

Financial Statements 2020

Tiina Alahuhta-Kasko

Good performance in challenging circumstances

- The coronavirus pandemic continues to heavily impact the fashion industry and specialty retail sector all over the world.
- Net sales for 2020 almost at the previous year's level, with both online sales and wholesale sales performing well.
- Comparable operating profit +18%, thanks to operational adjustments.
- Marimekko's strengths include ability to react quickly, a comprehensive range of lifestyle products, a diverse business and distribution channel model as well as long-term work to develop the brand and digital business.
- The pandemic has intensified the megatrends in the industry. The Marimekko lifestyle brand now more relevant than ever, thus supporting our growth objectives.



Comparable EBIT+18% in a challenging operating environment

EUR million	10-12/2020	10-12/2019	Change, %	1-12/2020	1-12/2019	Change, %
Net sales	37.4	34.7	8	123.6	125.4	-1
International sales	14.1	12.8	11	52.4	54.3	-3
<i>% net sales</i>	<i>38</i>	<i>37</i>		<i>42</i>	<i>43</i>	
Comparable EBITDA	9.0	6.2	45	32.7	29.7	10
Operating profit	5.0	3.0	65	19.3	17.1	13
Comparable operating profit	5.8	3.0	92	20.2	17.1	18
<i>Comparable operating profit margin, %</i>	<i>15.5</i>	<i>8.7</i>		<i>16.3</i>	<i>13.6</i>	
Comparable earnings per share, EUR*	0.51	0.26	93	1.78	1.61	10
Cash flow from operating activities	15.9	7.8	103	28.1	29.0	-3
<i>Return on investment (ROI), %</i>				<i>22.5</i>	<i>17.9</i>	
<i>Equity ratio, %</i>				<i>46.6</i>	<i>40.2</i>	
Net debt / EBITDA (rolling 12 months)				-0.10	0.35	
Gross investments **	0.9	1.3	-29	2.1	2.6	-17
Personnel at the end of the period				422	450	-6

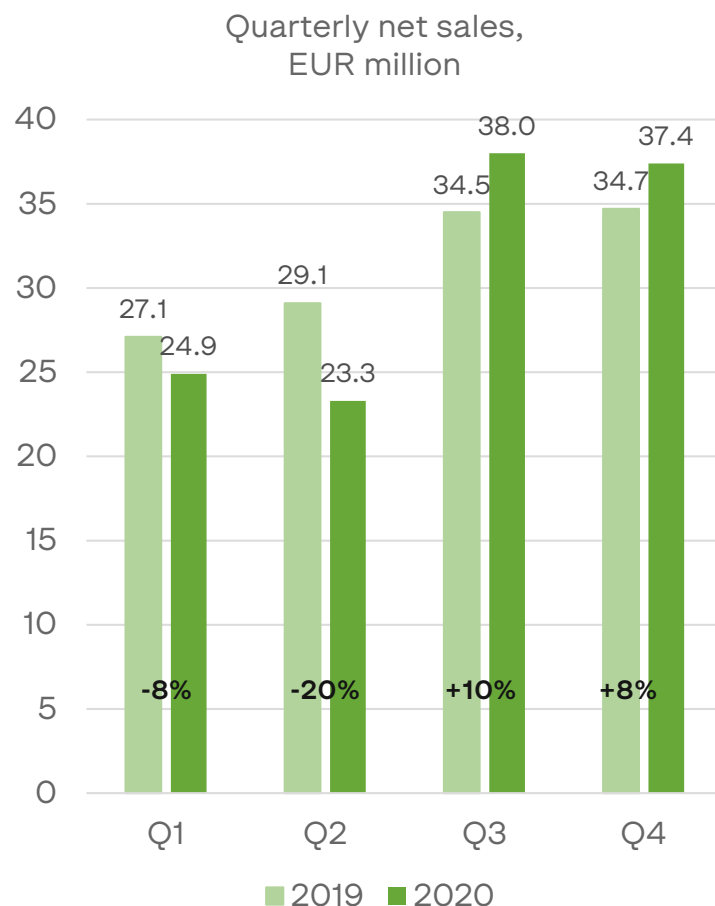
* Taking account of similar items as in comparable operating profit; tax effect included.

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

Net sales and operating profit

Net sales +8% to EUR 37.4 million (34.7)

A favorable trend especially in wholesale sales in Finland, EMEA and Scandinavia. Strong growth in online sales continued.



EUR million	Q4 2020	Q4 2019	Change %
Finland	23.2	21.9	6
Scandinavia	3.2	2.6	21
EMEA	4.0	2.6	55
North America	1.7	2.0	-16
Asia-Pacific	5.3	5.6	-5
International sales	14.1	12.8	11
TOTAL	37.4	34.7	8

- retail sales -9%
- wholesale sales +32%

Sales in Finland +6%

- retail sales -5% (like-for-like +3%)
- wholesale sales +34%

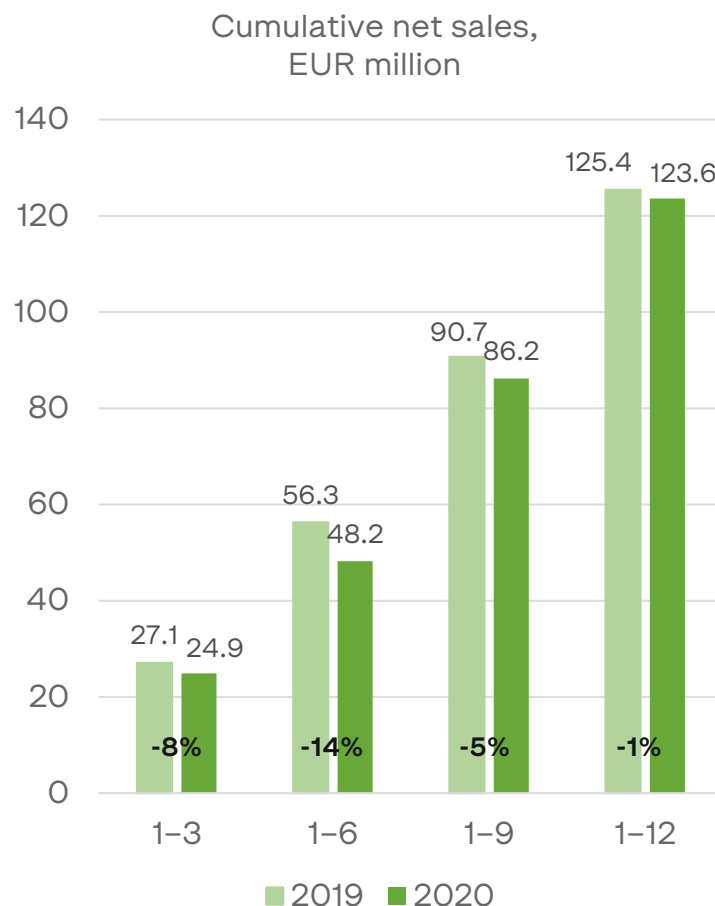
International sales +11%

- retail sales -18%
- wholesale sales +31%
- licensing income +2 %

Net sales were boosted especially by a favorable trend in wholesale sales in Finland, EMEA and Scandinavia. Nonrecurring promotional deliveries, in particular, contributed to the increase in Finnish wholesale sales.

