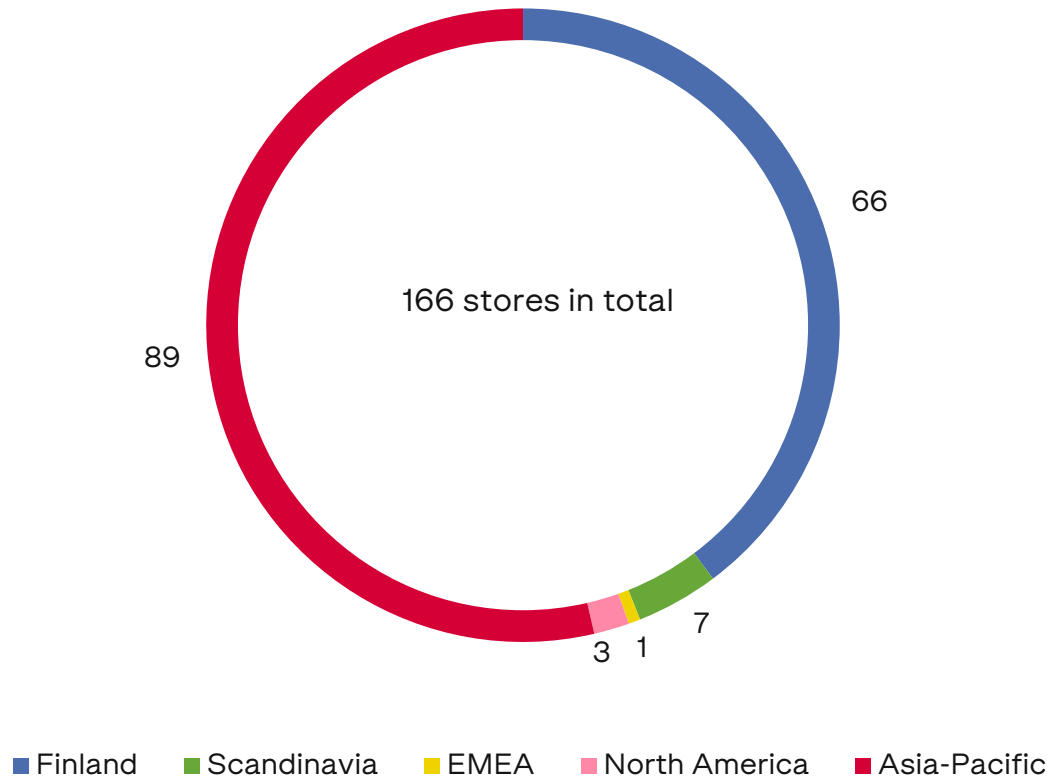
Net sales by product line, 1-9/2023 (1-9/2022)



