

Interim Report 1–3/2021

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President & CEO

Significant result improvement in a challenging situation

- The coronavirus pandemic continues to heavily impact the fashion industry and specialty retail sector all over the world.
- Attractive collections and the growing interest in home decoration, the lessons and new operating practices learned during the exceptional circumstances and the long-term work to develop the brand and omnichannel business helped Marimekko achieve good growth.
- Net sales up by 17%, international sales increased by 29%.
- Especially wholesale sales performed well; licensing income also showed clear growth.
- Comparable operating profit improved significantly, reaching EUR 5.6 million (1.2) as sales increased, relative sales margin strengthened and fixed costs decreased. The decrease in fixed costs was partly due to the timing of expenses and temporary cost savings.
- In 2021, Marimekko will invest in strengthening the building blocks of its long-term international growth.



Key figures Q1/2021

EUR million	1-3/2021	1-3/2020	Change, %	1-12/2020
Net sales	29.1	24.9	17	123.6
International sales	14.6	11.3	29	52.4
<i>% of net sales</i>	<i>50</i>	<i>45</i>		<i>42</i>
Comparable EBITDA	8.7	4.4	99	32.7
Operating profit	5.6	1.2		19.3
Comparable operating profit	5.6	1.2		20.2
<i>Comparable operating profit margin, %</i>	<i>19.3</i>	<i>4.9</i>		<i>16.3</i>
Comparable earnings per share, EUR*	0.55	0.02		1.78
Cash flow from operating activities	1.8	-4.5		28.1
<i>Return on investment (ROI), %</i>	<i>29.0</i>	<i>18.3</i>		<i>22.5</i>
<i>Equity ratio, %</i>	<i>47.0</i>	<i>41.3</i>		<i>46.6</i>
Net debt / EBITDA (rolling 12 months)	0.08	0.56		-0.10
Gross investments **	0.4	0.5	-14	2.1
Personnel at the end of the period	416	441	-6	422

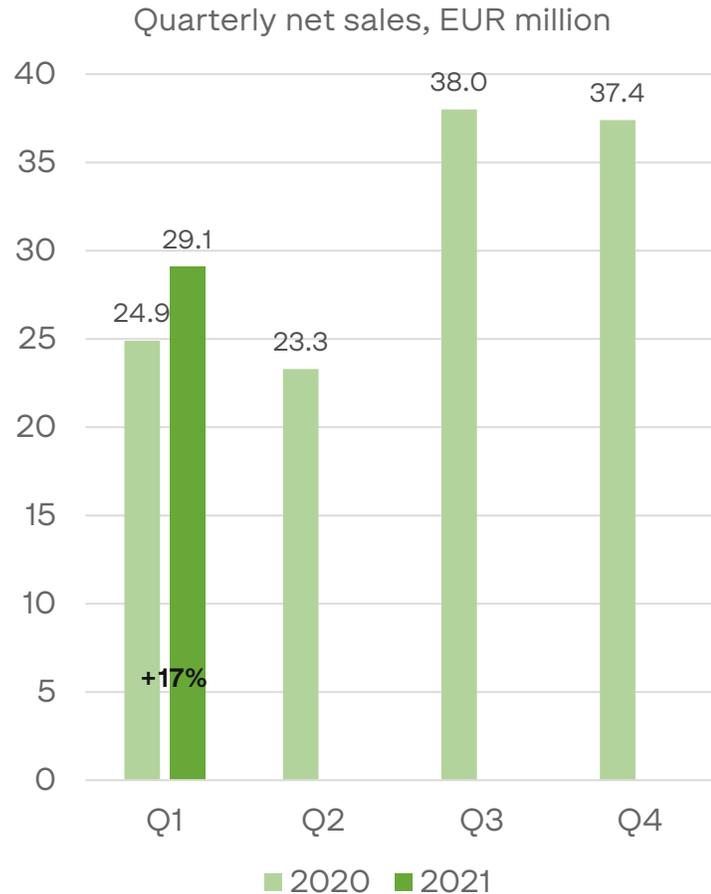
* Taking account of similar items as in comparable operating profit; tax effect included.

** The figures for gross investments do not include the impact of IFRS 16.

Net sales and operating profit

Net sales +17% to EUR 29.1 million (24.9)

Especially wholesale sales in the Asia-Pacific region, Finland and Scandinavia performed well and licensing income in EMEA increased.



