

# Review by the President and CEO



# Marimekko story

## Lifestyle brand founded in 1951.

It all started when the visionary Armi Ratia invited young designers and artists to create striking print designs for her husband's textile printing factory.

The modern textiles were widely admired by Finns, and to inspire people to use them, Armi organized a fashion show in 1951.

The enthusiastic audience bought the clothes off the models – Marimekko *'Mary's dress'* was born, becoming one of the world's first real lifestyle brands.





A vintage-style photograph of three women on a wooden boat. The woman on the left is in a red and blue dress, holding a yellow umbrella with green polka dots, and is captured in a dynamic pose as if dancing or stepping. The woman in the center wears a red and cream-colored dress and holds a pink umbrella with white polka dots. The woman on the right is in a red top and blue skirt, holding a black umbrella with yellow polka dots. The boat is on a body of water with a log raft in the background. The text 'Empowering people to be happy as they are and bring joy to their everyday lives through bold prints and colors.' is overlaid in white.

Empowering people to be happy as they are  
and bring joy to their everyday lives through  
bold prints and colors.



Empowered and open-hearted urban explorers, conscious consumers, who march to their own beat in life.

To be the world's most inspiring lifestyle design  
brand renowned for bold prints.



# Long-term growth strategy and financial targets



## Key markets Northern Europe, the Asia-Pacific region and North America

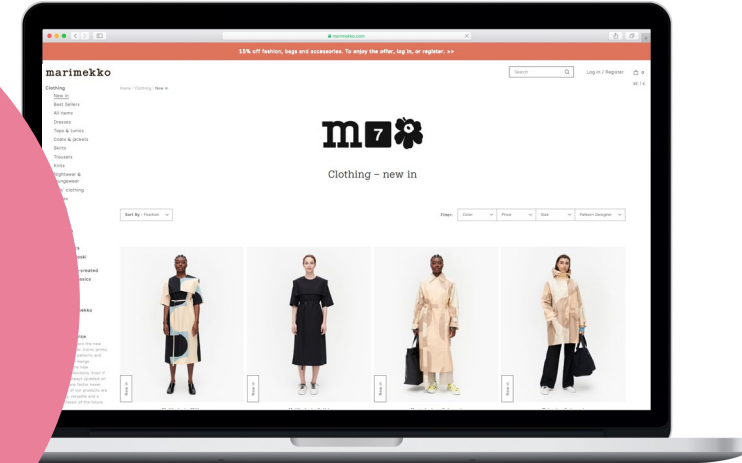




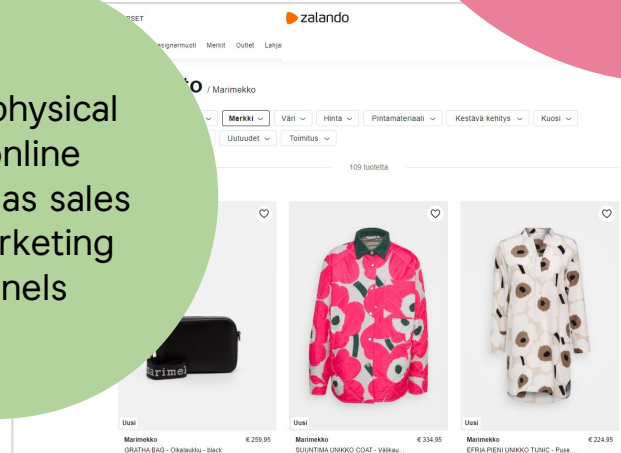
# Global brand with strong growth opportunities



**Direct-to-Consumer (DTC):**  
Marimekko online store and omnichannel retail, operated by the company or its partners, at the heart of distribution strategy

