marimekko

Interim Report

1–3/2023

Marimekko Corporation, Interim Report, 16 May 2023 at 8.00 a.m.

Marimekko's first quarter according to company expectations: net sales decreased by two percent, comparable operating profit below the record-high comparison period

The first quarter in brief

- Marimekko's net sales decreased by 2 percent from the record-high comparison period and totaled EUR 35.3 million (36.0). As estimated earlier, net sales decreased due to a decline in Finnish wholesale sales and lower licensing income in the EMEA region. On the other hand, net sales were boosted by increased retail sales in Finland and growing international wholesale sales.
- Net sales in Finland decreased by 3 percent when weakened general consumer demand lowered domestic wholesale sales. International sales were almost on a par with the comparison period despite the lower licensing income. In spite of the expected fluctuation between quarters, the full year net sales are estimated to grow both in Finland and internationally.
- Operating profit was EUR 3.8 million (6.6) and comparable operating profit totaled EUR 3.8 million (6.6) equaling to 10.9 percent of net sales (18.4). Operating profit was decreased especially by a lower relative sales margin, mainly weakened by lower licensing income, and an increase in fixed costs compared to the same period the previous year.
- The Annual General Meeting decided to distribute a dividend of EUR 0.34 per share for the financial year 2022. The dividend was paid on 24 April 2023.

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 Interim Report.

KEY FIGURES

(EUR million)	**1–3/ 2023**	1–3/ 2022	Change, %	1–12/ 2022
Net sales	**35.3**	36.0	-2	166.5
International sales	**17.3**	17.5	-1	68.3
% of net sales	**49**	49		41
EBITDA	**6.1**	9.1	-33	39.9
Comparable EBITDA	**6.2**	9.1	-33	40.0
Operating profit	**3.8**	6.6	-43	30.2
Operating profit margin, %	**10.8**	18.4		18.2
Comparable operating profit	**3.8**	6.6	-42	30.4
Comparable operating profit margin, %	**10.9**	18.4		18.2
Result for the period	**2.4**	5.0	-52	22.7
Earnings per share, EUR	**0.06**	0.12	-52	0.56
Comparable earnings per share, EUR	**0.06**	0.12	-52	0.56
Cash flow from operating activities	**-2.0**	-3.1	-34	20.1
Return on investment (ROCE), %	**27.7**	35.2		31.5
Equity ratio, %	**53.6**	57.2		49.2
Net debt / EBITDA (rolling 12 months)	**0.15**	-0.31		0.03
Gross investments	**0.2**	0.1	39	1.0
Personnel at the end of the period	**449**	409	10	459
outside Finland	**76**	74	3	76
Brand sales [1]	**84.5**	88.3	-4	382.3
outside Finland	**60.0**	61.8	-3	251.9
proportion of international sales, %	**71**	70		66
Number of stores	**154**	147	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 Interim Report.

[1] 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

"In the first quarter, our business developed as estimated. Our strong financial position enables investments in long-term growth.

Marimekko's net sales for the first quarter decreased by two percent when compared to the record-high level in the same period the previous year and amounted to EUR 35.3 million (36.0). As estimated, net sales decreased due to a decline in domestic wholesale sales, which was caused by weaker general consumer demand in Finland, as well as lower licensing income in the EMEA region. Nevertheless, the strong appeal of our brand was demonstrated by the continued positive development of the domestic retail sales, with growth of 12 percent. Globally our omnichannel retail sales increased by nine percent. While international wholesale sales grew by eight percent, our total wholesale sales decreased by four percent due to the decline in domestic wholesale sales. Net sales in Finland decreased by three percent for the same reason. International net sales were almost on a part with the comparison period. In spite of this anticipated fluctuation between quarters, we expect our full-year net sales to grow both in Finland and internationally.

Our comparable operating profit in the January–March period totaled EUR 3.8 million (6.6), representing 10.9 percent of net sales (18.4). As expected, our operating profit in the first quarter was affected particularly by reduced licensing income, which weakened the relative sales margin, and by higher fixed expenses. Fixed costs were increased particularly by higher personnel costs in stores to support the growth of retail sales, and investments in the building blocks of international growth. As a profitable company, we are in a position to continue to make investments that strengthen our competitiveness and support our long-term growth despite the weaker general economic situation.

