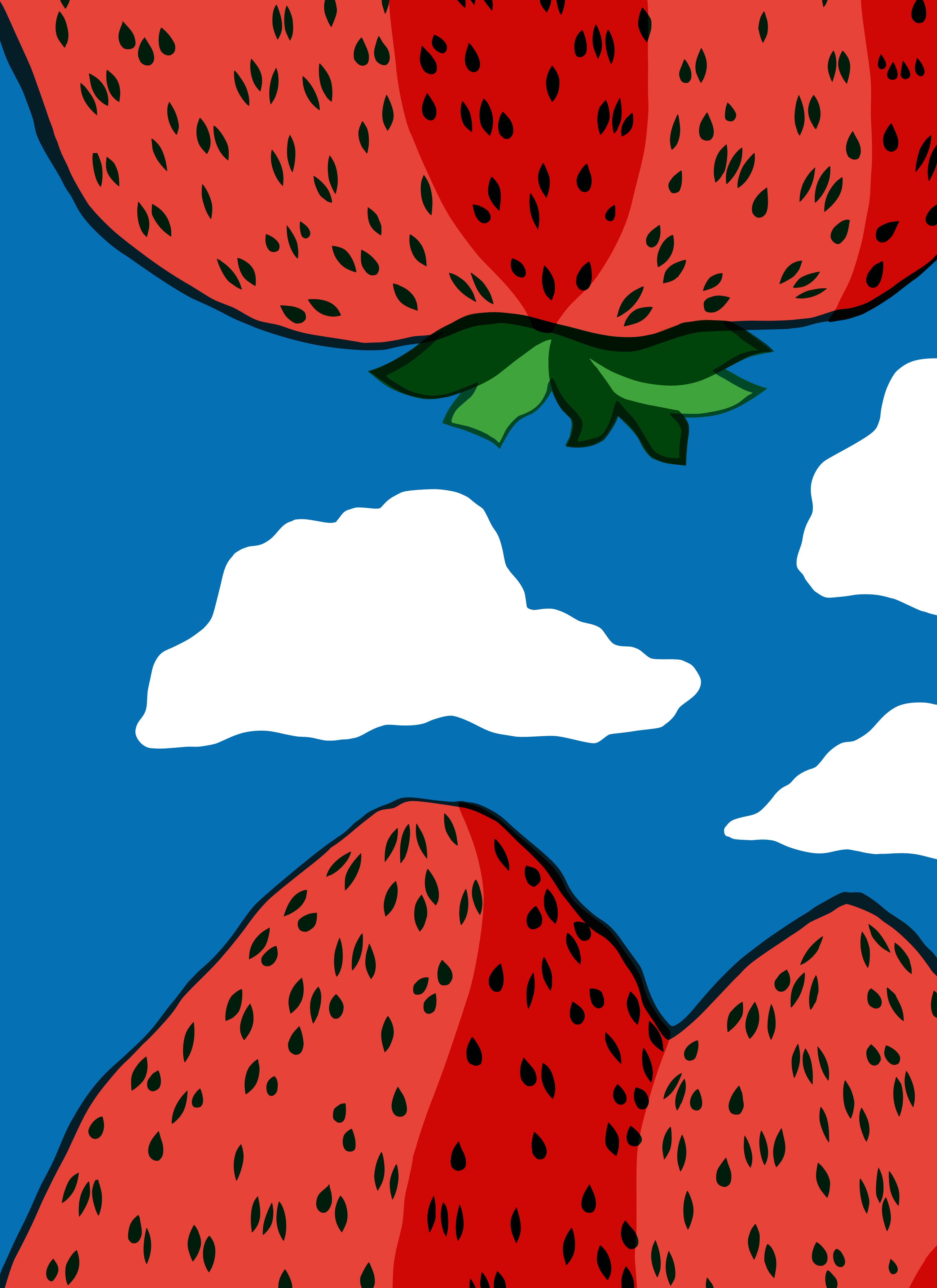
marimekko

Financial Statements 2020



Renowned for bold prints

Marimekko is a Finnish lifestyle design company whose original prints and colors have brought joy to people's everyday lives for 70 years already. Our product portfolio includes high-quality clothing, bags and accessories as well as home décor items ranging from textiles to tableware.

Since the very beginning, our operations and design philosophy have been based on longevity: we want to offer our customers timeless, functional and durable products that give them long-lasting joy.

When Marimekko was founded in 1951, its unparalleled printed fabrics gave it a strong and unique identity. Today, our own printing factory in Helsinki produces around a million meters of fabric a year. Serving also as a test laboratory for our creative community, the modern factory enables us to participate in various sustainability development projects and thus move the entire industry forward towards a more sustainable future.

In 2020, brand sales of our products worldwide amounted to 285 million euros and our net sales were 124 million euros. Globally, there are roughly 150 Marimekko stores, and online store serves customers in 34 countries. Our key markets are Northern Europe, the Asia-Pacific region and North America.

This publication is not an xHTML document compliant with the ESEF (European Single Electronic Format) regulation. The financial statements and the Board of Directors' report 2020 in accordance with the ESEF regulation are available on the company website.

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From the President and CEO

In 2020, the global fashion industry and specialty retail sector faced the worst crisis in decades as a result of the coronavirus pandemic. Most Marimekko stores around the world were also temporarily closed in the first or second quarter, and the pandemic noticeably reduced footfall during the second half of the year as well. Nevertheless, our long-term work to develop the Marimekko brand and our digital business, our comprehensive range of lifestyle products, a diverse business and distribution channel model and our ability to adjust our operations rapidly are among the factors which helped us successfully navigate in an extremely difficult operating environment. All Marimekko employees are to thank for this. Our teams around the world have determinedly worked together and made Marimekko one of the fewer and fewer success stories in an industry undergoing an intense transformation. Despite the challenging situation, our net sales in 2020, EUR 123.6 million, were almost on a par with the previous year. Our comparable operating profit improved by 17.8 percent and was 16.3 percent of net sales.

We started to modernize our lifestyle brand and develop our collections to speak to a broader global customer base some years ago, and this work supported us in these exceptional times. With the pandemic, consumers became increasingly interested in home decoration, which resulted in robust growth in sales of our home products. The relaxed feel of our ready-to-wear collection – now more evident than before – also appealed to consumers in these unusual circumstances. In September, the visionary Rebekka Bay took up the post of Creative Director at Marimekko. Her versatile international experience and knowledge of the Asian markets will support our creative community in developing the appeal of our collections even further.

During the past few years, we have determinedly invested in the development of our digital business. The e-commerce competitiveness we have achieved as a result of this was one of our strengths during the exceptional year. When we temporarily closed our stores in the spring to safeguard the health of our personnel and customers, we had the agility to move our sales and marketing promotions online. The online store was an important retail sales channel for us in 2020, and its sales increased significantly. The shift to digital sales channels among customers will influence our distribution channel choices in the future as well, and the importance of online sales in our business will grow even more.

The line between e-commerce and physical stores is constantly blurring, and in the post-pandemic reality, stores need to fulfill their new role even more strongly in the eyes of consumers as meaningful meeting places and experiential platforms for what a brand has to offer. Our flagship store, which expanded to Helsinki’s Pohjoisesplanadi in the fall, is an excellent example of the new role. During the year, our omnichannel network strengthened particularly in the big Asian cities, when a total of nine new Marimekko stores were opened in Japan, mainland China, Thailand, Hong Kong and South Korea and a webstore for Marimekko products was launched both in Thailand and in South Korea. We will continue deepening our customer understanding and thereby further developing the customer experience and our collections.

In addition to a product portfolio that appeals to a wide customer base, international growth requires building brand awareness. Brand collaborations

offer us an opportunity to introduce a large international audience to Marimekko while strengthening our core business. In 2020, we launched two new limited-edition collaboration collections with the Japanese apparel retailer Uniqlo. In addition, our value-based, inspiring and inclusive content especially in social media increased the Marimekko community further.

In line with our values, we see it as our duty to strongly promote sustainability in our value chain and, through the power of our example, to move the entire industry forward towards a more sustainable future. In 2020, we among other things worked to increase the proportion of more sustainable materials in our products as well as to reduce carbon dioxide and other emissions. Our carbon dioxide emission were 47 percent smaller than in 2019. As a result of continuous development work and emission offsetting, our own operations, including our printing factory, our offices and the stores we operate around the world, became carbon neutral in 2020.

Our new sustainability strategy, published in December 2020, and our ambitious goals are built around three guiding principles: timeless design brings joy for generations to come, the products of tomorrow leave no trace, and positive change through fairness and equality. We believe that, in the future, timeless and sustainable products will be made in balance with the environment, in line with the principles of the circular economy, and with full transparency, starting with raw materials. Today, sustainability is essential for ensuring a company's longevity, but we at Marimekko think that it also opens up new value-creating opportunities for our business.

Our agility and success in the pandemic year have further strengthened our trust in our international growth strategy. The pandemic has also intensified the megatrends in our industry, such as digitization and changes in consumers' values, especially the increased importance of sustainability. This contributes to making the value-based, timeless and sustainable Marimekko lifestyle brand more relevant than ever, thus supporting our growth objectives. We must have the courage to seize the opportunities available to us and to invest in international growth. Therefore, our plans for 2021 include further strengthening the building blocks of international growth by investing in digital business, seamless omnichannel customer experience, sustainability and brand awareness. It is also important to continuously develop the competences of our personnel to work in a rapidly changing operating environment. Combined with the work we have been doing for years already, these investments provide us with an excellent stepping stone to the next phase of international growth, targeting Asia in particular. However, the pandemic situation that plagues our industry continues. We are closely monitoring the development of the situation in each of our market areas and will adjust our plans as necessary.

Marimekko is celebrating its 70th anniversary in 2021. The year will see, among other things, the launch of interesting special products that draw on the heart of the world of Marimekko prints as well as some entirely new kinds of collaborative projects. In these unprecedented times, it is important to find new ways to inspire people, and we would like to warmly welcome our entire community to celebrate with us.

Tiina Alahuhta-Kasko

2020 in a nutshell

Despite the impacts of the coronavirus pandemic, our net sales for 2020, EUR 123.6 million, were almost on a par with the previous year. Due to the pandemic, most Marimekko stores around the world were temporarily closed in the first or second quarter, and the pandemic noticeably reduced footfall during the second half of the year as well. 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. Booming online sales, which reduced the decline in 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.

Thanks to adjustment measures swiftly initiated early in the year, comparable operating profit rose by 18 percent to EUR 20.2 million.

Net sales
123.6
million euros (125.4)

Comparable operating profit
20.2
million euros (17.1)

Comparable operating profit margin
16.3
% (13.6)

Comparable EBITDA
32.7
million euros (29.7)

Cash flow from operating activities
28.1
million euros (29.0)

Our key markets
Northern Europe, the Asia-Pacific region and North America

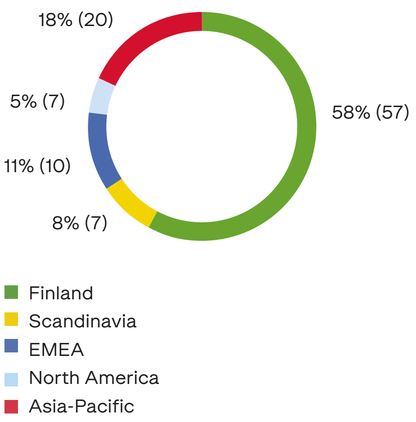
Around 150 Marimekko stores
Flagship stores in Helsinki, Stockholm, Tokyo, Sydney and New York

Online store
reaches our customers in 34 countries

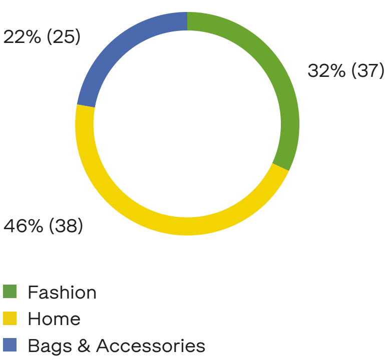
We employ
about 420 people

Our share is quoted on
Nasdaq Helsinki Ltd

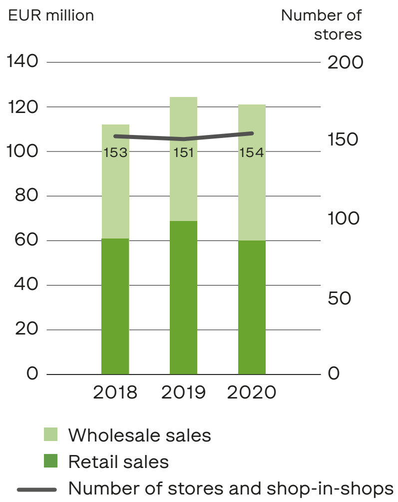
Net sales by market area, 2020
(2019)



Net sales by product line, 2020
(2019)

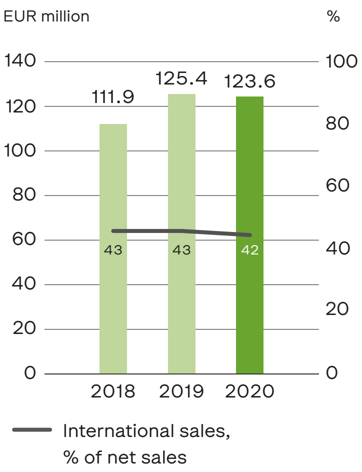


Net sales by channel, e-commerce included

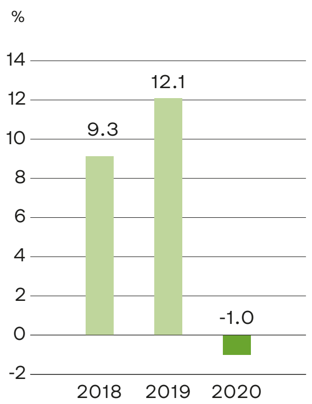


Financial targets

Net sales



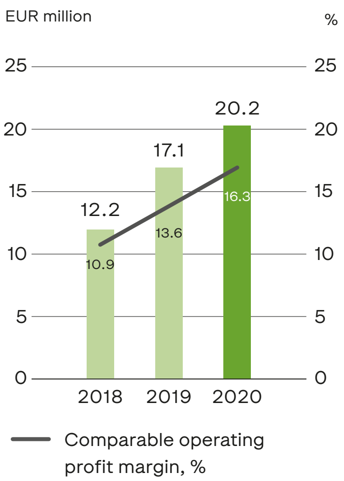
Growth in net sales



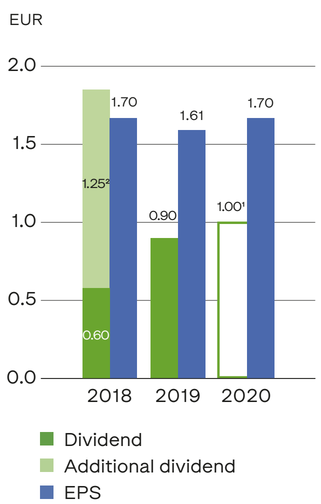
Long-term financial goals

- Annual growth in net sales over 10%
- Operating profit margin 15%
- Ratio of net debt to EBITDA at year end max. 2
- The intention is to pay a yearly dividend; percentage of earnings per share allocated to dividends at least 50%

Comparable operating profit



Dividend and earnings per share



Net debt / EBITDA

At the end of 2020, the ratio of net debt to EBITDA was -0.10 (2019: 0.35).

[1] The Board of Directors proposes that the AGM 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.

[2] The dividend for 2018 includes a regular dividend of EUR 0.60 per share and an additional dividend of EUR 1.25 per share. The additional dividend was paid because the sale of Marimekko's head office in spring 2018 strengthened the company's financial position.

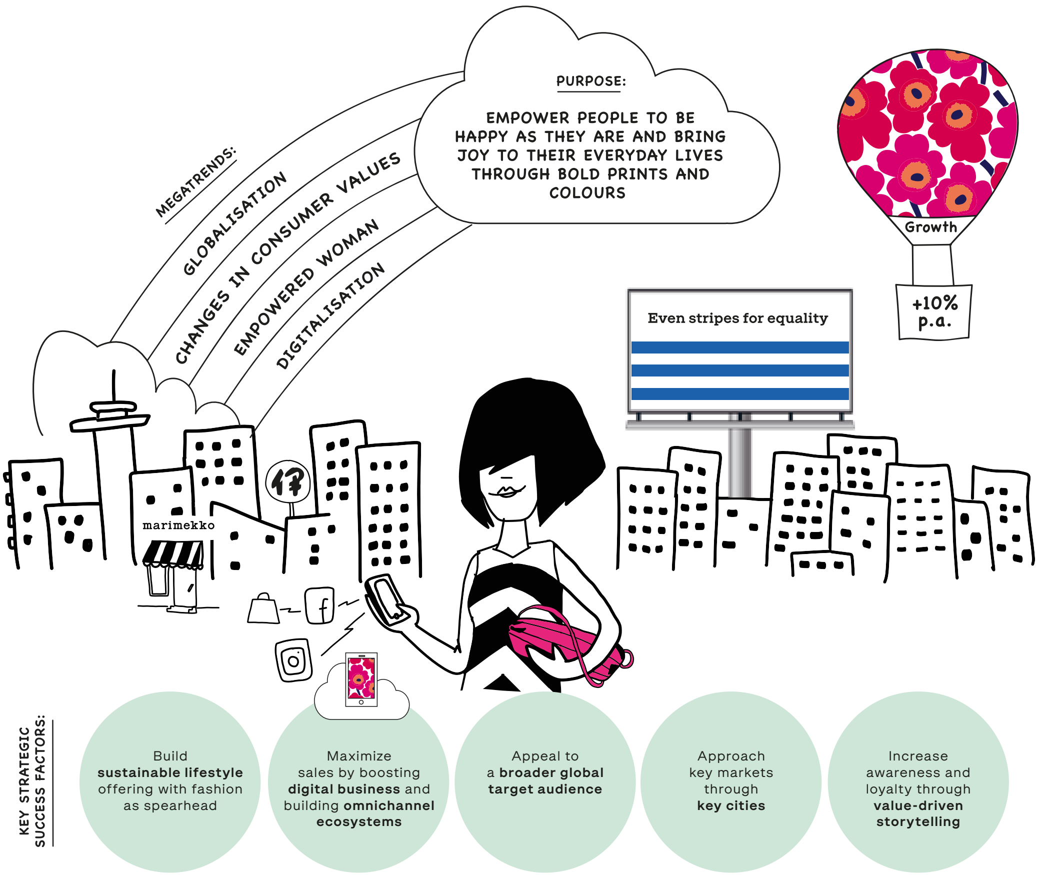
Strategy

Our vision is to be the world's most inspiring lifestyle design brand renowned for bold prints.

Marimekko has a long-term international growth strategy and its key markets are Northern Europe, the Asia-Pacific region and North America. Our goal in the strategy period which began in 2018 and extends to 2022 is to achieve markedly stronger profitable growth than before through speaking to an increasingly broad customer base.

Our long-term work to develop the Marimekko brand and our digital business, our comprehensive range of lifestyle products, a diverse business and distribution channel model and our ability to adjust our operations rapidly are among the factors which helped us successfully navigate in an extremely difficult operating environment in 2020. Despite the coronavirus pandemic, our net sales were almost on a par with the previous year, and our comparable operating profit improved by 18 percent.

Our agility and success in the pandemic year have further strengthened our trust in our international growth strategy. The pandemic has also intensified the megatrends in our industry, such as digitization and changes in consumers' values, especially the increased importance of sustainability. This contributes to making the value-based, timeless and sustainable Marimekko lifestyle brand more relevant than ever, thus supporting our growth objectives.



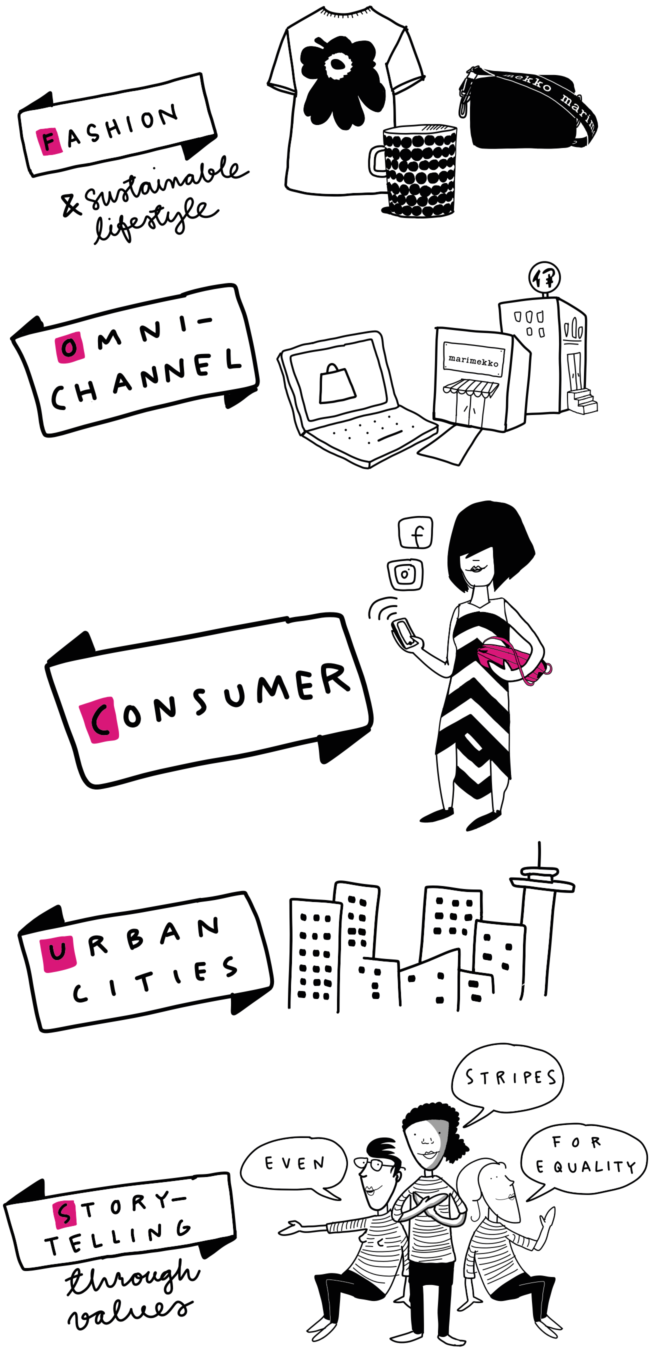
We have successfully modernized our brand and developed our collections to appeal to a broader global customer base for some years already. The Marimekko Kioski streetwear collection, targeted to a younger customer base, established itself in 2020. Also, the relaxed feel of our ready-to-wear collection in general – now more evident than before – appealed to consumers in these unusual circumstances. In September, the internationally recognized Rebekka Bay joined us as Creative Director in strengthening our global growth story. Her visionary approach, versatile international experience and knowledge of the Asian markets will support our creative community in developing the appeal of our collections even further.

Our long-term investment in seamless omnichannel customer experience and developing our digital business enabled us to quickly move our retail focus online. During the year, we continued our development work and introduced new, contactless digital services to our customers, including click and reserve, and virtual and private shopping. We further strengthened the omnichannel customer experience together with our partners with the opening of new online stores for Marimekko products in Asia.

In 2020, we launched two new limited-edition collaboration collections with the Japanese global apparel retailer Uniqlo. Brand collaborations offer us an opportunity to share Marimekko's design philosophy with a large global audience while strengthening our core business through increased brand awareness.

During the year, our omnichannel network in the key cities in Asia strengthened as a total of nine new stores were opened in Japan, mainland China, Thailand, Hong Kong and South Korea. A webstore for Marimekko products was opened in Thailand and South Korea, and in China, our online store in Tmall was selected for the important 11/11 shopping festival.

Marimekko has a large, loyal community with whom we want to have an active dialogue. Our important values of inclusivity and equality were visible for example in our virtual summer fashion show that reached millions of viewers as well as in our other inspiring content. Our mission of bringing joy to people's everyday lives is now more meaningful than ever. Since the beginning, timelessness and longevity have formed the basis of our design philosophy. To guide our sustainability work, we launched a new, even more ambitious sustainability strategy in December 2020, and we will regularly report our progress to our community.



At the forefront of developing more sustainable products and practices

Sustainability is part of Marimekko's DNA and sustainability considerations are part of our daily work at Marimekko. Our design philosophy and our operations have always been based on a sustainable approach: we want to provide our customers with timeless, functional and durable products that bring them long-lasting joy and that they will not want to throw away but pass on to the next generation.

HIGHLIGHTS OF OUR SUSTAINABILITY WORK IN 2020

- 47 percent less carbon dioxide emissions than in 2019.
- Our own operations, i.e. our printing factory, offices and our own retail stores, became carbon neutral through continuous development and carbon offsetting.
- 82 percent of the cotton sourced by us was more sustainable Better Cotton.
- The first-ever printed clothes made of Spinnova's wood-based fiber containing no harmful chemicals – 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.
- The first fabrics printed with natural dyes in our printing factory, in collaboration with Natural Indigo Finland.
- Around one million meters of fabric printed in our own printing factory.
- 60 percent of Marimekko products made within the EU.
- 100 percent of purchases from outside the EU covered by social audits.
- Aligning Marimekko's supplier list, published since 2015, with the Transparency Pledge's requirements.
- Launching an even more comprehensive care guide to help consumers extend the lifetime of our products.
- Collaborations with Helsinki Pride and Plan International as well as a donation to the NAACP as part of our work to promote equality and inclusion.
- Launch of Marimekko's sustainability strategy and targets for 2021–2025.

Read more about our sustainability work and its progress on pages 67–77.
A comprehensive sustainability review will be published on our website in summer 2021.

We want to be at the forefront of developing more sustainable products and practices. In December 2020, we published our new sustainability strategy for 2021–2025 and raised our sustainability targets both for our own operations and for the entire value chain to a new, markedly more ambitious level.

Our road map towards a more sustainable future is built on these three guiding principles:

Timeless design brings joy for generations to come
We aim to continue creating new classics – high-quality products that stand the test of time. Our objective is that, during their lifetime, Marimekko items bring joy to many different consumers, even generations, after which they are finally recycled into new products.

Positive change through fairness and equality
We want to promote the implementation of fairness and equality in our value chain and see to it that our entire value chain is built on these principles. We will continuously provide more information about the origin of our products, ultimately aiming at full transparency of our operations and supply chain, starting with raw materials. We will also extend audits to second-tier suppliers in risk countries. By actively collaborating with other players in the industry, we can promote sustainable practices and drive positive change across the whole sector.

The products of tomorrow leave no trace
We have launched several projects to significantly reduce emissions in our entire value chain – it is our intention to align our emissions-related targets with those of the Paris Agreement. We commit ourselves to reduce the environmental footprint of our textile materials by 30 percent (measured in the Higg Material Sustainability Index) by the end of 2025 through using more sustainable materials and to cut it further by 2030 by adopting new material solutions. We also aim at reducing emissions from logistics by 50 percent by the end of 2025. As a result of continuous development work and emission offsetting, our own operations became carbon neutral in 2020.

Read more about our targets and key initiatives on our website.

Report of the Board of Directors

2020 IN BRIEF

In 2020, the coronavirus pandemic heavily impacted the fashion industry and specialty retail sector all over the world. Despite the impacts of the pandemic, Marimekko's net sales almost reached the level of the previous year: net sales only declined by 1 percent and were EUR 123,568 thousand (2019: 125,419; 2018: 111,879). 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. 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. The coronavirus situation and related restrictions and recommendations in Marimekko's different markets affected store opening hours and customer numbers, and retail sales fell by 13 percent. Wholesale sales, on the other hand, grew by 13 percent. Brand sales[1] of Marimekko products amounted to EUR 285,096 thousand (250,754; 248,437).

Net sales in Finland, Marimekko's largest market, remained on a par with the previous year, amounting to EUR 71,145 thousand (71,163; 63,537). Retail sales in Finland fell by 12 percent and comparable retail sales[2] by 6 percent due to the temporary closure of stores and a significant decline in customer numbers, but wholesale sales grew by 32 percent. In the Asia-Pacific region, the company's second-largest market, net sales declined by 11 percent to EUR 22,114 thousand (24,712; 20,811). Wholesale sales in the market area decreased by 12 percent due to the impacts of the coronavirus pandemic, although sales were back on the growth track in the second half of the year. Retail sales declined by 18 percent, whereas licensing income was up by 26 percent. In total, international sales fell by 3 percent and amounted to EUR 52,424 thousand (54,256; 48,342).

