



# marimekko

Interim Report 1-9/2019

Marimekko Corporation, Interim Report, 6 November 2019 at 8.30 a.m.

## **Marimekko's net sales grew by 15 percent and comparable operating profit improved by 24 percent in Q3**

### **The third quarter in brief**

- Net sales rose by 15 percent to EUR 34.5 million (Q3/2018: 29.8). Sales grew in all market areas. Retail and wholesale sales in Finland as well as increased licensing income and wholesale sales in the Asia-Pacific region especially contributed to growth.
- Operating profit was EUR 7.8 million (6.2). Comparable operating profit improved by 24 percent and was EUR 6.3 million (6.3).
- Earnings were boosted by sales growth, whereas higher fixed costs had a weakening impact on results.

### **January-September in brief**

- Net sales rose by 10 percent to EUR 90.7 million (1–9/2018: 82.1). Growth in net sales was generated primarily by retail sales in Finland, wholesale sales in EMEA as well as wholesale sales and licensing income in the Asia-Pacific region.
- Operating profit was EUR 14.1 million (16.5). Operating profit for the comparison period included a nonrecurring taxable capital gain of EUR 6.0 million on the sale of the company's head office. Comparable operating profit rose by 33 percent to EUR 10.6 million (10.6).
- Operating profit was boosted by sales growth and improved relative sales margin. Higher fixed costs had a weakening impact on results.

### **Financial guidance for 2019 (as revised on 14 October 2019)**

The Marimekko Group's net sales for 2019 are forecast to be higher than in the previous year and comparable operating profit is also expected to be higher than in the previous year, amounting to approximately EUR 17 million.

In its half-year financial report of 15 August 2019, the company estimated that the Group's net sales for 2019 would be higher than in the previous year and that comparable operating profit would also be higher than in the previous year, amounting at the most to approximately EUR 15 million.

## KEY FIGURES

(EUR million)	7–9/ 2019	7–9/ 2018	Change, %	1–9/ 2019	1–9/ 2018	Change, %	1–12/ 2018
Net sales	<b>34.5</b>	29.8	15	<b>90.7</b>	82.1	10	111.9
International sales	<b>14.8</b>	12.7	17	<b>41.5</b>	36.9	12	48.3
<i>% of net sales</i>	<b>43</b>	42		<b>46</b>	45		43
EBITDA	<b>11.0</b>	6.8	62	<b>23.5</b>	18.4	27	20.2
Comparable EBITDA *	<b>11.0</b>	6.9	59	<b>23.5</b>	12.6	87	14.7
Operating profit	<b>7.8</b>	6.2	26	<b>14.1</b>	16.5	-14	17.7
Comparable operating profit	<b>7.8</b>	6.3	24	<b>14.1</b>	10.6	33	12.2
<i>Operating profit margin, %</i>	<b>22.7</b>	20.7		<b>15.5</b>	20.1		15.8
<i>Comparable operating profit margin, %</i>	<b>22.7</b>	21.2		<b>15.5</b>	12.9		10.9
Result for the period	<b>6.4</b>	4.9	31	<b>10.9</b>	12.8	-15	13.7
Earnings per share, EUR	<b>0.79</b>	0.60	31	<b>1.34</b>	1.58	-15	1.70
Comparable earnings per share, EUR	<b>0.79</b>	0.60	31	<b>1.34</b>	1.04	29	1.15
Cash flow from operating activities *	<b>10.9</b>	2.8		<b>21.2</b>	6.5		12.2
<i>Return on investment (ROI), %</i>				<b>17.3</b>	48.5		47.6
<i>Equity ratio, % *</i>				<b>39.8</b>	73.3		70.0
Gross investments	<b>0.4</b>	0.3	31	<b>1.3</b>	1.1	21	1.3
Personnel at the end of the period				<b>437</b>	421	4	445
outside Finland				<b>100</b>	98	2	102
Brand sales <sup>1</sup>	<b>64.4</b>	54.9	17	<b>176.8</b>	197.9	-11	248.4
outside Finland	<b>39.5</b>	33.1	19	<b>111.4</b>	139.6	-20	167.2
<i>proportion of international sales, %</i>	<b>61</b>	60		<b>63</b>	71		67
Number of stores				<b>147</b>	150		153

The change percentages in the table were calculated on exact figures before the amounts were rounded to millions of euros. Reconciliation of key figures to IFRS can be found in the table section of this interim report. The figure for comparable earnings per share takes account of similar items as comparable operating profit; tax effect included.

\* IFRS 16 had an impact on the change in comparable EBITDA, cash flow from operating activities, and equity ratio. The figures for gross investments do not include the impact of IFRS 16.

Brand sales for the January–September period of 2018 were boosted by sales of licensed products available worldwide for a limited time.

<sup>1</sup> Brand sales are given as an alternative non-IFRS key figure. Brand sales, consisting of estimated sales of Marimekko products at consumer prices, 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 estimate, based on Marimekko's realised wholesale sales and royalty income, is unofficial and does not include VAT. The key figure is not audited.

**TIINA ALAHUHTA-KASKO**

President and CEO

“In the third quarter, Marimekko’s net sales increased in all market areas. A particularly good sales trend was seen in our most important markets: Finland and the Asia-Pacific region. The upward trend in sales boosted our comparable operating profit.

“In the July-September period of 2019, our net sales grew by 15 percent to EUR 34.5 million (29.8). In Finland, sales increased by 14 percent, with both retail and wholesale sales growing. The 17-percent growth in international sales came mainly from the Asia-Pacific region, where net sales were boosted especially by increased licensing income and wholesale sales. Thanks to the upward trend in sales, our comparable operating profit improved by 24 percent to EUR 7.8 million (6.3).

“Our net sales in the January-September period of 2019 rose by 10 percent to EUR 90.7 million (82.1). Sales in Finland grew by 10 percent and international sales by 12 percent. Our comparable operating profit improved by 33 percent to EUR 14.1 million (10.6) due to sales growth and a stronger relative sales margin.

“Our long-term growth strategy focuses on appealing to a broader global target audience, with fashion, bags and accessories as communicational spearheads. We started to modernise our collections and brand several years ago, with the aim of offering more interesting products to both new and existing customers as well as growing our brand awareness and desirability in our key markets. To this effect, we launched new kinds of fascinating product concepts during the past quarter.

