Marimekko's year 2022

marimekko

Contents

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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 over 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 2022, brand sales of our products worldwide amounted to 382 million euros and our net sales were 167 million euros. Globally, there are roughly 150 Marimekko stores, and online store serves customers in 35 countries. Our key markets are Northern Europe, the Asia-Pacific region and North America.

Marimekko in brief

From the President and CEO

In 2022, we took bold and productive steps in executing our growth strategy in order to bring joy and empower even more people around the world with our prints and colors. After a record year of 2021, we grew our net sales further, by 9 percent to EUR 166.5 million, even though the market situation became more challenging towards the end of the year especially in our strong home market Finland. During the year, we continued our investments in the building blocks for our long-term international growth, while our comparable operating profit remained at a high level and amounted to EUR 30.4 million equaling 18.2 percent of net sales. For our successful results, I would like to extend my heartfelt thanks to all Marimekko people and our partners around the world: as a team, we have been agile in finding solutions to changing situations while, at the same time, persevering to develop and renew Marimekko.

Our objective during the strategy period of 2018–2022 was to achieve markedly stronger profitable growth than before by speaking to a broader target audience. Our net sales and profitability strengthened clearly during the completed strategy period, and in 2021 we exceeded our previous long-term financial goals. Our excellent financial results show that our growth strategy works. In fall 2022, Marimekko's Board of Directors decided on the new long-term financial goals for the company as well as set the strategic direction for the coming years. During the strategy period of 2023–2027, we will focus on scaling our business and growth especially in international markets, by building on and reinforcing our proven success recipe from the past few years, to serve an ever-growing global customer audience in a meaningful way that is forward-looking while true to the original Marimekko DNA.

Thanks to our sharpened creative vision, the desirability of our brand and our collection has been further strengthened during the last years, and our lifestyle assortment with different price points continues to serve customers also in a more price-sensitive environment. Interest in Marimekko is growing internationally, and in 2022 we continued our efforts to bring Marimekko to the awareness and reach of more and more people. During the year, we launched two impressive, global limited-edition brand collaboration collections with adidas as well as a collaboration collection of bags with the modern luxury brand Mansur Gavriel, among others.

At Marimekko, we believe that the winning brands and companies of the future will be determined in challenging market conditions.

Furthermore, we joined forces in the Chinese market with a local lifestyle brand, the Beast, to launch a limited-edition collection of home products as well as Marimekko's first perfume.

We are determined to improve the sustainability of our products and our practices, as we believe it supports Marimekko's long-term success. During the year, we advanced our ambitious sustainability strategy, for example, through our work to promote innovations and business models, which are in line with the principles of the circular economy, as well as through further increasing the share of more sustainable materials in our products. We opened the Marimekko Pre-loved, an online resale platform for secondhand and vintage items to extend the life of our products, announced a pilot of clothes utilizing a closed-loop value chain, and launched Marimekko Marimade, a home collection featuring either recycled, upcycled or bio-based materials. In addition, we reduced emissions from our own operations by 72 percent compared to 2019, hence achieving ahead of time our target to reduce these emissions by 40 percent by the end of 2025. In 2022, we made a commitment to the Science Based Targets (SBTi) initiative to set even more ambitious, science-based targets for reducing emissions throughout our value chain, in line with the UN Paris Climate Agreement. Science-based emission reduction targets are an important tool in our work towards our long-term vision of our operations leaving no trace on the environment in the future.

Our inspiring stores and creative retail concepts have expanded the Marimekko phenomenon in our key markets, especially in Asia. During 2022, nine new Marimekko stores were opened, of which seven in Asia. Furthermore, we returned to New York, where we opened a new experiential store in SoHo, which is known as one of the city's most central shopping destinations and as an epicenter of international fashion and design brands. New York represents one of the most important cities in the global fashion industry, having a wider impact for building brand awareness and positioning extending also to Europe and Asia. In addition, six pop-up stores in different markets and a Marimekko pop-up café in Thailand delighted our customers during the year. Even in the digitalized world, stores play an important role not only as distribution channels but also as the hearts of brand culture that build awareness, deepen the customer experience and support sales also in other channels.

Today, our customers are served in over 150 Marimekko stores as well as in Marimekko online store, operating in 35 countries. During the year, an online store was also launched in Hong Kong. Our objective in our main markets is to create in key cities a comprehensive ecosystem of Marimekko stores, the online store and selected wholesale clients to reach our customers effectively. Our continuous work to reinforce our omnichannel and digital business is reflected in our competitiveness, and as part of our new strategy, we are embarking on exploring more widely the opportunities that digitalization, data and technology bring to boost our efficiency and customer experience.

At Marimekko, we believe that the winning brands and companies of the future will be determined in challenging market conditions. As a profitable company, we have the possibility to make investments required for long-term growth despite a weaker macroeconomic climate. We will decisively continue to build Marimekko's future by challenging the fashion and design industry with empowering optimism, art of printmaking and timeless and long-lasting design.

Tiina Alahuhta-Kasko

2022 in a nutshell

In 2022, our net sales grew by 9 percent to EUR 166.5 million. Both a favorable trend in retail sales in Finland and growing international sales boosted net sales. On the other hand, net sales were weakened by a decrease in Finnish wholesale sales, which were mainly due to significantly lower non-recurring promotional deliveries than in the comparable year. Our comparable operating profit totaled EUR 30.4 million. Operating profit was mainly weakened by an increase in fixed costs but also lower relative sales margin. On the other hand, operating profit was particularly supported by increased net sales but also by lower depreciation than in the comparable year.

In 2022, Marimekko took productive steps in executing its growth strategy. Thanks to the sharpened creative vision, the desirability of the brand and collections has been further strengthened, and the lifestyle assortment with different price points continues to serve customers also in a more price-sensitive environment. Interest in Marimekko is growing internationally, and the limited-edition brand collaboration collections launched during 2022, with brands such as adidas, have brought Marimekko to the awareness and reach of more and more people. In addition, the continuous work to reinforce the omnichannel and digital business is reflected in the company's competitiveness.

Net sales

166.5

million euros (152.2)

Comparable operating profit

30.4

million euros (31.2)

Comparable operating profit margin

18.2

% (20.5)

Comparable EBITDA

40.0

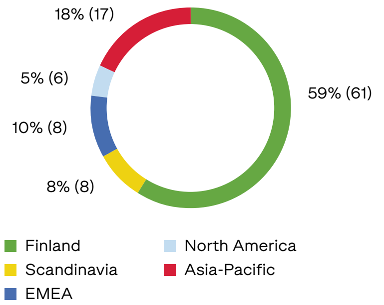
million euros (43.1)

Cash flow from operating activities

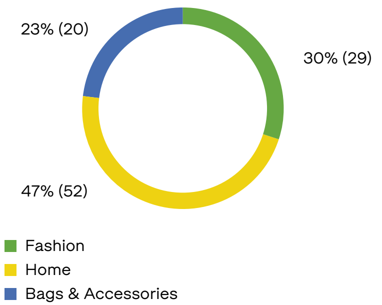
20.1

million euros (35.9)

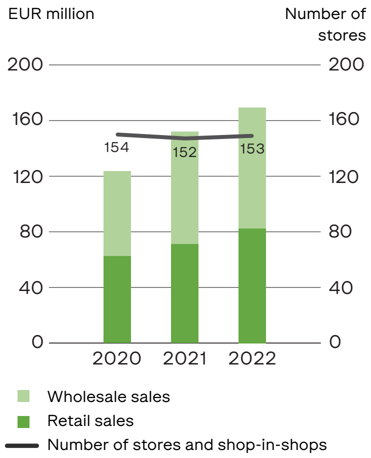
Net sales by market area, 2022
(2021)



Net sales by product line, 2022
(2021)



Net sales by channel, e-commerce included



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 35 countries

We employ
about 460 people

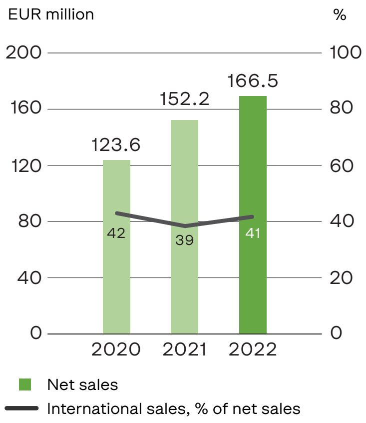
Our share is quoted on
Nasdaq Helsinki Ltd

Financial targets

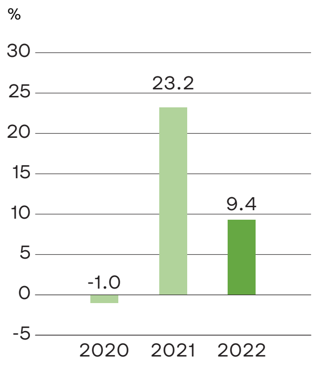
Long-term financial goals, published on 6 September 2022

- Annual growth in net sales 15%
- Comparable operating profit margin 20%
- 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 provide to dividends at least 50%

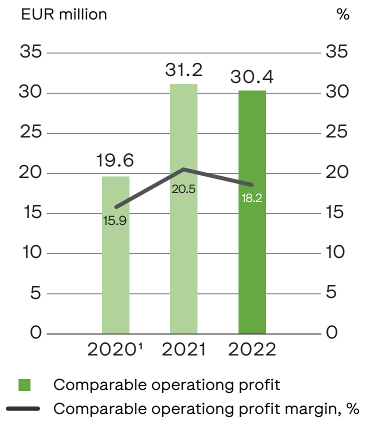
Net sales



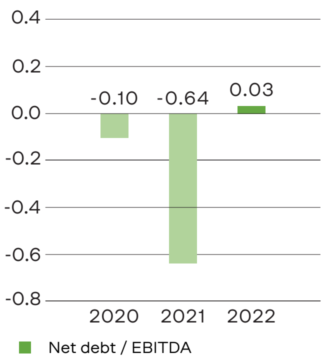
Growth in net sales



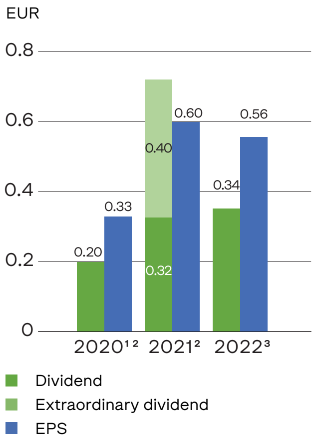
Comparable operating profit



Net debt / EBITDA



Dividend and earning per share



[1] The figures for 2020 have been restated as the accounting principle has changed following the IFRS Interpretations Committee agenda decision. Additional information is presented in the accounting principles of Financial Statements 2021, on p. 33–34.

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

[3] The Board of Directors of Marimekko proposed on 15 February 2023 to the AGM on 13 April 2023 that a dividend of EUR 0.34 per share is paid for 2022.

Strategy

During the strategy period of 2018–2022, Marimekko's objective was to achieve markedly stronger profitable growth than before by speaking to a broader target audience. Despite the coronavirus pandemic, we took productive steps in executing our growth strategy, and the company's net sales and profitability have developed strongly year after year. The key factors behind our strong performance included our long-term efforts to modernize our brand and lifestyle collections, strengthening our digital business and the omnichannel customer experience as well as increasing our international brand awareness from one year to the next. The new operating practices we adopted during the exceptional times and our agility to react to the constantly changing operating environment were also important factors.

Our results and the overall increased interest in Marimekko around the world demonstrate the unique opportunities for global expansion that megatrends, such as digitalization as well as changes in consumers' values, present Marimekko with. Therefore, building on and reinforcing our proven success recipe, we will focus on scaling the Marimekko business and growth especially in international markets during the strategy period of 2023–2027. This enables us to bring joy and empowerment to even more people around the world with our colors and prints.

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

Marimekko has defined the following five strategic success factors to scale growth of the Marimekko business during the next strategy period.

S Determined sustainability efforts strongly support Marimekko's long-term success

Marimekko wants to be at the forefront of developing more sustainable products and practices and believes that sustainability also opens new value-creating opportunities for its business. To further demonstrate its dedication, Marimekko has committed to the Science Based Targets initiative to set science-based emissions reduction targets in line with the Paris Climate Agreement.

C Sharpened creative vision to speak to a wider global audience

Marimekko will continue to reinforce a sharpened creative vision to speak to a wider global audience, with ready-to-wear as the communicational spearhead of the Marimekko lifestyle. This work will include, among others, developing collection modularity to fulfil market and channel-specific customer needs even better, as well as levelling up the integration of sustainability into the design principles.

A Accelerating growth in Asia

Northern Europe, North America and the Asia-Pacific region continue to be the company's main markets, while Marimekko will focus on Asia as the most important geographical area for international growth. The growing market, strong brand fit and proven track record with the loose franchise partnership model provide a good foundation for accelerating omnichannel growth in Asia. Marimekko approaches the markets via key cities and focuses on capturing growth in the company's existing markets as well as explores opening of new markets in Asia in the longer term.

L Love for Marimekko life

The company connects with its customers with a value-based, unique brand story with optimism and the art of printmaking at heart. Creative brand experiences that affix Marimekko with local art, culture and communities enable the company to stand out, while brand collaborations introduce Marimekko to new audiences. The meaningful purpose and values, the culture fostering creativity and internal entrepreneurship as well as the company's efforts to promote diversity, equity and inclusion create a strong foundation for Marimekko's future success.

E End-to-end digitality to boost omnichannel growth and efficiency

Direct-to-consumer, operated by the company itself or its partners, represents the core of Marimekko's distribution strategy. It is complemented with select, and increasingly online, retailers to gain scale and access to new customers. Even with a digital first mindset, physical stores play an important role as the hearts of brand culture, fueling also online growth. Marimekko will work actively on multiple fronts to accelerate the wider digitalization of the company as new technologies and data bring interesting opportunities benefiting the company's entire value chain and seamless customer experience.

We want to be 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.

HIGHLIGHTS OF OUR SUSTAINABILITY WORK IN 2022

- Commitment to the Science Based Targets initiative (SBTi) to reduce greenhouse gas emissions
- Decreasing the greenhouse gas emissions of textile materials per kg of sourced textiles by 7% compared to 2019[1]
- Decreasing the water scarcity score[2] of textile materials per kg of sourced textiles by 9% compared to 2019[1]
- Decreasing greenhouse gas emissions of logistics per kg of transported product by 40% compared to 2018[1]
- Transitioning to renewable district heating at Marimekko's headquarters and printing factory in Helsinki
- Decreasing Marimekko's Scope 1 and 2 emissions by 72% compared to 2019[1] and through this, achieving three years ahead of time the target to reduce emissions from Marimekko's own operations by 40% by the end of 2025
- Launching a marketplace for Marimekko vintage and second-hand items, Marimekko Pre-loved, in the company's home market Finland
- Announcing a closed-loop pilot project, where the cutting waste and other leftover materials generated in the manufacturing of Marimekko's products will be used as raw material for new Marimekko products
- Launching a capsule collection containing wood-based SPINNOVA® fiber, a more sustainable alternative to conventional wood-based fibers, in collaboration with Spinnova
- Launching the new Marimekko Marimade home concept – all products featuring recycled, upcycled or bio-based materials
- Updating Marimekko Supplier Code of Conduct and Product Policy and organizing trainings to partner suppliers about the most important changes
- 100% of purchases from outside the EU covered by social audits
- Ranking 1st for the second time on Finland's Most Attractive Employers list among business professionals in Universum's research
- Continuing the official partnership with Helsinki Pride and supporting LGBTQIA+ community by working with a wide range of models, influencers and creatives to foster diversity

Read more about our sustainability work and its progress on pages 67–82 and our website. A comprehensive sustainability review will be published on our website in the second quarter of 2023.

[1] The comparison year for emission reduction targets set in the sustainability strategy for 2021–2025 is 2019, excluding the target for logistics, for which the comparison year is 2018.

[2] Water scarcity score takes into account the blue water consumption in the cradle-to-gate production of textiles and the water scarcity of the region where water is consumed and is based on Higg MSI 3.3 data at Higg.org.

Timeless design brings joy for generations to come

The products of tomorrow leave no trace

Positive change through fairness & equality

We want to be at the forefront of developing more sustainable products and practices. In 2022, we continued the work on our ambitious sustainability strategy. Our sustainability strategy for 2021–2025 is condensed into three main principles that extend beyond our own operations to the entire value chain. These three main principles guide us on our journey towards a more sustainable future:

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. To help consumers prolong the life of our products, we will be expanding our service offering related to product care in the future.

Positive change through fairness and equality
We want to promote the implementation of fairness and equality in our value chain and to provide an inspiring, responsible, and caring workplace. We will continuously provide more information about the origin of our products, ultimately aiming at full transparency of our supply chain. 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. We are committed, for example, to reducing the greenhouse gas emissions and water use from the textile materials that we purchase as well as the greenhouse gas emissions from our own operations and logistics. We are committed to the Science Based Targets initiative (SBTi) to align our greenhouse gas emissions related targets with those of the UN Paris Climate Agreement.

Financial Statements and Report of the Board of Directors 2022

Report of the Board of Directors 2022

2022 IN BRIEF

- Net sales grew by 9 percent to EUR 166,515 thousand (152,227). Net sales in Finland grew by 6 percent; international sales were up by 14 percent.
- Both a favorable trend in retail sales in Finland and growing international sales boosted net sales. On the other hand, net sales were weakened by a decrease in Finnish wholesale sales. The decrease was mainly due to significantly lower non-recurring promotional deliveries than in the comparable year.
- Brand sales[1] of Marimekko products amounted to EUR 382,253 thousand (375,646). 66 percent (66) of brand sales were international sales.
- Operating profit was EUR 30,236 thousand (31,249). Operating profit included EUR 146 thousand of items affecting comparability and comparable operating profit totaled EUR 30,382 thousand (31,249), and was 18.2 percent of net sales (20.5).
- Operating profit was mainly weakened by an increase in fixed costs but also lower relative sales margin. On the other hand, operating profit was particularly supported by increased net sales but also by lower depreciation than in the comparable year.
- Result for the period was EUR 22,708 thousand (24,408) and earnings per share[2] were EUR 0.56 (0.60).

- The Board of Directors proposes that a dividend of EUR 0.34 per share will be paid for 2022.

REVISED LONG-TERM FINANCIAL GOALS AND STRATEGY PERIOD 2023–2027

Marimekko Board of Directors decided on 6 September 2022 on new long-term financial goals for the company, raising the targets for net sales development and comparable operating profit margin. The new long-term financial goals are as follows:

- annual growth in net sales 15% (earlier: over 10%)
- comparable operating profit margin 20% (earlier: 15%)
- ratio of net debt to EBITDA at year end max. 2 (unchanged)
- the intention is to pay a yearly dividend; percentage of earnings per share allocated to dividends at least 50% (unchanged)

The previous financial goals were set in November 2018, and the company exceeded them at the end of 2021. At the same time, the Board set the direction and five strategic success factors for Marimekko's next strategy period of 2023–2027, during which the company will focus on scaling its business and growth especially in international markets. These five strategic success factors are:

S: Determined sustainability efforts strongly support Marimekko's long-term success
C: Sharpened creative vision to speak to a wider global audience
A: Accelerating growth in Asia
L: Love for Marimekko life
E: End-to-end digitality to boost omnichannel growth and efficiency

Marimekko elaborated on the strategic direction in the stock exchange releases published on 6 September 2022 and at the company's Capital Markets Day on 14 September 2022.

OPERATING ENVIRONMENT

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

The growth estimates for the world economy have slightly improved but great uncertainties still remain, and recession is very likely in significant part of the world economy in 2023. The world economy in 2023 is estimated to grow at a rate of some 1.7 percent,

[1] Brand sales are given as an alternative non-IFRS key figure, representing the reach of the Marimekko brand through different distribution channels. An unofficial estimate of sales of Marimekko products at consumer prices, brand sales are calculated by adding together the company's own retail net sales and the estimated retail value of Marimekko products sold by other retailers. The estimated retail value is based on the company's realized wholesale sales and licensing income. Brand sales do not include VAT, and the key figure is not audited. At the beginning of 2021, the coefficients used to calculate brand sales were adjusted, and the figures for the comparison year have been restated accordingly. Some licensees provide exact retail figures, in which case these figures are used in reporting brand sales. For other licensing agreements, Marimekko's own retail coefficients for different markets are used.

[2] The per-share key figures presented in the report of the Board of Directors have been calculated and the figures for the comparable year have been restated using the new total number of shares following the issuance of shares without payment (share split), in accordance with the decision made by the AGM on 12 April 2022.

while the growth for Euro area is expected to be zero. New guidelines in China regarding the coronavirus pandemic situation as well as lower energy prices are expected to bring relief to the world economy whereas general inflation, increasing interest rates and Russia's war against Ukraine have a weakening impact on expectations.

