

Interim Report 1–3/2024

Tiina Alahuhta-Kasko

President & CEO

Net sales grew in particular as a result of timing of non-recurring promotional deliveries and operating profit improved

- Our net sales increased by 7% and totaled EUR 37.7 million (35.3).
- Net sales were boosted in particular by the growth of wholesale sales in Finland, as the amount of non-recurring promotional deliveries falling in the first quarter was significantly higher than estimated. The increase in net sales was also driven by the growth of international net sales.
- Net sales in Finland grew by 8%. International sales grew by 6% as wholesale sales developed favorably both in the Asia-Pacific region and North America and licensing income grew considerably.
- Our comparable operating profit totaled EUR 5.2 million (3.8) equaling to 13.8% of net sales (10.9).
- Operating profit was boosted especially by increased net sales and improved relative sales margin.



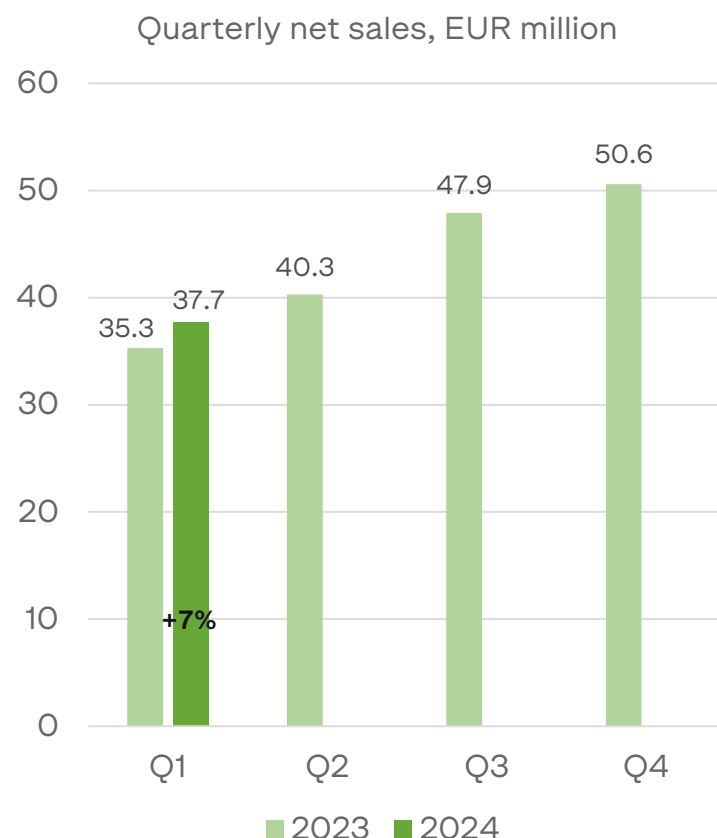
Marimekko's key figures in the first quarter

EUR million	1-3/2024	1-3/2023	Change, %	1-12/2023
Net sales	37.7	35.3	7	174.1
International sales	18.2	17.3	6	75.2
% of net sales	48	49		43
Operating profit	5.1	3.8	33	31.4
Comparable operating profit	5.2	3.8	36	32.0
Comparable operating profit margin, %	13.8	10.9		18.4
Comparable earnings per share, EUR	0.10	0.06	63	0.59
Cash flow from operating activities	-0.7	-2.0	64	29.4
Gross investments	0.5	0.2	135	2.0
Return on Capital Employed (ROCE), %	34.1	27.7		33.0
Equity ratio, %	58.4	53.6		54.1
Gearing, %	-1.8	9.6		-6.3
Net debt / EBITDA (rolling 12 months)	-0.03	0.15		-0.10
Personnel at the end of the period	446	449	-1	468

Net sales and operating profit

Net sales increased +7% to EUR 37.7 million (35.3)

Net sales were boosted in particular by the growth of wholesale sales in Finland, as the amount of non-recurring promotional deliveries falling in the first quarter was significantly higher than estimated. The increase in net sales was also driven by the growth of international net sales.