In 2020, operating profit was EUR 19,345 thousand (17,117; 17,721). Operating profit included EUR -827 thousand in items affecting comparability, related to restructuring of operations (0; 5,522). Comparable operating profit rose by 18 percent to EUR 20,173 thousand (17,117; 12,199).

Earnings were boosted by a noticeable decrease in fixed costs as a result of Marimekko's prompt adjustment measures. A decline in relative sales margin, which was 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.

Net result for the period was EUR 13,765 thousand (13,018; 13,698) and earnings per share were EUR 1.70 (1.61; 1.70).

The Board of Directors' proposal for the 2020 dividend

The 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.

OPERATING ENVIRONMENT

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

The world economy is expected to recover from the coronavirus pandemic at a rate of approximately five percent in 2021. The recovery will take place at highly differing rates around the world, and it involves major uncertainties due to virus mutations and the availability of vaccines, among other things.

The economic outlook for Finland has improved slightly, but it still remains weak. Differences between industries are high. The economy can be expected to recover at a similar rate with the rest of the world, but there is major uncertainty in Finland as well, and any tightening of restrictions may have significant impacts on different industries. The confidence indicator for the retail trade increased in January and was above the long-term average. However, sales expectations continue to be weak, and sales are estimated to decrease during the winter. The January figures for consumer confidence were at the strongest level in more than two years. Estimates of the current state of personal finances weakened slightly year on year, but expectations concerning the trend in both personal and Finland's economy improved.

(Confederation of Finnish Industries EK: Business Tendency Survey, January 2021; Confidence Indicators, January

[1] Brand sales are given as an alternative non-IFRS key figure. Brand sales, consisting of estimated sales of Marimekko products at consumer prices, are calculated by adding together the company's own retail net sales and the estimated retail value of Marimekko products sold by other retailers. The estimate, based on Marimekko's realized wholesale sales and licensing income, is unofficial and does not include VAT. The key figure is not audited.

[2] Includes both bricks-and-mortar and online sales.

2021. Statistics Finland: Consumer Confidence 2021, January).

Net sales of Finnish retail trade in December grew by 1.3 percent on the previous year. Sales of daily consumer goods, in particular, performed well. The cumulative working-day-adjusted turnover of retail trade in 2020 rose by 3.8 percent and the volume of sales was up by 3.7 percent. (Statistics Finland: Turnover of Trade, retail trade flash estimate, December 2020).

NET SALES

In 2020, the Group's net sales declined by 1 percent to EUR 123,568 thousand (125,419; 111,879). Although the coronavirus pandemic had a heavy impact on customer numbers and store opening hours all over the world, Marimekko's comprehensive range of lifestyle products and diverse business and distribution channel model supported sales in the challenging operating environment. 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. Booming online sales reduced the decline in retail sales. Retail sales in total fell by 13 percent. Wholesale sales, on the other hand, grew by 13 percent. Net sales in Finland remained on a par with the previous year; international sales decreased by 3 percent.

The results of the company's long-term work to modernize its collections and the Marimekko brand are visible more rapidly in the strong domestic market than in other market areas, and despite the pandemic, net sales in Finland remained on a par with the previous year, amounting to EUR 71,145 thousand (71,163; 63,537). Retail sales fell by 12 percent and

Net sales by market area

(EUR 1,000)	2020	2019	Change, %
Finland	71,145	71,163	0
Retail sales	45,928	51,918	-12
Wholesale sales	25,058	19,012	32
Licensing income	158	233	-32
Scandinavia	9,883	9,297	6
Retail sales	4,311	5,434	-21
Wholesale sales	5,572	3,862	44
Licensing income	-	-	
EMEA	13,961	11,992	16
Retail sales	2,160	1,568	38
Wholesale sales	11,400	9,980	14
Licensing income	401	443	-10
North America	6,466	8,257	-22
Retail sales	3,952	5,798	-32
Wholesale sales	2,268	1,987	14
Licensing income	247	472	-48
Asia-Pacific	22,114	24,712	-11
Retail sales	3,609	4,378	-18
Wholesale sales	16,495	18,733	-12
Licensing income	2,010	1,600	26
International sales, total	52,424	54,256	-3
Retail sales	14,032	17,178	-18
Wholesale sales	35,734	34,562	3
Licensing income	2,658	2,516	6
Total	123,568	125,419	-1
Retail sales	59,960	69,096	-13
Wholesale sales	60,792	53,574	13
Licensing income	2,816	2,748	2

Wholesale net sales are recognized according to the geographical location of the customer.
All figures in the table have been individually rounded to thousands of euros, so there may be rounding differences in the totals. The change percentages have been calculated on exact figures before rounding.

comparable retail sales by 6 percent due to the temporary closure of stores and a significant decline in customer numbers. However, robust growth in online sales supported retail sales. Wholesale sales grew by 32 percent in spite of the exceptional situation. The total value of nonrecurring promotional deliveries, which, among other things, contributed to the good trend in wholesale sales, was substantially higher than the year before.

In the company's second-biggest market, the Asia-Pacific region, net sales declined by 11 percent and amounted to EUR 22,114 thousand (24,712; 20,811). Wholesale sales in the market area decreased by 12 percent due to the impacts of the coronavirus pandemic, although sales were back on the growth track in the second half of the year. Some of the wholesale deliveries for the fourth quarter transferred to 2021. An exceptional delivery pattern in the comparison year also had an impact on the relative trend in wholesale sales in the region: a part of wholesale deliveries for the final quarter of 2018 took place in the first quarter of 2019. Wholesale sales to Japan fell by 16 percent. Retail sales declined by 18 percent as some, or at a certain point all, of Marimekko's own stores in Australia were temporarily closed in the second and third quarters. Licensing income grew by 26 percent.

FINANCIAL RESULT

In 2020, the Group's operating profit was EUR 19,345 thousand (17,117; 17,721). Operating profit included EUR -827 thousand in items affecting comparability, related to restructuring of operations (0; 5,522). Comparable operating profit was EUR 20,173 thousand (17,117; 12,199).

Earnings were boosted by a noticeable decrease in fixed costs as a result of Marimekko's ambitious saving program. A decline in relative sales margin as well as reduced net sales had a weakening impact on results. When the coronavirus started to spread early in the year, Marimekko swiftly initiated adjustment measures. Fixed costs decreased noticeably, as savings were achieved, for example, in employee benefit expenses, marketing and store rents. The various subsidies granted in several different markets to mitigate the negative business impacts of the coronavirus pandemic, totaling EUR 1.4 million, also reduced fixed costs. The decline in relative sales margin was attributable, in particular, to increased logistics costs due to substantial growth in online sales as well as to bigger discounts. The pandemic has increased surplus inventories in the industry, which combined with the recession created by the pandemic, has made consumers more price sensitive. However, good margins per product, achieved through product portfolio optimization, supported Marimekko's relative sales margin.

Marketing expenses for the year 2020 were EUR 5,274 thousand (7,379; 6,292), or 4 percent of the Group's net sales (6; 6).

The Group's depreciation amounted to EUR 12,556 thousand (12,543; 2,501), or 10 percent of net sales (10; 2). Due to the adoption of IFRS 16, some figures for 2018 are not comparable.

Operating profit margin for 2020 was 15.7 percent (13.6; 15.8) and comparable operating profit margin was 16.3 percent (13.6; 10.9).

Net financial expenses were EUR 1,783 thousand (966; 168), or 1 percent of net sales (1; 0). Financial items include exchange rate differences amounting to EUR -720 thousand (35; -64), of which EUR -385 thousand (117) were unrealized. The impact of IFRS 16 on interest expenses was EUR -773 thousand (-899).

Result for 2020 before taxes was EUR 17,562 thousand (16,151; 17,552). Net result for the period was EUR 13,765 thousand (13,018; 13,698) and earnings per share were EUR 1.70 (1.61; 1.70).

BALANCE SHEET

The consolidated balance sheet total as at 31 December 2020 was EUR 114,830 thousand (96,884; 57,114). Equity attributable to the equity holders of the parent company was EUR 52,781 thousand (38,925; 40,005), or EUR 6.51 per share (4.80; 4.96).

Reconciliation of alternative key figures to IFRS

(EUR million)	2020	2019	2018
Items affecting comparability			
Restructuring costs	-0.8	-	-0.5
Capital gains (head office)	-	-	6.0
Items affecting comparability in operating profit	-0.8	-	5.5
EBITDA	31.9	29.7	20.2
Items affecting comparability	0.8	-	5.5
Comparable EBITDA	32.7	29.7	14.7
Operating profit	19.3	17.1	17.7
Items affecting comparability	0.8	-	-5.5
Comparable operating profit	20.2	17.1	12.2
Net sales	123.6	125.4	111.9
Operating profit margin, %	15.7	13.6	15.8
Comparable operating profit margin, %	16.3	13.6	10.9

Items affecting comparability are exceptional transactions that are not related to the company's regular business operations. These include, among other things, costs associated with restructuring of operations. The Group's management exercises its discretion when making decisions regarding the classification of items affecting comparability.

Non-current assets at the end of 2020 stood at EUR 43,222 thousand (41,555; 4,910). Lease liabilities amounted to EUR 37,155 thousand (36,153), and financial liabilities were EUR 725 thousand (251;0). In addition, the Group had unused committed credit lines of EUR 17,146 thousand (14,155; 13,000).

At the end of the year, net working capital was EUR 7,869 thousand (9,285; 12,328). Inventories were EUR 22,436 thousand (22,564; 22,114). Inventories rose in the first half of the year as demand fell suddenly, when the company's own retail stores were temporarily closed in the second quarter due to the coronavirus pandemic, but came down again in the latter half of the year. Marimekko's extensive chain of outlet stores and related promotions provide good opportunities for reducing inventories.

Due to the adoption of IFRS 16, some figures for 2018 are not comparable.

CASH FLOW AND FINANCING

In 2020, cash flow from operating activities was EUR 28,087 thousand (28,992; 12,225), or EUR 3.46 per share (3.57; 1.51). Cash flow before cash flow from financing activities was EUR 25,241 thousand (27,423; 21,671).

The Group's cash and cash equivalents at the end of 2020 amounted to EUR 41,045 thousand (26,133; 23,174). The increase in cash and cash equivalents was partly due to the decision to refrain from paying dividends because of the exceptional situation; the dividends paid in the comparison period totaled EUR 15,003 thousand. The amount of interest-bearing credit facilities drawn down was EUR 725 thousand (251; 0). In addition, the Group had unused committed credit lines of EUR 17,146 thousand (14,155; 13,000). The company has also secured a long-term revolving credit facility of EUR 5 million, which includes a covenant. Marimekko secured additional financing in spring 2020 in a situation of a very weak view of the duration and impacts of the pandemic.

At the end of 2020, the Group's equity ratio was 46.6 percent (40.2; 70.0). Gearing was -6.0 percent (27.0; -56.9). The ratio of net debt to 12-month rolling EBITDA was -0.10 (0.35), i.e. well below the maximum of 2 which is the company's long-term goal. Due to the adoption of IFRS 16, no comparison figure for 2018 was reported.

INVESTMENTS

The Group's gross investments in 2020 were EUR 2,143 thousand (2,594; 1,280), or 2 percent of net sales (2; 1). Most of the investments were devoted to IT systems and improving energy efficiency at the company's headquarters in order to reduce the carbon footprint of Marimekko's own operations. The figures for investments do not include the impact of IFRS 16.

STORE NETWORK

Good store locations that cater for its target audience are essential for Marimekko. The operations and efficiency of the store network are continuously assessed and developed. During 2020, one Marimekko store was opened in Japan and one in mainland China; three stores opened in Thailand and two each in Hong Kong and South Korea. In addition, one shop-in-shop was opened in Estonia and one in Finland. Marimekko stores were closed in Frankfurt, Stockholm, Copenhagen, Hong Kong, Shanghai and Taiwan, and two shop-in-shops in Finland. In October, the company's flagship store in Helsinki saw a major expansion. The revamped flagship represents Marimekko's newest store concept that aims to give customers a strong and holistic experience of the Marimekko lifestyle. At the end of the year, there were 154 Marimekko stores and shop-in-shops. 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. Online store reached customers in as many as 34 countries after Marimekko's partners in Asia strengthened their omnichannel business at the end of the year and a webstore for Marimekko products was opened both in Thailand and in South Korea.

In 2020, the coronavirus pandemic impacted the operations of Marimekko stores in all markets. The majority of all Marimekko stores around the world were temporarily closed in the first or second quarter because of the pandemic. The greater part of Marimekko's own stores were closed for most of the second quarter. With elevated health and safety measures in place, complying with local restrictions and recommendations and offering new services to reduce close contacts, Marimekko reopened most of its own stores in stages in May and June, and nearly all company-owned stores were open in the second half of the year, partly with limited hours. Some of the stores in Australia were again closed temporarily due to regulations at the beginning of July and were reopened at the end of October. The partner-owned Marimekko stores in Asia were open in the fourth quarter, but after the pandemic situation worsened at the beginning of 2021, opening hours have been limited in various places.

Marimekko has been investing in the development of its digital business for several years already and was therefore able to quickly move its promotions online in the spring after temporarily closing its own retail stores due to the coronavirus pandemic. The online store was an important retail channel for Marimekko in 2020, and its sales increased significantly in the fourth quarter as well. In addition to its own online store, the company also has distribution through partner-operated Marimekko webstores as well as other online channels.

Digital service solutions are constantly increasing the integration of e-commerce and in-store retailing. For this reason, Marimekko continues to report its own e-commerce net sales as part of retail sales and sales through other online channels as part of wholesale sales. Marimekko focuses major efforts on creating a seamless customer experience between different channels and develops its IT systems to strengthen its digital business. Accelerated by the pandemic, the importance of online sales in the company's business will grow even more, and the shift to digital sales channels among customers will influence Marimekko's distribution channel choices in the future.

SHARE AND SHAREHOLDERS

Share and share capital

Marimekko Corporation's share is quoted in the Consumer Discretionary sector of Nasdaq Helsinki Ltd. The company has one series of shares, each conferring the same voting rights to their holders. At the end of financial year, 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 8,129,834.

Shareholdings

According to the book-entry register, Marimekko had 18,411 shareholders at the end of the year (11,511; 8,335). Of the shares, 13.7 percent were owned by nominee-registered or non-Finnish holders (11.6; 12.1). The breakdown of Finnish ownership by owner group was as follows: households 40.3 percent, non-financial corporations and housing corporations 20.8 percent, general government 11.6 percent, financial and insurance corporations 12.8 percent, and non-profit institutions 0.8 percent.

Marimekko Corporation held 20,000 of its own shares as at 31 December 2020. These shares accounted for 0.25 percent of the total number of the company's shares. Marimekko shares held by the company carry no voting rights and no entitlement to dividends.

At the end of the year, the number of shares owned either directly or indirectly by members of the Board of Directors and the Management Group of the company was 1,090,123, representing 13.4 percent of the number and voting rights of the company's shares.

Marimekko has neither made nor is aware of any shareholder agreements concerning the company's shares or other commitments agreeing on the company's ownership or the use of voting rights. Monthly updated information on the largest shareholders can be found on the company's website at company.marimekko.com under Investors/Share informationShareholders. Further details of shareholdings are available on pages 22–25.

Share trading and the company's market capitalization

In 2020, a total of 3,344,494 Marimekko shares (2,137,688; 1,455,424) were traded on Nasdaq Helsinki, representing 41.1 percent of the shares outstanding (26.3; 18.0). The total value of the share turnover was EUR 106,484,058 (63,287,646; 23,348,024). The lowest price of the share was EUR 21.30 (20.80; 9.92), the highest was EUR 46.95 (39.00; 23.50) and the average price was EUR 31.85 (29.61; 16.04). At the end of the year, the closing price of the share was EUR 45.55 (35.80; 20.80).

The company's market capitalization on 31 December 2020 was EUR 369,402,939, excluding the Marimekko shares held by the company (290,332,057; 167,847,888).

Flagging announcements

Moomin Characters Oy Ltd's share of Marimekko Corporation's shares and voting rights fell below the threshold of 5 percent on 17 August 2020 as its holding decreased to 378,740 shares which equaled 4.66 percent of the total number of shares in Marimekko Corporation. Later in August, Moomin Characters Oy Ltd sold its remaining holding in Marimekko.

Authorizations

The Annual General Meeting held on 8 April 2020 authorized the Board of Directors to decide on the payment of a maximum dividend of EUR 0.90 per share in one or several instalments at a later stage. After the end of the financial year, the Board made use of the authorization and decided that a dividend of EUR 0.90 per share be paid for 2019 in one instalment. The dividend record date is 22 February 2021 and the dividend payout date is 1 March 2021.

The AGM also authorized the Board of Directors to decide on the acquisition of a maximum of 100,000 of the company's own shares, in one or more instalments, to be used as a part of the company's incentive compensation program, to be transferred for other purposes or to be cancelled. The quantity represents approximately 1.2 percent of the total number of the company's shares at the time of the proposal. 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 authorization was not used in 2020. The authorization is valid until 8 October 2021.

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 120,000 new or treasury shares, which represents approximately 1.5 percent of the total number of the company's shares at the time of the proposal. Pursuant to the authorization, the Board may decide on a directed share issue in deviation from the shareholders' pre-emptive right for a weighty financial reason. The share issue may be subject to a charge or free. 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 in 2020. The authorization is valid until 8 October 2021.

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

PERSONNEL

In 2020, the number of employees, expressed as full-time equivalents, averaged 434 (442; 433). At the end of the year, the Group had 422 (450; 445) employees, of whom 84 (98; 102) worked outside Finland. Salaries, wages and bonuses paid to personnel amounted to EUR 19,429 thousand (21,186; 19,989). In 2020, the turnover of employees leaving was 11 percent (8; 11).

With the coronavirus pandemic escalating in different markets, Marimekko decided in March to temporarily close all of its own retail stores in Finland, Scandinavia, Germany, the United States and Australia. As a result of consultative negotiations conducted in Finland and corresponding processes in different countries, almost the entire retail organization was laid off temporarily. Employees in Finland and other countries have been invited back to work in stages as the company's own stores have been reopened with elevated health and safety measures in place and complying with local restrictions and recommendations, but some of the layoffs still continue.

On 8 October 2020, Marimekko announced that its consultative negotiations in Finland and the corresponding processes in its organizations in Scandinavia, North America and Australia, initiated in August, had been completed. The aim of the negotiations and the corresponding processes was to reorganize and streamline the company's operations to better respond to the structural changes in the fashion and specialty retail sector and the dramatic transformation of consumers' purchasing behavior, accelerated by the coronavirus pandemic. The new organization based on the consultation and the corresponding processes will further strengthen Marimekko's customer-centricity and omnichannel approach in an increasingly digital market. In Finland, the reorganization and streamlining of operations led to the termination of 20 employment contracts and 31 people were offered a new or a significantly modified job. The reorganization also affected Marimekko's organizations in Scandinavia, North America and Australia and led locally to the restructuring of some jobs. The company estimates to achieve annual savings of around EUR 1.3 million in total through the reorganization and streamlining of cost structure.

More information on personnel and the development of staff is available in the statement of non-financial information on pages 67–77.

SUSTAINABILITY

Sustainability management at Marimekko is part of everyday leadership and operational development. Among the principal themes of Marimekko's sustainability strategy from 2016 to 2020 were sustainable and timeless design, engagement of stakeholders and staff, a responsible supply chain, resource efficiency, and caring for the environment and personnel. In 2020, the company's activities included work to increase the proportion of more sustainable materials in its products as well as to reduce carbon dioxide and other emissions.

Marimekko wants to be at the forefront of continuously developing more sustainable products and practices and therefore raised its sustainability targets both for its own operations and for the entire value chain to a new, markedly more ambitious level in its sustainability strategy from 2021 to 2025, which was published in December. The new strategy is built on three guiding principles: timeless design brings joy for generations to come, the products of tomorrow leave no trace, and positive change through fairness and equality.

The company has a Code of Conduct specifying the way of working for all employees and management. Marimekko's supplier partners also have to commit themselves to compliance with the guidelines drawn up for them, which among other things include a prohibition on child labor and forced labor.

Statement of non-financial information
Marimekko issues a statement of non-financial information for 2020 separately from the report of the Board of Directors. The statement is available on pages 67–77.

The company reports in greater detail on its sustainability work and on issues of the environment, health and safety in a separate sustainability review issued annually. The report can be read on the company's website at company.marimekko.com under Sustainability/Sustainability review. The next review will be published in summer 2021.

RESEARCH AND DEVELOPMENT

Marimekko's product planning and development costs arise from the design of collections and collaboration on new, more sustainable materials and manufacturing methods. Design costs are recorded in expenses.

MANAGEMENT

Board of Directors, management and auditors
Marimekko Corporation's Board of Directors is elected by the Annual General Meeting. According to the Articles of Association, the Board of Directors shall consist of four to seven ordinary members. Their term of office ends at the conclusion of the next AGM. The Board elects a Chairman from amongst its members.

The duties and responsibilities of the Board of Directors are determined primarily by the Articles of Association and the Finnish Companies Act. The Board deliberates on all matters that are significant to the Marimekko Group's business operations. These include approving strategic policies, budgets and operating plans, and deciding on significant investments, mergers and acquisitions. The Articles of Association do not provide the Board of Directors or the President and CEO with any powers other than those that are customary. Decisions to amend the Articles of Association or to increase the share capital are made pursuant to the provisions of the Finnish Companies Act in force.

The AGM on 8 April 2020 appointed seven members to the company's Board of Directors. Rebekka Bay, Elina Björklund, Arthur Engel, Mika Ihamuotila, Mikko-Heikki Inkeroinen, Helle Priess and Catharina Stackelberg-Hammarén were re-elected. Rebekka Bay resigned her position as a member of the Board on 2 June 2020, when she was appointed Marimekko's Creative Director. The Board is chaired by Mika Ihamuotila and vice-chaired by Elina Björklund.

From among its members, the Board of Directors elected Elina Björklund as Chairman and Mikko-Heikki Inkeroinen and Catharina Stackelberg-Hammarén as members of the Audit and Remuneration Committee. All members of the Audit and Remuneration Committee are independent of the company and its significant shareholders.

The AGM resolved that the annual remuneration payable to the members of the Board of Directors be as follows: EUR 48,000 to the Chairman, EUR 35,000 to the Vice Chairman and EUR 26,000 to the other members of the Board. It was further resolved that a separate remuneration be paid for committee work to persons elected to a committee as follows: EUR 2,000 per meeting to Chairman and EUR 1,000 per meeting to members. According to the resolution by the AGM, approximately 40 percent of the annual remuneration were to be paid in Marimekko Corporation's shares acquired from the market and the rest in cash. In addition, the AGM resolved that in case a member of the Board held the company's shares worth more than EUR 1,000,000 on the date of the Meeting, 8 April 2020, the remuneration would be paid entirely in cash.

The Board of Directors elects the company's President and CEO and decides on the President and CEO's salary and other remuneration on the basis of a proposal drawn up by the Audit and Remuneration Committee. The duties of the President and CEO are set down in the Finnish Companies Act. The post of Marimekko Corporation's President and CEO is held by Tiina Alahuhta-Kasko.

The following changes in the company's management took place in 2020. Rebekka Bay was appointed as Marimekko's Creative Director and a member of the Management Group as of 1 September 2020 and Sanna-Kaisa Niikko as Chief Marketing Officer (CMO) and a member of the Management Group as of 8 October 2020. Dan Trapp started as Marimekko's Chief Sales Officer (CSO) and member of the Management Group on 2 November 2020. Morten Israelsen, Chief Sales Officer (CSO) and member of the Management Group, left his position on 16 October 2020.

At the end of 2020, the company's Management Group comprised Tiina Alahuhta-Kasko as Chairman and Elina Anckar (Chief Financial Officer), Rebekka Bay (Creative Director), Tina Broman (Chief Supply Chain and Product Officer), Kari Härkönen (Chief Digital Officer), Sanna-Kaisa Niikko (Chief Marketing Officer), Tanya Strohmayer (Human Resources Director), Dan Trapp (Chief Sales Officer) and Riika Wikberg (Business Development and Transformation Director) as members.

The AGM re-elected KPMG Oy Ab, Authorized Public Accountants, as the company's auditor, with Virpi Halonen, Authorized Public Accountant, as the auditor with principal responsibility. It was decided that the auditor's fee will be paid as per invoice approved by the company.

Corporate governance statement

The corporate governance statement for 2020 is issued separately from the report of the Board of Directors. The statement is available on pages 79–85.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

Dividend for 2019

After the end of the financial year, the Board of Directors made use of the authorization granted to it by the Annual General Meeting on 8 April 2020 and decided that a dividend of EUR 0.90 per share be paid for 2019 in one instalment. The dividend will be paid to shareholders who are registered on the dividend payout record date of 22 February 2021 in the company's Shareholder Register held by Euroclear Finland Ltd on behalf of the Board of Directors of Marimekko Corporation. The dividend payout date is 1 March 2021.

MAJOR RISKS AND FACTORS OF UNCERTAINTY

Factors of uncertainty over the global economic trend affect the retail trade and consumer confidence in all of the company's market areas. The coronavirus that spread rapidly all over the world during the first quarter of 2020 created the worst crisis experienced by the global fashion industry and specialty retail sector in decades. The pandemic impacts the global economic trend in many ways, and it has taken uncertainty to a completely new level. The coronavirus pandemic and other exceptional circumstances, especially if prolonged, can have significant impacts on Marimekko's sales, profitability, cash flow and the operational reliability of the company's value chain. They can have both short-term and long-term impacts on consumers' preferences, purchasing behavior and buying power. Changes in these especially in Finland and Japan, which are the company's biggest single countries for business, pose considerable strategic risks to the company. The economic recession and a rise in unemployment can affect the company's sales outlook and increase consumers' price sensitivity.

Other strategic risks include risks related to changes in the company's design, product assortment and product distribution and pricing. Digitization in retail trade has gathered pace in the past few years and will further accelerate as a result of the coronavirus pandemic, which can have an impact on the company's distribution channel solutions and choices, sales and profitability as well as create new revenue generation models. The importance of omnichannel business in the retail trade is emphasized. International e-commerce increases the options available to consumers and the significance of big e-commerce operators. The coronavirus pandemic has also intensified the financial difficulties of many traditional wholesale customers in the fashion sector, such as department stores and multi-brand retailers, which may have an impact on Marimekko's business and distribution channel choices. Maintaining competitiveness in a rapidly changing operating environment being revolutionized by digitization demands agility, efficiency, flexibility and the constant re-evaluation of operations. 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 also has an impact on the company's sales and profitability.

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. The Asia-Pacific region is Marimekko's second-biggest market, and it plays an important role in the company's growth and internationalization. Major partnership choices, partnering contracts and other collaboration agreements involve considerable risks. With the company's internationalization and the growing interest in its brand, risks related to gray exports have increased, which may have an impact on the company's sales and profitability. Store lease agreements in Finland and abroad also contain risks.

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

Prominent among the company's operational risks are those related to internationalization, digitization, sustainability as well as the supply and logistics chain. As Marimekko is a small company, risks related to key personnel can also be significant. The coronavirus pandemic increases operational risks related especially to taking care of the health and safety of customers and employees, production, supply and logistics chain reliability and efficiency, inventory and product flow management as well as cybersecurity and information system reliability as the importance of e-commerce is further emphasized. Early commitment to product orders from subcontractors, which is typical of the industry, weakens the company's possibilities to respond to rapid changes in demand especially in exceptional situations. For example, a rapid increase in demand can pose challenges in the availability of products.

In normal circumstances, too, there are risks associated with information system reliability, dependability and compatibility. With digitization, various 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. Data leakage can lead to claims for damages and reputation risks.