The economic outlook for Finland has continued to recede. While expectations for the future have slightly improved, they continue to be weak. The confidence indicator for the retail trade strengthened in January 2023 but is still below the long-term average. Sales were almost at the same level as last fall, but sales expectations for the coming months are pessimistic. Inventories decreased but continue to be clearly above the usual level. Consumer confidence increased slightly from the gloomy figures of the fall. Estimates of the current state of personal finances as well as expectations for the future of both personal finances and for Finland's economy continued to be at a very low level and clearly weaker than the year before. Estimates for inflation as well as the expectations for its future development slightly decreased from the all-time high at the end of fall.

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

The working-day-adjusted turnover of Finnish retail trade in December grew by 2.4 percent on the previous year. The volume of sales was down by 6.1 percent. The cumulative working-day-adjusted turnover of retail trade in the January-December period rose by 3.7 percent but the volume of sales decreased by 3.6 percent. (Statistics Finland: Turnover of Trade, retail trade flash estimate, December 2022).

NET SALES

In 2022, the Group's net sales grew by 9 percent to EUR 166,515 thousand (152,227). Net sales were boosted by both a favorable trend in retail sales in Finland and growing international sales. On the other hand, net sales were weakened by decreased wholesale sales in Finland due particularly to significantly lower non-recurring promotional deliveries than in the comparable year. Net sales in Finland grew by 6 percent; international sales were up by 14 percent.

Marimekko's own stores were mainly open normally in 2022 and the footfall in the stores increased significantly from the comparable year. Omnichannel retail sales in total grew by 19 percent when both retail and online sales developed well. Wholesale sales were on the previous year's level and licensing income grew by 19 percent.

Net sales in Finland were EUR 98,237 thousand (92,299). Retail sales increased by 21 percent and comparable retail sales grew by 17 percent. Wholesale sales in Finland decreased by 13 percent mainly due to significantly lower non-recurring promotional deliveries than in the comparable year.

In the company's second biggest market, the Asia-Pacific region, net sales increased by 17 percent and were EUR 30,309 thousand (25,974).

Net sales by market area

(EUR 1,000)	2022	2021	Change, %
Finland	**98,237**	92,299	6
Retail sales	64,559	53,547	21
Wholesale sales	33,491	38,547	-13
Licensing income	187	205	-9
Scandinavia	**13,956**	12,661	10
Retail sales	4,157	3,785	10
Wholesale sales	9,799	8,651	13
Licensing income	-	225	
EMEA	**16,014**	12,895	24
Retail sales	2,492	1,906	31
Wholesale sales	11,603	9,764	19
Licensing income	1,919	1,225	57
North America	**7,999**	8,397	-5
Retail sales	4,621	5,583	-17
Wholesale sales	2,761	2,444	13
Licensing income	617	371	66
Asia-Pacific	**30,309**	25,974	17
Retail sales	6,619	4,207	57
Wholesale sales	23,455	21,305	10
Licensing income	234	462	-49
International sales, total	**68,278**	59,927	14
Retail sales	17,890	15,481	16
Wholesale sales	47,618	42,164	13
Licensing income	2,770	2,283	21
Total	**166,515**	152,227	9
Retail sales	82,448	69,027	19
Wholesale sales	81,109	80,711	0
Licensing income	2,957	2,488	19

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

Wholesale sales in the region grew by 10 percent and in Japan, the most important country to Marimekko in this region, by 5 percent. In 2021, some of the wholesale deliveries in the fourth quarter were transferred to the first quarter of 2022. Retail sales in the Asia-Pacific Region increased by 57 percent as own stores were not temporarily closed during the year due to the pandemic situation like in the previous year.

FINANCIAL RESULT

In 2022, the Group's operating profit totaled EUR 30,236 thousand (31,249). Operating profit included EUR 146 thousand of items affecting the comparability. Comparable operating profit was EUR 30,382 thousand (31,249). Operating profit was mainly weakened by an increase in fixed costs but also lower relative sales margin. On the other hand, especially increased net sales but also lower depreciation than in the comparable year supported operating profit.

Fixed costs in 2022 grew particularly due to investments made to strengthen the building blocks of Marimekko's international growth, which increased personnel, IT and marketing costs, among others. The relative sales margin was weakened by higher discounts than in the comparable year as well as increased logistics costs resulting from the general increase in transport costs. The discounts were increased by successful season sales also at the end of the year as well as clearance sales at three stores following the expiration of leases. On the other hand, the relative sales margin was supported by good margins per product, increased licensing income, and a larger share of retail sales of total net sales relative to the previous year.

Marketing expenses for the year 2022 were EUR 9,245 thousand (7,521), or 6 percent of the Group's net sales (5).

The Group's depreciation amounted to EUR 9,651 thousand (11,874), representing 6 percent of net sales (8). The lower deprecation is related to leases recognized as right-of-use assets under IFRS 16, for which depreciation has decreased as some stores have been closed in 2021 and 2022 and terms of leases have been renegotiated.

In 2022, operating profit margin was 18.2 percent (20.5) and comparable operating profit margin was also 18.2 percent (20.5).

Net financial items in 2022 were EUR -1,097 thousand (-552), or 1 percent of net sales (0). Financial items include exchange rate differences amounting to EUR -75 thousand (270), of which EUR -73 thousand (513) were unrealized. The impact of lease liabilities on interest expenses was EUR -720 thousand (-694).

The Group's result before taxes for 2022 was EUR 29,139 thousand (30,697). Net result for the period was EUR 22,708 thousand (24,408) and earnings per share were EUR 0.56 (0.60). The calculation of per-share key figures takes into account the new total number of Marimekko shares after the share issue without payment in accordance with the decision of the AGM on 12 April 2022. The figures for the comparable year have been adjusted accordingly.

BALANCE SHEET

The consolidated balance sheet total as at 31 December 2022 was EUR 114,587 thousand (132,887). Equity attributable to the equity holders of the parent company was EUR 55,425 thousand (69,833), or EUR 1.37 per share (1.72).

Non-current assets at the end of the financial year stood at EUR 36,108 thousand (35,149). Lease liabilities amounted to EUR 31,824 thousand (30,480), and financial liabilities were EUR 2,169 thousand (1,798). In addition, the Group had unused committed credit lines of EUR 14,591 thousand (14,982).

At the end of the year, net working capital was EUR 20,557 thousand (7,235). Inventories were EUR 33,784 thousand (25,983). The inventories were increased in part by the contingency planning for the demand of the continuing collection in the event of possible supply chain disruptions.

CASH FLOW AND FINANCING

In 2022, cash flow from operating activities was EUR 20,141 thousand (35,902), or EUR 0.50 per share (0.88). Cash flow from operating activities was negatively affected by the higher inventories as well as the different timing of deliveries of goods and related accounts payable than in the comparable year. In addition, the payment schedule of income taxes differed from the comparable year and the taxes were higher. Cash flow before cash flow from financing activities was EUR 19,142 thousand (34,992).

The Group's cash and cash equivalents at the end of year amounted to EUR 32,711 thousand (59,726). In particular, the payment of an extraordinary dividend in spring 2022 decreased the Group's cash and cash equivalents. In total, dividends paid in 2022 amounted to EUR 37,372 thousand (7,299). Return on investment was 31.5 percent (33.0). The amount of interest-bearing credit facilities drawn down was EUR 2,127 thousand (1,798). In addition, the Group had unused committed credit lines of EUR 14,591 thousand (14,982).

As the general economic uncertainty continues, Marimekko took after the end of the financial year in January 2023 additional short-term revolving credit facilities, which include covenants, totaling EUR 16,000 thousand.

The Group's equity ratio at the end of the period was 49.2 percent (53.3). Gearing was 2.2 percent (-39.3). The ratio of net debt to 12-month rolling EBITDA was 0.03 (-0.64), i.e. well below the company's long-term goal, with the goal being a maximum of 2.

INVESTMENTS

The Group's gross investments in 2022 were EUR 999 thousand (207), or 1 percent of net sales (0). The investments were mainly devoted to revamping the company headquarter building, production equipment as well as building store premises. Gross investments do not include new lease agreements included in balance sheet (IFRS 16) in the review or comparable year.

RESEARCH AND DEVELOPMENT

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

STORE NETWORK

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

Good store locations that cater to its target audience are essential for Marimekko. The operations and efficiency of the store network are continuously assessed and developed. In 2022, nine new Marimekko stores were opened, of which seven in Asia. In addition, a Marimekko online store was launched in Hong Kong. In total eight stores or shop-in-shops were closed. In different markets, six pop-up stores and a Marimekko pop-up café in Thailand were opened during the year. At the end of December, there were a total of 153 Marimekko stores and shop-in-shops worldwide, and at the end of the year all Marimekko stores were open with normal business hours. The stores' net sales in each market are primarily generated from sales to local customers, although sales to tourists make up a significant portion of the sales of certain central stores especially during holiday seasons.

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

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

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

SUSTAINABILITY

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. Determined sustainability efforts support the company's long-term success and sustainability has been defined as one of the five strategic success factors during the strategy period of 2023–2027. The company's sustainability strategy from 2021 to 2025 is built on three guiding principles as well as related ambitious targets and a roadmap for the entire value chain: timeless design brings joy for generations to come, the products of tomorrow leave no trace, and positive change through fairness and equality. In 2022, the company's activities included, for example, work to promote innovations and business models, which are in line with the principles of the circular economy, as well as work to further increase the share of more sustainable materials in its products.

Statement of non-financial information

Marimekko issues a statement of non-financial information for 2022 separately from the report of the Board of Directors in week 12 at the latest. The statement will be available at Marimekko's website and in the Marimekko's year 2022 publication.

Marimekko reports in greater detail on its sustainability work and on issues of the environment, health and safety in a separate sustainability review published annually. The review can be read on the company's website. The next review will be published in the second quarter of 2023.

PERSONNEL

In 2022, the number of employees, expressed as full-time equivalents, averaged 434 (401). At the end of the year, the Group had 459 (409) employees, of whom 76 (69) worked outside Finland. The number of employees working outside Finland was broken down as follows: Scandinavia 24 (21), EMEA 1 (1), North America 16 (13) and the Asia-Pacific region 35 (34). The personnel at company-owned stores, expressed as full-time equivalents, totaled 218 (193) at the end of the period. In the comparable year, there were still temporary layoffs in the retail organization related to the pandemic situation. Salaries, wages and bonuses paid to personnel amounted to EUR 24,155 thousand (21,273). In 2022, the turnover of employees leaving was 11 percent (12).

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

MANAGEMENT

Board of Directors, management and auditors

Marimekko's Annual General Meeting on 12 April 2022 appointed six members to the company's Board of Directors. Carol Chen, Mika Ihamuotila, Mikko-Heikki Inkeroinen and Tomoki Takebayashi were re-elected. Teemu Kangas-Kärki and Marianne Vikkula were elected as new members of the Board of Directors. From among its members, the Board of Directors elected Mika Ihamuotila as Chair of the Board and Teemu Kangas-Kärki as Vice Chair of the Board.

From among its members, the Board of Directors elected Teemu Kangas-Kärki as Chair and Mikko-Heikki Inkeroinen and Marianne Vikkula as members of the Audit and Remuneration Committee.

All members of the committee are independent of the company and its significant shareholders.

The AGM re-elected KPMG Oy Ab, Authorized Public Accountants, as the company's auditor, with Heli Tuuri, 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.

The following changes in the company's management took place in 2022. On 2 May 2022, Marimekko informed that the Chief Sales Officer and member of the Marimekko Management Group Dan Trapp will resign from his role due to personal reasons on 2 August 2022. In June, Marimekko informed about changing its sales leadership structure so that going forward, the company's sales leadership in the Management Group is divided into two geographical regions, Region West (Finland, Scandinavia, EMEA and North America) and Region East (the Asia-Pacific region). On 14 September 2022, Noora Laurila started as Senior Vice President, Sales, Region West and a member of the Management Group of Marimekko.

At the end of the year 2022, the company's Management Group comprised Tiina Alahuhta-Kasko as Chair and Elina Anckar (Chief Financial Officer), Rebekka Bay (Creative Director), Tina Broman (Chief Supply Chain and Product Officer), Kari Härkönen (Chief Digital Officer), Noora Laurila (Senior Vice President, Sales, Region West), Sanna-Kaisa Niikko (Chief Marketing Officer), Tanya Strohmayer (Chief People Officer), and Riika Wikberg (Chief Business Development Officer) as members.

Corporate governance statement

The corporate governance statement for 2022 is issued separately from the report of the Board of Directors. The statement will be available at Marimekko's website and in the Marimekko's year 2022 publication.

Remuneration of the Board and management

The remuneration of Marimekko's Board of Directors and President & CEO is presented in more detail in the Remuneration Report for 2022. Remuneration Report will be available at Marimekko's website and in the Marimekko's year 2022 publication.

SHARES AND SHAREHOLDERS

Share capital and number of shares

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. Marimekko's trading code is MEKKO and its ISIN code is FI0009007660.

The company has one series of shares, each conferring the same voting rights to their holders. At the end of the 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 40,649,170. The numbers of shares grew after the AGM on 12 April 2022 decided, that in order to enhance the liquidity of the company's shares, new shares were issued to the shareholders without payment in proportion to their holdings so that four (4) new shares were issued for each share (so called split). The new shares were registered in the trade register on 14 April 2022 and trading with the new shares began on 19 April 2022.

Ownership by size of holding, 31 December 2022

Number of shares	Number of shareholders	% of shareholders	Number of shares and votes	% of holding and votes
1–100	21,300	58.17	836,014	2.06
101–1 000	12,630	34.49	4,358,009	10.72
1 001–10 000	2,439	6.66	6,740,900	16.58
10 001–100 000	217	0.59	5,364,455	13.20
100 001–1 000 000	25	0.07	7,339,071	18.06
1 000 001–	5	0.01	16,010,721	39.39
Total	36,616	100.00	40,649,170	100.00

Ownership by sector, 31 December 2022

Owner	Number of shares and votes	% of holding and votes
Nominee-registered and non-Finnish holders	6,158,317	15.15
Households	17,914,629	44.07
Financial and insurance corporations	4,568,417	11.24
Non-financial corporations and housing corporations	7,222,722	17.77
Non-profit institutions	296,425	0.73
General government	4,488,660	11.04
Total	40,649,170	100.00

Shareholdings

According to the book-entry register, Marimekko had 36,616 shareholders (23,323) at the end of December 2022. Of the shares, 15.15 percent (17.41) were owned by nominee-registered or non-Finnish holders.

Largest shareholders according to the book-entry register, 31 December 2022

Owner	Number of shares and votes	% of holding and votes
1. PowerBank Ventures Ltd (Mika Ihamuotila)	5,088,500	12.52
2. Varma Mutual Pension Insurance Company	1,929,600	4.75
3. Ilmarinen Mutual Pension Insurance Company	1,926,940	4.74
4. Ehrnrooth Anna Sophia	1,651,885	4.06
5. Nordea Nordic Small Cap	999,425	2.46
6. Evli Finnish Small Cap Fund	869,121	2.14
7. Oy Talcom Ab	505,000	1.24
8. Oy Etra Invest Ab	500,000	1.23
9. Alahuhta Matti	423,650	1.04
10. Veritas Pension Insurance Company Ltd.	375,000	0.92
Total	14,269,121	35.10

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

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 5,356,106 Marimekko shares corresponding to 13.18 percent of the number and voting rights of the company's shares. Updated information on the management holdings can be found on the company's website at company.marimekko.com under Investors/Share information/Shareholders/Management's shareholding.

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.

Own shares

At the beginning of the year, Marimekko held 13,360 own shares. On 15 February 2022, the Board of Directors decided to transfer a total of 7,802 Marimekko shares held by the company as a part of the latter instalment of the long-term incentive system targeted at the Management Group. After the transfer, Marimekko held 5,558 of its own shares, corresponding to some 0.07 percent of the total number of the company's shares. Following the issuance of shares without payment in April, Marimekko correspondingly held 27,790 of its own shares. On 14 November 2022, Marimekko Corporation's Board of Directors decided to start acquiring the company's own shares based on the authorization granted by the Annual General Meeting held on 12 April 2022. Marimekko acquired 50,000 own shares through the public trading on Nasdaq Helsinki during the time period from 16 November 2022 to 22 November 2022. The average price per share was approximately EUR 9.05 and the total amount paid for the shares acquired was EUR 452,721.80. At the end of the year, Marimekko held 77,790 of its own shares, corresponding to approximately 0.19 percent of the total number of the company's shares. Marimekko shares held by the company carry no voting rights and no entitlement to dividends.

Flagging announcements

There were no flagging announcements on Marimekko shares in 2022.

Share trading and the company's market capitalization

In 2022, a total of 14,263,348 Marimekko shares (11,145,915) were traded on Nasdaq Helsinki, representing 35.09 percent (27.42) of the shares outstanding. Share trading data takes into account the new shares issued without payment following the decision of the AGM on 12 April 2022. The total value of the share turnover was EUR 171,076,384 (153,719,602). The lowest price of the share was EUR 8.14 (8.90), the highest was EUR 17.60 (18.84) and the average price was EUR 12.04 (13.79). At the end of December, the closing price of the share was EUR 8.76 (16.94).

The company's market capitalization on 31 December 2022 was EUR 355,405,289, excluding the Marimekko shares held by the company (687,465,348).

Authorizations

The Annual General Meeting on 14 April 2021 authorized the Board of Directors to decide on the payment of a maximum dividend of EUR 1.00 per share in one or several instalments at a later stage. On 15 February 2022, the Board made use of the authorization and decided that a dividend of EUR 1.00 per share be paid for 2020 in one instalment. The dividend record date was 17 February 2022, and the dividend payout date was 24 February 2022.

The AGM on 14 April 2021 authorized the Board to decide on the issuance of new shares and the transfer of the company's own shares in one or more instalments. Based on the authorization, the Board of Directors decided on 15 February 2022 to transfer 7,802 Marimekko shares held by the company as a part of the latter instalment of the long-term incentive system targeted at the Management Group. The authorization ended on 12 April 2022.

The AGM on 12 April 2022 authorized the Board of Directors to decide on the acquisition of a maximum of 150,000 of the company's own shares, in one or more instalments. The number of shares takes into account the effects of the share issue without payment as decided by the AGM. The maximum number of shares represents approximately 0.4 percent of the total number of the company's shares. The shares can be acquired with funds from the company's non-restricted equity, which means that the acquisition will reduce funds available for distribution. The shares can be acquired otherwise than in proportion to the shareholdings of the shareholders through public trading on Nasdaq Helsinki Ltd at the market price prevailing at the time of acquisition and in accordance with the rules and regulations of Nasdaq Helsinki Ltd. The shares can be acquired to be used as a part of the company's incentive compensation program, to be transferred for other purposes or to be canceled. The Board of Directors is authorized to decide on all of the other terms and conditions of the acquisition of the shares. On 14 November 2022, Marimekko Corporation's Board of Directors decided to acquire 50,000 of the company's own shares based on this authorization. The acquisitions of Marimekko's own shares were completed on 22 November 2022. The authorization is valid until 12 October 2023 and based on it, additional 100,000 own shares can be acquired.

Furthermore, the AGM on 12 April 2022 authorized the Board of Directors to decide on the issuance of new shares and the transfer of the company's own shares in one or more instalments. The total number of shares to be issued or transferred pursuant to the authorization may not exceed 250,000 new or treasury shares. The number of shares takes into account the effects of the share issue without payment as decided by the AGM. The number of shares represents approximately 0.6 percent of the total number of the company's shares. Pursuant to the authorization, the Board may decide on a directed share issue in deviation from the shareholders' pre-emptive rights for a weighty financial reason, such as the company's incentive compensation plan, personnel share issue, developing the company's capital structure, using the shares as consideration in possible company acquisitions or carrying out other business transactions. The share issue may be subject to a charge or free. A directed share issue can be free of charge only if there is a particularly weighty financial reason for the company and taking into account the interests of all of the company's shareholders. The subscription price of the new shares and the amount paid for the company's own shares would be recorded in the company's reserve for invested non-restricted equity. The Board of Directors is authorized to decide on all of the other terms and conditions of the share issue. The authorization was not used in 2022. The authorization is valid until 12 October 2023.

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

EVENTS AFTER THE END OF THE FINANCIAL YEAR

Changes in management

After the end of the financial year, the Board of Directors of Marimekko appointed Natacha Defrance Senior Vice President, Sales, Region East and a member of the Management Group of Marimekko. Previously she has worked in the position of Head of Market Area, Greater China, South Korea and South East Asia. At the same time, General Counsel Essi Weseri was appointed member of the Management Group of Marimekko. They will both start in their new roles on 16 February 2023 and report to President and CEO Tiina Alahuhta-Kasko. After these appointments, the Management Group comprises 11 members including the President and CEO.

Long-term incentive system for the management

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

MAJOR RISKS AND FACTORS OF UNCERTAINTY

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

The economic and political operating environment

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

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

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

The coronavirus pandemic has been the worst crisis experienced by the global fashion industry and specialty retail sector in decades, and its economic and societal consequences may continue to slow the recovery of the global economy and affect the demand for Marimekko's products, employee health as well as the reliability and efficiency of the company's value chain.

