



marimekko

Half-year Financial Report

1-6/2023

Marimekko Corporation, Half-year Financial Report, 17 August 2023 at 8.00 a.m.

## Marimekko's net sales grew and operating profit improved in the second quarter

### The second quarter in brief

- Marimekko's net sales increased by 6 percent from the record-high comparison period and totaled EUR 40.3 million (38.0). The increase in net sales was driven particularly by growth in international wholesale sales and licensing income.
- Finnish retail sales grew, but total net sales in Finland decreased by 3 percent when weakened general consumer demand lowered domestic wholesale sales. International sales grew by 21 percent.
- Operating profit was EUR 6.6 million (5.7) and comparable operating profit totaled EUR 6.8 million (5.7) equaling to 16.8 percent of net sales (15.0).
- Operating profit was boosted especially by increased net sales and improved relative sales margin. On the other hand, an increase in fixed costs had a weakening impact on result.

### January-June in brief

- Company's net sales grew by 2 percent and amounted to EUR 75.6 million (74.0). Net sales were boosted by increased international wholesale sales and a favorable trend in retail sales in Finland.
- Net sales in Finland decreased by 3 percent when weakened general consumer demand lowered domestic wholesale sales. International sales grew by 9 percent.
- Operating profit was EUR 10.4 million (12.3) and comparable operating profit totaled EUR 10.6 million (12.3) equaling to 14.0 percent of net sales (16.6).
- Operating profit was decreased by higher fixed costs and lower relative sales margin. On the other hand, increased net sales had a strengthening impact on result.

### Financial guidance for 2023

The Marimekko Group's net sales for 2023 are expected to grow from the previous year (2022: EUR 166.5 million). Comparable operating profit margin is estimated to be approximately some 16–19 percent (2022: 18.2 percent). Development of consumer confidence and purchasing power, global supply chain disruptions and the general inflation development, in particular, cause volatility to the outlook for 2023.

Uncertainties related to the development of net sales and result are described in more detail in the Major risks and factors of uncertainty section of this Half-year Financial Report.

## KEY FIGURES

| (EUR million)                         | 4-6/<br>2023 | 4-6/<br>2022 | Change,<br>% | 1-6/<br>2023 | 1-6/<br>2022 | Change,<br>% | 1-12/<br>2022 |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Net sales                             | 40.3         | 38.0         | 6            | 75.6         | 74.0         | 2            | 166.5         |
| International sales                   | 18.1         | 15.0         | 21           | 35.4         | 32.5         | 9            | 68.3          |
| % of net sales                        | 45           | 39           |              | 47           | 44           |              | 41            |
| EBITDA                                | 8.8          | 8.1          | 9            | 15.0         | 17.3         | -13          | 39.9          |
| Comparable EBITDA                     | 9.0          | 8.1          | 11           | 15.2         | 17.3         | -12          | 40.0          |
| Operating profit                      | 6.6          | 5.7          | 16           | 10.4         | 12.3         | -16          | 30.2          |
| Operating profit margin, %            | 16.4         | 15.0         |              | 13.8         | 16.6         |              | 18.2          |
| Comparable operating profit           | 6.8          | 5.7          | 19           | 10.6         | 12.3         | -14          | 30.4          |
| Comparable operating profit margin, % | 16.8         | 15.0         |              | 14.0         | 16.6         |              | 18.2          |
| Result for the period                 | 4.8          | 4.8          |              | 7.2          | 9.8          | -27          | 22.7          |
| Earnings per share, EUR               | 0.12         | 0.12         |              | 0.18         | 0.24         | -27          | 0.56          |
| Comparable earnings per share, EUR    | 0.12         | 0.12         | 1            | 0.18         | 0.24         | -25          | 0.56          |
| Cash flow from operating activities   | 5.0          | 4.4          | 12           | 2.9          | 1.4          | 115          | 20.1          |
| Return on capital employed (ROCE), %  |              |              |              | 34.4         | 42.3         |              | 31.5          |
| Equity ratio, %                       |              |              |              | 47.4         | 44.6         |              | 49.2          |
| Net debt / EBITDA (rolling 12 months) |              |              |              | 0.43         | 0.29         |              | 0.03          |
| Gross investments                     | 0.5          | 0.1          |              | 0.7          | 0.3          | 166          | 1.0           |
| Personnel at the end of the period    |              |              |              | 484          | 460          | 5            | 459           |
| outside Finland                       |              |              |              | 69           | 73           | -5           | 76            |
| Brand sales <sup>1</sup>              | 104.0        | 101.8        | 2            | 188.5        | 190.1        | -1           | 382.3         |
| outside Finland                       | 78.6         | 72.2         | 9            | 138.6        | 134.0        | 3            | 251.9         |
| proportion of international sales, %  | 74           | 71           |              | 73           | 70           |              | 66            |
| Number of stores                      |              |              |              | 157          | 150          | 5            | 154           |

The change percentages in the table were calculated on exact figures before the amounts were rounded to millions of euros. The figure for comparable earnings per share takes account of similar items as comparable operating profit; tax effect included. Reconciliation of alternative key figures to IFRS and management's discretion regarding items affecting comparability are presented in the table section of this Half-year Financial Report.

<sup>1</sup> Brand sales are given as an alternative non-IFRS key figure, representing the reach of the Marimekko brand through different distribution channels. An unofficial estimate of sales of Marimekko products at consumer prices, brand sales are calculated by adding together the company's own retail net sales and the estimated retail value of Marimekko products sold by other retailers. The estimated retail value is based on the company's realized wholesale sales and licensing income. Brand sales do not include VAT, and the key figure is not audited. Some licensees provide exact retail figures, in which case these figures are used in reporting brand sales. For other licensing agreements, Marimekko's own retail coefficients for different markets are used.

**TIINA ALAHUHTA-KASKO**

President and CEO

“Our net sales grew and our operating profit improved in the second quarter. Our international sales developed strongly, and we are continuing the determined scaling up of our profitable growth.



Marimekko’s net sales for the second quarter increased by six percent from the record-breaking comparison period and amounted to EUR 40.3 million (38.0). The increase in net sales was driven particularly by growth in international wholesale sales and licensing income. Our international net sales grew by 21 percent in total. Net sales in Finland decreased by three percent despite growth in retail sales, as the weakened general consumer demand affected wholesale sales in Finland. Our wholesale sales developed favorably in the Asia-Pacific region and North America in particular, growing globally by four percent in total. Our omnichannel retail sales, on the other hand, grew by two percent globally.

In April-June, our comparable operating profit improved clearly to EUR 6.8 million (5.7) and was 16.8 percent of net sales (15.0). Operating profit was boosted especially by increased net sales and improved relative sales margin. In line with our strategy, we continued our investments in scaling up our business and growth in the international markets in particular, which increased our fixed costs as previously estimated.

In January-June, our net sales grew by two percent and totaled EUR 75.6 million (74.0). Our comparable operating profit for the first six months of the year was EUR 10.6 million (12.3), equaling 14.0 percent of net sales (16.6).

We continued the development of our omnichannel retail network in April-June. New Marimekko stores were opened in Beijing, Taipei and Taichung, and a new shop-in-shop was opened in Bangkok. In Tampere we opened a new company-owned store. In addition, three pop-up stores were opened in Seoul. In June, we announced that Marimekko will expand its omnichannel store network to Singapore in the fall, with the first store to be opened in September. After the end of the period under review, we also announced Marimekko’s expansion into Malaysia and Vietnam in 2023, with the first stores opening later this year. As other brick-and-mortar Marimekko stores and most online stores in Asia, these new stores will be owned by our loose-franchise partners. Altogether, we plan to open an estimated total of 15-20 new Marimekko stores and shop-in-shops during 2023. The majority of these planned openings will take place in Asia, which is the most important geographical region for our international growth in accordance with our strategy. In the second quarter, net sales in the Asia-Pacific region grew by 28 percent.