The worsened coronavirus situation and tightened restrictions in different markets clearly affected customer numbers in stores. However, online sales continued to perform strongly, supporting retail sales which declined quite moderately considering the circumstances. Some of the wholesale deliveries in the Asia-Pacific region transferred to 2021.

Net sales almost at the previous year's level, EUR 123.6 million (125.4)



EUR million	2020	2019	Change %
Finland	71.1	71.2	-0
Scandinavia	9.9	9.3	6
EMEA	14.0	12.0	16
North America	6.5	8.3	-22
Asia-Pacific	22.1	24.7	-11
International sales	52.4	54.3	-3
TOTAL	123.6	125.4	-1

- retail sales -13%
- wholesale sales +13%

Sales in Finland -0%

- retail sales -12% (like-for-like -6%)
- wholesale sales +32%

International sales -3%

- retail sales -18%
- wholesale sales +3%
- licensing income +6%

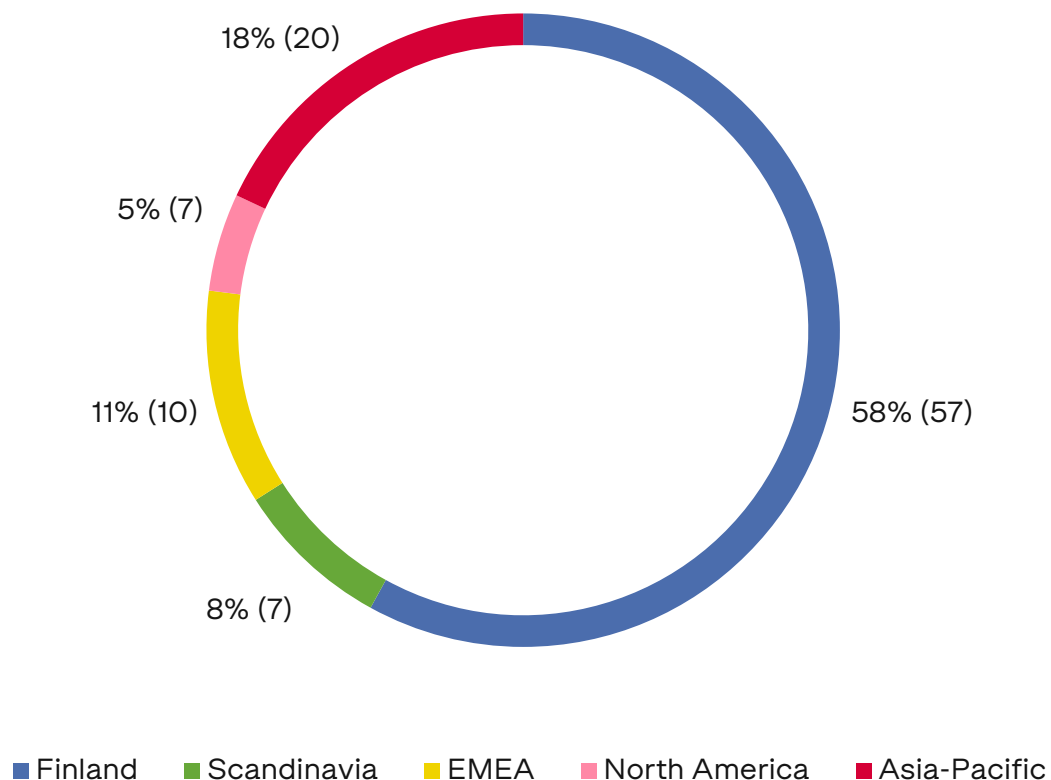
Despite the impacts of the coronavirus pandemic, net sales only declined by 1%. Net sales were weakened especially by a decline in retail sales in Finland, North America and Scandinavia as well as a decrease in wholesale sales in the Asia-Pacific region, where the relative trend was impacted by some of the deliveries transferring to 2021 as well as an exceptional delivery pattern in the comparison year.

Booming online sales, which supported retail sales, as well as a favorable trend in wholesale sales in Finland, Scandinavia and EMEA, on the other hand, had a positive impact on net sales. The increase in Finnish wholesale sales was partly due to nonrecurring promotional deliveries.

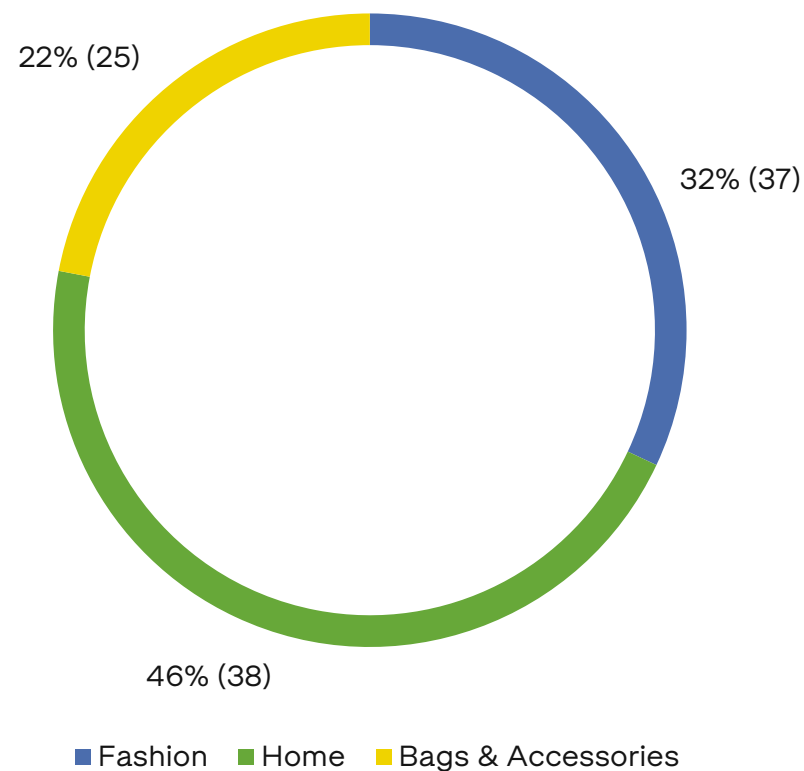
Comprehensive range of lifestyle products a strength for Marimekko, home products +17%

