

# Half-year Financial Report 1-6/2021

Tiina Alahuhta-Kasko  
President & CEO

## Marimekko's strong development continued

- Nearly all of Marimekko's own stores were open and footfall in the stores grew significantly from the comparison period, when the situation was highly exceptional and Marimekko's own stores and many of the partner-owned stores were temporarily closed for part of the quarter due to the coronavirus pandemic.
- Net sales increased by 40%. In the comparison period, the pandemic had a significant impact on net sales especially in Finland, where net sales now grew by 61 percent; international sales were up by 20 percent.
- Omnichannel retail sales grew by 38%. The strong growth of wholesale sales continued with an increase of 53%.
- Operating profit improved significantly, to EUR 5.5 million (2.7), boosted especially by increased sales. Improved relative sales margin also supported result.
- In 2021, Marimekko will invest in strengthening the building blocks of its long-term international growth.



## Net sales and operating profit increased considerably in the second quarter

EUR million	4-6/2021	4-6/2020	Change, %	1-6/2021	1-6/2020	Change, %	1-12/2020
Net sales	<b>32.7</b>	23.3	40	<b>61.8</b>	48.2	28	123.6
International sales	<b>14.3</b>	11.9	20	<b>28.9</b>	23.2	24	52.4
<i>% of net sales</i>	<b>44</b>	<i>51</i>		<b>47</b>	<i>48</i>		<i>42</i>
Comparable EBITDA	<b>8.5</b>	5.8	47	<b>17.2</b>	10.2	69	32.7
Operating profit	<b>5.5</b>	2.7	107	<b>11.1</b>	3.9	188	19.3
Comparable operating profit	<b>5.5</b>	2.7	107	<b>11.1</b>	3.9	188	20.2
<i>Comparable operating profit margin, %</i>	<b>16.8</b>	<i>11.4</i>		<b>18.0</b>	<i>8.0</i>		<i>16.3</i>
Comparable earnings per share, EUR *	<b>0.51</b>	0.27	92	<b>1.06</b>	0.29		1.78
Cash flow from operating activities	<b>7.4</b>	4.0	83	<b>9.2</b>	-0.4		28.1
<i>Return on investment (ROI), %</i>				<b>31.2</b>	<i>19.5</i>		<i>22.5</i>
<i>Equity ratio, %</i>				<b>48.7</b>	<i>40.7</i>		<i>46.6</i>
Net debt/ EBITDA (rolling 12 months)				<b>-0.08</b>	0.53		-0.10
Gross investments **	<b>0.4</b>	0.4	-4	<b>0.8</b>	0.9	-9	2.1
Personel at the end of the period				<b>400</b>	432	-7	422

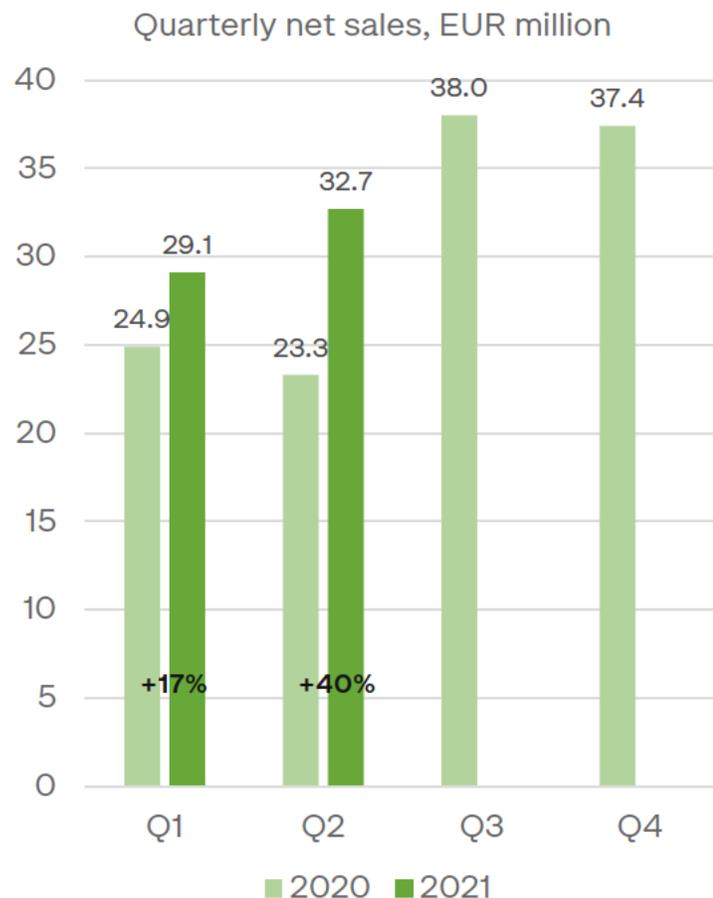
\* Taking account of similar items as in comparable operating profit; tax effect included.

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

# Net sales and operating profit

## Net sales +40% to EUR 32.7 million (23.3)

Especially retail and wholesale sales in Finland as well as wholesale sales in the Asia-Pacific region and Scandinavia developed well.