In April, Marimekko presented its home collection arriving on the market in the fall at the internationally influential Milan Design Week, announcing the most recent artist collaboration containing ceramics and household textiles with Sabine Finkenauer and a new glassware series designed by Matti Klenell. North America, on the other hand, saw the launch of the summery

limited-edition collaboration collection with West Elm, a modern furniture and home décor company, in May. In addition to global brand partnerships that provide us with extensive visibility, targeted local collaborations are an important way to introduce more and more new audiences to Marimekko.

In May, we celebrated Marimekko Day in Finland with public fashion shows, among other events, gathering a vast crowd of friends of Marimekko to the Esplanadi Park in Helsinki. At the same time, the Marimekko Terassi summer terrace was opened in front of the Helsinki flagship store to delight people all summer long. Our tradition of public fashion shows that has been going on for more than thirty years reflects our inclusive approach to design and showcases Marimekko's core values: a sense of community, equality and inclusion. The same values were visible in our collaboration with Helsinki Pride 2023 and in our store window artworks celebrating Pride Month in Helsinki, Bangkok and New York. We are pleased to bring color and joy to our community across the world in various ways.

Internationally growing brand awareness, our developing omnichannel store network and inspiring communal experiences around the Marimekko brand support us in scaling up our business. Our strong financial position and the good development of our business enable us to carry on long-term growth investments to further strengthen our competitiveness, even in a weaker market environment. We are delighted to continue growing Marimekko together with our loyal customers, new friends of our brand and the continually expanding group of shareholders.”

## Operating environment

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

The growth estimates for the world economy in 2023 have remained mostly unchanged. The rapid increase in interest rates has slowed down inflation but also growth expectations for the coming years. In addition, Russia's war against Ukraine, among other things, continues to create uncertainties for economic development in Europe. The world economy in 2023 is estimated to grow at a rate of some 3.0 percent, but growth in the Euro area is expected to be only 0.9 percent.

The economic outlook for Finland has weakened further. Furthermore, expectations for the future development of the economy have decreased since the spring. The confidence indicator for the retail trade weakened in July 2023 and was clearly below the long-term average. Retail sales have grown only slightly compared to previous months, and sales expectations for the coming months have reversed to show a clear decline. Inventories have grown from the previous months' levels. Consumer confidence is still below the average. Estimates of the current state of personal finances continue to be very weak. Expectations for the future of personal finances and for Finland's economy continue to be at a fairly low level, but they are clearly stronger than during the same period a year ago. Estimates for inflation and expectations for its future development are nearly unchanged and continue to be at a high level.

(Confederation of Finnish Industries EK: Business Tendency Survey, July 2023; Confidence Indicators, July 2023. Statistics Finland: Consumer Confidence, July 2023.)

The working-day-adjusted turnover of the Finnish retail trade grew by 0.8 percent in June compared to the previous year. The volume of sales was down by 3.3 percent. The cumulative working-day-adjusted turnover of the retail trade in the January-June period rose by 3.5 percent but the volume of sales decreased by 3.3 percent. (Statistics Finland: Turnover of Trade, retail trade flash estimate, June 2023.)

## Net sales

### Net sales in the second quarter

In the April-June period of 2023, the Group's net sales increased by 6 percent from the record-high level in the same period the previous year and totaled EUR 40,311 thousand (37,981). The increase in net sales was driven particularly by growth in international wholesale sales and licensing income. On the other hand, net sales were weakened by lower wholesale sales in Finland than in the comparison period. In total, net sales in Finland decreased by 3 percent. International sales grew by 21 percent.

Marimekko's omnichannel retail sales in the second quarter increased by 2 percent. Wholesale sales developed favorably in the Asia-Pacific region and in North America in particular and grew globally in total by 4 percent. Licensing income increased significantly from the comparison period.

Net sales in Finland were EUR 22,191 thousand (22,995). Retail sales increased by 3 percent. There have been several changes in the store network in Finland compared to the same period the previous year. Comparable retail sales in Finland decreased by 1 percent. Weakened general consumer demand in Finland affected wholesale sales, which declined by 19 percent.

In the company's second-biggest market, the Asia-Pacific region, net sales increased by 28 percent to EUR 8,759 thousand (6,818), as wholesale sales and licensing income in the region grew. Wholesale sales in the market area grew by 23 percent, and in Japan, the most important country to Marimekko in this region, by 20 percent. Retail sales in the Asia-Pacific region decreased by 7 percent. In the comparison period, retail sales were supported by successful non-recurring events in Australia.

### Net sales in the January-June period

The Group's net sales in January-June period of 2023 grew by 2 percent from the strong comparison period and amounted to EUR 75,598 thousand (74,025). Net sales were boosted by increased international wholesale sales and a favorable trend in retail sales in Finland. During the first six months, Marimekko's omnichannel retail sales grew in total by 5 percent. Both wholesale sales and licensing income were on par with the comparison period. Net sales in Finland decreased by 3 percent when weakened general consumer demand lowered domestic wholesale sales. International sales grew by 9 percent despite actions to control gray exports weakening wholesale sales in the EMEA region.

Net sales in Finland were EUR 40,193 thousand (41,493). Retail sales increased by 6 percent. Comparable retail sales in Finland increased by 1 percent. Weakened general consumer demand in Finland affected wholesale sales, which declined by 20 percent.

Net sales in the Asia-Pacific region increased by 22 percent to EUR 17,175 thousand (14,096), as particularly wholesale sales and licensing income in the region grew. Wholesale sales in the market area increased by 19 percent, and in Japan, the most important country to Marimekko in this region, by 9 percent. In the comparison period, wholesale sales in the region were boosted by some of the wholesale deliveries in the fourth quarter of 2021 being transferred to the first quarter of 2022. Retail sales in the Asia-Pacific region increased by 7 percent.

### NET SALES BY MARKET AREA

| (EUR 1,000)         | 4-6/<br>2023 | 4-6/<br>2022 | Change,<br>% | 1-6/<br>2023 | 1-6/<br>2022 | Change,<br>% | 1-12/<br>2022 |
|---------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Finland             | 22,191       | 22,995       | -3           | 40,193       | 41,493       | -3           | 98,237        |
| International sales | 18,120       | 14,986       | 21           | 35,404       | 32,532       | 9            | 68,278        |
| Scandinavia         | 3,016        | 2,987        | 1            | 6,472        | 5,977        | 8            | 13,956        |
| EMEA                | 3,755        | 3,165        | 19           | 7,546        | 8,628        | -13          | 16,014        |
| North America       | 2,590        | 2,016        | 28           | 4,211        | 3,831        | 10           | 7,999         |
| Asia-Pacific        | 8,759        | 6,818        | 28           | 17,175       | 14,096       | 22           | 30,309        |
| Total               | 40,311       | 37,981       | 6            | 75,598       | 74,025       | 2            | 166,515       |

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 licensing income by market area can be found in the table section of this Half-year Report.

## Financial result

In the April-June period of 2023, the Group's operating profit amounted to EUR 6,602 thousand (5,690). Operating profit included EUR 176 thousand from items affecting comparability. Comparable operating profit was EUR 6,778 thousand (5,690). Operating profit was boosted especially by increased net sales and improved relative sales margin. On the other hand, an increase in fixed costs had a weakening impact on result.

Fixed costs in the second quarter of the year grew particularly due to increased employee benefit costs, resulting from investments in the building blocks of international growth as well as higher personnel costs in the stores. Relative sales margin was strengthened by significantly increased licensing income. In addition, lower transport costs supported relative sales margin. On the other hand, higher discounts than in the same period the previous year had a weakening impact on relative sales margin.

In the January-June period of 2023, the Group's operating profit totaled EUR 10,404 thousand (12,319). Operating profit included EUR 207 thousand from items affecting comparability. Comparable operating profit was EUR 10,611 thousand (12,319). Operating profit was decreased by higher fixed costs and lower relative sales margin. On the other hand, increased net sales improved operating profit.

Fixed costs in the January-June period increased due to earlier recruitments made to strengthen the building blocks of international growth as well as higher personnel costs in the stores. Relative sales margin was weakened especially by higher discounts than in the comparison period. On the other hand, lower transport costs supported relative sales margin.