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

Net sales by market area, 2020 (2019)

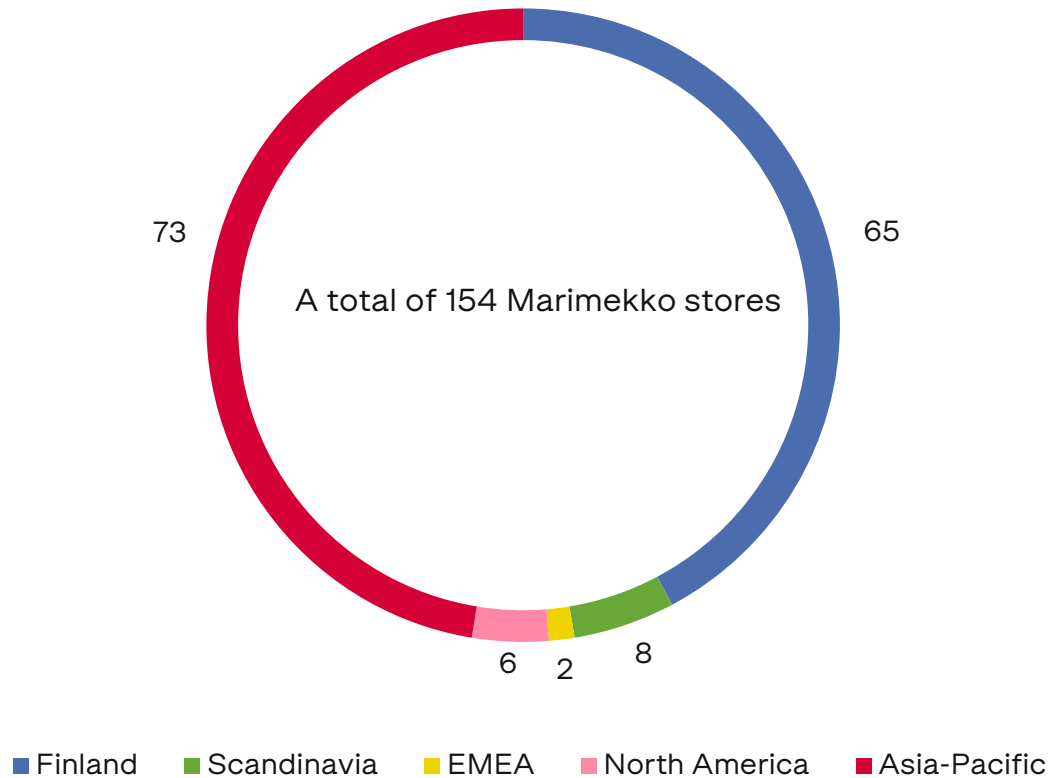


Net sales by product line, 2020 (2019)



