Financial Statements 2021

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 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 2021, brand sales of our products worldwide amounted to 376 million euros and our net sales were 152 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 2021

From the President and CEO

The year 2021 was the best in our company's history. Our net sales grew by 23 percent to EUR 152.2 million. The excellent sales performance and higher relative sales margin significantly improved our operating profit. Our comparable operating profit increased by 59 percent to EUR 31.2 million, or 20.5 percent of net sales. I want to take this opportunity to express my heartfelt gratitude to the entire Marimekko team for their tremendous work: faced with difficult market conditions, our personnel have with great passion and perseverance solved challenges created by the pandemic while at the same time continuing our efforts to accelerate our long-term profitable growth.

The key reasons 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 have adopted during the pandemic and our agility to react to the constantly changing operating environment were also important factors.

The consistent development of our collections is reflected in our results, and all of our product lines grew during the year. Growth was strongest in home products but, in the latter part of the year, the growth of fashion category also picked up. During the year, we celebrated our 70th anniversary by launching special collections of fashion and home products, among other things. The first collections created under the leadership of Creative Director Rebekka Bay arrived in our stores at the turn of the year 2022. We are continuing our efforts to deepen our customer insight and further develop our collections and customer experience based on that.

International growth requires not only a product range that appeals to a global customer base but also increasing brand awareness. Brand collaborations offer us the opportunity to introduce a broad international audience to Marimekko and thereby support our core business. In 2021, we launched two limited-edition collections with adidas, a global leader in the sporting goods and apparel industry. The collections were well received and provided Marimekko with valuable visibility around the world. Our Spring/Summer capsule collection with the Japanese global apparel retailer Uniqlo, in turn, was one of Uniqlo's spearhead collaborations in 2021. In October, we launched our first limited-edition collaboration products specifically for the Chinese market together with the specialty coffee chain Seesaw. In addition to global brand partnerships, targeted local collaborations in our main markets are an important way to introduce more and more

new audiences to Marimekko. Local collaborations also enable us to increase the local relevance of the Marimekko brand.

In 2021, our omnichannel retail network was strengthened further in Asia by the opening of six new brick-and-mortar stores and Marimekko online stores in two countries. Online sales are an essential part of Marimekko's omnichannel retail strategy. With this in mind, we redesigned our online store in May. The digital customer experience was further enriched during the fall. In addition, customers got to experience our 70-year-old brand, special collections and the Marimekko Kioski streetwear at 32 pop-up stores around the world in 2021. Pop-up stores and various creative retail concepts represent an important element of our omnichannel customer experience, in the development of which we have invested consistently. We expect their significance to increase further in the post-pandemic new normal.

We believe that determined efforts to improve sustainability strongly support Marimekko's long-term success. In 2021, we began implementing our new sustainability strategy, which reflects our increased ambition and extends to 2025. Its three main principles and the related targets and action plans cover our 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. Our sustainability-related actions in 2021 included, among others, increasing the share of more sustainable materials in our products, reducing waste and extending the life cycle of our products in various ways. The Marimekko Pre-loved second hand pilot in our online store, our collaboration with the auction house Bukowski and our pop-up events offering vintage products in New York and Copenhagen are examples of actions that support our goal of Marimekko products bringing joy to many different consumers – and even generations – over their lifespan.

A growing proportion of our products are made from materials that have a less adverse impact on the environment. In 2021, our first garments, bags and home products printed with a natural dye obtained from the woad plant arrived in stores, and we continued our collaboration projects aimed at the commercialization of new, more sustainable materials. To reduce waste, we launched a product range consisting of bags made from leftover textiles, products printed using leftover dyes and upcycled home products such as scented candles. We also piloted the new Marimekko Upcycled concept in the form of reworked Jokapoika shirts from earlier collections.

We work to continuously increase our transparency and we are dedicated to drive positive change through supplier engagement and industry collaborations. As part of our new material strategy, we have grown the share of traceable materials, including organic cotton and sustainably produced wool. We are also continuously sharing more product-related sustainability information to our customers. Marimekko joined the UN Global Compact initiative in 2021. We are committed to the 10 principles of the Global Compact in our own operations and in our value chain. During the year, we also piloted the extention of supply chain audits to include the second tier as well. In accordance with our values, we want to be at the forefront in promoting sustainability and, through the power of our example, move the entire industry towards a more sustainable future.