At Marimekko, we have started a new strategy period from the beginning of this year. During this strategy period, our focus will be on scaling our business and growth, especially in the international markets. During the coming years, we will focus on Asia as the most important geographical area for our international growth. This means, for example, that we will continue to develop our omnichannel retail network in these markets. In the first quarter, two new Marimekko stores were opened in Beijing, China. We also expanded our e-commerce activities in China to another online sales platform. In addition, two pop-up stores in Japan and one in Taiwan were opened. Inspiring stores and creative retail concepts play an important role not only as distribution channels but also as the hearts of our brand culture that build awareness, deepen the customer experience and support sales also in other channels. In Thailand, a Marimekko fashion show for Spring/Summer 2023 collection was organized, and the successful outdoor event gathered a large group of Marimekko fans, press and influencers. In the first quarter, net sales in the strategically important Asia-Pacific region grew by 16 percent even with the comparison period being boosted by some of the wholesale deliveries in the fourth quarter of 2021 being transferred to the first quarter of 2022.

Various brand collaborations hold an important role in increasing our international brand awareness. In March, IKEA stores worldwide launched BASTUA, a limited-edition collection that combines Nordic design, sauna culture and wellbeing. The collaboration collection was enthusiastically received. Later in March, we launched a new collaboration collection that combines Marimekko's art of printmaking with adidas' wide-ranging expertise in sports clothing, footwear and apparel. The collection delighted customers around the world.

The winning brands and companies of the future will be determined in challenging market conditions. We will continue to decisively shape Marimekko's future by building on and reinforcing the recipe for success that has proved its effectiveness over the past few years. This way, we will bring joy and optimism to the constantly growing audiences that appreciate Marimekko's original and timeless design."

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 have improved slightly during the first months of the year but great uncertainties still remain. Although general inflation has slowed down, it remains on a high level. In addition, increased interest rates and different geopolitical tensions create uncertainties, among others. The world economy in 2023 is estimated to grow at a rate of some 2.8 percent, but the growth for the Euro area is expected to be only 0.8 percent.

The economic outlook for Finland continues to be weak. However, the expectations for the future have improved slightly. The confidence indicator for the retail trade strengthened in April 2023 but continues to be below the long-term average. Retail sales have remained almost at the same level as in previous months, and sales expectations for the coming months have changed to show a slight increase. Inventories are also almost at the previous months' levels. Consumer confidence is still below the average but has strengthened from the gloomy figures of the past few months. Estimates of the current state of personal finances continue to be very weak, but expectations for the future of personal finances are already at the average level. Expectations for Finland's economy continue to be at a fairly low level, but they are clearly stronger than before. Estimates for inflation are unchanged, while the expectations for its future development continued to decrease slightly.

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

The working-day-adjusted turnover of Finnish retail trade in March grew by 2.6 percent on the previous year. The volume of sales was down by 5.8 percent. The cumulative working-day-adjusted turnover of retail trade in the January-March period rose by 4.3 percent but the volume of sales decreased by 4.1 percent. (Statistics Finland: Turnover of Trade, retail trade flash estimate, March 2023.)

Net sales

In the January-March period of 2023, the Group's net sales decreased by 2 percent from the record-high level in the same period the previous year and totaled EUR 35,287 thousand (36,044). As estimated earlier, net sales were lower due to a decline in Finnish wholesale sales and lower licensing income in the EMEA region. In addition, actions to control gray exports weakened wholesale sales in the EMEA region. On the other hand, increased retail sales in Finland and growing international wholesale sales boosted net sales. In total, net sales in Finland decreased by 3 percent. International sales were almost on a par with the comparison period despite the lower licensing income.

Marimekko's omnichannel retail sales in the first quarter increased by 9 percent. Sales in stores and online both grew. Wholesale sales in total decreased by 4 percent, as wholesale sales in Finland were lower due to weakened general consumer demand, and licensing income decreased by 71 percent.

Net sales in Finland were EUR 18,003 thousand (18,498). Retail sales increased by 12 percent. Comparable retail sales in Finland grew by 4 percent. Weakened general consumer demand in Finland affected wholesale sales, which were 20 percent lower than in the record-high comparison period.

In the company's second-biggest market, the Asia-Pacific region, net sales increased by 16 percent to EUR 8,416 thousand (7,278), as both wholesale and retail sales in the region increased. Wholesale sales in the market area grew by 15 percent, and in Japan, the most important country to Marimekko in this region, by 1 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 25 percent.