Marketing expenses for the review period were EUR 3,947 thousand (4,219), or 5 percent of the Group's net sales (6).

The Group's depreciation amounted to EUR 4,551 thousand (4,937), representing 6 percent of net sales (7).

In the January-June period of 2023, operating profit margin was 13.8 percent (16.6) and comparable operating profit margin was 14.0 percent (16.6). In the second quarter of the year, operating profit margin was 16.4 percent (15.0) and comparable operating profit margin was 16.8 percent (15.0).

Net financial items in the review period were EUR -1,367 thousand (172), or 2 percent of net sales (0). Financial items include exchange rate differences amounting to EUR -750 thousand (621), of which EUR -672 thousand (678) were unrealized. The impact of lease liabilities on interest expenses was EUR -493 thousand (-315).

The Group's result before taxes for the January-June period of 2023 was EUR 9,038 thousand (12,491). Net result for the period was EUR 7,177 thousand (9,822) and earnings per share were EUR 0.18 (0.24).

## Balance sheet

The consolidated balance sheet total as at 30 June 2023 was EUR 105,495 thousand (97,908). Equity was EUR 49,165 thousand (42,825), or EUR 1.21 per share (1.05).

Non-current assets at the end of the review period stood at EUR 35,132 thousand (34,318). Lease liabilities amounted to EUR 30,900 thousand (30,075), and financial liabilities were EUR



1,321 thousand (1,887). In addition, the Group had unused committed credit lines of EUR 31,244 thousand (14,986).

At the end of the review period, net working capital was EUR 30,104 thousand (21,070). Inventories were EUR 36,742 thousand (30,847). The inventories were increased from the comparison period in part by the contingency planning for the demand of the continuing collection in the event of possible supply chain disruptions.

## Cash flow and financing

In the April-June period of 2023, cash flow from operating activities was EUR 4,975 thousand (4,447), or EUR 0.12 per share (0.11). Cash flow before cash flow from financing activities was EUR 4,467 thousand (4,292).

In the January-June period of 2023, cash flow from operating activities was EUR 2,945 thousand (1,368), or EUR 0.07 per share (0.03). Cash flow before cash flow from financing activities was EUR 2,242 thousand (1,101).

The Group's cash and cash equivalents at the end of the review period amounted to EUR 16,150 thousand (19,398). Dividends paid in the review period totaled EUR 13,794 thousand (37,372). Return on capital employed (ROCE) was 34.4 percent (42.3). The amount of interest-bearing credit facilities drawn down was EUR 1,288 thousand (1,887). In addition, the Group had unused committed credit lines of EUR 31,244 thousand (14,986), as in January 2023, with the continued general economic uncertainties, Marimekko took additional short-term revolving credit facilities, which include covenants, totaling EUR 16,000 thousand.

The Group's equity ratio at the end of the period was 47.4 percent (44.6). Gearing was 32.7 percent (29.3). The ratio of net debt to 12-month rolling EBITDA was 0.43 (0.29), i.e. well below the company's long-term goal, with the goal being a maximum of 2.

## Investments

The Group's gross investments in the January-June period of 2023 were EUR 703 thousand (264), or 1 percent of net sales (0). The investments were mainly devoted to building store premises. New lease agreements included in balance sheet (IFRS 16) are not included in gross investments in the review or comparison period.

## Store network

Omnichannel retail sales, operated by the company itself or its partners, represents the core of Marimekko's distribution strategy. It is complemented with select, and increasingly online, retailers to gain scale and access to new customers. Even in the digitalized business, physical stores play an important role not only as a distribution channel but also as the hearts of brand culture, supporting, in addition, sales online and in other channels.

Good store locations that cater to its target audience are essential for Marimekko. The operations and efficiency of the store network are continuously assessed and developed. During the second quarter of 2023, new Marimekko stores were opened in Beijing, Taipei and in Tampere and a new shop-in-shop was opened in Bangkok. In Taichung, one new Marimekko store was opened, and one was closed. In Copenhagen, a store was closed, while Marimekko is preparing to open a new flagship store in the city during the fourth quarter of the year. Furthermore, three pop-up stores were opened in Seoul. At the end of June, there were a total

of 157 Marimekko stores and shop-in-shops worldwide. The stores' net sales in each market are primarily generated from sales to local customers, although sales to tourists make up a significant portion of the sales at certain central stores, especially during the holiday seasons.

E-commerce plays an important role in Marimekko's omnichannel retail. Online sales continued to grow in the second quarter. The company's own and partner-operated Marimekko webstores reach customers in as many as 35 countries. In addition, Marimekko also has distribution through other online channels.

Digital service solutions are constantly increasing the integration of e-commerce and in-store retailing. For this reason, Marimekko reports its own e-commerce net sales as part of retail sales and sales through other online channels as part of wholesale sales.

In order to accelerate its long-term international growth, Marimekko continues to invest in its digital and omnichannel business. The importance of online sales in the company's business will grow further, and the shift to digital sales channels among customers will influence Marimekko's distribution channel choices in the future.

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#### STORES AND SHOP-IN-SHOPS

|               | 30.6.2023  | 30.6.2022 | 31.12.2022 |
|---------------|------------|-----------|------------|
| Finland       | 66         | 65        | 65         |
| Scandinavia   | 7          | 7         | 8          |
| EMEA          | 1          | 1         | 1          |
| North America | 3          | 2         | 3          |
| Asia-Pacific  | 80         | 75        | 77         |
| <b>Total</b>  | <b>157</b> | 150       | 154        |

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 Half-year Report.

## Personnel

In the January-June period of 2023, the number of employees, expressed as full-time equivalents, averaged 456 (422). At the end of the period, the Group had 484 (460) employees, of whom 69 (73) worked outside Finland. The number of employees working outside Finland was broken down as follows: Scandinavia 24 (34), the EMEA region 0 (1), North America 15 (12) and the Asia-Pacific region 30 (36). The personnel at company-owned stores, expressed as full-time equivalents, totaled 236 (217) at the end of the period.

## Resolutions of the Annual General Meeting

The resolutions of Marimekko Corporation's Annual General Meeting 2023 have been reported in the stock exchange release of 13 April 2023 and in the Interim Report of 16 May 2023.

## 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 totaled 40,649,170.

### Shareholdings

According to the book-entry register, Marimekko had 39,118 shareholders (30,843) at the end of June 2023. Of the shares, 12.56 percent (17.54) were owned by nominee-registered or non-Finnish holders.

On 30 June 2023, Marimekko held 77,790 of its own shares, corresponding to approximately 0.19 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.

Monthly updated 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 capitalization

In the January-June period of 2023, a total of 5,951,441 Marimekko shares (7,572,470) were traded on Nasdaq Helsinki, representing 14.64 percent (18.63) of the shares outstanding. Share trading data takes into account the new shares issued without payment following the decision of the AGM on 12 April 2022. The total value of the share turnover in the period under review was EUR 55,309,051 (105,199,526). The lowest price of the share was EUR 8.56 (10.92), the highest was EUR 9.94 (17.60) and the average price was EUR 9.29 (12.88). At the end of June, the closing price of the share was EUR 9.09 (12.34).

The company's market capitalization on 30 June 2023 was EUR 368,793,844, excluding the Marimekko shares held by the company (501,267,829).

### Authorizations

The Annual General Meeting on 12 April 2022 authorized the Board of Directors to decide on the acquisition of a maximum of 150,000 of the company's own shares, in one or more instalments. The maximum number of shares represented approximately 0.4 percent of the total number of the company's shares. The shares could be acquired with funds from the company's non-restricted equity, which means that the acquisition would reduce funds available for distribution. The shares could be acquired 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 and in accordance with the rules and regulations of Nasdaq Helsinki Ltd. The shares could be acquired to be used as a part of the company's incentive compensation program, to be transferred for other purposes or to be canceled. The Board of Directors was authorized to decide on all of the other terms and conditions of the acquisition of the shares. On 14 November 2022, Marimekko Corporation's Board of Directors decided to acquire 50,000 of the company's own shares based on this authorization. The acquisitions of Marimekko's own shares were completed on 22 November 2022. The authorization was not used during the period under review, and it ended on 13 April 2023.