Operational risks related to Marimekko's supply chain are associated especially with procurement and logistics processes and their flexibility and efficiency as well as price fluctuations for raw materials and procurements. As product distribution is expanded and operations are diversified, risks associated with inventory management also grow. Substantial nonrecurring promotions can also increase these risks. Enhancing sustainability is increasingly important for competitiveness in the industry, which can have an impact on the company's sales and profitability. The company primarily uses subcontractors to manufacture its products. Of the sustainability elements of manufacturing, especially social aspects related to the supply chain (including human rights, working conditions and remuneration) and environmental aspects (for example production methods as well as raw materials and chemicals used) as well as transparent communications on these subjects are of growing significance to customers. These sustainability elements apply to Marimekko's own production and sourcing as well as licensed products. Compliance with sustainable business methods is important in maintaining customers' confidence; any failures or errors in this area will involve reputation risks. Any delays or disturbances in supply, or fluctuations in the quality of products, may have a harmful impact on business. Business and reputation risks are prevented by taking care of product safety as well as through continuous quality control and sustainability work.

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

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

MARKET OUTLOOK AND GROWTH TARGETS FOR 2021

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.

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. 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.

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. The other Asian countries' combined share of the company's net sales is still noticeably smaller, but operations in these countries are constantly growing. All Marimekko stores in Asia are partner-owned. 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.

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 gray 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 and to invest especially in digital business, seamless omnichannel customer experience, sustainability and brand awareness. 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.

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.

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. These uncertainties are described in the Major risks and factors of uncertainty section of this report.

THE BOARD OF DIRECTORS' PROPOSAL FOR DIVIDENDS

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 Annual General Meeting.

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

ANNUAL GENERAL MEETING

The Annual General Meeting of Marimekko is scheduled to be held on Wednesday 14 April 2021 at 2.00 p.m.

Helsinki, 18 February 2021

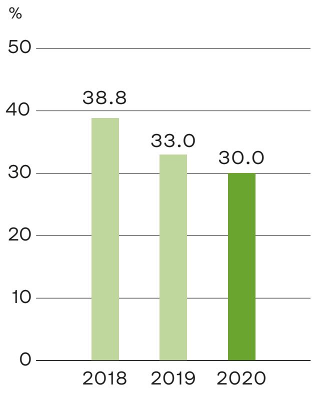
Marimekko Corporation
Board of Directors

Key figures of the Group

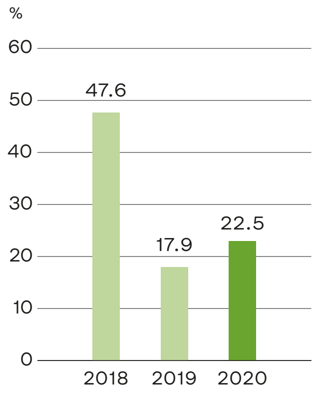
Key financial figures

	2020	2019	2018
Net sales, EUR 1,000	123,568	125,419	111,879
Change in net sales, %	-1.0	12.1	9.3
Operating profit, EUR 1,000	19,345	17,117	17,721
% of net sales	15.7	13.6	15.8
Comparable operating profit, EUR 1,000	20,173	17,117	12,199
% of net sales	16.3	13.6	10.9
Financial income, EUR 1,000	592	462	178
Financial expenses, EUR 1,000	-2,375	-1,429	-346
Result before taxes, EUR 1,000	17,562	16,151	17,552
% of net sales	14.2	12.9	15.7
Taxes, EUR 1,000	3,798	3,133	3,855
Net result for the period, EUR 1,000	13,765	13,018	13,698
Balance sheet total, EUR 1,000	114,830	96,884	57,114
Net working capital, EUR 1,000	7,869	9,285	12,328
Interest-bearing liabilities, EUR 1,000	37,879	36,404	408
Shareholders' equity, EUR 1,000	52,781	38,925	40,005
Net debt / EBITDA	-0.10	0.35	-
Return on equity (ROE), %	30.0	33.0	38.8
Return on investment (ROI), %	22.5	17.9	47.6
Equity ratio, %	46.6	40.2	70.0
Gearing, %	-6.0	27.0	-56.9
Gross investments, EUR 1,000	2,143	2,594	1,280
% of net sales	1.7	2.1	1.1
Employee salaries, wages and bonuses, EUR 1,000	19,429	21,186	19,989
Average personnel	434	442	433
Personnel at the end of the financial year	422	450	445

Return on equity (ROE)



Return on investment (ROI)

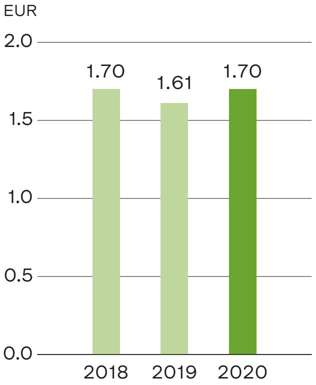


The adoption of IFRS 16 on 1 January 2019 has affected the comparability of key figures.

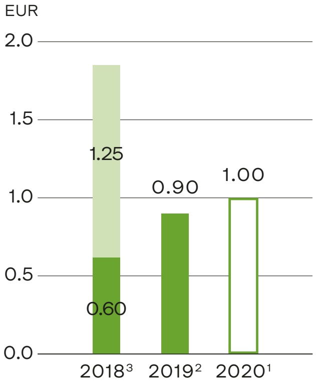
Per-share key figures

	2020	2019	2018
Earnings per share (EPS), EUR	1.70	1.61	1.70
Equity per share, EUR	6.51	4.80	4.96
Dividend per share, EUR	1.00[1]	0.90[2]	1.85[3]
Dividend per profit, %	58.8[1]	55.9[2]	108.8[3]
Effective dividend yield, %	2.2[1]	2.5[2]	8.9[3]
P/E ratio	26.8	22.2	12.2
Share issue adjusted average number of shares	8,109,834	8,100,246	8,080,095
Share issue adjusted number of shares at the end of the period	8,109,834	8,109,834	8,069,610

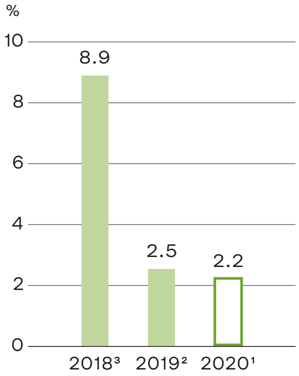
Earnings per share



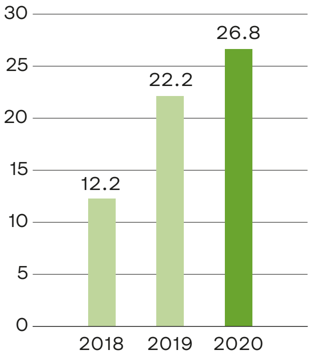
Dividend per share



Effective dividend yield



P/E ratio



[1] Board proposal of 18 February 2021: Marimekko's Board of Directors proposes that the AGM 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.

[2] The AGM held on 8 April 2020 authorized the Board of Directors to decide on the payment of a maximum dividend of EUR 0.90 per share in one or several instalments at a later stage. No dividends were paid in 2020. After the end of the financial year, the Board made use of the authorization and decided that a dividend of EUR 0.90 per share be paid for 2019 in one instalment.

[3] Regular dividend EUR 0.60 per share plus additional dividend EUR 1.25 per share.

Formulas for the 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, %	$\frac{\text{Operating result – items affecting comparability}}{\text{Net sales}} \times 100$
RETURN ON EQUITY (ROE), %	$\frac{\text{Rolling 12 months (Profit before taxes - income taxes)}}{\text{Shareholders' equity (average for the financial year)}} \times 100$
RETURN ON INVESTMENT (ROI), %	$\frac{\text{Rolling 12 months (Profit before taxes + interest and other financial expenses)}}{\text{Balance sheet total – non-interest-bearing liabilities (average for the financial year)}} \times 100$
EQUITY RATIO, %	$\frac{\text{Shareholders' equity}}{\text{Balance sheet total – advances received}} \times 100$
EARNINGS PER SHARE (EPS), EUR	$\frac{\text{Profit before taxes – income taxes}}{\text{Adjusted number of shares (average for the financial year)}}$
EQUITY PER SHARE, EUR	$\frac{\text{Shareholders' equity}}{\text{Number of shares, 31 Dec.}}$
DIVIDEND PER SHARE, EUR	$\frac{\text{Dividend paid for the financial year}}{\text{Number of shares, 31 Dec.}}$
DIVIDEND PER PROFIT, %	$\frac{\text{Dividend per share x 100}}{\text{Earnings per share (EPS), share issue adjusted}} \times 100$
EFFECTIVE DIVIDEND YIELD, %	$\frac{\text{Dividend per share x 100}}{\text{Adjusted share price, 31 Dec.}} \times 100$
P/E RATIO	$\frac{\text{Adjusted share price, 31 Dec.}}{\text{Earnings per share (EPS), share issue adjusted}}$
NET WORKING CAPITAL, EUR	Inventories + trade and other receivables + current tax assets – tax liabilities – current provisions – trade and other payables
INTEREST-BEARING NET DEBT, EUR	Interest-bearing liabilities – cash in hand and at banks – interest-bearing loan receivables
GEARING, %	$\frac{\text{Interest-bearing net debt}}{\text{Shareholders' equity}} \times 100$
Net debt / EBITDA	$\frac{\text{Interest-bearing net debt}}{\text{Comparable rolling 12-month EBITDA}}$

Share and shareholders

Share
Marimekko Corporation's share is quoted in the Consumer Discretionary sector of Nasdaq Helsinki Ltd. Marimekko Corporation was listed on the I List of the Helsinki Stock Exchange in March 1999 and on the main list on 27 December 2002.

The company has one series of shares, each conferring the same voting rights to their holders. The company's shares have been included in the book-entry register since 17 February 1999.

Share capital and number of shares
At the end of 2020, 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 8,129,834.

Authorizations
The Annual General Meeting held on 8 April 2020 authorized the Board of Directors to decide on the payment of a maximum dividend of EUR 0.90 per share in one or several instalments at a later stage. After the end of the financial year, the Board made use of the authorization and decided that a dividend of EUR 0.90 per share be paid for 2019 in one instalment.

The AGM also authorized the Board of Directors to decide on the acquisition of a maximum of 100,000 of the company's own shares, in one or more instalments, to be used as a part of the company's incentive compensation program, to be transferred for other purposes or to be cancelled. The quantity represents approximately 1.2 percent of the total number of the company's shares at the time of the proposal. 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 authorization was not used in 2020. The authorization is valid until 8 October 2021.

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 120,000 new or treasury shares, which represents approximately 1.5 percent of the total number of the company's shares at the time of the proposal. Pursuant to the authorization, the Board may decide on a directed share issue in deviation from the shareholders' pre-emptive right for a weighty financial reason. The share issue may be subject to a charge or free. 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 in 2020. The authorization is valid until 8 October 2021.

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

Shareholder agreements
Marimekko has neither made nor is aware of any shareholder agreements concerning the company's shares or other commitments agreeing on the company's ownership or the use of voting rights.

Dividend policy
Marimekko aims to pay a regular dividend every year. The dividends to be paid and their amount and the payout date depend on the company's financial result, financial situation, equity ratio, need for working capital and other factors. Marimekko intends to follow a stable and active dividends policy that by and large reflects the company's earnings trend. Marimekko's goal is to distribute as dividends at least half of earnings per share annually.

Dividend for 2019
The AGM held on 8 April 2020 authorized the Board to decide on the payment of a maximum dividend of EUR 0.90 per share in one or several instalments at a later stage. After the end of the financial year, the Board made use of the authorization and decided that a dividend of EUR 0.90 per share be paid for 2019 in one instalment. The dividend payout record date is 22 February 2021 and the dividend payout date is 1 March 2021.

Proposal for the 2020 dividend
Marimekko's Board of Directors proposes that the AGM 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 Board's proposal reflects the uncertainty caused by the coronavirus pandemic in general economic conditions. The company will publish the possible decision on dividend payment separately

Largest shareholders according to the book-entry register, 31 December 2020

		Number of shares and votes	Percentage of holding and votes
1.	PowerBank Ventures Ltd (Mika Ihamuotila)	1,017,700	12.52
2.	Ilmarinen Mutual Pension Insurance Company	395,419	4.86
3.	Varma Mutual Pension Insurance Company	385,920	4.75
4.	Ehrnrooth Anna Sophia	340,377	4.19
5.	Evli Finnish Small Cap Fund	270,000	3.32
6.	Nordea Nordic Small Cap Fund	199,885	2.46
7.	Veritas Pension Insurance Company Ltd.	160,117	1.97
8.	Sijoitusrahasto Taaleritehdas Mikro Markka	115,185	1.42
9.	Oy Talcom Ab	101,000	1.24
10.	Oy Etra Invest Ab	100,000	1.23
	Total	3,085,603	37.95
	Nominee-registered and non-Finnish holders	1,115,322	13.72
	Others	3,928,909	48.33
Total		8,129,834	100.00

Marimekko shares owned directly or indirectly by members of the Board of Directors and the Management Group, 31 December 2020

	Number of shares and votes	Percentage of holding and votes
Mika Ihamuotila	1,017,700	12.52
Elina Björklund	12,382	0.15
Arthur Engel	13,862	0.17
Mikko-Heikki Inkeroinen	4,790	0.06
Helle Priess	2,304	0.03
Catharina Stackelberg-Hammarén	5,057	0.06
Tiina Alahuhta-Kasko	28,830	0.35
Elina Anckar	1,190	0.01
Rebekka Bay	2,304	0.03
Tina Broman	160	0.00
Kari Härkönen	500	0.01
Sanna-Kaisa Niikko	50	0.00
Tanya Strohmayer	724	0.01
Dan Trapp	-	-
Riika Wikberg	270	0.00
Total	1,090,123	13.41

and, at the same time, confirm the pertinent record and payment dates.

Shareholders

According to the book-entry register, Marimekko had 18,411 shareholders (11,511) at the end of the 2020. Of the shares, 13.7 percent (11.6) were owned by nominee-registered or non-Finnish holders.

Marimekko Corporation held 20,000 of its own shares as at 31 December 2020. These shares accounted for 0.25 percent of the total number of the company's shares. Marimekko shares held by the company carry no voting rights and no entitlement to dividends.

Monthly updated information on the largest shareholders can be found on the company's website at company.marimekko.com under Investors/Share information/ Shareholders.

Flagging announcements

Moomin Characters Oy Ltd's share of Marimekko Corporation's shares and voting rights fell below the threshold of 5 percent on 17 August 2020 as its holding decreased to 378,740 shares which equaled 4.66 percent of the total number of shares in Marimekko Corporation. Later in August, Moomin Characters Oy Ltd sold its remaining holding in Marimekko.

Management's shareholding

At the end of the financial year, members of the Board of Directors and the Management Group of the company either directly or indirectly owned 1,090,123 shares, i.e. 13.41 percent of the number and voting rights of the company's shares.

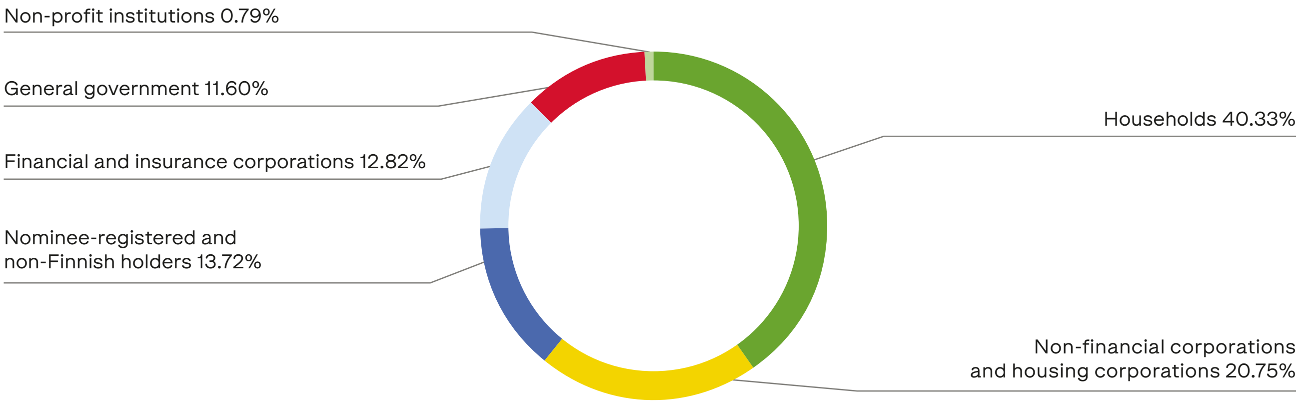
Ownership by size of holding, 31 December 2020

Number of shares	Number of shareholders	%	Number of shares and votes	Percentage of holding and votes
1–100	14,185	77.05	439,980	5.41
101–1 000	3,709	20.15	1,190,700	14.65
1 001–10 000	461	2.50	1,181,486	14.53
10 001–100 000	45	0.24	1,298,277	15.97
100 001–500 000	9	0.05	2,180,935	26.83
500 001–	2	0.01	1,838,456	22.61
Total	18,411	100.00	8,129,834	100.00

Breakdown of ownership by sector, 31 December 2020

Owner	Number of shares and votes	Percentage of holding and votes
Households	3,278,428	40.33
Financial and insurance corporations	1,041,999	12.82
Non-financial corporations and housing corporations	1,686,975	20.75
Non-profit institutions	64,230	0.79
General government	942,880	11.60
Nominee-registered and non-Finnish holders	1,115,322	13.72
Total	8,129,834	100.00

Breakdown of ownership by sector, 31 December 2020



Share price trend

Share price trend

(EUR)	2020	2019	2018
Low	21.30	20.80	9.92
High	46.95	39.00	23.50
Average	31.85	29.61	16.04
Closing price (31 Dec.)	45.55	35.80	20.80

Share turnover and market capitalization

	2020	2019	2018
Share turnover, no. of shares	3,344,494	2,137,688	1,455,424
Share turnover, %	41.1	26.3	18.0
Market capitalization, EUR[1]	369,402,939	290,332,057	167,847,888

[1] Market capitalization at the end of the financial year, excluding the Marimekko shares held by the company.

Share data

Exchange:	Nasdaq Helsinki Ltd
Trading code:	MEKKO
ISIN code:	FI0009007660
List:	Nordic List
Sector:	Consumer Discretionary
Listing date:	I list, 12 March 1999; main list, 27 December 2002

Consolidated financial statements, IFRS

CONSOLIDATED INCOME STATEMENT

(EUR 1,000)	Note	1 Jan.–31 Dec. 2020	1 Jan.–31 Dec. 2019
NET SALES	1.	**123,568**	**125,419**
Other operating income	2.	341	616
Change in inventories of finished goods and work in progress		-361	444
Raw materials and consumables	3.	-48,237	-45,391
Employee benefit expenses	4.	-25,334	-27,780
Depreciation and impairments	5.	-12,556	-12,543
Other operating expenses	6.	-18,076	-23,647
OPERATING PROFIT		**19,345**	**17,117**
Financial income	7.	592	462
Financial expenses	8.	-2,375	-1,429
		-1,783	-966
RESULT BEFORE TAXES		**17,562**	**16,151**
Income taxes	9.	-3,798	-3,133
NET RESULT FOR THE PERIOD		**13,765**	**13,018**
Distribution of net result to equity holders of the parent company		13,765	13,018
Basic and diluted earnings per share calculated on the result			
attributable to equity holders of the parent company, EUR	10.	1.70	1.61

COMPREHENSIVE CONSOLIDATED INCOME STATEMENT

(EUR 1,000)	1 Jan.–31 Dec. 2020	1 Jan.–31 Dec. 2019
Net result for the period	13,765	13,018
Items that could be reclassified to profit or loss at a future point in time		
Change in translation difference	92	-17
COMPREHENSIVE RESULT FOR THE PERIOD	**13,857**	**13,001**
Distribution of net result to equity holders of the parent company	13,857	13,001

The notes are an integral part of the financial statements.

CONSOLIDATED BALANCE SHEET

(EUR 1,000)	Note	**31 Dec. 2020**	**31 Dec. 2019**
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	11.1	1,077	593
Tangible assets	11.2	41,269	40,431
Other financial assets	11.3, 17.	16	16
Deferred tax assets	14.	860	515
		43,222	41,555
CURRENT ASSETS			
Inventories	12.1	22,436	22,564
Trade and other receivables	12.2	8,126	6,632
Cash and cash equivalents	17.	41,045	26,133
		71,607	55,329
ASSETS, TOTAL		**114,830**	**96,884**

(EUR 1,000)	Note	**31 Dec. 2020**	**31 Dec. 2019**
SHAREHOLDERS' EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
Share capital	13.	8,040	8,040
Reserve for invested non-restricted equity		1,228	1,228
Treasury shares		-315	-315
Translation differences		26	-66
Retained earnings		43,802	30,037
Shareholders' equity, total		52,781	38,925
NON-CURRENT LIABILITIES			
Lease liabilities	15.1, 20.	26,996	25,950
Other non-current liabilities	4.	1,476	1,644
		28,472	27,594
CURRENT LIABILITIES	16.		
Trade and other payables		22,160	17,796
Current tax liabilities		534	2,115
Lease liabilities	15.2, 20.	10,158	10,203
Financial liabilities	15.2, 20.	725	251
		33,577	30,366
Liabilities, total		62,048	57,960
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL		**114,830**	**96,884**

The notes are an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

(EUR 1,000)	1 Jan.–31 Dec. 2020	1 Jan.–31 Dec. 2019
CASH FLOW FROM OPERATING ACTIVITIES		
Net result for the period	13,765	13,018
Adjustments		
Depreciation and impairments	12,556	12,543
Financial income and expenses	1,783	966
Taxes	3,798	3,133
Cash flow before change in working capital	31,902	29,661
Change in working capital	3,310	2,887
Increase (-) / decrease (+) in current non-interest-bearing trade receivables	-1,591	-117
Increase (-) / decrease (+) in inventories	65	-450
Increase (+) / decrease (-) in current non-interest-bearing liabilities	4,836	3,454
Cash flow from operating activities before financial items and taxes	35,212	32,548
Paid interest and payments on other financial expenses	-1,463	-1,408
Interest received and payments on other financial income	78	404
Taxes paid	-5,740	-2,552
CASH FLOW FROM OPERATING ACTIVITIES	**28,087**	**28,992**
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in tangible and intangible assets	-2,846	-1,569
CASH FLOW FROM INVESTING ACTIVITIES	**-2,846**	**-1,569**
CASH FLOW FROM FINANCING ACTIVITIES		
Short-term loans drawn	6,488	251
Short-term loans repaid	-6,000	-
Personnel share issue	-	726
Payments of lease liabilities	-10,729	-10,437
Dividends paid	-	-15,003
CASH FLOW FROM FINANCING ACTIVITIES	**-10,241**	**-24,463**
Change in cash and cash equivalents	14,999	2,960
Cash and cash equivalents at the beginning of the period	26,133	23,174
Effects of exchange rate fluctuations	-87	-
Cash and cash equivalents at the end of the period	41,045	26,133

The notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Equity attributable to equity holders of the parent company

(EUR 1,000)	Share capital	Reserve for invested non-restricted equity	Treasury shares	Translation differences	Retained earnings	Shareholders' equity total
Shareholders' equity, 1 Jan. 2019	**8,040**	**502**	**-315**	**-49**	**31,827**	**40,005**
Comprehensive result						
Net result for the period					13,018	13,018
Translation differences				-17		-17
Total comprehensive result for the period				**-17**	**13,018**	**13,001**
Transactions with owners						
Dividends paid					-15,003	-15,003
Personnel share issue		726				726
Share-based transactions, personnel share issue					195	195
Shareholders' equity, 31 Dec. 2019	**8,040**	**1,228**	**-315**	**-66**	**30,037**	**38,925**
Shareholders' equity, 1 Jan. 2020	**8,040**	**1,228**	**-315**	**-66**	**30,037**	**38,925**
Comprehensive result						
Net result for the period					13,765	13,765
Translation differences				92		92
Total comprehensive result for the period				**92**	**13,765**	**13,857**
Shareholders' equity, 31. Dec. 2020	**8,040**	**1,228**	**-315**	**26**	**43,802**	**52,781**

The notes are an integral part of the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

COMPANY PROFILE

Marimekko Corporation is a Finnish clothing and textile design company. Marimekko Corporation and its subsidiaries form a Group that designs, sources, sells and markets clothing, bags and accessories, and interior decoration products. In addition, the company produces printed fabrics in its own textile printing factory.

Marimekko Corporation's shares are quoted on Nasdaq Helsinki Ltd. The company is domiciled in Helsinki, and its registered address is Puusepänkatu 4, 00880 Helsinki, Finland. The financial year of all Group companies is the calendar year.

Copies of the consolidated financial statements are available at company.marimekko.com and the head office of the Group's parent company at Puusepänkatu 4, 00880 Helsinki, Finland.

Marimekko Corporation's Board of Directors approved these financial statements for publication at its meeting on 18 February 2021. According to the Finnish Companies Act, shareholders have the right to accept or reject the financial statements at the AGM held after the publication. The AGM may also amend the financial statements.

ACCOUNTING POLICY APPLIED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Accounting policy

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), complying with the IAS and IFRS standards as well as the SIC and IFRIC interpretations in force as at 31 December 2020. In the Finnish Accounting Act and the provisions laid down pursuant to the Act, International Financial Reporting Standards refer to the standards approved for use in the EU in accordance with the procedures laid down in IAS Regulation (EC) 1606/2002 of the European Parliament, and the interpretations of these standards. The notes to the consolidated financial statements also comply with Finnish accounting and company legislation which complements IFRS regulations.

The financial statements have been prepared at historical cost. Financial statement information is presented in thousands of euros.

Accounting estimates and judgments

The preparation of financial statements in accordance with IFRS calls for the management to use estimates and assumptions with regard to the future. The estimates and assumptions included in the financial statements are based on the best knowledge of the management as at the closing of the books. These estimates and assumptions affect the value of tangible and intangible assets in the balance sheet and the income and expenses for the year in the income statement. Discretion also has to be exercised when the accounting conventions for the financial statements are selected and applied, and estimates have to be made, for example, of depreciation periods for and any impairments of tangible and intangible assets, exercising lease extension options or not exercising lease termination options, valuation of inventories, income taxes, deferred tax assets and provisions. The actual figures may deviate from these estimates.

Principles of consolidation

Marimekko's consolidated financial statements include the accounts of the parent company Marimekko Corporation and its subsidiaries.

Subsidiaries are all entities over which the Group has control. The Group controls an entity where it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The acquisition method of accounting is used to eliminate inter-Group shareholding. Subsidiaries are fully consolidated from the date on which control is transferred to the Group, or from the date of establishment. They are deconsolidated from the date that control ceases. Intra-Group business transactions, intra-Group profit margins related to inventories and fixed assets, intra-Group receivables and liabilities and intra-Group distribution of profit have been eliminated.

Translation of items denominated in foreign currency

The results and financial position of Group units are measured in the currency used in the primary business environment of the unit in question (functional currency). The consolidated financial statements are presented in euros, the functional and presentation currency of the parent company.

Transactions in foreign currencies are recognized in the functional currency at the exchange rate on the date of transaction. The foreign-currency-denominated receivables and liabilities of the parent company and its Finnish subsidiary have been converted to euro amounts using the exchange rates quoted by the European Central Bank on the closing date. The foreign-currency-denominated receivables and liabilities of foreign subsidiaries have been converted at the exchange rate of the country in question on the closing date. Foreign exchange differences in business operations are booked in the corresponding income statement accounts above operating profit and foreign exchange differences on financial items in financial income and expenses.

The foreign-currency-denominated income statements of subsidiaries are converted to euro amounts using the average exchange rate for the financial year and the balance sheets at the exchange rate on the closing date. Differences arising from translation and translation differences in shareholders' equity are recorded as a separate item in shareholders' equity.

Revenue recognition and net sales
The Group sells products in Marimekko's retail stores and online store, and through wholesale channels in Finland and abroad. Most of the Group's income is comprised of wholesale and retail sales of products plus royalties.

The goods are handed over to the customer one item or several items at a time in the stores or by a carrier. The customer can utilize each sold product separately and the utilization of a single product is not dependent on other products sold by Marimekko. Revenue is recognized when the buyer obtains control of the product – that is when the significant risks and rewards of ownership have been transferred to the buyer. In wholesale, this is mainly the moment when the goods are handed over to the customer as set forth in the agreed delivery clause. In wholesale and export trade, the terms of delivery determine the point of time when the customer obtains control of the goods. In retail where cash or a credit card is used as means of payment, the income is recognized at the time of sale.