EUR million	Q1 2021	Q1 2020	Q1 Change %
Finland	14.5	13.6	7
Scandinavia	2.4	2.1	18
EMEA	4.1	2.7	52
North America	1.4	1.6	-12
Asia-Pacific	6.6	4.9	35
International sales	14.6	11.3	29
TOTAL	29.1	24.9	17

- retail sales -4%
- wholesale sales +30%

Sales in Finland +7%

- retail sales -4% (like-for-like -2%)
- wholesale sales +27%

International sales +29%

- retail sales -6%
- wholesale sales +31%
- licensing income grew considerably

Net sales were boosted especially by a favorable trend in wholesale sales in the Asia-Pacific region, Finland and Scandinavia as well as increased licensing income in EMEA. Sales growth in the Asia-Pacific was partly due to the transfer of some of the wholesale deliveries for the final quarter of 2020 to the first quarter of the current year.

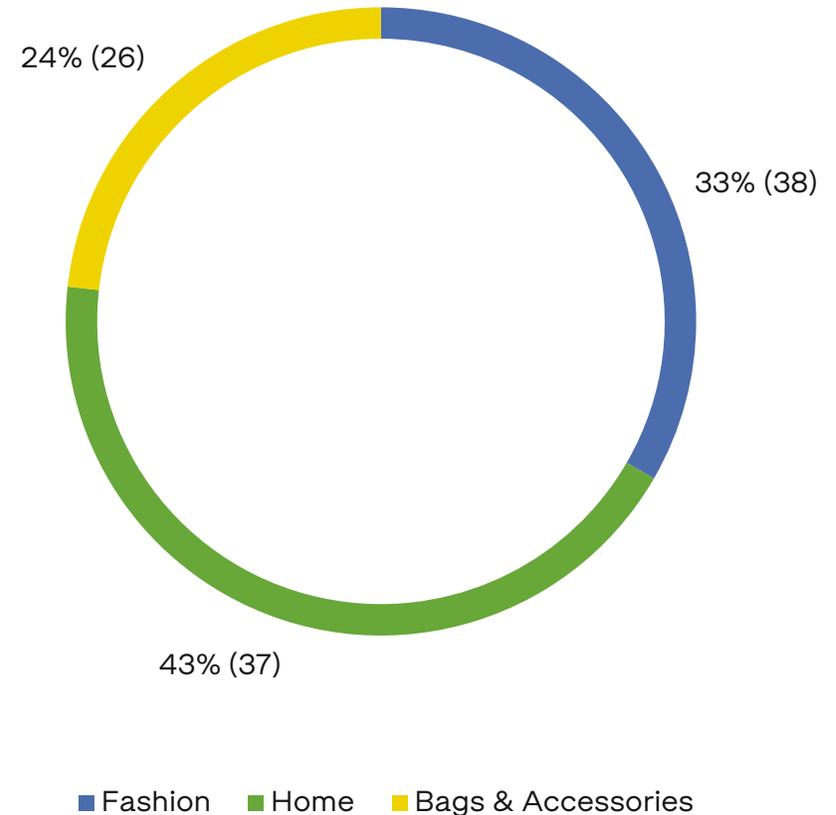
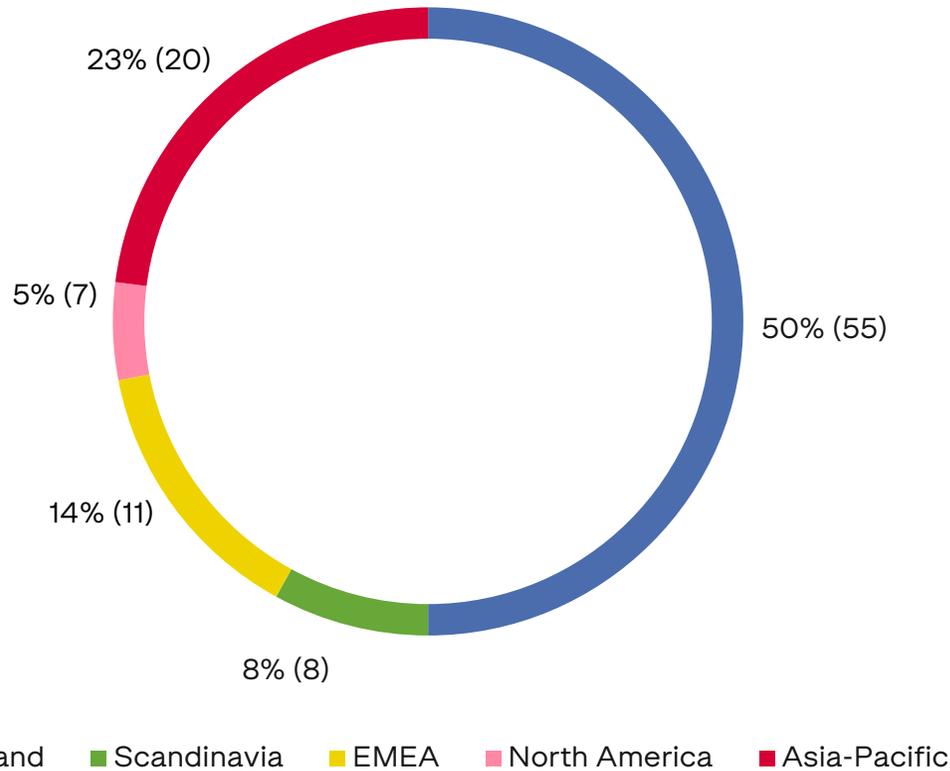
Nearly all of Marimekko's own stores were open in the first quarter, but footfall in the stores was noticeably lower than in the comparison period due to the pandemic. Online sales continued to grow, which partly offset the impacts of reduced footfall.