EUR million	Q2 2021	Q2 2020	Q2 Change %
<b>Finland</b>	<b>18.4</b>	<b>11.4</b>	<b>61</b>
Scandinavia	2.9	1.9	53
EMEA	3.0	3.3	-10
North America	2.2	1.5	51
Asia-Pacific	6.3	5.3	18
<b>International sales</b>	<b>14.3</b>	<b>11.9</b>	<b>20</b>
<b>TOTAL</b>	<b>32.7</b>	<b>23.3</b>	<b>40</b>

- retail sales +38%
- wholesale sales +53%

### Sales in Finland +61%

- retail sales +54% (like-for-like 50%)
- wholesale sales +78%

### International sales +20%

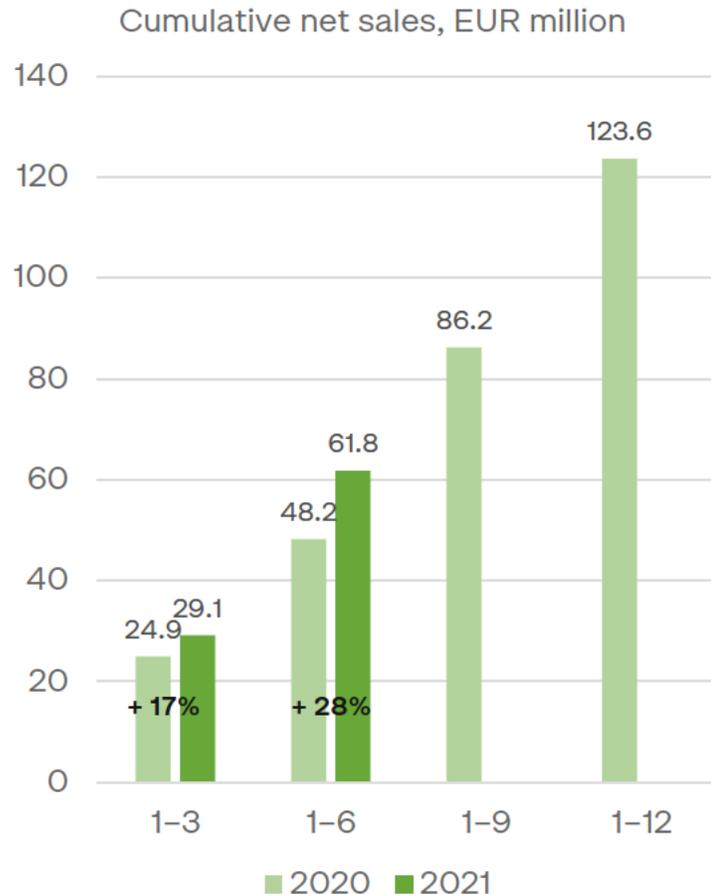
- retail sales -1%
- wholesale sales +40%
- licensing income clearly lower

Net sales were boosted especially by a favorable trend in retail and wholesale sales in Finland as well as increased wholesale sales in the Asia-Pacific region and Scandinavia. On the other hand, net sales were weakened by lower licensing income in the Asia-Pacific region. Following campaigns and holidays at the turn of the reporting period, there were temporarily delays of a few days in the deliveries of the online store and some EUR 0.5 million (0.7) in retail sales were exceptionally left unrecognized as revenue for the second quarter.

Unlike in the comparison period, nearly all of Marimekko's own stores were open and footfall in the stores grew significantly.

# Net sales +28% to EUR 61.8 million (48.2)

Growth especially from wholesale and retail sales in Finland, wholesale sales in the Asia-Pacific region and Scandinavia as well as increased licensing income in the EMEA region.



EUR million	1-6/ 2021	1-6/ 2020	Change %
<b>Finland</b>	<b>32.9</b>	<b>25.0</b>	<b>32</b>
Scandinavia	5.3	3.9	35
EMEA	7.0	6.0	18
North America	3.7	3.1	18
Asia-Pacific	12.9	10.2	26
<b>International sales</b>	<b>28.9</b>	<b>23.2</b>	<b>24</b>
<b>TOTAL</b>	<b>61.8</b>	<b>48.2</b>	<b>28</b>

- retail sales +16%
- wholesale sales +40%
- licensing income +27%

#### Sales in Finland +32%

- retail sales +23% (like-for-like 23%)
- wholesale sales +50%

#### International sales +24%

- retail sales -3%
- wholesale sales +36%
- licensing income increased significantly