“In August, we introduced the Marimekko Kioski collection, in which our most iconic prints meet unisex streetwear. Streetwear is currently a major trend in the world of fashion. The concept premiered at Dover Street Market in Ginza, Tokyo, a multibrand store favoured by fashion opinion leaders, and many of the items were sold out in hours. Marimekko Kioski appeals to a new, younger customer base and has been welcomed with equal enthusiasm in other markets, too.

“In early autumn, we also launched a new leather bag line inspired by the timeless design language of our classic bag styles. With bags and accessories, we can offer our current customers even more complete looks and outfits, and they also provide a convenient way to acquaint new customers with our brand. Bags and accessories play a key role in the global fashion business and they often account for a significant share of a brand’s net sales.

“Building international brand awareness is a prerequisite for international growth. In this work, different brand collaborations are important for Marimekko. Our competitive advantages in these collaborations are our easily recognisable prints and our empowering values. In September, Marimekko received a lot of visibility in the United States as our prints were part of an anniversary collection by Target, one of the biggest retail chains in the country and renowned for its designer partnerships. The Anniversary Collection featured reissued limited-edition products from Target’s 20 designer collaboration collections from the past 20 years. In the Asia-Pacific region, an agreement signed in summer 2019 increased our licensing income in the third quarter.



“On 14 October 2019, we raised our estimate of the comparable operating profit for the full year, due mainly to stronger-than-estimated sales growth and improved sales outlook in Finland as well as a better-than-estimated trend in relative sales margin.

“As for the rest of the year, it should be borne in mind that, according to our estimate, most of our earnings this year were generated during the second and third quarters, contrary to the usual trend. This was also the case last year. The total value of nonrecurring promotional deliveries, which boosted wholesale sales in Finland in 2018, will be substantially lower this year and the major deliveries will take place in the final quarter. We also estimate that more expenses will occur in the remainder of the year than in 2018. In the final quarter, holiday sales make up a big share of our sales, so we are now focusing on ensuring a successful holiday season.”

## OPERATING ENVIRONMENT

The following outlook information is based on materials published by Confederation of Finnish Industries EK and Statistics Finland.

The global economic outlook this year and next remains cautious and growth is estimated to be slower than previously forecast. Trade policy tensions and the simultaneously weakening real economy are contributing to uncertainty. The probability of the global economy performing worse than expected has increased during autumn.

The upturn in the Finnish economy is estimated to be over and the outlook has weakened as a result of uncertainty in the global economy. Growth in retail sales has clearly slowed during autumn, but sales expectations for the months ahead are still fairly positive. Also, retail trade confidence in September was well above the EU average. Consumer confidence declined further in the autumn, and consumers' view of their current and future financial situation was subdued. Confidence in the Finnish economy weakened clearly.

(Confederation of Finnish Industries EK: Business Tendency Survey, October 2019; Confidence Indicators, October 2019. Statistics Finland: Consumer Confidence 2019, October.)

The working-day-adjusted turnover of Finnish retail trade was up by 2.6 percent on the previous year's January-September period; the volume of sales rose by 2.5 percent. In September 2019, sales grew by 3.4 percent and sales volume by 2.8 percent. (Statistics Finland: Turnover of Trade, retail trade flash estimate, September 2019)

## NET SALES

### Net sales in the third quarter

In the July-September period of 2019, the Group's net sales grew by 15 percent relative to the same period last year and were EUR 34,451 thousand (29,836). Retail sales rose by 16 percent and wholesale sales by 6 percent. Net sales grew in all market areas. Growth came primarily from retail and wholesale sales in Finland as well as licensing income and wholesale sales in the Asia-Pacific region. Net sales in Finland were up by 14 percent and international sales by 17 percent.

Net sales in Finland were EUR 19,661 thousand (17,174). Retail sales rose by 16 percent and comparable retail sales<sup>2</sup> by 22 percent. Wholesale sales grew by 9 percent, although the value of nonrecurring promotional deliveries was lower than in the comparison period.

In the company's second-biggest market, the Asia-Pacific region, net sales rose by 31 percent to EUR 7,247 thousand (5,516) due especially to growth in licensing income and wholesale sales. Wholesale sales in the region grew by 9 percent. In Japan, the most important country to Marimekko in this market area, sales rose by 6 percent. Retail sales grew by 14 percent; this growth came from Australia.

### Net sales in the January-September period

In the January-September period of 2019, the Group's net sales grew by 10 percent to EUR 90,704

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<sup>2</sup> Includes both bricks-and-mortar and online sales.

thousand (82,139). Retail sales rose by 12 percent and wholesale sales by 6 percent. Net sales in Finland were up by 9 percent and international sales by 12 percent. Growth in net sales was generated primarily by retail sales in Finland, wholesale sales in EMEA as well as wholesale sales and licensing income in the Asia-Pacific region.

Net sales in Finland rose to EUR 49,229 thousand (45,239). Retail sales rose by 14 percent and comparable retail sales<sup>3</sup> by 18 percent. Wholesale sales declined by 3 percent due to the fact that there were no nonrecurring promotional deliveries of corresponding size to those that took place in the comparison period.

In the Asia-Pacific region, net sales rose by 14 percent to EUR 19,148 thousand (16,740). Wholesale sales in the region grew by 9 percent and licensing income increased substantially on the comparison period. In Japan, wholesale sales were up by 2 percent. Retail sales grew by 14 percent; this growth came from Australia.

#### NET SALES BY MARKET AREA

(EUR 1,000)	7–9/ 2019	7–9/ 2018	Change, %	1–9/ 2019	1–9/ 2018	Change, %	1–12/ 2018
Finland	<b>19,661</b>	17,174	14	<b>49,229</b>	45,239	9	63,537
Scandinavia	<b>2,468</b>	2,290	8	<b>6,687</b>	6,412	4	9,017
EMEA	<b>2,781</b>	2,651	5	<b>9,425</b>	7,538	25	10,321
North America	<b>2,294</b>	2,205	4	<b>6,214</b>	6,209	0	8,193
Asia-Pacific	<b>7,247</b>	5,516	31	<b>19,148</b>	16,740	14	20,811
International sales, total	<b>14,790</b>	12,662	17	<b>41,475</b>	36,900	12	48,342
<b>Total</b>	<b>34,451</b>	29,836	15	<b>90,704</b>	82,139	10	111,879

All figures in the table have been individually rounded to thousands of euros, so there may be rounding differences in the totals. A more comprehensive table with breakdown into retail sales, wholesale sales and royalties by market area can be found in the table section of this interim report.