NET SALES BY MARKET AREA

(EUR 1,000)	**1–3/ 2023**	1–3/ 2022	Change, %	1–12/ 2022
Finland	**18,003**	18,498	-3	98,237
International sales	**17,284**	17,546	-1	68,278
Scandinavia	3,457	2,990	16	13,956
EMEA	3,791	5,463	-31	16,014
North America	1,621	1,815	-11	7,999
Asia-Pacific	8,416	7,278	16	30,309
Total	**35,287**	36,044	-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 Interim Report.

Financial result

In the January-March period of 2023, the Group’s operating profit totaled EUR 3,802 thousand (6,629). Operating profit included EUR 31 thousand from items affecting comparability. Comparable operating profit was EUR 3,833 thousand (6,629). Operating profit was weakened especially by a lower relative sales margin and an increase in fixed costs compared to the same period the previous year. In addition, decreased net sales lowered operating profit.

The relative sales margin was mainly weakened by lower licensing income than in the comparison period. Margins per product remained at a good level. Fixed costs in the first quarter of the year grew particularly due to increased personnel costs in the stores to support retail sales growth, as well as investments in the building blocks of international growth, which increased, for example, personnel and IT costs.

Marketing expenses for the review period were EUR 1,489 thousand (1,715), or 4 percent of the Group’s net sales (5).

The Group’s depreciation amounted to EUR 2,321 thousand (2,488), representing 7 percent of net sales (7).

In the January-March period of 2023, operating profit margin was 10.8 percent (18.4) and comparable operating profit margin was 10.9 percent (18.4).

Net financial items in the review period were EUR -832 thousand (-111), or 2 percent of net sales (0). Financial items include exchange rate differences amounting to EUR -520 thousand (167), of which EUR -484 thousand (187) were unrealized. The impact of lease liabilities on interest expenses was EUR -246 thousand (-160).

The Group's result before taxes for the January-March period of 2023 was EUR 2,970 thousand (6,518). Net result for the period was EUR 2,421 thousand (5,044) and earnings per share were EUR 0.06 (0.12).

Balance sheet

The consolidated balance sheet total as at 31 March 2023 was EUR 109,940 thousand (119,381). Equity was EUR 58,019 thousand (67,292), or EUR 1.43 per share (1.66).

Non-current assets at the end of the review period stood at EUR 35,716 thousand (34,996). Lease liabilities amounted to EUR 31,594 thousand (30,862), and financial liabilities were EUR 2,024 thousand (2,493). In addition, the Group had unused committed credit lines of EUR 30,633 thousand (14,348).

At the end of the review period, net working capital was EUR 27,858 thousand (18,699). Inventories were EUR 33,353 thousand (26,504). 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 January-March period of 2023, cash flow from operating activities was EUR -2,030 thousand (-3,079), or EUR -0.05 per share (-0.08). Cash flow before cash flow from financing activities was EUR -2,226 thousand (-3,191).

The Group's cash and cash equivalents at the end of the review period amounted to EUR 28,082 thousand (46,952). The payment of a regular and extraordinary dividend in spring 2022 decreased the Group's cash and cash equivalents. Return on capital employed was 27.7 percent (35.2). The amount of interest-bearing credit facilities drawn down was EUR 2,042 thousand (2,493). In addition, the Group had unused committed credit lines of EUR 30,633 thousand (14,348), 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 53.6 percent (57.2). Gearing was 9.6 percent (-20.2). The ratio of net debt to 12-month rolling EBITDA was 0.15 (-0.31), 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-March period of 2023 were EUR 195 thousand (140), or 1 percent of net sales (0). The investments were mainly devoted to building store premises and production equipment. 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 first quarter of 2023, a Marimekko store at Seinäjoki, Finland was reopened as an outlet store at a larger retail space in a new location. In Mainland China, two new Marimekko stores were opened in Beijing and the online store was extended to another e-commerce platform. One Marimekko store was closed in Australia and another in Thailand. Furthermore, two pop-up stores were opened in Japan and one in Taiwan. At the end of March, there were a total of 154 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 of certain central stores especially during holiday seasons.

E-commerce plays an important role in Marimekko's omnichannel retail. Online sales continued to grow in the first 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.