Sales revenues are recognized at the amount to which Marimekko expects to be entitled in exchange for transferring the promised goods to the customer, except for amounts collected on behalf of third parties, such as indirect taxes. Discounts granted are taken into account when determining the revenue to be recognized. The fulfillment of performance obligations is verifiable from payment receipts or transportation documents. In compliance with IFRS 15, customer contributions are allocated to distinct goods and recognized as revenue by the Group when the goods are handed over to the customer in the store or when a wholesale customer obtains control of the goods according to the terms of delivery.

License revenue is recognized in accordance with the clauses of the agreement between Marimekko and the licensee when the later of the following events occurs:
(a) the subsequent sale or usage occurs, and
(b) the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been fully or partially satisfied.

The clauses in the licensing agreements provide for royalties payable to Marimekko for sales of products covered by the agreement as percentage-based royalties or lump sum payments based on the fulfillment of performance-based obligations. Some licensees paying percentage-based royalties are according to the agreement obligated to pay at least an annual minimum royalty.

Other operating income
Other operating income includes, for example, rental income from lease agreements classified as other lease agreements, insurance payouts and sales proceeds of fixed assets.

Operating profit
IAS 1 Presentation of Financial Statements does not contain a definition of operating profit. The Group has defined this concept as follows: operating profit is the net amount of net sales and other operating income less purchase expenses adjusted with change in inventories of finished goods and work in progress and the expenses incurred due to production for own use, less employee benefit expenses, depreciation, possible impairment loss and other operating expenses. Any income statement items other than the above are presented below the operating profit. Foreign exchange differences are included in the operating profit, provided they are attributable to items related to business operations. Otherwise they are recognized in financial items.

Employee benefits
Pension commitments
The pension security of the personnel of the Group's Finnish companies has been arranged under the Finnish statutory employee pension plan (TyEL) through an external pension insurance company. Foreign subsidiaries have arranged pensions for their personnel in accordance with local legislation. The Group's pension cover is arranged wholly under defined contribution schemes. Under a defined contribution arrangement, the Group pays contributions to publicly or privately managed pension insurances. These contributions are either compulsory, based on an agreement or voluntary. The Group does not have any payment obligations other than these contributions. The contributions are recognized as employee benefit expenses at the time when they become due. Any contributions paid in advance are included in the assets on the balance sheet, insofar as they are recoverable as future refunds or future reductions of contributions.

Share-based payments
The long-term bonus system granted to the Management Group by the Board of Directors is valued at fair value at each closing date and the change in fair value is recorded as an employee benefit expense in the income statement to the extent the share-based payments have been vested.

The bonus system is described in greater detail in note 4 to the consolidated financial statements.

Government grants
Government grants are recognized when it is reasonably certain that the conditions relating to them will be met and the grants will be received. Investment aid is recognized as a reduction to investments and the aid recorded in the income

statement is booked as a reduction to costs.

The Group has recognized the public grants received in 2020 due to the coronavirus pandemic to reduce fixed costs. The grants are not subject to unmet conditions or other uncertainties.

Interest income
Interest income is recognized on a time-proportion basis using the effective interest method.

Dividend income
Dividend income is recognized as income when the right to dividends is established.

Income taxes
Taxes on the Group companies' financial results for the period, taxes from previous periods and the change in deferred taxes are recorded as the Group's taxes. Taxes on the taxable income for the period are calculated on taxable income in accordance with the tax rate in force in the country in question. Deferred taxes are calculated on all temporary differences between the book value and the taxable value. However, a deferred tax liability is not accounted for if it arises from the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable income. Deferred tax is not recognized for non-tax-deductible goodwill and deferred tax is not recognized for distributable earnings of subsidiaries where it is probable that the difference will not reverse in the foreseeable future. Deferred taxes are calculated using the tax rates set by the closing date. Deferred tax assets are recognized to the extent that it is probable that future taxable profit, against which the temporary difference can be utilized, will be available.

Earnings per share
The basic earnings per share are calculated by dividing the result for the period attributable to equity holders of the parent company by the weighted average of shares outstanding. The weighted average number of shares used to calculate the diluted earnings per share takes into account the diluting effect of the conversion of potential common shares into actual shares during the period. There are no potential shares outstanding at the moment.

Intangible assets
Intangible assets with finite useful lives are recognized in the balance sheet at original cost less depreciation. Depreciation of intangible assets is carried out on a straight-line basis over their estimated useful life.

The estimated useful lives are as follows:

- intangible rights 5 years
- computer software 3–5 years.

The major intangible assets are computer software. In addition, intangible rights include trademarks. The Group has not had any such development expenditure that should be recognized as assets under IAS 38 and recorded as amortized expense over their useful life.

Tangible assets
Tangible assets consist of leased fixed assets and owned fixed assets which mainly comprise buildings, machinery and equipment. Tangible assets also include expenditures on conversions and renovations of leased premises comprising, for example, completion work on business interiors in rented premises. Tangible assets are recorded in the balance sheet at original cost less depreciation. Depreciation of tangible assets is carried out on a straight-line basis over their estimated useful life.

The estimated useful lives are as follows:

- buildings and structures 3–30 years
- machinery and equipment 3–15 years.

The residual value and useful life of tangible assets are reviewed at the end of each financial year and if necessary adjusted to reflect changes in the expectation of economic benefit.

If a tangible asset consists of several parts with different useful lives, each part is treated as a separate asset. Significant cost of replacing a part is capitalized when the company will derive economic benefit from the asset. Other expenses such as regular maintenance, repair and servicing costs are entered as expenses in the income statement when they are incurred.

Borrowing costs
Borrowing costs are recognized as expenses during the financial year in which they were incurred. Borrowing costs have not been recognized as part of the acquisition cost of assets.

Provisions and contingent liabilities
A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

A restructuring provision is recognized when the Group has compiled a detailed restructuring plan, launched its implementation or informed the parties concerned.

A contingent liability is a potential liability based on previous events. It depends on the realization of an uncertain future event beyond the Group's control. Contingent liabilities also include obligations which will most likely not lead to a payment or the amount of which cannot be reliably determined. Contingent liabilities are disclosed in the notes.

Impairment
On each closing date, asset items are assessed for indications of impairment. If there are such indications, the recoverable amount of said asset item is estimated. The impairment recognized is the amount by which the book value of the asset item exceeds its recoverable amount, which is the higher of its net selling price or value in use. Value in use is based on discounted future net cash flows as a rule.

Lease agreements
In accordance with IFRS 16, the Group assesses at the inception of a contract whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group has elected to separate non-lease components from lease components at the inception of a contract.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made before the commencement date, incentives received, initial direct costs incurred and an estimate of costs to restore the underlying asset. The right-of-use asset is depreciated over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method. Lease payments included in the measurement of the lease liability comprise the following: fixed payments and variable lease payments that depend on an index or a rate. An option to extend the lease term is included in the lease term if it is reasonably certain that the option will be exercised.

The lease term for renewable leases is determined based on non-cancelable lease term of the contract. Further periods are included in the lease term to the extent that the management considers that it is reasonably certain that the option to terminate the contract is not exercised.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Marimekko is a lessee. Lease contracts include headquarter and printing facilities in Helsinki, retail stores in Finland and other countries where Marimekko operates as well as company housing and leasing cars. In general, lease contracts vary from 1 year to 15 years.

Marimekko has applied an amendment to IFRS 16 regarding the treatment of rent concessions. The amendment was issued on 28 May 2020 and approved for use in the EU on 12 October 2020. The Group has applied the practical expedient stipulated by the amendment to not treat rent concessions granted due to the coronavirus pandemic as changes in leases under IFRS 16. Leases that only involved a rent exemption were treated as negative variable rents in the income statement.

Inventories
Inventories are presented at the acquisition cost or at the lower probable net realization value. The acquisition cost of manufactured inventories includes not only purchase expenditure on materials, direct labor and other direct costs, but also a share of the fixed and variable general costs of production. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs for completion and selling expenses.

Financial assets
Financial assets are classified based on the Group's financial asset management business model and their contractual cash flow characteristics into the following categories: measured at amortized cost and measured at fair value through profit or loss.

Financial assets measured at amortized cost consist of trade receivables, other receivables and cash and cash equivalents. They are initially recognized at fair value and subsequently at amortized cost using the effective interest method.

For the estimation of expected credit losses on trade receivables, the so-called simplified approach permitted by IFRS 9 is used, according to which credit losses are recorded at an amount equal to lifetime expected credit losses. Expected credit losses are estimated based on historical credit losses, and the model also takes into account the information available on future financial conditions at the time of review. Expected credit losses are recognized in other operating expenses in the income statement.

A final impairment of trade receivables is recognized when there is objective evidence that the Group will not receive all of the benefits on the original terms. Indications of the impairment of trade receivables include significant financial difficulties of the debtor, the likelihood of bankruptcy, failure to make payments, or a delay of over 90 days in paying. Impairment loss is recognized under other operating expenses in the income statement.

Financial assets measured at fair value through profit or loss comprise shares and they are included in noncurrent assets, unless it is intended that they will be held for less than 12 months from the closing date, in which case they are included in current assets. The other financial assets comprise unlisted shares.

Cash and cash equivalents
The Group's cash and cash equivalents include cash on hand and at banks. The Group does not have any other items classified as cash and cash equivalents.

Dividends, shareholders' equity and treasury shares
The Board of Directors' proposal for dividend distribution has not been recognized in the financial statements; dividends are only recognized on the basis of the AGM's approval.

Outstanding common shares are presented as share capital. Costs related to the granting or acquisition of the company's own equity instruments are presented as equity allowance. If the company purchases its own shares, the price including direct costs is recognized as decrease in equity.

Financial liabilities
Financial liabilities are initially recognized at fair value including transaction costs and subsequently at amortized cost using the effective interest method. Financial liabilities are non-current, unless they are repayable on demand or the Group intends to repay them within the next 12 months.

Personnel share issue
The personnel share issue arranged in 2019 has been accounted for in accordance with IFRS 2. The subscription price paid by the subscribers, totaling EUR 726 thousand, has been recorded in the reserve for invested non-restricted equity, and the discount granted by the company to the subscribers has been recorded as expense and in retained earnings. The amount recorded in employee benefit expenses and in retained earnings is EUR 195 thousand.

New standards and interpretations
These consolidated financial statements have been prepared using the same accounting principles as were applied in the 2019 financial statements except for an amendment to IFRS 16 regarding the treatment of rent concessions. The amendment was issued on 28 May 2020 and approved for use in the EU on 12 October 2020. The Group has applied the practical expedient stipulated by the amendment to not treat rent concessions granted due to the coronavirus pandemic as changes in leases under IFRS 16. Leases that only involved a rent exemption were treated as negative variable rents in the income statement.

Other new standards, interpretations or amendments to existing standards have had no significant impact on the consolidated financial statements.

Adoption of new and amended standards in future financial years
The new and amended standards to be applied in future financial years do not, according to the company's estimate, have a significant impact on the company's consolidated financial statements.

1. SEGMENT INFORMATION AND DISTRIBUTION OF SALES

The Group's business segment is the Marimekko business. The segment information presented by the Group is based on internal reporting to the chief operational decision-maker. The President and CEO of the company acts as the chief operational decision-maker.

The total amount of assets in Finland was EUR 100,224 thousand (77,743), of which the amount of non-current assets excluding financial instruments and deferred tax assets was EUR 35,706 thousand (30,988). The amount of assets in other countries was EUR 14,605 thousand (19,141), of which non-current assets accounted for EUR 6,656 thousand (10,052).

Marimekko has no individual customers representing 10 percent or more of the Group's total income.

Net sales by market area

(EUR 1,000)	**2020**	**2019**
Finland		
Retail sales	45,928	51,918
Wholesale sales	25,058	19,012
Licencing income	158	233
Total	71,145	71,163
Scandinavia		
Retail sales	4,311	5,434
Wholesale sales	5,572	3,862
Licencing income	-	-
Total	9,883	9,297
EMEA		
Retail sales	2,160	1,568
Wholesale sales	11,400	9,980
Licencing income	401	443
Total	13,961	11,992
North America		
Retail sales	3,952	5,798
Wholesale sales	2,268	1,987
Licencing income	247	472
Total	6,466	8,257
Asia-Pacific		
Retail sales	3,609	4,378
Wholesale sales	16,495	18,733
Licencing income	2,010	1,600
Total	22,114	24,712
International sales in total		
Retail sales	14,032	17,178
Wholesale sales	35,734	34,562
Licencing income	2,658	2,516
Total	52,424	54,256
Retail sales	59,960	69,096
Wholesale sales	60,792	53,574
Licencing income	2,816	2,748
Total	123,568	125,419

Net sales by product line

(EUR 1,000)	2020	2019
Fashion	39,740	46,746
Home	56,262	47,941
Bags and accessories	27,566	30,732
Total	123,568	125,419

Investments (excluding the impact of IFRS 16)

(EUR 1,000)	2020	2019
Finland	2,143	2,516
Other countries	-	78
Total	2,143	2,594

2. OTHER OPERATING INCOME

(EUR 1,000)	2020	2019
Rental income	54	140
Other income	287	475
Total	341	616

3. RAW MATERIALS AND CONSUMABLES

(EUR 1,000)	2020	2019
Materials and supplies		
Purchases during the financial year	29,279	28,532
Increase (-) / decrease (+) in inventories	-296	-5
Total	28,983	28,526
External services	19,254	16,865
Total	48,237	45,391

Exchange rate differences included in raw materials and consumables

Exchange rate gains (-) / losses (+) on purchases	-42	149

4. EMPLOYEE BENEFIT EXPENSES

(EUR 1,000)	2020	2019
Salaries, wages and bonuses	19,429	21,186
Share-based payments	1,487	1,229
Pension expenses – defined contribution plans	2,445	2,916
Other indirect social expenditure	1,973	2,449
Total	25,334	27,780

Wages and salaries include EUR 1,023 thousand in public grants received due to the coronavirus pandemic.

Average number of employees

	2020	2019
Salaried employees	412	419
Production personnel	22	23
Total	434	442

Share-based payments

During the financial year, the Marimekko Group had a long-term bonus system targeted at the Management Group.

On 14 February 2018, the Board of Directors of Marimekko Corporation agreed on establishing a long-term bonus system. The system is composed of two earnings periods, which are 1 April 2018–30 September 2021 and 1 April 2018–31 January 2022. The possible bonus for each earnings period is based on the total yield on Marimekko Corporation's shares, including dividends. The bonus is planned to be paid half in company shares and half in cash. The shares received as part of the bonus are subject to a two-year transfer restriction. Earning the bonus requires that the person is still working for the company at the time of the payment. The annual maximum value of the bonus paid to a member of the Management Group under the bonus system equals the approximate value of annual gross salary. The system encompasses nine Management Group members, including the President and CEO. The company has the option of paying the bonus entirely in cash by a decision of the Board of Directors.

The fair value of granted share-based payments has been determined using the binary cash-or-nothing call option valuation model. The significant measurement parameters in the model are an initial share value of EUR 14.21, i.e. EUR 12.92, which is the weighted average share price between 1 and 31 March 2018, plus 10 percent, and a volatility of 27 percent. The grant date of the share-based payments is the date of the Board resolution. The fair value of the payments at the end of the grant month was EUR 1.76/option, so the total fair value of the plan amounted to EUR 813 thousand. Granted share-based payments are subsequently valued at fair value at each closing date and the change in fair value is recorded in the income statement to the extent the payments are vested. The bonus payable for an earnings period is an amount equivalent to 1.5 months' gross salary for each one (1) euro, with which the closing share price (inclusive of dividends) exceeds the initial share value of EUR 14.21. Gross salary is defined for the purposes of the plan as the fixed monthly salary, inclusive of fringe benefits, paid at the beginning of the earnings period. At the end of 2020, the fair value of the share-based payments vested and booked as non-current liabilities was EUR 1,476 thousand (1,644). EUR 1,656 thousand (0), representing the first earnings period, were booked as current liabilities.

The EUR 1,487 thousand (1,229) increase in fair value, calculated as described above, was booked in employee benefit expenses in the 2020 consolidated income statement.

5. DEPRECIATION AND IMPAIRMENTS

(EUR 1,000)	**2020**	**2019**
Intangible assets		
Intangible rights	44	61
Computer software	367	468
Total	411	529
Tangible assets		
Buildings and structures	549	646
Machinery and equipment	658	545
Right-of-use assets, buildings and structures	10,804	10,702
Right-of-use assets, machinery and equipment	134	122
Total	12,145	12,015
Total	12,556	12,543

6. OTHER OPERATING EXPENSES

(EUR 1,000)	**2020**	**2019**
Leases	-517	1,539
Marketing	5,274	7,379
Management and maintenance of business premises	1,391	1,342
Administration	6,440	7,092
Other expenses	5,488	6,295
Total	18,076	23,647

Exchange rate differences included in other operating expenses

Exchange rate gains (-) / losses (+) on sales	-221	2

Rents

(EUR 1,000)	2020	2019
Low-value rents	499	596
Short-term rents	-	390
Variable rents[1]	-1,016	553
Total	-517	1,539

[1] The Group has applied the practical expedient stipulated by an amendment to IFRS 16 to not treat rent concessions granted due to the coronavirus pandemic as changes in leases under IFRS 16. Hence, variable rents include EUR 1,284 thousand in rent relief recognized directly in the income statement in accordance with the amendment to IFRS 16. Variable rents also include EUR 261 thousand in public grants received in 2020 due to the coronavirus pandemic.

Government grants

The Group has recognized the public grants received in 2020 due to the coronavirus pandemic to reduce fixed costs.

(EUR 1,000)	2020	2019
Salaries, wages and bonuses	1,023	-
Rents	261	-
Other operating expenses	108	-
Total	1,392	-

Auditor's fee

(EUR 1,000)	2020	2019
KPMG		
Audit	97	94
Other services	29	56
Total	126	150
Others		
Audit	5	5
Total	5	5

Remuneration to KPMG Oy Ab on other services to Marimekko Group companies: EUR 12 thousand (38).

7. FINANCIAL INCOME

(EUR 1,000)	2020	2019
Interest income on loans and other receivables	14	22
Exchange rate gains, realized	65	29
Exchange rate gains, unrealized	514	410
Total	592	462

8. FINANCIAL EXPENSES

(EUR 1,000)	2020	2019
Interest expenses on financial liabilities measured at amortized cost	230	118
Interest expenses on lease liabilities	773	898
Exchange rate losses, realized	400	112
Exchange rate losses, unrealized	898	293
Other financial expenses	74	8
Total	2,375	1,429

9. INCOME TAXES

(EUR 1,000)	**2020**	**2019**
Taxes on taxable earnings for the financial year	4,043	3,566
Taxes from previous financial years	116	-33
Deferred taxes	-361	-400
Total	3,798	3,133

Reconciliation statement of taxes calculated on the basis of tax expenses in the income statement and the Group's Finnish tax rate (20 percent in both 2020 and 2019)

Result before taxes	17,562	16,151
Taxes calculated at the Finnish tax rate	3,512	3,230
Different tax rates of foreign subsidiaries	-19	-56
Non-recognized deferred tax assets on taxable losses	232	121
Taxes from previous financial years	116	-36
Non-deductible items	-43	-126
Taxes in the income statement	3,798	3,133

10. EARNINGS PER SHARE

	2020	**2019**
Net result for the period, EUR 1,000	13,765	13,018
Weighted average number of shares, 1,000	8,110	8,100
Basic and diluted earnings per share, EUR	1.70	1.61

11. NON-CURRENT ASSETS

11.1 Intangible assets

2020

(EUR 1,000)	Intangible rights	Computer software	Advance payments and acquisitions in progress	Total
Acquisition cost, 1 Jan. 2020	2,410	8,014	29	10,453
Translation differences	2	-150		-148
Increases	48	330		378
Transfers between categories		541	-29	512
Acquisition cost, 31 Dec. 2020	2,460	8,736		11,196
Accumulated depreciation, 1 Jan. 2020	2,350	7,510		9,860
Translation differences	-4	-149		-153
Depreciation during the financial year	44	367		411
Accumulated depreciation, 31 Dec. 2020	2,390	7,728		10,118
Book value, 31 Dec. 2020	70	1,007		1,077
Book value, 1 Jan. 2020	60	504	29	593
Book value, 31 Dec. 2020	70	1,007		1,077

2019

(EUR 1,000)	Intangible rights	Computer software	Advance payments and acquisitions in progress	Total
Acquisition cost, 1 Jan. 2019	2,403	7,219		9,622
Translation differences	1	-111		-110
Increases	6	148	92	246
Classification adjustment		612		612
Transfers between categories		146	-63	83
Acquisition cost, 31 Dec. 2019	2,410	8,014	29	10,453
Accumulated depreciation, 1 Jan. 2019	2,290	6,990		9,280
Translation differences	-1	52		51
Depreciation during the financial year	61	468		529
Accumulated depreciation, 31 Dec. 2019	2,350	7,510		9,860
Book value, 31 Dec. 2019	60	504	29	593
Book value, 1 Jan. 2019	113	229		342
Book value, 31 Dec. 2019	60	504	29	593

11.2 Tangible assets

2020

(EUR 1,000)	Land	Buildings and structures	Machinery and equipment	Right-of-use assets, buildings and structures	Right-of-use assets, machinery and equipment	Advance payments and acquisitions in progress	Total
Acquisition cost, 1 Jan. 2020	55	5,032	22,049	46,253	345	1,074	74,808
Translation differences		-47	-296	-426			-769
Increases		629	79	11,901	56	1,057	13,722
Transfers between categories		1,276	183			-1,971	-512
Acquisition cost, 31 Dec. 2020	55	6,890	22,015	57,727	402	160	87,249
Accumulated depreciation, 1 Jan. 2020		4,265	19,279	10,710	122		34,376
Translation differences		-64	-269	-208			-541
Depreciation during the financial year		549	658	10,804	134		12,145
Accumulated depreciation, 31 Dec. 2020		4,750	19,668	21,306	256		45,981
Book value, 31 Dec. 2020	55	2,140	2,347	36,422	145	160	41,269
Book value, 1 Jan. 2020	55	767	2,770	35,543	223	1,074	40,431
Book value, 31 Dec. 2020	55	2,140	2,347	36,422	145	160	41,269

2019

(EUR 1,000)	Land	Buildings and structures	Machinery and equipment	Right-of-use assets, buildings and structures	Right-of-use assets, machinery and equipment	Advance payments and acquisitions in progress	Total
Acquisition cost, 1 Jan. 2019	55	5,433	22,259			83	27,830
Adoption of IFRS 16, 1 Jan. 2019				41,569	209		41,778
Translation differences		-8	68	146			206
Increases		95	110	4,539	136	2,142	7,022
Decreases			-1,332				-1,332
Classification adjustment		-612					-612
Transfers between categories		124	944			-1,151	-83
Acquisition cost, 31 Dec. 2019	55	5,032	22,049	46,253	345	1,074	74,808
Accumulated depreciation, 1 Jan. 2019		3,885	19,506				23,392
Translation differences		-266	159	8			-99
Accumulated depreciation of decreases			-931				-931
Depreciation during the financial year		646	544	10,702	122		12,014
Accumulated depreciation, 31 Dec. 2019		4,265	19,279	10,710	122		34,376
Book value, 31 Dec. 2019	55	767	2,770	35,543	223	1,074	40,431
Book value, 1 Jan. 2019	55	1,548	2,752			83	4,438
Book value, 31 Dec. 2019	55	767	2,770	35,543	223	1,074	40,431

11.3 Other financial assets

(EUR 1,000)	2020	2019
Other financial assets	16	16

Other financial assets comprise unlisted shares, which are presented at cost, i.e. the management’s best estimate of fair value.

12. CURRENT ASSETS

12.1 Inventories

(EUR 1,000)	**2020**	**2019**
Raw materials and consumables	4,741	4,420
Finished products/goods	17,696	18,144
Total	22,436	22,564

Impairment of inventories	-777	-526

12.2 Trade and other receivables

(EUR 1,000)	**2020**	**2019**
Trade receivables	6,661	5,402
Prepayments for inventory purchases	16	-
Other receivables	545	504
Prepaid expenses and accrued income	904	726
Total	8,126	6,632

Prepaid expenses and accrued income		
Royalty receivables	237	227
Employee benefits	20	25
Other prepaid expenses and accrued income	646	474
Total	904	726

Analysis of trade receivables by age

(EUR 1,000)	**2020**	**2019**
Trade receivables not past due	4,932	3,909
Past due		
less than 30 days	1,007	1,109
30–60 days	261	284
more than 60 days	461	100
Total	6,661	5,402

The amount of credit loss provisions recognized on trade receivables, EUR 0.6 million, reduces receivables in the balance sheet. The expected credit loss risk is not material due to the Group's effective credit management policy, where the credit history of wholesale customers is monitored regularly and prepayments, guarantees and letters of credit are used when needed.

13. SHAREHOLDERS' EQUITY

	Number of shares	Share capital, EUR	Reserve for invested non-restricted equity, EUR	Number of treasury shares	Treasury shares, EUR	Total, EUR
1 Jan. 2019	8,069,610	8,040,000	501,969	20,000	-314,720	8,227,249
Personnel share issue	40,224		725,988			725,988
31 Dec. 2019	8,109,834	8,040,000	1,227,957	20,000	-314,720	8,953,237
1 Jan. 2020	8,109,834	8,040,000	1,227,957	20,000	-314,720	8,953,237
31 Dec. 2020	8,109,834	8,040,000	1,227,957	20,000	-314,720	8,953,237

Marimekko Corporation's Articles of Association do not specify maximum share capital. Marimekko Corporation has one series of shares; the shares do not have a nominal value. All shares in issue have been paid in full. As at 31 December 2020, Marimekko Corporation held 20,000 treasury shares. The Group does not have any share option schemes.

Board proposal of 18 February 2021: Marimekko's Board of Directors proposes that the AGM 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 AGM held on 8 April 2020 authorized the Board of Directors to decide on the payment of a maximum dividend of EUR 0.90 per share in one or several instalments at a later stage. No dividends were paid in 2020. After the end of the financial year, the Board made use of the authorization and decided that a dividend of EUR 0.90 per share be paid for 2019 in one instalment.

The reserve for invested non-restricted equity contains other equity-like investments and the share subscription price to the extent that this is not entered in share capital under a specific decision.

14. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are offset against each other where the Group has a legally enforceable right to offset deferred tax assets and liabilities based on taxable earnings for the period against each other and where they relate to income taxes levied by the same taxation authority on the same taxpayer or different taxpayers and the intention is to settle on a net basis. The amounts offset against each other are as follows:

Changes in deferred taxes in 2020

(EUR 1,000)	1 Jan. 2020	Recognized in the income statement	31 Dec. 2020
Deferred tax assets			
Internal margin of inventories	433	-32	401
Employee benefits	328	297	626
Lease liabilities	82	63	145
Other	9	-9	-
Total	853	319	1,172
Deferred tax liabilities			
Accumulated depreciation difference	-204	29	-175
Fixed costs included in inventories	-134	-3	-138
Total	-338	26	-312
Deferred tax asset, net	515		860

Changes in deferred taxes in 2019

(EUR 1,000)	1 Jan. 2019	Recognized in the income statement	31 Dec. 2019
Deferred tax assets			
Internal margin of inventories	369	64	433
Employee benefits	82	246	328
Lease liabilities	0	82	82
Other	9	-	9
Total	461	392	853
Deferred tax liabilities			
Accumulated depreciation difference	-214	10	-204
Fixed costs included in inventories	-133	-1	-134
Total	-347	9	-338
Deferred tax asset, net	114		515

Deferred tax assets are recognized for tax losses carried forward to the extent that the realization of the related tax benefit through future taxable profits is probable. Deferred tax assets amounting to EUR 176 thousand (63) have not been recognized.

15. INTEREST-BEARING LIABILITIES

15.1 Non-current liabilities

(EUR 1,000)	2020	2019
Lease liabilities	26,996	25,950
Total	26,996	25,950

15.2 Current liabilities

(EUR 1,000)	2020	2019
Lease liabilities	10,158	10,203
Financial liabilities	725	251
Total	10,883	10,454

The interest rate varied between 1.5 and 4.5 percent (1.5–4.4).