The coronavirus pandemic continues to affect business in 2022, but the pandemic became part of daily life for companies in 2021. Our long-term work to develop the Marimekko brand and our business as a whole as well as our success during the pandemic speak to the effectiveness of our international growth strategy. The year 2022 is the final year of our current strategy period. During the year, we will determine our direction for the next strategy period and review our long-term financial targets. We are planning to organize the company's first Capital Markets Day in the fall of 2022. Marimekko's positive development over the past few years, our brand that appeals to an increasingly broad global audience and the megatrends that support our growth story – such as the expedited digitization and consumers' changing values and growing interest in sustainability – provide us with an excellent basis for accelerating our long-term profitable international growth in the years to come.

In 2022, we will continue our investments in increasing Marimekko's brand awareness and developing digital and omnichannel business as well as sustainability. In addition, we are continuing recruitments supporting our growth story and investments in IT systems. It is important for us to constantly find new ways to bring joy to our customers' lives and thereby ensure that our brand keeps interesting and meaningful to both new audiences as well as our existing loyal customers.

Tiina Alahuhta-Kasko

2021 in a nutshell

In 2021, our net sales grew by 23 percent to EUR 152.2 million. The growth of net sales was driven particularly by the strong development of wholesale and retail sales in Finland. Wholesale sales in the Asia-Pacific region and Scandinavia as well as retail sales in North America also increased substantially. Net sales were weakened especially by decreased wholesale sales in the EMEA region and lower licensing income in the Asia-Pacific region. Our comparable operating profit grew by 59 percent to EUR 31.2 million. Profit was improved particularly by the growth of net sales but also by the stronger relative sales margin.

The key factors behind Marimekko's strong performance in 2021 included the company's long-term efforts to modernize its brand and lifestyle collections, strengthening the digital business and the omnichannel customer experience as well as increasing international brand awareness from one year to the next. The new operating practices adopted during the pandemic and the agility to react to the constantly changing operating environment were also important factors.

Net sales

152.2

million euros (123.6)

Comparable operating profit

31.2

million euros (19.6)

Comparable operating profit margin

20.5

% (15.9)

Comparable EBITDA

43.1

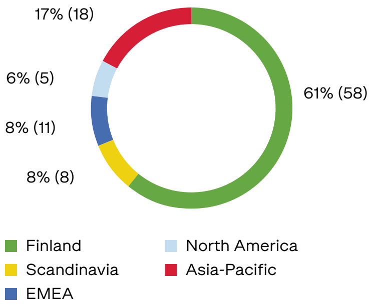
million euros (32.1)

Cash flow from operating activities

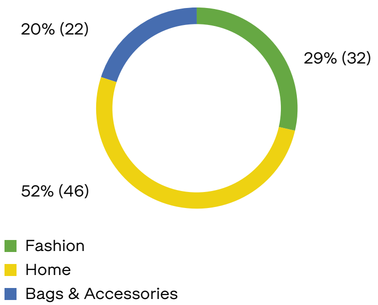
35.9

million euros (27.5)

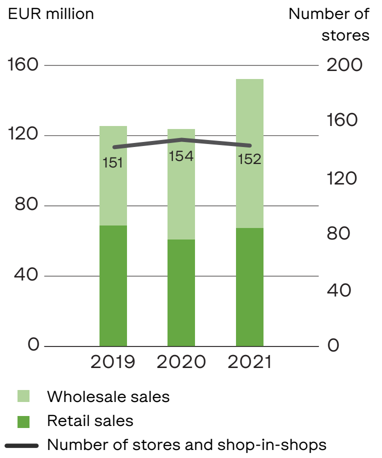
Net sales by market area, 2021
(2020)



Net sales by product line, 2021
(2020)



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 410 people

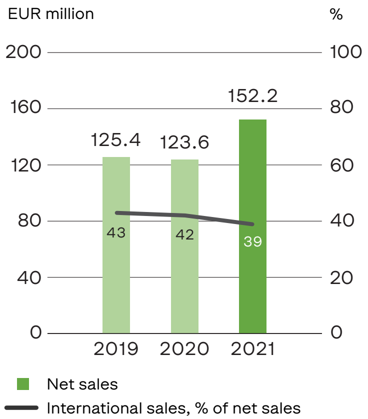
Our share is quoted on
Nasdaq Helsinki Ltd