STORES AND SHOP-IN-SHOPS

	31.3.2023	31.3.2022	31.12.2022
Finland	**65**	64	65
Scandinavia	**8**	7	8
EMEA	**1**	1	1
North America	**3**	3	3
Asia-Pacific	**77**	72	77
Total	**154**	147	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 Interim Report.

Personnel

In the January-March period of 2023, the number of employees, expressed as full-time equivalents, averaged 447 (406). At the end of the period, the Group had 449 (409) employees, of whom 76 (74) worked outside Finland. The number of employees working outside Finland was broken down as follows: Scandinavia 25 (24), the EMEA region 0 (1), North America 16 (13) and the Asia-Pacific region 35 (36). The personnel at company-owned stores, expressed as full-time equivalents, totaled 202 (181) at the end of the period.

Changes in management

The Board of Directors of Marimekko appointed in February Natacha Defrance Senior Vice President, Sales, Region East and a member of the Management Group of Marimekko. Previously she had worked in the position of Head of Market Area, Greater China, South Korea and South East Asia. At the same time, General Counsel Essi Weseri was appointed member of the Management Group of Marimekko. They both started in their new roles on 16 February 2023 and report to President and CEO Tiina Alahuhta-Kasko.

At the end of March, the company's Management Group comprised Tiina Alahuhta-Kasko as Chair and Elina Anckar (Chief Financial Officer), Rebekka Bay (Creative Director), Tina Broman (Chief Supply Chain and Product Officer), Natacha Defrance (Senior Vice President, Sales, Region East), Kari Härkönen (Chief Digital Officer), Noora Laurila (Senior Vice President, Sales, Region West), Sanna-Kaisa Niikko (Chief Marketing Officer), Tanya Strohmayer (Chief People Officer), Riika Wikberg (Chief Business Development Officer) and Essi Weseri (General Counsel) as members.

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 38,656 shareholders (25,376) at the end of March 2023. Of the shares, 12.87 percent (18.04) were owned by nominee-registered or non-Finnish holders.

On 31 March 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 under Investors/Share information/Shareholders.

Share trading and the company's market capitalization

In the January-March period of 2023, a total of 3,624,344 Marimekko shares (4,275,225) were traded on Nasdaq Helsinki, representing 8.92 percent (10.52) 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 33,770.779 (60,722,203). The lowest price of the share was EUR 8.82 (11.70), the highest was EUR 9.90 (17.60) and the average price was EUR 9.32 (14.21). At the end of March, the closing price of the share was EUR 9.76 (15.24).

The company's market capitalization on 31 March 2023 was EUR 395,976,669, excluding the Marimekko shares held by the company (619,069,831).

Long-term incentive system for the management

In February, the Board of Directors of Marimekko decided on the targets and potential rewards of the second earnings period of the on-going long-term incentive system for the management. At the same time, the Board also decided to extend the first earnings period of the incentive system targeted to the Management Group so that the first earnings period encompasses 11 people including the President and CEO. The decisions have been reported in more detail in the stock exchange release on 16 February 2023.

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 number of shares took into account the effects of the share issue without payment as decided by the AGM. 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.

Furthermore, 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 took into account the effects of the share issue without payment as decided by the AGM. The number of shares represents approximately 0.6 percent of the total number of the company's shares. Pursuant to the authorization, the Board could 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 compensation plan, 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 could be subject to a charge or free. A directed share issue could be free of charge only if there was 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 was 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, and it ended on 13 April 2023.

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

Events after the end of review period

Resolutions of the Annual General Meeting

Marimekko Corporation's Annual General meeting held on 13 April 2023 adopted the financial statements for 2022 and discharged the members of the Board of Directors and the President and CEO from liability. The AGM approved the Board of Directors' proposal to distribute a dividend of EUR 0.34 per share for the financial year 2022. The dividend was paid on 24 April 2023.

The AGM resolved that the company's Board of Directors consist of six members. Carol Chen, Mika Ihamuotila, Mikko-Heikki Inkeroinen, Teemu Kangas-Kärki, Tomoki Takebayashi and Marianne Vikkula were re-elected to the Board. The Board's term of office ends at the conclusion of the next AGM. In its constitutive meeting, the Board elected, from among its members, Mika Ihamuotila as Chair of the Board and Teemu Kangas-Kärki as Vice Chair of the Board. The Board also elected Teemu Kangas-Kärki as Chair and Mikko-Heikki Inkeroinen and Marianne Vilkkula as members of the Audit and Remuneration Committee. All members of the committee are independent of the company and its significant shareholders.