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

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

The retail environment, customers and partners

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

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

Major partnership choices, partnering contracts and other collaboration agreements involve considerable risks. Store lease agreements in Finland and abroad also contain risks. With the company's internationalization and the growing interest in its brand, risks related to gray exports may increase, which may have an impact on the company's sales and profitability. In addition, risks related to changes in the company's cost structure as well as the liquidity of customers and partners may have an impact on the company's financial position.

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

Supply chain

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

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

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

Sustainability

Enhancing sustainability is increasingly important for competitiveness in Marimekko's industry, which can have an impact on the company's sales and profitability, as versatile investments are required for the enhancement. The most significant risks and opportunities with regard to Marimekko's sustainability targets are related to changes in consumer behavior as well as possible new legislation that may affect the company's products and value chain. The company's ability to anticipate changes, react to them and develop more sustainable products plays a key role in the company's competitiveness.

Compliance with responsible business practices and legislation is important in maintaining the trust of customers and other stakeholders; any failures or errors in this area will involve reputation, financial liability and business risks. Marimekko primarily uses supplier partners to manufacture its products. Of the sustainability elements of manufacturing, especially social aspects related to the supply chain (e.g. human rights, working conditions and remuneration) and environmental aspects (e.g. production methods and raw materials and chemicals used) as well as transparent communications on these issues in compliance with continuously increasing legislation is of growing significance to customers. These sustainability topics apply to Marimekko's sourcing and own production as well as licensed products.

The environment and climate change

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

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

Compliance

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

Intellectual property rights

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

Information security risks

There are risks associated with information system reliability, dependability and compatibility. With digitization, internationalization and Russia's war, cybercrime and cyber-attacks as well as various other risks related to cybersecurity and personal data protection have also increased. DoS attacks, malfunctions in data communications or for example, in the company's own online store, may disrupt business or result in lost sales. Personal data breaches can lead to claims for damages, fines and reputation risks.

Personnel and competence

Potential new serious coronavirus infection waves may increase risks related to taking care of the health and safety of employees and securing sufficient workforce in cases of sickness caused by the pandemic. Possible pandemic-related restrictions may impact Marimekko's sales, profitability and cash flow as well as the reliability and efficiency of the company's production and logistics chain.

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

MARKET OUTLOOK AND GROWTH TARGETS FOR 2023

The uncertainties related to the general development of the global economy, such as the risk of an economic recession, general cost inflation, increasing interest rates and energy crisis as well as geopolitical tensions influence consumer confidence, purchasing power and behavior and, as a result, can have an impact on Marimekko's business in 2023, especially in the important domestic market Finland. The pandemic situation, particularly in China, where restrictions have only recently been lifted, and Russia's war against Ukraine may cause even significant disruptions in production and logistics chains, which may result in delivery delays and increased costs and thus have a negative impact on the company's sales, profitability and cash flow.

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

The Asia-Pacific region is Marimekko's second-largest market and it plays a significant part in the company's international growth. Japan is clearly the most important country in this region to Marimekko and already has a very comprehensive network of Marimekko stores. All brick-and-mortar Marimekko stores and most online stores in Asia are partner-owned. Net sales in the Asia-Pacific region are expected to increase in 2023, as are total international sales. The aim is to open approximately 5 to 10 new Marimekko stores and shop-in-shops in 2023, and most of the planned openings will be in Asia.

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

The general cost inflation continues to also affect Marimekko in 2023. Marimekko's early commitment to product orders from supplier partners, which is typical of the industry, means that changes in costs affect the company with a delay. These early commitments have been further emphasized by the pandemic situation, undermining the company's ability to optimize product orders and respond to rapid changes in demand and consumer behavior, which also increases risks related to inventory management. The domestic non-recurring promotional deliveries also raise inventory risks. Marimekko works actively to mitigate the negative impacts of disruptions in production and logistics chains and increased costs, as well as to enhance inventory management.

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

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

FINANCIAL GUIDANCE FOR 2023

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

Uncertainties related to the development of net sales and result are described in more detail in the Major risks and factors of uncertainty section.

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.

THE BOARD OF DIRECTORS' PROPOSAL FOR DIVIDENDS

On 31 December 2022, the parent company's distributable funds amounted to EUR 49,039,655.34; profit for the financial year was EUR 22,850,050.77. The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.34 per share be paid for 2022.

The Board will propose 17 April 2023 as the dividend payout record date and 24 April 2023 as the dividend payout date. A regular dividend of EUR 0.32 per share and an extraordinary dividend of EUR 0.40 per share was paid for 2021.

ANNUAL GENERAL MEETING

The Annual General Meeting is scheduled to be held on Thursday, 13 April 2023 at 2.00 p.m.

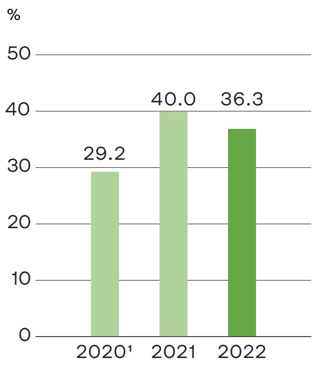
Helsinki, 15 February 2023
Marimekko Corporation
Board of Directors

Key figures of the Group and formulas for the key figures

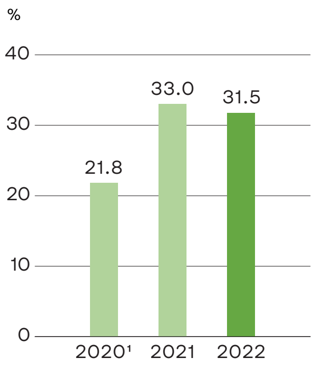
Key financial figures

	2022	2021	2020
Net sales, EUR 1,000	166,515	152,227	123,568
Change in net sales, %	9.4	23.2	-1.0
Operating profit, EUR 1,000[1]	30,236	31,249	18,772
% of net sales[1]	18.2	20.5	15.2
Comparable operating profit, EUR 1,000[1]	30,382	31,249	19,600
% of net sales[1]	18.2	20.5	15.9
Financial income, EUR 1,000	1,241	851	592
Financial expenses, EUR 1,000	-2,339	-1,403	-2,375
Result before taxes, EUR 1,000[1]	29,139	30,697	16,989
% of net sales[1]	17.5	20.2	13.7
Taxes, EUR 1,000[1]	6,430	6,289	3,683
Net result for the period, EUR 1,000[1]	22,708	24,408	13,306
Balance sheet total, EUR 1,000[1]	114,587	132,887	114,371
Net working capital, EUR 1,000	20,557	7,235	7,869
Interest-bearing liabilities, EUR 1,000	33,993	32,277	37,879
Shareholders' equity, EUR 1,000[1]	55,425	69,833	52,323
Net debt / EBITDA	0.03	-0.64	-0.10
Return on equity (ROE), %[1]	36.3	40.0	29.2
Return on investment (ROI), %[1]	31.5	33.0	21.8
Equity ratio, %[1]	49.2	53.3	46.4
Gearing, %[1]	2.2	-39.3	-6.1
Gross investments, EUR 1,000[1]	999	207	1,533
% of net sales[1]	0.6	0.1	1.2
Employee salaries, wages and bonuses, EUR 1,000	24,155	21,273	19,429
Average personnel	434	401	434
Personnel at the end of the financial year	459	409	422

Return on equity (ROE)



Return on investment (ROI)

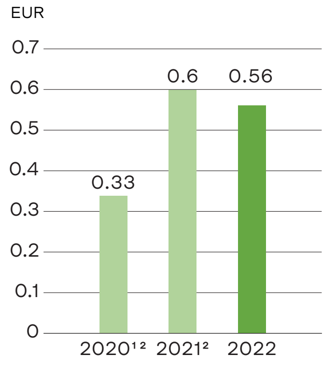


[1] The figures for 2020 have been restated as the accounting principle has changed following the IFRS Interpretations Committee agenda decision. Additional information is presented in the accounting principles of Financial Statements 2021, on p. 33–34.

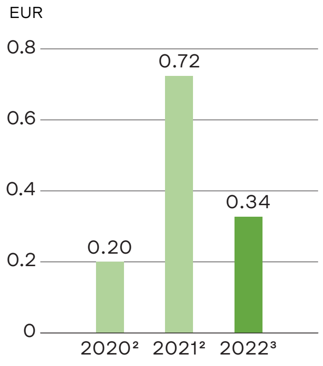
Per-share key figures

	2022	2021	2020
Earnings per share (EPS), EUR[1 2]	0.56	0.60	0.33
Equity per share, EUR[1 2]	1.37	1.72	1.29
Dividend per share, EUR[2]	0.34[3]	0.72	0.20
Dividend per profit, %[1]	60.7[3]	119.6	61.0
Effective dividend yield, %	3.9[3]	4.3	2.2
P/E ratio[1]	15.5	28.1	27.7
Average number of shares outstanding	40,623,999	40,554,370	40,549,170
Number of shares outstanding at the end of the period	40,571,380	40,582,370	40,549,170

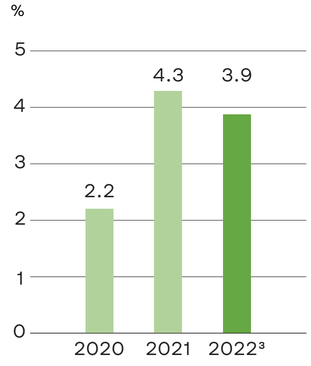
Earnings per share



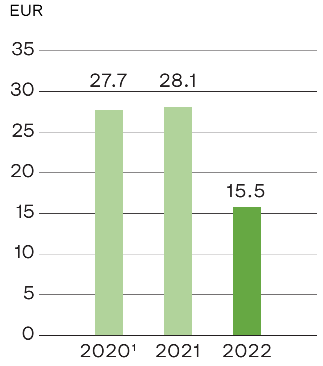
Dividend per share



Effective dividend yield



P/E ratio



[1] The figures for 2020 have been restated as the accounting principle has changed following the IFRS Interpretations Committee agenda decision. Additional information is presented in the accounting principles of Financial Statements 2021, on p. 33–34.

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

[3] The Board of Directors of Marimekko proposed on 15 February 2023 to the AGM on 13 April 2023 that a dividend of EUR 0.34 per share is paid for 2022.

Reconciliation of alternative key figures to IFRS

(EUR million)	2022	2021	2020
Items affecting comparability			
Employee benefit expenses	-0.1	-	-
Restructuring costs	-	-	-0.8
Items affecting comparability in operating profit	-0.1	-	-0.8
EBITDA[1]	39.9	43.1	31.3
Employee benefit expenses	0.1	-	-
Restructuring costs	-	-	0.8
Comparable EBITDA[1]	40.0	43.1	32.1
Operating profit[1]	30.2	31.2	18.8
Employee benefit expenses	0.1	-	-
Restructuring costs	-	-	0.8
Comparable operating profit[1]	30.4	31.2	19.6
Net sales	166.5	152.2	123.6
Operating profit margin, %[1]	18.2	20.5	15.2
Comparable operating profit margin, %[1]	18.2	20.5	15.9

Items affecting comparability are exceptional transactions that are not related to the company's regular business operations, such as costs associated with employee benefits and restructuring costs. The Group's management exercises its discretion when making decisions regarding the classification of items affecting comparability.

Formulas for key figures

Comparable EBITDA, EUR
Operating result - depreciation - impairments - items affecting comparability

Comparable operating result, EUR
Operating result - items affecting comparability in operating result

Comparable operating result margin, %
(Operating result - items affecting comparability in operating result) x 100 / Net sales

Earnings per share (EPS), EUR
(Profit before taxes - income taxes) / Adjusted number of shares (average for the financial year)

Comparable earnings per share (EPS), EUR
(Comparable profit before taxes - income taxes on comparable profit) / Adjusted number of shares (average for the financial year)

Equity per share, EUR
Shareholders' equity / Number of shares, 31 December

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

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

Equity ratio, %
Shareholders' equity x 100 / (Balance sheet total - advances received)

Gearing, %
Interest-bearing net debt x 100 / Shareholders' equity

Net working capital, EUR
Inventories + trade and other receivables + current tax assets - tax liabilities - current provisions - trade and other payables

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

[1] The figures for 2020 have been restated as the accounting principle has changed following the IFRS Interpretations Committee agenda decision. Additional information is presented in the accounting principles of Financial Statements 2021, on p. 33–34.

Consolidated financial statements, IFRS

CONSOLIDATED INCOME STATEMENT

(EUR 1,000)	Note	1 Jan.–31 Dec. 2022	1 Jan.–31 Dec. 2021
NET SALES	1.	**166,515**	**152,227**
Other operating income	2.	108	148
Change in inventories of finished goods			
and work in progress		7,721	3 151
Raw materials and consumables	3.	-72,115	-61,484
Employee benefit expenses	4.	-30,846	-28,239
Depreciation and impairments	5.	-9,651	-11,874
Other operating expenses	6.	-31,497	-22,680
OPERATING PROFIT		**30,236**	**31,249**
Financial income	7.	1,241	851
Financial expenses	8.	-2,339	-1,403
		-1,097	-552
RESULT BEFORE TAXES		**29,139**	**30,697**
Income taxes	9.	-6,430	-6,289
NET RESULT FOR THE PERIOD		**22,708**	**24,408**
Distribution of net result to equity holders			
of the parent company		22,708	24,408
Basic and diluted earnings per share			
calculated on the result attributable to equity			
holders of the parent company, EUR[1]	10.	0.56	0.60

COMPREHENSIVE CONSOLIDATED INCOME STATEMENT

(EUR 1,000)	1 Jan.–31 Dec. 2022	1 Jan.–31 Dec. 2021
Net result for the period	22,708	24,408
Items that could be reclassified to profit or loss		
at a future point in time		
Change in translation difference	-40	-108
COMPREHENSIVE RESULT FOR THE PERIOD	**22,668**	**24,300**
Distribution of net result to equity holders of the parent company	22,668	24,300

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

The notes are an integral part of the financial statements.

CONSOLIDATED BALANCE SHEET

(EUR 1,000)	Note	31 Dec. 2022	31 Dec. 2021
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	11.1	288	487
Tangible assets	11.2	34,560	33,187
Other financial assets	11.3, 17.	512	533
Deferred tax assets	14.	748	942
		36,108	35,149
CURRENT ASSETS			
Inventories	12.1	33,784	25,983
Trade and other receivables	12.2	11,983	12,029
Cash and cash equivalents	17.	32,711	59,726
		78,479	97,738
ASSETS, TOTAL		**114,587**	**132,887**

(EUR 1,000)	Note	31 Dec. 2022	31 Dec. 2021
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	13.	1,228	1,228
Treasury shares	13.	-541	-210
Translation differences		-122	-81
Retained earnings		46,820	60,856
Shareholders' equity, total		55,425	69,833
NON-CURRENT LIABILITIES			
Lease liabilities	15.1, 20.	25,277	21,976
		25,277	21,976
CURRENT LIABILITIES			
Trade and other payables	16.	24,752	28,272
Current tax liabilities		416	2,505
Lease liabilities	15.2, 20.	6,547	8,503
Financial liabilities	17., 20.	2,169	1,798
		33,885	41,078
Liabilities, total		59,162	63,055
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL		**114,587**	**132,887**

The notes are an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

(EUR 1,000)	1 Jan.–31 Dec. 2022	1 Jan.–31 Dec. 2021
CASH FLOW FROM OPERATING ACTIVITIES		
Net result for the period	22,708	24,408
Adjustments		
Depreciation and impairments	9,651	11,874
Financial income and expenses	1,097	552
Taxes	6,430	6,289
Share-based payments	750	509
Cash flow before change in working capital	40,636	43,631
Change in working capital	-11,212	-2,225
Increase (-) / decrease (+) in current non-interest-bearing trade receivables	49	-4,152
Increase (-) / decrease (+) in inventories	-7,809	-3,477
Increase (+) / decrease (-) in current non-interest-bearing liabilities	-3,452	5,404
Cash flow from operating activities before financial items and taxes	29,424	41,407
Paid interest and payments on other financial expenses	-1,130	-1,271
Interest received and payments on other financial income	166	31
Taxes paid	-8,319	-4,265
CASH FLOW FROM OPERATING ACTIVITIES	**20,141**	**35,902**

(EUR 1,000)	1 Jan.–31 Dec. 2022	1 Jan.–31 Dec. 2021
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in tangible and intangible assets	-999	-910
CASH FLOW FROM INVESTING ACTIVITIES	**-999**	**-910**
CASH FLOW FROM FINANCING ACTIVITIES		
Short-term loans drawn	1,049	932
Short-term loans repaid	-665	-
Acquisition of treasury shares	-454	-
Payments of lease liabilities	-8,485	-10,247
Dividends paid	-37,372	-7,299
CASH FLOW FROM FINANCING ACTIVITIES	**-45,927**	**-16,613**
Change in cash and cash equivalents	-26,784	18,378
Cash and cash equivalents at the beginning of the period	59,726	41,045
Effects of exchange rate fluctuations	-230	303
Cash and cash equivalents at the end of the period	32,711	59,726

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. 2021	**8,040**	**1,228**	**-315**	**26**	**43,343**	**52,323**
Comprehensive result						
Net result for the period					24,408	24,408
Translation differences				-108		-108
Total comprehensive result for the period				**-108**	**24,408**	**24,300**
Transactions with owners						
Dividends paid					-7,299	-7,299
Share-based payments			104		404	509
Shareholders' equity, 31. Dec. 2021	**8,040**	**1,228**	**-210**	**-81**	**60,856**	**69,833**
Shareholders' equity, 1 Jan. 2022	**8,040**	**1,228**	**-210**	**-81**	**60,856**	**69,833**
Comprehensive result						
Net result for the period					22,708	22,708
Translation differences				-40		-40
Total comprehensive result for the period				**-40**	**22,708**	**22,668**
Transactions with owners						
Dividends paid					-37,372	-37,372
Share-based payments			123		627	750
Acquisition of own shares			-454			-454
Shareholders' equity, 31. Dec. 2022	**8,040**	**1,228**	**-541**	**-122**	**46,820**	**55,425**

The notes are an integral part of the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

COMPANY PROFILE

Marimekko Corporation (business identity code 0111316-2) 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 15 February 2023. 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 2022. 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 licensing income.

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.

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

The Group also engages in commission trading, where it records the revenue as gross amount to which it expects to be entitled in exchange for specified goods or services delivered.

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 incentive system running from 2018 to 2022 granted to the Management Group by the Board of Directors was valued at fair value at each closing date and the change in fair value was recorded as an employee benefit expense in the income statement to the extent the share-based payments had been vested.

The Board of Directors of Marimekko Corporation decided in 2022 to continue the share-based long-term incentives for the company's management. Estimate of the fair value of share-based payments is recorded evenly over the duration of the new program to the employee benefit expenses.

The incentive systems are 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 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.

IFRS Interpretations Committee published in April 2021 their final agenda decision on the accounting of configuration and customization costs in a cloud computing arrangement (IAS 38 Intangible Assets). In this agenda decision, the Committee considered when an intangible asset can be recognized in relation to configuration and customization of an application software. Based on the agenda decision, Marimekko changed its accounting principle related to costs in cloud computing arrangements in 2021. The accounting for cloud computing arrangements now depends on whether the cloud-based software classifies as a software intangible asset or a service contract. Those arrangements where the company does not have control over the underlying software are accounted for as service contracts providing the company with the right to access the cloud provider's application software over the contract period. The ongoing fees to obtain access to the application software, together with related configuration or customization costs incurred, are recognized as other operating expenses when the services are received.

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 (max. 12 months) 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.

In the financial years 2021 and 2022, Marimekko has applied an amendment to IFRS 16, published by the IASB in 2020, regarding the treatment of rent concessions and the amendment to IFRS 16 published in 2021, which extended the period of application of the relief. 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 until the period of application ended on 30 June 2022. 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 other financial assets, trade receivables, other receivables, prepaid expenses and accrued income, as well as 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 listed shares. In addition, the Group has derivatives, which are not subordinated to hedge accounting. These derivatives are recorded at fair value through profit or loss. Financial assets which are recorded at fair value are valued based on fair value hierarchies presented below.

The fair value of financial assets and liabilities classified as level 1 is based on unadjusted quoted prices in active markets at the closing date. Level 1 includes listed shares.

The fair value of financial assets and liabilities classified as level 2 is based on observable input parameters, which are other than quoted prices. Level 2 includes currency derivatives.

In accordance with the Group's hedging policy, Marimekko has derivatives against changes in the exchange rate of purchases.

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.

The Group's derivatives are recorded at fair value through profit or loss. The Group does not use hedge accounting.

New standards and interpretations and change in accounting principles

These consolidated financial statements have been prepared using the same accounting principles as were applied in the 2021. The new and amended standards which were implemented during 2022, do not have a significant impact on the company's 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 99,261 thousand (120,680), of which the amount of non-current assets excluding financial instruments and deferred tax assets was EUR 30,224 thousand (30,569). The amount of assets in other countries was EUR 15,326 thousand (12,206), of which non-current assets accounted for EUR 5,136 thousand (3,638).