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

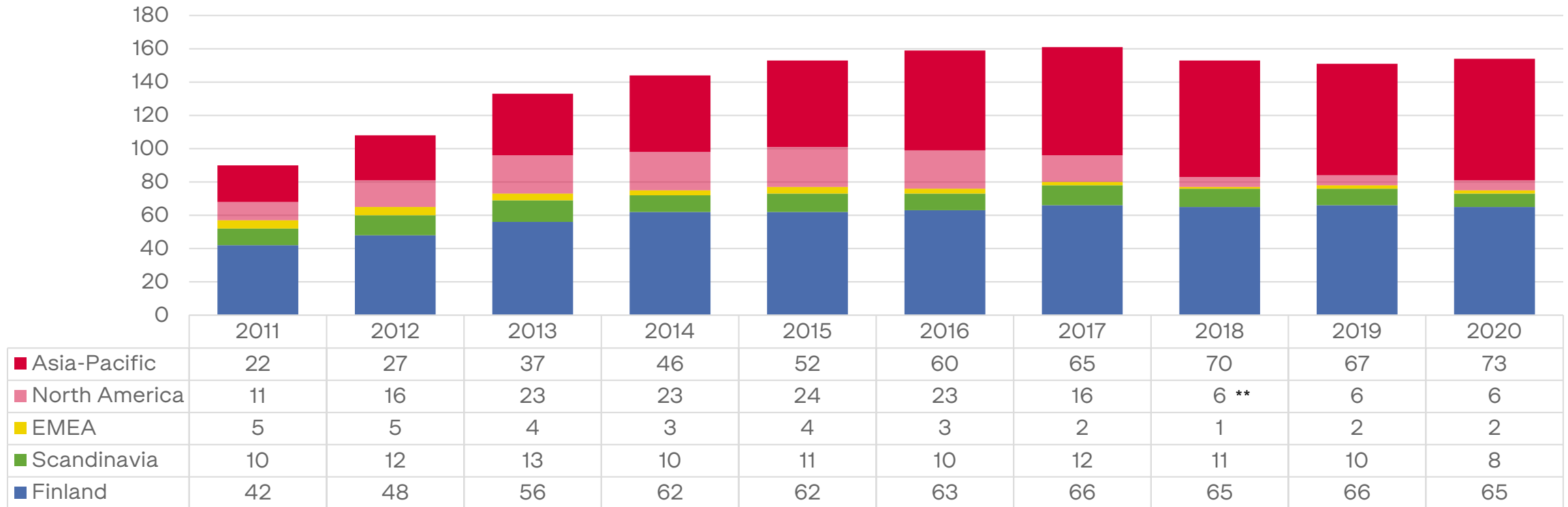
Global retail footprint 2020



Net sales by channel, e-commerce included



154 Marimekko stores*

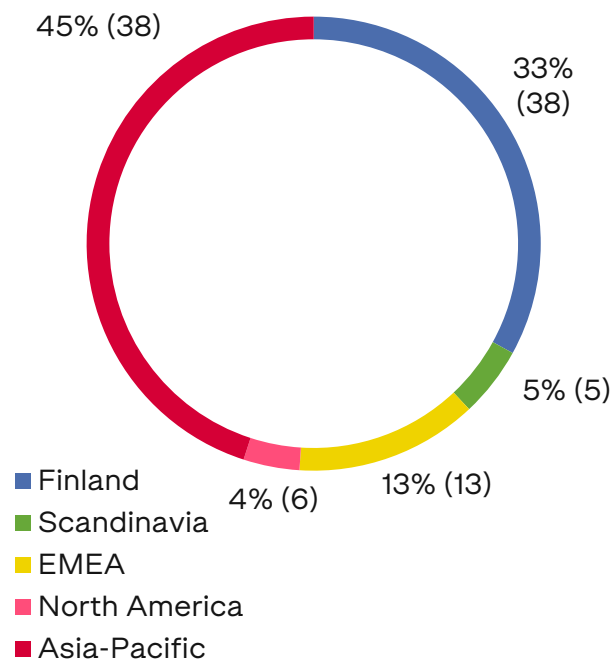


* Includes the company's own retail stores, retailer-owned Marimekko stores and shop-in-shops with an area exceeding 30 sqm. Company-owned stores numbered 51 at year end (54).

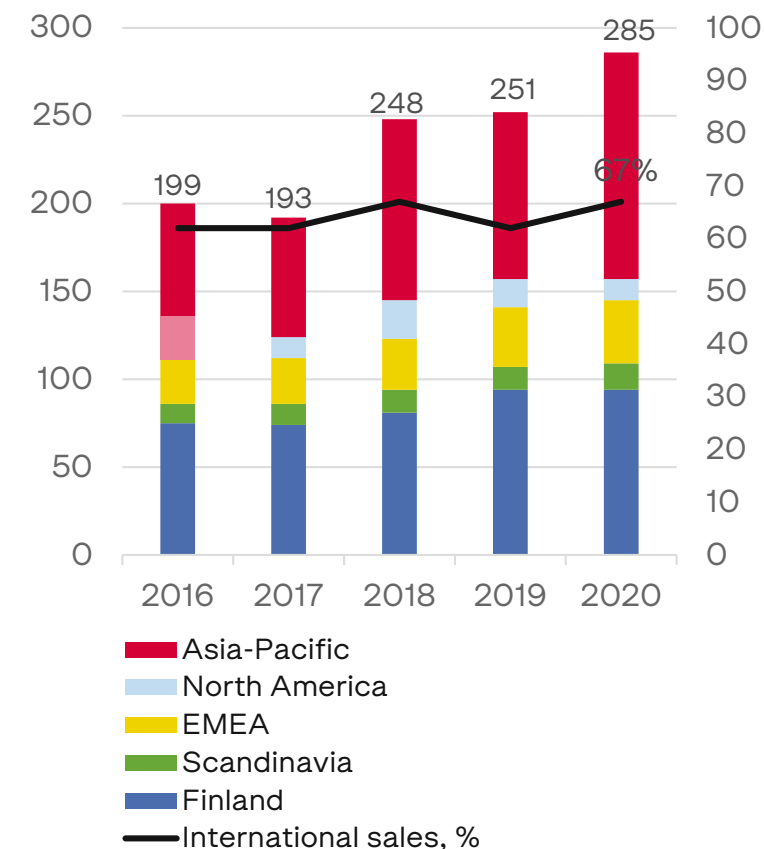
** The company corrected the number of stores in North America in 2018 by reducing 11 shop-in-shops with an area below the reporting limit of 30 sqm. The change had no effect on reported North American wholesale sales.

Marimekko brand sales +14% to EUR 285.1 million (250.8)

67% of brand sales outside home market (62)

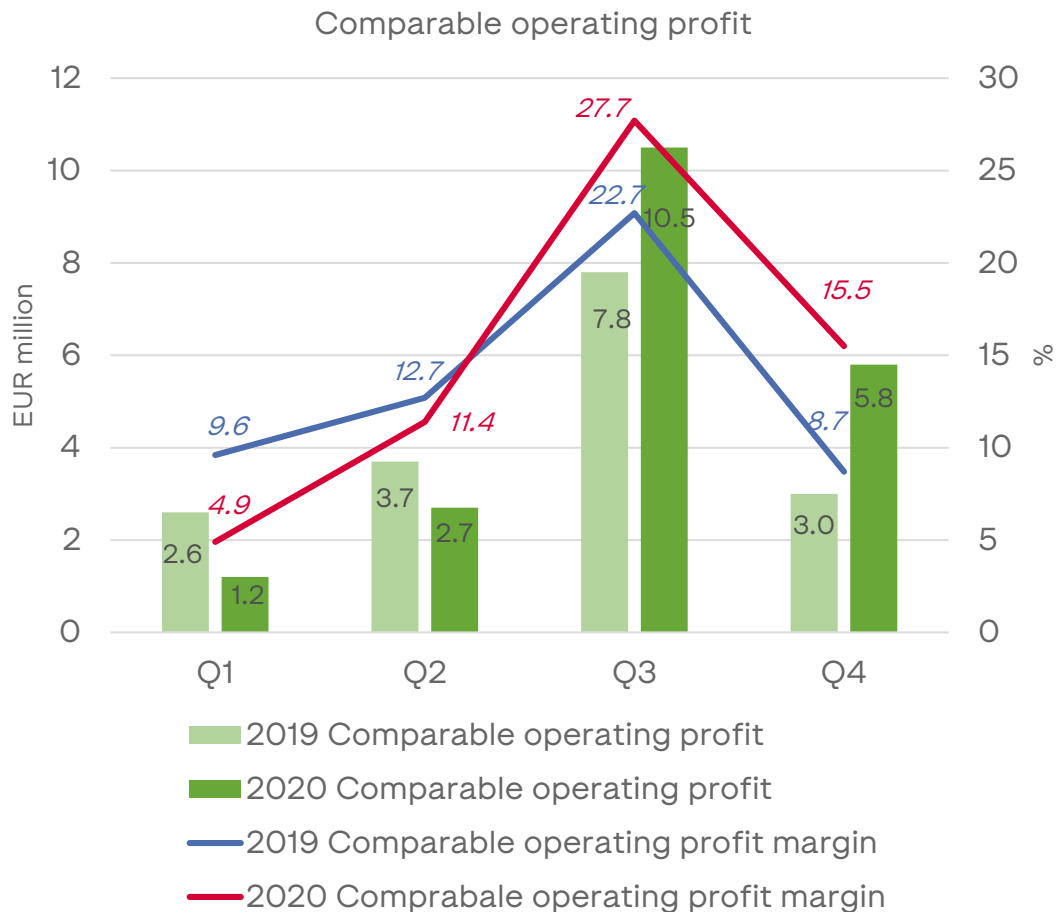


EUR million	2020	2019	Change %
Finland	93.6	94.1	-1
Scandinavia	15.1	12.9	17
EMEA	36.0	33.5	7
North America	11.7	15.7	-25
Asia- Pacific	128.7	94.5	36
International sales	191.5	156.6	22
TOTAL	285.1	250.8	14