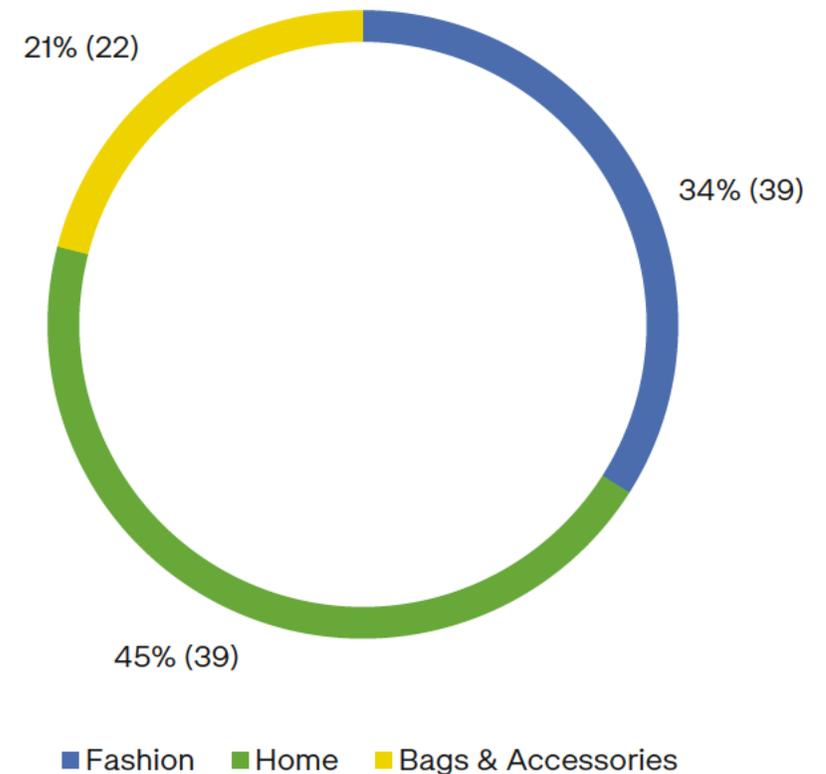
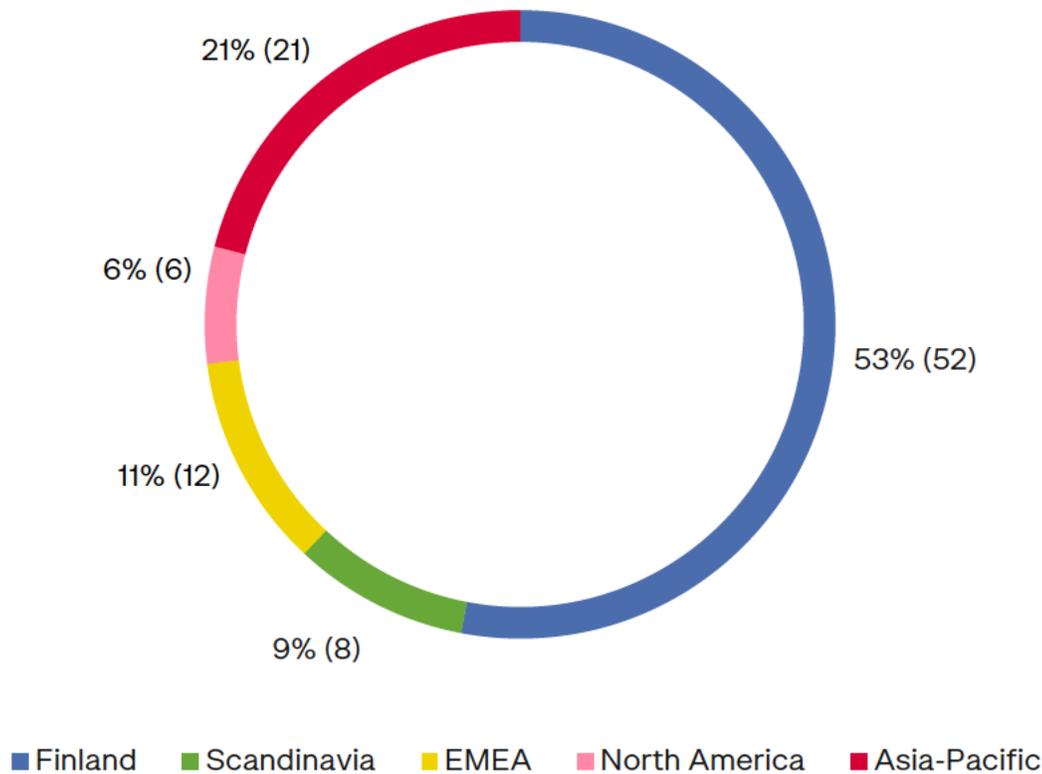
Net sales were boosted especially by a favorable trend in wholesale and retail sales in Finland, growing wholesale sales in the Asia-Pacific region and Scandinavia as well as increased licensing income in the EMEA region. The good development of wholesale sales in Finland was partly supported by nonrecurring promotional deliveries. Sales growth in the Asia Pacific region 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. On the other hand, net sales were weakened by lower licensing income in the Asia-Pacific region.

# Continued strong growth for home products (+48%), also fashion (+13%) and bags & accessories (+20%) developed positively

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

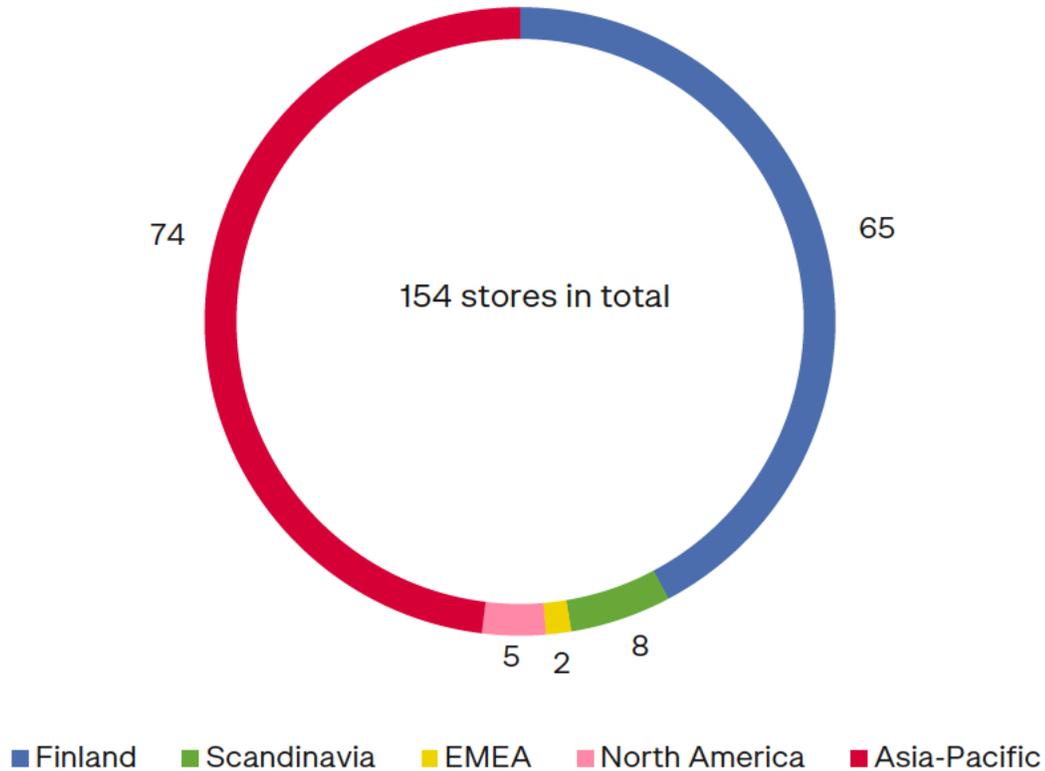
Net sales by market area, 1-6/2021 (1-6/2020)