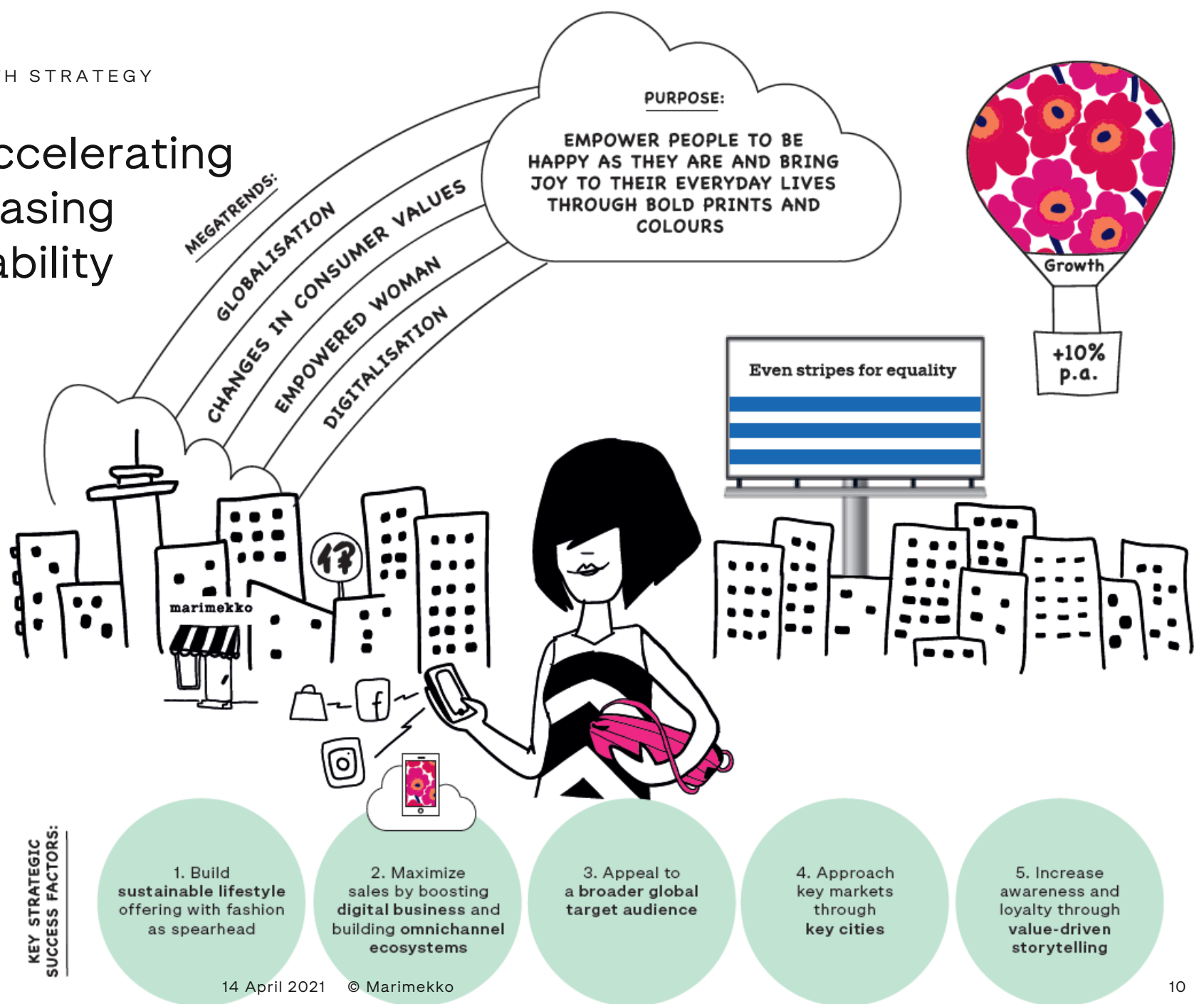


Select physical and online retailers as sales and marketing channels



Brand collaborations & licensing to build awareness and complement offering

Megatrends such as accelerating digitalization and increasing importance of sustainability present unique growth opportunities for Marimekko