Financial targets

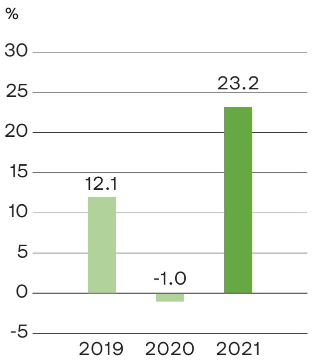
Long-term financial goals

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

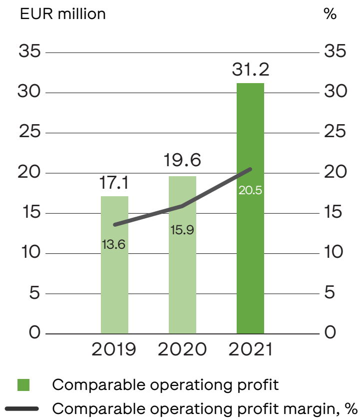
Net sales



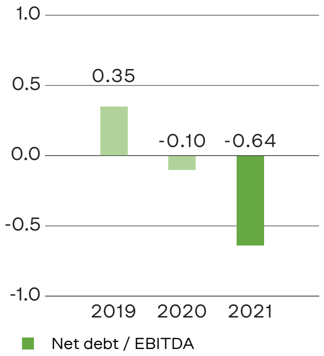
Growth in net sales



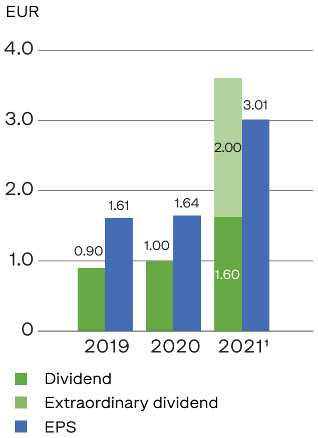
Comparable operating profit



Net debt / EBITDA



Dividend and earning per share



[1] Proposal of Marimekko's Board of Directors 2022 to the AGM on 12 April 2022. The proposal includes a regular dividend of EUR 1.60 per share and an extraordinary dividend of EUR 2.00 per share.

Strategy

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

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

In 2021, Marimekko's net sales increased by 23 percent and comparable operating profit grew by 59 percent. Our long-term work to develop the Marimekko brand and our business as a whole as well as our success during the pandemic speak to the effectiveness of our international growth strategy.

In 2022, the final year of our current strategy period, we will continue to accelerate our long-term international growth and focus on increasing brand awareness, digital and omnichannel business and the development of sustainability, as well as recruitment and information systems that support growth. During the year, we will determine our direction for the next strategy period and review our long-term financial targets.

Key strategic success factors:

- Build **sustainable lifestyle** offering with fashion as spearhead
- Maximize sales by boosting **digital business** and building **omnichannel ecosystems**
- Appeal to a **broader global target audience**
- Approach key markets through **key cities**
- Increase awareness and loyalty through **value-driven storytelling**

Our long-term efforts to develop the Marimekko brand and our lifestyle collections continued to be reflected in our success in 2021. To celebrate our 70th anniversary, we also launched special fashion and home product collections that attracted widespread interest. In August 2021, we presented our first collection created under the leadership of our Creative Director Rebekka Bay. The collection hit stores at the turn of the year. A growing proportion of our products are made from materials that have a less adverse impact on the environment.

We strengthened our omnichannel network during the year. Six new brick-and-mortar Marimekko stores were opened in Asia, along with Marimekko online stores in two countries. Our own and partner-operated Marimekko online stores now reach customers in 35 countries. We redesigned our online store in May and further enriched the digital customer experience in the fall. This included the launch of Maripedia, a constantly growing digital library and AI-driven image search that opens our extensive print archive to the general public. We will continue to deepen our customer insight and thereby also develop our omnichannel customer experience and collections further.