#### FINANCIAL RESULT

In the July-September period of 2019, the Group's operating profit was EUR 7,823 thousand (6,185). Comparable operating profit was also EUR 7,823 thousand (6,324). Earnings were boosted by growth in net sales, which came primarily from retail and wholesale sales in Finland as well as licensing income and wholesale sales in the Asia-Pacific region. Higher fixed costs, especially the estimated effects of the long-term, share-based incentive scheme for management, had a weakening impact on results. Due to IFRS 16, rental expenses decreased and depreciation correspondingly increased markedly.

In the January-September period of 2019, the Group's operating profit was EUR 14,104 thousand (16,484). Operating profit for the corresponding period of 2018 included a nonrecurring taxable capital gain of EUR 6,027 thousand on the sale of the company's head office. Comparable operating profit was also EUR 14,104 thousand (10,596).

Operating profit was boosted by sales growth and improved relative sales margin. Growth in net sales was generated primarily by retail sales in Finland, wholesale sales in EMEA as well as wholesale sales and licensing income in the Asia-Pacific region. A favourable trend in regular-priced sales and more moderate

<sup>3</sup> Includes both bricks-and-mortar and online sales.

discount promotions as well as product portfolio optimisation contributed to the improvement in relative sales margin. Higher fixed costs, especially the estimated effects of the long-term, share-based incentive scheme for management, marketing expenses and expenses related to the personnel share issue, had a weakening impact on results. During the period under review, the net effect of IFRS 16 on operating result was EUR +381 thousand.

In the January-September period, marketing expenses were EUR 4,685 thousand (4,027<sup>4</sup>), or 5 percent of the Group's net sales (5).

As a result of the adoption of IFRS 16, the Group's depreciation increased to EUR 9,374 thousand (1,957), representing 10 percent of net sales (2).

In the January-September period, operating profit margin was 15.5 percent (20.1) and comparable operating profit margin was also 15.5 percent (12.9). In the third quarter of the year, operating profit margin was 22.7 percent (20.7) and comparable operating profit margin 22.7 percent (21.2).

Net financial expenses in the January-September period were EUR 651 thousand (207), or 1 percent of net sales (0). Financial items include exchange rate differences amounting to EUR 118 thousand (-127). The adoption of IFRS 16 increased interest expenses by EUR 668 thousand.

Result for the January-September period before taxes was EUR 13,453 thousand (16,277). Result after taxes was EUR 10,887 thousand (12,794) and earnings per share were EUR 1.34 (1.58).

## **BALANCE SHEET**

The consolidated balance sheet total as at 30 September 2019 was EUR 92,264 thousand (53,865). Equity attributable to the equity holders of the parent company was EUR 36,712 thousand (39,041), or EUR 4.53 per share (4.83).

Non-current assets at the end of September 2019 stood at EUR 40,444 thousand (5,222). The adoption of IFRS 16 has increased assets by EUR 35,482 thousand.

At the end of the period under review, net working capital was EUR 11,141 thousand (16,539). Inventories were EUR 23,906 thousand (22,495).

## **CASH FLOW AND FINANCING**

In the July-September period of 2019, cash flow from operating activities was EUR 10,946 thousand (2,765), or EUR 1.35 per share (0.34). Cash flow before cash flow from financing activities was EUR 10,744 thousand (2,566).

In the January-September period, cash flow from operating activities was EUR 21,163 thousand (6,455), or EUR 2.61 per share (0.80). Cash flow before cash flow from financing activities was EUR 19,786 thousand (16,194). In the cash flow statement, the adoption of IFRS 16 increased cash flow from operating activities and reduced cash flow from financing activities by EUR 7,746 thousand. The additional dividend paid in April for 2018 also had an impact on cash flow from financing activities; the regular and additional dividends paid totalled EUR 15,003 thousand (4,045).

With the adoption of IFRS 16, the Group's financial liabilities rose to EUR 35,792 thousand (439).

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<sup>4</sup> The classification method for marketing expenses has changed in 2019; to maintain comparability, the figures for 2018 have been restated accordingly.

At the end of the review period, the Group's cash and cash equivalents amounted to EUR 20,919 thousand (17,737). In addition, the Group had unused committed credit lines of EUR 13,000 thousand (13,000).

The Group's equity ratio at the end of the period was 39.8 percent (73.3). Gearing was 40.5 percent (-46.6). Due to the adoption of IFRS 16, the ratio of net debt to EBITDA at year end (a new long-term financial goal) will be reported for the first time at the end of the financial year 2019.

## INVESTMENTS

The Group's gross investments in the January-September period of 2019 were EUR 1,314 thousand (1,090), or 1 percent of net sales (1). Most of the investments were devoted to store premises, to revamping the company's headquarter premises, and to IT systems. The investment figure does not include the impact of IFRS 16.

## STORE NETWORK

At the end of the period, there were 147 Marimekko stores and shop-in-shops and online store reached customers in 32 countries. E-commerce is of growing importance in the company's business. In addition to its own online store, the company also has distribution through other online channels.

Marimekko does not report the proportion of online sales separately as digital service solutions are constantly increasing the integration of e-commerce and in-store retailing. The company's own e-commerce net sales are included in retail sales and sales through other online channels in wholesale sales.

### STORES AND SHOP-IN-SHOPS

	30.9.2019	30.9.2018	31.12.2018
Finland	64	65	65
Scandinavia	10	11	11
EMEA	1	1	1
North America	6	6	6
Asia-Pacific	66	67	70
Total	147	150	153

A more comprehensive table with breakdown into the company's own retail stores, retailer-owned Marimekko stores and shop-in-shops can be found in the table section of this interim report.

## PERSONNEL

In the January-September period of 2019, the number of employees averaged 439 (432). At the end of the period, the Group had 437 employees (421), of whom 100 (98) worked outside Finland. The number of employees working outside Finland was broken down as follows: Scandinavia 37 (37), EMEA 4 (5), North America 33 (32) and the Asia-Pacific region 26 (24). The personnel at company-owned stores totalled 241 (230) at the end of the period.