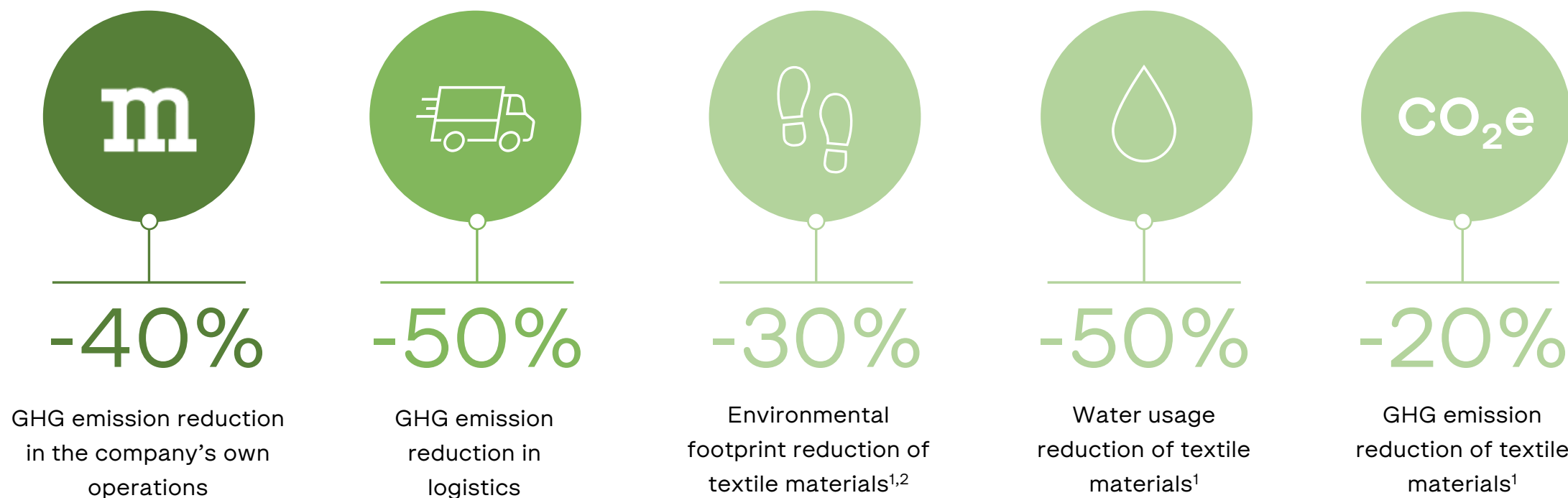


# At the forefront of developing more sustainable products and practices



# Ambitious goals to reduce emissions in the entire value chain

The company's own operations carbon neutral as of 2020 through continuous development work and emission offsetting



Note: These are selected key targets; sustainability strategy also includes targets for e.g. continuous reduction of waste and chemicals, and increasing the share of more sustainable alternatives.

<sup>1</sup>Per kg of textile <sup>2</sup>Measured in Higg Material Sustainability Index, incl. chemistry, abiotic resource depletion, eutrophication, global warming & water scarcity  
Baseline 2019, except for logistics 2018.



# Long-term financial targets

## Annual growth in net sales over 10%

2020: -1%                      2019: 12%

## Operating profit margin 15%

2020: 16.3%\*                      2019: 13.6%\*

## Net debt / EBITDA at year end max. 2

2020: -0.10                      2019: 0.35

## Yearly dividend, at least 50% of EPS

2020\*\*: max. 58.8%    2019: 55.9%

\* Comparable operating profit margin

\*\*Board 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. The Board's proposal reflects the uncertainty caused by the coronavirus pandemic in general economic conditions.