■ Fashion ■ Home ■ Bags & Accessories

16 new Marimekko stores and shop-in-shops in first nine months

Global retail footprint 1-9/2023

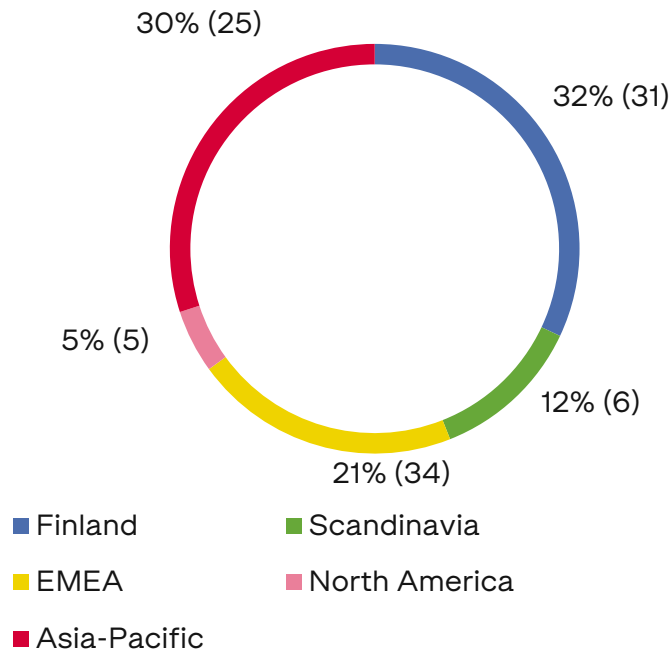


Net sales by channel, e-commerce included

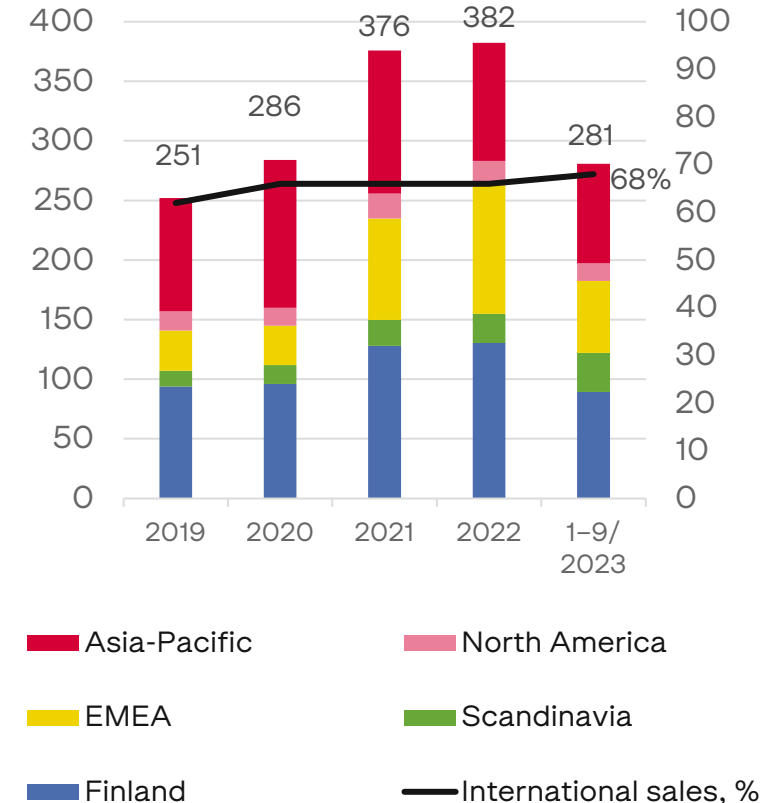


Marimekko cumulative brand sales EUR 280.8 million (298.6)

In the third quarter, 59% of brand sales outside home market (67)