In addition, the AGM on 12 April 2022 authorized the Board of Directors to decide on the issuance of new shares and the transfer of the company's own shares in one or more instalments. The total number of shares to be issued or transferred pursuant to the

authorization could not exceed 250,000 new or treasury shares. The number of shares represents approximately 0.6 percent of the total number of the company's shares. The authorization was not used, and it ended on 13 April 2023.

The Annual General Meeting on 13 April 2023 authorized the Board of Directors to decide on the acquisition of a maximum of 200,000 of the company's own shares in one or more instalments. The maximum number of shares represents approximately 0.5 percent of the total number of the company's shares. The shares would be acquired with funds from the company's non-restricted equity, which means that the acquisition would reduce funds available for distribution. The shares would be acquired 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 and in accordance with the rules and regulations of Nasdaq Helsinki Ltd. The shares would be acquired to be used as a part of the company's incentive system, to be transferred for other purposes or to be cancelled. The Board of Directors is authorized to decide on all of the other terms and conditions of the acquisition of the shares. The authorization was not used during the period under review. The authorization is valid until 13 October 2024.

Furthermore, the AGM on 13 April 2023 authorized the Board of Directors to decide on the issuance of new shares and the transfer of the company's own shares in one or more instalments. The total number of shares to be issued or transferred pursuant to the authorization may not exceed 250,000 new or the company's own shares. The number of shares represents approximately 0.6 percent of the total number of the company's shares. Pursuant to the authorization, the Board may decide on a directed share issue in deviation from the shareholders' pre-emptive rights for a weighty financial reason, such as the company's incentive system, personnel share issue, developing the company's capital structure, using the shares as consideration in possible company acquisitions or carrying out other business transactions. The share issue may be subject to a charge or free. A directed share issue can be free of charge only if there is a particularly weighty financial reason for the company and taking into account the interests of all of the company's shareholders. The subscription price of the new shares and the amount paid for the company's own shares would be recorded in the company's reserve for invested non-restricted equity. The Board of Directors is authorized to decide on all of the other terms and conditions of the share issue. The authorization was not used during the period under review. The authorization is valid until 13 October 2024.

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

## Major risks and factors of uncertainty

Marimekko's business exposes the company to various risks. The risks and uncertainties presented below have the potential to substantially weaken Marimekko's business conditions, sales, financial performance and position. Marimekko's risk management practices are described in the Corporate Governance Statement.

### **The economic and political operating environment**

The uncertainties related to the general development of the global economy, such as the risk of an economic recession, and geopolitical tensions influence consumer confidence, purchasing power and behavior in all of Marimekko's market areas. Declining consumer confidence and purchasing power may have a significant unfavorable impact on Marimekko's sales and profitability. This risk is emphasized in Finland and Japan, which are the company's biggest single countries for business.

Geopolitical tensions can also affect Marimekko's production and logistics chains and operating possibilities in certain countries. Geopolitical tensions may lead to military action, trade disputes, economic sanctions as well as export and import restrictions that can affect the reliability and efficiency of the company's value chain. Russia's war against Ukraine has not directly affected Marimekko's business, but the war continues to cause disruptions in global supply chains and contributes to the development of the global economy and the purchasing power and behavior of consumers.

Sudden market movements, development of inflation, changes in the price development of production factors, in exchange rates (particularly the US dollar) and in the company's taxation, as well as rising interest rates may affect Marimekko's financial position.

The coronavirus pandemic has been the worst crisis experienced by the global fashion industry and specialty retail sector in decades, and its economic and societal consequences may continue to slow the recovery of the global economy and affect the demand for Marimekko's products, employee health as well as the reliability and efficiency of the company's value chain. Possible new pandemic or epidemic situations and related restrictions may have a negative impact on Marimekko's sales, profitability and cash flow as well as the reliability and efficiency of the company's production and logistics chain.

Marimekko is also exposed to labor market disputes. Strikes and other labor market disturbances may have a negative impact on the company's business.

Marimekko continuously monitors the development of the economic and political operating environment, takes various scenarios into account in the management of the company's business, and adapts its operations as necessary.

### **The retail environment, customers and partners**

The company's growth in the longer term is based primarily on omnichannel retail: on increasing e-commerce, on partner-led retail in Asia, as well as on enhancing the sales per square meter of existing stores in the company's main market areas. In addition, the company expands its distribution through physical and digital wholesale channels appropriate for the Marimekko brand. The Asia-Pacific region is Marimekko's second-biggest market, and especially Asia plays an important role in the company's international growth.

The importance of omnichannel business in the retail trade has been emphasized over the past few years. International e-commerce has increased the options available to consumers and the significance of big e-commerce operators. The coronavirus pandemic also accelerated the digitization of retail and intensified the financial difficulties of some traditional wholesale customers in the fashion sector, such as department stores and multi-brand retailers. Structural changes in the retail environment may have an impact on Marimekko's distribution channel decisions, the prioritization of different distribution channels, sales and profitability. The structural changes can also lead to the creation of new revenue models. Risks related to the sales structure may have an impact on the company's financial position. Maintaining competitiveness in a rapidly changing operating environment being revolutionized by digitization demands agility, efficiency, flexibility and constant re-evaluation of operations from the company.

Major partnership choices, partnering contracts and other collaboration agreements involve considerable risks. Store lease agreements in Finland and abroad also contain risks. With the company's internationalization and the growing interest in its brand, risks related to gray exports may increase, which may have an impact on the company's sales and profitability. In

addition, risks related to changes in the company's cost structure as well as the liquidity of customers and partners may have an impact on the company's financial position.

Other significant risks include risks related to changes in the company's design, product assortment and product distribution and pricing. Increased inflation creates pressure to raise prices while the uncertainties in the global economy and the operating environment negatively affect consumers' purchasing power and behavior. The company's ability to design, develop and commercialize new products that meet consumers' expectations while ensuring effective, quickly reacting and sustainable production, sourcing and logistics has an impact on the company's sales and profitability.

### **Supply chain**

The risks related to Marimekko's supply chain are associated especially with production, procurement and logistics processes and their reliability, flexibility and efficiency, price fluctuations of raw materials and other production factors as well as the availability and price of logistics. Russia's war against Ukraine and possible epidemic or pandemic situations, among other things, may cause even significant disruptions in production and logistics chains, which may have a negative impact on the company's sales, profitability and cash flow. It is of utmost importance to safeguard the operational reliability of the company's own printing factory in all circumstances.

Higher costs of raw materials, energy and other production factors may affect Marimekko's sales and profitability. Early commitment to product orders from supplier partners, which is typical of the industry, means that changes in costs affect the company with a delay. These early commitments have been further emphasized by the exceptional situations, undermining the company's ability to optimize product orders and respond to rapid changes in demand and consumer behavior, which also increases risks related to inventory management.

In addition to supply chain disruptions and even earlier commitment to product orders, risks related to inventory and product flow management increase as product distribution is expanded and operations are diversified, which may have a weakening impact on the company's cash flow as well as on relative profitability. Substantial non-recurring wholesale promotions can increase risks related to procurement, transport and inventory management, especially in exceptional circumstances. Any delays or disturbances in supply, or fluctuations in the quality of products, may have a harmful impact on business including also on substantial non-recurring wholesale promotions. The risk of supply chain disruptions is also increased by cyber threats, possible epidemic- or pandemic-related shutdowns, geopolitical tensions and other uncertainties related to the global economy. Marimekko works actively to mitigate the negative impacts of disruptions in production and logistics chains and increased costs, and to enhance inventory management.