# Financials 2020

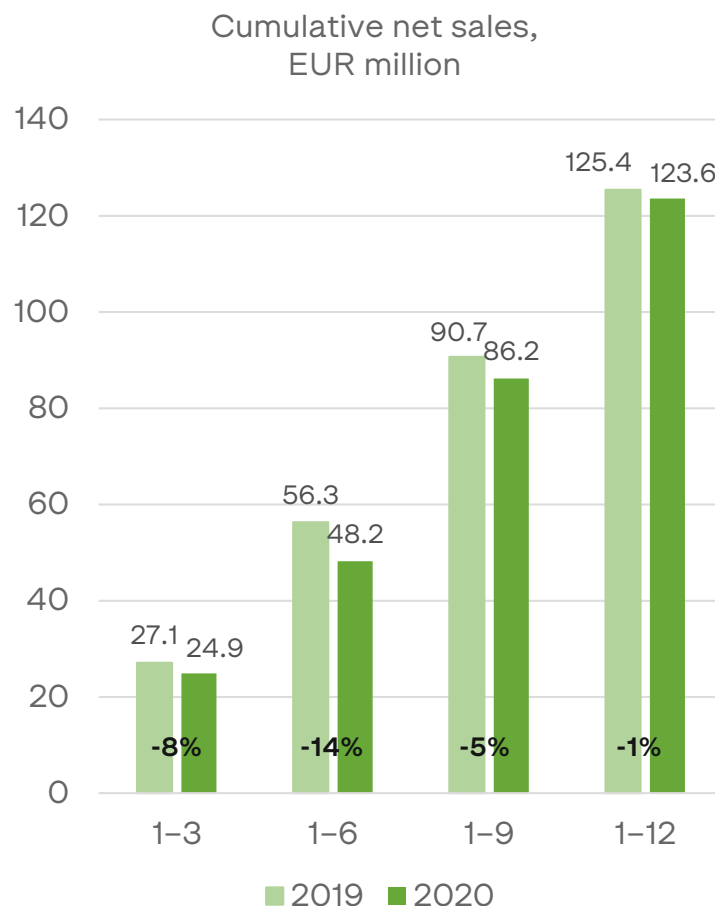


## Good performance in challenging circumstances

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



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



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

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

### Sales in Finland -0%

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

### International sales -3%

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

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

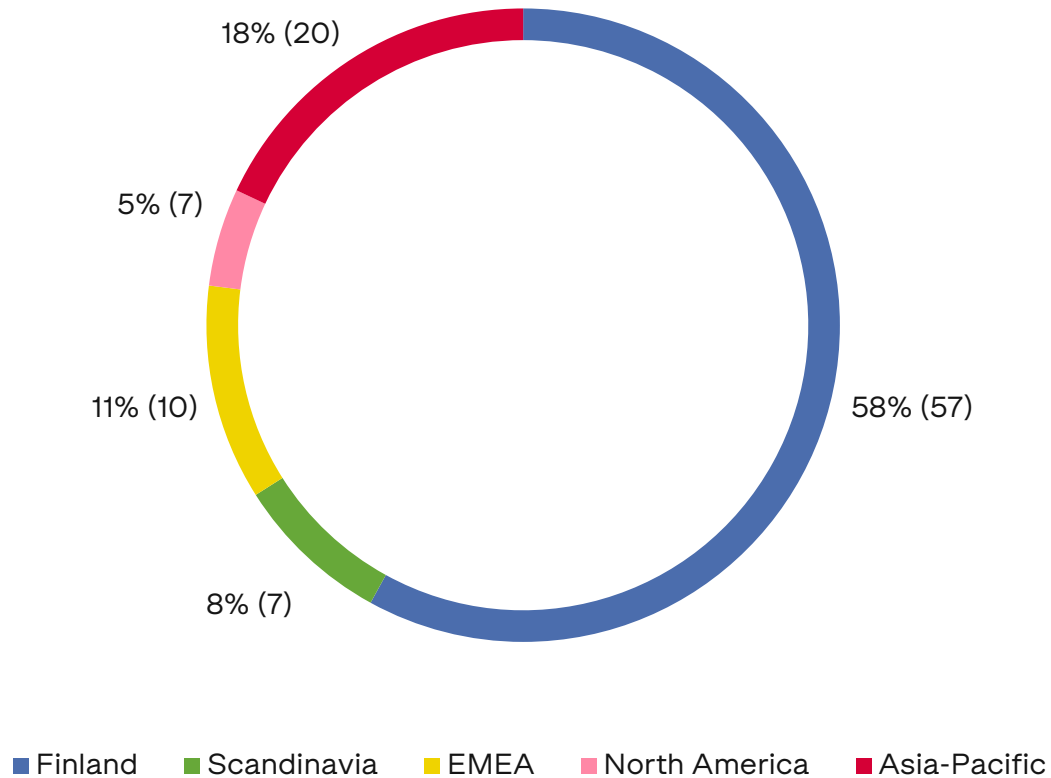
Booming online sales, which supported retail sales, as well as a favorable trend in wholesale sales in Finland, Scandinavia and EMEA, on the other hand, had a positive impact on net sales. The increase in Finnish wholesale sales was partly due to nonrecurring promotional deliveries.