EUR million	Q1/ 2024	Q1/ 2023	Change %
Finland	19.4	18.0	8
Scandinavia	3.0	3.5	-12
EMEA	2.4	3.8	-36
North America	2.5	1.6	56
Asia-Pacific	10.2	8.4	22
International sales	18.2	17.3	6
TOTAL	37.7	35.3	7

- retail sales +4%
- wholesale sales +5%
- licensing income grew considerably

Sales in Finland +8%

- retail sales +2% (like-for-like +1%)
- wholesale sales +18%
- licensing income -10%

International sales +6%

- retail sales +7%
- wholesale sales -2%
- licensing income grew considerably

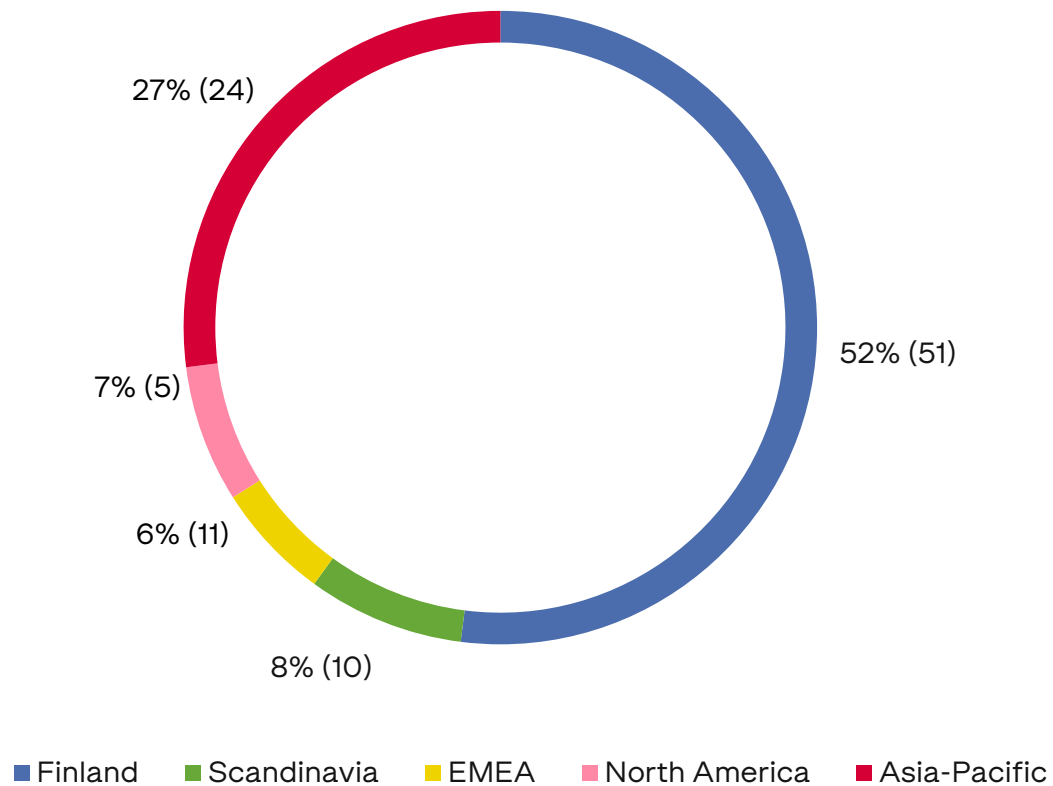
Marimekko's omnichannel retail sales grew in almost all market areas. In addition to Finland, wholesale sales developed favorably both in the Asia-Pacific region and North America. Licensing income grew significantly from the comparison period.

The continued challenging general market situation and highly tactical business environment impacted both retail and wholesale sales in Finland. Net sales in Finland grew particularly due to non-recurring promotional deliveries. Retail sales also increased.