Attractive collections and the growing interest in home decoration helped in achieving good growth; home products +37%

Domestic market Finland represents about half of net sales, the Asia-Pacific region second biggest market.

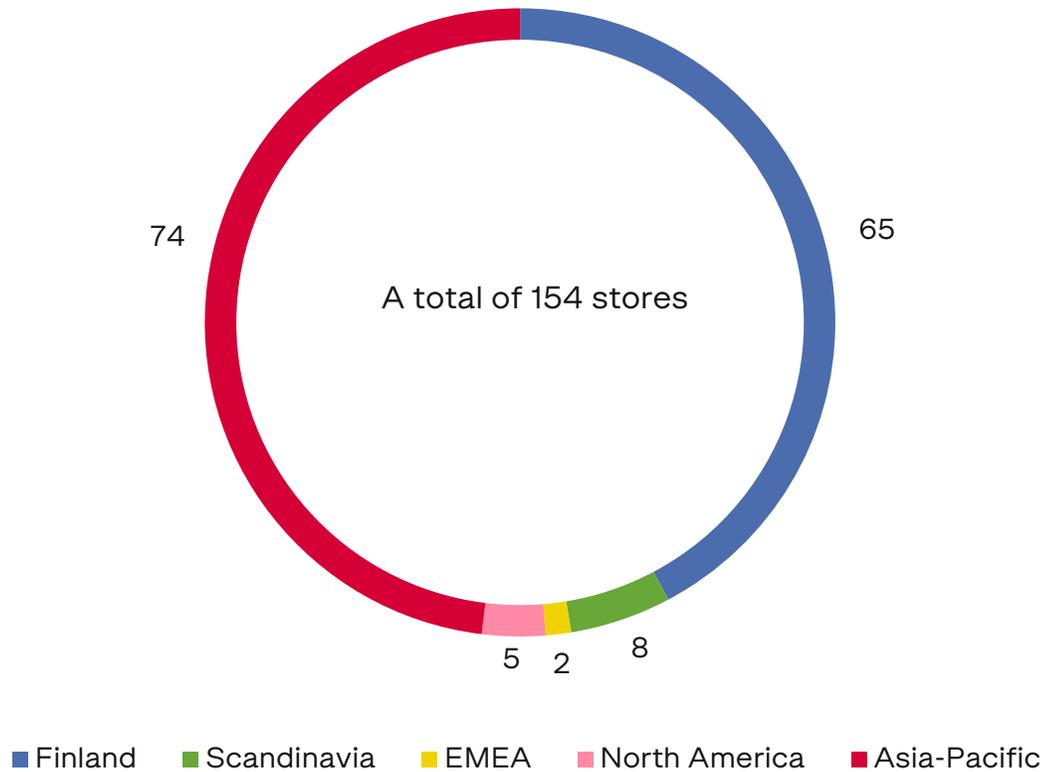
Net sales by market area Q1/2021 (Q1/2020)

Net sales by product line Q1/2021 (Q1/2020)



The Asia-Pacific region has the greatest number of stores.
Online store serving customers in 34 countries already.