16. OTHER CURRENT LIABILITIES

(EUR 1,000)	2020	2019
Trade payables and other current liabilities		
Trade payables	8,398	7,835
Other payables	3,560	2,250
Accrued liabilities and deferred income	8,563	6,656
Advances received	1,639	1,055
Total	22,160	17,796
Accrued liabilities and deferred income		
Employee benefits	5,738	4,321
Other accrued liabilities and deferred income	2,825	2,335
Total	8,563	6,656

17. FINANCIAL ASSETS AND LIABILITIES

Financial assets measured at fair value through profit or loss

(EUR 1,000)	2020	2019
Other financial assets	16	16

Financial assets measured at fair value through profit or loss comprise unlisted shares. Their carrying amount equals their fair value.

Financial assets measured at amortized cost

Trade receivables	6,661	5,402
Other receivables	1,465	1,230
Cash and cash equivalents	41,045	26,133

Financial liabilities measured at amortized cost

Trade payables	8,398	7,835
Credit facilities drawn down	725	251
Other liabilities	13,762	9,961

The fair value of financial assets and financial liabilities measured at amortized cost equals their book value.

18. GUARANTEES, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

(EUR 1,000)	2020	2019
Other own liabilities and commitments		
Lease liabilities for machinery and equipment	662	617

Lease liabilities relate to low-value and short-term leases not recorded in the balance sheet.

19. RELATED PARTY TRANSACTIONS

The Group's related parties include the members of the Board of Directors and the Management Group as well as their controlled entities, the Group's parent company and its subsidiaries.

The relationships of the Group's parent company and subsidiaries are as follows:

Parent company
Marimekko Corporation, Helsinki, Finland[1]

Subsidiaries

Company and domicile	Group's holding, %	Share of voting rights, %
Marimekko Services Oy, Helsinki, Finland	100	100
Marimekko AB, Stockholm, Sweden[2]	100	100
Marimekko Australia PTY Ltd, Victoria, Australia	100	100
Marimekko GmbH, Frankfurt am Main, Germany	100	100
Marimekko North America LLC, Delaware, United States	100	100
Marimekko North America Retail LLC, Delaware, United States	100	100
Marimekko North America Holding Co, Delaware, United States	100	100
Marimekko Trading (Shanghai) Co., Ltd, Shanghai, China	100	100
Marimekko UK Ltd, London, United Kingdom	100	100

[1] Marimekko Corporation has branches in France and Belgium.
[2] Marimekko AB has branches in Norway and Denmark.

The following transactions were carried out with related parties:

Management's employee benefits

Remuneration of the President and CEO and other members of the Management Group

(EUR 1,000)	**2020**	**2019**
Mika Ihamuotila, Chairman of the Board	53	70
Tiina Alahuhta-Kasko, President and CEO	443	413
Other members of the Management Group	1,311	1,001
Total	1,807	1,484

In the personnel share issue arranged in spring 2019, the President and CEO subscribed for 21,865 shares and the other members of the Management Group a total of 1,000 shares.

Remuneration to the Board of Directors

(EUR 1,000)	**2020**	**2019**
Rebekka Bay[1]	10	32
Elina Björklund	47	41
Arthur Engel[2]	26	32
Mika Ihamuotila	48	48
Mikko-Heikki Inkeroinen	32	29
Helle Priess[3]	26	106
Catharina Stackelberg-Hammarén	32	29
Total	221	317

Management's employee benefits, total	2,028	1,801

[1] Member of the Management Group starting 1 September 2020. Board remuneration EUR 10 thousand (26) and payments for consulting services EUR 0 thousand (6).
[2] Board remuneration EUR 26 thousand (26) and payments for consulting services EUR 0 thousand (6).
[3] Board remuneration EUR 26 thousand (26) and payments for consulting services EUR 0 thousand (80).

The pension benefits include only statutory pension payments. The management does not have additional pension benefits.

Related parties are among beneficiaries of a share-based bonus system. The management's long-term bonus system is presented in greater detail under note 4 to the financial statements.

20. FINANCIAL RISK MANAGEMENT

During the normal course of its business operations, the Marimekko Group is exposed to financial risks. The principal financial risks are liquidity risk, credit risk, foreign currency risk and interest rate risk.

The company's Board of Directors has confirmed the principles, responsibilities and organization of risk management for the Group. The Board of Directors also monitors the success of risk management. According to its risk management principles, Marimekko classifies its risks as strategic, operational, economic and accident risks. Economic risks include financial risks. Responsibility for the implementation of risk management measures concerning financial risks lies with the Group's CFO. The main objective of financial risk management is to ensure reasonably-priced financing in all circumstances, and thereby minimize the unfavorable effects, if any, on the Group's financial performance. Marimekko has not used derivative instruments when hedging against risks.

Liquidity risk

The Group continuously seeks to assess and monitor the amount of funding required for business operations to ensure that sufficient liquid funds are available for daily business and repayment of maturing debts. The assessment is based on monthly cash flow and liquidity forecasts. The Group aims to maintain a high liquidity level at all times in order to eliminate liquidity risk. In order to minimize liquidity risk, the Group's near-term and next few years' financing needs can be covered by liquid funds as well as committed long-term or short-term credit facilities or credit facilities valid until further notice. At the end of the financial year, the Group had access to credit facilities totaling EUR 17,146 thousand (14,155). The amount of credit facilities drawn down at the end of the year was EUR 725 thousand (251). The company has also secured a long-term revolving credit facility of EUR 5 million, which includes covenants (net debt / EBITDA, and equity ratio). The covenant conditions were met during the financial year.

Maturity analysis for the Group's financial liabilities; the figures are not discounted, and they include both interest payments and capital repayments:

31 Dec. 2020

(EUR 1,000)	Less than 1 year	1–2 years	3–5 years	Over 5 years
Lease liabilities	10,158	7,319	8,656	11,021
Credit facilities drawn down	725	-	-	-
Trade and other payables	22,160	-	-	-
Total	33,043	7,319	8,656	11,021

31 Dec. 2019

(EUR 1,000)	Less than 1 year	1–2 years	3–5 years	Over 5 years
Lease liabilities	10,203	7,757	8,820	9,373
Credit facilities drawn down	251	-	-	-
Trade and other payables	17,796	-	-	-
Total	28,250	7,757	8,820	9,373

Credit risk

The trade receivables generated in the Group's wholesale operations are associated with a credit risk, which is reduced by the Group's broad and geographically diverse clientele. Marimekko continuously monitors the credit limits, credit history and financial situation of its customers. The Group has a centralized process in place for this purpose. Responsibility for the credit monitoring process lies with the Group's CFO. The credit risk related to the wholesale business is also reduced by means of advance payments, bank guarantees and letters of credit.

Retail customers pay for their purchases using cash or the most common debit/credit cards.

Note 12.2 (Trade and other receivables) to the consolidated financial statements includes an analysis of trade receivables by age.

Foreign currency risk

The Group's currency risk consists of sales and purchases made in foreign currency as well as balance sheet items and foreign-currency-denominated net investments in units abroad.

Transaction risk

The Group's transaction risk derives from currency flows connected with wholesale and retail sales as well as purchases and operating expenses of the Group's business units, and from loans and receivables denominated in foreign currency. The Group's principal sales currency is the euro. The other significant sales and invoicing currencies are the US dollar, Swedish krona, Danish krone, Norwegian krone, Australian dollar and Canadian dollar. The principal currencies used for purchases are the euro and, to a lesser extent, the US dollar. In 2020, foreign-currency-denominated sales accounted for approximately 17 percent (19) of the Group's total sales and foreign-currency-denominated purchases made up about 17 percent (19) of the Group's purchases.

Marimekko protects itself against the transaction risk of sales by taking account of the estimated exchange rate changes at the time of sale when carrying out wholesale and retail pricing of products. Foreign subsidiaries are financed primarily in local currency, so they do not incur significant transaction risk.

The Group's transaction exposure

Foreign-currency-denominated assets and liabilities (cash and cash equivalents, trade receivables and trade payables) converted to euro amounts using the exchange rates quoted on the closing date

(EUR 1,000)		**2020**			**2019**	
	USD	SEK	AUD	USD	SEK	AUD
Current assets	1,323	2,180	905	988	2,796	2,280
Current liabilities	-535	-543	-552	-586	-509	-191
Foreign currency exposure in the balance sheet	787	1,637	354	402	2,287	2,089

Sensitivity analysis, effect on net result for the period

The strengthening or weakening of the euro against the US dollar, the Swedish krona or the Australian dollar would, given that all other factors remain unchanged, impact the Group's net result for the period as follows. The impact portrays the Group's transaction risk.

		2020			**2019**	
	USD	SEK	AUD	USD	SEK	AUD
Strengthening of the euro by 10 percent						
Effect on net result for the period, EUR 1,000	354	-380	-159	319	-244	-123

Translation risk

The Marimekko Group incurs translation risk when the financial statements of foreign subsidiaries are translated into euro amounts in the consolidated financial statements. For foreign-currency-denominated net investments, the effects of changes in foreign exchange rates appear as translation differences in the Group's equity. Marimekko has so far not hedged against translation risk for equity, as the subsidiary sales and net investments are small from the Group's perspective.

Interest rate risk

The Group's interest rate risk primarily results from changes in interest rates on cash and cash equivalents and on current and non-current interest-bearing liabilities due to changes in market rates. Changes in the interest rates of these assets and liabilities have an impact on the Group's profit.

(EUR 1,000)	**2020**	**2019**
Cash and cash equivalents	41,045	26,133
Lease liabilities	37,155	36,153
Credit facilities drawn down	725	251

21. CAPITAL MANAGEMENT

The purpose of capital management is to maintain a capital structure that optimally supports the Group's strategic objectives. Efficient capital management measures ensure normal operating conditions for the business and increase the shareholder value in the long term. The principal factors affecting the capital structure are profitability, dividend distribution and investments. The capital managed equals the shareholders' equity shown on the consolidated balance sheet. No external capital requirements are applied to the Group.

The Group continuously monitors its capital structure. The Group's strategic objective is to keep the ratio of net debt to EBITDA at or below 2 (one of the company's long-term financial goals). At the end of 2020, the ratio of net debt to EBITDA was -0.10 (0.35), i.e. well below the long-term goal level.

Net debt / EBITDA

(EUR 1,000)	**2020**	**2019**
Interest-bearing liabilities		
Non-current lease liabilities	26,996	25,950
Current lease liabilities	10,158	10,203
Other current interest-bearing liabilities	725	251
Total	37,879	36,404
Cash and cash equivalents	41,045	26,133
Net debt	-3,166	10,271
EBITDA	31,902	29,661
Net debt / EBITDA	-0.10	0.35

22. EVENTS AFTER THE CLOSING DATE

After the end of the financial year, the Board of Directors made use of the authorization granted to it by the AGM on 8 April 2020 and decided that a dividend of EUR 0.90 per share be paid for 2019 in one instalment. The management of the company is not aware of any other significant events after the closing date.

Parent company financial statements, FAS

PARENT COMPANY INCOME STATEMENT

(EUR 1,000)	Note	1 Jan.–31 Dec. 2020	1 Jan.–31 Dec. 2019
NET SALES	1.	**119,017**	**118,708**
Other operating income	2.	288	604
Change in inventories of finished goods and work in progress		-140	117
Materials and services	3.	-47,587	-45,041
Personnel expenses	4.	-18,589	-19,577
Depreciation and impairments	5.	-1,416	-1,481
Other operating expenses	6.	-30,926	-35,134
OPERATING PROFIT		**20,647**	**18,196**
Financial income and expenses	7.	-731	113
RESULT BEFORE APPROPRIATIONS AND TAXES		**19,916**	**18,309**
Appropriations	8.	147	51
Income taxes	9.	-4,129	-3,529
NET RESULT FOR THE PERIOD		**15,935**	**14,831**

PARENT COMPANY BALANCE SHEET

(EUR 1,000)	Note		31 Dec. 2020		31 Dec. 2019
ASSETS					
FIXED ASSETS	10.				
Intangible assets	10.1		3,133		2,139
Tangible assets	10.2		2,290		2,557
Investments	10.3				
Participations in Group companies		1,906		1,906	
Other shares and participations		16	1,922	16	1,922
FIXED ASSETS, TOTAL			**7,345**		**6,618**
CURRENT ASSETS					
Inventories	11.		19,750		19,633
Current receivables	12.		17,019		16,142
Cash on hand and at banks			38,513		23,511
CURRENT ASSETS, TOTAL			**75,282**		**59,286**
ASSETS, TOTAL			**82,627**		**65,904**

(EUR 1,000)	Note	31 Dec. 2020	31 Dec. 2019
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	13.		
Share capital		8,040	8,040
Reserve for invested non-restricted equity		1,228	1,228
Treasury shares		-315	-315
Retained earnings		29,600	14,769
Net result for the period		15,935	14,831
SHAREHOLDERS' EQUITY, TOTAL		**54,488**	**38,553**
ACCUMULATED APPROPRIATIONS	14.	874	1,021
LIABILITIES	15.		
Current liabilities		27,265	26,329
LIABILITIES, TOTAL		**27,265**	**26,329**
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL		**82,627**	**65,904**

PARENT COMPANY CASH FLOW STATEMENT

(EUR 1,000)	1 Jan.–31 Dec. 2020	1 Jan.–31 Dec. 2019
CASH FLOW FROM OPERATIONS		
Net result for the period	15,935	14,831
Adjustments		
Depreciation and impairments	1,416	1,481
Change in depreciation difference	-147	-51
Financial income and expenses	731	-113
Taxes	4,129	3,529
Cash flow before change in working capital	22,064	19,677
Change in working capital		
Increase (-) / decrease (+) in current non-interest-bearing trade receivables	-1,483	-351
Increase (-) / decrease (+) in inventories	-133	611
Increase (+) / decrease (-) in current non-interest-bearing liabilities	3,438	1,221
Cash flow from operations before financial items and taxes	23,886	21,157
Paid interest and payments on other financial expenses	-530	-495
Interest received and payments on other financial income	191	529
Taxes paid	-5,763	-2,385
CASH FLOW FROM OPERATIONS	**17,784**	**18,807**
CASH FLOW FROM INVESTMENTS		
Investments in tangible and intangible assets	-2,846	-1,478
Purchase of subsidiary shares	-	-200
Change in loan receivables	151	993
CASH FLOW FROM INVESTMENTS	**-2,696**	**-685**
CASH FLOW FROM FINANCING		
Personnel share issue	-	726
Short-term loans drawn	6,000	-
Short-term loans repaid	-6,000	-
Dividends paid	-	-15,003
CASH FLOW FROM FINANCING	**0**	**-14 277**
Change in cash and cash equivalents	15,089	3,845
Cash and cash equivalents at the beginning of the financial year	23,505	19,661
Effects of exchange rate fluctuations	-80	-
Cash and cash equivalents at the end of the financial year	38,513	23,505

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

ACCOUNTING POLICY

Marimekko Corporation's financial statements have been prepared in accordance with the legislation and regulations that are in force in Finland. The financial year of the company is the calendar year.

Measurement of fixed assets
Fixed assets are recorded in the balance sheet at the original acquisition cost less depreciation according to plan. Depreciation according to plan has been calculated using straight-line depreciation on the estimated useful life of the fixed assets.

Periods of depreciation:

- intangible rights 5 years
- computer software 3–5 years
- other capitalized expenditure 3–15 years
- buildings 30 years
- machinery and equipment 5–15 years.

Inventories
Inventories are presented at the acquisition cost or at the lower probable net realisation value. The value of inventories does not include any share of fixed purchasing and manufacturing costs.

Pension commitments
The pension security of the company's personnel has been arranged under the statutory employee pension plan (TyEL) through a pension insurance company.

Items denominated in foreign currency
The foreign-currency-denominated receivables and liabilities of the company have been converted to euro amounts using the exchange rate quoted by the European Central Bank on the closing date.

Revenue recognition
Revenue is recognized when the buyer obtains control of the product – that is when the significant risks and rewards of ownership have been transferred to the buyer. In wholesale, this is mainly the moment when the goods are handed over to the customer as set forth in the agreed delivery clause. In wholesale and export trade, the terms of delivery determine the point of time when the customer obtains control of the goods. In retail where cash or a credit card is used as means of payment, the income is recognized at the time of sale.

More information on revenue recognition can be found in the notes to the consolidated financial statements.

Leasing
Leasing payments are treated as rental expenditures.

Appropriations
Appropriations consist of depreciation differences due to differences between accounting and tax depreciation of tangible and intangible assets.

Taxes
Income taxes include income taxes calculated on the result for the financial year and taxes paid or refunded in previous financial years. Deferred taxes are not recognized in the parent company's income statement and balance sheet.

Branches
Branches have been consolidated into Marimekko Corporation's accounts and intercompany items have been eliminated.

NOTES TO THE INCOME STATEMENT

1. NET SALES BY MARKET AREA

(EUR 1,000)	2020	2019
Finland	71,120	71,118
Other countries	47,897	47,590
Total	119,017	118,708

2. OTHER OPERATING INCOME

(EUR 1,000)	2020	2019
Rental income	54	140
Other income	234	463
Total	288	604

3. MATERIALS AND SERVICES

(EUR 1,000)	2020	2019
Materials and supplies		
Purchases during the financial year	29,247	27,657
Increase (-) / decrease (+) in inventories	-257	728
Total	28,990	28,386
External services	18,597	16,656
Total	47,587	45,041

4. PERSONNEL EXPENSES

(EUR 1,000)	2020	2019
Salaries, wages and bonuses	15,809	16,379
Pension and pension insurance payments	2,318	2,748
Other indirect social expenditure	462	451
Total	18,589	19,577
Salaries and bonuses for management		
Members of the Board of Directors and the President and CEO	717	800
Itemized in the note 19 to the consolidated financial statements.		

Average number of employees

	2020	2019
Salaried employees	323	321
Production personnel	22	23
Total	345	344

5. DEPRECIATION AND IMPAIRMENTS

(EUR 1,000)	**2020**	**2019**
Intangible assets		
Intangible rights	40	57
Computer software	363	468
Other capitalized expenditure	453	409
Total	856	934
Tangible assets		
Buildings and structures	7	12
Machinery and equipment	554	535
Total	560	547
Total	1,416	1,481

6. OTHER OPERATING EXPENSES

(EUR 1,000)	**2020**	**2019**
Leases	6,298	7,663
Marketing	10,429	12,732
Other expenses	14,198	14,739
Total	30,926	35,134

Auditor's fee

(EUR 1,000)	**2020**	**2019**
KPMG		
Audit	60	60
Other services	12	38
Total	72	98

7. FINANCIAL INCOME AND EXPENSES

(EUR 1,000)	**2020**	**2019**
Other interest and financial income		
From Group companies	113	136
From others	13	21
Total	126	157
Interest and other financial expenses		
To other than Group companies	857	44
Total	857	44
Financial income and expenses, total	-731	113
Financial income and expenses include exchange rate differences (net)		
Realized	-190	-32
Unrealized	-387	117
Total	-577	85

8. APPROPRIATIONS

(EUR 1,000)	2020	2019
Change in depreciation difference	147	51

9. INCOME TAXES

(EUR 1,000)	2020	2019
Income taxes on operations	4,129	3,529

NOTES TO THE BALANCE SHEET

10. FIXED ASSETS

10.1 Intangible assets

2020

(EUR 1,000)	Intangible rights	Computer software	Other capitalized expenditure	Advance payments and acquisitions in progress	Total
Acquisition cost, 1 Jan. 2020	1,733	7,055	6,656	1,094	16,539
Increases	48	330	629	896	1,903
Transfers between categories		541	1,236	-1,830	-53
Acquisition cost, 31 Dec. 2020	1,781	7,927	8,520	160	18,389
Accumulated depreciation, 1 Jan. 2020	1,672	6,560	6,167		14,399
Depreciation during the financial year	40	363	453		856
Accumulated depreciation, 31 Dec. 2020	1,712	6,922	6,620		15,255
Book value, 31 Dec. 2020	69	1,005	1,899	160	3,133

2019

(EUR 1,000)	Intangible rights	Computer software	Other capitalized expenditure	Advance payments and acquisitions in progress	Total
Acquisition cost, 1 Jan. 2019	1,727	6,231	7,045	83	15,086
Increases	6	148	18	1,281	1,453
Transfers between categories		146	124	-269	
Classification adjustment		531	-531		
Acquisition cost, 31 Dec. 2019	1,733	7,055	6,656	1,094	16,539
Accumulated depreciation, 1 Jan. 2019	1,615	6,092	5,758		13,465
Depreciation during the financial year	57	468	409		934
Accumulated depreciation, 31 Dec. 2019	1,672	6,560	6,167		14,399
Book value, 31 Dec. 2019	61	496	488	1,094	2,139

10.2 Tangible assets

2020

(EUR 1,000)	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and acquisitions in progress	Total
Acquisition cost, 1 Jan. 2020	38	417	15,522	28	9	16,015
Increases			79		161	240
Transfers between categories			223		-170	53
Acquisition cost, 31 Dec. 2020	38	417	15,825	28		16,308
Accumulated depreciation, 1 Jan. 2020		331	13,127			13,458
Depreciation during the financial year		7	554			560
Accumulated depreciation, 31 Dec. 2020		338	13,681			14,019
Book value, 31 Dec. 2020	38	80	2,143	28		2,290

2019

(EUR 1,000)	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and acquisitions in progress	Total
Acquisition cost, 1 Jan. 2019	38	417	14,468	28		14,952
Increases			110		953	1 063
Transfers between categories			944		-944	
Acquisition cost, 31 Dec. 2019	38	417	15,522	28	9	16,015
Accumulated depreciation, 1 Jan. 2019		319	12,592			12,911
Depreciation during the financial year		12	535			547
Accumulated depreciation, 31 Dec. 2019		331	13,127			13,458
Book value, 31 Dec. 2019	38	86	2,395	28	9	2,557

10.3 Investments

2020

(EUR 1,000)	Shares in Group companies	Other shares and participations	Total
Acquisition cost, 1 Jan. 2020	2,196	16	2,212
Acquisition cost, 31 Dec. 2020	2,196	16	2,212
Accumulated depreciation, 31 Dec. 2020	290		290
Book value, 31 Dec. 2020	1,906	16	1,922

2019

(EUR 1,000)	Shares in Group companies	Other shares and participations	Total
Acquisition cost, 1 Jan. 2019	1,996	16	2,012
Increases	200		200
Acquisition cost, 31 Dec. 2019	2,196	16	2,212
Accumulated depreciation, 31 Dec. 2019	290		290
Book value, 31 Dec. 2019	1,906	16	1,922

11. INVENTORIES

(EUR 1,000)	2020	2019
Raw materials and consumables	4,581	4,323
Finished products/goods	15,170	15,310
Total	19,750	19,633

12. CURRENT RECEIVABLES

(EUR 1,000)	**2020**	**2019**
Trade receivables	6,463	5,206
Receivables from Group companies		
Trade receivables	4,654	4,597
Loan receivables	5,061	5,498
Prepaid expenses and accrued income	-	20
Total	9,715	10,114
Other receivables	81	37
Prepaid expenses and accrued income	759	784
Total	17,019	16,142

Prepaid expenses and accrued income		
Royalty receivables	237	227
Other prepaid expenses and accrued income	522	557
Total	759	784

13. SHAREHOLDERS' EQUITY

(EUR 1,000)	**2020**	**2019**
Share capital, 1 Jan.	8,040	8,040
Share capital, 31 Dec.	8,040	8,040
Reserve for invested non-restricted equity, 1 Jan.	1,228	502
Personnel share issue	-	726
Reserve for invested non-restricted equity, 31 Dec.	1,228	1,228
Treasury shares, 1 Jan.	-315	-315
Treasury shares, 31 Dec.	-315	-315
Retained earnings, 1 Jan.	29,600	29,773
Dividends paid	-	-15 003
Retained earnings, 31 Dec.	29,600	14,769
Net result for the period	15,935	14,831
Shareholders' equity, total	54,488	38,553

Calculation of distributable funds

(EUR 1,000)	**2020**	**2019**
Retained earnings	29,600	14,769
Net result for the period	15,935	14,831
Treasury shares	-315	-315
Reserve for invested non-restricted equity	1,228	1,228
Dividends paid for 2019[1]	-7,299	-
Business cost support by the Finnish State Treasury	-500	-
Total	38,649	30,513

[1] After the end of the financial year, the Board of Directors made use of the authorization granted to it by the AGM on 8 April 2020 and decided that a dividend of EUR 0.90 per share be paid for 2019 in one instalment.

14. ACCUMULATED APPROPRIATIONS

(EUR 1,000)	2020	2019
Accumulated depreciation difference		
Intangible rights	16	19
Other capitalized expenditure	318	444
Machinery and equipment	403	419
Buildings and structures	138	140
Total	874	1,021

15. LIABILITIES

Current liabilities

(EUR 1,000)	2020	2019
Advances received	1,587	1,006
Trade payables	7,535	7,405
Debts to Group companies		
Trade payables	683	441
Accrued liabilities and deferred income	7,241	7,339
Other current liabilities	3,444	1,948
Accrued liabilities and deferred income	6,775	8,189
Total	27,265	26,329

Accrued liabilities and deferred income		
Wages and salaries with social security contributions	3,781	3,995
Accrued income tax liabilities	559	2,335
Other accrued liabilities and deferred income	2,435	1,860
Total	6,775	8,189

16. GUARANTEES, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

(EUR 1,000)	2020	2019
Leasing liabilities		
Payments due in the following financial year	430	447
Payments due later	397	429
Total	827	876

Liabilities related to lease agreements		
Payments due in the following financial year	6,260	6,393
Payments due later	27,042	29,593
Total	33,302	35,986

Guarantees on behalf of subsidiaries	3,059	4,855
Indirect liability for rent and other guarantees	3,048	2,193

Signatures to the financial statements and the report of the Board of Directors

Helsinki, 18 February 2021

Mika Ihamuotila
Chairman of the Board

Elina Björklund
Vice Chairman of the Board

Arthur Engel
Member of the Board

Mikko-Heikki Inkeroinen
Member of the Board

Helle Priess
Member of the Board

Catharina Stackelberg-Hammarén
Member of the Board

Tiina Alahuhta-Kasko
President and CEO

THE AUDITOR'S NOTE

A report on the audit performed has been issued today.

Helsinki, 18 February 2021

KPMG Oy Ab

Virpi Halonen
Authorized Public Accountant

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

Auditor's report

TO THE ANNUAL GENERAL MEETING OF MARIMEKKO CORPORATION

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Marimekko Corporation (business identity code 0111316-2) for the year ended 31 December 2020. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit and Remuneration Committee.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 6 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Revenue recognition ("Revenue recognition and net sales" in the consolidated accounting principles and note 1)	
Marimekko Group's revenue is generated from wholesale and retail sales of clothes, bags and accessories, and interior decoration products as well as licensing income. Group's net sales, EUR 123.6 million, is a significant item in the financial statements consisting of a large number of transactions from different revenue streams as well as diverse sales contracts and terms with customers. Wholesale contracts include several different delivery terms and might contain right of return, which determine when the ownership of the product is transferred to the customer. Retail sales mainly consists of small transactions paid by cash or payment cards and the revenue is recognized when the product is sold to the customer. Revenue from licensing is recognized in accordance with the terms of the contract. Revenue recognition is a key audit matter due to a large number of transactions as well as for a risk that revenue is recognized in an incorrect period.	In our audit of different revenue streams, we have tested company's key controls related to sales and performed substantive audit procedures, among others with data-analytics methods. • We have formed an understanding of accounting principles and practices in different revenue streams and evaluated the appropriateness of the revenue recognition principles in relation to IFRS. • We have tested revenue, discounts, campaign discounts and margins in both wholesale and retail sales with data-analytics methods. • For wholesale we have selected a sample of sales transactions comparing them to sales invoices, contracts, delivery notes and payments received. • For retail sales we have reviewed sales processes and reconciliation routines for cash and payment card transactions in selected retail stores. • We have tested that the revenue has been recognized in the right financial period by comparing sales transactions, invoices and delivery terms to actual deliveries as well as by testing possible return provisions and a sample of credit invoices made in 2021. • We have also compared selected accounts receivables to the confirmations received from counterparties. • We have reviewed the most significant licensing contracts and that the revenue has been recognized in accordance with the contract terms.
Valuation and existence of inventory ("Inventories" in the consolidated accounting principles and note 12.1)	
Marimekko purchases, manufactures and sells consumer goods and is subject to changing consumer demands. Inventory consists of fabrics and other raw materials as well as half-finished and finished goods including clothes, bags, accessories and interior decoration products. Inventories are valued at the lower of acquisition cost or probable net realizable value. Manufactured inventories include directly attributable fixed and variable overhead costs. Inventory value EUR 22.4 million is a significant item in Marimekko's balance sheet and inventories are in several locations. Inventory accounting includes manual processes in valuation and compiling the inventory balances and it increases, therefore the risk for human errors. In addition, inventory may include management's judgement on probable net realizable value.	In our audit of valuation and existence of inventories we have tested the company's key controls and performed substantive audit procedures, among others with data-analytics methods. • We have attended physical stock takings in selected inventory locations. We have analyzed company's own results of stocktaking differences and how they have been resolved. • We have compared the value of selected inventory items to the latest purchase prices. • We have tested slow-moving inventory items as well as exceptional values in inventory accounting with data analytics methods. • We have compared the unit prices of selected inventory items to their sales prices.