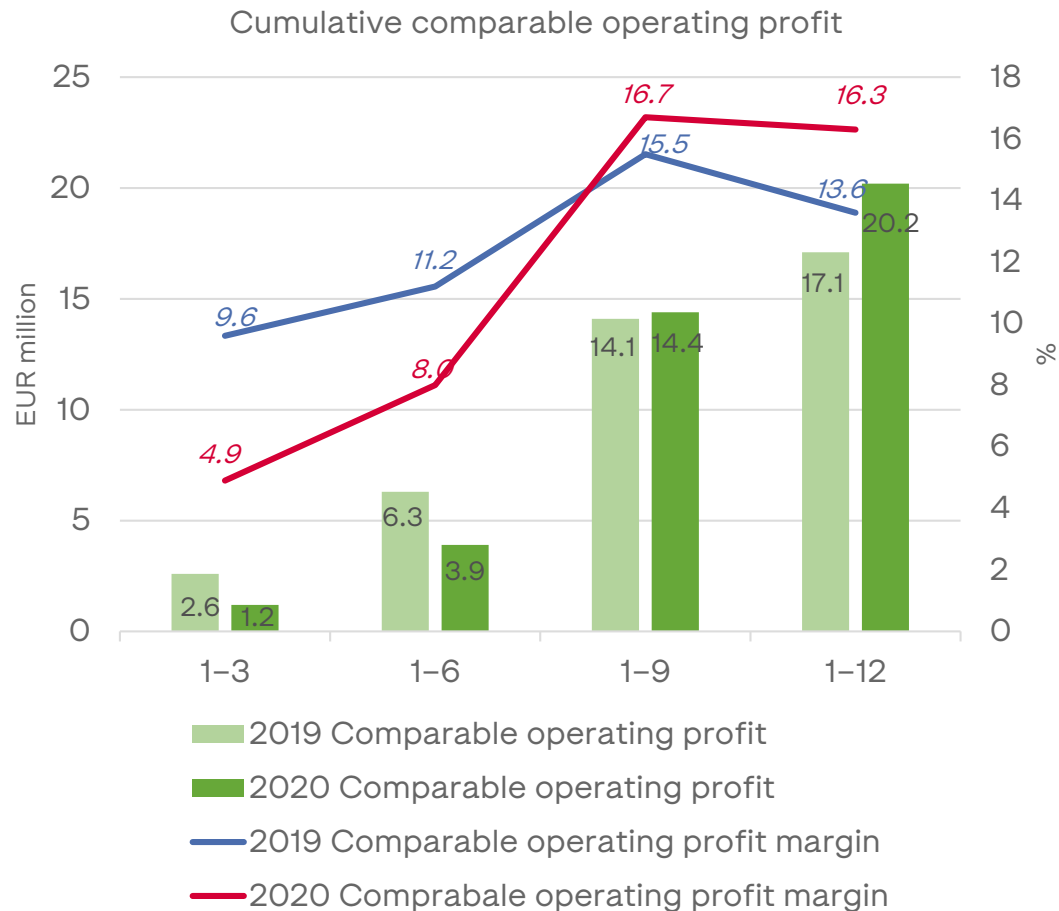
Brand sales, consisting of estimated sales of Marimekko products at consumer prices, are calculated by adding together the company's own retail net sales and the estimated retail value of Marimekko products sold by other retailers. The estimate, based on Marimekko's realized wholesale sales and licensing income, is unofficial and does not include VAT.

Operating profit boosted by increased net sales and the adjustment of operations



- Comparable operating profit EUR 5.8 million (3.0), +92%
- Operating profit included EUR 0.8 million in restructuring costs
- Operating profit EUR 5.0 million (3.0), +65%
- Earnings boosted by increased net sales as well as a noticeable decrease in fixed costs as a result of the adjustment of operations.
- A decline in relative sales margin, largely due to higher logistics costs resulting from an increase in online sales, had a weakening impact on results.

Prompt adjustment measures decreased fixed costs and improved results



- Comparable operating profit EUR 20.2 million (17.1), +18%
- Operating profit included EUR 0.8 million in restructuring costs
- Operating profit EUR 19.3 million (17.1), +13%
- Earnings boosted by a noticeable decrease in fixed costs as a result of prompt adjustment measures.
- A decline in relative sales margin, mainly due to higher logistics costs resulting from an increase in online sales, as well as reduced net sales had a weakening impact on results.

Key events in 2020

Events in 2020

- New sustainability strategy with even more ambitious targets
- First printed clothes in fabric made of Spinnova's wood-based fiber
- Revamped Helsinki flagship store with digital services
- An even more customer-centric organization based on omnichannel thinking and changes in management
- 70th anniversary year celebrations kicked off at Copenhagen Fashion Week
- Inclusive and equal virtual public fashion show
- Increased brand awareness through collaboration collections



At the forefront of developing more sustainable products and practices

In our new sustainability strategy, published in December 2020, we have raised our sustainability targets both for our own operations and for the entire value chain to a new, markedly more ambitious level.

Our strategy is built around three guiding principles:

- timeless design brings joy for generations to come
- the products of tomorrow leave no trace
- positive change through fairness and equality.

The guiding principles are deployed throughout our value chain. This way we can lengthen our products' lifetime and minimize any negative impacts and ultimately reach a circular value chain that brings long-lasting joy in balance with the environment and is fair to everyone.



Revamped flagship store with digital services opened in Helsinki

Our newest store concept aims to give customers a strong and holistic experience of the Marimekko lifestyle, where personal and expert customer service as well as new types of services, such as virtual and private shopping and collection presentations, play an important role. In the future, the store also intends to serve as a meeting place for the Marimekko community and hold secondhand and sample sales.