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

Net sales by market area

(EUR 1,000)	2022	2021
Finland		
Retail sales	64,559	53,547
Wholesale sales	33,491	38,547
Licencing income	187	205
Total	98,237	92,299
Scandinavia		
Retail sales	4,157	3,785
Wholesale sales	9,799	8,651
Licencing income	-	225
Total	13,956	12,661
EMEA		
Retail sales	2,492	1,906
Wholesale sales	11,603	9,764
Licencing income	1,919	1,225
Total	16,014	12,895

(EUR 1,000)	2022	2021
North America		
Retail sales	4,621	5,583
Wholesale sales	2,761	2,444
Licencing income	617	371
Total	7,999	8,397
Asia-Pacific		
Retail sales	6,619	4,207
Wholesale sales	23,455	21,305
Licencing income	234	462
Total	30,309	25,974
International sales in total		
Retail sales	17,890	15,481
Wholesale sales	47,618	42,164
Licencing income	2,770	2,283
Total	68,278	59,927
Retail sales	82,448	69,027
Wholesale sales	81,109	80,711
Licencing income	2,957	2,488
Total	166,515	152,227

Net sales by product line

(EUR 1,000)	2022	2021
Fashion	50,525	43,848
Home	78,273	78,677
Bags and accessories	37,717	29,702
Total	166,515	152,227

Investments (excluding the impact of IFRS 16)

(EUR 1,000)	**2022**	**2021**
Finland	999	207
Total	999	207

2. OTHER OPERATING INCOME

(EUR 1,000)	**2022**	**2021**
Rental income	54	54
Other income	54	94
Total	108	148

3. RAW MATERIALS AND CONSUMABLES

(EUR 1,000)	**2022**	**2021**
Materials and supplies		
Purchases during the financial year	47,310	40,808
Increase (-) / decrease (+) in inventories	-88	-326
Total	47,223	40,482
External services	24,892	21,001
Total	72,115	61,484

Exchange rate differences included in raw materials and consumables

Exchange rate gains (-) / losses (+) on purchases	141	93

4. EMPLOYEE BENEFIT EXPENSES

(EUR 1,000)	**2022**	**2021**
Salaries, wages and bonuses	24,155	21,273
Share-based payments	98	1,224
Pension expenses – defined contribution plans	3,621	2,912
Other indirect social expenditure	2,972	2,830
Total	30,846	28,239

Average number of employees

	2022	**2021**
Salaried employees	413	379
Production personnel	21	22
Total	434	401

Share-based payments

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

Marimekko's board of directors decided on the payment of the second earning period on February 15, 2022. In accordance with the terms of the incentive system, on February 17, 2022, a total of 7,802 of Marimekko's own shares held by the company were transferred over to the members of the Marimekko Management Group.

The fair value of granted share-based payments was determined using the binary cash-or-nothing call option valuation model. The significant measurement parameters in the model were 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 was 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 were subsequently valued at fair value at each closing date and the change in fair value was recorded in the income statement to the extent the payments are vested. The reward payable for an earnings period was 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 system as the fixed monthly salary, inclusive of fringe benefits, paid at the beginning of the earnings period. At the end of 2022, there are no entries in the balance sheet related to this incentive system, as the installments related to the last earning period have been paid during February 2022.

For the fiscal year 2022, a total of EUR -81 thousand (1,224) has been recorded from this incentive system to the employee benefits expenses in the Marimekko Group's 2022 income statement.

The Board of Directors of Marimekko Corporation decided at 15th of February 2022 to continue the share-based long-term incentives for the company's management. The new share-based incentive system for years 2022–2026 is targeted to the Management Group of Marimekko and at the beginning, it encompasses nine people including the President and CEO.

The Performance share plan 2022–2026 is composed of two earnings periods: 1 January 2022–30 June 2025 and 1 January 2023–30 June 2026. The potential reward from each earnings period is based on total shareholder return (TSR) i.e. the total yield on Marimekko Corporation's shares, including dividends, at the end of the period. The achievement of the required TSR levels will determine the proportion out of the maximum reward that will be paid to a participant. The potential rewards are primarily planned to be paid half in company shares and half in cash after each earnings period. The cash part of the reward is intended to cover the taxes and tax-like payments incurred by the participant. Earning the reward requires that the person is still working for the company at the time of the payment. The reward amounts earned through the system will be capped if the maximum limit set by the Board for the payable reward is reached. The shares received as part of the reward are subject to a two-year transfer restriction.

The Board of Directors of Marimekko has decided that if the targets set for the first earnings period are met in full, the rewards to be paid on the basis of it correspond to the value of an approximate maximum total of 31,432 Marimekko shares including also the cash portion of the reward. The potential rewards from the first earnings period are estimated to be paid in early autumn 2025.

For the fiscal year 2022, a total of EUR 179 thousand (0) has been recorded from the incentive system for the years 2022–2026 in the employee benefits expenses in the Marimekko Group's 2022 consolidated income statement.

5. DEPRECIATION AND IMPAIRMENTS

(EUR 1,000)	**2022**	**2021**
Intangible assets		
Intangible rights	34	31
Computer software	224	300
Total	258	331
Tangible assets		
Buildings and structures	228	311
Machinery and equipment	473	577
Right-of-use assets, buildings and structures	8,623	10,567
Right-of-use assets, machinery and equipment	68	88
Total	9,393	11,542
Total	9,651	11,874

6. OTHER OPERATING EXPENSES

(EUR 1,000)	2022	2021
Leases	1,070	118
Marketing	9,245	7,521
Management and maintenance of business premises	1,598	1,376
Administration	11,391	8,748
Other expenses	8,192	4,917
Total	31,497	22,680

Exchange rate differences included in other operating expenses

Exchange rate gains (-) / losses (+) on sales	405	-158

Rents

(EUR 1,000)	2022	2021
Low-value rents	429	446
Variable rents[1]	641	-328
Total	1,070	118

Government grants

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

(EUR 1,000)	2022	2021
Other operating expenses	-	40
Total	-	40

Auditor's fee

(EUR 1,000)	2022	2021
KPMG		
Audit	128	111
Other services	45	47
Total	173	158
Others		
Audit	6	6
Total	6	6

Remuneration to KPMG Oy Ab on other services to Marimekko Group companies: EUR 29 thousand (15).

7. FINANCIAL INCOME

(EUR 1,000)	2022	2021
Interest income on loans and other receivables	28	6
Exchange rate gains, realized	141	26
Exchange rate gains, unrealized	1,072	629
Change in fair value of shares	-	191
Total	1,241	851

8. FINANCIAL EXPENSES

(EUR 1,000)	2022	2021
Interest expenses on financial liabilities measured at amortized cost	232	262
Interest expenses on lease liabities	720	694
Exchange rate losses, realized	143	269
Exchange rate losses, unrealized	1,145	116
Other financial expenses	99	63
Total	2,339	1,403

[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 373 thousand (522) in rent relief recognized directly in the income statement in accordance with the amendment to IFRS 16.

9. INCOME TAXES

(EUR 1,000)	2022	2021
Taxes on taxable earnings for the financial year	5,988	6,238
Taxes from previous financial years	246	0
Deferred taxes	196	51
Total	6,430	6,289

Reconciliation statement of taxes calculated on the basis of tax expenses in the income statement and the Group's Finnish tax rate (20 percent both in 2022 and 2021)

Result before taxes	29,139	30,697

Taxes calculated at the Finnish tax rate	5,828	6,139
Different tax rates of foreign subsidiaries	-12	-17
Non-recognized deferred tax assets on taxable losses	120	68
Taxes from previous financial years	246	0
Acquisition cost of shares transferred	123	104
Non-deductible items	-20	-5
Others	146	-
Taxes in the income statement	6,430	6,289

10. EARNINGS PER SHARE

(EUR 1,000)	2022	2021
Net result for the period, EUR 1,000	22,708	24,408
Weighted average number of shares, 1,000[1]	40,624	40,554
Basic and diluted earnings per share, EUR[1]	0.56	0.60

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

11. NON-CURRENT ASSETS

11.1 Intangible assets

2022

(EUR 1,000)	Intangible rights	Computer software	Advance payments and acquisitions in progress	Total
Acquisition cost, 1 Jan. 2022	2,495	8,051		10,547
Translation differences	2	-115		-114
Increases	54	5	657	715
Decreases		-604		-604
Transfers between categories			-657	-657
Acquisition cost, 31 Dec. 2022	2,551	7,336		9,887
Accumulated depreciation, 1 Jan. 2022	2,391	7,669		10,060
Translation differences	2	-115		-114
Accumulated depreciation of decreases		-604		-604
Depreciation during the financial year	34	224		258
Accumulated depreciation, 31 Dec. 2022	2,427	7,173		9,600
Book value, 31 Dec. 2022	124	163		288

2021

(EUR 1,000)	Intangible rights	Computer software	Advance payments and acquisitions in progress	Total
Acquisition cost, 1 Jan. 2021	2,460	8,126		10,586
Translation differences	2	-37		-34
Increases	65	102	471	638
Decreases	-32	-287		-319
Transfers between categories		147	-471	-325
Acquisition cost, 31 Dec. 2021	2,495	8,051		10,547
Accumulated depreciation, 1 Jan. 2021	2,390	7,692		10,082
Translation differences	2	-37		-34
Accumulated depreciation of decreases	-32	-287		-319
Depreciation during the financial year	31	300		331
Accumulated depreciation, 31 Dec. 2021	2,391	7,669		10,060
Book value, 31 Dec. 2021	104	383		487

11.2 Tangible assets

2022

(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. 2022	55	6,945	22,360	61,693	448		91,501
Translation differences		16	169	68			253
Increases		330	408	9,863	22	202	10,825
Decreases		-1,185	-2,888				-4,073
Transfers between categories			121			-121	
Acquisition cost, 31 Dec. 2022	55	6,106	20,170	71,624	470	81	98,507
Accumulated depreciation, 1 Jan. 2022		5,113	20,537	32,320	344		58,314
Translation differences		16	173	123			312
Accumulated depreciation of decreases		-1,185	-2,888				-4,073
Depreciation during the financial year		228	473	8,623	68		9,393
Accumulated depreciation, 31 Dec. 2022		4,171	18,296	41,067	412		63,946
Book value, 31 Dec. 2022	55	1,935	1,874	30,557	59	81	34,560

11.2 Tangible assets

2021

(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. 2021	55	6,890	22,015	57,728	402	160	87,249
Translation differences		55	291	586			932
Increases			7	3,379	47	47	3,480
Transfers between categories			47			-207	-160
Acquisition cost, 31 Dec. 2021	55	6,945	22,360	61,693	448		91,501
Accumulated depreciation, 1 Jan. 2021		4,750	19,668	21,306	256		45,981
Translation differences		52	292	447			791
Depreciation during the financial year		311	577	10,567	88		11,542
Accumulated depreciation, 31 Dec. 2021		5,113	20,537	32,320	344		58,314
Book value, 31 Dec. 2021	55	1,832	1,823	29,373	105		33,187

11.3 Other financial assets

(EUR 1,000)	2022	2021
Other financial assets	512	533

Other financial assets comprise listed shares and bonds.

12. CURRENT ASSETS

12.1 Inventories

(EUR 1,000)	**2022**	**2021**
Raw materials and consumables	5,174	5,043
Finished products/goods	28,610	20,940
Total	33,784	25,983

Impairment of inventories	-415	-1,062

12.2 Trade and other receivables

(EUR 1,000)	**2022**	**2021**
Trade receivables	10,101	10,434
Prepayments for inventory purchases	10	-
Other receivables	735	612
Prepaid expenses and accrued income	1,137	983
Total	11,983	12,029

Prepaid expenses and accrued income		
Royalty receivables	224	302
Employee benefits	3	6
Other prepaid expenses and accrued income	910	675
Total	1,137	983

Analysis of trade receivables by age

(EUR 1,000)	**2022**	**2021**
Trade receivables not past due	7,448	9,165
Past due		
less than 30 days	2,093	1,040
30–60 days	372	169
more than 60 days	188	60
Total	10,101	10,434

The amount of credit loss provisions recognized on trade receivables, EUR 43 thousand (30), 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. SHARES AND OTHER EQUITY

	Number of shares outstanding	Share capital, EUR	Reserve for invested non-restricted equity, EUR	Number of treasury shares	Treasury shares, EUR
1 Jan. 2021[1]	40,549,170	8,040,000	1,227,957	100,000	-314,720
Share-based payments	33,200	-	-	-33,200	104,487
31 Dec. 2021	40,582,370	8,040,000	1,227,957	66,800	-210,233
1 Jan. 2022[1]	40,582,370	8,040,000	1,227,957	66,800	-210,233
Share-based payments	39,010	-	-	-39,010	122,772
Acquisition of own shares	-50,000	-	-	50,000	-453,644
31 Dec. 2022	40,571,380	8,040,000	1,227,957	77,790	-541,105

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 2022, Marimekko Corporation held 77,790 treasury shares. The Group does not have any share option schemes.

The Board of Directors of Marimekko proposed on 15 February 2023 to the AGM on 13 April 2023 that a dividend of EUR 0.34 per share is paid for 2022.

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.

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

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 2022

(EUR 1,000)	1 Jan. 2022	Recognized in the income statement	31 Dec. 2022
Deferred tax assets			
Internal margin of inventories	323	48	371
Employee benefits	450	-450	-
Lease liabilities	180	41	221
Intangible assets	321	266	587
Total	1,275	-96	1,179
Deferred tax liabilities			
Accumulated depreciation difference	-182	-43	-225
Fixed costs included in inventories	-151	-55	-206
Total	-333	-98	-431
Deferred tax asset, net	942		748

Changes in deferred taxes in 2021

(EUR 1,000)	1 Jan. 2021	Recognized in the income statement	31 Dec. 2021
Deferred tax assets			
Internal margin of inventories	401	-78	323
Employee benefits	626	-176	450
Lease liabilities	145	35	180
Intangible assets	115	206	321
Total	1,287	-12	1,275
Deferred tax liabilities			
Accumulated depreciation difference	-175	-7	-182
Fixed costs included in inventories	-138	-14	-151
Total	-312	-21	-333
Deferred tax asset, net	975		942

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 120 thousand (46) have not been recognized.

15. INTEREST-BEARING LIABILITIES

15.1 Non-current liabilities

(EUR 1,000)	2022	2021
Lease liabilities	25,277	21,976
Total	25,277	21,976

15.2 Current liabilities

(EUR 1,000)	2022	2021
Lease liabilities	6,547	8,503
Financial liabilities	2,169	1,798
Total	8,716	10,301

The interest rate varied between 1.5 and 5.8 percent (1.5–4.4).

16. OTHER CURRENT LIABILITIES

(EUR 1,000)	2022	2021
Trade payables and other current liabilities		
Trade payables	9,831	10,874
Other payables	5,096	5,507
Accrued liabilities and deferred income	7,914	9,937
Advances received	1,912	1,955
Total	24,752	28,272

Accrued liabilities and deferred income		
Employee benefits	4,739	7,207
Other accrued liabilities and deferred income	3 ,175	2,730
Total	7,914	9,937

17. FINANCIAL ASSETS AND LIABILITIES

Financial assets measured at fair value through profit or loss

(EUR 1,000)	2022	2021
Other financial assets	189	209
Other financial liabilities	42	-

Financial assets measured at fair value through profit or loss comprise listed shares, bonds and currency derivatives. Below is the information about currency derivatives recognized at fair value through profit and loss.

Nominal value		
Currency derivatives	1,417	-
Fair value		
Negative fair values	-42	-
Total	-42	-
Age distribution – Nominal value		
Currency derivatives		
Less than a year	1,417	-
Total	1,417	-

Financial assets measured at amortized cost

(EUR 1,000)	**2022**	**2021**
Other financial assets	324	324
Trade receivables	10,101	10,434
Other receivables, prepaid expenses and accrued income	1,873	1,595
Cash and cash equivalents	32,711	59,726

Financial liabilities measured at amortized cost

Trade payables	9,831	10,874
Credit facilities drawn down	2,127	1,798
Other liabilities	14,921	17,398

18. GUARANTEES, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

(EUR 1,000)	**2022**	**2021**
Other own liabilities and commitments		
Lease liabilities for machinery and equipment	846	834

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 team, as well as their close family members and controlling 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

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)	**2022**	**2021**
Mika Ihamuotila, Chair of the Board	53	53
Tiina Alahuhta-Kasko, President and CEO	493	464
Other members of the Management Group	1,788	1,606
Total	2,334	2,123

[1] Marimekko Corporation has branches in France and Belgium, from which the Belgian branch has been discontinued during 2022.
[2] Marimekko AB has branches in Norway and Denmark.

Share-based incentive system

(EUR 1,000)	**2022**	**2021**
Tiina Alahuhta-Kasko, President and CEO	552	552
Other members of the Management Group	1,621	1,550
Total	2,173	2,102

Remuneration to the Board of Directors

(EUR 1,000)	**2022**	**2021**
Elina Björklund	2	43
Carol Chen	26	26
Mika Ihamuotila	48	48
Mikko-Heikki Inkeroinen	31	30
Catharina Stackelberg-Hammarén	1	30
Tomoki Takebayashi	26	26
Marianne Vikkula	30	-
Teemu Kangas-Kärki	43	-
Total	207	203

Management's employee benefits, total	4,714	4,428

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

Related parties are among beneficiaries of a share-based incentive 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. In accordance with the Group's hedging policy, Marimekko has derivatives against changes in the exchange rate of purchases.

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 16,718 thousand (16,780). The amount of credit facilities drawn down at the end of the year was EUR 2,127 thousand (1,798). As the general uncertainty of the economy continues, after the financial year in January 2023, Marimekko acquired additional security for financing. In addition to the previous credit facilities, short-term credit facilities worth EUR 16 000 thousand are now also available for use. These credit facilities include covenants.

31 Dec. 2022

(EUR 1,000)	**Less than 1 year**	**1–2 years**	**3–5 years**	**Over 5 years**
Lease liabilities	6,547	5,044	11,230	9,003
Credit facilities drawn down	2,127	-	-	-
Trade and other payables	24,752	-	-	-
Derivatives	42	-	-	-
Total	33,468	5,044	11,230	9,003

31 Dec. 2021

(EUR 1,000)	**Less than 1 year**	**1–2 years**	**3–5 years**	**Over 5 years**
Lease liabilities	8,566	5,500	7,387	9,028
Credit facilities drawn down	1,798	-	-	-
Trade and other payables	28,272	-	-	-
Total	38,636	5,500	7,387	9,028

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 credit insurance, 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 2022, foreign-currency-denominated sales accounted for approximately 19 percent (18) of the Group's total sales and foreign-currency-denominated purchases made up about 17 percent (15) 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)			2022			2021
	USD	SEK	AUD	USD	SEK	AUD
Current assets	8,339	4,818	4,528	2,066	4,142	4,190
Current liabilities	-1,074	-461	-241	-1,165	-490	-165
Foreign currency exposure in the balance sheet	7,265	4,356	4,288	901	3,652	4,025
Foreign currency exposure before hedging	7,265	4,356	4,288	901	3,652	4,025
Currency hedging	-1,417	-	-	-	-	-
Foreign curency exposure after hedging	5,848	4,356	4,288	901	3,652	4,025

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.

			2022			2021
	USD	SEK	AUD	USD	SEK	AUD
Strengthening of the euro by 10 percent						
Effect on net result for the period, EUR 1,000	411	-1,030	-614	246	-659	-239

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 noncurrent 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)	2022	2021
Cash and cash equivalents	32,711	59,726
Lease liabilities	31,824	30,480
Credit facilities drawn down	2,127	1,798

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 2022, the ratio of net debt to EBITDA was 0.03 (-0.64), i.e. well below the long-term goal level.

Net debt / EBITDA

(EUR 1,000)	**2022**	**2021**
Interest-bearing liabilities		
Non-current lease liabilities	25,277	21,976
Current lease liabilities	6,547	8,503
Other current interest-bearing liabilities	2,169	1,798
Total	33,993	32,277
Cash and cash equivalents	32,711	59,726
Net debt	1,282	-27,449
EBITDA	39,887	43,123
Net debt / EBITDA	0.03	-0.64

22. EVENTS AFTER THE CLOSING DATE

Changes in management
After the end of the financial year, the Board of Directors of Marimekko appointed Natacha Defrance Senior Vice President, Sales, Region East and a member of the Management Group of Marimekko. Previously she has worked in the position of Head of Market Area, Greater China, South Korea and South East Asia. At the same time, General Counsel Essi Weseri was appointed member of the Management Group of Marimekko. They will both start in their new roles on 16 February 2023 and report to President and CEO Tiina Alahuhta-Kasko. After these appointments, the Management Group comprises 11 members including the President and CEO.