Responsibilities of the Board of Directors and the President and CEO for the Financial Statements
The Board of Directors and the President and CEO are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the President and CEO are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the President and CEO are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the President and CEO's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER REPORTING REQUIREMENTS

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on 12 April 2018.

Other Information

The Board of Directors and the President and CEO are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 18 February 2021

KPMG Oy Ab

Virpi Halonen
Authorized Public Accountant

This document is an English translation of the Finnish independent auditor's reasonable assurance report.
Only the Finnish version of the report is legally binding.

Independent auditor's reasonable assurance report on Marimekko Corporation's ESEF financial statements

TO THE BOARD OF DIRECTORS OF MARIMEKKO CORPORATION

We have undertaken a reasonable assurance engagement on the iXBRL marking up of the consolidated financial statements for the year ended 31 December 2020 included in Marimekko Corporation's digital files 74370053IOY42B9YJ350-2020-12-31_en.zip prepared in accordance with the requirements of Article 4 of EU Delegated Regulation 2018/815 (ESEF RTS).

The Responsibility of the Board of Directors and the President and CEO
The Board of Directors and the President and CEO are responsible for preparing the report of the Board of Directors and financial statements (ESEF financial statements) that comply with the requirements of ESEF RTS. This responsibility includes:

- preparation of ESEF financial statements in XHTML format in accordance with Article 3 of the ESEF RTS
- marking up the consolidated financial statements included in the ESEF financial statements with iXBRL tags in accordance with Article 4 of the ESEF RTS; and
- ensuring consistency between ESEF financial statements and audited financial statements.

The Board of Directors and the President and CEO are also responsible for such internal control as they deem necessary to prepare the ESEF financial statements in accordance with the requirements of the ESEF RTS.

Auditor's Independence and Quality Control
We are independent of the company in accordance with the ethical requirements applicable in Finland, which apply to the engagement we have performed, and we have fulfilled our other ethical obligations in accordance with these requirements.

The auditor applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibility
In accordance with the engagement letter our responsibility is to express an opinion on whether the marking up of the consolidated financial statements included in the ESEF financial statements comply in all material respects with the Article 4 of the ESEF RTS. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000.

The engagement involves procedures to obtain evidence whether;

- the consolidated financial statements included in the ESEF financial statements are, in all material respects, marked up with iXBRL tags in accordance with Article 4 of the ESEF RTS, and;
- the ESEF financial statements and the audited financial statements are consistent with each other.

The nature, timing and the extent of procedures selected depend on practitioner's judgement. This includes the assessment of the risks of material departures from the requirements set out in the ESEF RTS, whether due to fraud or error.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion, the consolidated financial statements included in the ESEF financial statements of Marimekko Corporation identified as 74370053IOY42B9YJ350-2020-12-31_en.zip for the year ended 31 December 2020 are marked up, in all material respects, in compliance with the ESEF Regulatory Technical Standard.

Our audit opinion relating to the consolidated financial statements of Marimekko Corporation for the year ended 31 December 2020 is set out in our auditor's report. In this report, we do not express an audit opinion, review conclusion or any other assurance conclusion on the consolidated financial statements.

Helsinki, 19 March 2021

KPMG Oy Ab

Virpi Halonen
Authorized Public Accountant


SUOMI

Statement of non-financial information 2020

MARIMEKKO'S BUSINESS MODEL AND APPROACH TO SUSTAINABILITY

Marimekko is a Finnish lifestyle design company renowned for its original prints and colors. The company designs, produces, sources, markets and sells clothing, bags and accessories, as well as home décor items ranging from textiles to tableware. Marimekko's business model is based on a variety of distribution channels including company-owned Marimekko stores, outlet stores and e-commerce (retail), partner-owned Marimekko stores, shop-in-shops and e-commerce, wholesale customers such as department stores and multi-brand stores as well as e-tailers (wholesale), and licensing. The company's key markets are Northern Europe, the Asia-Pacific region and North America. The design, product development, merchandising, marketing, omnichannel sales, and supply chain related activities are led globally from the headquarters in Helsinki. A large part of Marimekko's printed fabrics, used across its product lines, is produced in Helsinki in the company's own textile printing factory, which also acts as an innovation hub for Marimekko's key differentiator, its art of print making, and enables active participation in research and development projects focused on improving the sustainability of operations. Furthermore, good and competent suppliers play a major role in Marimekko's competitiveness and the company strives to build long-term partnerships with its suppliers.

Marimekko's core values and Code of Conduct guide the daily work. The requirements for suppliers are included in the Supplier Code of Conduct, which is based on the amfori BSCI Code of Conduct. In addition, more specific policies and guidelines exist for each of the areas covered by this statement.

Sustainability is one of the most transformative megatrends impacting the fashion and textile industry and an increasingly important consideration in the choices of consumers. The coronavirus pandemic further accelerated this trend in 2020. Marimekko's operations and design philosophy have always been based on a sustainable approach: Marimekko wants to offer its customers timeless, functional and durable products that bring them long-lasting joy and that they will not want to throw away. Marimekko believes that determined efforts to improve sustainability strongly support the company's long-term success. Possibilities to improve the sustainability of operations have been identified both in Marimekko's own operations (e.g. design, material choices and material, energy and water efficiency in the in-house printing factory) and in the company's value chain. In addition, Marimekko engages with various industry networks (Better Cotton Initiative, amfori BSCI, Responsible Sourcing Network, local industry associations, among others), as collaboration between different actors is believed to be the most effective way to promote sustainable practices in the industry.

The focus areas for Marimekko's sustainability work have been determined based on the Marimekko brand and the company's vision and values paired with analyses looking at megatrends affecting the fashion and textile industry, consumer trends and insight, studies on sustainability factors in the whole value chain and benchmarking of industry practices, stakeholder dialogue and input from employees. Marimekko's sustainability actions cover the product life cycle from materials to end use.

Material themes in Marimekko's sustainability strategy 2016–2020 were designing timeless, long-lasting and functional products; inspiring and engaging customers and staff; promoting responsible practices throughout the supply chain; being resource efficient and caring for the environment; and offering an inspiring and responsible workplace.

In December 2020, Marimekko published its new, even more ambitious sustainability strategy for 2021–2025. It is built on three guiding principles with defined goals and projects. The three principles deployed throughout the value chain are timeless design brings joy for generations to come, the products of tomorrow leave no trace, and positive change through fairness and equality. The new sustainability strategy is presented in more detail on page 9 of the Financial Statements 2020 and on the company website at company.marimekko.com/en/sustainability/.

Marimekko has defined a governance model for developing and managing non-financial matters:

- The Board of Directors approves the sustainability strategy, including related key targets, as well as annual sustainability reviews.
- The Management Group sets targets and follows the progress on at least a bi-annual basis. Risks related to non-financial matters are addressed as part of the consolidated risk management and presented as part of the report of the Board of Directors.
- Each business unit and function is responsible for the actions relating to their own areas in order to reach the shared targets.
- The business development and transformation team coordinates the design and piloting of new business models supporting Marimekko's sustainability philosophy. The team is also responsible for the execution of the company's transformation program. Sustainability work is supported and coordinated by the Sustainability Manager.

Sustainable and timeless design

Marimekko's design philosophy is based on timeless and durable products that give people long-lasting joy. A long-lasting product is a key component in improving sustainability in the fashion industry, as, for example, wearing items twice as long can reduce the industry's emissions by up to 44 percent.[1]

The work that Marimekko does to extend the life cycle of its products is multifold. The company strives to offer esthetically timeless designs and materials that withstand use, and sustainability considerations are part of the design and product development, relating for example to the material choices used and how print designs are placed to minimize any leftover fabric.

Marimekko is committed to increasing the share of sustainable cotton and other more sustainable materials in its products. For sourcing sustainable cotton, Marimekko has so far chosen to use mainly Better Cotton. Marimekko is a member of the Better Cotton Initiative (BCI). The goal of the BCI is to make global cotton production better for the people who produce it, better for the environment it grows in and better for the sector's future. At the end of 2020, the share of Better Cotton was 82 percent (96)[2] of all cotton sourced by Marimekko. The share of Better Cotton decreased as some of the Better Cotton sourced in 2020 was recorded in the monitoring system only in 2021 and Marimekko increased its use of recycled cotton.

Marimekko's own printing factory offers unique possibilities for testing new, more sustainable fabrics and dyestuffs in the printing process and Marimekko actively participates in these testing projects. In early 2020, Marimekko introduced the first demo products produced together with the Finnish fiber technology company Spinnova. The first-ever printed clothes made of Spinnova's fiber were printed by Marimekko at the end of 2019. In 2020, Marimekko continued testing a new, plant-based indigo dye and printed fabrics with the dye for its 2021 collections.

Furthermore, the company finalized its new material strategy which will provide the foundation for the material choices and development projects going forward. Marimekko aims at reducing the environmental footprint of its textile materials by 30 percent (calculated using the Higg Material Sustainability Index) by the end of 2025 through increasing the use of various more sustainable materials. The material choices based on the new strategy will begin in 2021 and will be visible for consumers in Marimekko's coming collections.

Marimekko also aims to increase the share of more sustainable materials in its packaging. All packaging materials are already recyclable. In the future, the company intends, for example, to reduce the use of plastic and increase the use of recycled materials.

To ensure that Marimekko products are durable and of high quality, the company has processes in place in its own printing factory and regularly checks the quality of the products manufactured by partner suppliers both through in-house tests and through third-party production checks.

By providing information on its products, their proper care, and ways to prolong product life, Marimekko can inspire and engage its customers to contribute to maximizing product life cycles. In 2020, Marimekko continued its Q&A sessions in social media, entitled Behind the Patterns, to increase dialogue with end users. Six session were held during the year, and each session had an average of 23,300 unique viewers. At the beginning of 2020, Marimekko published a new, more comprehensive care guide for its products. The guide was regularly featured on the company's social media channels, and in November, product care was demonstrated for customers in the Helsinki flagship store in collaboration with Arkive Atelier. In addition to prolonging product life, proper care helps to reduce the environmental impacts of products during their use. The company also promotes the reuse of its products for example through a continued collaboration in Finland with Vestis, a retailer of secondhand clothing and accessories. The garment collecting events planned for 2020 had to be cancelled due to the coronavirus pandemic. The events will continue when the situation is better. Furthermore, Marimekko will pilot resale services in 2021.

[1] Ellen MacArthur Foundation, A new textiles economy: Redesigning fashion's future (2017, http://www.ellenmacarthurfoundation.org/publications).
[2] The Better Cotton Initiative changed their calculating guidelines in 2020. The comparison figure for 2019 has been adjusted accordingly.

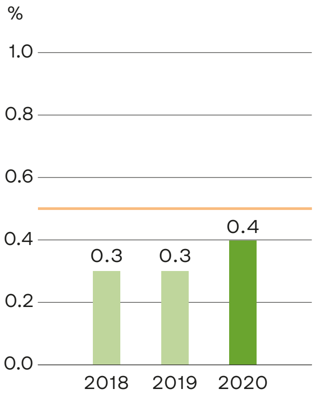
Sustainable and timeless design

KEY TARGETS BY THE END OF 2020

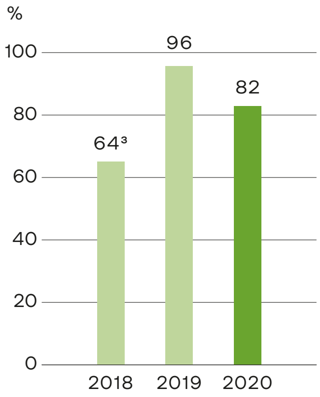
- Offering durable, high-quality and functional products
- Increasing the share of sustainable cotton in products
- Increasing the share of other more sustainable raw materials used in products and packaging
- Contributing to the circular economy with related projects and services
- Offering more information about products, their proper care, and ways to prolong product life

KEY PERFORMANCE INDICATORS

Share of products subject to claims, target not more than 0.5% of products sold



Share of Better Cotton of total cotton sourcing, target to increase the share



Projects related to developing new, more sustainable materials

- Cooperation with Spinnova to develop new sustainable materials
- Cooperation with Natural Indigo on the use of natural dyes

Projects supporting the circular economy

- Analysis of business models for resale services and planning of a pilot project

Actions to increase the amount of product-related information shared with or available to customers

- New, more extensive care guide for products
- Collaboration with Arkive Atelier in Finland on product care
- “Behind the Patterns” Q&A sessions in social media

[3] Due to a change in the Better Cotton Initiative calculating guidelines, the figure for 2018 is not comparable with those for 2019 and 2020.
The share decreased in 2020 as some of the Better Cotton sourced in 2020 was recorded in the monitoring system only in 2021 and Marimekko increased its use of recycled cotton.

Sustainable supply chain

Marimekko's wide range of products are manufactured by a global network of around 70 suppliers and 100 factories. The company's objective is to always find the best manufacturing place for each product category. 60 percent of the products are made in EU countries and the rest in other European countries and Asia. Supply chains in the textile industry are complex and involve many players – thus, enhancing sustainability in the supply chain from raw materials to the stores demands patient work. At Marimekko, sustainability topics addressed in the supply chain cover social, environmental and governance issues.

Marimekko has strong values, of which one – fairness to everyone and everything – crystalizes the company's sustainability thinking and extends to its personnel, customers and partners around the world. Marimekko is committed to respecting human rights in all its operations. The company's approach to human rights is based on the United Nations Guiding Principles on Business and Human Rights (UNGPs).

Marimekko's sourcing is guided by principles of responsible sourcing and its Supplier Code of Conduct, which all partner suppliers must sign. The Supplier Code of Conduct details, among other things, the respect for human rights, including strict principles against child labor and forced labor, and for the right for the workers to organize and the right to equal treatment. The company is a member of the European amfori BSCI initiative, which promotes the monitoring and improvement of working conditions in global supply chains. Purchasing agreements signed with suppliers bind the supplier to comply with the International Labour Organization Conventions and the amfori BSCI Code of Conduct.

Marimekko's due diligence process for human rights consists of careful supplier selection and assessment, contractual obligations, questionnaires to suppliers (for example regarding the origin of materials used), independent third-party audits conducted mainly in factories located outside Europe (in countries considered higher risk), monitoring through factory visits by Marimekko employees, follow-up of corrective actions, training for Marimekko's sourcing department, external assessments and studying external reports, as well as collaboration in industry organizations. Marimekko has also excluded sourcing from certain very high-risk countries, particularly Uzbekistan, Turkmenistan and the Xinjiang Uyghur Autonomous Region in China for cotton. The due diligence process is developed continuously.

During 2020, 20 (13) amfori BSCI audits were conducted at Marimekko's partner suppliers' facilities. None of the audits carried out during the year identified any zero-tolerance findings, such as indications of child labor or forced labor, or imminent and significant risks to workers' health. Most of the findings in the audits concerned health and safety (2020: 35 percent; 2019: 43), management systems (18 percent; 17), and worker involvement and protection (14 percent; 10). Corrective action plans were put in place where necessary. Despite the coronavirus pandemic, third-party audits in the factories were mostly carried out according to the normal schedule. However, due to travel restrictions, Marimekko employees' visits to the factories were not possible. The corrective actions were monitored in dialogue with the suppliers. Based on the reported human rights violations, Marimekko forbade its suppliers to use cotton or subcontractors from the Xinjiang Uyghur Autonomous Region in China for the manufacture of Marimekko products.

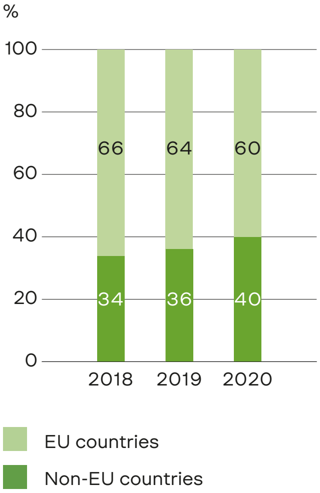
Sustainable supply chain

KEY TARGETS BY THE END OF 2020

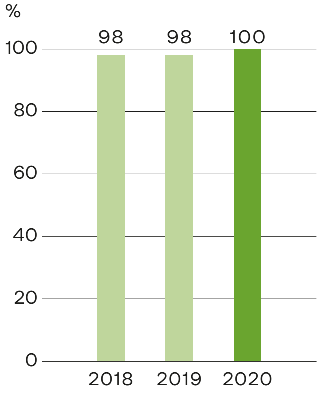
- Building transparency towards raw materials
- Selecting suppliers carefully, taking human rights and environmental protection into account
- Promoting human rights, a living wage, worker empowerment and safe working conditions in the supply chain through dialogue, audits and training

KEY PERFORMANCE INDICATORS

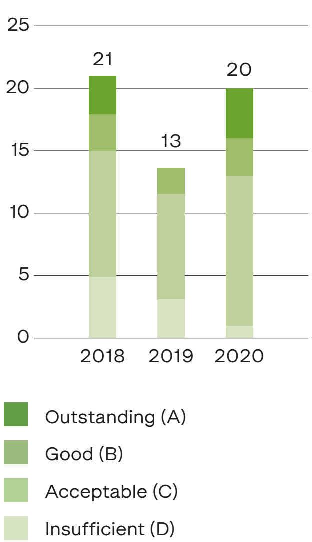
Share of manufacturing in the EU / outside the EU



Share of purchases from audited suppliers in non-EU countries



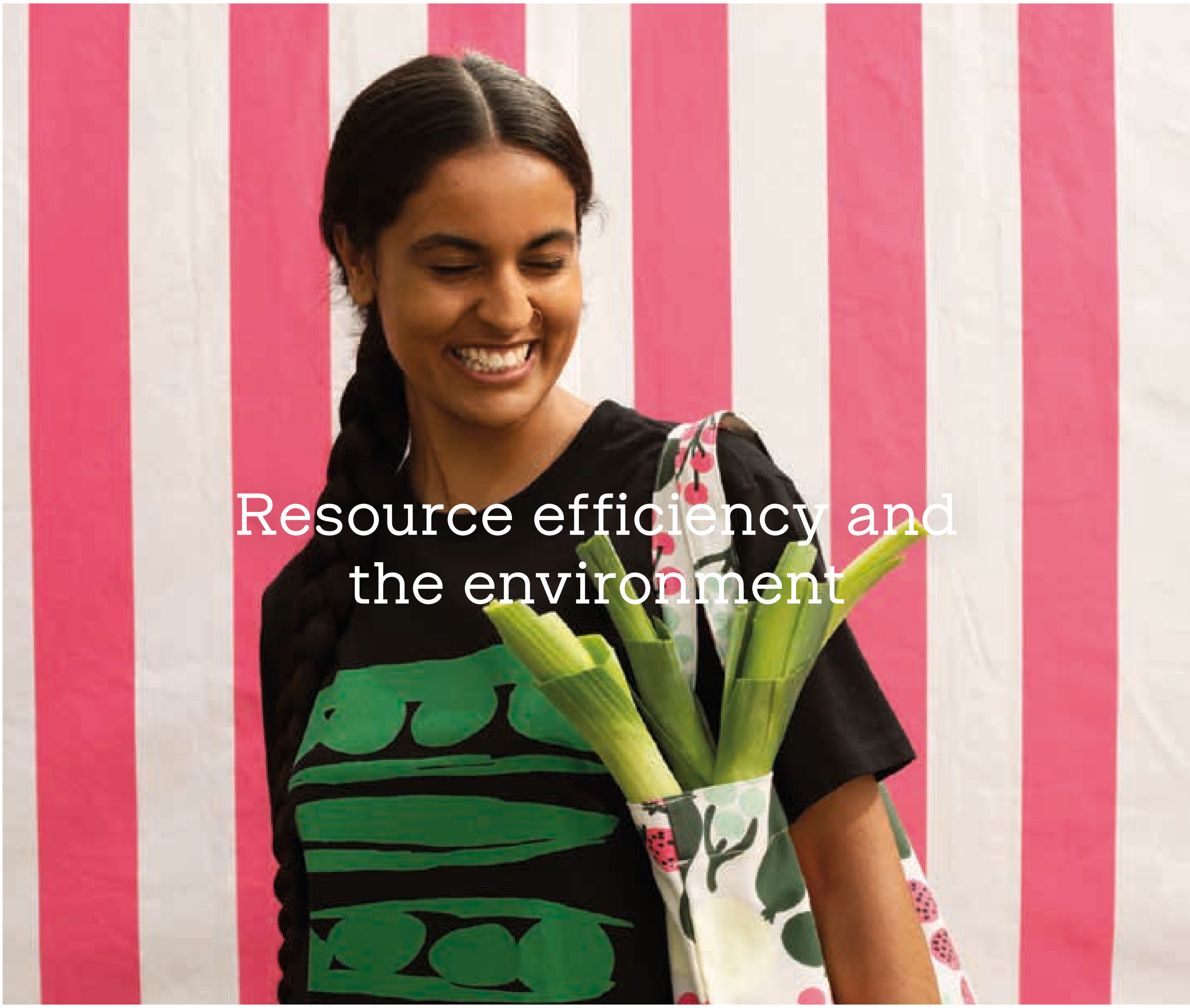
Number of audits and audit results[4]



Actions to enhance transparency

- Public supplier list since 2015, updated in 2020 according to the requirements of the Transparency Pledge
- Upstream supply chain (incl. fabric suppliers) mapped and recorded in internal systems
- Questionnaires about raw material origin
- Participation in Fashion Revolution campaign
- “Behind the Patterns” Q&A sessions in social media

[4] The number of audits varies year by year, based on frequency of audits (the audit cycle is 1 or 2 years depending on the result) and changes in the supplier base (for example, a new factory may have another audit than amfori BSCI).



Resource efficiency and the environment

Marimekko's goal is to constantly reduce the environmental impacts of its operations. The main environmental impacts of the company's own operations are related to the in-house textile printing factory in Helsinki. In addition, environmental impacts occur in the upstream and downstream value chain, for example during the production of materials, during logistics as well as when the products are used.

In the Marimekko printing factory, the goal is to continuously reduce the environmental impacts by improving material, water and energy efficiency and minimizing waste in the factory's own operations. The factory has its own environmental and chemicals management processes and 83 percent (86) of the fabrics printed at the factory are certified according to the STANDARD 100 by OEKO-TEX®. The certificate guarantees that the materials contain no substances harmful to people or the environment, as detailed in the standard criteria.

For its suppliers, Marimekko has environmental requirements set in the Supplier Code of Conduct and in product policies related to responsible material sourcing. The company's sourcing teams regularly gather and assess information about environmental impacts in the supply chain. Marimekko also has chemical management principles in place, detailed in contracts and the company's Restricted Substances List and monitored by random testing based on risk assessment.

In 2020, Marimekko increased the use of more environmentally friendly substances and chemicals. For example, the company's printing factory began using natural dyes and colors mixed from dyes left over from earlier production runs.

Marimekko continued studies to calculate the CO_2 footprint of its operations. During the year, the footprint of the printing factory and headquarter operations was further defined. In addition, the CO_2 footprint of Marimekko's other offices and the stores it operates globally as well the environmental footprint of the textile materials used were evaluated. As a result of continuous development work and emission offsetting, Marimekko's own operations, i.e. the printing factory, offices and stores operated by the company globally, became carbon neutral in 2020. Furthermore, Marimekko set new emissions reduction targets by the end of 2025 as part of its new sustainability strategy.

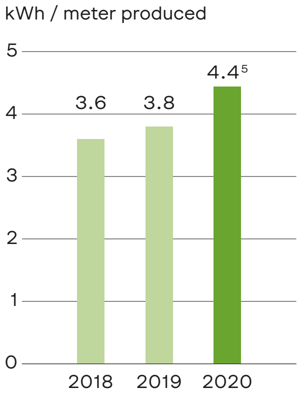
Resource efficiency and the environment

KEY TARGETS BY THE END OF 2020

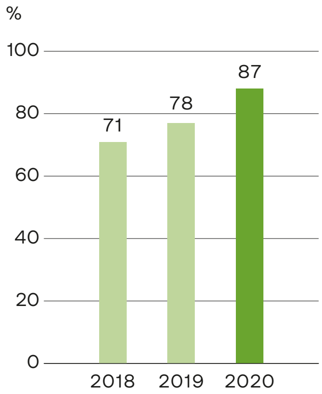
- Continuously reducing the carbon footprint of operations
- Continuously improving material, energy and water efficiency of in-house operations
- No landfill waste generated by in-house operations
- Looking for environmentally friendlier alternatives to chemicals (greener chemistry in the in-house printing factory, and phaseout of PFCs and PVC, which was completed in 2019)

KEY PERFORMANCE INDICATORS

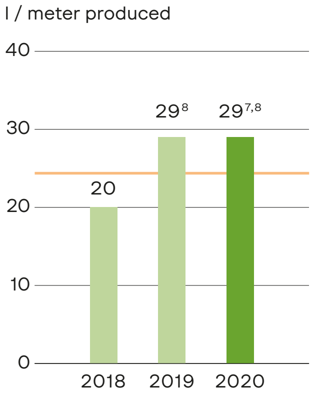
Biogas consumption



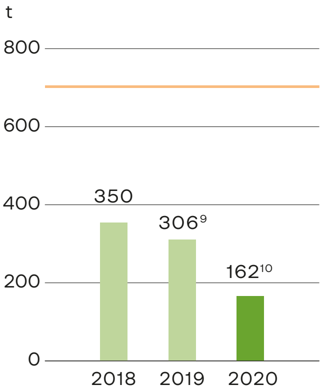
Share of renewable energy of the energy produced and purchased[6]



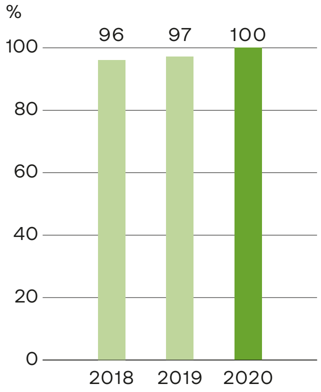
Water consumption,
target to reduce by 20% from the 2010 baseline of 31 l / meter produced



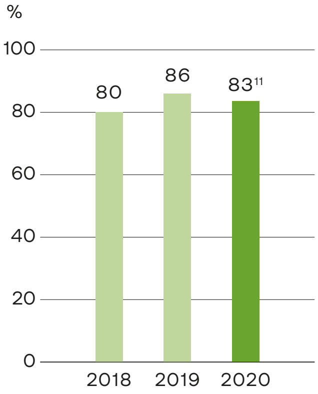
Carbon dioxide emissions
(scope 1 and 2),
target to reduce by 50% from the 2010 baseline of 1,399 tonnes



Percentage of waste generated being reused in energy production or as recycled material,
target 100%



Share of materials certified according to the STANDARD 100 by OEKO-TEX® in the in-house printing factory



[5] Consumption grew mainly as a result of introducing a higher heat of combustion for biogas as of 1 January 2020. Calculated using the previous heat of combustion, the consumption per meter would have been 4.0 kWh.
[6] Covers the fabric printing factory and head office operations in Helsinki and for electricity consumption also the facilities in Kitee and Sulkava.
[7] Marimekko has increased the share of linen as its material. Linen fabrics must be washed before printing, which increases water consumption per meter.
[8] Water consumption increased due to a second wash introduced for some fabrics to enhance color fastness. The washes were continued in 2020.
[9] The figure for 2019 has been restated using the 2019 emission factor.
[10] The figure for 2020 has been calculated using the 2019 emission factor.
[11] The decrease in the share of certified materials is attributable to the increased use of linen; linen fabrics are currently not included in Marimekko's OEKO-TEX® certification.