It was decided that the remuneration of the members of the Board of Directors remain unchanged, and they will be paid an annual remuneration as follows: EUR 48,000 to the Chair, EUR 35,000 to the Vice Chair and EUR 26,000 to the other Board members. In accordance with the resolution by the AGM, approximately 40 percent of the annual remuneration of the members of the Board of Directors will be paid in Marimekko Corporation's shares acquired from the market and the rest in cash. The shares will be acquired directly on behalf of the Board members within two weeks from the release of the interim report for 1 January–31 March 2023 or at the first time as possible under applicable legislation. The annual remuneration will be paid entirely in cash, if a Board member on the date of the AGM, 13 April 2023, held the company's shares worth more than EUR 1,000,000. It was further resolved to continue to pay a separate remuneration for committee work as follows: EUR 2,000 per meeting to the committee Chair and EUR 1,000 per meeting to members.

The AGM decided to re-elect KPMG Oy Ab, Authorized Public Accountants, as the company's auditor. Heli Tuuri, Authorized Public Accountant, acts as the auditor with principal responsibility. It was also resolved that the auditor's fee will be paid as per invoice approved by the company.

The AGM decided that Article 9 of the Articles of Association is amended to enable holding a general meeting entirely without a meeting venue as a so-called remote meeting in addition to the Company's domicile Helsinki. The Articles of Association remain unchanged in other respects.

The AGM 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 is valid until 13 October 2024, and it supersedes the authorization granted by the 2022 AGM.

Furthermore, the AGM 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 is valid until 13 October 2024, and it supersedes the authorization granted by the 2022 AGM.

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.

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 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. The pandemic situation, particularly in China, where restrictions have been lifted fairly recently, and Russia's war against Ukraine 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. 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, 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. The most significant risks and opportunities with regard to Marimekko's sustainability targets are related to changes in consumer behavior as well as possible new legislation that may affect the company's products and value chain. The company's ability to anticipate changes, react to them and develop more sustainable products plays a key role in the company's competitiveness.

Compliance with responsible business practices and legislation is 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. 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 is of growing significance to customers. These sustainability topics apply to Marimekko's sourcing and own production as well as 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 pandemics may increase risks related to taking care of the health and safety of employees and securing sufficient workforce in cases of sickness caused by the pandemic. Possible pandemic-related restrictions may impact Marimekko's sales, profitability and cash flow as well as the reliability and efficiency of the company's production and logistics chain.

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 10 to 15 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 be below 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. 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 Interim Report.

Financial calendar for 2023

Marimekko's half-year financial report for January-June 2023 will be issued on Thursday, 17 August 2023 at 8.00 a.m., and the interim report for January-September 2023 on Wednesday, 8 November 2023 at 8.00 a.m.

Helsinki, 15 May 2023

Marimekko Corporation
Board of Directors

Interim report tables

Other information

CONSOLIDATED INCOME STATEMENT

(EUR 1,000)	**1–3/2023**	1–3/2022	1–12/2022
NET SALES	**35,287**	36,044	166,515
Other operating income	**26**	23	108
Changes in inventories of finished goods and work in progress	**-551**	692	7,721
Raw materials and consumables	**-13,444**	-14,046	-72,115
Employee benefit expenses	**-7,773**	-7,141	-30,846
Depreciation and impairment	**-2,321**	-2,488	-9,651
Other operating expenses	**-7,422**	-6,455	-31,497
OPERATING PROFIT	**3,802**	6,629	30,236
Financial income	**253**	311	1,241
Financial expenses	**-1,085**	-421	-2,339
	-832	-111	-1,097
RESULT BEFORE TAXES	**2,970**	6,518	29,139
Income taxes	**-549**	-1,474	-6,430
NET RESULT FOR THE PERIOD	**2,421**	5,044	22,708
Distribution of net result to equity holders of the parent company	**2,421**	5,044	22,708
Basic and diluted earnings per share calculated on the result attributable to equity holders of the parent company, EUR	**0.06**	0.12	0.56