Brick-and-mortar stores still play a key role in building the customer experience. The store refurbishment is part of Marimekko's constantly evolving seamless omnichannel customer experience. Our revamped online store will open in 2021.



Reorganization and streamlining of operations

Following consultative negotiations and corresponding processes, a new, even more customer-centric organization based on omnichannel thinking was created in October 2020.

Marimekko also made changes in its Management Group:

Sanna-Kaisa Niikko became CMO and member of the Management Group on 8 October 2020, and Dan Trapp started as CSO and a member of the Management Group on 2 November 2020.



Rebekka Bay appointed Creative Director



The visionary Rebekka Bay started as Marimekko's Creative Director and a member of the Management Group on 1 September 2020.

Rebekka's ability to combine a strong creative vision with commercial thinking as well as her versatile international experience and knowledge of the Asian markets will support Marimekko's creative community in developing the appeal of our collections even further.

In connection with the appointment, Rebekka Bay resigned her position as a member of the Board of Directors of Marimekko.

Marimekko at Copenhagen Fashion Week

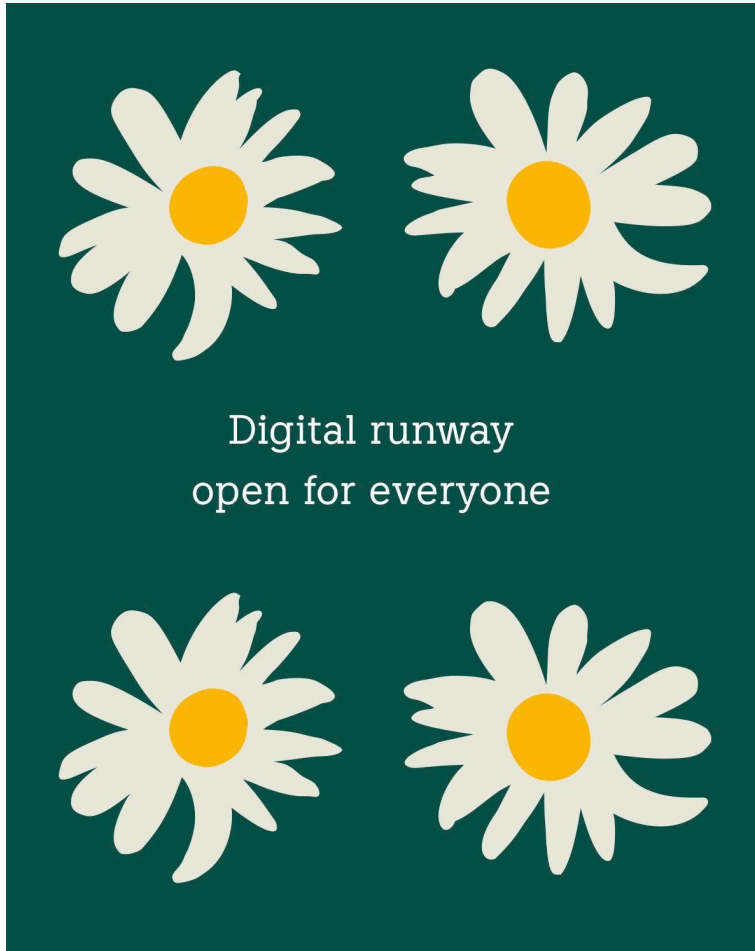
Marimekko launched its 70th anniversary year celebrations with a digital presentation of its pre-spring 2021 collection at Copenhagen Fashion Week, which is currently one of the forerunning global fashion events.

The presentation was filmed in Marimekko's textile printing factory in Helsinki. The digital format offered an excellent opportunity to present the collection not only to media and industry professionals but also to Marimekko's consumer customers, and thus further strengthen our important values of inclusivity and equality.

Marimekko is truly committed to timeless and sustainable design, and thus the Copenhagen presentation looks also featured a selection of unique Marimekko vintage gems from past decades.



Annual public fashion show moved digital and everyone was invited to participate



Marimekko's colorful public open-air fashion show has since 1992 gathered thousands of people in Helsinki city center to celebrate together the beginning of summer.

In 2020, the event was organized virtually and Marimekko invited its global community to participate and model the show themselves on Instagram – the open-for-everyone runway further strengthened our important values of inclusivity and equality.

The show was a great success: Marimekko fans in some ten different countries shared content during the digital runway event.

The event, spreading joy to everyday life, was watched on Instagram over 3.5 million times.

Increased brand awareness through collaboration collections

As continuation to the successful earlier collaborations, Marimeekko and Uniqlo launched two limited-edition collections for women and children in 2020.

The collection launched in April was inspired by the Finnish summer while the November collection was themed joyful together. Both collections were among the leading collaborations for Uniqlo in 2020.

Brand collaborations offer Marimekko a unique possibility to increase global brand awareness and thus support its core business.



Iconic patterns on a groundbreaking sustainable fabric

In February 2020, Marimekko and the Finnish fiber technology company Spinnova presented the first ever printed clothes made of Spinnova's wood-based fiber containing no harmful chemicals. Marimekko designed, printed and manufactured the demo outfits in the Marimekko House in Helsinki.

In fall 2020, the collaboration was chosen as a finalist in Fast Company's prestigious Innovation by Design Awards, which recognizes people, teams and companies solving problems through design.

Our Helsinki printing factory offers us a unique opportunity to actively participate in development projects and thus take the textile industry towards a more sustainable future. We are committed to continuously increasing the share of more sustainable materials in our products and packaging.



Outlook 2021

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

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

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

Finland

- Finland traditionally represents about half of the company's net sales.
- Sales in Finland are expected to grow on the previous year.
- Domestic wholesale sales in 2021 will be boosted by nonrecurring promotional deliveries, the total value of which is estimated to be substantially higher than the year before. A vast majority of the deliveries will take place in the second half of the year.

Asia-Pacific

- The Asia-Pacific region is Marimekko's second-largest market and plays a significant part in the company's international growth. All Marimekko stores in Asia are partner-owned.
- Japan is clearly the most important country in this region to Marimekko and already has a very comprehensive network of Marimekko stores. The other Asian countries' combined share of the company's net sales is still noticeably smaller, but operations in these countries are constantly growing.
- Net sales in the Asia-Pacific region are expected to increase in 2021.
- The aim is to open approximately 5 to 10 new Marimekko stores and shop-in-shops in 2021, and most of the planned openings will be in Asia.