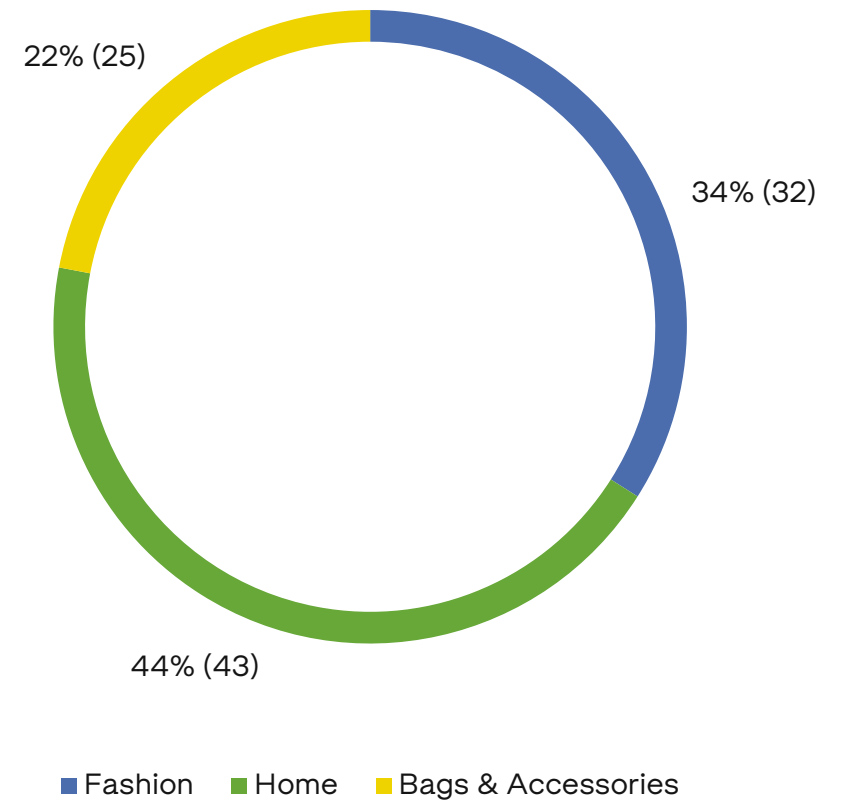
In the company's second-biggest market, the Asia-Pacific region, net sales increased with wholesale sales and licensing income in the region growing.

Net sales in the strategically important Asia-Pacific region +22%

Net sales by market area, Q1/2024 (Q1/2023)

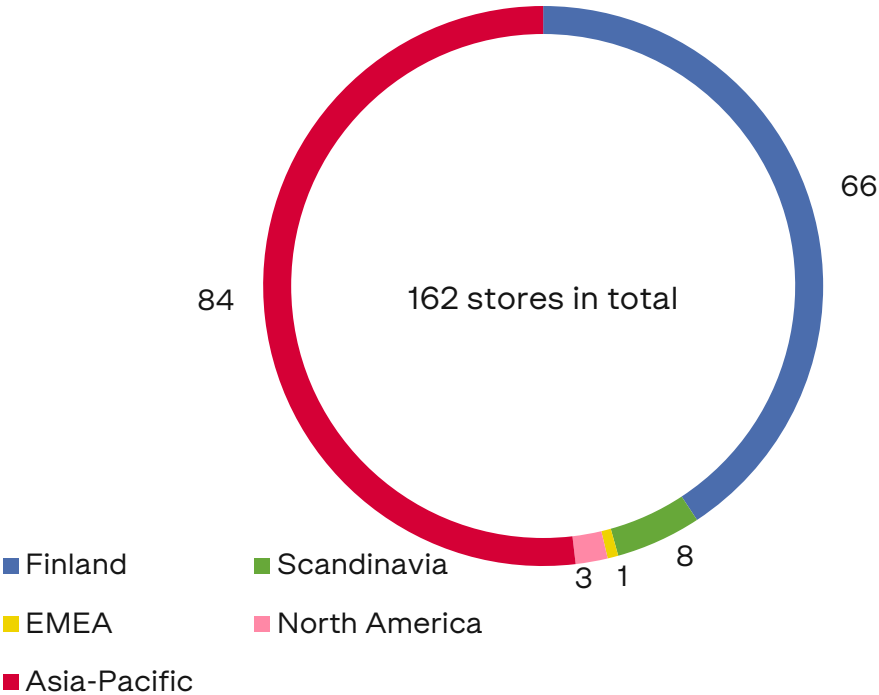


Net sales by product line, Q1/2024 (Q1/2023)