COMPREHENSIVE CONSOLIDATED INCOME STATEMENT

(EUR 1,000)	**1–3/2023**	1–3/2022	1–12/2022
NET RESULT FOR THE PERIOD	**2,421**	5,044	22,708
Items that could be reclassified to profit or loss at a future point in time			
Change in translation difference	**76**	-66	-40
COMPREHENSIVE RESULT FOR THE PERIOD	**2,497**	4,978	22,668
Distribution of the result to equity holders of the parent company	**2,497**	4,978	22,668

CONSOLIDATED BALANCE SHEET

(EUR 1,000)	**31.3.2023**	31.3.2022	31.12.2022
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	**239**	422	288
Tangible assets	**34,079**	33,577	34,560
Other financial assets	**522**	505	512
Deferred tax assets	**875**	492	748
	35,716	34,996	36,108
CURRENT ASSETS			
Inventories	**33,353**	26,504	33,784
Trade and other receivables	**11,981**	10,866	11,983
Current tax assets	**809**	62	-
Cash and cash equivalents	**28,082**	46,952	32,711
	74,224	84,385	78,479
ASSETS, TOTAL	**109,940**	119,381	114,587

CONSOLIDATED BALANCE SHEET

(EUR 1,000)	**31.3.2023**	31.3.2022	31.12.2022
SHAREHOLDERS' EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
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	**-45**	-148	-122
Retained earnings	**49,338**	58,259	46,820
Shareholders' equity, total	**58,019**	67,292	55,425
NON-CURRENT LIABILITIES			
Lease liabilities	**25,194**	22,745	25,277
	25,194	22,745	25,277
CURRENT LIABILITIES			
Trade and other payables	**18,284**	18,733	24,752
Current tax liabilities	**-**	-	416
Lease liabilities	**6,400**	8,117	6,547
Financial liabilities	**2,042**	2,493	2,169
	26,726	29,343	33,885
Liabilities, total	**51,920**	52,088	59,162
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL	**109,940**	119,381	114,587

CONSOLIDATED CASH FLOW STATEMENT

(EUR 1,000)	**1–3/2023**	1–3/2022	1–12/2022
CASH FLOW FROM OPERATING ACTIVITIES			
Net result for the period	**2,421**	5,044	22,708
Adjustments			
Depreciation and impairments	**2,321**	2,488	9,651
Financial income and expenses	**832**	111	1,097
Taxes	**549**	1,474	6,430
Share-based payments	**97**	606	750
Cash flow before change in working capital	**6,220**	9,723	40,636
Change in working capital	**-6,007**	-8,959	-11,212
Increase (-) / decrease (+) in current non-interest-bearing trade receivables	**64**	1,088	49
Increase (-) / decrease (+) in inventories	**388**	-473	-7,809
Increase (+) / decrease (-) in current non-interest-bearing liabilities	**-6,459**	-9,574	-3,452
Cash flow from operating activities before financial items and taxes	**213**	763	29,424
Paid interest and payments on other financial expenses	**-387**	-316	-1,130
Interest received and payments on other financial income	**55**	53	166
Taxes paid	**-1,911**	-3,579	-8,319
CASH FLOW FROM OPERATING ACTIVITIES	**-2,030**	-3,079	20,141

CONSOLIDATED CASH FLOW STATEMENT

(EUR 1,000)	**1–3/2023**	1–3/2022	1–12/2022
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in tangible and intangible assets	**-195**	-112	-999
CASH FLOW FROM INVESTING ACTIVITIES	**-195**	-112	-999
CASH FLOW FROM FINANCING ACTIVITIES			
Short-term loans drawn	**154**	650	1,049
Short-term loans repaid	**-207**	-	-665
Acquisition of treasury shares	**-**	-	-454
Payments of lease liabilities	**-1,824**	-2,321	-8,485
Dividends paid	**0**	-8,124	-37,372
CASH FLOW FROM FINANCING ACTIVITIES	**-1,877**	-9,795	-45,927
Change in cash and cash equivalents	**-4,102**	-12,986	-26,784
Cash and cash equivalents at the beginning of the period	**32,711**	59,726	59,726
Effects of exchange rate fluctuations	**-526**	212	-230
Cash and cash equivalents at the end of the period	**28,082**	46,952	32,711

In addition, Marimekko has unused committed credit lines of EUR 30,633 thousand (14,348).