## SHARES AND SHAREHOLDERS

### Share capital and number of shares

At the end of the period under review, the company's fully paid-up share capital, as recorded in the Trade Register, amounted to EUR 8,040,000 and the number of shares totalled 8,129,834.

### Shareholdings

According to the book-entry register, Marimekko had 10,682 shareholders at the end of the period (7,925). Of the shares, 11.2 percent were owned by nominee-registered or non-Finnish holders (11.6).

Marimekko Corporation held 20,000 of its own shares as at 30 September 2019. These shares accounted for 0.25 percent of the total number of the company's shares. Marimekko shares held by the company carry no voting rights and no entitlement to dividends.

Information on the largest shareholders can be found on the company's website at [company.marimekko.com](http://company.marimekko.com) under Investors/Share information/Shareholders.

### Share trading and the company's market capitalisation

In the January-September period of 2019, a total of 1,206,377 Marimekko shares were traded on Nasdaq Helsinki, representing 14.8 percent of the shares outstanding. The total value of the share turnover was EUR 32,655,896. The lowest price of the share was EUR 20.80, the highest was EUR 31.50 and the average price was EUR 27.11. At the end of the period, the closing price of the share was EUR 28.10. The company's market capitalisation on 30 September 2019 was EUR 227,886,335, excluding the Marimekko shares held by the company (157,357,395).

### Authorisations

The Annual General Meeting held on 12 April 2018 authorised the Board of Directors to decide on the acquisition of a maximum of 100,000 of the company's own shares. The shares would be acquired with funds from the company's unrestricted equity otherwise than in proportion to the shareholdings of the shareholders through public trading on Nasdaq Helsinki Ltd at the market price prevailing at the time of acquisition. The shares would be acquired to be used as a part of the company's incentive compensation program, to be transferred for other purposes or to be cancelled. The authorisation included the right of the Board of Directors to decide on all of the other terms and conditions of the acquisition of the shares. In May 2018, the Board decided to make use of the authorisation granted to it, and purchases of the company's own shares were made between 1 June and 14 August 2018. The authorisation was valid until 12 October 2019. As at 30 September 2019, Marimekko Corporation held 20,000 of its own shares, representing 0.25 percent of the total number of the company's shares.

The General Meeting of 12 April 2018 also authorised the Board of Directors to decide on a share issue, against consideration in deviation from the shareholders' pre-emptive right, directed to the company's personnel or other personnel groups designated by the Board, including the company's freelance designers. The total number of new shares to be offered for subscription pursuant to the authorisation may not exceed 150,000 shares. The authorisation included the right of the Board of Directors to decide on all of the other terms and conditions of the share issue. Pursuant to the authorisation obtained, the Board decided to arrange a directed share issue to the company's personnel and freelance designers in Finland in March 2019. The authorisation was valid until 12 October 2019.

At the end of the review period, the Board of Directors had no valid authorisations to issue convertible bonds or bonds with warrants.

## Personnel share issue

In its stock exchange release of 27 February 2019, Marimekko announced that the Board of Directors had decided on the detailed terms and conditions as well as schedule of the company's personnel share issue. The complete terms and conditions of the share issue are attached to the stock exchange release.

In its stock exchange release of 1 April 2019, the company announced that the Board of Directors had approved a total of 40,224 subscriptions for new shares. The total subscription price of the new shares was EUR 725,988. The shares subscribed for in the share issue represent 0.50 percent of the company's existing shares and the voting rights carried by the existing shares before the share issue.

In the share issue, a maximum total of 150,000 new shares in the company were offered for subscription. The subscription price was EUR 11.45 per share for the first fifty shares (50 percent discount from the average share price in January) and EUR 20.60 per share for the shares subscribed for after the first fifty shares (10 percent discount from the average share price in January).

Half of those entitled to subscribe took part in the share issue. Subscriptions were made by a total of 229 company employees and freelance designers out of 472 who were entitled.

The shares approved in the share issue were entered into the Trade Register on 11 April 2019 and admitted to public trading on Nasdaq Helsinki Ltd on 12 April 2019. After the registration of the new shares, the number of shares in Marimekko Corporation totals 8,129,834.

The personnel share issue has been accounted for in accordance with IFRS 2. The subscription price paid by the subscribers, totalling EUR 725,988.00, has been recorded in the reserve for invested non-restricted equity, and the discount granted by the company to the subscribers has been recorded as expense and in retained earnings. The amount recorded in employee benefit expenses and in retained earnings is EUR 194,851.52.

## MAJOR RISKS AND FACTORS OF UNCERTAINTY

Factors of uncertainty over the global economic trend affect the retail trade and consumer confidence in all of the company's market areas. The company's major strategic risks are associated with changes in consumers' purchasing behaviour and buying power, especially in Finland and Japan, which are the company's biggest single countries for business.

Near-term strategic risks include risks related to changes in the company's design, product assortment and product distribution and pricing. Digitisation in retail trade and the intensified competition and rapidly changing operating environment that this entails also bring risks and new revenue generation models. The company's ability to design, develop and commercialise new products that meet consumers' expectations while ensuring effective production, sourcing and logistics has an impact on the company's sales and profitability. International e-commerce increases the options available to consumers and multichannel business is of growing importance in the retail trade. Maintaining competitiveness in a rapidly changing operating environment being revolutionised by digitisation demands agility, efficiency and the constant re-evaluation of operations.

The company's growth is based primarily on expanding e-commerce, on partner-led retail in Asia, as well as on increasing the sales per square metre of existing stores in the company's main market areas. The Asia-Pacific region is Marimekko's second-biggest market, and it plays an important role in the company's growth and internationalisation. Changes in distribution channel solutions may impact the company's sales and profitability. Major partnership choices, partnering contracts and other collaboration agreements involve considerable risks. With the company's internationalisation and the growing interest in its brand, risks related to grey exports have increased, which may have an impact on the company's

sales and profitability. Store lease agreements in Finland and abroad also contain risks.

Intellectual property rights play a vital role in the company's success, and the company's ability to manage and protect these rights may have an impact on the value and reputation of the company. Agreements with freelance designers and fees paid to designers based on these agreements are also an essential part of the management of intellectual property rights. As the company internationalises, the risks of infringements of its intellectual property rights may increase, particularly in Asia.