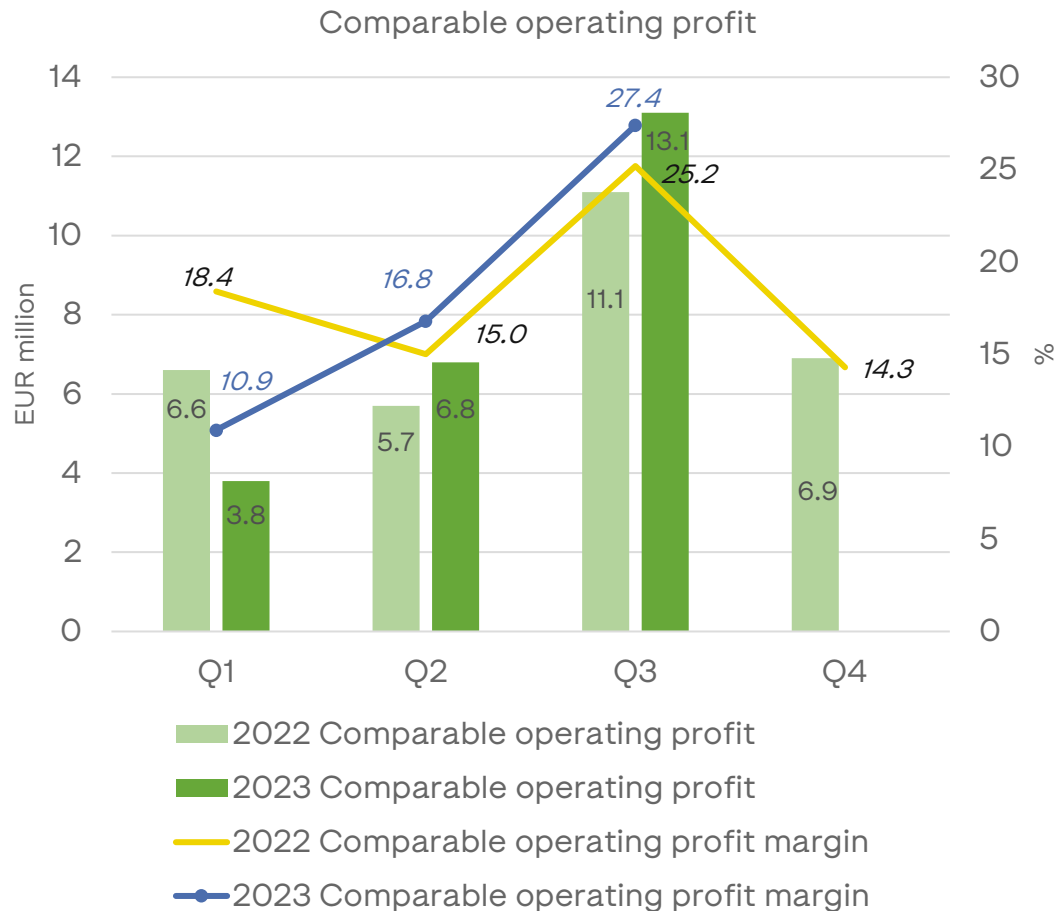


EUR million	1-9/ 2023	1-9/ 2022	Change %
Finland	89.3	92.1	-3
Scandinavia	32.9	16.5	100
EMEA	60.2	100.5	-40
North America	15.0	14.9	1
Asia-Pacific	83.4	74.7	12
International sales	191.5	206.5	-7
TOTAL	280.8	298.6	-6



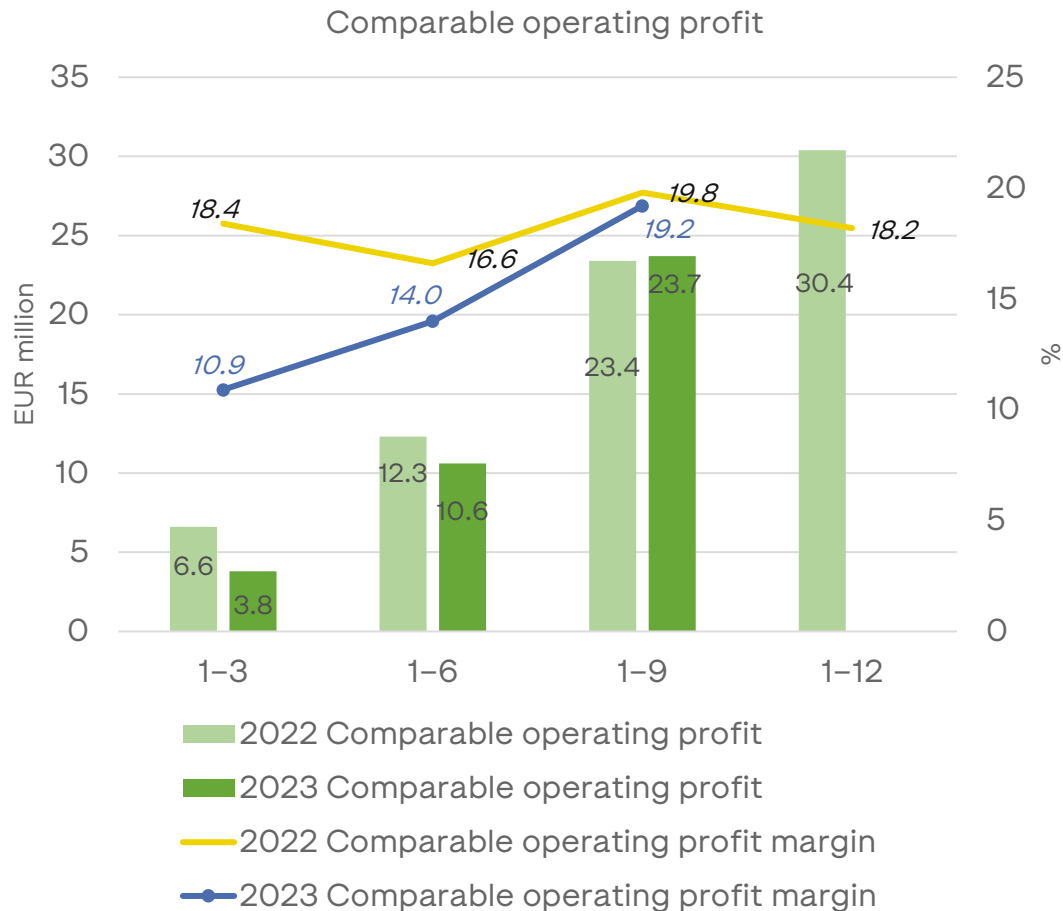
Brand sales represent the reach of the Marimekko brand through different distribution channels. An unofficial estimate of sales of Marimekko products at consumer prices, brand sales are calculated by adding together the company's own retail net sales and the estimated retail value of Marimekko products 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 +18% in the third quarter