Global retail footprint Q1/2020

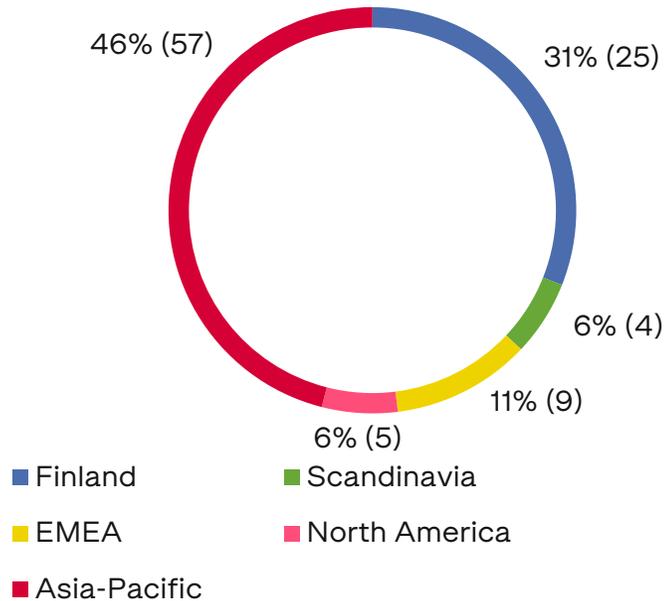


Net sales by channel, e-commerce included

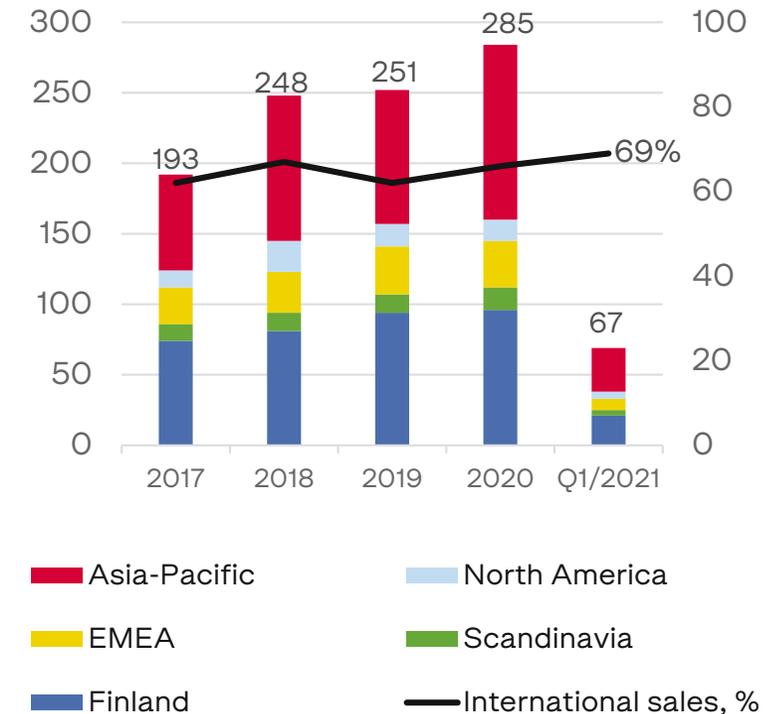


Marimekko brand sales -8% to EUR 67.4 million (73.0)

69% of brand sales outside home market (75)



EUR million	Q1 2021	Q1 2020	Q1 Change %
Finland	20.6	18.5	11
Scandinavia	4.3	3.1	38
EMEA	7.6	6.5	17
North America	4.1	3.4	21
Asia-Pacific	30.7	41.4	-26
International sales	46.8	54.4	-14
TOTAL	67.4	73.0	-8



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.

Marimekko's results improved significantly during the first quarter



- Comparable operating profit EUR 5.6 million (1.2)
- No items affecting comparability, so operating profit EUR 5.6 million (1.2)
- Earnings were boosted by increased net sales, improved relative sales margin, as well as a decrease in fixed costs, which was partly due to the timing of expenses and temporary cost savings.