Prominent among the company's operational risks are those related to internationalisation and digitisation. There are risks associated with information system reliability, dependability and compatibility. With digitisation, various risks related to cybersecurity have also increased. Malfunctions in data communications or, for example, in the company's own online store, may disrupt business or result in lost sales. There are also risks associated with procurement and logistics processes and price fluctuations for raw materials and procurements. The company primarily uses subcontractors to manufacture its products. Of the sustainability aspects of manufacturing, those related to the supply chain and enhancing its transparency, in particular, are of growing significance to customers. Compliance with sustainable business methods is important in maintaining customers' confidence; any failures or errors in this area will involve reputation risks. Any delays or disturbances in supply, or fluctuations in the quality of products, may have a harmful impact on business. As product distribution is expanded and operations are diversified, risks associated with inventory management also grow. As Marimekko is a small company, ongoing modernisation and development projects increase risks related to key personnel.

Climate change is expected to bring an increase in various extreme phenomena such as floods, typhoons and hurricanes. Marimekko has stores in areas in which such extreme phenomena may occur, and if they damage stores or cause momentary changes in consumers' purchasing behaviour, it may result in lost sales as well as expenses. Extreme phenomena may also affect the availability of products if they cause damage to the company's suppliers' factories. Furthermore, climate change or extreme weather may cause droughts, soil depletion or other changes in growth conditions, which could impact the availability and price of Marimekko's most used raw material, cotton.

Among the company's financial risks, those related to the structure of sales, price trends for factors of production, changes in cost structure, changes in exchange rates (particularly the US dollar, Swedish krona and Australian dollar), taxation, and customers' liquidity may have an impact on the company's financial status.

## **MARKET OUTLOOK AND GROWTH TARGETS FOR 2019**

Uncertainty in the global economy is forecast to continue, partly because of the unpredictability of the political situation. The trade war between China and the United States and the unstable situation in Hong Kong, for example, have an impact on consumers' purchasing behaviour. Consumer demand forecasts vary among Marimekko's different market areas.

Finland, Marimekko's important domestic market, represents about half of the company's net sales. Sales in Finland are expected to grow on the previous year. Domestic wholesale sales in 2018 were boosted by nonrecurring promotional deliveries. In 2019, the total value of promotional deliveries will be substantially lower than last year, and the major deliveries will occur in the final quarter of the year.

The Asia-Pacific region is Marimekko's second-largest market and it plays a significant part in the company's internationalisation. Japan is clearly the most important country in this region to Marimekko. The other countries' combined share of the company's net sales is still relatively small, as operations in these countries are at an early stage compared with Japan. Japan already has a very comprehensive network of Marimekko stores. Sales growth is supported by developing the operations of existing stores, optimising the product range and increasing online sales. This year, net sales in the Asia-Pacific region

are forecast to grow. The company sees increasing demand for its products in this area especially in the longer term.

Marimekko has become aware of cases of grey exports and has taken due action. The control of the cases has a weakening impact on the company's sales and earnings.

The key drivers of the company's growth are its own e-commerce and other online sales channels, partner-led retail in Asia, and increasing the sales per square metre of existing stores in Finland and the international markets. The main thrust in new openings is on retailer-owned Marimekko stores and other wholesale channels. The aim is to open approximately 5 new Marimekko stores and shop-in-shops in 2019.

Licensing income in 2019 is estimated to be markedly higher than in the previous year.

More costs than in 2018 are expected to occur in the remainder of the year. The expenses of marketing operations for the full year 2019 are forecast to be higher than in 2018 (EUR 6.3 million<sup>5</sup>). Total investments are estimated to grow significantly relative to the previous year (EUR 1.3 million). Most of the investments will be used to revamp the company's headquarter premises and the store network as well as to improve IT systems to underpin digital business. The estimated effects of the long-term bonus system targeted at the company's Management Group are also expected to exert a drag on the company's results. The effects will depend on the trend in the price of the company's share during the year.

Due to the seasonal nature of Marimekko's business, the major portion of the company's net sales and earnings have historically been generated during the last two quarters of the year. In 2018, contrary to the historical trend, most of the company's earnings were generated during the second and third quarters, which according to Marimekko's revised outlook is expected to be the case in 2019 as well. In the final quarter of the year, holiday sales make up a significant share of net sales.

## FINANCIAL CALENDAR FOR 2020

Marimekko Corporation's financial statements bulletin for 2019 will be issued on Thursday 13 February 2020 at 8.30 a.m. The financial statements for 2019 will be published in week 13 at the latest. The interim reports and the half-year financial report for 2020 will be issued as follows: January-March on Thursday 14 May 2020 at 8.30 a.m., January-June on Thursday 13 August 2020 at 8.30 a.m., and January-September on Wednesday 4 November 2020 at 8.30 a.m.

The Annual General Meeting is planned to be held on Thursday 16 April 2020 at 2.00 p.m.

Helsinki, 5 November 2019

Marimekko Corporation  
Board of Directors

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<sup>5</sup> The classification method for marketing expenses has changed in 2019; to maintain comparability, the figures for 2018 have been restated accordingly.

The quarterly results for 2019 are unaudited. There may be differences in totals due to rounding to the nearest thousand euros.

## ACCOUNTING PRINCIPLES

This interim report was prepared in compliance with IAS 34. Marimekko has applied the same accounting principles in this report as were applied in its 2018 financial statements, although at the start of the financial year the company adopted the IFRS 16 standard as described in the financial statements for 2018.

Marimekko has adopted the new standard IFRS 16 Leases for the financial year starting on 1 January 2019. The Group has decided to apply a modified retrospective transition approach for leases existing at the date of transition, and information for the comparative financial year has not been restated. Thus, the adoption of the standard has had no impact on retained earnings. The Group applies exemptions allowed in the standard to exclude short-term leases and leases where the underlying asset is of low value. Marimekko is a lessee. Lease contracts include headquarter and printing facilities in Helsinki, retail stores in Finland and other countries where Marimekko operates as well as company housing and leasing cars. In general, lease contracts vary from 1 year to 15 years.