- Operating profit was EUR 12.9 million (11.1).
- Comparable operating profit totaled EUR 13.1 million (11.1) and was 27.4 percent of net sales (25.2).
- Operating profit was boosted especially by increased net sales but also by the improved relative sales margin. On the other hand, an increase in fixed costs had a weakening impact on operating profit.
- Fixed costs grew particularly due to increased employee benefit costs, resulting from higher personnel costs in the stores and earlier investments in the building blocks of international growth. Relative sales margin was supported by lower transport costs.

Cumulative comparable operating profit at the excellent level of the comparison period



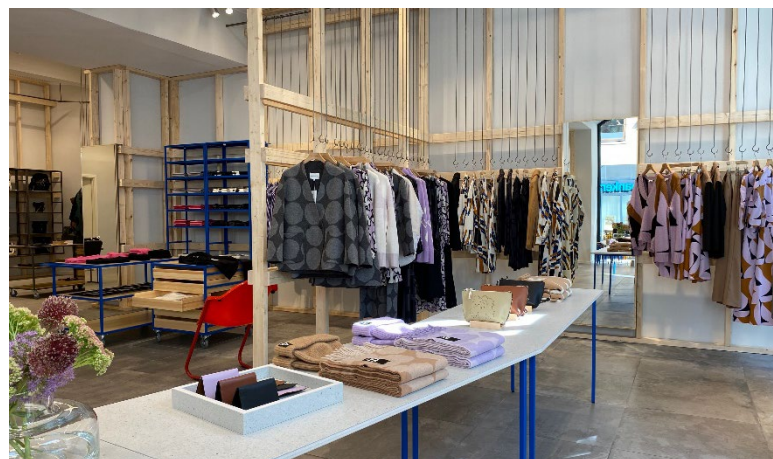
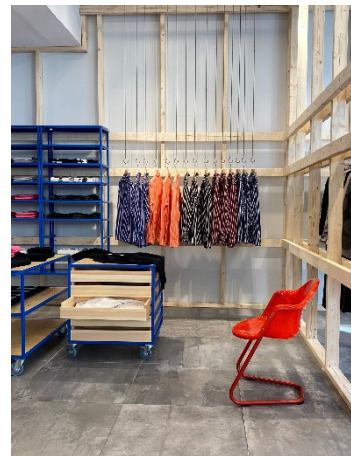
- Operating profit was EUR 23.3 million (23.4).
- Comparable operating profit totaled EUR 23.7 million (23.4) and was 19.2 percent of net sales (19.8).
- Operating profit was improved by increased net sales. On the other hand, higher fixed costs and lower relative sales margin decreased operating profit.
- Fixed costs increased due to earlier recruitments made to strengthen the building blocks of international growth as well as higher personnel costs in the stores. Relative sales margin was weakened especially by higher discounts and lower licensing income than in the comparison period. On the other hand, lower transport costs supported relative sales margin.