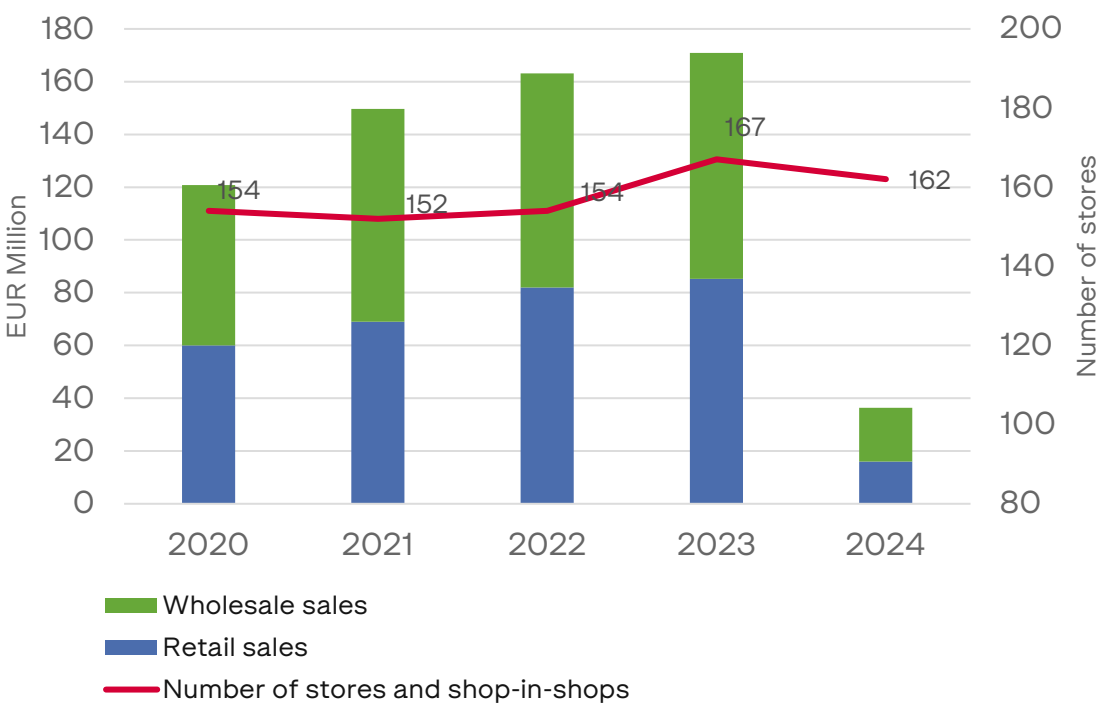


The Asia-Pacific region has the greatest number of stores.
Online store serving customers in 37 countries already.

Global retail footprint Q1/2024:



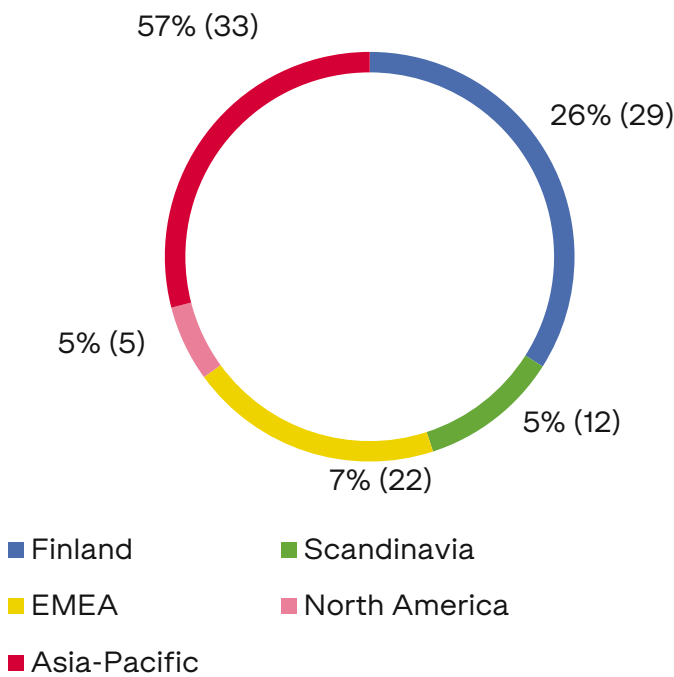
Net sales by channel, e-commerce included