An inspiring and responsible workplace

Marimekko's success rests on strong staff commitment and the ability to utilize every employee's skills and creativity in daily work. The company believes in fairness, courage and cooperation, and fosters an open, low-hierarchical corporate culture that is based on creativity and entrepreneurship. The Marimekko Spirit, incorporating the company's values, forms the backbone of how people work together at Marimekko. The UN's Universal Declaration of Human Rights and Marimekko's Code of Conduct provide the principles for managing the social issues of the company's own operations.

Marimekko's culture and working environment are founded on equality, valuing diversity, and inclusion. No discrimination is tolerated at Marimekko. The company wants to provide a safe, caring, communal and respectful working environment for all of its employees. Any issues relating to inappropriate behavior are investigated according to set processes. The company promotes equality based on an equality plan, provides training for its managers, and measures success with its employee engagement surveys.

At Marimekko, personnel well-being is enhanced by promoting employees' health and working and functional capacity, as well as by ensuring an empowering working atmosphere. This work is done in close cooperation between occupational healthcare, human resources, managers and the occupational safety organization. Marimekko uses an early support model, aimed at improving coping at work, working ability and workplace well-being. The objective is to increase dialogue between the manager and employees in particular in matters related to the work and working ability, to improve the working conditions, and prevent prolonged absenteeism and disability retirements. As preemptive measures of occupational safety, hazards and risks involved in the work are recognized and evaluated. Employees report their safety observations through a joint notification system. In Finland, reported safety observations and occupational accidents are monitored regularly, and corrective actions needed are taken based on them.

Marimekko supports its employees' personal and professional development. The Group-wide Maripeople performance management model, including goals related both to work tasks and to ways of working, is the backbone of individual performance management and evaluation at Marimekko. Through the annual Maripeople process, employees get to know what is expected of them, and have an opportunity to discuss their work and the skills required for growth with their line manager as well as to give and receive feedback. A well-implemented Maripeople process enhances employee well-being and engagement by linking the contribution of each Marimekko employee to the company's strategy. The Marimeter employee engagement survey has previously been conducted every one or two years. The functionality of the Marimeter concept will be evaluated during the first half of 2021. In addition, Marimekko uses leadership surveys to monitor and develop the quality of leadership.

During 2020, Marimekko continued to further develop leadership and management skills across the organization as good leadership enhances employees' well-being, commitment and performance. The importance of developing leadership and management skills was further emphasized in the exceptional circumstances caused by the pandemic. To support the growth of the line managers, Marimekko organized training sessions. The Maripeople performance management process was further developed. Occupational health and safety is another main development focus area, and new tools and processes related to it were taken into use in Finland. In addition, Marimekko organized training in for example inclusivity and diversity. During the year, new internal communication tools, such as company-wide virtual events and regular open Q&A sessions, were introduced.

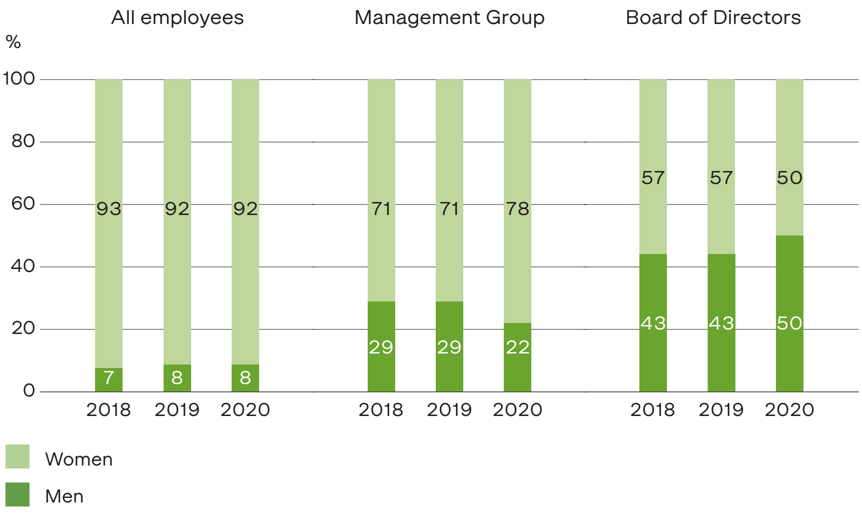
An inspiring and responsible workplace

KEY TARGETS BY THE END OF 2020

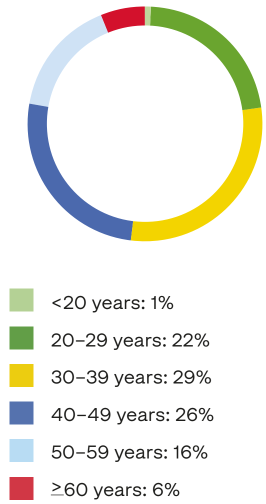
- Supporting the personal and professional growth of employees by training and competence development
- Fostering the Marimekko Spirit

KEY PERFORMANCE INDICATORS

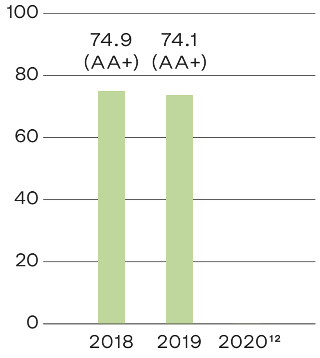
Diversity at Marimekko



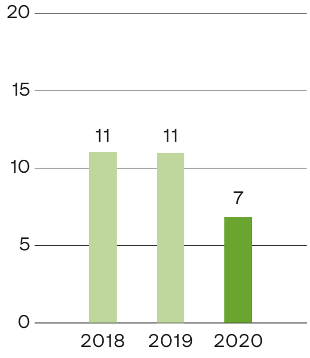
Employee age distribution



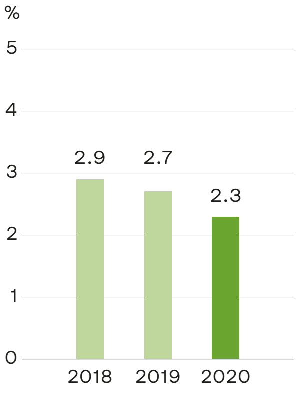
Employee engagement score



Number of accidents[13]



Sick leave absences[13]



[12] No survey in 2020 as the previous study was conducted at the turn of 2019 and 2020. The functionality of the concept for Marimeter will be evaluated during the first half of 2021.
[13] Covers employees in Finland.

Ethical business behavior

Marimekko wants to work according to the same principles around the world, complying with local laws and the Marimekko values and following responsible and ethical business practices. The key principles for ethical business practices are included in the Marimekko Code of Conduct and the Supplier Code of Conduct and more specific instructions are given in the Antitrust Guidelines, Insider Policy and in instructions in regard to privacy. Anti-corruption and anti-bribery matters are addressed in contracts with partners such as suppliers and distributors.

Marimekko has an anonymous whistle-blowing channel for its employees, which is maintained by an independent third-party service provider. Audits at partner suppliers also cover ethical business behavior, in accordance with the amfori BSCI Code of Conduct.

Marimekko has a Code of Conduct e-training, which all employees are required to complete. Marimekko revised its on-boarding practices at the end of 2019. In 2020, the Code of Conduct and other policies were a closer-knit and more systematic part of on-boarding for new employees. Several training sessions on antitrust and insider matters were also organized for managers and key employees during 2020.

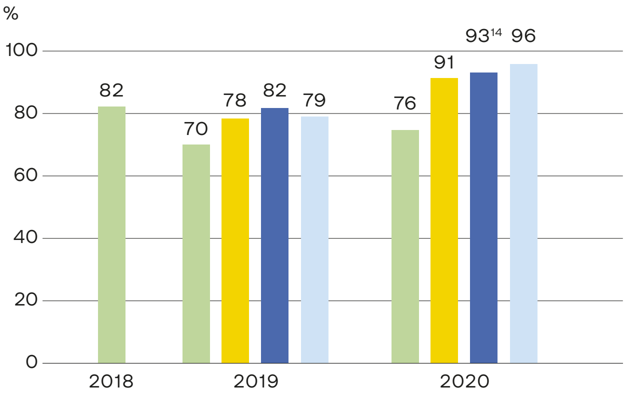
Ethical business behavior

KEY TARGETS BY THE END OF 2020

- Committing to responsible and ethical business practices

KEY PERFORMANCE INDICATORS

Share of employees who have participated in training in responsible and ethical business practices



Employees who have participated in e-training in the Code of Conduct

Managers and employees having regular access to unpublished financial information who have participated in training in insider matters

Employees working in wholesale and other selected groups who have participated in training in antitrust matters

EU-based employees and employees based outside the EU having access to EU personal data who have participated in e-training in the GDPR

[14] In 2020, the training was targeted at wholesale staff; not fully comparable with the 2019 figure.

ABOUT THE STATEMENT

This statement has been prepared in accordance with the Finnish Accounting Act, Chapter 3 a, and the EU Directive 2014/95/EU. The statement covers the financial year from 1 January to 31 December 2020 and the whole Marimekko Group, except where otherwise mentioned. In addition, Marimekko annually prepares a more detailed Sustainability Review, published on the company website during the second quarter of the year.

Helsinki, 18 February 2021

Marimekko Corporation

Board of Directors President and CEO

Corporate governance statement 2020

INTRODUCTION

Marimekko Corporation applies the Finnish Companies Act, other regulations concerning public listed companies, Marimekko Corporation's Articles of Association as well as the rules and regulations of Nasdaq Helsinki Ltd. Marimekko Corporation also complies with the recommendations of the Finnish Corporate Governance Code, effective as of 1 January 2020, according to the comply-or-explain principle without deviating from individual recommendations.

The corporate governance statement has been drawn up in accordance with the Corporate Governance Code effective as of 1 January 2020. The statement has been issued as a separate report and the Audit and Remuneration Committee of Marimekko Corporation has reviewed it. The statement has been published on the company's website at company.marimekko.com. The Finnish Corporate Governance Code is publicly available on the website of the Securities Market Association at www.cgfinland.fi/en/.

KPMG Oy Ab, Authorized Public Accountants, as the company's auditor has checked that the statement has been issued and that the description of the main features of the internal control and risk management systems related to the financial reporting process is consistent with the financial statements.

DESCRIPTIONS CONCERNING CORPORATE GOVERNANCE

Marimekko Corporation's administrative bodies and officers with the greatest decision-making power are the General Meeting of Shareholders, the Board of Directors and the President and CEO. Marimekko Corporation does not have a Supervisory Board. At the Annual General Meeting, the shareholders approve the financial statements, decide on the distribution of profits, elect the members of the Board of Directors and the auditor and determine their remuneration, as well as decide on amendments to the Articles of Association if necessary.

Marimekko Corporation's General Meeting is convened by the Board of Directors. According to the Articles of Association, the Annual General Meeting shall be held within six months of the close of the financial year on a date decided by the Board of Directors.

Due to the coronavirus pandemic, the AGM held on 8 April 2020 was organized with exceptional arrangements in place for safety reasons.

Marimekko shares are quoted on Nasdaq Helsinki Ltd.

Composition and shareholding of the Board of Directors

The members of the Board of Directors are elected at the AGM. The proposal for the composition of the Board is prepared by the major shareholders of the company. The AGM has not established a shareholders' nomination board.

When preparing the proposal for the composition of the Board of Directors, the major shareholders take account of the company's business requirements and development as well as the strategy of the company. The main objective is to ensure that the composition of the Board supports the company's business operations, strategy and customer-orientated approach in an optimal manner. Diversity in the Board of Directors helps to ensure that this objective is achieved. The diversity of the Board is reviewed from different perspectives. The most important factors for the company are the directors' mutually complementary know-how, education and experience in different fields and different geographic areas significant for the company business as well as their personal attributes. The diversity of the Board is promoted in particular by the gender and age diversity of the directors. Marimekko aims to have both genders equally represented in the Board, and to have directors with experience from different geographical areas. Diversity in the Board is considered central to the customer- and consumer-orientated approach of the company. The progress in achieving the objectives is reviewed regularly. A director elected to the Board shall have the required competence for the position, and a sufficient amount of time for attending to the duties of the position. Also taken into account in the composition of the Board are the long-term objectives of the company as well as succession planning. There is no particular order governing the appointment of Board members.

The AGM on 8 April 2020 elected the following members to Marimekko Corporation's Board of Directors:

Mika Ihamuotila,
Chairman of the Board
- Born 1964
- Ph.D. (Econ.)
- Principal occupation: Chairman of the Board of Marimekko Corporation, 2016– (full-time Chairman of the Board and CEO of Marimekko Corporation, 2015–2016)
- Ownership of shares and share-based rights in the company at the end of the financial year 2020: 0. Shares and share-based rights in the company owned by a corporation over which the

director exercises control, PowerBank Ventures Ltd, at the end of the financial year 2020: 1,017,700 shares. Shares or share-based rights in Group companies at the end of the financial year 2020: 0.

Elina Björklund,
Vice Chairman of the Board
- Born 1970
- M.Sc. (Econ.), IDBM Pro
- Principal occupation: CEO of Reima Ltd, 2012–
- Ownership of shares and share-based rights in the company at the end of the financial year 2020: 12,382 shares. Shares and share-based rights in the company owned by a corporation over which the director exercises control, and ownership of shares and share-based rights in Group companies at the end of the financial year 2020: 0.

Rebekka Bay, until 2 June 2020
- Born 1969
- BA (Hons) in Fashion
- Principal occupation: Creative Director of Uniqlo Global Innovation Center Inc., 2017–2020
- Ownership of shares and share-based rights in the company on 2 June 2020: 2,304 shares. Shares and share-based rights in the company owned by a corporation over which the director exercises control, and ownership of shares and share-based rights in Group companies on 2 June 2020: 0.

Arthur Engel
- Born 1967
- Economics degree
- Principal occupation: non-executive board member; independent advisor and investor at Hilaritas AB, 2013–
- Ownership of shares and share-based rights in the company at the end of the financial year 2020: 13,862 shares. Shares and share-based rights in the company owned by a corporation over which the director exercises control, and ownership of shares and share-based rights in Group companies at the end of the financial year 2020: 0.

Mikko-Heikki Inkeroinen
- Born 1987
- M.Soc.Sc.
- Principal occupation: Chief Digital Officer of Kamux Corporation, 2018–
- Ownership of shares and share-based rights in the company at the end of the financial year 2020: 4,790 shares. Shares and share-based rights in the company owned by a corporation over which the director exercises control, and ownership of shares and share-based rights in Group companies at the end of the financial year 2020: 0.

Helle Priess
- Born 1976
- BA (Chinese studies)
- Principal occupation: owner & CEO of Priess Ltd., 2009–
- Ownership of shares and share-based rights in the company at the end of the financial year 2020: 2,304 shares. Shares and share-based rights in the company owned by a corporation over which the director exercises control, and ownership of shares and share-based rights in Group companies at the end of the financial year 2020: 0.

Catharina Stackelberg-Hammarén
- Born 1970
- M.Sc. (Econ.)
- Principal occupation: founder and Executive Chairman of the Board of Marketing Clinic, 2019–
- Ownership of shares and share-based rights in the company at the end of the financial year 2020: 5,057 shares. Shares and share-based rights in the company owned by a corporation over which the director exercises control, and ownership of shares and share-based rights in Group companies at the end of the financial year 2020: 0.

The Board evaluates the independence of its members annually in accordance with the Finnish Corporate Governance Code recommendations. Among the members of Marimekko's Board of Directors, Elina Björklund, Rebekka Bay, Arthur Engel, Mikko-Heikki Inkeroinen, Helle Priess and Catharina Stackelberg-Hammarén are independent of the company and its significant shareholders. Mika Ihamuotila is not independent of the company nor its significant shareholders due to his indirect shareholding through PowerBank Ventures Ltd, equaling 12.5 percent of the shares and votes in the company.

Mika Ihamuotila has acted as half-time Chairman of Marimekko Corporation's Board of Directors since 17 April 2019 pursuant to a separate service agreement governing his half-time chairmanship (from 11 April 2016 to 16 April 2019, he acted as full-time Chairman of the Board). The Audit and Remuneration Committee of the company handles and prepares matters related to the service agreement's terms and Mika Ihamuotila's remuneration. These roles as well as his previous position as the President and CEO of the company have been taken into account in the evaluation of Ihamuotila's independence.

Description of the operations of the Board of Directors

The Finnish Companies Act sets the ground for the duties of the Board of Directors. According to the Act, the Board is responsible for the proper organization of the company's administration and operations. The President and CEO is responsible for the day-to-day management and development of the company in accordance with the instructions and orders of the Board of Directors.

The principal duties of Marimekko Corporation's Board of Directors are defined in the written rules of procedure confirmed by the Board. The rules of procedure are reviewed and confirmed annually at the Board's constitutive meeting, held following the AGM. The Board reviews all matters that are significant to or have long-term effects on Marimekko's business operations.

According to the rules of procedure, the Board addresses matters such as the following:
- specifying and confirming strategic objectives and guidelines for the Group and the various business areas
- reviewing and confirming operating plans and budgets for the Group and the various business areas
- reviewing and approving interim reports, half-year financial reports, the consolidated financial statements and the report of the Board of Directors
- expanding and downsizing business operations
- considering mergers, acquisitions and demergers and restructuring arrangements
- deciding on investments and the acquisition and sale of assets that are either strategically or financially significant

- deciding on financial policy and contingent liabilities related to financing arrangements
- approving the Group's reporting, risk management and internal control procedures, and audit and control systems
- approving the audit plan
- monitoring and assessing how related party transactions are part of the company's ordinary course of business and according to market terms
- appointing the company's President and CEO and the members of the Management Group and deciding on their remuneration
- providing instructions to the President and CEO.

In 2020, the Board focused, among other things, on the following subjects:

- development of Marimekko's strategy as well as confirming strategic objectives for the various business areas
- strategic development of the international expansion of the store network and e-commerce
- development of Marimekko's sustainability strategy
- strategic development of the product portfolio as well as measures to increase productivity in the medium term
- reviewing the design and brand strategy
- reviewing and confirming operating plans and budgets
- assessing the impacts of the coronavirus pandemic on the company's operations in the short term and on the strategy in the long term
- strengthening market position in Asia, especially in China.

In 2020, the Board of Directors held nine meetings. The Board members' attendance rate at meetings was 100 percent. The Board evaluated its operations and working methods in 2020 through internal self-evaluation.

The company has ensured that all directors have received sufficient information on the company's business operations, operating environment and financial position and that any new directors have been properly introduced to the operations of the company.

Board committees

The Board of Directors elected by the AGM on 8 April 2020 appointed an Audit and Remuneration Committee from among its members. Elina Björklund was elected as Chairman and Mikko-Heikki Inkeroinen and Catharina Stackelberg-Hammarén as members of the Audit and Remuneration Committee.

The Board of Directors or the AGM has not established any other committees.

According to the rules of procedure confirmed by the Board of Directors, the Audit and Remuneration Committee handles and prepares matters related to the terms and remuneration of the company's executive management as well as other tasks and supervision typically assigned to audit and remuneration committees. These include, for example, the following:

- monitoring the reporting process of financial statements
- supervising the financial reporting process
- monitoring the efficiency of the company's internal control and internal audit, if applicable, and risk management systems
- reviewing the description of the main features of the internal control and risk management systems pertaining to the financial reporting process, which is included in the company's corporate governance statement
- monitoring the statutory audit of the financial statements and consolidated financial statements
- evaluating the independence of the statutory auditor or audit firm and especially the additional services offered to the company as well as preparing the proposal for resolution on the election of the auditor

BOARD OF DIRECTORS

	Position	Board member since	Independent of the company and its significant shareholders	Attendance
Mika Ihamuotila	Chairman since 2015	2008	No	9/9
Elina Björklund	Vice Chairman since 2015	2011	Yes	9/9
Rebekka Bay	Member	2017	Yes	5/5[1]
Arthur Engel	Member	2011	Yes	9/9
Mikko-Heikki Inkeroinen	Member	2015	Yes	9/9
Helle Priess	Member	2017	Yes	9/9
Catharina Stackelberg-Hammarén	Member	2014	Yes	9/9

[1] Resigned from the Board on 2 June 2020.

AUDIT AND REMUNERATION COMMITTEE

	Position	Committee member since	Independent of the company and its significant shareholders	Attendance
Elina Björklund	Chairman since 2015	2015	Yes	5/5
Mikko-Heikki Inkeroinen	Member	2017	Yes	5/5
Catharina Stackelberg-Hammarén	Member	2015	Yes	5/5

- monitoring and assessing how related party transactions are part of the company's ordinary course of business and according to market terms
- reviewing, overseeing and verifying outcomes of management compensation plans and programs.

The Chairman of the Audit and Remuneration Committee approves a budget for travel and entertainment expenses of the Chairman of the Board and monitors the expenses.

In 2020, the Audit and Remuneration Committee held five meetings. The Committee members' attendance rate at meetings was 100 percent.

President and CEO

The Board of Directors elects the President and CEO and decides on the terms of the President and CEO's employment. The terms are specified in a written contract which is approved by the Board of Directors. The President and CEO is responsible for the day-to-day management and development of the company in accordance with the instructions and orders of the Board of Directors. The President and CEO is also responsible for keeping the Board up to date with regard to the development of the company's business operations and financial situation.

Tiina Alahuhta-Kasko, President since 9 April 2015, President and CEO since 11 April 2016
- Born 1981
- M.Sc. (Econ.), CEMS MIM
- Ownership of shares and share-based rights in the company at the end of the financial year 2020: 28,830 shares. Shares and share-based rights in the company owned by a corporation over which the director exercises control, and ownership of shares and share-based rights in Group companies at the end of the financial year 2020: 0.

The Board of Directors has not appointed a deputy to the President and CEO.

Management Group

The company's business operations have been divided into different responsibility areas. The directors of the different areas form the company's Management Group which is chaired by the President and CEO. The Management Group has no authority based on law or the Articles of Association. The Management Group reviews business operational matters and procedures affecting the entire Group. The Management Group also reviews the operating plans of the different business areas and the development of business operations.

Elina Anckar, Chief Financial Officer, from 11 December 2015
- Born 1968
- M.Sc. (Econ.)
- Ownership of shares and share-based rights in the company at the end of the financial year 2020: 1,190 shares. Shares and share-based rights in the company owned by a corporation over which the director exercises control, and ownership of shares and share-based rights in Group companies at the end of the financial year 2020: 0.

Rebekka Bay, Creative Director, from 1 September 2020
- Born 1969
- BA (Hons) in Fashion
- Ownership of shares and share-based rights in the company at the end of the financial year 2020: 2,304 shares. Shares and share-based rights in the company owned by a corporation over which the director exercises control, and ownership of shares and share-based rights in Group companies at the end of the financial year 2020: 0.

Tina Broman, Chief Supply Chain and Product Officer, from 2 October 2017
- Born 1969
- Degree in women's tailoring and textile art
- Ownership of shares and share-based rights in the company at the end of the financial year 2020: 160 shares. Shares and share-based rights in the company owned by a corporation over which the director exercises control, and ownership of shares and share-based rights in Group companies at the end of the financial year 2020: 0.

Kari Härkönen, Chief Digital Officer, from 14 December 2017
- Born 1981
- M.Sc., MBA
- Ownership of shares and share-based rights in the company at the end of the financial year 2020: 500 shares. Shares and share-based rights in the company owned by a corporation over which the director exercises control, and ownership of shares and share-based rights in Group companies at the end of the financial year 2020: 0.

Sanna-Kaisa Niikko, Chief Marketing Officer, from 8 October 2020
- Born 1986
- BA (English)
- Ownership of shares and share-based rights in the company at the end of the financial year 2020: 50 shares. Shares and share-based rights in the company owned by a corporation over which the director exercises control, and ownership of shares and share-based rights in Group companies at the end of the financial year 2020: 0.

Morten Israelsen, Chief Sales Officer, until 16 October 2020
- Born 1973
- M.Sc. (Econ.)
- Ownership of shares and share-based rights in the company on 16 October 2020: 0. Shares and share-based rights in the company owned by a corporation over which the director exercises control, and ownership of shares and share-based rights in Group companies on 16 October 2020: 0.

Tanya Strohmayer, Human Resources Director, from 10 February 2017
- Born 1970
- BBA (Political Science, International Business)
- Ownership of shares and share-based rights in the company at the end of the financial year 2020: 724 shares. Shares and share-based rights in the company owned by a corporation over which the director exercises control, and ownership of shares and share-based rights in Group companies at the end of the financial year 2020: 0.

Dan Trapp, Chief Sales Officer, from 2 November 2020
- Born 1975
- Ownership of shares and share-based rights in the company at the end of the financial year 2020: 0. Shares and share-based rights in the company owned by a corporation over which the director exercises control, and ownership of shares and share-based rights in Group companies at the end of the financial year 2020: 0.

Riika Wikberg, Business Development and Transformation Director, from 15 February 2018
- Born 1981
- M.Sc. (Econ.), CEMS MIM
- Ownership of shares and share-based rights in the company at the end of the financial year 2020: 270 shares. Shares and share-based rights in the company owned by a corporation over which the director exercises control, and ownership of shares and share-based rights in Group companies at the end of the financial year 2020: 0.

INTERNAL CONTROL AND RISK MANAGEMENT IN THE MARIMEKKO GROUP

Internal control

Marimekko applies internal control principles and an operating plan to support the execution and monitoring of internal control. In the Marimekko Group, internal control is a process, for which the Board of Directors and the President and CEO are responsible. The objective of internal control is to provide reasonable assurance that:
- operations are effective and aligned with strategy
- financial and operational reporting is reliable
- the Group is in compliance with applicable laws and regulations
- the Code of Conduct and ethical values are established.

The Board of Directors focuses on increasing shareholder value and, in accordance with good corporate governance, ensures that principles of internal control exist within the company. The Audit and Remuneration Committee is responsible for monitoring the efficiency of internal control and risk management.

The system of internal control of Marimekko Corporation is based on the Committee of Sponsoring Organizations' (COSO) framework, which consists of five key components: control environment, risk assessment, control activities, information and communication, and monitoring. The components and their relation to control over financial reporting are presented in more detail later in this statement.

Risk Management

Marimekko's risk management is guided by the risk management policy approved by the Board of Directors, which defines the company's risk management principles, objectives and responsibilities as well as the organization and monitoring of the risk management process.

Marimekko's risk management aims to safeguard the smooth continuity of business operations and ensure stable profit development for the company. Comprehensive risk management is an ongoing, systematic process which involves identifying and evaluating key risks associated with the company's operations and operating environment. The key risks comprise risks which could prevent the company from exploiting business opportunities or jeopardize or prevent the achievement of the strategic objectives of the Group or a Group company, or the continuity of operations or would otherwise have significant consequences for the company, its personnel or stakeholders. Risk management is an integral element of the company's management and decision-making process, covering all of the Group's functions.

Risk reporting is an integral element of Marimekko's annual business planning and strategy process. Internal risk reporting is part of regular, continuous business reporting, short-term business planning and the decision-making process. The company reports its key risks and risk management measures annually in the report of the Board of Directors and quarterly in interim reports, and in compliance with corporate governance principles, laws and regulations. Individual reports may also be published whenever necessary.

Roles and responsibilities

The Board of Directors is ultimately responsible for the administration of the company and the appropriate organization of its operations. The Board approves the internal control, risk management and corporate governance policies.

The Audit and Remuneration Committee is responsible for the appropriate arrangement of the control of the company accounts and finances and monitors the efficiency of internal control and risk management systems.

The President and CEO sets the ground for the internal control environment by instructing the management and monitoring the manner in which they control business operations. The President and CEO is responsible for the day-to-day management of the company in accordance with the instructions and orders given by the Board of Directors. The President and CEO shall see to it that the accounts of the company are in compliance with the law and that its financial affairs are arranged in a reliable manner.

The duty of the Management Group members is to define internal control instructions and operating principles related to their area of responsibility and to communicate them to the personnel.

The financial and business control functions support the development of operational controls and monitor the adequacy and efficiency of the controls. They are also responsible for the accuracy, timeliness and compliance with applicable laws and regulations of external reporting.