Key events in Q3

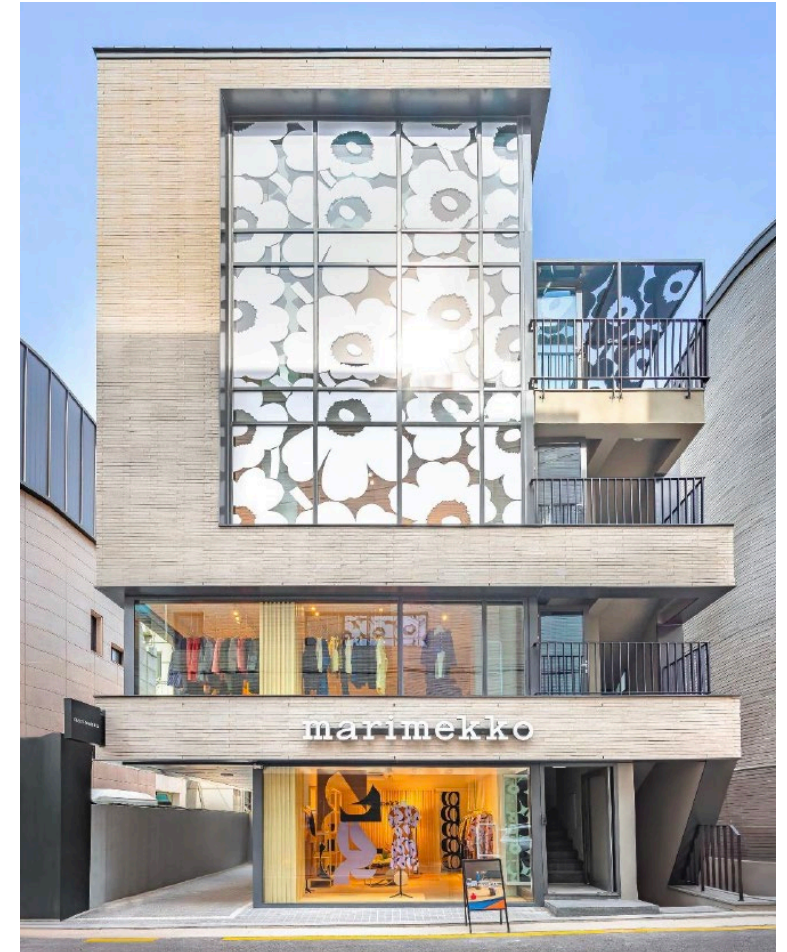
Our Spring/Summer 2024 collection, celebrating the 60th anniversary of the Unikko print, attracted wide interest in Copenhagen Fashion Week



Redesigned flagship store opened in Stockholm – flagship stores in key cities play an important role in building brand awareness and omnichannel sales



Nine Marimekko stores and two pop-ups opened in Asia, the most important geographical area for international growth



Three of the newly opened Asian stores located in new markets, in the globally important metropolis Singapore and the fast-growing Vietnam



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.
- Sales in Finland are strongly impacted by the general economic development, particularly the development of consumer confidence and purchasing power.

The Asia-Pacific region

- 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.
- In 2023, the aim is to open approximately 15 to 20 new Marimekko stores and shop-in-shops, and most of the planned openings will be in Asia.

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 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 the fourth quarter of 2021 being transferred to the first quarter of 2022.
- For the full year 2023, licensing income is forecasted to grow from 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 and relative profitability. The domestic non-recurring promotional deliveries also raise inventory risks.
- Marimekko works actively to ensure functioning production and logistics chains, to mitigate the negative impacts of generally 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	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Net sales	47.9	44.1	123.5	118.1	166.5
Other operating income	0.0	0.0	0.1	0.1	0.1
Change in inventories of finished goods and work in progress	-2.9	3.5	-0.0	8.3	7.7
Raw material and consumables	-15.1	-20.3	-46.6	-52.6	-72.1
Employee benefit expenses	-7.7	-7.1	-24.2	-21.7	-30.8
Depreciation and impairments	-2.3	-2.3	-6.8	-7.3	-9.7
Other operating expenses	-7.0	-6.8	-22.6	-21.5	-31.5
Operating profit	12.9	11.1	23.3	23.4	30.2
Net financial items	-0.0	0.2	-1.4	0.3	-1.1
Result before taxes	12.9	11.3	21.9	23.8	29.1
Income taxes	-2.5	-2.4	-4.4	-5.1	-6.4
Net result	10.3	8.9	17.5	18.7	22.7

Balance sheet

EUR million	30.9.2023	30.9.2022	31.12.2022
Non-current assets	36.1	37.0	36.1
Inventories	34.0	34.2	33.8
Trade and other receivables	24.2	13.2	12.0
Current tax assets	0.1	-	-
Cash and cash equivalents	19.1	24.2	32.7
Assets, total	113.5	108.5	114.6
Shareholders' equity	59.5	51.6	55.4
Non-current liabilities	25.0	24.7	25.3
Current liabilities	29.0	32.2	33.9
Shareholders' equity and liabilities, total	113.5	108.5	114.6