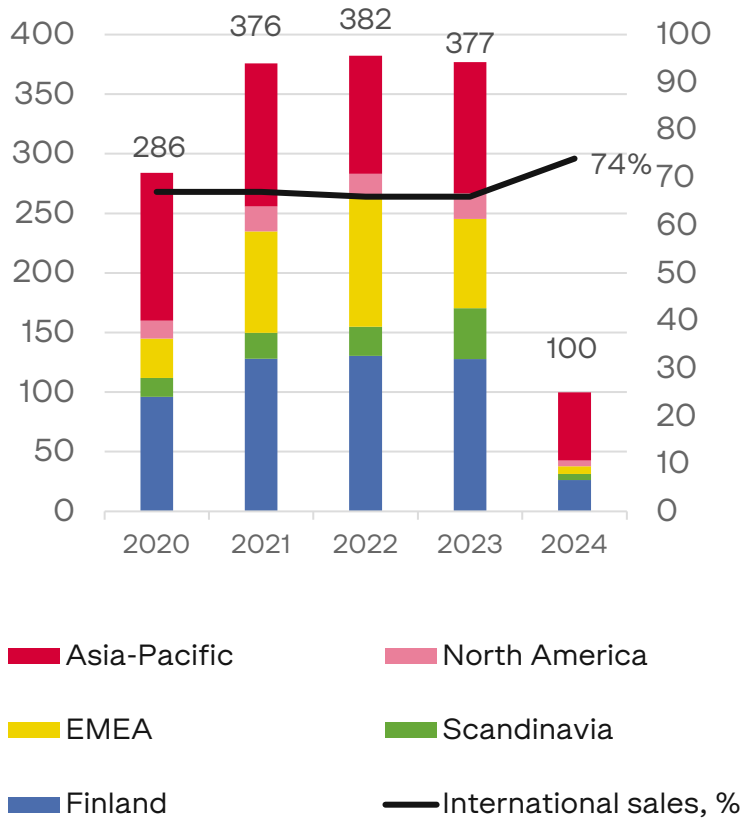
During the first months of the year, Marimekko changed its loose-franchise partner responsible for Taiwanese market. As a result of the partner change, the Taiwanese store network will be fully revamped in 2024. During the first quarter of the year, 5 stores and shop-in-shops were closed, and the new partner Imaginex is planning to open approximately five new stores and shop-in-shops in 2024.

Marimekko brand sales increased to EUR 99.7 million (84.5)

In the first quarter, 74% of brand sales outside home market (71)



EUR million	Q1/ 2024	Q1/ 2023	Change %
Finland	26.1	24.5	7
Scandinavia	5.1	9.9	-48
EMEA	6.6	18.6	-65
North America	4.7	3.9	21
Asia-Pacific	57.3	27.7	107
International sales	73.7	60.0	23
TOTAL	99.7	84.5	18



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. Licensing income is reported as brand sales when licensed products are sold.

Comparable operating profit +36% in the first quarter



- Operating profit was EUR 5.1 million (3.8).
- Comparable operating profit totaled EUR 5.2 million (3.8) equaling to 13.8% of net sales (10.9).
- Operating profit was boosted especially by increased net sales and improved relative sales margin. On the other hand, an increase in fixed costs had a weakening impact on operating profit.
- Fixed costs in the first quarter of the year grew due to increased personnel and marketing expenses. Relative sales margin was supported by significantly increased licensing income as well as lower discounts than in the comparison period.

Key events Q1

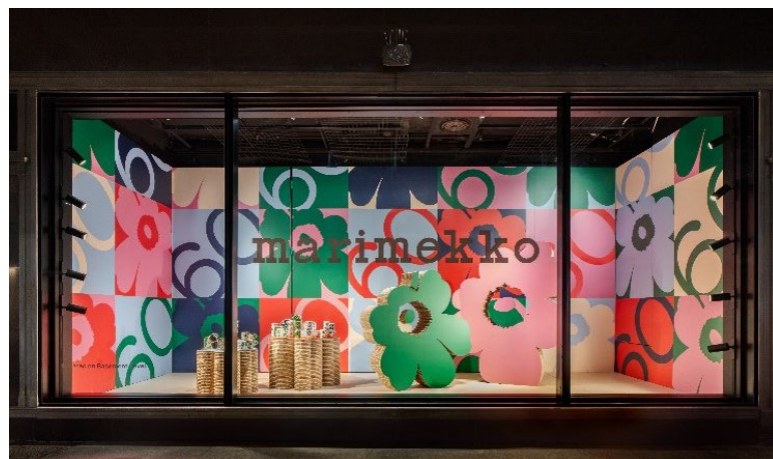
Limited-edition brand collaborations with UNIQLO and Samsung brought international visibility



Fall/winter 2024 fashion shows in Copenhagen and Tokyo Rakuten Fashion Weeks increased our awareness and strengthened our position in the fashion world



The 60th anniversary of the Unikko print was launched spectacularly around the world with various events, activations and special products