Net sales by product line, 1-6/2021 (1-6/2020)



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

Global retail footprint 1-6/2021

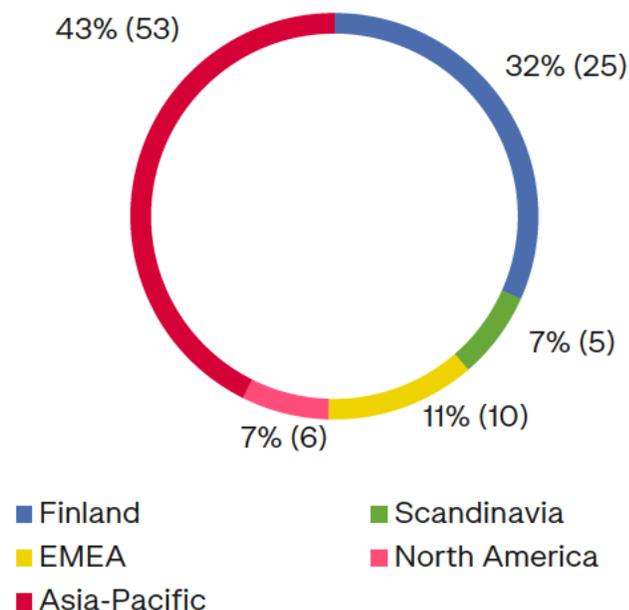


Net sales by channel, e-commerce included

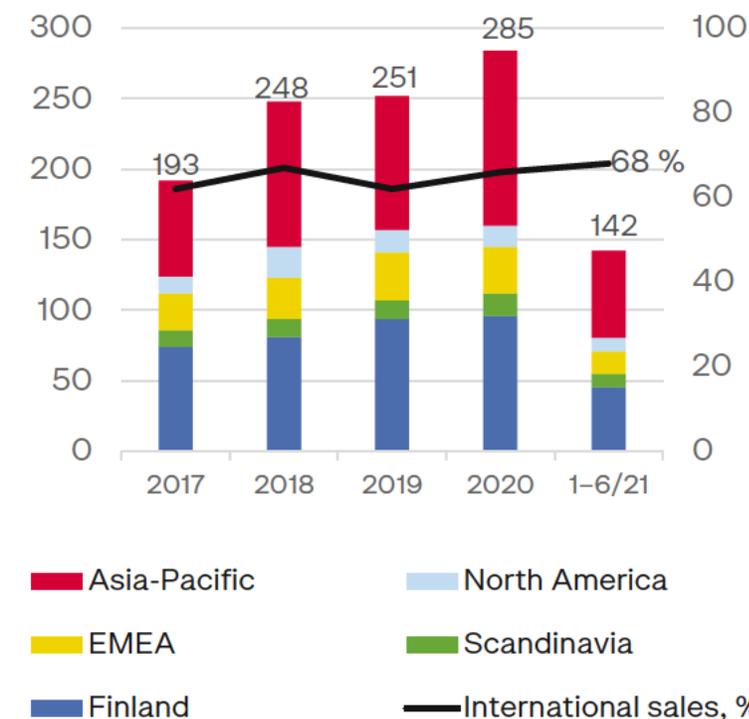


# Marimekko brand sales +8 % to EUR 142.1 million (132.0)

In Q2, 67% of brand sales outside home market (75)