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

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

Financial guidance for 2021

The Marimekko Group's net sales for 2021 are expected to be higher than in the previous year. Comparable operating profit margin is estimated to be approximately on a par with the long-term goal of 15 percent.

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

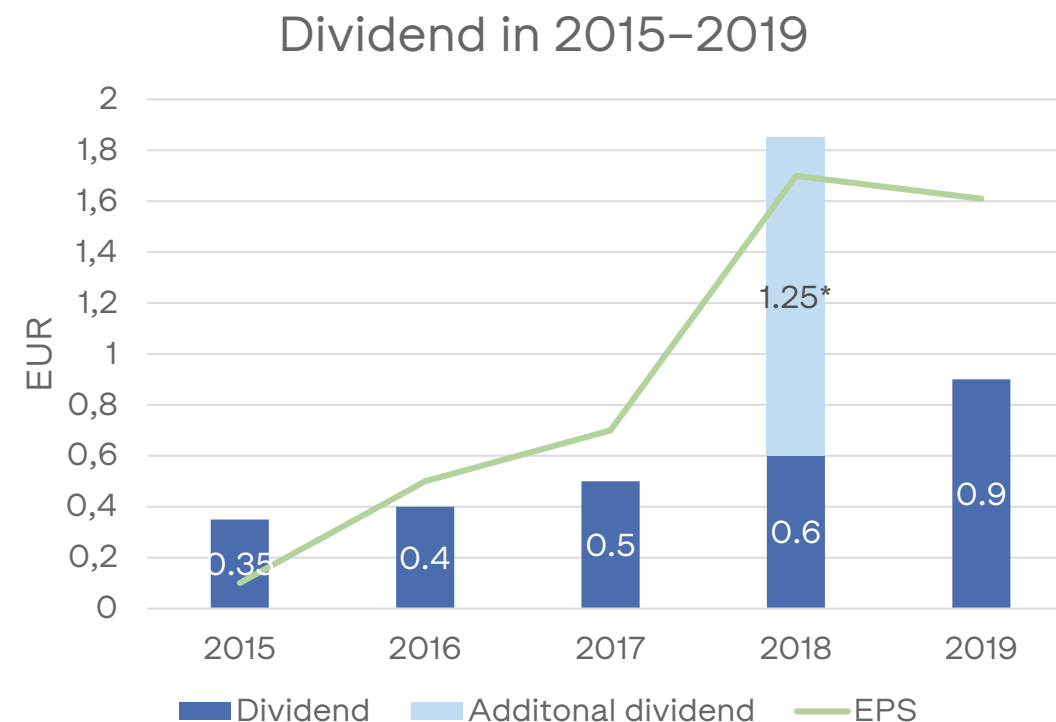


Proposal for dividend for 2020

The parent company's distributable funds amounted to EUR 38,649,093.87; profit for the financial year was EUR 15,934,625.49.

Marimekko's Board of Directors proposes that the Annual General Meeting on 14 April 2021 authorize the Board to decide on the payment of a maximum dividend of EUR 1.00 per share in one or several instalments at a later stage. The authorization would be valid until the next AGM.

The company will publish the possible decision on dividend payment separately and, at the same time, confirm the pertinent record and payment dates. The Board's proposal reflects the uncertainty caused by the coronavirus pandemic in general economic conditions.



* For 2018, a regular dividend of EUR 0.60 per share and an additional dividend of EUR 1.25 per share were paid. The additional dividend was paid because the sale of Marimekko's head office in spring 2018 strengthened the company's financial position.

Appendices

Income statement

EUR million	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Net sales	37.4	34.7	123.6	125.4
Other operating income	0.0	0.0	0.3	0.6
Change in inventories of finished goods and work in progress	-3.7	-1.0	-0.4	0.4
Raw materials and consumables	-11.6	-12.6	-48.2	-45.4
Employee benefit expenses	-7.9	-7.6	-25.3	-27.8
Depreciation and impairments	-3.2	-3.2	-12.6	-12.5
Other operating expenses	-6.0	-7.3	-18.1	-23.6
Operating profit	5.0	3.0	19.3	17.1
Net financial items	-0.4	0.3	-1.8	-1.0
Result before taxes	4.6	2.7	17.6	16.2
Income taxes	-1.1	-0.6	-3.8	-3.1
Net result	3.5	2.1	13.8	13.0

Balance sheet

EUR million	31.12.2020	31.12.2019
Non-current assets	43.2	41.6
Inventories	22.4	22.6
Other current assets	8.1	6.6
Cash and cash equivalents	41.0	26.1
Assets, total	114.8	96.9
Shareholders' equity	52.8	38.9
Non-current liabilities	28.5	27.6
Current liabilities	33.6	30.4
Shareholders' equity and liabilities, total	114.8	96.9