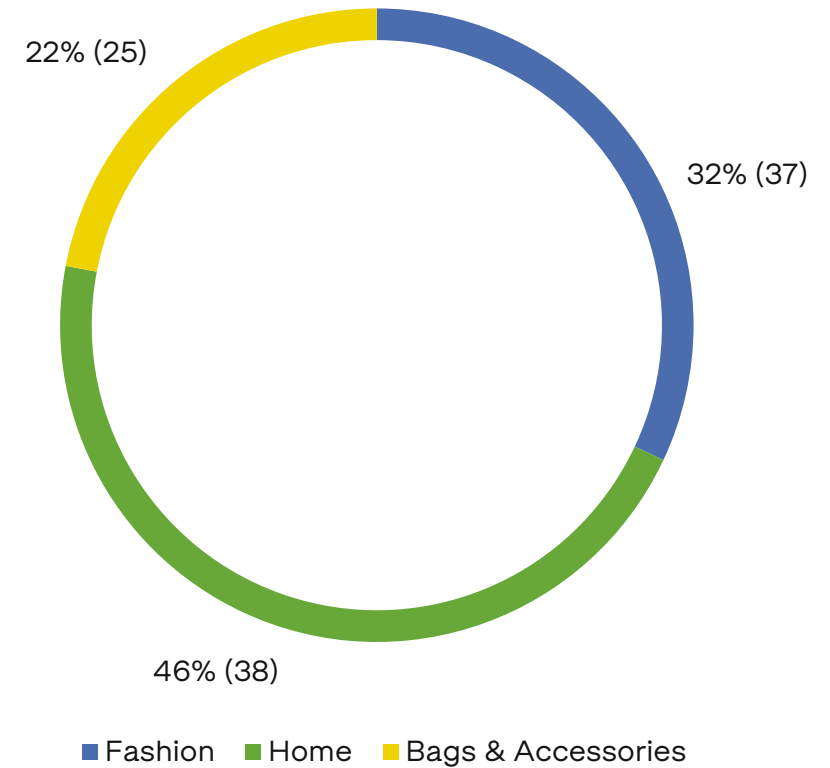
# Comprehensive range of lifestyle products a strength for Marimekko, home products +17%