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

Parent company financial statements, FAS

PARENT COMPANY INCOME STATEMENT

(EUR 1,000)	Note	1 Jan.–31 Dec. 2022	1 Jan.–31 Dec. 2021
NET SALES	1.	**160,601**	**145,942**
Other operating income	2.	102	143
Change in inventories of finished goods and work in progress		7,100	3,744
Materials and services	3.	-71,611	-60,904
Personnel expenses	4.	-24,659	-22,093
Depreciation and impairments	5.	-1,426	-1,289
Other operating expenses	6.	-41,273	-34,890
OPERATING PROFIT		**28,835**	**30,655**
Financial income and expenses	7.	85	401
RESULT BEFORE APPROPRIATIONS AND TAXES		**28,920**	**31,056**
Appropriations	8.	-213	-36
Income taxes	9.	-5,857	-6,154
NET RESULT FOR THE PERIOD		**22,850**	**24,866**

PARENT COMPANY BALANCE SHEET

(EUR 1,000)	Note		31 Dec. 2022		31 Dec. 2021
ASSETS					
FIXED ASSETS					
Intangible assets	10.1		5,002		3,794
Tangible assets	10.2		1,956		1,836
Investments	10.3				
Participations in Group companies		1,906		1,906	
Other shares and participations		189		209	
Other receivables		324	2,418	324	2,439
FIXED ASSETS, TOTAL			**9,376**		**8,069**
CURRENT ASSETS					
Inventories	11.		31,018		23,820
Current receivables	12.		22,199		21,970
Cash on hand and at banks			26,616		54,677
CURRENT ASSETS, TOTAL			**79,833**		**100,467**
ASSETS, TOTAL			**89,209**		**108,535**

(EUR 1,000)	Note	31 Dec. 2022	31 Dec. 2021
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		-541	-210
Retained earnings		25,503	38,132
Net result for the period		22,850	24,866
SHAREHOLDERS' EQUITY, TOTAL		**57,080**	**72,055**
ACCUMULATED APPROPRIATIONS	14.	1,124	910
LIABILITIES	15.		
Current liabilities		31,005	35,570
LIABILITIES, TOTAL		**31,005**	**35,570**
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL		**89,209**	**108,535**

PARENT COMPANY CASH FLOW STATEMENT

(EUR 1,000)	1 Jan.–31 Dec. 2022	1 Jan.–31 Dec. 2021
CASH FLOW FROM OPERATIONS		
Net result for the period	22,850	24,866
Adjustments		
Depreciation and impairments	1,426	1,289
Change in depreciation difference	213	36
Financial income and expenses	-85	-401
Taxes	5,857	6,154
Cash flow before change in working capital	30,261	31,943
Change in working capital		
Increase (-) / decrease (+) in current non-interest-bearing trade receivables	-57	-4,971
Increase (-) / decrease (+) in inventories	-7,198	-4,054
Increase (+) / decrease (-) in current non-interest-bearing liabilities	-2,613	7,134
Cash flow from operations before financial items and taxes	20,394	30,053
Paid interest and payments on other financial expenses	-276	-437
Interest received and payments on other financial income	485	133
Taxes paid	-7,878	-4,284
CASH FLOW FROM OPERATIONS	**12,724**	**25,465**

(EUR 1,000)	1 Jan.–31 Dec. 2022	1 Jan.–31 Dec. 2021
CASH FLOW FROM INVESTMENTS		
Investments in tangible and intangible assets	-2,753	-2,199
CASH FLOW FROM INVESTMENTS	**-2,753**	**-2,199**
CASH FLOW FROM FINANCING		
Acquisition of treasury shares	-454	-
Dividends paid	-37,372	-7,299
CASH FLOW FROM FINANCING	**-37,826**	**-7,299**
Change in cash and cash equivalents	-27,855	15,968
Cash and cash equivalents at the beginning of the financial year	54,677	38,513
Effects of exchange rate fluctuations	-206	196
Cash and cash equivalents at the end of the financial year	26,616	54,677

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.

Valuation 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.

Shares has been valuated at fair value in accordance with IFRS 9 standard.

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

Derivatives
The company has derivatives that are valued in fair value through profit and loss in accordance with IFRS, KILA's (Finnish accounting board's) statement and Finnish Accounting law 5:2a. Hedge accounting is not applied to derivatives. According to the fair value hierarchy, currency derivatives are valued according to level 2, where the fair values are based on observable inputs on the balance sheet date, which are other than quoted prices.

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. Marimekko Corporation has branches in France and Belgium from which the Belgian branch has been discontinued during 2022.

NOTES TO THE INCOME STATEMENT

1. NET SALES BY MARKET AREA

(EUR 1,000)	**2022**	**2021**
Finland	105,589	92,299
Other countries	55,012	53,643
Total	160,601	145,942

2. OTHER OPERATING INCOME

(EUR 1,000)	**2022**	**2021**
Rental income	54	54
Other income	48	89
Total	102	143

3. MATERIALS AND SERVICES

(EUR 1,000)	**2022**	**2021**
Materials and supplies		
Purchases during the financial year	47,301	40,368
Increase (-) / decrease (+) in inventories	-88	-326
Total	47,213	40,043
External services	24,398	20,861
Total	71,611	60,904

4. PERSONNEL EXPENSES

(EUR 1,000)	**2022**	**2021**
Salaries, wages and bonuses	20,692	18,488
Pension and pension insurance payments	3,358	2,651
Other indirect social expenditure	609	954
Total	24,659	22,093

Salaries and bonuses for management		
Members of the Board of Directors and the President and CEO	1,305	1,272

Itemized in the note 19 to the consolidated financial statements.

Average number of employees

	2022	**2021**
Salaried employees	343	306
Production personnel	21	22
Total	364	328

5. DEPRECIATION AND IMPAIRMENTS

(EUR 1,000)	**2022**	**2021**
Intangible assets		
Intangible rights	34	31
Computer software	811	557
Other capitalized expenditure	170	193
Total	1,015	781
Tangible assets		
Buildings and structures	5	5
Machinery and equipment	405	502
Total	410	508
Total	1,426	1,289

6. OTHER OPERATING EXPENSES

(EUR 1,000)	**2022**	**2021**
Leases	7,224	6,595
Marketing	12,658	12,526
Other expenses	21,391	15,768
Total	41,273	34,890

Auditor’s fee

(EUR 1,000)	**2022**	**2021**
KPMG		
Audit	82	66
Other services	29	15
Total	111	81

7. FINANCIAL INCOME AND EXPENSES

(EUR 1,000)	**2022**	**2021**
Other interest and financial income		
From Group companies	325	116
From others	1,236	372
Change in fair value of shares	-	191
Total	1,561	679
Interest and other financial expenses		
Change in fair value of shares	21	-
Change in fair value of derivatives	42	-
To other than Group companies	1,413	278
Total	1,476	278
Financial income and expenses, total	85	401
Financial income and expenses include exchange rate differences (net)		
Realized	44	-154
Unrealized	-75	521
Total	-31	367

8. APPROPRIATIONS

(EUR 1,000)	**2022**	**2021**
Change in depreciation difference	-213	-36

9. INCOME TAXES

(EUR 1,000)	**2022**	**2021**
Income taxes on operations	5,857	6,154

NOTES TO THE BALANCE SHEET

10. FIXED ASSETS

10.1 Intangible assets

2022

(EUR 1,000)	Intangible rights	Computer software	Other capitalized expenditure	Advance payments and acquisitions in progress	Total
Acquisition cost, 1 Jan. 2022	1,815	8,945	8,233	519	19,512
Increases	54	223	284	1,662	2,223
Transfers between categories		1,104		-1,104	
Decreases		-172	-1,054		-1,226
Re-classification	-2				-2
Acquisition cost, 31 Dec. 2022	1,866	10,100	7,463	1,077	20,507
Accumulated depreciation, 1 Jan. 2022	1,711	7,480	6,527		15,717
Depreciation during the financial year	34	811	170		1,015
Accumalated depreciaton of decreases		-172	-1,054		-1,226
Accumulated depreciation, 31 Dec. 2022	1,745	8,118	5,642		15,505
Book value, 31 Dec. 2022	122	1,983	1,821	1,077	5,002

2021

(EUR 1,000)	Intangible rights	Computer software	Other capitalized expenditure	Advance payments and acquisitions in progress	Total
Acquisition cost, 1 Jan. 2021	1,781	7,927	8,520	160	18,389
Increases	65	386		991	1,442
Transfers between categories		632		-632	
Decreases	-32		-287		-319
Acquisition cost, 31 Dec. 2021	1,815	8,945	8,233	519	19,512
Accumulated depreciation, 1 Jan. 2021	1,712	6,922	6,620		15,255
Depreciation during the financial year	31	557	193		781
Accumulated depreciaton of decreases	-32		-287		-319
Accumulated depreciation, 31 Dec. 2021	1,711	7,480	6,527		15,717
Book value, 31 Dec. 2021	103	1,466	1,707	519	3,794

10.2 Tangible assets

2022

(EUR 1,000)	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible tangible assets	Advance payments and acquisitions in progress	Total
Acquisition cost, 1 Jan. 2022	38	417	15,878	28		16,362
Increases			328		202	530
Transfers between categories			121		-121	
Decreases		-132	-2,862			-2,994
Acquisition cost, 31 Dec. 2022	38	286	13,465	28	81	13,898
Accumulated depreciation, 1 Jan. 2022		343	14,184			14,526
Depreciation during the financial year		5	405			410
Cumulative depreciation of decreases		-132	-2,862			-2,994
Accumulated depreciation, 31 Dec. 2022		216	11,727			11,943
Book value, 31 Dec. 2022	38	70	1,738	28	81	1,956

2021

(EUR 1,000)	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible tangible assets	Advance payments and acquisitions in progress	Total
Acquisition cost, 1 Jan. 2021	38	417	15,825	28		16,308
Increases			7		47	54
Transfers between categories			47		-47	
Acquisition cost, 31 Dec. 2021	38	417	15,878	28		16,362
Accumulated depreciation, 1 Jan. 2021		338	13,681			14,019
Depreciation during the financial year		5	502			508
Accumulated depreciation, 31 Dec. 2021		343	14,184			14,526
Book value, 31 Dec. 2021	38	75	1,695	28		1,836

10.3 Investments

2022

(EUR 1,000)	Shares in Group companies	Other shares and participations	Other receivables	Total
Acquisition cost, 1 Jan. 2022	2,196	209	324	2,729
Changes in value		-21		-21
Transfers between groups	-290			-290
Acquisition cost, 31 Dec. 2022	1,906	189	324	2,418
Book value, 31 Dec. 2022	1,906	189	324	2,418

2021

(EUR 1,000)	Shares in Group companies	Other shares and participations	Other receivables	Total
Acquisition cost, 1 Jan. 2021	2,196	16		2,212
Increases		81	324	405
Changes in value		112		112
Acquisition cost, 31 Dec. 2021	2,196	209	324	2,729
Impairments, 31 Dec. 2021	290			290
Book value, 31 Dec. 2021	1,906	209	324	2,439

11. INVENTORIES

(EUR 1,000)	2022	2021
Raw materials and consumables	4,994	4,906
Finished products/goods	26,014	18,914
Advance payments	10	-
Total	31,018	23,820

12. CURRENT RECEIVABLES

(EUR 1,000)	2022	2021
Trade receivables	9,946	10,293
Receivables from Group companies		
Trade receivables	5,499	5,380
Loan receivables	5,517	5,386
Prepaid expenses and accrued income	228	-
Total	11,244	10,766
Other receivables	114	96
Prepaid expenses and accrued income	895	815
Total	22,199	21,970

Prepaid expenses and accrued income		
Royalty receivables	224	302
Other prepaid expenses and accrued income	671	513
Total	895	815

13. SHAREHOLDERS' EQUITY

(EUR 1,000)	2022	2021
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	1,228
Reserve for invested non-restricted equity, 31 Dec.	1,228	1,228
Treasury shares, 1 Jan.	-210	-315
Shares transferred as part of rewards	123	104
Acquisition of own shares	-454	-
Treasury shares, 31 Dec.	-541	-210
Retained earnings, 1 Jan.	62,997	45,535
Dividends paid	-37,372	-7,299
Shares transferred as part of rewards	-123	-104
Retained earnings, 31 Dec.	25,503	38,132
Net result for the period	22,850	24,866
Shareholders' equity, total	57,080	72,055

Calculation of distributable funds

(EUR 1,000)	2022	2021
Retained earnings	25,503	38,132
Net result for the period	22,850	24,866
Treasury shares	-541	-210
Reserve for invested non-restricted equity	1,228	1,228
Dividends paid for previous year[1]	-	-8,124
Total	49,040	55,891

14. ACCUMULATED APPROPRIATIONS

(EUR 1,000)	2022	2021
Accumulated depreciation difference		
Intangible rights	19	18
Other capitalized expenditure	616	429
Machinery and equipment	356	328
Buildings and structures	132	135
Total	1,124	910

15. LIABILITIES

Current liabilities

(EUR 1,000)	2022	2021
Advances received	1,850	1,895
Trade payables	9,293	11,790
Debts to Group companies		
Trade payables	1,660	1,328
Accrued liabilities and deferred income	6,207	7,451
Other current liabilities	4,697	3,763
Accrued liabilities and deferred income	7,298	9,343
Total	31,005	35,570
Accrued liabilities and deferred income		
Wages and salaries with social security contributions	4,409	4,613
Accrued income tax liabilities	407	2,429
Other accrued liabilities and deferred income	2,482	2,302
Total	7,298	9,343

[1] The AGM held on 14 April 2021 authorized the Board of Directors to decide on the payment of a maximum dividend of EUR 1.00 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 1.00 per share be paid for 2020 in one instalment. This is taken into account in the calculation of distributable funds for 2021.

16. GUARANTEES, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

(EUR 1,000)	2022	2021
Leasing liabilities		
Payments due in the following financial year	494	462
Payments due later	414	485
Total	907	947
Liabilities related to lease agreements		
Payments due in the following financial year	4,919	5,985
Payments due later	24,488	22,831
Total	29,407	28,816
Guarantees on behalt of subsidiaries	2,403	2,316
Indirect liability for rent and other guarantees	4,089	4,068

17. DERIVATIVES

(EUR 1,000)	2022	2021
Nominal value		
Currency derivatives	1,417	-
Fair value		
Negative fair values	-42	-
Total	-42	-

Age distribution – Nominal value

Currency derivatives		
Less than a year	1,417	-
Total	1,417	-

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

Helsinki, 15 February 2023

Mika Ihamuotila
Chair of the Board

Teemu Kangas-Kärki
Vice Chair of the Board

Carol Chen
Member of the Board

Mikko-Heikki Inkeroinen
Member of the Board

Tomoki Takebayashi
Member of the Board

Marianne Vikkula
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, 15 February 2023

KPMG Oy Ab

Heli Tuuri
Authorized Public Accountant, KHT

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, 2022. 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 166.5 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 2023. • 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. In addition, we considered the appropriateness of the disclosure regarding net sales.
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 a share of directly attributable general costs of production. Inventory value EUR 33.8 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 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 In addition, we considered the appropriateness of the disclosure regarding inventory.

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 a 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 the Financial Statements

Our objectives are to obtain reasonable assurance about 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 the 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 skepticism 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 April 12, 2018, and our appointment represents a total period of uninterrupted engagement of 5 years.

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 February 15, 2023

KPMG OY AB

Heli Tuuri
Authorized Public Accountant, KHT

Statement of non-financial information 2022

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, e-tailers (wholesale), and licensing as well as various creative retail concepts such as pop-up stores that are constantly increasing in importance. 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 printed 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 printmaking, and enables active participation in research and development projects focused on improving the sustainability of products and operations. Marimekko products are manufactured by suppliers in Finland and abroad, for example in the Baltic countries, Portugal, China and Thailand. 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 Marimekko Supplier Code of Conduct, which is based on the International Labor Organization (ILO) conventions and the amfori BSCI Code of Conduct. Marimekko is a participant of the UN Global Compact and is committed to promoting its ten principles in its own operations as well as in the value chain. Marimekko's sustainability work is guided by the company's sustainability strategy and related roadmap. In addition, Marimekko has more specific policies and instructions guiding its operations in the areas of environmental matters, social matters, human rights as well as topics related to ethical business including anti-corruption and anti-bribery. The most important guidelines are described in the respective section of this statement.

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. Determined sustainability efforts support the company's long-term success and sustainability has been defined as one of the five strategic success factors during the strategy period of 2023–2027.

Sustainability is an increasingly important consideration in the choices of consumers and has an impact on attracting and retaining talent as well as investors. There are currently also several initiatives to increase regulation regarding different sustainability aspects. Marimekko further improves the sustainability of its operations both in the company's own operations (for example, in design, through use of renewable energy and through material, energy and water efficiency in the in-house printing factory) and in the company's value chain (for example, through materials used, transportation mode choices and route optimization). In addition, Marimekko engages with various industry networks (Better Cotton, amfori BSCI, Responsible Sourcing Network, local industry associations, among others), as the company believes that the collaboration between different actors is the most effective way to promote sustainable practices in the industry.

The focus areas for Marimekko's sustainability strategy and 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. The material sustainability aspects related to Marimekko's operations are included in the sustainability strategy's three guiding principles and the related goals. Marimekko's sustainability actions cover the entire product life cycle from materials to end use.

Marimekko's sustainability strategy for 2021–2025 is founded on three guiding principles with defined goals and initiatives. The three principles deployed throughout Marimekko's value chain are:

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

The sustainability strategy is presented in more detail on page 11 of the Marimekko's year 2022 publication and on the company website at company.marimekko.com/en/sustainability.

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

- The Board of Directors approves Marimekko Code of Conduct and the sustainability strategy, including related key targets, and monitors annual sustainability reporting. Marimekko's ethics and compliance program is also approved and followed by the Board of Directors. The Board of Directors sets the annual targets for the President & CEO and the members of the Management Group. For all members of the top management, these also include sustainability-related metrics. For more on management remuneration, see pages 92–98 of the Marimekko's year 2022 publication.
- The Management Group sets annual targets for the sustainability work and follows the progress on at least a bi-annual basis.
- Risks related to non-financial matters including environmental, social, human rights and anti-bribery and anti-corruption are addressed as part of the consolidated risk management and presented as part of the Report of the Board of Directors, on pages 19–21 of the Marimekko's year 2022 publication.

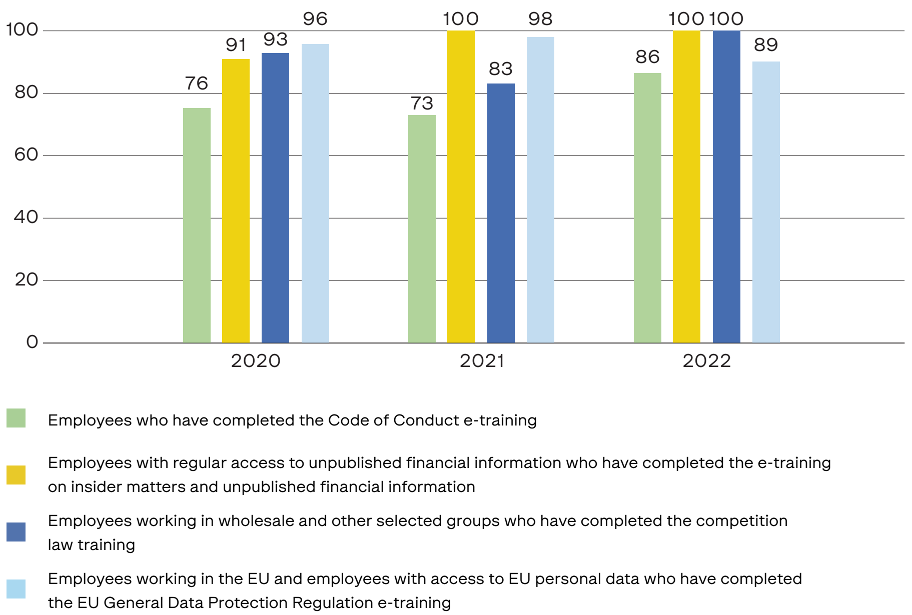
- Each business unit and function is responsible for the actions relating to their own areas in order to reach the shared targets.
- The Business Development & Transformation team is responsible for ensuring the execution of Marimekko's Sustainability Transformation Program both for the company's own operations and its value chain.
- The internal innovation team Marimekko Innovation Works is responsible for the development, promotion and piloting of innovative, more sustainable materials, dyes and technologies, as well as new business models and services related to sustainability and the circular economy.

Marimekko is committed to work according to the same principles around the world, complying with international and local laws and regulations, 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. The Marimekko Code of Conduct details, e.g., the company's commitment to sustainable development and sustainability in Marimekko's operations, including environmental and social aspects, respect for human rights as well as Marimekko's anti-corruption and anti-bribery stance. The Marimekko Code of Conduct was revised in 2022. More specific instructions are given in, for example, HR guidelines and the policies on competition law, industry associations, insider regulations and data privacy. Anti-corruption and anti-bribery matters are also addressed in contracts with partners, such as suppliers and distributors. Audits at partner suppliers also cover ethical business practices, in accordance with the amfori BSCI Code of Conduct. Marimekko has not been involved in any legal cases or rulings related to corruption, bribery, or any other unethical business processes in the reporting period.