The omnichannel store network developed in the Asia-Pacific region

Two new Marimekko stores in Japan, new digital sales channels in Vietnam, Malaysia and China as well as two pop-up stores in Australia



Outlook 2024

Market outlook and growth targets for 2024: In general

- The uncertainties related to the development of the global economy, such as geopolitical tensions and their impact on the general economic situation, and general cost inflation influence consumer confidence, purchasing power and behavior and, as a result, can have an impact on Marimekko's business in 2024, especially in the important domestic market of Finland.
- Different exceptional situations 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, the development of consumer confidence and purchasing power and the impacts of different exceptional situations, and the company will adjust its operations and plans according to the circumstances.

Market outlook and growth targets for 2024: 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.
- The timing between quarters of the non-recurring promotional deliveries in Finnish wholesale sales and their size typically vary on an annual basis.
- Licensing income in 2024 is forecasted to be approximately at the previous year's record level.

Market outlook and growth targets for 2024: Net sales development

Finland

Despite the weak market situation, net sales in Marimekko's important domestic market Finland are expected to be approximately at the level of the previous year.

- Sales in Finland in 2024 are impacted by the weak general economy and low consumer confidence as well as the development of purchasing power and behavior.
- The tactical operating environment also has an impact on the business.
- In 2024, the non-recurring promotional deliveries in wholesale sales are expected to be significantly lower than in the comparable year and weighted clearly in the first half of the year.

International sales are estimated to grow in 2024.

The Asia-Pacific region

- In 2024, net sales in the Asia-Pacific region, Marimekko's second-largest market, are expected to increase.
- Japan is clearly the most significant 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.
- In 2024, the aim is to open approximately 10–15 new Marimekko stores and shop-in-shops, and most of the planned openings will be in Asia.

Market outlook and growth targets for 2024: Growth investments and costs

- Marimekko develops its business with a long-term view and aims to scale its profitable growth in the upcoming years.
- In 2024, fixed costs are expected to be up on the previous year.
- The general cost inflation continues to affect Marimekko in 2024. Personnel expenses are impacted, for example, by general pay increases in different markets.
- In 2024, Marimekko is celebrating the 60th anniversary of the Unikko pattern, which provides the company with a unique opportunity to grow international awareness through, for example, various events around the world.
- Marketing expenses are expected to increase (2023: EUR 9.5 million).
- Early commitments to product orders from supplier partners, typical of the industry but partly further emphasized by the exceptional situations, undermine 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 wholesale promotional deliveries also raise inventory risks.
- Marimekko works actively to ensure functioning production and logistics chains, to avoid delays, to mitigate the negative impacts of generally increased costs, and to enhance inventory management.

Financial guidance for 2024

The Marimekko Group's net sales for 2024 are expected to grow from the previous year (2023: EUR 174.1 million). Comparable operating profit margin is estimated to be approximately some 16–19 percent (2023: 18.4 percent). Development of consumer confidence and purchasing power, particularly in Finland, global supply chain disruptions and the general inflation development cause volatility to the outlook for 2024.

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	1-3/2024	1-3/2023	1-12/2023
Net sales	37.7	35.3	174.1
Other operating income	0.1	0.0	0.1
Change in inventories of finished goods and work in progress	1.9	-0.6	-4.5
Raw material and consumables	-15.9	-13.4	-63.2
Employee benefit expenses	-8.5	-7.8	-33.5
Depreciation and impairments	-2.3	-2.3	-9.2
Other operating expenses	-7.7	-7.4	-32.4
Operating profit	5.1	3.8	31.4
Net financial items	-0.2	-0.8	-1.7
Result before taxes	4.9	3.0	29.7
Income taxes	-1.0	-0.5	-6.1
Net result	3.9	2.4	23.6

Balance sheet

EUR million	31.3.2024	31.3.2023	31.12.2023
Non-current assets	37.0	35.7	37.3
Inventories	31.0	33.4	29.3
Trade and other receivables	19.5	12.0	19.7
Current tax assets	0.6	0.8	-
Cash and cash equivalents	33.1	28.1	37.0
Assets, total	121.2	109.9	123.3
Shareholders' equity	69.7	58.0	65.7
Non-current liabilities	24.5	25.2	25.0
Current liabilities	27.0	26.7	32.5
Shareholders' equity and liabilities, total	121.2	109.9	123.3