Key events in Q1

Marimekko at Copenhagen Fashion Week

At Copenhagen Fashion Week in February, instead of presenting the latest collection, we premiered a short film highlighting Marimekko's timeless design philosophy, sustainability thinking and original approach to printmaking.

Copenhagen Fashion Week's focus on sustainability makes it one of the most interesting global events in the industry and a natural opportunity for Marimekko to build international awareness.

The Zalando Sustainability Award competition was organized as part of the event, with Marimekko being awarded second place in recognition of its long-term work to promote sustainability.



Several pop-up stores in major Asian cities

In the early months of the year, we continued to increase our visibility in the Asian markets, which are especially important for us in the next phase of our international growth.

Pop-up stores showcasing our anniversary and our Co-Created collections in major Asian cities introduced new audiences to our brand. In addition, the world's first Marimekko Kiosk store was opened in Japan.

The significance of creative retail concepts as part of a seamless omnichannel customer experience will grow in the post-pandemic new reality.



Outlook 2021



Market outlook and growth targets for 2021 (1/3)

- The coronavirus pandemic has created the worst crisis experienced by the global fashion industry and specialty retail sector in decades, and it will heavily impact the sector in 2021 as well.
 - It has taken uncertainty over the global economy to a completely new level and is changing consumers' purchasing behavior.
 - The exceptional circumstances can have an impact on Marimekko's sales, profitability and cash flow. Furthermore, the global crisis may affect the operational reliability of the company's value chain.
 - The duration of the pandemic, new infection waves and virus variants as well as the way the crisis is handled by different countries influence the depth of the economic recession in different markets.
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- The instability caused by the coronavirus pandemic continues. Marimekko is closely monitoring the development of the pandemic situation in each of its market areas and will adjust its operations and plans according to the situation.

Market outlook and growth targets for 2021 (2/3)

Finland

- Finland traditionally represents about half of the company's net sales.
- Sales in Finland are expected to grow on the previous year.
- Domestic wholesale sales in 2021 will be boosted by nonrecurring 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.

Asia-Pacific

- The Asia-Pacific region is Marimekko's second-largest market and plays a significant part in the company's international growth. All Marimekko stores in Asia are partner-owned.
- 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 noticeably smaller, but operations in these countries are constantly growing.
- Net sales in the Asia-Pacific region are expected to increase in 2021.
- The aim is to open approximately 5 to 10 new Marimekko stores and shop-in-shops in 2021, and most of the planned openings will be in Asia.

Market outlook and growth targets for 2021 (3/3)

- Both the company's own and its Asian partners' omnichannel Marimekko retail is the key driver of Marimekko's growth. Nonrecurring promotional wholesale deliveries in Finland are also estimated to have a significant impact on the company's growth in 2021, and they can increase Marimekko's inventory risks.
- The development of the coronavirus situation, vaccine coverage and possible tightening restrictions in different market areas, on the other hand, influence customer numbers in stores and hence the outlook for both retail and wholesale, including nonrecurring wholesale promotions. Rapid fluctuations in demand due to the pandemic can have an impact, for example, on the availability of products and consequently on net sales. Net sales and earnings also essentially depend on maintaining the operational reliability and efficiency of distribution centers and logistics in the exceptional situation.
- Marimekko will continue actions to control gray exports, which will have a clear weakening impact on the company's sales and earnings in 2021.
- Licensing income is forecast to be lower than in the previous year.
- Marimekko plans to accelerate its long-term international growth in 2021. Fixed costs are expected to be up on the previous year. In 2020, fixed costs were reduced by partly temporary cost savings as well as subsidies granted in different countries to mitigate the negative business impacts of the coronavirus pandemic.
- Marketing expenses are expected to grow (2020: EUR 5.3 million).
- Total investments are estimated to be approximately at the same level as the year before (2020: EUR 2.1 million). Most of the investments will be devoted to IT systems in order to strengthen the company's digital business.
- The estimated effects of the long-term bonus system targeted at the company's Management Group will depend on the trend in the price of the company's share during the year.
- Because of the seasonal nature of Marimekko's business, the major portion of the company's euro-denominated net sales and earnings are generated during the last two quarters of the year.

Financial guidance for 2021

The Marimekko Group's net sales for 2021 are expected to be higher than in the previous year (2020: EUR 123.6 million). Comparable operating profit margin is estimated to be approximately on a par with or higher than in the previous year (2020: 16.3 percent).