Marimekko has pre-determined processes in place to address suspicions of violations of laws or the company's Code of Conduct and other instructions. Possible misconduct can be reported personally or anonymously via a whistleblowing channel maintained by an independent third-party service provider.

To ensure that Marimekko employees are familiar with the Code of Conduct and follow it in their daily work, all employees are required to complete an e-training. Marimekko Code of Conduct online training was renewed in 2022 and 86 percent of all employees had completed it by the end of 2022. All employees working in the EU or processing the personal data of persons living in the EU must also complete an e-training on the EU General Data Protection Regulation. In 2022, new e-trainings on insider regulations and data security were created. In addition, customized trainings and communication about competition law, anti-corruption, anti-bribery and data privacy were organized, among other things.

SHARE OF EMPLOYEES WHO HAVE COMPLETED TRAININGS IN RESPONSIBLE AND ETHICAL BUSINESS PRACTICES



Timeless design brings joy for generations to come

Marimekko's design philosophy is based on timeless, functional and durable products that give people long-lasting joy. Marimekko wants to create timeless design and future classics and, in the coming years, to offer even more comprehensive services to lengthen the product lifetime and support our community to resell and recycle used Marimekko products. 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]

In order to create products that last time, sustainability considerations are part of the everyday work of all Marimekko teams, beginning from the design and product development, covering aspects such as the material choices and designing for combinability within and across seasons. In the beginning of 2022, Marimekko introduced new archetypes and block fits for its ready-to-wear collections to improve consistency in fit and size.

[1] Ellen MacArthur Foundation, A new textiles economy: Redesigning fashion's future (2017, http://www.ellenmacarthurfoundation.org/publications).

All patterns used in the ready-to-wear collection were also further developed to ensure an even better fit. These improvements will help customers to find the right fit and size, especially when buying online and season after season.

Rigorous quality management processes – such as anticipatory quality assurance through material and product testing, both for Marimekko's own printing factory and partner suppliers – ensure the durability and high-quality of Marimekko products and materials. In 2022, Marimekko continued to increase the share of more sustainable materials. To ensure the longevity of its products, Marimekko continued to implement the same high quality and durability criteria used for conventional materials to more sustainable materials. Pandemic-related travel restrictions accelerated the digitalization of the quality process and Marimekko introduced a digital tool for production quality assurance. During the year, approximately 4,000 tests were carried out by Marimekko's own quality laboratory to ensure compliance with the company's quality criteria. In addition, a small share of the tests was carried out in external quality laboratories. The share of products subject to claims of all products sold was 0.5 percent (0.3). Due to higher production volumes, an elevated product offering following the sharpened creative vision, as well as introducing new, more sustainable material qualities, Marimekko has onboarded 19 new suppliers during 2022. The large number of new suppliers has led to a temporary increase in the share of products subject to claims, yet, staying within the set target of 0.5 percent by the end of 2025.

Marimekko's long-term 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. In the coming years, Marimekko aims to expand its offering in lifecycle services, including care and repair services. Following the successful pilot in 2021, Marimekko launched in 2022 in the company's home market Finland a marketplace for second-hand and vintage goods to further extend the lifespan of its products. Already in the fall of 2022, the service was expanded from ready-to-wear and accessories to home products.

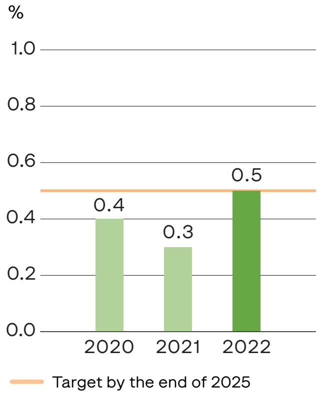
In fall 2022, Marimekko announced a pilot of closed-loop circular economy textile production in its value chain. In the pilot project, the cutting waste and other leftover materials generated in the manufacturing of Marimekko's jersey products will be used as raw material for new Marimekko products. The capsule collection of three products made partly using regenerated fibers from closed-loop production will launch in 2023.

OUR GOALS FOR TIMELESS DESIGN BY THE END OF 2025

- We make designs that stand the test of time.
- We offer durable, high quality, and functional products.
- We actively work to prolong product lifetime.
- We contribute to the circular economy through new processes and services.

KEY FIGURES AND ACTIONS

Share of sold products subject to claims, target not more than 0,5% of products sold



Key actions in 2022

- Introduction of new archetypes and block fits for ready-to-wear collections and further developing all garment patterns in the ready-to-wear collection to improve consistency in fit and size
- Marimekko's in-house quality laboratory conducted approximately 4,000 tests to ensure the compliance with company's quality standards and a new digital tool was introduced as a part of Marimekko's quality assurance processes
- Marimekko Pre-loved marketplace for second-hand and vintage goods launched in Finland
- Announcing a closed-loop pilot project, where the cutting waste and other leftover materials generated in the manufacturing of Marimekko's jersey products will be used partly as raw material for new Marimekko products

The products of tomorrow leave no trace

Marimekko's long term ambition is to leave no burden for the coming generations. The company believes 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. Marimekko is committed to continuously driving innovation in technologies, materials and business models through collaborations to push its industry forward by example and to reach its ambitious vision of leaving no trace. The work is guided by Marimekko's sustainability strategy and roadmap.

Marimekko has launched several initiatives to significantly reduce emissions throughout its value chain. In 2022, Marimekko committed to the Science Based Targets initiative (SBTi) to set science-based, even more ambitious targets for emissions reductions throughout its value chain in line with the UN Paris Climate Agreement. Marimekko will set the new science-based emissions reduction targets in accordance with the schedule of the SBTi within two years. In order to measure progress against its sustainability targets, Marimekko calculates greenhouse gas emissions from the entire value chain (Scopes 1–3) annually. Significant emissions occur both in the upstream and downstream of Marimekko's value chain, such as during the production of materials, during logistics as well as when the products are used.

In 2022, Marimekko reduced emissions from its own operations (Scope 1 and 2) by 72 percent compared to 2019, hence achieving ahead of time its target to reduce these emissions by 40 percent by the end of 2025. The most significant action contributing to the achievement of the target was that the Marimekko's headquarters and printing factory, located in Helsinki, transitioned to renewable district heating. Consequently, the share of renewable energy of all energy purchased and produced by Marimekko increased to 91 percent (74).

In addition to reducing greenhouse gas emissions from the company's entire value chain, Marimekko finances climate protection projects based on the remaining emissions from certain emission sources. These emission sources include energy used at the company's printing factory, offices, and the company's own retail stores globally, as well as emissions from business travel, employee commuting, certain purchases (such as leased IT), waste generated in Marimekko's own operations, and the company's e-commerce deliveries to Finland. In 2022 these emissions totaled to 1,284 tCO_2e (1,570). Furthermore, Marimekko's logistics partner DHL Express finances climate protection projects based on the emissions of the company's e-commerce deliveries to the rest of Europe. Marimekko headquarters also has the WWF Green Office certificate and a related environmental program, which focuses especially on emissions

reductions and increasing employee awareness on environmental matters.

Material choices play an important role in minimizing a product's environmental impact. The objective of Marimekko's material strategy developed in 2020 is to shift the material portfolio towards more sustainable alternatives, such as organic, recycled, and bio-based materials as well as new material innovations, by the end of 2025. The material strategy rollout started in the beginning of 2021 and the results can be seen in the 2022 collections.

In 2022, majority of the cotton sourced by Marimekko, 81 percent (88), continued to be Better Cotton.[2] Marimekko increased the share of recycled materials to 10 percent (4) and the share of organic materials to 6 percent (2) of all sourced textiles. In addition, Marimekko launched its first capsule collection containing SPINNOVA® fiber in collaboration with the Finnish sustainable textile material company Spinnova. The greenhouse gas emissions of textile materials per kilogram of sourced textiles[3] continued to decrease in 2022 and were 7 percent lower in 2022 compared to 2019. The increased share of recycled and organic textiles and an update in the emission factors of textile materials contributed to the decreased emission intensity. The emission factors were updated to better take into account dyeing and printing practices of different product types, which resulted in decreased emisisons. On the other hand, increased share of emission intensive wool in collections slowed the positive development in emission intensity of textile materials. During 2022, Marimekko started to use certified and responsibly produced wool in some of the products. The share of certified, responsibly produced wool of all wool used in 2022 was 57 percent.

Material choices have a direct impact on the use of water and increasing the share of organic and recycled materials and new material innovations help Marimekko to reduce the use of water in Marimekko's value chain. In 2022, the water scarcity score[4] of sourced textiles decreased by 9 percent compared to 2019 mostly due to the increased share of recycled and organic cotton as well as the decreased overall share of cotton in Marimekko's material choices.

For partner suppliers' environmental practices, such as management of emissions, effluents, and waste as well as handling of chemicals, the requirements are set in Marimekko's Supplier Code of Conduct, which was updated in 2022. Requirements related to environmental protection were specified

[2] Marimekko is a member of the Better Cotton. The goal of Better Cotton is to help cotton communities thrive while protecting and restoring the environment.

[3] Greenhouse gas emissions of textile materials per kilogram of sourced textiles is calculated as the cradle-to-gate greenhouse gas emissions of purchased textiles (based on Higg MSI 3.5 data at Higg.org and supplier specific data) divided by the total amount of purchased textiles.

[4] Water scarcity score takes into account the blue water consumption in the cradle-to-gate production of textiles and the water scarcity of the region where water is consumed. The score is based on Higg MSI 3.5 data at Higg.org.

OUR GOALS FOR LEAVING NO TRACE BY THE END OF 2025

- We reduce our carbon footprint significantly throughout the value chain.
- We reduce the amount of chemicals used in our supply chain.
- We reduce the clean water consumption in our supply chain.
- We minimize the waste and maximize recycling and upcycling of materials in our operations.

in the update of the Supplier Code of Conduct. The company's sourcing teams regularly gather and assess information about environmental impacts in the supply chain in order to plan future actions.

The main means of reducing emissions from logistics are optimizing transportation routes and choosing lower-emission modes of transport. In 2022, Marimekko continued direct deliveries from suppliers to wholesale customers, especially in Asia, and introduced a new short sea route from Turkey to Finland to partly replace truck deliveries. In 2022, the coronavirus pandemic and the related restrictions as well as Russia's war against Ukraine caused disruptions in production and logistic chains, resulting in delivery delays. The mitigation actions somewhat increased use of air freight. Despite that, the greenhouse gas emissions of logistics per kilogram of transported product[5] continued to decrease in 2022 and were 40 percent lower compared to 2018, which is the base year for the target. Marimekko continuously seeks lower emission alternatives for the delivery of its products, and finances climate protection projects based on the remaining emissions from all outbound e-commerce deliveries to Finland. In addition, the company's logistics partner DHL Express finances climate protection projects based on the calculated emissions of the company's e-commerce deliveries to the rest of Europe.

A significant share of greenhouse gases emitted during the lifetime of a long-lasting garment relate to its care, including machine washing, drying and ironing. Marimekko recommends greener care for its products and provides several practical ways to lower emissions from product care in its comprehensive care guide available at the company website. Customers are also regularly informed about product care methods and the importance of product care on social media channels.

In addition to reducing GHG emissions and water usage, Marimekko aims to continuously decrease its chemical footprint, as it is estimated that a significant share of global chemical output originates from the textile industry. Marimekko's printing factory has its own environmental and chemicals management processes in place. 70[6] percent (73) 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. To further reduce the use of chemicals, Marimekko has increased the share of unbleached materials used in its printing factory to 29 percent (22). For its partner suppliers, Marimekko has implemented chemical management principles, detailed in contracts and the company's Restricted Substances List (RSL). Compliance with the RSL is monitored by random testing that is based on risk assessment.

Marimekko's own printing factory offers unique possibilities for testing new, more sustainable dyestuffs in the printing process. In 2022, Marimekko continued to print garments, bags and home items with a blue dye obtained from the woad plant. In 2022, a dye obtained from willow was also introduced at the printing factory. In addition, other more sustainable printing chemicals were tested at the printing factory during the reporting year.

Marimekko aims to continue reducing fabric, plastic and other waste and move towards recycled and reusable packaging. Cutting waste is reduced through decisions made in the design phase, e.g. by considering size and positioning of prints and designing products of different sizes from the same fabric. In 2022, a new home concept Marimekko Marimade was launched. All Marimekko Marimade products feature upcycled, recycled or bio-based materials.

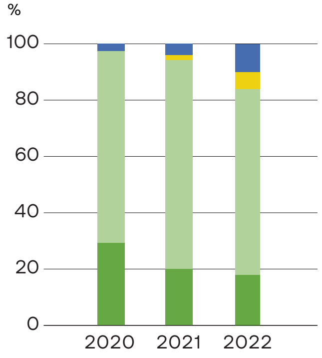
Since the beginning of 2022, Marimekko's textile printing factory and sewing shop in Helsinki started a cooperation with Rester to recycle textile waste into new textile fibers. Separate collection and recycling of plastic waste was also started at the Helsinki printing factory. With these changes, the share of waste that was recycled as material at Marimekko's headquarters and printing factory in Helsinki increased to 48 percent (33). The rest of the waste collected from the headquarters and printing mill was utilized in energy production. All packaging materials used by Marimekko are recyclable, and in the future the company intends, for example, to reduce the use of plastic and increase the use of recycled materials in packaging.

[5] The greenhouse gas emissions associated with logistics are calculated as the Scope 3, Category 4 emissions divided by the total amount (kg) of ordered products that have delivery date in the reporting year.

[6] The share of OEKO-TEX® -certified fabrics decreased slightly, as new fabric qualities containing recycled fibers were not included in the scope of certification yet. Certification of these qualities continues in 2023.

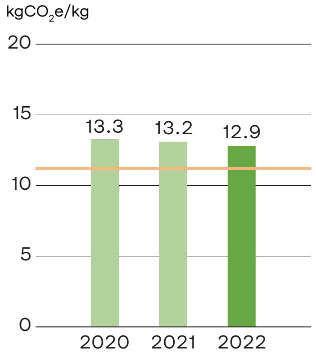
KEY FIGURES AND ACTIONS

Textile material composition
shares



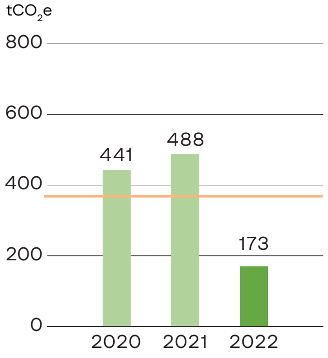
- Conventional
  Includes conventional cotton, linen, hemp, viscose, cupro, acetate, modal, silk, leather, wool, down, polyester, polyamide, elastane and polyurethane
- Conventional enhanced
  Includes Better Cotton, EUROPEAN FLAX® linen, LENZING™ ECOVERO™ viscose, LENZING™ TENCEL™ lyocell, conventional lyocell and certified, responsible wool and down
- Organic
- Recycled

Greenhouse gas emissions of textile materials per kg of sourced textiles[7]
Target to reduce by 20% from the 2019 baseline of 13.9 $kgCO_2e/kg$



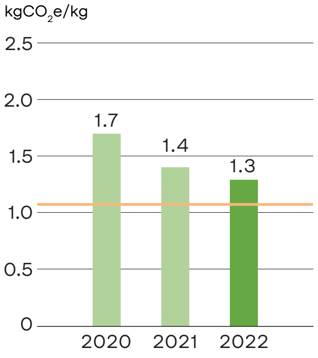
Target by the end of 2025

Greenhouse gas emissions
Scope 1 and 2
Target to reduce by 40% from the 2019 baseline of 617 tCO_2e



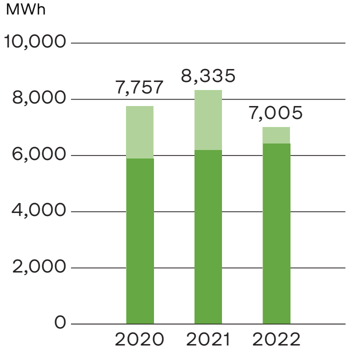
Target by the end of 2025

Greenhouse gas emissions of logistics per kg of transported product[8]
Target to reduce by 50% from the 2018 baseline of 2.2 $kgCO_2e/kg$



Target by the end of 2025

Total energy consumption[9]



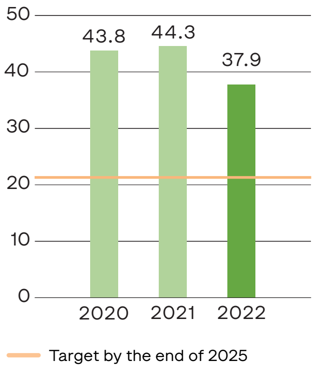
- Renewable energy
- Non-renewable energy

[7] Greenhouse gas emissions of textile materials per kilogram of sourced textiles is calculated as the cradle-to-gate greenhouse gas emissions of purchased textiles (based on Higg MSI 3.5 data at Higg.org) divided by the total amount of purchased textiles.

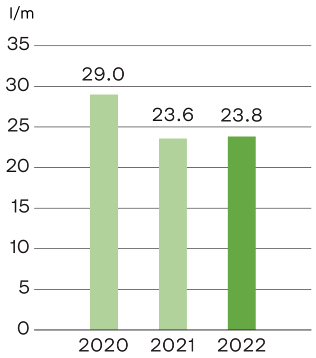
[8] The greenhouse gas emissions associated with logistics are calculated as the Scope 3, Category 4 emissions divided by the total amount (kg) of ordered products that have delivery date in the reporting year.

[9] Includes consumption of fuels, electricity and heating purchased by Marimekko and solar electricity produced by Marimekko.

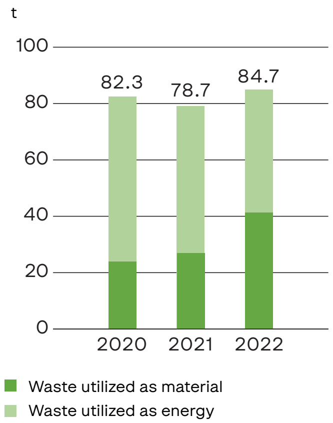
Water scarcity score[10]
Target to reduce by 50% from the 2019 baseline of 41.4



Water consumption per meter of fabric printed
Helsinki printing factory and headquarters



Total amount of waste
Helsinki printing factory and headquarters



Key actions in 2022

- Marimekko committed to the Science Based Targets initiative (SBTi)
- Marimekko's headquarters and printing factory in Helsinki began to utilize renewable district heating
- Increasing the share of recycled and organic materials in line with the material strategy
- Introducing a new short sea route from Turkey to Helsinki to partly replace truck deliveries with less emission-intensive sea freight
- Launching a capsule collection containing SPINNOVA® fiber in collaboration with Spinnova
- Launching the new Marimekko Marimade home concept
- Recycling of textile waste from the Marimekko's printing factory and sewing shop in Helsinki into new fibers in cooperation with Rester

[10] Water scarcity score takes into account the blue water consumption in the cradle-to-gate production of textiles and the water scarcity of the region where water is consumed. The score is based on Higg MSI 3.5 data at Higg.org.

Positive change through fairness and equality

Marimekko promotes equality and fairness in its entire value chain and fosters diversity, equality and inclusion both through internal and external initiatives. Marimekko continuously improves its transparency and is committed to driving positive change through supplier engagement and industry collaborations. Marimekko's commitment to respecting human rights, freedom of association and the right to collective bargaining are included in the company's Code of Conduct, which also includes Marimekko's zero-tolerance for discrimination and other aspects of managing social matters.

Marimekko's wide range of products are manufactured by a global network of around 150 partner suppliers. The company's objective is to always find the best manufacturing place for each product category. Marimekko has strong values, one of which – 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 promoting human rights, living wages, worker empowerment and safe working conditions in the company's supply chain and 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. The Supplier Code of Conduct is part of contracts between Marimekko and its partner suppliers, and by signing the document suppliers commit to endorsing both the principles of the Code as well as the ILO conventions. Marimekko Supplier Code of Conduct was updated in 2022. The changes are mainly based on the renewed amfori BSCI Code of Conduct, which was published in January 2022. The updated Marimekko Supplier Code of Conduct strengthened requirements regarding human rights due diligence, gender responsiveness, and the living wage. The Code also further specified the requirements concerning environmental protection. The suppliers also commit to complying with Marimekko's Product Policy related to responsible material sourcing. Product Policy was updated in 2022, and new or more detailed requirements were introduced for cotton, wool, leather and recycled materials, among others. Marimekko has excluded sourcing from certain very high-risk countries. This applies, for example, to the sourcing of cotton from Uzbekistan, Turkmenistan, and the Xinjiang Uyghur Autonomous Region in China. Marimekko offered training for its partner suppliers regarding the content and most significant changes in the updated Supplier Code of Conduct and Product Policy.