At the end of the review period, the impact of IFRS 16 on the company's non-current assets was EUR 35.5 million. Correspondingly, non-current and current interest-bearing liabilities in the consolidated balance sheet include a total of EUR 35.8 million in lease liabilities. The adoption of IFRS 16 has also impacted key ratios which are based on balance sheet such as net debt as it has substantially increased both the Group's interest-bearing net debt and its non-current assets and will improve the Group's EBITDA by approximately EUR 10 million annually. During the period under review, the company recorded EUR 8.1 million in IFRS 16 depreciation, adjusted rental expense of EUR 8.5 million in other operating expenses and EUR 0.7 million in interest expenses. Therefore, key figures such as EBITDA are not comparable with the figures for the year before. The impact on EPS is not significant. In the cash flow statement, the adoption of IFRS 16 increased cash flow from operating activities and reduced cash flow from financing activities by EUR 7.8 million.

The personnel share issue has been accounted for in accordance with IFRS 2.

## APPENDICES

- Consolidated income statement and comprehensive consolidated income statement
- Consolidated balance sheet
- Consolidated cash flow statement
- Consolidated statement of changes in shareholders' equity
- Intangible and tangible assets
- Key figures
- Reconciliation of key figures to IFRS
- Net sales by market area
- Stores and shop-in-shops
- Net sales by product line
- Quarterly trend in net sales and earnings
- Formulas for key figures

## CONSOLIDATED INCOME STATEMENT

(EUR 1,000)	7–9/2019	7–9/2018	1–9/2019	1–9/2018	1–12/2018
<b>NET SALES</b>	<b>34,451</b>	29,836	<b>90,704</b>	82,139	111,879
Other operating income	171	99	544	6,320	6,522
Change in inventories of finished goods and work in progress	1,460	1,280	1,482	1,444	1,169
Raw materials and consumables	-12,973	-11,153	-32,789	-31,048	-42,086
Employee benefit expenses	-6,515	-5,998	-20,157	-18,597	-26,188
Depreciation and impairments	-3,153	-575	-9,374	-1,957	-2,501
Other operating expenses	-5,619	-7,305	-16,305	-21,817	-31,075
<b>OPERATING PROFIT</b>	<b>7,823</b>	6,185	<b>14,104</b>	16,484	17,721
Financial income	420	58	497	125	178
Financial expenses	-414	-151	-1,148	-332	-346
	6	-93	-651	-207	-168
<b>RESULT BEFORE TAXES</b>	<b>7,829</b>	6,092	<b>13,453</b>	16,277	17,552
Income taxes	-1,453	-1,223	-2,566	-3,483	-3,855
<b>NET RESULT FOR THE PERIOD</b>	<b>6,376</b>	4,869	<b>10,887</b>	12,794	13,698
Distribution of net result to equity holders of the parent company	6,376	4,869	10,887	12,794	13,698
Basic and diluted earnings per share calculated on the result attributable to equity holders of the parent company, EUR	0.79	0.60	1.34	1.58	1.70

## COMPREHENSIVE CONSOLIDATED INCOME STATEMENT

(EUR 1,000)	7–9/2019	7–9/2018	1–9/2019	1–9/2018	1–12/2018
<b>Net result for the period</b>	<b>6,376</b>	4,869	<b>10,887</b>	12,794	13,698
Items that could be reclassified to profit or loss at a future point in time					
Change in translation difference	-105	-7	-99	-62	-2
<b>COMPREHENSIVE RESULT FOR THE PERIOD</b>	<b>6,271</b>	4,861	<b>10,788</b>	12,731	13,696
Distribution of net result to equity holders of the parent company	6,271	4,861	10,788	12,731	13,696

## CONSOLIDATED BALANCE SHEET

(EUR 1,000)	30.9.2019	30.9.2018	31.12.2018
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	929	523	342
Tangible assets	38,941	4,620	4,438
Other financial assets	16	16	16
Deferred tax assets	559	63	114
	<b>40,444</b>	5,222	4,910
<b>CURRENT ASSETS</b>			
Inventories	23,906	22,495	22,114
Trade and other receivables	6,995	8,406	6,916
Current tax assets	-	6	-
Cash and cash equivalents	20,919	17,737	23,174
	<b>51,820</b>	48,644	52,204
<b>ASSETS, TOTAL</b>	<b>92,264</b>	53,865	57,114
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>			
Share capital	8,040	8,040	8,040
Reserve for invested non-restricted equity	1,228	502	502
Treasury shares	-315	-315	-315
Translation differences	-148	-110	-49
Retained earnings	27,907	30,923	31,827
Shareholders' equity, total	<b>36,712</b>	39,041	40,005
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities	25,643	228	202
	<b>25,643</b>	228	202
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17,806	12,750	15,574
Current tax liabilities	1,954	1,618	1,128
Provisions	-	18	-
Financial liabilities	10,149	210	206
	<b>29,909</b>	14,596	16,908
Liabilities, total	<b>55,552</b>	14,825	17,110
<b>SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL</b>	<b>92,264</b>	53,865	57,114

The Group has no liabilities resulting from derivative contracts, and there are no outstanding guarantees or any other contingent liabilities which have been granted on behalf of the management of the company or its shareholders.

## CONSOLIDATED CASH FLOW STATEMENT

(EUR 1,000)	1–9/2019	1–9/2018	1–12/2018
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net result for the period	10,887	12,794	13,698
Adjustments			
Depreciation and impairments	9,374	1,957	2,501
Capital gains on fixed assets	-	-6,095	-6,095
Financial income and expenses	651	207	168
Taxes	2,566	3,483	3,855
Cash flow before change in working capital	<b>23,478</b>	12,345	14,127
Change in working capital	685	-3,270	1,549
Increase (-) / decrease (+) in current non-interest-bearing trade receivables	-524	-1,762	-317
Increase (-) / decrease (+) in inventories	-1,792	-1,575	-1,194
Increase (+) / decrease (-) in current non-interest-bearing liabilities	3,000	66	3,059
Cash flow from operating activities before financial items and taxes	<b>24,163</b>	9,075	15,675
Paid interest and payments on other financial expenses	-533	-300	-315
Interest received	22	22	191
Taxes paid	-2,489	-2,342	-3,327
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>21,163</b>	6,455	12,225
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Investments in tangible and intangible assets	-1,378	-780	-1,073
Proceeds from sale of tangible and intangible assets	-	10,508	10,508
Sale of other investments	-	11	11
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-1,378</b>	9,739	9,446
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Acquisition of treasury shares	-	-315	-315
Proceeds from share issue	726	-	-
Leasing payments	-7,764	-310	-349
Dividends paid	-15,003	-4,045	-4,045
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-22,041</b>	-4,670	-4,709
<b>Change in cash and cash equivalents</b>	<b>-2,255</b>	11,524	16,962
Cash and cash equivalents at the beginning of the period	23,174	6,212	6,212
Cash and cash equivalents at the end of the period	20,919	17,737	23,174