Cash flow statement

EUR million

	1-3/2024	1-3/2023
Cash flow from operating activities before change in working capital	7.5	6.2
Increase (-) / decrease (+) in current non-interest-bearing trade receivables	0.2	0.1
Increase (-) / decrease (+) in inventories	-1.8	0.4
Increase (+) / decrease (-) in current non-interest-bearing liabilities	-4.9	-6.5
Financial items and taxes	-1.8	-2.2
Cash flow from operating activities	-0.7	-2.0
Investments in tangible and intangible assets	-0.5	-0.2
Cash flow from investing activities	-0.5	-0.2
Payments of lease liabilities	-2.0	-1.8
Dividends paid	-	0
Other items from cash flow from financing activities	-0.6	-0.1
Cash flow from financing activities	-2.6	-1.9
Change in cash and cash equivalents	-3.8	-4.1
Cash and cash equivalents at the end of the period	33.1	28.1

Marimekko has unused committed credit lines of EUR 32.6 million (30.6).

Share price trend

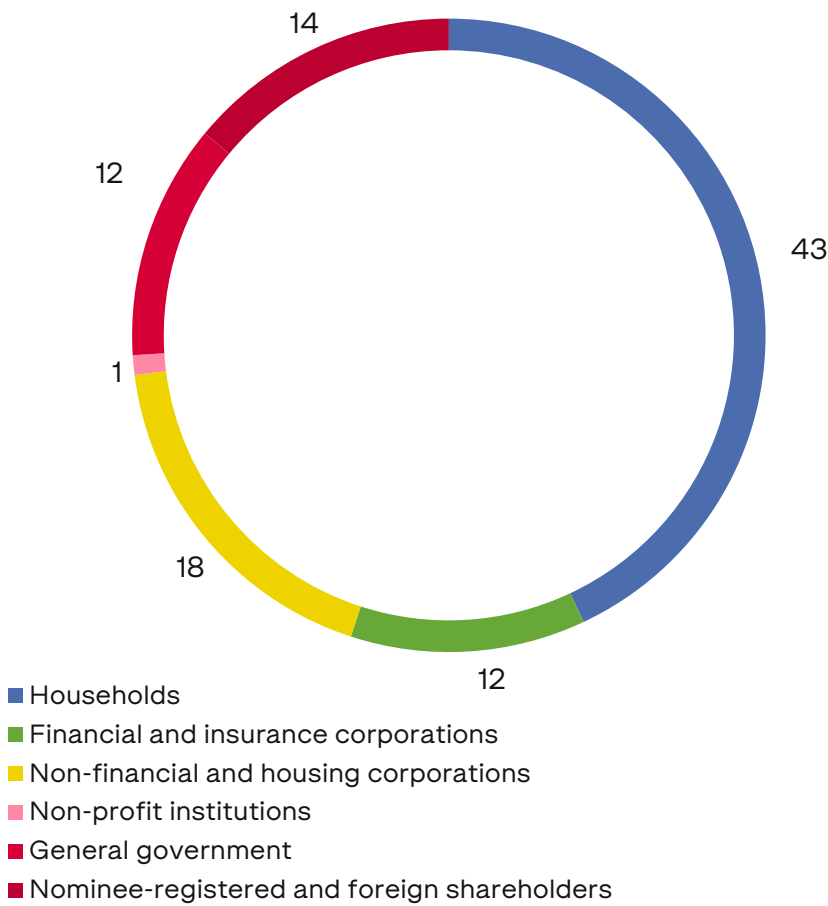
The Marimekko share (MEKKO) is quoted on the main list of Nasdaq Helsinki in the Consumer Products and Services Sector.

Market cap on 31 March 2024: EUR 504.3 million.



A total of 39,019 shareholders

Ownership by sector, % of shares



Largest shareholders
(excl. foreign nominee-registered holders, 13.66% of total)

Shareholder	Shares and votes, %
PowerBank Ventures Oy (Mika Ihamuotila)	12.52
Ilmarinen Mutual Pension Insurance Company	4.87
Varma Mutual Pension Insurance Company	4.75
Ehrnrooth Anna Sophia	4.06
Nordea Nordic Small Cap Fund	2.46
Evli Finnish Small Cap Fund	2.34
Elo Mutual Pension Insurance Company	1.45
Oy Talcom Ab	1.24
Oy Etra Invest Ab	1.23
Alahuhta Matti	1.07

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