Marimekko's due diligence approach for human rights is based on careful supplier assessment and selection as well as contractual obligations imposed on partner suppliers. The company is a member of the European amfori BSCI initiative, which provides tools for monitoring and improving working conditions in global supply chains. Monitoring of suppliers is conducted through independent third-party audits performed mainly in factories located outside Europe, in countries considered higher risk, factory visits by Marimekko employees as well as questionnaires to suppliers regarding topics such as the origin of materials used. Corrective actions identified through monitoring are followed-up regularly with suppliers. Marimekko's relevant employees receive training on responsible sourcing practices and human rights topics. The due diligence process is assessed and developed continuously. In 2022, Marimekko carried out a human rights impact assessment, which focused especially on the company's own personnel. The analysis complemented the previously implemented impact assessment concerning partner suppliers. Furthermore, Marimekko introduced a tool to check the background of contract manufacturers and other significant business partners, including possible trade sanctions and corruption cases.

During 2022, 26 (10) amfori BSCI audits were conducted at Marimekko's partner suppliers' facilities. In the audits carried out during the year, a zero-tolerance finding related to the recruitment costs paid by migrant workers was identified. As a corrective action, the partner supplier changed immediately its practices to reimburse any recruitment costs paid by employees. Recruitment costs previously paid by employees were also reimbursed retroactively. Seven weeks later, in the follow-up audit conducted to verify the actions, the factory achieved the best A rating. Most of the findings in the audits concerned occupational health and safety (2022: 38 percent; 2021: 38), management systems (23 percent; 18) and worker involvement and protection (14 percent; 11). After the travel restrictions related to the corona pandemic were eased, the visits by Marimekko staff to partner suppliers' factories were continued.

Supply chains in the textile industry are complex and involve many players – thus, enhancing transparency in the supply chain from raw materials to the stores demands patient work. In 2022, 52 percent of Marimekko's products were made in EU countries and the rest mostly in other European countries and Asia. Marimekko publishes a list of its partner suppliers on the company website. The content of the list is aligned with the requirements of The Apparel and Footwear Supply Chain Transparency Pledge. As part of its material strategy, Marimekko has increased sourcing of more traceable materials, including organic cotton and responsibly produced wool. Transparency is enhanced also by providing customers continuously with more sustainability information about the Marimekko products. In 2022, Marimekko continued its Q&A sessions on sustainability topics in social media and information about the sustainability of the materials and the products was added to product descriptions in the company's e-commerce.

Marimekko's success rests on strong staff commitment and the company's ability to build on and develop every employee's skills and creativity. The company believes in fairness, courage and cooperation, and fosters an open, low-hierarchical corporate culture that is based on creativity and entrepreneurship. Company values, the Marimekko Spirit, and Code of Conduct provide a framework for a way of working at Marimekko. In addition, Marimekko has guidelines and processes in place for, e.g., occupational health & safety, well-being at work, onboarding as well as employee engagement, performance and development. Based on the DEI Foundational Principles implemented in 2021, Marimekko built in 2022 an annually updated global plan which covers development activities and key figures regarding DEI matters.

At Marimekko, personnel well-being is enhanced by promoting employees' health, work ability and functional capacity, as well as by ensuring an empowering working atmosphere. Marimekko uses an early support model, aimed at improving coping at work, work 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 work 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. In Finland, the company uses a joint notification system for reporting safety observations. The reported safety observations and occupational accidents are monitored regularly, and corrective actions required are taken based on them. In 2022, there were 19 (8) occupational accidents. The increase in comparison to 2021 is partly explained by the more accurate recording of accidents. Over half of the occupational accidents in 2022 were such that they did not lead to absence from work. In 2022, manager trainings which increase the managers' ability to support employee well-being proactively were organized, and tools for everyday management were provided to them. In addition, Marimekko provided its employees with different activities and information sessions to support work-life balance.

Marimekko supports and promotes its employees' personal and professional development. The Group-wide Maripeople performance management model, including objectives related both to work tasks and to ways of working, is the backbone of individual performance management at Marimekko. Through the annual Maripeople process, employees get to know what is expected of them as well as to discuss their work, skills, development areas and future career aspirations with their line manager, and to give and receive feedback. A well-implemented Maripeople process enhances employee well-being as well as engagement by linking the contribution of each Marimekko employee to the company's strategy. Employee and leadership surveys provide feedback and development ideas.

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 potential cases related to actions that are against the legislation or unethical are investigated according to set processes. The company promotes equality based on an equality plan, provides training for its managers, and measures success with the results of employee engagement surveys, among other things. In 2022, Marimekko managers were trained for example on DEI perspectives in implementing people processes in addition to the other themes related to the development of managers. Trainings on DEI themes were also organized for other personnel.

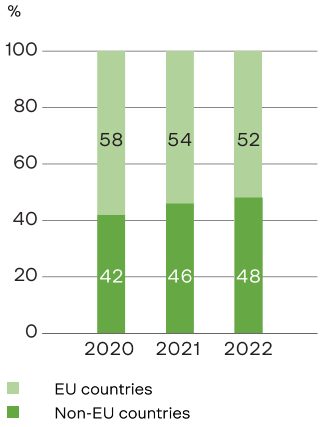
Equality and authenticity have been important values for Marimekko since its early days, and the company wants to actively promote diversity, equity, and inclusion in its communities. Supporting inclusion through its choices in imagery and representation is a constant and consistent part of Marimekko's marketing activities. In 2022, the activities around DEI matters included, for instance, continuing the official partnership with Helsinki Pride, this time as one of the main partners, supporting the LGBTQIA+ community through omnichannel content as well as working with a wide range of models, influencers and creatives to make sure that the company fosters diversity, e.g., in age, size, gender and ethnic background.

OUR GOALS FOR FAIRNESS AND EQUALITY BY THE END OF 2025

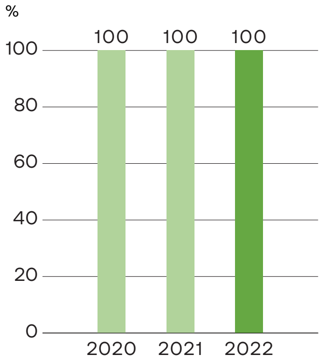
- We promote human rights, living wages, worker empowerment, and safe working conditions in our supply chain.
- We aim at full product transparency.
- We provide an inspiring, responsible, and caring workplace.
- Our culture is founded on equality, diversity, and inclusion and we promote and foster these in our entire value chain.

KEY FIGURES AND ACTIONS

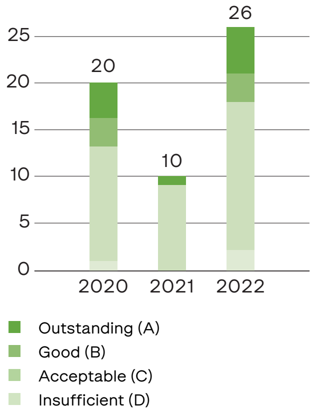
Origin of products, share of sales[11]



Share of purchases from audited suppliers in non-EU countries



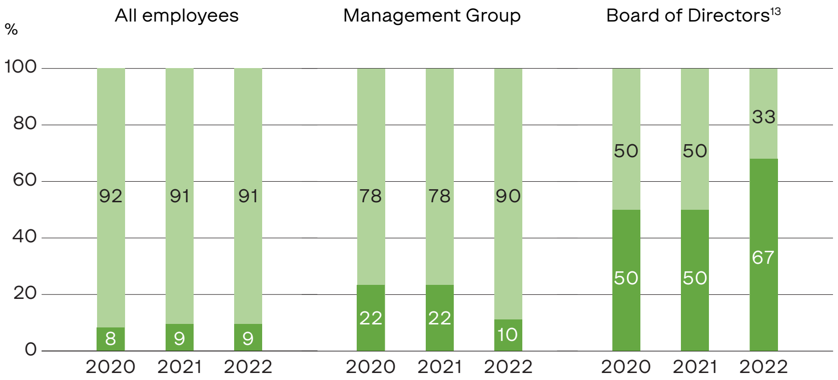
Number of audits and audit results[12]



[11] More detailed information about the countries of origin is presented on company's website.

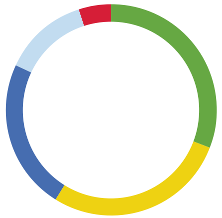
[12] The number of audits varies year by year, based on the frequency of audits (the audit cycle is 1 or 2 years depending on the result) and changes in the supplier base (for example, a new factory may have another audit than amfori BSCI).

Diversity at Marimekko



Women
Men

Employee age distribution



<20 years: 0%
20–29 years: 31%
30–39 years: 28%
40–49 years: 23%
50–59 years: 13%
≥60 years: 5%

Diversity
The average of Marimeter Pulse employee survey statement: “We at Marimekko value diversity (e.g. in skills, experiences and backgrounds).”

2022
8.1

2021
7.6

Scale of 0–10 (Strongly disagree; Strongly agree)

Well-being index
The average of these two Marimeter Pulse employee statements: “I feel I’m in control of my own work.”; “I have a good work-life balance.”

2022
7.9

2021
7.6

Scale of 0–10 (Strongly disagree; Strongly agree)

eNPS (Employee Net Promoter Score)
eNPS measures the commitment of employees and their willingness to recommend the company

2022
41

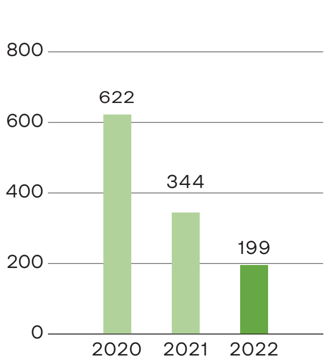
2021
31

Results between -100 and 100

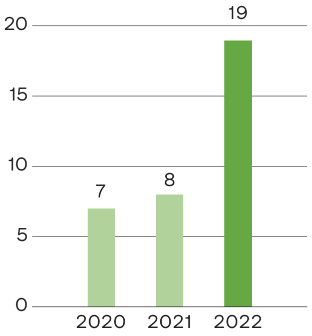
Employee figures are presented as of 31.12.2022.

[13] For more on Board composition and diversity, please see Corporate Governance Statement, which is published on company’s website and in Marimekko’s year 2022 publication on p. 83–91.

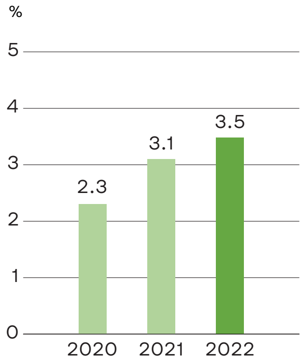
Number of safety observations[14]



Number of accidents[15]



Sick leave absences[16]



Key actions in 2022

- Updating of Marimekko Supplier Code of Conduct and Product Policy as well as training partner suppliers about the most important changes
- Conducting an assessment of the most salient human rights impacts related to Marimekko personnel
- Adding information on the sustainability of products and materials to the product descriptions in e-commerce
- Providing tools and enhancing proactivity regarding employee well-being by developing managerial work
- Trainings for internal target groups on diversity, equity, and inclusion perspectives
- Continuing official partnership with Helsinki Pride, creation of omnichannel content to support the LGBTQIA+ community as well as working with a wide range of models, influencers and creatives

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 2022 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.

Marimekko follows closely the development of the EU Taxonomy. The economic activities currently covered by the Taxonomy are not applicable to Marimekko's operations. Therefore, the share of taxonomy-eligible and taxonomy-aligned economic activities of Marimekko's net sales, operating expenditure and capital expenditure for 2022 was 0 percent and the share of non-eligible and non-aligned economic activities 100 percent.

Marimekko supports the ten principles of the United Nations Global Compact. The company respects and promotes these principles throughout its operations and reports on the progress according to Global Compact's renewed reporting requirements by answering a separate questionnaire during spring 2023.

Helsinki, 15 February 2023

Marimekko Corporation

Board of Directors President and CEO

Employee figures are presented as of 31.12.2022.

[14] Covers Finland.

[15] Covers employees in Finland, where 80 percent of Marimekko personnel is located. The increase is partly explained by the more accurate recording of accidents. Over half of the occupational accidents in 2022 were such that they did not lead to absence from work.

[16] Covers employees in Finland, where 80 percent of Marimekko personnel is located.

Corporate governance statement 2022

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 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.

This 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 12 April 2022 was organized with exceptional arrangements in place for safety reasons.

Marimekko shares are quoted on Nasdaq Helsinki Ltd.

Composition of the Board of Directors and principles on diversity

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. 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 progress in achieving the objectives is reviewed regularly.

In 2022, the Board of Directors consisted of 6 members of which 2 were women. All members of the Board of Directors have international work experience in geographic areas significant to the company's business, such as the Finnish and Asian markets. The Board members' diverse experiences in sectors such as fashion, clothing, technology, and retail sales complement each other. All members of the Board of Directors have a university degree, and one has obtained a doctorate. Degrees are in various fields with an emphasis on business studies. The ages of the Board members are divided between 30 and 58 years of age.

Board of Directors 2022

The AGM on 12 April 2022 elected the following members to Marimekko Corporation's Board of Directors:

Mika Ihamuotila,
Chair of the Board
- Born 1964
- Ph.D. (Econ.)
- Principal occupation: Chair of the Board of Marimekko, 2016– (full-time Chair of the Board and CEO of Marimekko, 2015–2016)
- Primary work experience and key positions of trust: President and CEO of Marimekko, 2008–2015; President and CEO of Sampo Bank, 2001–2007; President and CEO of Mandatum Bank, 2000–2001; Executive Director of Mandatum Bank, 1998–2000; Partner of Mandatum & Co, 1994–1998; visiting scholar of Yale University (USA), 1992–1993; Member of the Board of Rovio Entertainment, 2013–2020; Chair of the Board of Rovio Entertainment, 2017–2020; Member of the Board of Sanoma, 2013–; Chair of the Board of the Mannerheim Foundation, 2017–
- Ownership of shares and share-based rights in the company at the end of the financial year 2022: 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 2022: 5,088,500 shares. Shares or share-based rights in Group companies at the end of the financial year 2022: 0.

Teemu Kangas-Kärki
Vice Chair of the Board

- Born 1966
- M.Sc. (Econ.)
- Principal occupation: Chief Financial Officer of Nokian Tyres, 2018–
- Primary work experience and key positions of trust: Deputy to CEO and COO of Fiskars, 2017–2018; President & CEO (Interim) and COO of Fiskars, 2017; Deputy to CEO and COO & CFO of Fiskars, 2014–2017; President of Home Business Area and CEO of Iittala Group, Fiskars, 2012–2014; Chief Financial Officer of Fiskars, 2008–2012; Chief Financial Officer of Alma Media, 2003–2008; Vice President, Corporate Controller of Kesko, 2002–2003; Corporate Business Controller of Kesko, 2000–2001; Finance Director, Finland & part of the Nestlé Nordic, Nestlé, 1998–2000; Finance Manager, Finland of Smith & Nephew, 1996–1998; finance management positions, Finland & Germany, Unilever, 1992–1996
- Ownership of shares and share-based rights in the company at the end of the financial year 2022: 1,133 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 2022: 0.

Carol Chen

- Born 1967
- Master's degree in Marketing
- Principal occupation: Co-CEO of Semir, 2019–
- Primary work experience and key positions of trust: General Manager of Alibaba's Tmall Sports Business, 2018–2019; Vice President and General Manager (Converse, Asia Pacific) of Nike, 2015–2018; Vice President and General Manager (Territories and Sales, Greater China) of Nike, 2014; Vice President (Global sales, Global Basketball / USA) of Nike, 2012–2014; Category General Manager (Sportswear, Greater China) of Nike; 2009–2012, Different positions in marketing as well as business and strategic planning in Nike, 1996–2009; Marketing Manager of McDonald's, 1994–1996; Account Manager of DDB Needham Worldwide, 1992 –1994
- Ownership of shares and share-based rights in the company at the end of the financial year 2022: 1,582 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 2022: 0.

Mikko-Heikki Inkeroinen

- Born 1987
- M.Soc.Sc.
- Principal occupation: Chief Digital Growth Officer of Reima, 2022–
- Primary work experience and key positions of trust: Chief Digital Officer of Kamux, 2018–2022; Head of Digital Commerce of POWER International, 2015–2018; Marketing & E-commerce manager, member of company steering group of Expert ASA, 2010–2015; Member of the Board of OIKIO Digital Performance Agency, 2018–
- Ownership of shares and share-based rights in the company at the end of the financial year 2022: 25,532 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 2022: 0.

Tomoki Takebayashi

- Born 1976
- MBA
- Principal occupation: President, Christian Dior Couture in Japan, 2021–
- Primary work experience and key positions of trust: CEO of Bottega Veneta Japan & Guam, 2015–2021; Executive Vice President, COO of Kate Spade Japan, 2012–2015; Engagement Manager of McKinsey & Company, 2008–2012; different positions in auditing and financial management at General Electric Company, 2003–2006; transaction services at PWC, 2000–2003
- Ownership of shares and share-based rights in the company at the end of the financial year 2022: 1,582 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 2022: 0.

Marianne Vikkula

- Born 1992
- B.Sc. (IEM)
- Principal occupation: Vice President, New Markets of Wolt, 2019–
- Primary work experience and key positions of trust: Director of New Markets of Wolt, 2018–2019; CEO of Slush, 2016–2017; President of Slush, 2015–2016; Chief Financial Officer of Slush, 2013–2014
- Ownership of shares and share-based rights in the company at the end of the financial year 2022: 842 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 2022: 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, Carol Chen, Mikko-Heikki Inkeroinen, Teemu Kangas-Kärki, Tomoki Takebayashi and Marianne Vikkula are independent of the Company and its significant shareholders. Mika Ihamuotila is not independent of the company nor its significant shareholders (indirect shareholding through PowerBank Ventures Ltd, 12.5 percent of the shares and votes in the company).

Mika Ihamuotila has acted as half-time Chair of Marimekko Corporation's Board of Directors since 17 April 2019 pursuant to a separate service agreement governing his half-time chairship (from 11 April 2016 to 16 April 2019, he acted as full-time Chair 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

- approving Group's strategy and monitoring the implementation of the strategy
- approving operating plans, budgets and investments for the Group and the various areas of business
- approving interim reports, the financial statements and consolidated financial statements and the report of the Board of Directors
- deciding on expanding and scaling back business operations
- deciding on mergers, acquisitions/divestitures and restructuring arrangements
- approving on financial policy and contingent liabilities related to financing arrangements
- monitoring and assessing how related party transactions are part of the company's ordinary course of business and according to market terms
- approving the Group's key management policies including Group reporting, risk management and annual remuneration
- appointing the company's President and CEO and the members of the Management Group and deciding on their remuneration
- set annually personal goals for the President and CEO and assessing how they are achieved as well as approving the targets for the members of the Management Group and assessing how those targets are achieved
- reviewing and deciding on the remuneration and the terms of the executive service agreement of the Executive Chair of the Board according to the proposal of the Audit and Remuneration Committee. The Executive Chair shall not participate in decision making regarding his compensation
- approving corporate social responsibility principles for the Group and monitoring of corporate sustainability reporting.

In 2022, 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
- strengthening the guidelines for the strategy period of 2023–2027
- 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
- exploring the opening of new markets
- strengthening market position in Asia.

In 2022, the Board of Directors held ten meetings. The Board members' attendance rate at meetings was 100 percent. The Board evaluated its operations and working methods in 2022 through internal self-evaluation.

THE BOARD OF DIRECTORS ON 31 DECEMBER 2022

	Position	Board member since	Independent of the company and its significant shareholders	Attendance
Mika Ihamuotila	Chair since 2015	2008	No	10/10
Teemu Kangas-Kärki	Vice Chair since 2022	2022	Yes	10/10
Carol Chen	Member	2021	Yes	10/10
Mikko-Heikki Inkeroinen	Member	2015	Yes	10/10
Tomoki Takebayashi	Member	2021	Yes	10/10
Marianne Vikkula	Member	2022	Yes	10/10

AUDIT AND REMUNERATION COMMITTEE ON 31 DECEMBER 2022

	Role/ Committee membership	Committee member since	Independent of the company and its significant shareholders	Attendance
Teemu Kangas-Kärki	Chair since 2022	2022	Yes	5/5
Mikko-Heikki Inkeroinen	Member	2017	Yes	5/5
Marianne Vikkula	Member	2022	Yes	5/5

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 12 April 2022 appointed an Audit and Remuneration Committee from among its members. Teemu Kangas-Kärki was elected as Chair and Mikko-Heikki Inkeroinen and Marianne Vikkula 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
- 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 Chair of the Audit and Remuneration Committee approves a budget for travel and entertainment expenses of the Chair of the Board and monitors the expenses.