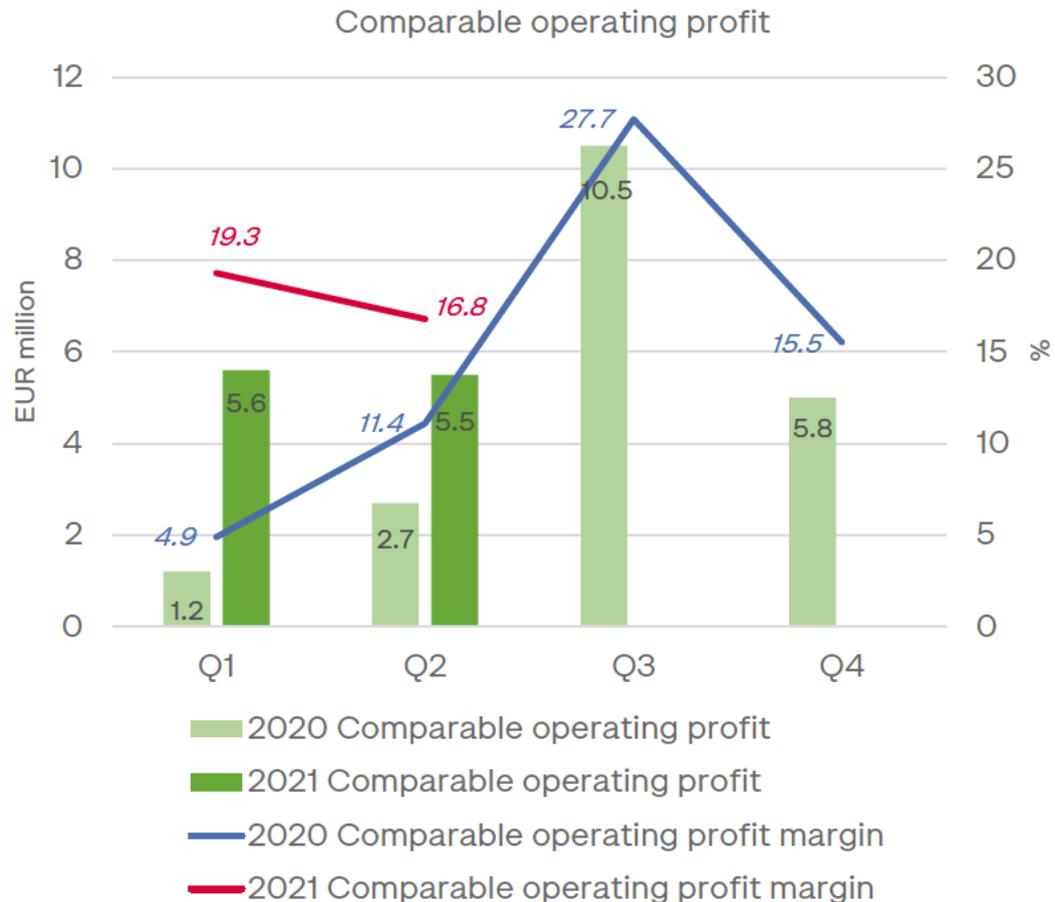


EUR million	1-6/ 2021	1-6/ 2020	Change %
<b>Finland</b>	<b>45.4</b>	33.6	35
Scandinavia	9.5	6.2	53
EMEA	16.1	13.7	17
North America	9.5	8.2	16
Asia-Pacific	61.6	70.3	-12
<b>International sales</b>	<b>96.7</b>	<b>98.4</b>	-2
<b>TOTAL</b>	<b>142.1</b>	<b>132.0</b>	<b>8</b>



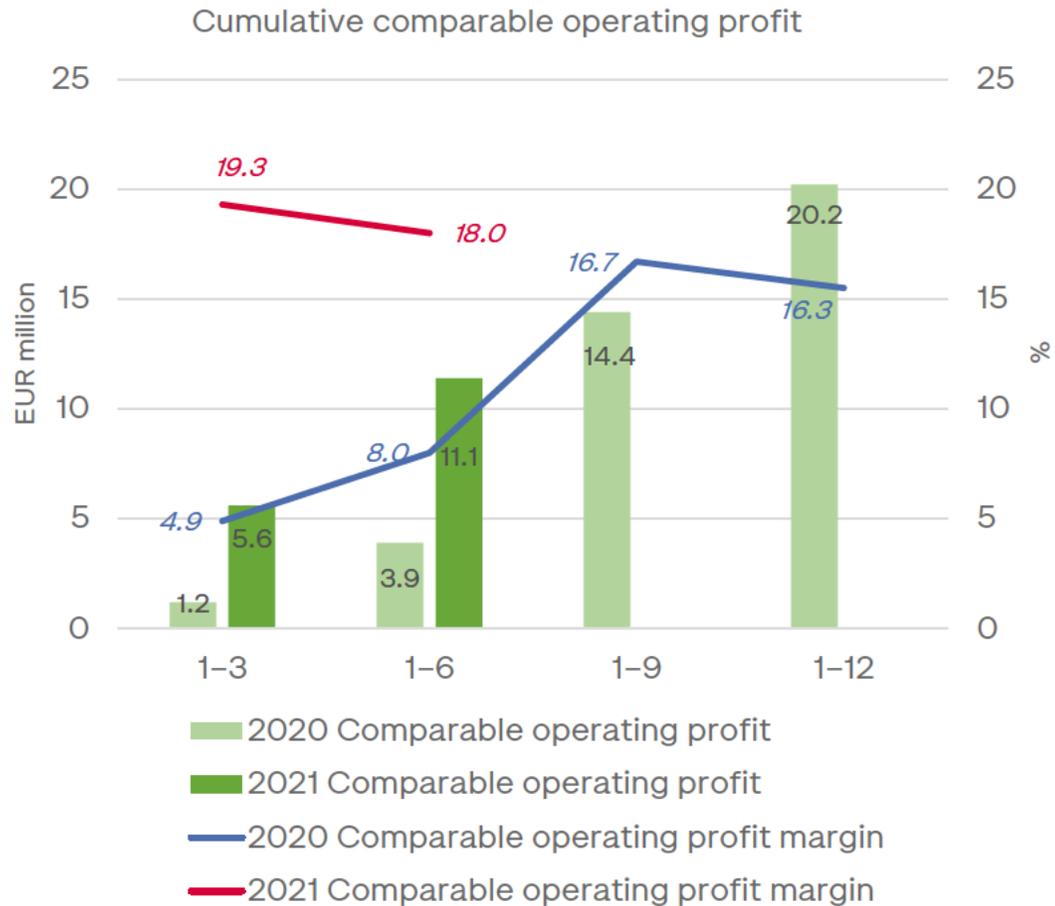
Brand sales represent the reach of the Marimekko brand through different distribution channels. An unofficial estimate of sales of Marimekko products at consumer prices, brand sales are calculated by adding together the company's own retail net sales and the estimated retail value of Marimekko products 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 result increased substantially also during the second quarter