Cash flow statement

EUR million

	1-9/2023	1-9/2022	1-12/2022
Cash flow from operating activities before change in working capital	30.5	31.4	40.6
Change in working capital	-15.8	-15.7	-11.2
Cash flow from operating activities before financial items and taxes	14.7	15.7	29.4
Financial items and taxes	-6.3	-7.3	-9.3
Cash flow from operating activities	8.4	8.4	20.1
Investments in tangible and intangible assets	-1.2	-0.8	-1.0
Cash flow before cash flow from financing activities	7.2	7.6	19.1
Short-term loans drawn	0.2	0.9	1.0
Short-term loans repaid	-1.2	-0.7	-0.7
Payments of lease liabilities	-5.5	-6.6	-8.5
Acquisition of own shares	-	-	-0.5
Dividends paid	-13.8	-37.4	-37.4
Cash flow from financing activities	-20.3	-43.8	-45.9
Change in cash and cash equivalents	-13.1	-36.2	-26.8
Cash and cash equivalents at the end of the period	19.1	24.2	32.7

In addition, Marimekko has unused committed credit lines of EUR 31.6 million (14.8).

Share price trend

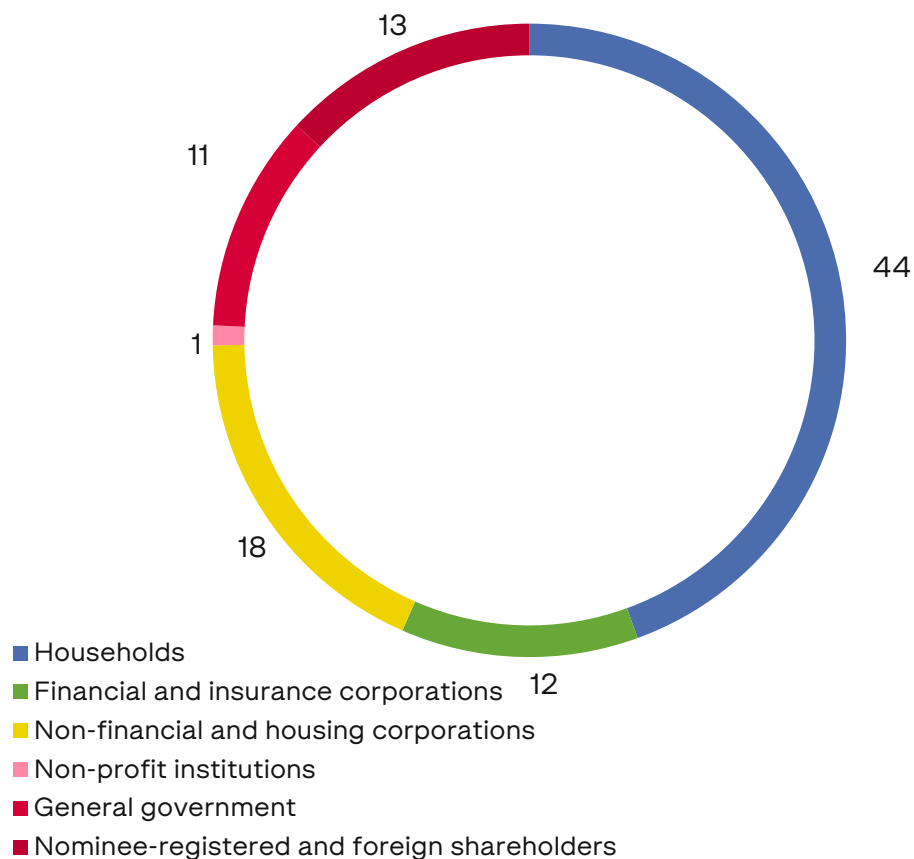
The Marimekko share (MEKKO) is quoted on the main list of Nasdaq Helsinki in the Consumer Products and Services Sector.

Market cap on 30 September 2023: 426.4 million.



A total of 39,136 shareholders

Ownership by sector, % of shares



Largest shareholders

(excl. foreign nominee-registered holders, 13.12% 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	2.45
Oy Talcom Ab	1.24
Oy Etra Invest Ab	1.23
Alahuhta Matti	1.06
Elo Mutual Pension Insurance Company	0.96

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 & IR Director

Phone +358 40 584 6944

anna.tuominen@marimekko.com





marimekko

70 YEARS OF THE ART OF PRINTMAKING