In 2022, 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
- Primary work experience and key positions of trust: Chief Operating Officer and Member of Management Group of Marimekko, 2014–2015; Chief Marketing Officer and Member of Management Group of Marimekko, 2012–2015; Head of PR, PR Manager of Marimekko, 2005–2012; Member of the Board and People and Remuneration Committee of Finnair, 2019–
- Ownership of shares and share-based rights in the company at the end of the financial year 2022: 162,845 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 2022: 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, since 11 December 2015

- Born 1968
- M.Sc. (Econ.)
- Primary work experience and key positions of trust: Director of Finance and HR of A-lehdet, 2013–2015; Vice President, Head of Business Control, Broadband Services Finland of TeliaSonera Finland, 2012–2013; Chief Financial Officer of Sodexo, 2007–2012; Country Controller of H&M Hennes & Mauritz, 2002–2007
- Ownership of shares and share-based rights in the company at the end of the financial year 2022: 14,925 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 2022: 0.

Rebekka Bay, Chief Creative Officer, Creative Director, since 1 September 2020

- Born 1969
- BA (Hons) in Fashion
- Primary work experience and key positions of trust: Creative Director of Uniqlo Global Innovation Center, 2017–2020; Head of Design and Product of Everlane (New York), 2015–2017; Creative Director EVP of Gap Global Design, Gap (New York), 2012–2015; Creative Director of Bruuns Bazaar (Copenhagen), 2011–2012; Creative Director of COS (London), 2006–2011
- Ownership of shares and share-based rights in the company at the end of the financial year 2022: 17,695 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 2022: 0.

Tina Broman, Chief Supply Chain and Product Officer, since 2 October 2017

- Born 1969
- Degree in women's tailoring and textile art
- Primary work experience and key positions of trust: Product Director and Member of the Executive Management Team of Tiger of Sweden, 2013–2017; Production and Sourcing Director Global and Member of the Executive Management Team of Tiger of Sweden, 2008–2013; Production and Sourcing Manager of Tiger of Sweden, 2003–2008; Buyer of Filippa, K 1999–2003
- Ownership of shares and share-based rights in the company at the end of the financial year 2022: 10,925 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 2022: 0.

Kari Härkönen, Chief Digital Officer, since 14 December 2017

- Born 1981
- M.Sc., MBA
- Primary work experience and key positions of trust: Director of Ecommerce of Sanoma Digital, 2014–2016; Country Manager Finland of Zalando (Berlin), 2013–2014; Consultant of McKinsey & Company, 2011–2012
- Ownership of shares and share-based rights in the company at the end of the financial year 2022: 7,690 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 2022: 0.

Noora Laurila, Senior Vice President, Sales, Region West, since 14 September 2022

- Born 1982
- M. Sc. (International Business)
- Primary work experience and key positions of trust: Nordic Business Development Director of L'Oréal Nordics, 2021–2022; Market Director & Country Lead of L'Oréal Finland, 2019–2021; various positions in sales, marketing, and product management in L'Oréal Finland, L'Oréal Nordics & L'Oréal Denmark, 2008–2019
- Ownership of shares and share-based rights in the company at the end of the financial year 2022: 0 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 2022: 0.

Sanna-Kaisa Niikko, Chief Marketing Officer, since 8 October 2020

- Born 1986
- BA (English)
- Primary work experience and key positions of trust: Global Creative Brand Marketing Director of Marimekko, 2018–2020; PR and Communications Senior Manager of Fiskars, 2018; Head of Community Management of Marimekko, 2018; Sales Manager, Ready-to-wear, bags and accessories of Marimekko, 2017; Marketing Manager, North America of Marimekko, 2016–2017; PR Manager of Marimekko, 2015–2017; various positions in sales and marketing in Marimekko, 2005–2015; Member of the Board of Finnish Textile & Fashion 2022–
- Ownership of shares and share-based rights in the company at the end of the financial year 2022: 2,570 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 2022: 0.

Tanya Strohmayer, Chief People Officer, since 10 February 2017

- Born 1970
- BBA (Political Science, International Business)
- Primary work experience and key positions of trust: Human Resources Director of Huurre Group, 2016–2017; Human Resources Director of Paulig Group, 2009–2016; Director, Human Resources and Communications of Starcut, 2008–2009; various development and project management positions in Nokia, 2000–2008
- Ownership of shares and share-based rights in the company at the end of the financial year 2022: 11,620 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 2022: 0.

Dan Trapp, Chief Sales Officer, until 2 August 2022

- Born 1975
- Primary work experience and key positions of trust: Global VP (General Manager) Apparel & Gear of Salomon, 2017–2020; Global Commercial Director, Apparel & Gear of Salomon, 2016–2017; Sales Manager, Northern Europe of Hoka One One, 2015–2016; Apparel Sales Manager Europe of Columbia Sportswear, 2012–2014; Country Manager UK & Ireland of Columbia Sportswear, 2007–2012; several positions in sales in Columbia Sportswear, 2001–2007
- Ownership of shares and share-based rights in the company on 2 August 2022: 2,915. 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 August 2022: 0.

Riika Wikberg, Chief Business Development Officer, since 15 February 2018

- Born 1981
- M.Sc. (Econ.), CEMS MIM
- Primary work experience and key positions of trust: Various business development positions in Fiskars 2009–2013 and Outotec 2013–2017; Consultant of The Boston Consulting Group, 2005–2009
- Ownership of shares and share-based rights in the company at the end of the financial year 2022: 8,665 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 2022: 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 core 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 and risk management 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 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 of 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 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 and evaluates risk reports and prepares risk management matters for the Board of Directors.

The President and CEO sets the basis for the internal control environment by instructing the management and following how the company's business is monitored. 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 ensures that the accounts of the company are in compliance with laws and regulations and that its finances are arranged in a reliable manner. The President and CEO further ensures the execution of appropriate risk management in the Group.

The members of the Management Board are responsible for identifying and assessing risks in their respective areas of responsibility, appropriate risk management activities, and communication of risks and measures to staff. The General Counsel is responsible for supporting the risk assessment process, development and harmonization of risk management, risk management training and guidance, and uniformity of reporting templates and systems used in risk management.

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.

In addition, every employee is responsible for identifying and assessing risks related to their work or otherwise discovered and for reporting these risks to their manager.

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
- compliance with 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 business planning and strategy process. Risk management actions, responsible persons and an implementation schedule are determined for the identified and monetized risks. Risk identification is updated biannually.

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 monthly 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 consolidates and reviews the income statement and the balance sheet monthly and also 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 are covered by the prohibition of trading during a closed window period.

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. 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.

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 via Marimekko's whistleblowing channel.

Auditing

KPMG Oy Ab, Authorized Public Accountants, has acted as the company's auditor since 2018, with Heli Tuuri, Authorized Public Accountant, as the auditor with principal responsibility, since 12 April 2022. In 2022, the remuneration paid for audit services amounted to EUR 128 thousand. The remuneration paid to the auditor for non-audit services in 2022 totaled EUR 45 thousand.

Helsinki, 15 February 2023

Marimekko Corporation
Board of Directors

Remuneration report 2022

This remuneration report 2022 states how Marimekko has implemented its remuneration policy in the financial year 2022. The report includes information concerning remuneration of the Board of Directors and the President and CEO of Marimekko between 1 January 2022 and 31 December 2022. The remuneration report has been prepared in accordance with the Finnish Corporate Governance Code 2020 and applicable laws and regulations.

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 2023 Annual General Meeting.

INTRODUCTION

Overview of remuneration in the financial year 2022

Marimekko's Remuneration Policy is the basis for the remuneration of Marimekko's Board of Directors and the President and CEO. The aim of the policy is to promote the company's long-term financial performance and the success of the company, contribute to the favorable development of the shareholder value and increase the commitment to the company. The Remuneration Policy is available on the company's website at company.marimekko.com under Investors/Management/Corporate Governance/Remuneration. 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 the financial year 2022, the company's decision-making regarding remuneration was compliant with the processes defined in the Remuneration Policy. There has been no deviation from the Remuneration Policy and the Board has not identified a need to apply clawback provisions to variable remuneration paid.

In accordance with the current Remuneration Policy, the remuneration in 2022 has supported Marimekko's financial and strategy-based targets and goals as well as the sustainability strategy and the company values. 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 incentive plans.

On 15 February 2022, Marimekko's Board of Directors established a new long-term incentive system, Performance share plan 2022–2026, targeted to the Management Group of Marimekko and at the beginning, it encompassed nine people including the President and CEO. The objective of the new plan is to continue aligning the interests of the management with the interests of the shareholders and to encourage the management to work on a long-term basis with the aim to increase the shareholder value.

Development of Marimekko's financial performance and remuneration

In 2022, Marimekko's net sales grew by 9 percent and were EUR 166,515 thousand (152,227). Net sales in Finland were up by 6 percent and international sales increased by 14 percent. Both a favorable trend in retail sales in Finland and growing international sales boosted net sales. On the other hand, net sales were weakened by a decrease in Finnish wholesale sales. The decrease was mainly due to significantly lower non-recurring promotional deliveries than in the comparable year.

Marimekko's operating profit was EUR 30,236 thousand (31,249). The operating profit included EUR 146 thousand of comparability items and the comparable operating profit was therefore EUR 30,382 thousand (31,249), or 18.2 percent of net sales

(20.5). Operating profit was mainly weakened by an increase in fixed costs but also lower relative sales margin. On the other hand, operating profit was particularly supported by increased net sales but also by lower depreciation than in the comparable year.

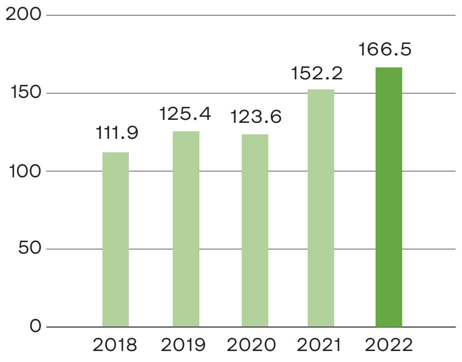
In 2022, Marimekko took productive steps in executing its growth strategy. Thanks to the sharpened creative vision, the desirability of the brand and collections has been further strengthened, and the lifestyle assortment with different price points continues to serve customers also in a more price-sensitive environment. Interest in Marimekko is growing internationally, and the limited-edition brand collaboration collections launched during 2022, with brands such as adidas, have brought Marimekko to the awareness and reach of more and more people. In addition, the continuous work to reinforce the omnichannel and digital business is reflected in the company's competitiveness.

In accordance with Marimekko's Remuneration Policy, the remuneration of the President and CEO is largely based on performance, i.e., a significant part of the remuneration consists of short- and long-term incentives. As the targets of the short- and long-term incentives relate to the development of Marimekko's business operations, the company's financial performance is reflected in the development of the President and CEO's realized remuneration, particularly the short- and long-term incentives.

The graphs below show Marimekko's financial performance and the realized remuneration of the President and CEO. The short- and long-term incentives of the President and CEO are presented by year of payment and are always based on the performance in the previous year or longer term.

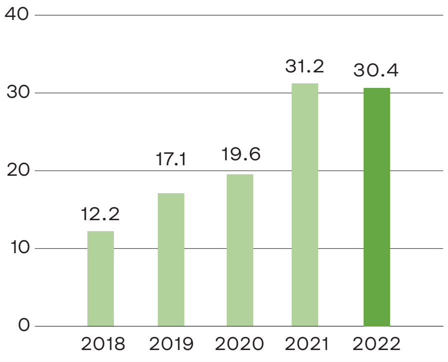
Net sales

EUR million



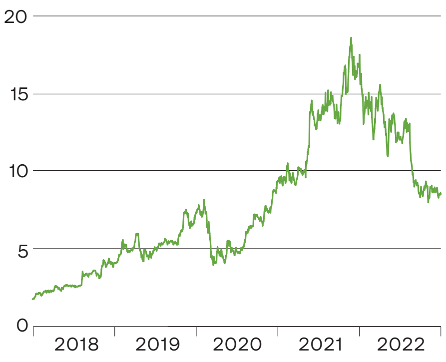
Comparable operating profit

EUR million



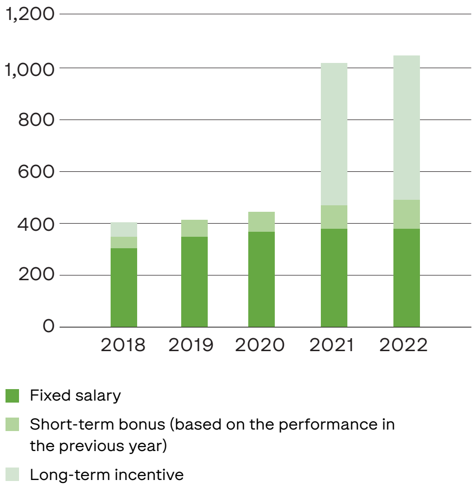
Share price trend 2018–2022

EUR



Remuneration of the President and CEO by element

EUR 1,000



Remuneration of the President and CEO

(EUR 1,000)	2018	2019	2020	2021	2022
Fixed annual salary + fringe benefits	292	321	341	364	378
Short-term bonus (based on the performance in the previous year)	38	92	101	100	115
Long-term incentive	73	-	-	552	552
Total remuneration	**403**	**413**	**443**	**1 016**	**1 045**
Change from the previous year, %					
Fixed annual salary + fringe benefits	16	10	6	6	4
Total remuneration	28	2	7	129	3

Annual remuneration of Board members

	2018	2019	2020	2021	2022
Remuneration of Chair[1], 1,000 EUR	40	48	48	48	48
Change from the previous year, %	0	20	0	0	0
Remuneration of Vice Chair, 1,000 EUR	30	35	35	35	35
Change from the previous year, %	0	17	0	0	0
Remuneration of other members, 1,000 EUR	22	26	26	26	26
Change from the previous year, %	0	18	0	0	0

Average remuneration of employees

	2018	2019	2020	2021	2022
Change in average annual remuneration compared to the previous year, %	4,0	1,7	4,8	1,7	1,7

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.

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

Fees paid or due to the Marimekko Board members in the financial year 2022

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
Carol Chen	Member of the Board of Directors since 14 April 2021	26,000	842	-	-	26,000
Mika Ihamuotila	Member and Chair of the Board of Directors since 9 April 2015	48,000	-	-	53,040[1]	101,040
Mikko-Heikki Inkeroinen	Member of the Board of Directors since 9 April 2015, Member of the Audit and Remuneration Committee since 6 April 2017	26,000	842	5,000	-	31,000
Teemu Kangas-Kärki	Member and Vice Chair of the Board of Directors, Chair of the Audit and Remuneration Committee since 12 April 2022	35,000	1,133	8,000	-	43,000
Tomoki Takebayashi	Member of the Board of Directors since 14 April 2021	26,000	842	-	-	26,000
Marianne Vikkula	Member of the Board of Directors, Member of the Audit and Remuneration Committee since 12 April 2022	26,000	842	4,000	-	30,000
Elina Björklund	Vice Chair of the Board of Directors, Chair of the Audit and Remuneration Committee until 12 April 2022			2,000	-	2,000
Catharina Stackelberg-Hammarén	Member of the Board of Directors, Member of the Audit and Remuneration Committee until 12 April 2022			1,000	-	1,000

REMUNERATION OF THE BOARD IN 2022

Marimekko's AGM of 12 April 2022 decided on the annual fees to be paid to the Board members as follows:

- Chair of the Board EUR 48,000
- Vice Chair of the Board EUR 35,000
- other members of the Board EUR 26,000

Approximately 40 percent of the annual remuneration of the Board members is paid in Marimekko shares acquired from the market and the rest in cash. The remuneration is paid entirely in cash if a Board member on the date of the AGM, 12 April 2022, held the shares of company worth more than EUR 1,000,000.

The remuneration to the Board members in 2022 was paid according to the decision of the AGM and totaled EUR 203,000.

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 2022. There are no specific rules or limitations for owning shares received as Board fees.

In addition, the AGM decided that no additional fee is paid to the Board members for participating in Board meetings. The AGM decided on a separate fee to be paid for committee work as follows: EUR 2,000 per meeting to Chair and EUR 1,000 per meeting to members. No other financial benefits were paid for Board membership.

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

In addition to the annual remuneration of the Chair 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 Chair 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. 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.

REMUNERATION OF THE PRESIDENT AND CEO IN 2022

The fixed annual salary, including fringe benefits, of the President and CEO Tiina Alahuhta-Kasko totaled EUR 378,240.00 in 2022. The total remuneration paid to the President and CEO in the financial year 2022 was EUR 1,045,240 (2021: 1,015,879).

In 2022, Marimekko had short-term bonus and long-term incentive systems in place for the President and CEO. The purpose of the short-term bonus is to promote the company's strategy through the achievement of annual targets. The performance criteria for the short-term bonus for the President and CEO in 2022 were based on the development of the company's net sales and operational result. In order to support Marimekko's profitable growth strategy, together these two KPIs were 80 percent of the targets. In addition, the President and CEO

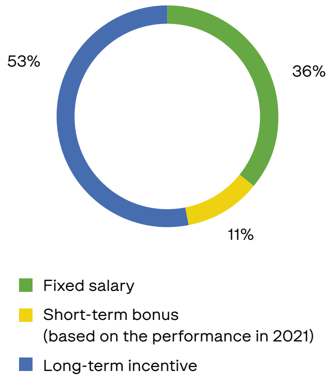
Long-term incentive systems in place in the financial year 2022

Earnings period	Board decision date	Earnings criteria	Criteria outcome (out of maximum level)	Number of shares[1] received in payment	Payment in cash, EUR	Payment date
1 Apr. 2018–31 Jan. 2022	14 Feb. 2018	Total shareholder return incl. dividends	100%	10,025	405,217.76	18 Feb. 2022
1 Jan. 2022–30 June 2025	15 Feb. 2022	Total shareholder return incl. dividends	-	-	-	Estimated in early fall 2025

Remuneration paid to the President and CEO in the financial year 2022

Fixed annual salary + fringe benefits EUR	Short-term bonus[1]	Long-term incentive	Other fees	Total remuneration
378,240.00	115,000.00	552,000.00	-	**1,045,240.00**

Structure of the remuneration paid to the President and CEO in 2021



[1] The number of shares corrected to reflect the decision on issuance of shares without payment (share split) in accordance with the Company's Annual General Meeting held on 12 April 2022
[2] Based on the performance in the financial year 2021, paid in 2022.
[3] Based on the second earnings period from 1 April 2018 to 31 January 2022 under the previous long-term incentive system.

had personal criteria related to strategic projects of the company, including also KPIs related to the sustainability. 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 62 percent, and the President and CEO's bonus earned in the financial year 2022 amounted to EUR 74,315. The bonus will be paid in spring 2023.

During the financial year 2022, two long-term incentive systems were in place: the second earnings period of 1 April 2018–31 January 2022 of the previous long-term incentive system and the first earnings period of 1 January 2022–30 June 2025 of the new long-term incentive system for 2022–2026. For the earnings period of 1 April 2018–31 January 2022, the reward was based on the company's total shareholder return including dividends. The net reward was paid in February 2022 half in company shares and half in cash. The shares received as part of the reward are subject to a two-year transfer restriction.

The new long-term incentive system for 2022–2026 is composed of two earnings periods: 1 January 2022–30 June 2025 and 1 January 2023–30 June 2026. The potential reward for the President and CEO from each earnings period is based on total shareholder return (TSR), i.e., the total yield on Marimekko Corporation's shares, including dividends, at the end of the period. The achievement of the required TSR levels will determine the proportion out of the maximum reward that will be paid to the President and CEO. The potential rewards are primarily planned to be paid half in company shares and half in cash after each earnings period. The cash part of the reward is intended to cover the taxes and tax-like payments incurred by the participant. Earning the reward requires that the President and CEO is still working for the company at the time of the payment. The reward amounts earned through the plan will be capped if the maximum limit set by the Board for the payable reward is reached. The shares received as part of the reward are subject to a two-year transfer restriction.

The Board of Directors of Marimekko has decided that if the targets set for the first earnings period of 1 January 2022–30 June 2025 are met in full, the rewards to be paid to the President and CEO and other participants of the program on the basis of it correspond to the value of an approximate maximum total of 31,432 Marimekko shares including also the cash portion of the reward. The potential rewards from the first earnings period are estimated to be paid in early fall 2025.

In 2022, 36 percent of the remuneration paid to the President and CEO comprised of fixed components (including fringe benefits) while 64 percent comprised of variable components. The President and CEO's remuneration is covered by the Finnish statutory pension scheme.

If the President and CEO resigns of her own accord, the term of notice is six months. If the company terminates the contract, the term of notice is six months, but the President and CEO is entitled to a severance payment corresponding to her fixed salary of six months, in addition to her fixed salary during the term of notice. The remuneration in case of termination is tied to a fixed-term non-compete obligation.

Prints used in the publication:

Cover: Hyräily, Maija Louekari, 2021
Page 3: Pyykkipäivä, Jenni Tuominen, 2021
Page 12: Maalis, Maija ja Kristina Isola, 1982
Page 67: Paraati, Fujiwo Ishimoto, 2005
Page 83: Unikko, Maija Isola, 1964
Page 92: Auringonkukka, Maija Isola, 1959

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