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(EUR 1,000)	Equity attributable to equity holders of the parent company					
	Share capital	Reserve for invested non-restricted equity	Treasury shares	Translation differences	Retained earnings	Shareholders' equity, total
Shareholders' equity 1 Jan. 2018	8,040	502	-	-47	22,175	30,669
Comprehensive result						
Net result for the period					12,794	12,794
Translation differences				-62		-62
Total comprehensive result for the period				-62	12,794	12,731
Transactions with owners						
Dividends paid					-4,045	-4,045
Acquisition of treasury shares			-315			-315
Shareholders' equity 30 Sept. 2018	8,040	502	-315	-110	30,923	39,041
Shareholders' equity 1 Jan. 2019	8,040	502	-315	-49	31,827	40,005
Comprehensive result						
Net result for the period					10,887	10,887
Translation differences				-99		-99
Total comprehensive result for the period				-99	10,887	10,788
Transactions with owners						
Dividends paid					-15,003	-15,003
Personnel share issue		726				726
Share-based transactions, personnel share issue					195	195
Shareholders' equity 30 Sept. 2019	8,040	1,228	-315	-148	27,907	36,712

## INTANGIBLE AND TANGIBLE ASSETS

(EUR 1,000)	Intangible assets	Right-of-use assets	Other	Tangible assets
				Total
Acquisition cost, 1 Jan. 2019	9,622	-	27,830	27,830
Adoption of IFRS 16, 1 Jan. 2019	-	41,778	-	41,778
Translation differences	236	246	-433	-187
Classification adjustment	725	-	-725	-725
Increases	385	1,569	929	2,498
Decreases	-	-	-1,332	-1,332
Transfers between categories	146	-	-146	-146
Acquisition cost, 30 Sept. 2019	11,114	43,593	26,122	69,715
Accumulated depreciation, 1 Jan. 2019	9,280	-	23,392	23,392
Translation differences	79	39	-274	-235
Accumulated depreciation of decreases	-	-	-931	-931
Depreciation during the period	826	8,072	476	8,548
Accumulated depreciation, 30 Sept. 2019	10,185	8,111	22,663	30,774
Book value, 30 Sept. 2019	929	35,482	3,459	38,941
Book value, 1 Jan. 2019	342	-	4,438	4,438
Book value, 30 Sept. 2019	929	35,482	3,459	38,941

## KEY FIGURES

	1–9/2019	1–9/2018	Change, %	1–12/2018
Earnings per share, EUR	1.34	1.58	-15	1.70
Equity per share, EUR	4.53	4.83	-6	4.96
<i>Return on equity (ROE), %</i>	<i>31.1</i>	<i>42.5</i>		<i>38.8</i>
<i>Return on investment (ROI), %</i>	<i>17.3</i>	<i>48.5</i>		<i>47.6</i>
<i>Equity ratio, %</i>	<i>39.8</i>	<i>73.3</i>		<i>70.0</i>
<i>Gearing, %</i>	<i>40.5</i>	<i>-46.6</i>		<i>-56.9</i>
Gross investments, EUR 1,000 *	1,314	1,090	21	1,280
<i>Gross investments, % of net sales</i>	<i>1</i>	<i>1</i>		<i>1</i>
Contingent liabilities, EUR 1,000 **	572	43,753	-99	48,062
Average personnel	439	432	2	433
Personnel at the end of the period	437	421	4	445
Number of shares outstanding at the end of the period	8,109,834	8,069,610		8,069,610
Average number of shares outstanding	8,097,015	8,083,870		8,080,095

\* Excluding the impact of IFRS 16

\*\* The marked change is due to the adoption of IFRS 16.

## RECONCILIATION OF KEY FIGURES TO IFRS

(EUR million)	7–9/ 2019	7–9/ 2018	1–9/ 2019	1–9/ 2018	1–12/ 2018
<b>Items affecting comparability</b>					
Employee benefit expenses	-	-0.1	-	-0.1	-0.5
Other operating income	-	-	-	6.0	6.0
Items affecting comparability in operating result	-	-0.1	-	5.9	5.5
<b>EBITDA</b>	<b>11.0</b>	<b>6.8</b>	<b>23.5</b>	<b>18.4</b>	<b>20.2</b>
Items affecting comparability	-	-0.1	-	5.9	5.5
Comparable EBITDA	11.0	6.9	23.5	12.6	14.7
<b>Operating result</b>	<b>7.8</b>	<b>6.2</b>	<b>14.1</b>	<b>16.5</b>	<b>17.7</b>
Items affecting comparability in operating result	-	-0.1	-	5.9	5.5
Comparable operating result	7.8	6.3	14.1	10.6	12.2
<b>Net sales</b>	<b>34.5</b>	<b>29.8</b>	<b>90.7</b>	<b>82.1</b>	<b>111.9</b>
<i>Operating profit margin, %</i>	<i>22.7</i>	<i>20.7</i>	<i>15.5</i>	<i>20.1</i>	<i>15.8</i>
<i>Comparable operating profit margin, %</i>	<i>22.7</i>	<i>21.2</i>	<i>15.5</i>	<i>12.9</i>	<i>10.9</i>