In 2021, we launched three significant limited-edition collaborative collections. Our two limited-edition collections with adidas, a global leader in the sporting goods and apparel industry, were well-received and provided us with valuable global visibility. Our Spring/Summer capsule collection with the Japanese global apparel retailer Uniqlo, in turn, was one of Uniqlo's spearhead collaborations in 2021. Our customized product range launched together with the specialty coffee chain Seesaw was our first local collaboration in the Chinese market and a good way to introduce new audiences to Marimekko. Local collaborations also enable us to increase the local relevance of the Marimekko brand.

Our objective in our main markets is to create a comprehensive network of Marimekko stores, the online store and selected wholesale customers, an ecosystem that reaches our consumers effectively. In reaching consumers, an important role is also played by various creative retail concepts, the significance of which we expect to grow further in the post-pandemic new normal. In 2021, our 32 pop-up stores around the world introduced the Marimekko brand and our products to existing and new customers.

Marimekko has a large and loyal community that we actively engage in various contexts, including social media. Marimekko's mission of bringing joy to everyday life has been more significant during the pandemic than ever before. Inclusion and equality have always been important values for us. They were reflected, for example, in the world's most inclusive fashion party we organized to celebrate our birthday, where artists from various corners of the world entertained an online audience for 12 hours. We believe that new and brave perspectives, concepts and touchpoints will keep the Marimekko brand relevant and meaningful for our customers also in the future.

At the forefront of developing more sustainable products and practices

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

HIGHLIGHTS OF OUR SUSTAINABILITY WORK IN 2021

- Greenhouse gas emissions of textile manufacturing per kilogram of sourced textiles decreased by 6% compared to 2019[1]
- Greenhouse gas emissions of logistics per kilogram of transported products decreased by 17% compared to 2018[1]
- Calculation of greenhouse gas emissions extended to cover indirect emissions from value chain (Scope 3), including textile manufacturing and logistics
- Solar panels installed on the rooftop of Marimekko house in Helsinki, Finland, and Marimekko house WWF Green Office certified
- Own operations, i.e., our printing factory, offices and our own retail stores globally were carbon neutral through continuous development and carbon offsetting
- New material strategy rollout started to shift towards significantly more sustainable materials
- New archetypes and block fits developed for ready-to-wear collection to improve consistency in fit and size
- A new, sustainable home concept using more sustainable and leftover materials
- An in-house innovation team, Innovation Works, established to accelerate development work with new, circular material innovations and sustainable business models
- Marimekko Pre-loved second-hand resale piloted in Marimekko online store
- Share of product claims decreased to 0.3% (0.4%) of products sold
- More sustainable choice product hangtag introduced to provide sustainability information to customers
- 100% of purchases from outside the EU covered by social audits
- Social audits extended from tier 1 to tier 2 suppliers through a pilot
- DEI Foundational Principles, the company's framework for diversity, equity and inclusion matters, launched and managers and all personnel trained on DEI perspectives
- Official partnership with Helsinki Pride and supporting LGBTIQ+ community by working with a wide range of models, influencers and creatives to foster diversity

[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.

We want to be at the forefront of developing more sustainable products and practices. The year 2021 was the first year of our new, more 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.

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

The products of tomorrow leave no trace
We have launched several projects to significantly reduce emissions in our entire value chain – it is our intention to align our emissions-related targets with those of the Paris Agreement. We are committed, for example, to reducing the greenhouse gases from the textile materials that we purchase, from our own operations and logistics, as well as to reducing the environmental footprint of textile materials, including water use. As a result of continuous development work and emission offsetting, our own operations have been carbon neutral since 2020.

Read more about our sustainability work and its progress on pages 67–81 and our website. A comprehensive sustainability review will be published on our website in summer 2022.