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

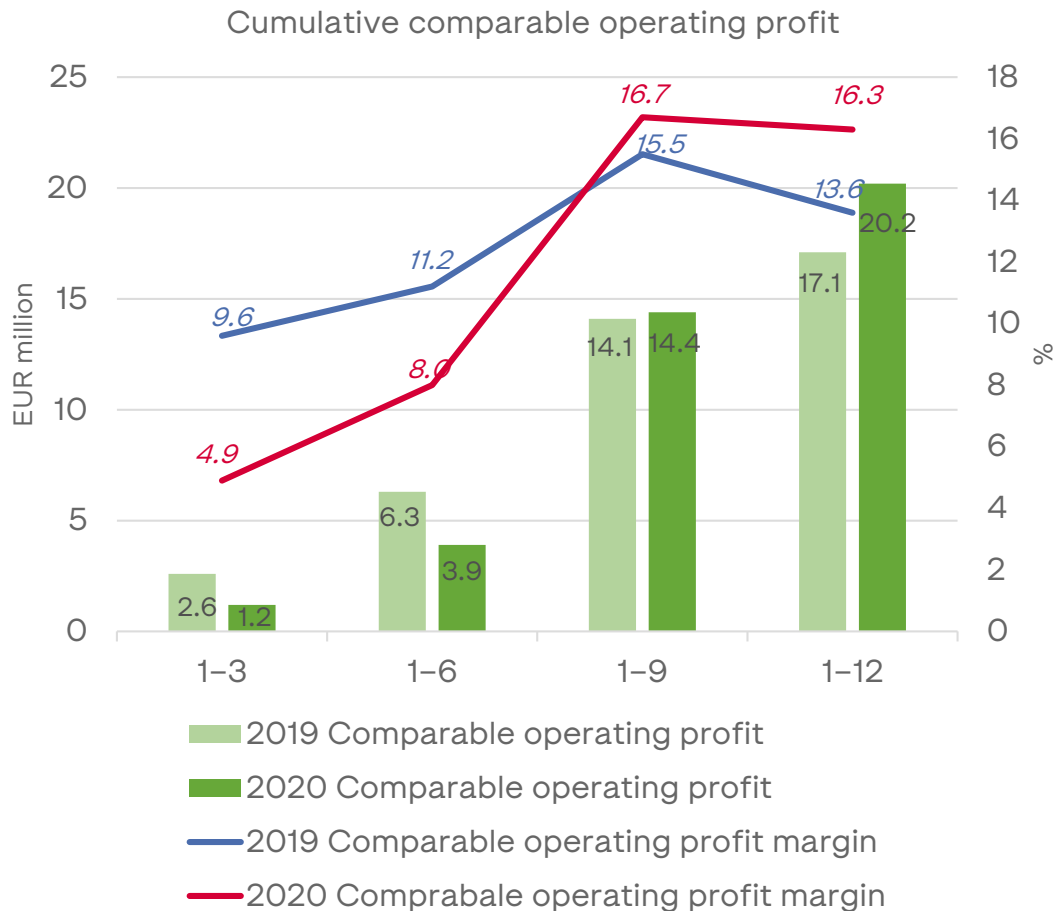
Net sales by market area, 2020 (2019)



Net sales by product line, 2020 (2019)



# Prompt adjustment measures decreased fixed costs and improved results



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



# Financial guidance for 2021

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

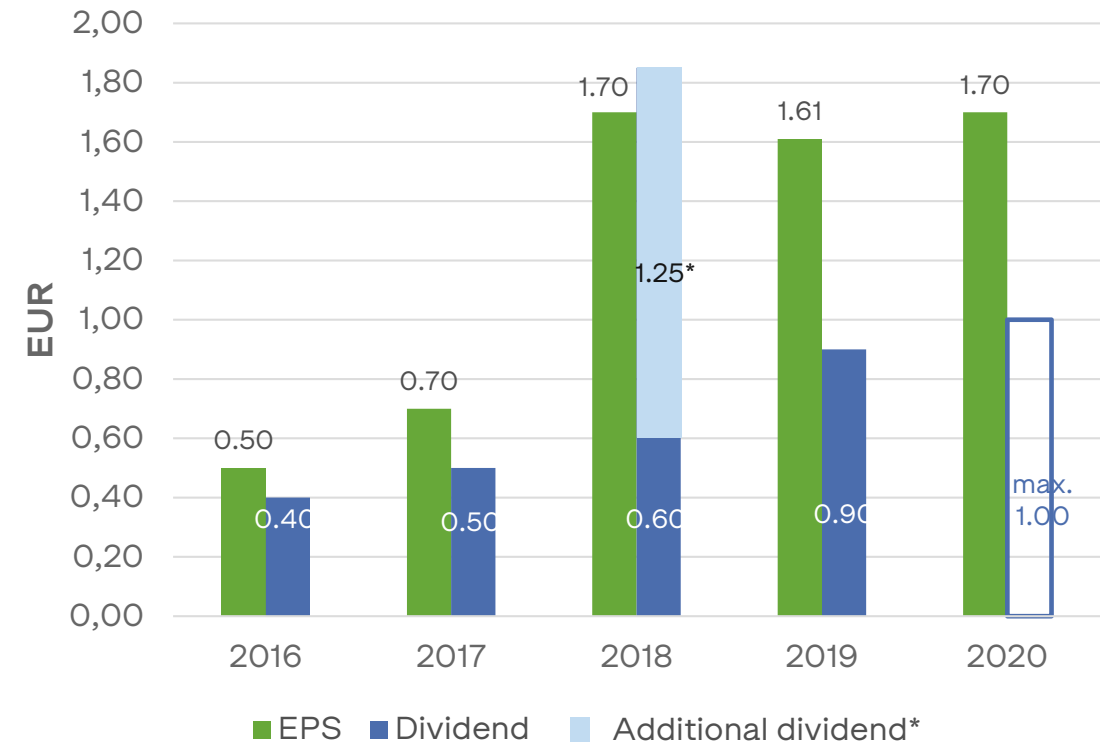
However, the instability caused by the coronavirus pandemic in Marimekko's markets continues, and therefore there are significant uncertainties associated with the trend in net sales and earnings.