### **Sustainability**

Enhancing sustainability is increasingly important for competitiveness in Marimekko's industry, which can have an impact on the company's sales and profitability, as versatile investments are required for the enhancement. Risks and opportunities with regard to Marimekko's sustainability work and targets include, for example, changes in consumer behavior and in the company's product portfolio weightings, continuously evolving best practices in the industry as well as increasing regulation that may affect, for example, the company's products and value chain. The company's ability to anticipate changes, react to them and develop more sustainable products and ways of working plays a key role in the company's competitiveness. Compliance with responsible business practices and legislation is also important in maintaining

the trust of customers and other stakeholders; any failures or errors in this area will involve reputation, financial liability and business risks.

Marimekko primarily uses supplier partners to manufacture its products. Global supply chains in the fashion and design business are complex, which makes it challenging for companies to ensure the sustainability of the entire value chain despite active sustainability work. Of the sustainability elements of manufacturing, especially social aspects related to the supply chain (e.g. human rights, working conditions and remuneration) and environmental aspects (e.g. production methods and raw materials and chemicals used) as well as transparent communications on these issues in compliance with continuously increasing legislation are of growing significance to customers. These sustainability topics apply to Marimekko's sourcing and the company's own production as well as to licensed products.

### **The environment and climate change**

Climate change increases the likelihood of extreme weather phenomena and natural disasters, such as floods, forest and bush fires and storms. Extreme weather phenomena and natural disasters pose a risk to the operational reliability and efficiency of Marimekko's value chain. Climate change-related heatwaves, drought, water shortages, soil depletion and other changes may, in turn, affect the availability and price of the raw materials used in Marimekko's products, such as cotton. Extreme weather phenomena and natural disasters may also affect the availability of products if they cause damage to the company's partner suppliers' factories or hamper the logistics chains. In addition, Marimekko has stores and offices in areas where extreme weather phenomena or natural disasters may occur, and if they damage stores or offices or cause momentary changes in consumer behavior, it may result in lost sales as well as expenses.

Risks related to climate change are managed by, for example, increasing the share of materials with lower emission intensity and water consumption in Marimekko's collections, exploring new more sustainable material and production method innovations, as well as diversifying the company's operations in general.

### **Compliance**

Compliance with applicable legislation, regulations and responsible business practices, as well as product safety and quality, are essential for Marimekko. Potential allegations, failures or mistakes can lead to, for example, reputation and business risks for the company, fines, claims for damages, or criminal charges. Internationalization increases the regulations applicable to the company's operations and elevates the risk of potential allegations, failures and mistakes. Risks are prevented by focusing on sustainability and compliance work as well as by ensuring product safety and continuous quality control.

### **Intellectual property rights**

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 company's business, value and reputation. 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 grows and internationalizes, the risks related to intellectual property rights, in particular to its most renowned prints, may increase.

### **Information security risks**

There are risks associated with information system reliability, dependability and compatibility. With digitization, internationalization and Russia's war, cybercrime and cyber-attacks as well as

various other risks related to cybersecurity and personal data protection have also increased. DoS attacks, malfunctions in data communications or for example, in the company's own online store, may disrupt business or result in lost sales. Personal data breaches can lead to claims for damages, fines and reputation risks.

### **Personnel and competence**

Potential new serious coronavirus infection waves or new epidemics or pandemics may increase risks related to taking care of the health and safety of employees and securing sufficient workforce in cases of sickness.

As Marimekko is a small company, risks related to securing the necessary talent for international growth as well as risks related to key personnel can be significant. Marimekko's competence development efforts include focusing on training for the management and supervisors, succession planning and performance management. These measures support a performance-oriented, diverse and inclusive culture.

## **Market outlook and growth targets for 2023**

The uncertainties related to the general development of the global economy, such as the risk of an economic recession, general cost inflation, increasing interest rates, and the energy crisis as well as geopolitical tensions influence consumer confidence, purchasing power and behavior and, as a result, can have an impact on Marimekko's business in 2023, especially in the important domestic market of Finland. Different exceptional situations, such as Russia's war against Ukraine, may cause even significant disruptions in production and logistics chains, and may thus have a negative impact on the company's sales, profitability and cash flow.

Finland, Marimekko's important domestic market, traditionally represents about half of the company's net sales. Sales in Finland are expected to grow on the previous year. The Finnish wholesale sales in 2023 will be positively affected by non-recurring promotional deliveries, the total value of which is estimated to be substantially higher than the year before. A vast majority of the deliveries will take place in the second half of the year.

The Asia-Pacific region is Marimekko's second-largest market and it plays a significant part in the company's international growth. Japan is clearly the most important country in this region to Marimekko and already has a very comprehensive network of Marimekko stores. All brick-and-mortar Marimekko stores and most online stores in Asia are partner-owned. Net sales in the Asia-Pacific region are expected to increase in 2023, as are total international sales. The aim is to open approximately 15 to 20 new Marimekko stores and shop-in-shops in 2023, and most of the planned openings will be in Asia.

Because of the seasonal nature of Marimekko's business, the major portion of the company's euro-denominated net sales and operating result are traditionally generated during the second half of the year. In 2023, Marimekko's net sales are expected to grow. As estimated, net sales in the first quarter of the year were lower than in the comparison period following the weaker outlook at the beginning of the year for the wholesale sales in Finland as well as lower licensing income. Furthermore, net sales in the first quarter of 2022 were boosted by some of the wholesale deliveries in the Asia-Pacific region in fourth quarter of 2021 being transferred to the first quarter of 2022. For the full year 2023, licensing income is forecasted to grow from the record level of 2022.

The general cost inflation continues to also affect Marimekko in 2023. Marimekko's early commitment to product orders from supplier partners, which is typical of the industry, means



that changes in costs affect the company with a delay. These early commitments have been further emphasized by the exceptional situations, undermining the company's ability to optimize product orders and respond to rapid changes in demand and consumer behavior, which also increases risks related to inventory management and relative profitability. The domestic non-recurring promotional deliveries also raise inventory risks. Marimekko works actively to mitigate the negative impacts of disruptions in production and logistics chains as well as increased costs, and to enhance inventory management.

Marimekko develops its business with a long-term view and aims to scale its growth especially in international markets during the strategy period of 2023–2027. In 2023, fixed costs are expected to be up on the previous year. Marketing expenses are expected to grow (2022: EUR 9.2 million).

Marimekko is closely monitoring the general economic situation and the development of consumer confidence and purchasing power, as well as the impacts of Russia's war against Ukraine and possible other exceptional situations, and the company will adjust its operations and plans according to the circumstances.

## Financial guidance for 2023

The Marimekko Group's net sales for 2023 are expected to grow from the previous year (2022: EUR 166.5 million). Comparable operating profit margin is estimated to be approximately some 16–19 percent (2022: 18.2 percent). Development of consumer confidence and purchasing power, global supply chain disruptions and the general inflation development, in particular, cause volatility to the outlook for 2023.

Uncertainties related to the development of net sales and result are described in more detail in the Major risks and factors of uncertainty section of this Half-year Financial Report.

## Financial calendar for 2023

Marimekko's interim report for January-September 2023 will be issued on Wednesday, 8 November 2023 at 8.00 a.m.