Report of the Board of Directors 2021

2021 IN BRIEF

- Net sales grew by 23 percent and totaled EUR 152,227 thousand (123,568). Net sales in Finland were up by 30 percent; international sales increased by 14 percent.
- Net sales were boosted especially by a favorable trend in wholesale and retail sales in Finland. In addition, wholesale sales in the Asia-Pacific region and Scandinavia as well as retail sales in North America grew strongly. The good trend in wholesale sales in Finland was supported by non-recurring promotional deliveries, the total value of which was significantly higher than last year. On the other hand, net sales were weakened by a decrease in wholesale sales in EMEA, as well as lower licensing income in the Asia-Pacific region.
- Brand sales[1] of Marimekko products amounted to EUR 375,646 thousand (286,425). 66 percent of brand sales were international sales.
- Nearly all Marimekko stores were open in 2021 unlike the year before, when a large number of Marimekko stores around the world were temporarily closed due to the pandemic during the first or second quarter.
- Operating profit improved to EUR 31,249 thousand (18,772). Comparable operating profit[2] grew by 59 percent to EUR 31,249 thousand (19,600). Earnings were boosted especially by increased net sales but also improved relative sales margin. On the other hand, an increase in fixed costs had a weakening impact on results.
- Result for the period was EUR 24,408 thousand (13,306) and earnings per share were EUR 3.01 (1.64).
- The Board of Directors proposes that a regular dividend of EUR 1.60 and an extraordinary dividend of EUR 2.00 per share will be paid for 2021.

OPERATING ENVIRONMENT

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

The growth rate of the world economy is expected to slow down. In 2022, the world economy is estimated to grow at a rate of approximately four percent, but the spread of the omicron virus variant, coronavirus restrictions, increased inflation, and bottlenecks in production, among other things, are creating uncertainties for the development of the economy.

The economic outlook for Finland continued to be positive during the turn of the year, but expectations for the future have weakened. In January, the confidence indicator for the retail trade remained on the same level as before. Sales have grown, but sales expectations for the coming months are cautious. The January figures for consumer confidence increased slightly but were lower than the year before. Estimates of the current state of personal finances and expectations for personal economy were positive while expectations for Finland's economy were weak. (Confederation of Finnish Industries EK: Business Tendency Survey, January 2022; Confidence Indicators, January 2022. Statistics Finland: Consumer Confidence 2022, January).

The working-day-adjusted turnover of Finnish retail trade in December grew by 1.0 percent on the previous year. The volume of sales was down by 2.9 percent. The cumulative working-day-adjusted turnover of retail trade in 2021 rose by 4.9 percent and the volume of sales increased by 3.2 percent. (Statistics Finland: Turnover of Trade, retail trade flash estimate, January 2022).

CHANGES IN ACCOUNTING PRINCIPLES

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). Based on the agenda decision, Marimekko has changed its accounting principle related to costs in cloud computing arrangements. This change in accounting principle increased Marimekko's fixed costs and correspondingly lowered gross investments and depreciation. Based on the agenda decision, Marimekko has booked a total of EUR 1.6 million as costs. This amount was earlier activated as costs in intangible

[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] Reconciliation of alternative key figures to IFRS and management's discretion regarding items affecting comparability are presented on p. 24.

assets. The amount booked for financial year 2021 was EUR 1 million. For financial year 2020, a total of EUR 0.6 million was booked retroactively. The effects of the change are presented in more detail on p. 34.

NET SALES

In 2021, the Group's net sales grew by 23 percent to EUR 152,227 thousand (123,568). Net sales were boosted especially by a favorable trend in wholesale and retail sales in Finland. In addition, wholesale sales in the Asia-Pacific region and Scandinavia as well as retail sales in North America grew strongly. On the other hand, net sales were weakened by a decrease in wholesale sales in EMEA, resulting from Marimekko's actions to control gray exports, as well as lower licensing income in the Asia-Pacific region. Net sales in Finland were up by 30 percent; international sales increased by 14 percent.

Retail sales in total rose by 15 percent. Nearly all Marimekko stores were open in 2021 unlike the year before, when a large number of Marimekko stores around the world were temporarily closed during the first or second quarter. However, the customer numbers in stores in the first quarter of 2021 were clearly lower due to the pandemic than in the comparison period where the coronavirus pandemic started to have an effect only at the end of the first quarter. Wholesale sales increased by 33 percent in 2021.

Net sales in Finland amounted to EUR 92,299 thousand (71,145). Retail sales rose by 17 percent, and comparable retail sales grew by 16 percent. Wholesale sales in Finland increased by 54 percent. The good trend in wholesale sales was supported by non-recurring promotional deliveries, the total value of which was significantly higher than last year.