- Comparable operating profit EUR 5.5 million (2.7)
- No items affecting comparability, so operating profit EUR 5.5 million (2.7)
- Earnings were boosted especially by increased net sales. Improved relative sales margin also supported result.
- On the other hand, an increase in fixed costs had a weakening impact on earnings.

## Significant result improvement in the first half of the year



- Comparable operating profit EUR 11.1 million (3.9)
- No items affecting comparability, so operating profit EUR 11.1 million (3.9)
- Earnings were boosted especially by increased net sales but also improved relative sales margin.
- On the other hand, an increase in fixed costs had a weakening impact on result.

# Key events in Q2

## Adidas x Marimekko – bringing together the art of print and performance

In May, we announced Marimekko's first-ever sports apparel collaboration. The collection was created together with adidas, a global leader in the sporting goods industry. The news was enthusiastically received, and the collection has provided us with an excellent opportunity to introduce the Marimekko brand and design philosophy to a broad global audience including also customers entirely new to us.

Brand collaborations offer us a unique opportunity to increase international brand awareness and thus support our core business.



## New collaboration with Japanese Uniqlo

In May, Marimekko and the Japanese global apparel retailer UNIQLO launched a limited edition Spring/Summer capsule collection celebrating midsummer traditions. The collection was one of UNIQLO's spearhead collaborations for 2021.

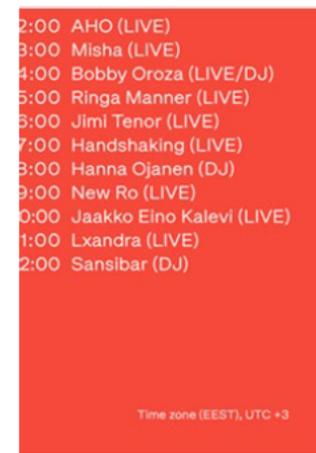
In addition to visibility, brand collaborations provide Marimekko licensing income, which is part of our business model.



# Marimekko 70th anniversary

To celebrate the 70th anniversary, we organized the world's most inclusive fashion party, with artists around the globe entertaining the guests online for 12 hours. The versatile interactive program included e.g. a possibility to virtually try on our summer collection, which continued with filters in Instagram.

As inclusivity and equality are important values for Marimekko, we wanted to bring people together and continue our tradition of open fashion events in a new, innovative way.



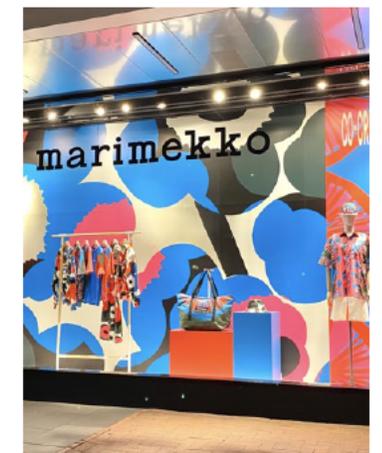
## Visibility from pop-up stores around the globe

The pop-up stores celebrating our anniversary in Hong Kong, Shanghai and Tokyo continued to introduce new audiences to the Marimekko brand.

”Pop-in@Nordstrom welcomes Marimekko” concept prominently showcased Marimekko for two months both in Nordstrom online store as well in department stores in nine cities in North America.

In Australia, Marimekko was displayed in seven pop-up stores in the David Jones department stores.

The importance of creative retail concepts as part of omnichannel customer experience increases in the new, post-pandemic reality.



## Sustainability review documenting our progress in 2020 published in June

Year 2020 was the final year of our previous sustainability strategy period which began in 2016. During the term, we made consistent progress in each focus area. In 2020, we worked with more sustainable materials and decreasing emissions, among other things. As a result of continuous development work and emission offsetting, our own operations became carbon neutral in 2020.

We want to be at the forefront of developing more sustainable products and practices, and therefore our new sustainability strategy – published in December 2020 – is even more ambitious.



## First products printed with natural dyes available in stores

One of the highlights of our sustainability work in 2020 was the cooperation with Natural Indigo Finland to successfully use natural dyes in our printing process. This summer, we brought first products printed using a blue dye obtained from woad plant to the stores.

Natural dyes are one of the many ways to increase the sustainability of our operations. Our own printing factory in Helsinki offers us a possibility to participate in different kinds of development initiatives and thus take the whole industry towards a more sustainable future.