Helsinki, 16 August 2023

**Marimekko Corporation**  
Board of Directors

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**CONSOLIDATED INCOME STATEMENT**

| (EUR 1,000)   | 4-6/2023      | 4-6/2022 | 1-6/2023      | 1-6/2022 | 1-12/2022 |
|---|---------------|----------|---------------|----------|-----------|
| <b>NET SALES</b>  | <b>40,311</b> | 37,981   | <b>75,598</b> | 74,025   | 166,515   |
| Other operating income  | 31            | 25       | 56            | 48       | 108       |
| Changes in inventories of finished goods and work in progress   | 3,412         | 4,047    | 2,862         | 4,739    | 7,721     |
| Raw materials and consumables   | -18,042       | -18,261  | -31,486       | -32,307  | -72,115   |
| Employee benefit expenses   | -8,706        | -7,495   | -16,480       | -14,636  | -30,846   |
| Depreciation and impairment   | -2,230        | -2,449   | -4,551        | -4,937   | -9,651    |
| Other operating expenses  | -8,173        | -8,158   | -15,595       | -14,612  | -31,497   |
| <b>OPERATING PROFIT</b>   | <b>6,602</b>  | 5,690    | <b>10,404</b> | 12,319   | 30,236    |
| Financial income  | -157          | 781      | 96            | 1,092    | 1,241     |
| Financial expenses  | -377          | -499     | -1,463        | -920     | -2,339    |
|   | -535          | 282      | -1,367        | 172      | -1,097    |
| <b>RESULT BEFORE TAXES</b>  | <b>6,067</b>  | 5,973    | <b>9,038</b>  | 12,491   | 29,139    |
| Income taxes  | -1,311        | -1,195   | -1,861        | -2,669   | -6,430    |
| <b>NET RESULT FOR THE PERIOD</b>  | <b>4,756</b>  | 4,778    | <b>7,177</b>  | 9,822    | 22,708    |
| Distribution of net result to equity holders of the parent company  | 4,756         | 4,778    | 7,177         | 9,822    | 22,708    |
| Basic and diluted earnings per share calculated on the result attributable to equity holders of the parent company, EUR | 0.12          | 0.12     | 0.18          | 0.24     | 0.56      |

**COMPREHENSIVE CONSOLIDATED INCOME STATEMENT**

| (EUR 1,000)  | 4-6/2023     | 4-6/2022 | 1-6/2023     | 1-6/2022 | 1-12/2022 |
|--|--------------|----------|--------------|----------|-----------|
| <b>NET RESULT FOR THE PERIOD</b>   | <b>4,756</b> | 4,778    | <b>7,177</b> | 9,822    | 22,708    |
| Items that could be reclassified to profit or loss at a future point in time |              |          |              |          |           |
| Change in translation difference   | 64           | -52      | 140          | -119     | -40       |
| <b>COMPREHENSIVE RESULT FOR THE PERIOD</b>                                   | <b>4,820</b> | 4,725    | <b>7,317</b> | 9,703    | 22,668    |
| Distribution of the result to equity holders of the parent company           | 4,820        | 4,725    | 7,317        | 9,703    | 22,668    |

**CONSOLIDATED BALANCE SHEET**

| (EUR 1,000)                 | <b>30.6.2023</b> | 30.6.2022 | 31.12.2022 |
|-----------------------------|------------------|-----------|------------|
| <b>ASSETS</b>               |                  |           |            |
| <b>NON-CURRENT ASSETS</b>   |                  |           |            |
| Intangible assets           | <b>238</b>       | 384       | 288        |
| Tangible assets             | <b>33,423</b>    | 32,777    | 34,560     |
| Other financial assets      | <b>519</b>       | 549       | 512        |
| Deferred tax assets         | <b>951</b>       | 608       | 748        |
|                             | <b>35,132</b>    | 34,318    | 36,108     |
| <b>CURRENT ASSETS</b>       |                  |           |            |
| Inventories                 | <b>36,742</b>    | 30,847    | 33,784     |
| Trade and other receivables | <b>16,347</b>    | 13,153    | 11,983     |
| Current tax assets          | <b>1,126</b>     | 192       | -          |
| Cash and cash equivalents   | <b>16,150</b>    | 19,398    | 32,711     |
|                             | <b>70,364</b>    | 63,590    | 78,479     |
| <b>ASSETS, TOTAL</b>        | <b>105,495</b>   | 97,908    | 114,587    |

**CONSOLIDATED BALANCE SHEET**

| (EUR 1,000)  | 30.6.2023      | 30.6.2022     | 31.12.2022     |
|--|----------------|---------------|----------------|
| <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          | 1,228         | 1,228          |
| Treasury shares  | -541           | -87           | -541           |
| Translation differences  | 18             | -200          | -122           |
| Retained earnings  | 40,419         | 33,844        | 46,820         |
| Shareholders' equity, total  | 49,165         | 42,825        | 55,425         |
| <b>NON-CURRENT LIABILITIES</b>                                     |                |               |                |
| Lease liabilities  | 24,661         | 22,662        | 25,277         |
|  | 24,661         | 22,662        | 25,277         |
| <b>CURRENT LIABILITIES</b>   |                |               |                |
| Trade and other payables   | 24,110         | 23,122        | 24,752         |
| Current tax liabilities  | -              | -             | 416            |
| Lease liabilities  | 6,239          | 7,413         | 6,547          |
| Financial liabilities  | 1,321          | 1,887         | 2,169          |
|  | 31,670         | 32,421        | 33,885         |
| Liabilities, total   | 56,331         | 55,083        | 59,162         |
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL</b>                 | <b>105,495</b> | <b>97,908</b> | <b>114,587</b> |

**CONSOLIDATED CASH FLOW STATEMENT**

| (EUR 1,000)   | 1-6/2023     | 1-6/2022     | 1-12/2022     |
|---|--------------|--------------|---------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                                    |              |              |               |
| Net result for the period   | 7,177        | 9,822        | 22,708        |
| Adjustments   |              |              |               |
| Depreciation and impairments  | 4,551        | 4,937        | 9,651         |
| Financial income and expenses   | 1,367        | -172         | 1,097         |
| Taxes   | 1,861        | 2,669        | 6,430         |
| Share-based payments  | 217          | 660          | 750           |
| Cash flow before change in working capital                                    | 15,172       | 17,916       | 40,636        |
| Change in working capital   |              |              |               |
| Increase (-) / decrease (+) in current non-interest-bearing trade receivables | -4,253       | -1,237       | 49            |
| Increase (-) / decrease (+) in inventories                                    | -3,041       | -4,811       | -7,809        |
| Increase (+) / decrease (-) in current non-interest-bearing liabilities       | -628         | -4,960       | -3,452        |
| Cash flow from operating activities before financial items and taxes          | 7,250        | 6,909        | 29,424        |
| Paid interest and payments on other financial expenses                        | -759         | -590         | -1,130        |
| Interest received and payments on other financial income                      | 78           | 62           | 166           |
| Taxes paid  | -3,624       | -5,013       | -8,319        |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                                    | <b>2,945</b> | <b>1,368</b> | <b>20,141</b> |

**CONSOLIDATED CASH FLOW STATEMENT**

| (EUR 1,000)  | 1-6/2023       | 1-6/2022       | 1-12/2022      |
|--|----------------|----------------|----------------|
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>               |                |                |                |
| Investments in tangible and intangible assets            | -703           | -267           | -999           |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>               | <b>-703</b>    | <b>-267</b>    | <b>-999</b>    |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>               |                |                |                |
| Short-term loans drawn                                   | 152            | 654            | 1,049          |
| Short-term loans repaid                                  | -881           | -625           | -665           |
| Acquisition of treasury shares                           | -              | -              | -454           |
| Payments of lease liabilities                            | -3,587         | -4,563         | -8,485         |
| Dividends paid   | -13,794        | -37,372        | -37,372        |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>               | <b>-18,110</b> | <b>-41,907</b> | <b>-45,927</b> |
| <b>Change in cash and cash equivalents</b>               | <b>-15,868</b> | <b>-40,806</b> | <b>-26,784</b> |
| Cash and cash equivalents at the beginning of the period | 32,711         | 59,726         | 59,726         |
| Effects of exchange rate fluctuations                    | -693           | 477            | -230           |
| Cash and cash equivalents at the end of the period       | 16,150         | 19,398         | 32,711         |

In addition, Marimekko has unused committed credit lines of EUR 31,244 thousand (14,986).