However, the instability caused by the coronavirus pandemic in Marimekko's markets continues, and therefore there are significant uncertainties associated with the trend in net sales and earnings.



Appendices

Income statement

EUR million	1-3/2021	1-3/2020	1-12/2020
Net sales	29.1	24.9	123.6
Other operating income	0.0	0.1	0.3
Change in inventories of finished goods and work in progress	1.6	1.9	-0.4
Raw materials and consumables	-11.8	-11.1	-48.2
Employee benefit expenses	-6.6	-6.1	-25.3
Depreciation and impairments	-3.0	-3.2	-12.6
Other operating expenses	-3.6	-5.3	-18.1
Operating profit	5.6	1.2	19.3
Net financial items	-0.1	-1.0	-1.8
Result before taxes	5.5	0.2	17.6
Income taxes	-1.1	-0.1	-3.8
Net result	4.4	0.2	13.8

Balance sheet

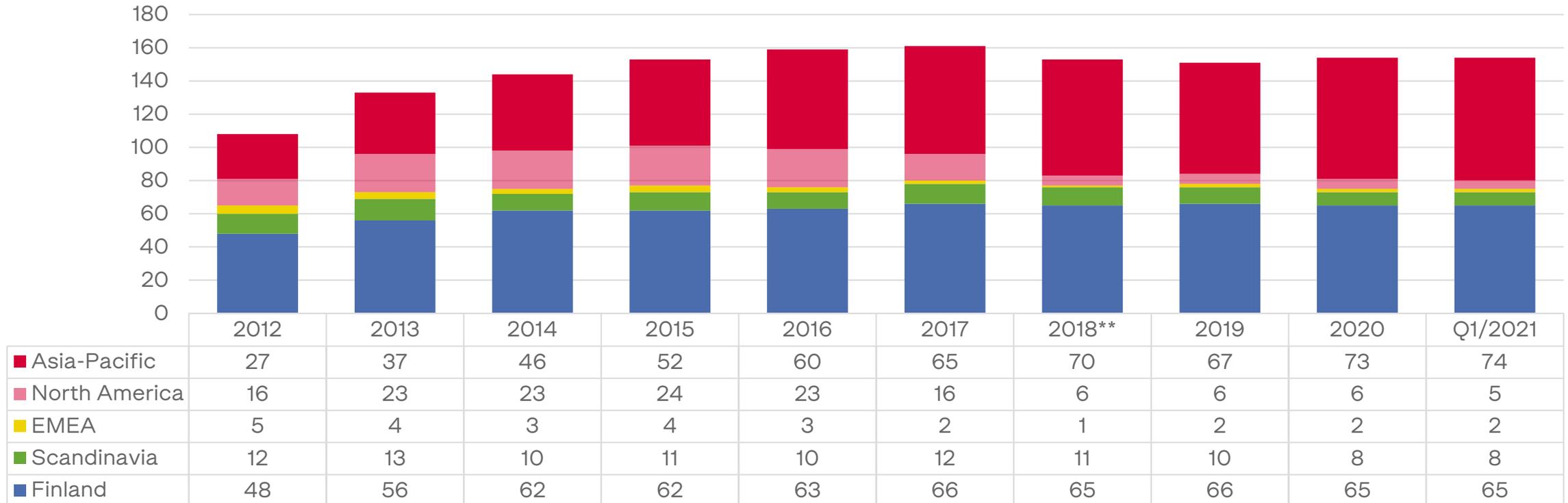
EUR million	31 March 2021	31 March 2020	31 Dec. 2020
Non-current assets	41.1	38.8	43.2
Inventories	24.0	24.7	22.4
Trade and other receivables	9.1	6.2	8.1
Current tax assets	-	1.2	-
Cash and cash equivalents	33.1	24.0	41.0
Assets, total	107.4	94.8	114.8
Shareholders' equity	49.8	39.2	52.8
Non-current liabilities	25.1	25.0	28.5
Current liabilities	32.5	30.6	33.6
Shareholders' equity and liabilities, total	107.4	94.8	114.8