# Outlook 2021

## Market outlook and growth targets for 2021 (1/5)

- The coronavirus pandemic has been 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.
- Development of the pandemic situation can cause sudden fluctuations in demand, which 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.
- Vaccine coverage, new infection waves and virus variants as well as the way the crisis is handled by different countries may influence the economic development and consumers' purchasing behavior in different markets.
- The instability caused by the coronavirus pandemic has again clearly increased. 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 (2/5)

### 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 (3/5)

- Marimekko estimates that both wholesale and retail sales will increase in 2021. The growth is expected to be particularly strong in wholesale sales, which also include sales to partners operating Marimekko stores. The increase in wholesale sales is partly supported by the nonrecurring promotional deliveries in Finland, and they can increase Marimekko's inventory risks.
- The development of the coronavirus situation, vaccine coverage and possible restrictions and recommendations in different market areas, on the other hand, influence footfall in stores and hence the outlook for both retail and wholesale, including nonrecurring wholesale promotions. Rapid fluctuations in demand due to the pandemic can also affect Marimekko's net sales.
- Marimekko has experienced some coronavirus related disruptions in its supply chain, which can have an impact on the availability of products and consequently on net sales and profitability. Furthermore, 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 approximately at the same level as in the previous year.

## Market outlook and growth targets for 2021 (4/5)

- Marimekko plans to accelerate its long-term international growth in 2021. Fixed costs are expected to be up on the previous year, especially during the second half of the 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) and take place especially in the second half of the year.
- In addition, IT costs are expected to increase clearly as the accounting principles related to configuration and customization costs in a cloud computing arrangement will change as a result of a new IFRIC interpretation. According to the current, preliminary estimate, the change in accounting principles will increase Marimekko's fixed costs and accordingly lower the company's investments approximately by some EUR 1 million during the financial year 2021. Marimekko will finalize the calculations during the fall of 2021 and possible impacts will be accounted for retrospectively latest at the financial statements 2021. As a result, total investments are estimated to be clearly lower than the year before (2020: EUR 2.1 million).
- 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. The first earnings period will end at the end of September 2021.

## Market outlook and growth targets for 2021 (5/5)

- 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.
- However, the relative development of the net sales is expected to slow down during the second half of the year as the coronavirus pandemic had an exceptionally negative effect on the net sales during the first six months of 2020.

## 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).

The instability caused by the coronavirus pandemic in Marimekko's markets has again increased clearly. Therefore, there are significant uncertainties associated with the trend in the company's net sales and earnings due to the pandemic situation.



# Appendices

# Income statement

EUR million	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
<b>Net sales</b>	<b>32.7</b>	<b>23.3</b>	<b>61.8</b>	<b>48.2</b>	<b>123.6</b>
Other operating income	0.0	0.1	0.0	0.3	0.3
Change in inventories of finished goods and work in progress	2.6	3.8	4.1	5.7	-0.4
Raw material and consumables	-14.9	-13.2	-26.8	-24.3	-48.2
Employee benefit expenses	-6.9	-5.2	-13.4	-11.2	-25.3
Depreciation and impairments	-3.0	-3.1	-6.1	-6.3	-12.6
Other operating expenses	-5.0	-3.1	-8.6	-8.5	-18.1
<b>Operating profit</b>	<b>5.5</b>	<b>2.7</b>	<b>11.1</b>	<b>3.9</b>	<b>19.3</b>
Net financial items	-0.3	0.1	-0.5	-0.8	-1.8
<b>Result before taxes</b>	<b>5.2</b>	<b>2.8</b>	<b>10.7</b>	<b>3.0</b>	<b>17.6</b>
Income taxes	-1.0	-0.6	-2.1	-0.7	-3.8
<b>Net result</b>	<b>4.1</b>	<b>2.2</b>	<b>8.6</b>	<b>2.3</b>	<b>13.8</b>

# Balance sheet

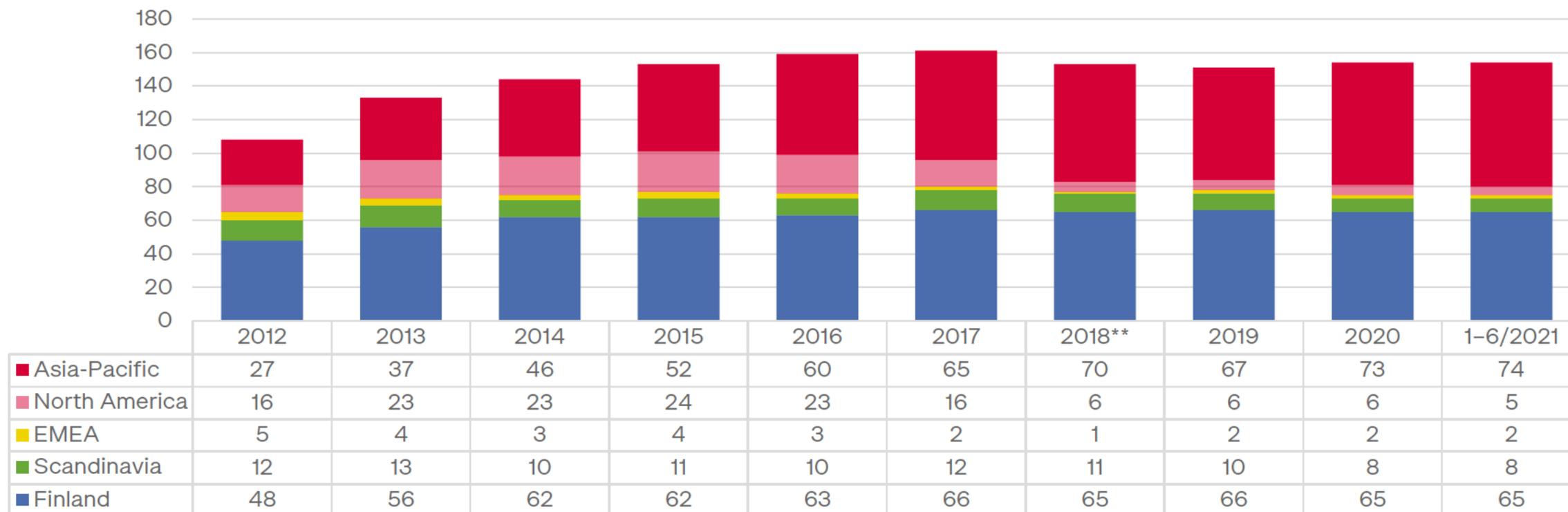
EUR million	30.6.2021	30.6.2020	31.12.2020
Non-current assets	38.7	38.5	43.2
Inventories	26.5	28.2	22.4
Trade and other receivables	10.4	8.6	8.1
Current tax assets	-	0.9	-
Cash and cash equivalents	36.8	25.1	41.0
<b>Assets, total</b>	<b>112.4</b>	<b>101.3</b>	<b>114.8</b>
Shareholders' equity	54.0	41.3	52.8
Non-current liabilities	23.1	25.1	28.5
Current liabilities	35.3	35.0	33.6
<b>Shareholders' equity and liabilities, total</b>	<b>112.4</b>	<b>101.3</b>	<b>114.8</b>