**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. 2022         | 8,040   | 1,228                                      | -210            | -81                     | 60,856            | 69,833                      |
| <b>Comprehensive result</b>               |   |  |                 |                         |                   |                             |
| Net result for the period                 |   |  |                 |                         | 9,822             | 9,822                       |
| Translation differences                   |   |  |                 | -119                    |                   | -119                        |
| Total comprehensive result for the period |   |  |                 | -119                    | 9,822             | 9,703                       |
| <b>Transactions with owners</b>           |   |  |                 |                         |                   |                             |
| Dividends paid                            |   |  |                 |                         | -37,372           | -37,372                     |
| Share-based payments                      |   |  | 123             |                         | 538               | 660                         |
| Shareholders' equity, 30 June 2022        | 8,040   | 1,228                                      | -87             | -200                    | 33,844            | 42,825                      |
| Shareholders' equity, 1 Jan. 2023         | 8,040   | 1,228                                      | -541            | -122                    | 46,820            | 55,425                      |
| <b>Comprehensive result</b>               |   |  |                 |                         |                   |                             |
| Net result for the period                 |   |  |                 |                         | 7,177             | 7,177                       |
| Translation differences                   |   |  |                 | 140                     |                   | 140                         |
| Total comprehensive result for the period |   |  |                 | 140                     | 7,177             | 7,317                       |
| <b>Transactions with owners</b>           |   |  |                 |                         |                   |                             |
| Dividends paid                            |   |  |                 |                         | -13,794           | -13,794                     |
| Share-based payments                      |   |  |                 |                         | 217               | 217                         |
| <b>Shareholders' equity, 30 June 2023</b> | <b>8,040</b>  | <b>1,228</b>                               | <b>-541</b>     | <b>18</b>               | <b>40,419</b>     | <b>49,165</b>               |



**ACCOUNTING PRINCIPLES**

This half-year financial report was prepared in compliance with IAS 34. Marimekko has applied the same accounting principles in this report as were applied in its 2022 financial statements.

The quarterly results for 2023 are unaudited. The full-year 2022 figures are based on the audited financial statements for 2022. There may be differences in totals due to rounding to the nearest thousand euros.

Marimekko uses alternative measures (APM) and follows the related guidelines given by ESMA. Such key figures are, for example, comparable operating profit, comparable operating profit margin (%), comparable EBITDA and comparable earnings per share (EPS). The items affecting comparability are presented separately in a reconciliation of alternative key figures. The Group's management exercises its discretion when making decisions regarding the classification of the items affecting comparability. These items include, for example, restructuring costs, expenses related to ending employment contracts as well as exceptional and unexpected events. Brand sales is also presented as an alternative key figure, representing the reach of the Marimekko brand through different distribution channels.

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**INTANGIBLE AND TANGIBLE ASSETS**

| (EUR 1,000)                            | Intangible<br>assets | Tangible<br>assets     |              |               |
|--|----------------------|------------------------|--------------|---------------|
|  |                      | Right-of-use<br>assets | Other        | Total         |
| Acquisition cost, 1 Jan. 2022          | 10,546               | 62,142                 | 29,360       | 91,501        |
| Translation differences                | -63                  | 629                    | 383          | 1,013         |
| Increases                              | 213                  | 4,112                  | 230          | 4,342         |
| Decreases                              | -1,436               | -                      | -824         | -824          |
| Transfers between categories           | -176                 | -                      | -            | -             |
| Acquisition cost, 30 June 2022         | 9,085                | 66,883                 | 29,149       | 96,032        |
| Accumulated depreciation, 1 Jan. 2022  | 10,060               | 32,664                 | 25,650       | 58,314        |
| Translation differences                | -63                  | 584                    | 384          | 968           |
| Accumulated depreciation of decreases  | -1,436               | -                      | -824         | -824          |
| Depreciation during the period         | 140                  | 4,438                  | 359          | 4,797         |
| Accumulated depreciation, 30 June 2022 | 8,701                | 37,687                 | 25,568       | 63,255        |
| Book value, 30 June 2022               | 384                  | 29,196                 | 3,581        | 32,777        |
| Acquisition cost, 1 Jan. 2023          | 9,887                | 72,094                 | 26,412       | 98,507        |
| Translation differences                | -69                  | -705                   | -205         | -909          |
| Increases                              | 298                  | 2,826                  | 650          | 3,476         |
| Decreases                              | -269                 | -18                    | -1,380       | -1,398        |
| Transfers between categories           | -238                 | -                      | -            | -             |
| Acquisition cost, 30 June 2023         | 9,610                | 74,198                 | 25,478       | 99,676        |
| Accumulated depreciation, 1 Jan. 2023  | 9,600                | 41,479                 | 22,467       | 63,946        |
| Translation differences                | -69                  | -546                   | -198         | -745          |
| Accumulated depreciation of decreases  | -269                 | -10                    | -1,380       | -1,390        |
| Depreciation during the period         | 110                  | 4,082                  | 359          | 4,441         |
| Accumulated depreciation, 30 June 2023 | 9,372                | 45,005                 | 21,248       | 66,253        |
| <b>Book value, 30 June 2023</b>        | <b>238</b>           | <b>29,193</b>          | <b>4,230</b> | <b>33,423</b> |

## NET SALES BY MARKET AREA

| (EUR 1,000)                           | 4-6/<br>2023  | 4-6/<br>2022 | Change,<br>% | 1-6/<br>2023  | 1-6/<br>2022 | Change,<br>% | 1-12/<br>2022 |
|---------------------------------------|---------------|--------------|--------------|---------------|--------------|--------------|---------------|
| <b>Finland</b>                        | <b>22,191</b> | 22,995       | -3           | <b>40,193</b> | 41,493       | -3           | 98,237        |
| Retail sales                          | 16,996        | 16,551       | 3            | 28,302        | 26,660       | 6            | 64,559        |
| Wholesale sales                       | 5,158         | 6,397        | -19          | 11,820        | 14,753       | -20          | 33,491        |
| Licensing income                      | 36            | 47           | -24          | 72            | 80           | -10          | 187           |
| <b>Scandinavia</b>                    | <b>3,016</b>  | 2,987        | 1            | <b>6,472</b>  | 5,977        | 8            | 13,956        |
| Retail sales                          | 1,030         | 918          | 12           | 1,957         | 1,906        | 3            | 4,157         |
| Wholesale sales                       | 1,985         | 2,069        | -4           | 4,440         | 4,070        | 9            | 9,799         |
| Licensing income                      | -             | -            |              | 75            | -            |              | -             |
| <b>EMEA</b>                           | <b>3,755</b>  | 3,165        | 19           | <b>7,546</b>  | 8,628        | -13          | 16,014        |
| Retail sales                          | 675           | 492          | 37           | 1,412         | 1,117        | 26           | 2,492         |
| Wholesale sales                       | 2,680         | 2,612        | 3            | 5,530         | 6,082        | -9           | 11,603        |
| Licensing income                      | 400           | 60           |              | 604           | 1,429        | -58          | 1,919         |
| <b>North America</b>                  | <b>2,590</b>  | 2,016        | 28           | <b>4,211</b>  | 3,831        | 10           | 7,999         |
| Retail sales                          | 1,015         | 1,204        | -16          | 1,849         | 2,391        | -23          | 4,621         |
| Wholesale sales                       | 1,493         | 714          | 109          | 2,139         | 1,169        | 83           | 2,761         |
| Licensing income                      | 82            | 98           | -16          | 223           | 271          | -18          | 617           |
| <b>Asia-Pacific</b>                   | <b>8,759</b>  | 6,818        | 28           | <b>17,175</b> | 14,096       | 22           | 30,309        |
| Retail sales                          | 1,476         | 1,594        | -7           | 3,068         | 2,869        | 7            | 6,619         |
| Wholesale sales                       | 6,353         | 5,183        | 23           | 13,149        | 11,069       | 19           | 23,455        |
| Licensing income                      | 930           | 41           |              | 958           | 158          |              | 234           |
| <b>International sales,<br/>total</b> | <b>18,120</b> | 14,986       | 21           | <b>35,404</b> | 32,532       | 9            | 68,278        |
| Retail sales                          | 4,195         | 4,209        | 0            | 8,286         | 8,284        | 0            | 17,890        |
| Wholesale sales                       | 12,512        | 10,578       | 18           | 25,258        | 22,391       | 13           | 47,618        |
| Licensing income                      | 1,413         | 200          |              | 1,860         | 1,858        | 0            | 2,770         |
| <b>Total</b>                          | <b>40,311</b> | 37,981       | 6            | <b>75,598</b> | 74,025       | 2            | 166,515       |
| Retail sales                          | 21,191        | 20,760       | 2            | 36,588        | 34,943       | 5            | 82,448        |
| Wholesale sales                       | 17,670        | 16,974       | 4            | 37,078        | 37,144       | 0            | 81,109        |
| Licensing income                      | 1,449         | 247          |              | 1,931         | 1,938        | 0            | 2,957         |

Wholesale net sales are recognized according to the geographical location of the wholesale customer.