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	Share-holders' equity, total
Shareholders' equity, 1 Jan. 2022	8,040	1,228	-210	-81	60,856	69,833
Comprehensive result						
Net result for the period					5,044	5,044
Translation differences				-66		-66
Total comprehensive result for the period				-66	5,044	4,978
Transactions with owners						
Dividends paid					-8,124	-8,124
Share-based payments			123		483	606
Shareholders' equity, 31 March 2022	8,040	1,228	-87	-148	58,259	67,292
Shareholders' equity, 1 Jan. 2023	8,040	1,228	-541	-122	46,820	55,425
Comprehensive result						
Net result for the period					2,421	2,421
Translation differences				77		77
Total comprehensive result for the period				77	2,421	2,497
Transactions with owners						
Share-based payments					97	97
Shareholders' equity, 31 March. 2023	**8,040**	**1,228**	**-541**	**-45**	**49,338**	**58,019**

ACCOUNTING PRINCIPLES

This interim report was prepared in compliance with IAS 34. Marimekko has applied the same accounting principles in this report as were applied in its 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. Brand sales is also presented as an alternative key figure, representing the reach of the Marimekko brand through different distribution channels.

INTANGIBLE AND TANGIBLE ASSETS

(EUR 1,000)	Intangible assets			Tangible assets
		Right-of-use assets	Other	Total
Acquisition cost, 1 Jan. 2022	10,546	62,142	29,360	91,501
Translation differences	-17	424	151	575
Increases	39	2,612	101	2,713
Depreciations	-613	-	-653	-653
Transfers between categories	-28	-	-	-
Acquisition cost, 31 March 2022	9,927	65,177	28,959	94,136
Accumulated depreciation, 1 Jan. 2022	10,060	32,664	25,650	58,314
Translation differences	-17	337	149	486
Accumulated depreciation of decreases	-613	-	-653	-653
Depreciation during the period	76	2,222	191	2,412
Accumulated depreciation, 31 March 2022	9,505	35,223	25,336	60,559
Book value, 31 March 2022	422	29,954	3,623	33,577
Acquisition cost, 1 Jan. 2023	9,887	72,094	26,412	98,507
Translation differences	-17	-521	-161	-682
Increases	202	1,719	186	1,905
Decreases	-269	-	-552	-552
Transfers between categories	-193	-	-	-
Acquisition cost, 31 March 2023	9,611	73,292	25,884	99,176
Accumulated depreciation, 1 Jan. 2023	9,600	41,479	22,467	63,946
Translation differences	-17	-401	-158	-559
Accumulated depreciation of decreases	-269	-	-552	-552
Depreciation during the period	58	2,084	179	2,263
Accumulated depreciation, 31 March 2023	9,372	43,162	21,936	65,097
Book value, 31 March 2023	**239**	**30,130**	**3,949**	**34,079**

NET SALES BY MARKET AREA

(EUR 1,000)	**1–3/2023**	1–3/2022	Change, %	1–12/2022
Finland	**18,003**	18,498	-3	98,237
Retail sales	11,305	10,109	12	64,559
Wholesale sales	6,661	8,357	-20	33,491
Licensing income	36	33	9	187
Scandinavia	**3,457**	2,990	16	13,956
Retail sales	927	988	-6	4,157
Wholesale sales	2,455	2,002	23	9,799
Licensing income	75	-		-
EMEA	**3,791**	5,463	-31	16,014
Retail sales	737	625	18	2,492
Wholesale sales	2,850	3,469	-18	11,603
Licensing income	204	1,368	-85	1,919
North America	**1,621**	1,815	-11	7,999
Retail sales	835	1,187	-30	4,621
Wholesale sales	645	455	42	2,761
Licensing income	141	172	-18	617
Asia-Pacific	**8,416**	7,278	16	30,309
Retail sales	1,592	1,274	25	6,619
Wholesale sales	6,796	5,886	15	23,455
Licensing income	27	117	-77	234
International sales, total	**17,284**	17,546	-1	68,278
Retail sales	4,091	4,075	0	17,890
Wholesale sales	12,746	11,813	8	47,618
Licensing income	447	1,658	-73	2,770
Total	**35,287**	36,044	-2	166,515
Retail sales	15,397	14,183	9	82,448
Wholesale sales	19,408	20,170	-4	81,109
Licensing income	483	1,691	-71	2,957