Cash flow statement

EUR million	1-3/2021	1-3/2020	1-12/2020
Cash flow from operating activities before change in working capital	8.7	4.4	31.9
Change in working capital	-5.0	-5.4	3.3
Cash flow from operating activities before financial items and taxes	3.6	-1.1	35.2
Financial items and taxes	-1.9	-3.4	-7.1
Cash flow from operating activities	1.8	-4.5	28.1
Investments in tangible and intangible assets	-1.1	-1.1	-2.8
Cash flow before cash flow from financing activities	0.7	-5.6	25.2
Short-term loans drawn and repaid	0.2	6.1	0.5
Payments of lease liabilities	-2.6	-2.7	-10.7
Dividends paid	-6.3	-	-
Cash flow from financing activities	-8.7	3.4	-10.2
Change in cash and cash equivalents	-8.0	-2.2	15.0
Cash and cash equivalents at the end of the period	33.1	24.0	41.0

In addition, Marimekko has unused committed credit lines of EUR 17.0 million (15.0) as well as a long-term revolving credit facility of EUR 5 million, which includes a covenant.

154 Marimekko stores* serve customers worldwide



* Includes the company's own retail stores, retailer-owned Marimekko stores and shop-in-shops with an area exceeding 30 sqm. Company-owned stores numbered 50 at end of March (54).

** The company corrected the number of stores in North America in 2018 by reducing 11 shop-in-shops with an area below the reporting limit of 30 sqm. The change had no effect on reported North American wholesale sales.

Share price trend

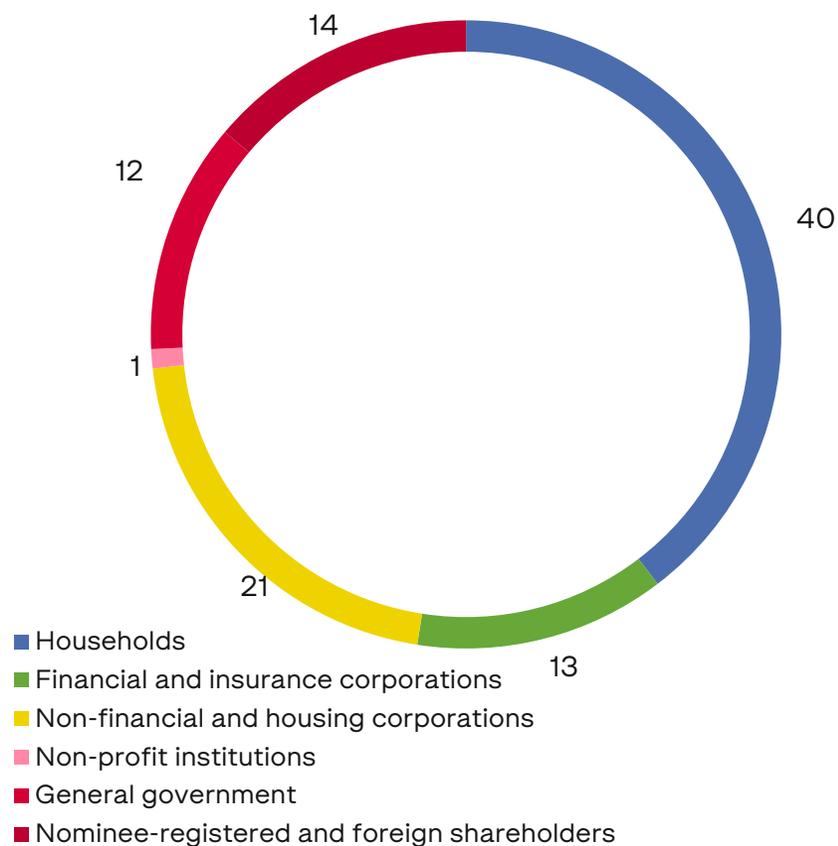
The Marimekko share (MEKKO) is quoted on the main list of Nasdaq Helsinki in the Consumer Products and Services Sector.

Market cap at the end of the period: EUR 392.5 million



31 March 2021: a total of 19,822 shareholders

Ownership by sector, %



Largest shareholders

Shareholder	Shares and votes, %
PowerBank Ventures Ltd (Mika Ihamuotila)	12.52
Swedbank Robur investment funds	4.92
Ilmarinen Mutual Pension Insurance Company	4.86
Varma Mutual Pension Insurance Company	4.75
Sophia Ehrnrooth	4.19
Nordea investment funds	3.34
Evli investment funds	3.30
Lazard Freres Gestion	2.83
Veritas Pension Insurance Company	1.85
Taaleritehdas investment funds	1.39

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