**NET SALES BY PRODUCT LINE**

| (EUR 1,000)          | <b>4-6/2023</b> | 4-6/2022 | Change, % | <b>1-6/2023</b> | 1-6/2022 | Change, % | 1-12/2022 |
|----------------------|-----------------|----------|-----------|-----------------|----------|-----------|-----------|
| Fashion              | <b>14,628</b>   | 12,038   | 22        | <b>26,019</b>   | 24,153   | 8         | 50,525    |
| Home                 | <b>15,267</b>   | 16,930   | -10       | <b>30,490</b>   | 32,295   | -6        | 78,273    |
| Bags and accessories | <b>10,416</b>   | 9,013    | 16        | <b>19,089</b>   | 17,576   | 9         | 37,717    |
| <b>Total</b>         | <b>40,311</b>   | 37,981   | 6         | <b>75,598</b>   | 74,025   | 2         | 166,515   |

**Other information****GROUP KEY FIGURES**

|   | <b>1-6/2023</b>   | 1-6/2022   | Muutos, % | 1-12/2022  |
|---|-------------------|------------|-----------|------------|
| Earnings per share, EUR                               | <b>0.18</b>       | 0.24       | -27       | 0.56       |
| Equity per share, EUR                                 | <b>1.21</b>       | 1.05       | 15        | 1.37       |
| Return on equity (ROE), %                             | <b>43.6</b>       | 54.6       |           | 36.3       |
| Return on capital employed (ROCE), %                  | <b>34.4</b>       | 42.3       |           | 31.5       |
| Equity ratio, %                                       | <b>47.4</b>       | 44.6       |           | 49.2       |
| Gearing, %  | <b>32.7</b>       | 29.3       |           | 2.2        |
| Gross investments, EUR 1,000                          | <b>703</b>        | 264        | 166       | 999        |
| Gross investments, % of net sales                     | <b>0.9</b>        | 0.4        |           | 0.6        |
| Contingent liabilities, EUR 1,000                     | <b>787</b>        | 876        | -10       | 846        |
| Average personnel                                     | <b>456</b>        | 422        | 8         | 434        |
| Personnel at the end of the period                    | <b>484</b>        | 460        | 5         | 459        |
| Number of shares outstanding at the end of the period | <b>40,571,380</b> | 40,621,380 |           | 40,571,380 |
| Average number of shares outstanding                  | <b>40,571,380</b> | 40,640,223 |           | 40,623,999 |

## RECONCILIATION OF ALTERNATIVE KEY FIGURES TO IFRS

| (EUR 1,000)                                       | 4-6/2023 | 4-6/2022 | 1-6/2023 | 1-6/2022 | 1-12/2022 |
|---|----------|----------|----------|----------|-----------|
| Items affecting comparability                     |          |          |          |          |           |
| Employee benefit expenses                         | -176     | -        | -207     | -        | -146      |
| Items affecting comparability in operating profit | -176     | -        | -207     | -        | -146      |
| EBITDA  |          |          |          |          |           |
| Employee benefit expenses                         | 176      | -        | 207      | -        | 146       |
| Comparable EBITDA                                 | 9,009    | 8,139    | 15,162   | 17,256   | 40,033    |
| Operating profit                                  |          |          |          |          |           |
| Employee benefit expenses                         | 176      | -        | 207      | -        | 146       |
| Comparable operating profit                       | 6,778    | 5,690    | 10,611   | 12,319   | 30,382    |
| Net sales   |          |          |          |          |           |
| Operating profit margin, %                        | 16.4     | 15.0     | 13.8     | 16.6     | 18.2      |
| Comparable operating profit margin, %             | 16.8     | 15.0     | 14.0     | 16.6     | 18.2      |

Items affecting comparability are exceptional transactions that are not related to the company's regular business operations. The Group's management exercises its discretion when making decisions regarding the classification of items affecting comparability.

**QUARTERLY TREND IN NET SALES AND EARNINGS**

| (EUR 1,000)             | <b>4-6/2023</b> | 1-3/2023 | 10-12/2022 | 7-9/2022 |
|-------------------------|-----------------|----------|------------|----------|
| Net sales               | <b>40,311</b>   | 35,287   | 48,413     | 44,077   |
| Operating profit        | <b>6,602</b>    | 3,802    | 6,799      | 11,118   |
| Earnings per share, EUR | <b>0.12</b>     | 0.06     | 0.10       | 0.22     |

| (EUR 1,000)               | 4-6/2022 | 1-3/2022 | 10-12/2021 | 7-9/2021 |
|---------------------------|----------|----------|------------|----------|
| Net sales                 | 37,981   | 36,044   | 48,066     | 42,363   |
| Operating profit          | 5,690    | 6,629    | 7,618      | 13,127   |
| Earnings per share, EUR * | 0.12     | 0.12     | 0.14       | 0.26     |

\* Per-share key figures have been calculated and the figures for the comparable periods have been restated using the new total number of shares following the issuance of shares without payment (share split), in accordance with the decision made by the AGM on 12 April 2022.

## STORES AND SHOP-IN-SHOPS

|                              | 30.6.2023  | 30.6.2022 | 31.12.2022 |
|------------------------------|------------|-----------|------------|
| <b>Finland</b>               | <b>66</b>  | 65        | 65         |
| Company-owned stores         | 26         | 26        | 26         |
| Company-owned outlet stores  | 13         | 12        | 12         |
| Retailer-owned stores        | 12         | 12        | 12         |
| Retailer-owned shop-in-shops | 15         | 15        | 15         |
| <b>Scandinavia</b>           | <b>7</b>   | 7         | 8          |
| Company-owned stores         | 4          | 4         | 5          |
| Company-owned outlet stores  | -          | -         | -          |
| Retailer-owned stores        | -          | -         | -          |
| Retailer-owned shop-in-shops | 3          | 3         | 3          |
| <b>EMEA</b>                  | <b>1</b>   | 1         | 1          |
| Company-owned stores         | -          | -         | -          |
| Company-owned outlet stores  | -          | -         | -          |
| Retailer-owned stores        | -          | -         | -          |
| Retailer-owned shop-in-shops | 1          | 1         | 1          |
| <b>North America</b>         | <b>3</b>   | 2         | 3          |
| Company-owned stores         | 1          | -         | 1          |
| Company-owned outlet stores  | 1          | 1         | 1          |
| Retailer-owned stores        | 1          | 1         | 1          |
| Retailer-owned shop-in-shops | -          | -         | -          |
| <b>Asia-Pacific</b>          | <b>80</b>  | 75        | 77         |
| Company-owned stores         | 3          | 4         | 4          |
| Company-owned outlet stores  | -          | -         | -          |
| Retailer-owned stores        | 65         | 60        | 62         |
| Retailer-owned shop-in-shops | 12         | 11        | 11         |
| <b>Total</b>                 | <b>157</b> | 150       | 154        |
| Company-owned stores         | 34         | 34        | 36         |
| Company-owned outlet stores  | 14         | 13        | 13         |
| Retailer-owned stores        | 78         | 73        | 75         |
| Retailer-owned shop-in-shops | 31         | 30        | 30         |

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 48 at the end of June 2023 (47).

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**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 period under review)

Comparable earnings per share (EPS), EUR:

(Comparable profit before taxes - income taxes on comparable profit) / Adjusted number of shares (average for the period under review)

Equity per share, EUR:

Shareholders' equity / Number of shares, 30 June

Return on equity (ROE), %:

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

Return on capital employed (ROCE), %:

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

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

Net debt / EBITDA:

Interest-bearing net debt / Comparable rolling 12-month EBITDA