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

NET SALES BY PRODUCT LINE

(EUR 1,000)	**1–3/2023**	1–3/2022	Change, %	1–12/2022
Fashion	**11,391**	12,115	-6	50,525
Home	**15,223**	15,366	-1	78,273
Bags and accessories	**8,673**	8,563	1	37,717
Total	**35,287**	36,044	-2	166,515

Other information

GROUP KEY FIGURES

	1–3/2023	1–3/2022	Change, %	1–12/2022
Earnings per share, EUR	**0.06**	0.12	-52	0.56
Equity per share, EUR	**1.43**	1.66	-14	1.37
Return on equity (ROE), %	**32.1**	42.9		36.3
Return on investment (ROCE), %	**27.7**	35.2		31.5
Equity ratio, %	**53.6**	57.2		49.2
Gearing, %	**9.6**	-20.2		2.2
Gross investments, EUR 1,000	**195**	140	39	999
Gross investments, % of net sales	**0.6**	0.4		0.6
Contingent liabilities, EUR 1,000	**828**	900	-8	846
Average personnel	**447**	406	10	434
Personnel at the end of the period	**449**	409	10	459
Number of shares outstanding at the end of the period	**40,571,380**	40,621,380		40,571,380
Average number of shares outstanding	**40,571,380**	40,647,129		40,623,999

RECONCILIATION OF ALTERNATIVE KEY FIGURES TO IFRS

(EUR 1,000)	**1–3/2023**	1–3/2022	1–12/2022
Items affecting comparability			
Employee benefit expenses	**-31**	-	-146
Items affecting comparability in operating profit	**-31**	-	-146
EBITDA	**6,123**	9,117	39,887
Employee benefit expenses	**31**	-	146
Comparable EBITDA	**6,154**	9,117	40,033
Operating profit	**3,802**	6,629	30,236
Employee benefit expenses	**31**	-	146
Comparable operating profit	**3,833**	6,629	30,382
Net sales	**35,287**	36,044	166,515
Operating profit margin, %	**10.8**	18.4	18.2
Comparable operating profit margin, %	**10.9**	18.4	18.2

Items affecting comparability are exceptional transactions that are not related to the company's regular business operations, such as costs associated with employee benefits. 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)	**1–3/2023**	10–12/2022	7–9/2022	4–6/2022
Net sales	**35,287**	48,413	44,077	37,981
Operating profit	**3,802**	6,799	11,118	5,690
Earnings per share, EUR	**0.06**	0.10	0.22	0.12

(EUR 1,000)	1–3/2022	10–12/2021	7–9/2021	4–6/2021
Net sales	36,044	48,066	42,363	32,695
Operating profit	6,629	7,618	13,127	4,882
Earnings per share, EUR *	0.12	0.14	0.26	0.09

* 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

	31.3.2023	31.3.2022	31.12.2022
Finland	**65**	64	65
Company-owned stores	25	25	26
Company-owned outlet stores	13	12	12
Retailer-owned stores	12	12	12
Retailer-owned shop-in-shops	15	15	15
Scandinavia	**8**	7	8
Company-owned stores	5	4	5
Company-owned outlet stores	-	-	-
Retailer-owned stores	-	-	-
Retailer-owned shop-in-shops	3	3	3
EMEA	**1**	1	1
Company-owned stores	-	-	-
Company-owned outlet stores	-	-	-
Retailer-owned stores	-	-	-
Retailer-owned shop-in-shops	1	1	1
North America	**3**	3	3
Company-owned stores	1	1	1
Company-owned outlet stores	1	1	1
Retailer-owned stores	1	1	1
Retailer-owned shop-in-shops	-	-	-
Asia-Pacific	**77**	72	77
Company-owned stores	3	4	4
Company-owned outlet stores	-	-	-
Retailer-owned stores	63	57	62
Retailer-owned shop-in-shops	11	11	11
Total	**154**	147	154
Company-owned stores	35	34	36
Company-owned outlet stores	14	13	13
Retailer-owned stores	76	70	75
Retailer-owned shop-in-shops	30	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 49 at the end of March 2023 (47).

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, 31 March

Return on equity (ROE), %:
Rolling 12 months (Profit before taxes - income taxes) x 100 / Shareholders' equity (average)

Return on investment (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