Cash flow statement

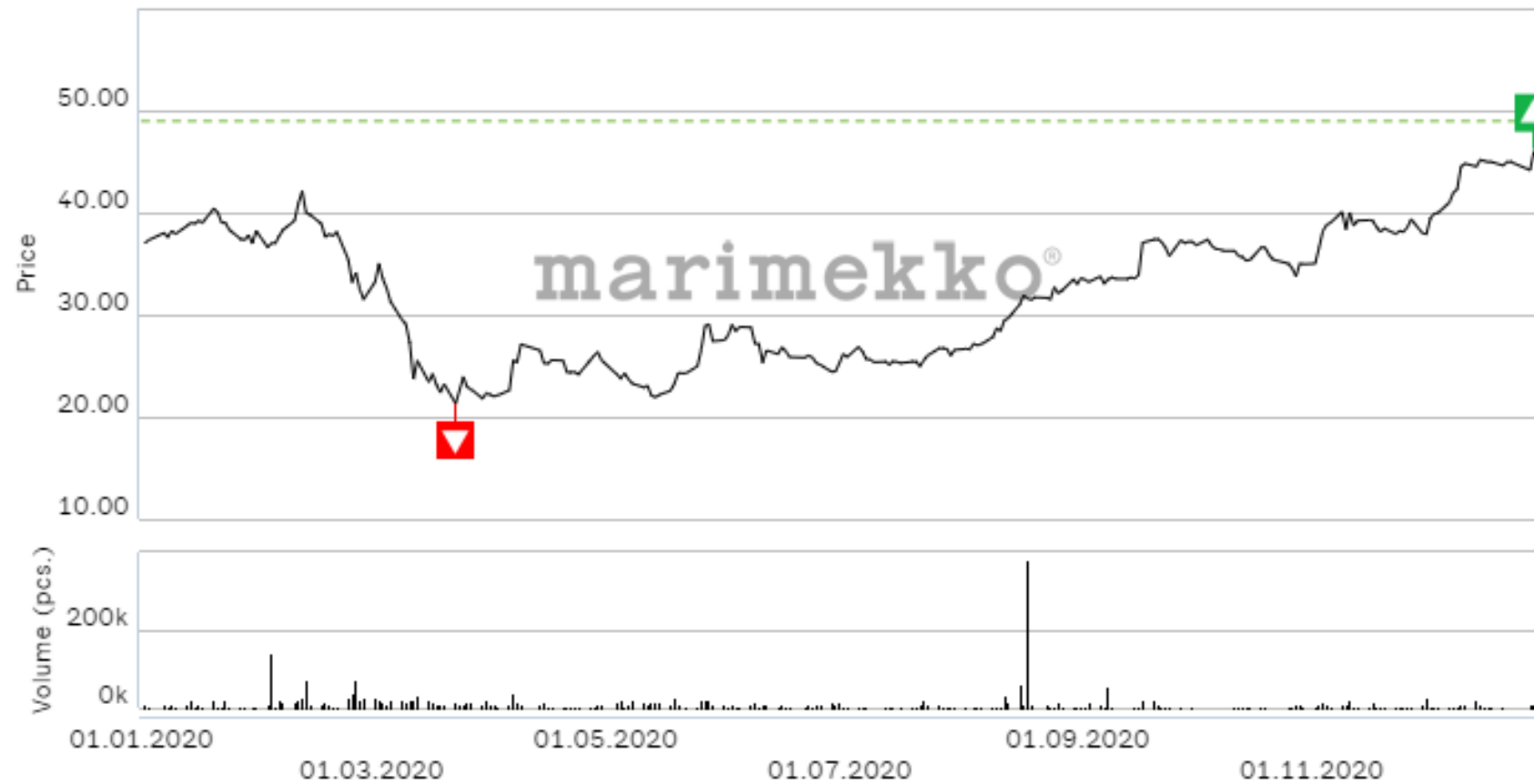
EUR million	1-12/2020	1-12/2019
Cash flow from operating activities before change in working capital	31.9	29.7
Change in working capital	3.3	2.9
Cash flow from operating activities before financial items and taxes	35.1	32.5
Financial items and taxes	-7.1	-3.6
Cash flow from operating activities	28.1	29.0
Investments in tangible and intangible assets	-2.8	-1.6
Cash flow before cash flow from financing activities	25.2	27.4
Short-term loans drawn and repaid	0.5	0.3
Personnel share issue	-	0.7
Payments of lease liabilities	-10.7	-10.4
Dividends paid	-	-15.0
Cash flow from financing activities	-10.2	-24.5
Change in cash and cash equivalents	15.0	3.0
Cash and cash equivalents at the end of the period	41.0	26.1

In addition, Marimekko has unused committed credit lines of EUR 17.1 million (14.2). The company has also secured a long-term revolving credit facility of EUR 5 million, which includes a covenant.

Share price trend

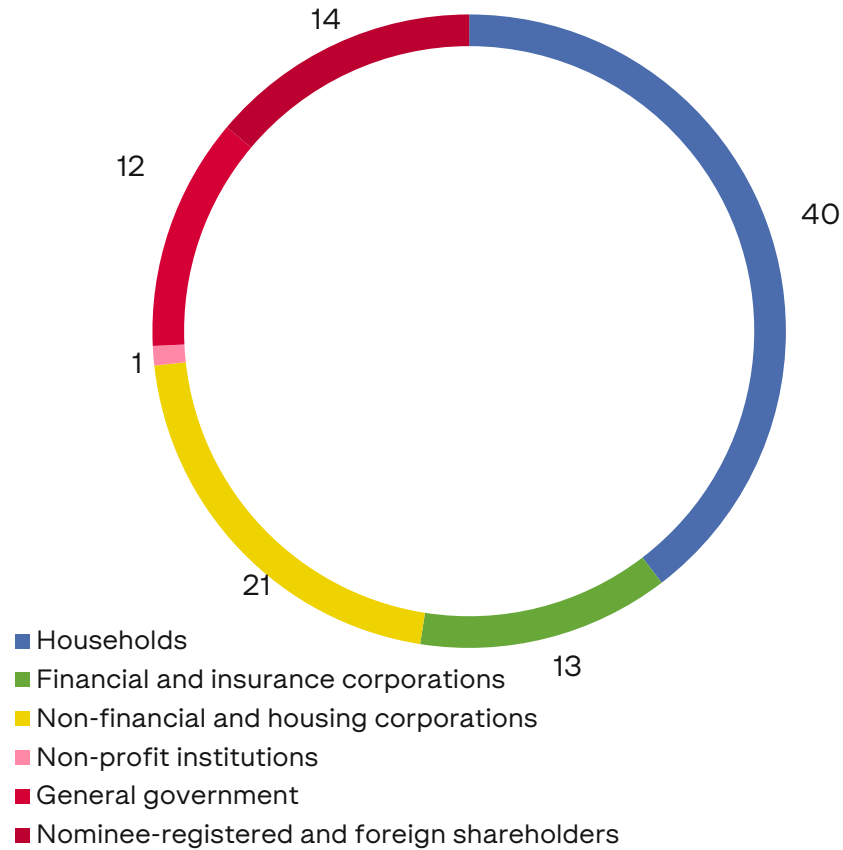
The Marimekko share (MEKKO) is quoted on the main list of Nasdaq Helsinki in the Consumer Products and Services Sector.

Market cap at the end of the year: EUR 369.4 million



31 December 2020: a total of 18,411 shareholders

Ownership by sector, %



Largest shareholders

Shareholder	Shares and votes, %
PowerBank Ventures Ltd (Mika Ihamuotila)	12.52
Swedbank Robur investment funds	4.92
Ilmarinen Mutual Pension Insurance Company	4.86
Varma Mutual Pension Insurance Company	4.75
Sophia Ehrnrooth	4.19
Nordea investment funds	3.68
Evli investment funds	3.32
Lazard Freres Gestion	2.83
Veritas Pension Insurance Company	1.97
Taaleritehdas investment funds	1.42

For more information

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marimekko

70 YEARS OF THE ART OF PRINTMAKING