## Proposal for dividend for 2020

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

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



\* 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.



# Key events in 2020



## Iconic patterns on a groundbreaking sustainable fabric

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

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

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





## Increased brand awareness through collaboration collections

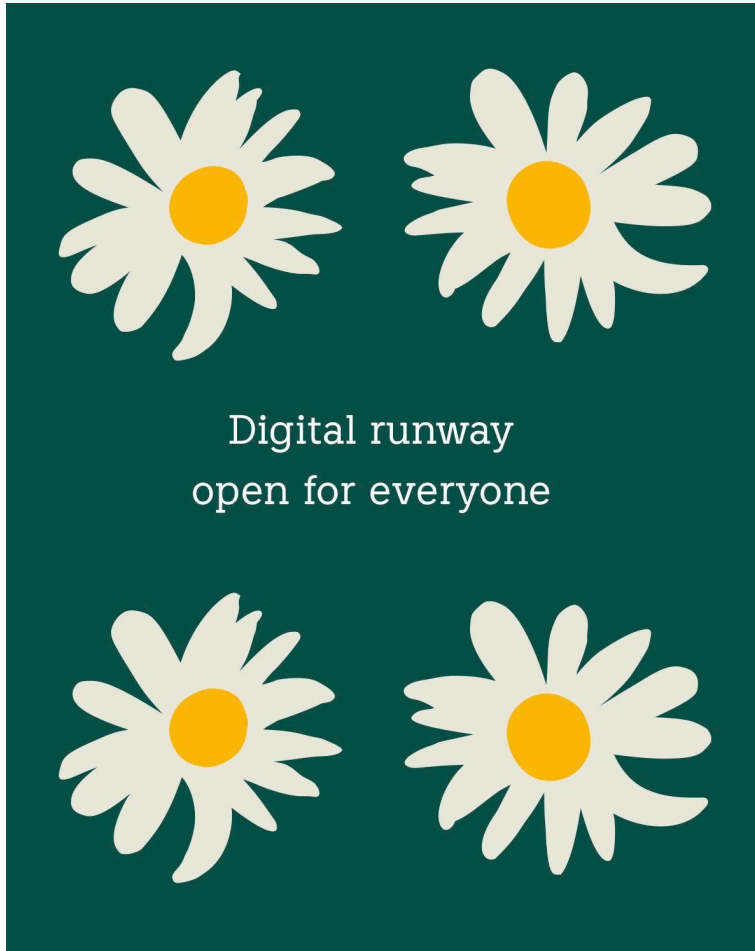
As continuation to the successful earlier collaborations, Marimeekko and Uniqlo launched two limited-edition collections for women and children in 2020.

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

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



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



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

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

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

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



# Marimekko at Copenhagen Fashion Week

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

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

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



## Rebekka Bay appointed Creative Director



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

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

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



# Reorganization and streamlining of operations

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

Marimekko also made changes in its Management Group:

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



## Revamped flagship store with digital services opened in Helsinki

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

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





# At the forefront of developing more sustainable products and practices

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

Our strategy is built around three guiding principles:

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

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