# Cash flow statement

EUR million	1-6/2021	1-6/2020	1-12/2020
<b>Cash flow from operating activities before change in working capital</b>	<b>17.2</b>	<b>10.2</b>	<b>31.9</b>
Change in working capital	-4.9	-6.3	3.3
<b>Cash flow from operating activities before financial items and taxes</b>	<b>12.3</b>	<b>3.8</b>	<b>35.2</b>
Financial items and taxes	-3.1	-4.3	-7.1
<b>Cash flow from operating activities</b>	<b>9.2</b>	<b>-0.4</b>	<b>28.1</b>
Investments in tangible and intangible assets	-1.5	-1.5	-2.8
<b>Cash flow before cash flow from financing activities</b>	<b>7.7</b>	<b>-1.9</b>	<b>25.2</b>
Short-term loans drawn and repaid	0.5	6.2	0.5
Payments of lease liabilities	-5.2	-5.4	-10.7
Dividends paid	-7.3	-	-
<b>Cash flow from financing activities</b>	<b>-12.0</b>	<b>0.8</b>	<b>-10.2</b>
<b>Change in cash and cash equivalents</b>	<b>-4.4</b>	<b>-1.1</b>	<b>15.0</b>
Cash and cash equivalents at the end of the period	36.8	25.1	41.0

In addition, Marimekko has unused committed credit lines of EUR 14.2 million (17.4) 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 June (53).

\*\* 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.

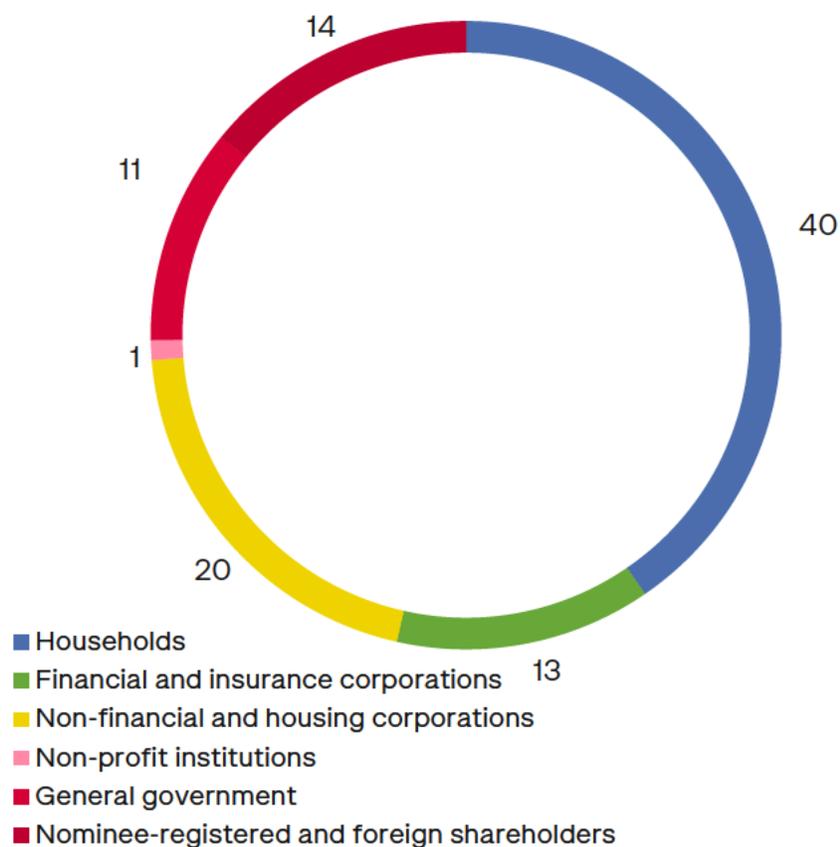
## Share price trend

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 523.1 million



## 30 June 2021: a total of 20,937 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	3.85
Evli investment funds	3.28
Lazard Freres Gestion	2.83
Veritas Pension Insurance Company	1.82
Taaleritehdas investment funds	1.39

## For more information

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**marimekko**

70 YEARS OF THE ART OF PRINTMAKING