## NET SALES BY MARKET AREA

(EUR 1,000)	7-9/ 2019	7-9/ 2018	Change, %	1-9/ 2019	1-9/ 2018	Change, %	1-12/ 2018
<b>Finland</b>	<b>19,661</b>	17,174	14	<b>49,229</b>	45,239	9	63,537
Retail sales	14,618	12,553	16	36,423	32,051	14	45,062
Wholesale sales	5,008	4,580	9	12,643	13,051	-3	18,299
Royalties	35	42	-16	163	137	19	176
<b>Scandinavia</b>	<b>2,468</b>	2,290	8	<b>6,687</b>	6,412	4	9,017
Retail sales	1,509	1,342	12	3,967	3,866	3	5,283
Wholesale sales	960	948	1	2,720	2,546	7	3,733
Royalties	-	-	-	-	-	-	-
<b>EMEA</b>	<b>2,781</b>	2,651	5	<b>9,425</b>	7,538	25	10,321
Retail sales	347	340	2	1,096	1,088	1	1,493
Wholesale sales	2,344	2,232	5	8,044	6,172	30	8,426
Royalties	90	79	14	285	278	2	401
<b>North America</b>	<b>2,294</b>	2,205	4	<b>6,214</b>	6,209	0	8,193
Retail sales	1,650	1,360	21	4,109	3,696	11	5,222
Wholesale sales	582	805	-28	1,674	2,246	-25	2,664
Royalties	62	40	56	431	268	61	307
<b>Asia-Pacific</b>	<b>7,247</b>	5,516	31	<b>19,148</b>	16,740	14	20,811
Retail sales	1,039	909	14	3,062	2,690	14	4,024
Wholesale sales	5,007	4,607	9	14,887	13,647	9	16,384
Royalties	1,200	-	-	1,200	403	198	403
<b>International sales, total</b>	<b>14,790</b>	12,662	17	<b>41,475</b>	36,900	12	48,342
Retail sales	4,545	3,951	15	12,234	11,340	8	16,023
Wholesale sales	8,893	8,592	4	27,325	24,611	11	31,207
Royalties	1,352	118	-	1,916	949	102	1,112
<b>Total</b>	<b>34,451</b>	29,836	15	<b>90,704</b>	82,139	10	111,879
Retail sales	19,163	16,504	16	48,657	43,391	12	61,085
Wholesale sales	13,901	13,172	6	39,968	37,661	6	49,506
Royalties	1,387	160	-	2,079	1,086	91	1,288

## STORES AND SHOP-IN-SHOPS

	30.9.2019	30.9.2018	31.12.2018
<b>Finland</b>	<b>64</b>	<b>65</b>	<b>65</b>
Company-owned stores	24	25	24
Company-owned outlet stores	11	12	12
Retailer-owned stores	13	13	13
Retailer-owned shop-in-shops	16	15	16
<b>Scandinavia</b>	<b>10</b>	<b>11</b>	<b>11</b>
Company-owned stores	7	7	7
Company-owned outlet stores	-	-	-
Retailer-owned stores	-	-	-
Retailer-owned shop-in-shops	3	4	4
<b>EMEA</b>	<b>1</b>	<b>1</b>	<b>1</b>
Company-owned stores	1	1	1
Company-owned outlet stores	-	-	-
Retailer-owned stores	-	-	-
Retailer-owned shop-in-shops	-	-	-
<b>North America</b>	<b>6</b>	<b>6</b>	<b>6</b>
Company-owned stores	4	4	4
Company-owned outlet stores	1	1	1
Retailer-owned stores	1	1	1
Retailer-owned shop-in-shops	-	-	-
<b>Asia-Pacific</b>	<b>66</b>	<b>67</b>	<b>70</b>
Company-owned stores	4	4	4
Company-owned outlet stores	-	-	-
Retailer-owned stores	51	51	54
Retailer-owned shop-in-shops	11	12	12
<b>Total</b>	<b>147</b>	<b>150</b>	<b>153</b>
Company-owned stores	40	41	40
Company-owned outlet stores	12	13	13
Retailer-owned stores	65	65	68
Retailer-owned shop-in-shops	30	31	32

Includes the company's own retail stores, retailer-owned Marimekko stores and shop-in-shops with an area exceeding 30 sqm. The company's own retail stores numbered 52 at the end of September 2019 (54).

## NET SALES BY PRODUCT LINE

(EUR 1,000)	7–9/ 2019	7–9/ 2018	Change, %	1–9/ 2019	1–9/ 2018	Change, %	1–12/ 2018
Fashion	13,849	10,954	26	35,128	29,560	19	39,107
Home	11,865	11,515	3	32,067	32,192	0	46,395
Bags and accessories	8,737	7,368	19	23,509	20,387	15	26,377
<b>Total</b>	<b>34,451</b>	<b>29,836</b>	<b>15</b>	<b>90,704</b>	<b>82,139</b>	<b>10</b>	<b>111,879</b>

As of the beginning of 2019, the product category of cosmetic bags is included in the home product line instead of bags and accessories. To maintain comparability, the figures for 2018 have been restated accordingly.

**QUARTERLY TREND IN NET SALES AND EARNINGS**

(EUR 1,000)	7–9/2019	4–6/2019	1–3/2019	10–12/2018
Net sales	34,451	29,137	27,116	29,740
Operating profit	7,823	3,691	2,591	1,237
Earnings per share, EUR	0.79	0.32	0.24	0.11

  

(EUR 1,000)	7–9/2018	4–6/2018	1–3/2018	10–12/2017
Net sales	29,836	28,213	24,089	29,841
Operating profit	6,185	9,145	1,154	2,382
Earnings per share, EUR	0.60	0.90	0.08	0.21

**FORMULAS FOR KEY FIGURES**

Comparable EBITDA, EUR:

Operating result - depreciation - impairments - items affecting comparability

Comparable operating result, EUR:

Operating result - items affecting comparability in operating result

Comparable operating result margin, %

Operating result - items affecting comparability in operating result x 100 / Net sales

Earnings per share (EPS), EUR:

(Profit before taxes - income taxes) / Adjusted number of shares (average for the financial year)

Equity per share, EUR:

Shareholders' equity / Number of shares, 30 September

Return on equity (ROE), %:

Rolling 12 months (Profit before taxes - income taxes) x 100 / Shareholders' equity (average for the financial year)

Return on investment (ROI), %:

Rolling 12 months (Profit before taxes + interest and other financial expenses) x 100 / Balance sheet total - non-interest-bearing liabilities (average for the financial year)

Equity ratio, %:

Shareholders' equity x 100 / (Balance sheet total - advances received)

Gearing, %:

Interest-bearing net debt x 100 / Shareholders' equity

Net working capital, EUR:

Inventories + trade and other receivables + current tax assets - tax liabilities - current provisions - trade and other payables