Internal control and risk management related to the financial reporting process

Internal control related to the financial reporting process is part of Marimekko's overall internal control and risk management framework. The objective of internal control and risk management related to the financial reporting process is to ensure
- reliable financial reporting that supports internal decision-making and serves the needs of the shareholders
- compliance with laws and regulations, and the company's internal policies.

The consolidated financial statements of the Group are prepared in accordance with the International Financial Reporting Standards (IFRS). The notes to the consolidated financial statements also comply with the Finnish Accounting Act and Companies Act. Any adjustments are made in accordance with the notes to the financial statements.

The development of the company's business and achievement of financial goals are monitored through a Group-wide financial reporting process. Sales reports are prepared daily, weekly or monthly, as applicable. Consolidated profit and loss and balance sheet reports are prepared monthly. The President and CEO reports monthly, quarterly and annual financial statements as well as other items specified in the Board's rules of procedure to the Board of Directors.

The Group discloses information on its business development and financial situation in quarterly interim reports, the half-year financial report and the financial statements bulletin.

Control environment

An internal control environment is the foundation of Marimekko's internal control. It influences the control consciousness of the organization and forms the basis for other internal control components.

The internal control environment encompasses the ethical values, competence and development of the company's personnel, the management's operating style and way of assigning authority and responsibility, as well as the guidelines and approval policy set by the Board of Directors.

The internal control environment of Marimekko's financial reporting process encompasses the instructions that the company has prepared in order to harmonize processes and procedures. To ensure consistency of accounting practices of subsidiaries, a common chart of accounts is in use in the Group. Moreover, Group-wide accounting principles are applied in the financial statements, and the Board of Directors approves the accounting principles to be applied.

Risk assessment

At Marimekko, risks are identified as part of the annual strategy and operational planning. Risk management actions, responsible persons and an implementation schedule are determined for the identified and monetized risks. Risk identification is updated quarterly when preparing the interim reports.

Marimekko's strategic and operational objectives form the basis for risk identification. The aim is to identify risks threatening the achievement of the company's objectives. Risk analyses and assessments are conducted as self-assessments.

Control objectives and common control points have been defined for the identified risks associated with the Group's financial reporting process. Examples of control points are internal policies and authorization practices, reconciliations, verifications and segregation of duties.

Control activities

Control activities are the policies, systems and other procedures that help Marimekko's management to ensure the effectiveness, efficiency and reliability of the company's operations. Controls also help to ensure that the risks threatening the achievement of the company's objectives are managed appropriately.

The control points defined in the risk assessment for the financial reporting process are in place at all levels of the Group to ensure that applicable laws, internal procedures and ethical values are adhered to. Directors of the various functions are responsible for following developments in legislation in their respective areas and communicating changes to the organization. The directors are also responsible for setting up adequate compliance controls and organizing related training in their functions. Moreover, process controls have been defined for the most significant business and reporting processes.

Marimekko's consolidated financial statements include the accounts of the parent company Marimekko Corporation and its subsidiaries. Marimekko Corporation's subsidiaries report to the parent company monthly and quarterly and during the preparation of the consolidated financial statements. The financial statements of the subsidiaries are prepared in accordance with local accounting standards; the subsidiaries do not apply IFRS in their financial statements. The adjustments required under IFRS are made at the Group level.

The company's financial function is responsible for preparing the consolidated financial statements based on the financial statements of the subsidiaries. The Chief Financial Officer and the business control function review the figures of the parent company and the subsidiaries and analyze the reasons for any deviations in order to assure the reliability of financial reporting. In addition, the company's financial function reviews the income statement and the balance sheet before submitting them to the Board of Directors.

The Board of Directors approves the interim reports, the half-year financial report, the financial statements bulletin, and the financial statements.

Information and communication

The communication of controls and control procedures is an essential part of internal control related to the financial reporting process at Marimekko. The people responsible for financial reporting in subsidiaries and the parent company are involved in the assessment of risks associated with financial reporting and the defining of controls. The Group's common control points have been communicated to all involved in the reporting process. The parent company's financial function supports the implementation of the controls in the subsidiaries through regular guidance and monitoring.

The Group has instructions for financial reporting and the instructions are updated regularly. Accounting principles and reporting instructions are communicated to all people involved.

Monitoring

Monitoring of controls is a way to assess the efficiency and effectiveness of control activities on an ongoing basis. Monitoring can be done continuously as part of day-to-day work or as separate evaluations.

The Board's Audit and Remuneration Committee carries out its supervisory duties by monitoring the reporting process of interim reports and financial statements and by evaluating the adequacy and appropriateness of internal control and risk management related to the financial reporting process. Managers are responsible for continuously monitoring the internal control system for the financial reporting process as part of operational monitoring. Monitoring can also be conducted by the parent company's financial function. Ongoing monitoring includes regular management activities and other tasks carried out by the personnel while performing their duties.

The scope and frequency of separate evaluations depend primarily on risk assessments and the effectiveness of ongoing monitoring procedures. The detected deficiencies in internal control of financial reporting process are reported upwards; the most serious deficiencies are reported to the top management and the Board of Directors.

Other Group monitoring activities include administrative and legal guidance, defining responsibilities and authorities as well as monitoring and analyzing the achievement of the organization's objectives. Moreover, the effectiveness of the risk management system is controlled as part of Group monitoring activities.

OTHER INFORMATION TO BE PROVIDED IN THE CORPORATE GOVERNANCE STATEMENT

Internal audit

Considering the nature and extent of the company's business, Marimekko has not found it necessary to establish a separate internal audit function. The Audit and Remuneration Committee monitors and evaluates the level of internal control and reports this to the Board of Directors at least once a year. The Board confirms the level of the company's internal control. Where necessary, the Board may purchase internal audit services from an external service provider.

Related party transactions

The company adheres to the responsibilities set out in the Finnish Companies Act and the Corporate Governance Code when monitoring and evaluating related party transactions. The rules of procedure for the Board of Directors and the Audit and Remuneration Committee of the company describe the duties and responsibilities connected with related party transactions. The Board of Directors evaluates and monitors transactions concluded between the company and its related parties and ensures that any conflicts of interest are taken into account appropriately in the decision-making of the company. The company keeps a list of the related parties. Related party transactions that are not concluded in the ordinary course of business or on customary commercial terms are subject to approval by the Board of Directors. The company's financial function monitors related party transactions as part of the normal quarterly control and reporting procedure and reports related party transactions to the company's Audit and Remuneration Committee. Related party transactions are disclosed as required annually in the notes to the company's financial statements. Material related party transactions are disclosed in accordance with the Securities Market Act.

Insider administration

Marimekko Corporation's insider policy, based on the Guidelines for Insiders of Nasdaq Helsinki Ltd and the Market Abuse Regulation, describes the main obligations of insiders in the company as well as the trade reporting of managers and their closely associated persons, and other related regulations and guidance under the Market Abuse Regulation. The Board of Directors confirms the insider policy.

The company draws up and maintains a list of all persons who have access to inside information and who work for the company under a contract of employment, or otherwise perform tasks through which they have access to inside information. Marimekko has decided not to maintain a list of permanent insiders. Consequently, all persons having inside information are entered in a project-specific insider list established and maintained for all projects that involve inside information. The decision to establish a project-specific insider list is taken simultaneously with the decision to delay disclosure of inside information. Project-specific insider lists are not public. The company's insider administration is responsible for maintaining the insider lists. Persons entered in a project-specific insider list of Marimekko are not allowed to trade in the company's financial instruments during the term of the project.

Preparation of periodic disclosure (interim reports, half-year financial report, financial statements bulletin) or regular access to unpublished financial information is not regarded as an insider project, nor does the company resolve to delay disclosure of information in relation thereto. However, due to the sensitive nature of unpublished information on the company's financial results, the company maintains a list of persons who have authorized access to unpublished financial information and a closed period before the publishing of annual and interim results. Trading in the company's financial instruments is always prohibited when a person holds inside information.

The members of the Board of Directors and the Management Group of Marimekko are required to notify the company and the Finnish Financial Supervisory Authority of every transaction conducted on their own account relating to the financial instruments of Marimekko. The company publishes the information it has received in a stock exchange release promptly after receipt of the notification. Each manager shall identify the persons closely associated with them and notify the company in writing of the names of such persons and other required information. The respective obligations also apply to persons closely associated with the managers.

Marimekko applies a closed period of 30 days before the publishing of annual and interim results. During the closed period, the members of the Board of Directors and Management Group are prohibited from trading in Marimekko shares or other financial instruments linked to the company. The closed period also applies to persons participating in the preparation of interim reports and financial statements and to persons determined by the company to have, based on their position or access rights, regular access to unpublished financial information.

The General Counsel of the company is responsible for insider administration. The company's employees may report actual or potential infringements of the insider policy or financial market regulation in accordance with the internal, anonymous procedure of the company.

Auditing

KPMG Oy Ab, Authorized Public Accountants, has acted as the company's auditor, with Virpi Halonen, Authorized Public Accountant, as the auditor with principal responsibility, since 12 April 2018. In 2020, the remuneration paid for audit services amounted to EUR 97 thousand. The remuneration paid to the auditor for non-audit services in 2020 totaled EUR 29 thousand.

Helsinki, 18 February 2021

Marimekko Corporation
Board of Directors

The members of the Board of Directors and Management Group are presented in detail on the company's website.

Remuneration report 2020

This remuneration report states how Marimekko Corporation has implemented its remuneration policy in the financial year 2020. The report includes information concerning remuneration of the Board of Directors and the President and CEO of Marimekko between 1 January 2020 and 31 December 2020. The remuneration report has been prepared in accordance with the requirements of the Shareholders' Rights Directive (EU 2017/828). In Finland, the requirements of the directive have mainly been implemented in the Limited Liability Companies Act (624/2006, as amended), the Securities Markets Act (746/2012, as amended), the Decree of the Ministry of Finance (608/2019) and the Finnish Corporate Governance Code 2020.

The remuneration report has been prepared for review by the company's Audit and Remuneration Committee, and the Board has approved it for submission to the General Meeting. The shareholders will make an advisory decision on the approval of the remuneration report at the 2021 Annual General Meeting.

INTRODUCTION

Overview of remuneration in the financial year 2020

The remuneration of Marimekko's governing bodies is based on the company's remuneration policy that was presented for an advisory decision at the AGM held on 8 April 2020. The remuneration policy will be applied until the 2024 AGM, unless the Board decides to bring a revised policy for an advisory decision at an earlier General Meeting.

In 2020, the coronavirus pandemic caused the global fashion industry and specialty retail sector the worst crisis in decades. Long-term work to develop the Marimekko brand and the company's digital business, a comprehensive lifestyle product portfolio, a diverse business and distribution channel model, and the ability to quickly adapt operations are among the factors that enabled the company to successfully navigate in a very difficult operating environment.

Despite the impacts of the pandemic, Marimekko's net sales almost reached the level of the previous year: net sales only declined by 1 percent and were EUR 123.6 million (2019: 125.4). 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. 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.

Comparable operating profit rose to EUR 20.2 million (17.1), and reported operating profit was EUR 19.3 million (17.1). Earnings were boosted by a noticeable decrease in fixed costs as a result of Marimekko's prompt adjustment measures. A decline in relative sales margin, which was 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.

The remuneration applied in accordance with the current remuneration policy in 2020 has supported the company's financial and strategy-based targets and goals. The remuneration has established a strong link between the President and CEO and shareholder interests by tying a significant portion of the President and CEO's total earning opportunity to performance-based incentives derived from the company's financial targets and operational metrics. The President and CEO's earning opportunities are based to a considerable extent on long-term bonus plans.

In the financial year 2020, the company's decision-making in regard to remuneration was compliant with the processes defined in the remuneration policy. The Board has not deviated from the remuneration policy temporarily during 2020 and has not identified a need to apply clawback provisions to variable remuneration paid.

In 2020, Marimekko had short-term and long-term bonus systems in place for the President and CEO. Under the long-term bonus system, the earnings periods 1 April 2018–30 September 2021 and 1 April 2018–31 January 2022 were in place during the financial year 2020. For both periods, the bonus is based on the company's total shareholder return including dividends. The purpose of the short-term bonus is to promote the company's strategy through the achievement of annual targets. In 2020, the performance criteria were based on the company's net sales growth and improvement in operational result. In addition, the President and CEO had personal targets relating to the company's strategic projects, which also included sustainability-related metrics. Due to the coronavirus pandemic, the performance criteria were adjusted by increasing the weighting of operational result compared to net sales growth and by removing the strategic objectives, because the Board wanted to encourage the President and CEO to safeguard the company's profitability in the exceptional situation caused by the pandemic as well as to focus on managing the crisis created by the pandemic and on mitigating its effects. The targets set by the Board and adjusted due to the coronavirus pandemic were achieved at a rate of around 93 percent. Application of performance criteria and the long-term bonus system are described in more detail in section Remuneration of the President and CEO in this report.

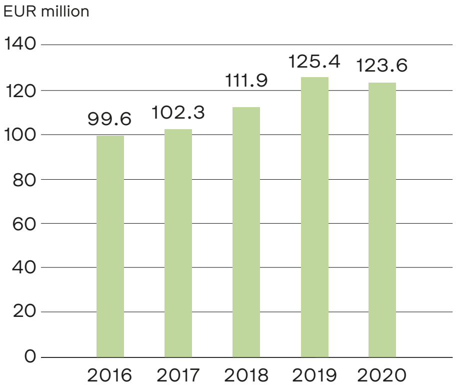
The total remuneration paid to the President and CEO in the financial year 2020 was EUR 442,796 (413,434).

Development of financial performance and remuneration at Marimekko

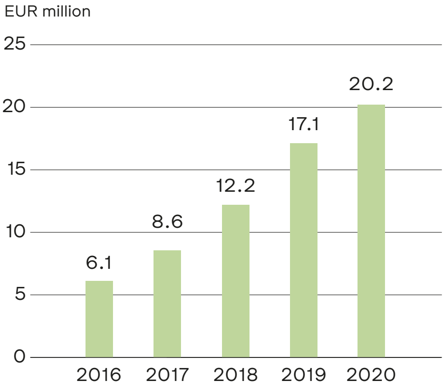
Development of financial performance in 2016–2020

Over the past five years, the company has, in accordance with its strategy, developed its brand and collections in order to appeal to a broader customer base and continued its international growth strategy. This has been approached through major cities with a focus on Asian partner markets and omnichannel operations. Commercial concepts and marketing have been developed consistently, with sustainability playing a more central role year by year. The systematic implementation of the international growth strategy is reflected in the trend in the company's financial performance.

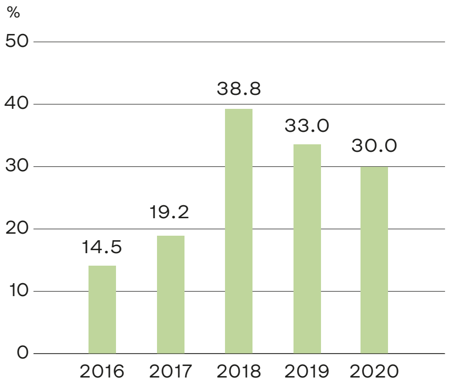
Net sales



Comparable operating profit



Return on equity



Share price trend 2016–2020

Development of remuneration in 2016–2020

Remuneration of the President and CEO

(EUR 1,000)	2016	2017	2018	2019	2020
Fixed salary + benefits	232	252	292	321	341
Short-term bonus	-	63	38	92	101
Long-term bonus	-	-	73	-	-
Total remuneration	**232**	**316**	**403**	**413**	**443**

Change from the previous year, %					
Fixed salary + benefits		9	16	10	6
Total remuneration		38	28	2	7

Tiina Alahuhta-Kasko served as President until 11 April 2016; since 11 April 2016, she has served as President and CEO. In 2016, Mika Ihamuotila was paid a monthly fee until 11 April under a separate CEO agreement, totaling EUR 90 thousand.

Annual remuneration of Board members

(EUR 1,000)	2016	2017	2018	2019	2020
Remuneration of Chairman[1], EUR	40	40	40	48	48
Change from the previous year, %		0	0	20	0
Remuneration of Vice Chairman, EUR	30	30	30	35	35
Change from the previous year, %		0	0	17	0
Remuneration of other members, EUR	22	22	22	26	26
Change from the previous year, %		0	0	18	0

[1] In addition to the annual remuneration, in 2016–2018, Mika Ihamuotila was paid a fee under a separate service agreement based on the Chairman's full-time duty; since 2019, the duty has been on a half-time basis.

Average remuneration of employees

	2016	2017	2018	2019	2020
Change in average annual remuneration, %	1.6	0.6	4.0	1.7	4.8

The change in an employee's average remuneration is based on the average of the remuneration of employees receiving monthly salaries and that of employees receiving hourly wages, taking account of the number of persons in these employee categories.

Remuneration of the President and CEO by element

REMUNERATION OF THE BOARD IN 2020

On 8 April 2020, the AGM decided that approximately 40 percent of the 2020 annual remuneration of the Board members be paid in Marimekko shares acquired from the market and the rest in cash. The remuneration was paid entirely in cash if a Board member on the date of the AGM, 8 April 2020, held the company's shares worth more than EUR 1,000,000. According to the decision of the AGM, the shares were acquired directly on behalf of the Board members within two weeks following the release of the interim report for the period 1 January to 31 March 2020, or, if this was not possible due to insider rules, as soon as possible thereafter. There are no specific rules for owning shares received as Board fees. As a rule, the Board receives no other financial benefits besides the fixed annual fee. Marimekko has not granted any loans or guarantees to the Board members, or other contingent liabilities on their behalf.

The 2020 AGM decided on the annual fees to be paid to the Board members as follows: EUR 48,000 to the Chairman, EUR 35,000 to the Vice Chairman and EUR 26,000 to the other members of the Board. No additional fee is paid to the Board members for participating in Board meetings. The AGM also decided on a separate fee to be paid for committee work as follows: EUR 2,000 per meeting to Chairman and EUR 1,000 per meeting to members.

In addition to the annual remuneration of the Chairman of the Board decided on by the AGM, a monthly fee of EUR 4,400 has been paid to Mika Ihamuotila for half-time duty pursuant to a separate service agreement. No other fees besides the annual remuneration of the Chairman of the Board and the monthly fee paid under a separate service agreement have been paid to Mika Ihamuotila. The pension benefits are determined by the Employees' Pensions Act (TyEL). The company's Audit and Remuneration Committee considers and prepares matters related to the terms and conditions of the separate service agreement and to the remuneration.

Fees paid to the Board members in the financial year 2020

Board member	Role/ Committee membership	Annual remuneration, EUR	Number of shares received as part of annual remuneration	Committee fees, EUR	Other fees, EUR	Total, EUR
Rebekka Bay[2]		10,385.15	458	-	-	10,385.15
Elina Björklund	Vice Chairman of the Board, Chairman of the Audit and Remuneration Committee	35,000	617	12,000	-	47,000
Arthur Engel		26,000	458	-	-	26,000
Mika Ihamuotila	Chairman of the Board	48,000	-	-	53,040[3]	101,040
Mikko-Heikki Inkeroinen	Member of the Audit and Remuneration Committee	26,000	458	6,000	-	32,000
Helle Priess		26,000	458	-	-	26,000
Catharina Stackelberg-Hammarén	Member of the Audit and Remuneration Committee	26,000	458	6,000	-	32,000

[2] The Board membership of Rebekka Bay ended on 2 June 2020. In September 2020, she started as the company's Creative Director and member of the Management Group. Her remuneration for Board membership was paid entirely in shares; she did not receive any remuneration in cash.

[3] Fee paid to Mika Ihamuotila for half-time duty pursuant to a separate service agreement.

REMUNERATION OF THE PRESIDENT AND CEO IN 2020

Application of performance criteria and bonuses earned in the financial year 2020

In 2020, Marimekko had performance-based short-term and long-term bonus systems in place for the President and CEO. The objective of the long-term bonus system is to align the interests of the President and CEO and the shareholders in the long term. The purpose of the short-term bonus is to promote the company's strategy through the achievement of annual targets.

Under the long-term bonus system, the earnings periods 1 April 2018–30 September 2021 and 1 April 2018–31 January 2022 were in place during the financial year 2020. For both periods, the bonus is based on the company's total shareholder return including dividends. The bonus is planned to be paid half in company shares and half in cash. The shares received as part of the bonus are subject to a two-year transfer restriction. Receiving the bonus requires that the President and CEO's employment agreement is in force at the time of the payment. The President and CEO's maximum annual bonus for both earnings periods corresponds approximately to the value of her fixed gross annual salary. Potential bonuses will be paid in fall 2021 and spring 2022.

The performance criteria for the short-term bonus in 2020 were based on operational result and net sales development metrics adjusted due to the coronavirus pandemic. The President and CEO's maximum bonus under the short-term bonus system corresponds to her fixed gross salary for four months. The targets set by the Board were achieved at a rate of around 93 percent, and the President and CEO's bonus earned in the financial year 2020 was EUR 100,241. The bonus will be paid in spring 2021.

Long-term bonus system in place in the financial year 2020

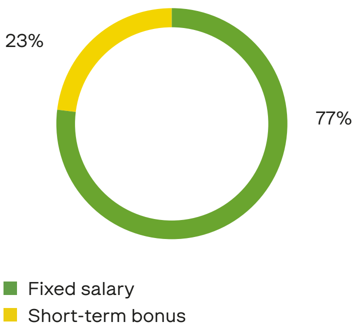
Earnings period	Board decision date	Share price on decision date, EUR	Earnings criteria	Criteria outcome (out (of maximum level)	Number of shares received in payment	Payment in cash, EUR	Payment date	Share price on payment date, EUR
1 Apr. 2018–30 Sept. 2021	14 Feb. 2018	10.10	Total shareholder return incl. dividends	To be confirmed in fall 2021	-	-	In fall 2021	-
1 Apr. 2018–31 Jan. 2022	14 Feb. 2018	10.10	Total shareholder return incl. dividends	To be confirmed in spring 2022	-	-	In spring 2022	-

Remuneration paid to the President and CEO in the financial year 2020

Fixed salary + benefits	Short-term bonus[4]	Long-term bonus[5]	Additional pension	Other fees	Total remuneration
341,462.27	101,333.32	-	-	-	442,795.59

[4] Earned based on performance in the financial year 2019, paid in 2020.
[5] No long-term bonus earning periods with payments due in 2020.

Structure of the remuneration paid to the President and CEO in 2020




70 YEARS OF THE ART OF PRINTMAKING
MARIMEKKO
SUOMI-FINLAND

Information for shareholders

Schedule for financial reporting in 2021

- financial statements bulletin 2020, Thursday 18 February 2021
- financial statements 2020, week 12 at the latest
- interim reports and half-year financial report
  - January–March, Thursday 20 May 2021
  - January–June, Thursday 19 August 2021
  - January–September, Wednesday 3 November 2021.

Silent period

Marimekko has a four-week silent period before the publication of earnings reports.

Annual General Meeting

The Annual General Meeting of Marimekko Corporation will be held on Wednesday 14 April 2021 at 2.00 p.m. (EEST). The meeting will be organized at the headquarters of Marimekko at Puusepänkatu 4, 00880 Helsinki, Finland by virtue of extraordinary meeting procedures without shareholders' or their proxy representatives' presence.

It will not be possible to attend the meeting on site. To reduce the spread of the coronavirus, the company has resolved to implement measures enabled by a temporary legislative act (677/2020) in order for the AGM to be convened in a foreseeable manner taking into consideration the health and safety of the shareholders, the company's employees and other stakeholders. Shareholders and their proxy representatives can only participate in the AGM and exercise the shareholder's rights by voting in advance as well as by submitting counterproposals and asking questions in advance in accordance with the instructions available in the notice of the meeting.

Shareholders who on the record date for the AGM, 31 March 2021, are registered in the shareholders' register of the company, held by Euroclear Finland Oy, have the right to participate in the AGM. A shareholder whose shares are registered on their personal Finnish book-entry account is registered in the shareholders' register of the company.

A shareholder who is registered in the shareholders' register of the company and wishes to participate in the AGM by voting in advance shall register for the meeting and vote in advance on Wednesday 7 April 2021 before 4.00 p.m. (EEST) at the latest as stipulated in the notice of the AGM. Registration without submitting advance votes will not be considered as participation in the AGM.

Dividend for 2020

The Board of Directors proposes that the AGM 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.

Financial reports

Marimekko Corporation's financial statements as well as interim reports and half-year financial report are published in Finnish and English. Printed financial statements are sent upon request to the address provided by the subscriber. Financial information is posted on the company's website under Releases and publications.

Contacts

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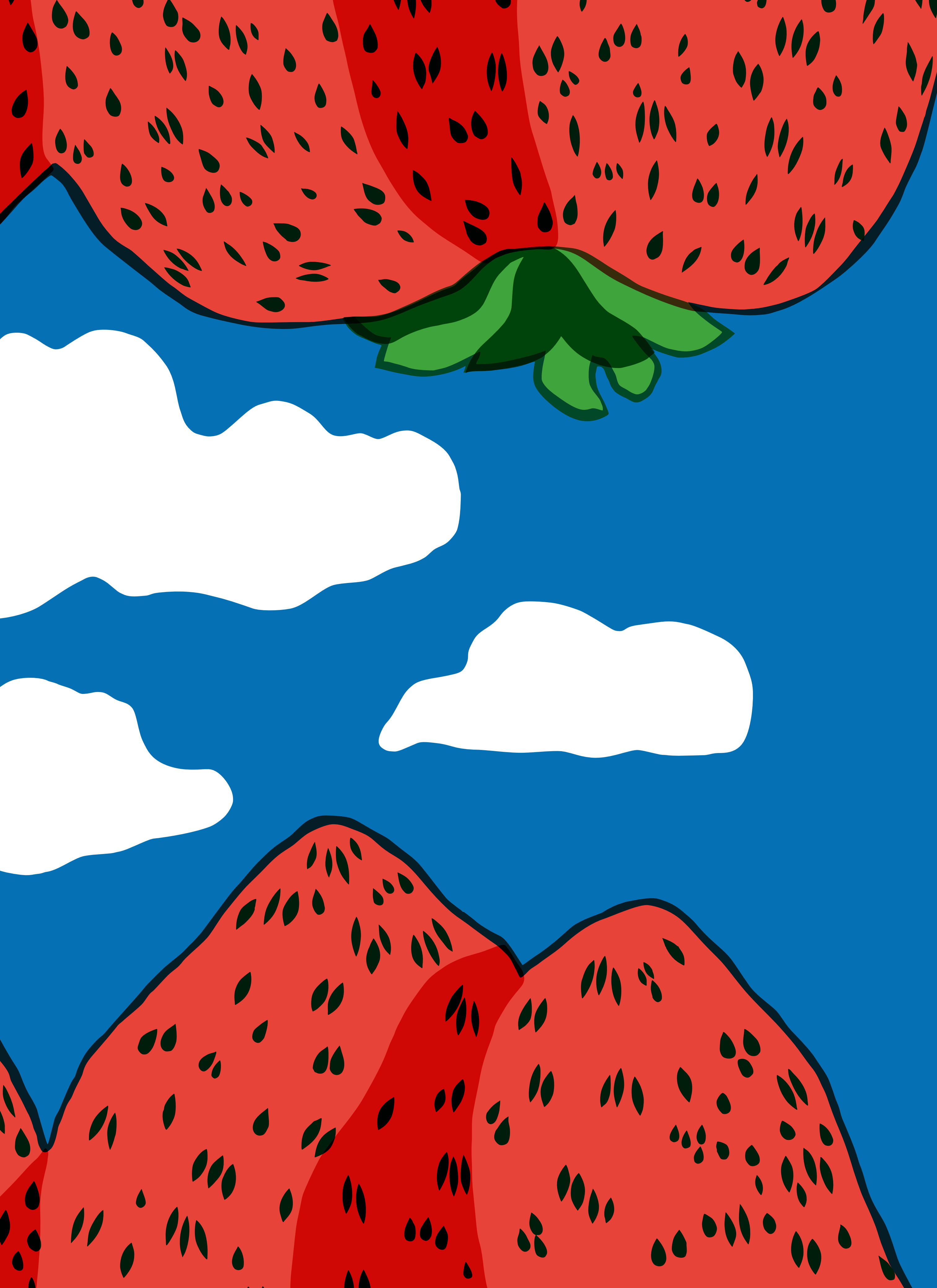

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