In the company's second-biggest market, the Asia-Pacific region, net sales grew by 17 percent to EUR 25,974 thousand (22,114), even though licensing income was significantly lower than the year before. Wholesale sales in the entire region increased by 29 percent and in Japan by 21 percent. Both in the financial year and comparable year, some of the wholesale deliveries for the final quarter transferred to the first quarter of the following year. Retail sales in the Asia-Pacific region grew by 17 percent even though stores in Australia were temporarily closed for several months during the year due to the pandemic situation.

FINANCIAL RESULT

In 2021, the Group's operating profit was EUR 31,249 thousand (18,772). The comparable operating profit was also EUR 31,249 thousand (19,600). Earnings were boosted especially by increased net sales but also by improved relative sales margin. On the other hand, an increase in fixed costs had a weakening impact on results.

The relative sales margin was strengthened in particular by improved margins per product but also relatively lower logistics costs than in the comparable year, when logistics costs in spring 2020 were exceptionally high as a result of moving promotions online when the company-owned stores were temporarily closed due to the pandemic situation.

Net sales by market area

(EUR 1,000)	2021	2020	Change, %
Finland	92,299	71,145	30
Retail sales	53,547	45,928	17
Wholesale sales	38,547	25,058	54
Licensing income	205	158	30
Scandinavia	12,661	9,883	28
Retail sales	3,785	4,311	-12
Wholesale sales	8,651	5,572	55
Licensing income	225	-	
EMEA	12,895	13,961	-8
Retail sales	1,906	2,160	-12
Wholesale sales	9,764	11,400	-14
Licensing income	1,225	401	
North America	8,397	6,466	30
Retail sales	5,583	3,952	41
Wholesale sales	2,444	2,268	8
Licensing income	371	247	50
Asia-Pacific	25,974	22,114	17
Retail sales	4,207	3,609	17
Wholesale sales	21,305	16,495	29
Licensing income	462	2,010	-77
International sales, total	59,927	52,424	14
Retail sales	15,481	14,032	10
Wholesale sales	42,164	35,734	18
Licensing income	2,283	2,658	-14
Total	152,227	123,568	23
Retail sales	69,027	59,960	15
Wholesale sales	80,711	60,792	33
Licensing income	2,488	2,816	-12

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.

Increased fixed costs in 2021 were attributable, in particular, to higher employee benefit expenses. Employee benefit expenses grew as a result of new recruitments to strengthen the building blocks of Marimekko's international growth, among other things. In the comparable year, fixed costs, including employee benefit expenses, decreased as a result of various subsidies granted to Marimekko in several different markets to mitigate the negative business impacts of the coronavirus pandemic. In addition, a decrease of temporary cost savings related to salaries and wages as well as one-off bonuses paid to the personnel increased employee benefit expenses in 2021. In 2020, significant temporary cost savings were accrued, for example, due to extensive temporary layoffs in the retail organization due to the pandemic situation as well as temporary rent reductions granted to the company. Increased marketing and IT expenses, among other things, also contributed to higher fixed costs in 2021. Lower credit loss provisions, however, decreased fixed costs.

The increase in IT expenses was mainly related to a change in accounting principle of configuration and customization costs in a cloud computing arrangement. The changed accounting principle also affected Marimekko's depreciation and was retroactively implemented to comparable year. In total, the net effect of the change on the operating profit of 2021 amounted to EUR 1 million. The net effect in operating profit in financial year 2020 was EUR 0.6 million.

Marketing expenses for the year 2021 were EUR 7,521 thousand (5,274), or 5 percent of the Group's net sales (4).

The Group's depreciation amounted to EUR 11,874 thousand (12,520), representing 8 percent of net sales (10).

In 2021, operating profit margin was 20.5 percent (15.2) and comparable operating profit margin was also 20.5 percent (15.9).

Net financial expenses in 2021 were EUR 552 thousand (1,783), or 0 percent of net sales (1). Financial items include exchange rate differences amounting to EUR 270 thousand (-720), of which EUR 513 thousand (-385) were unrealized. The impact of IFRS 16 on interest expenses was EUR -694 thousand (-773).

Result for 2021 before taxes was EUR 30,697 thousand (16,989). Net result for the period was EUR 24,408 thousand (13,306) and earnings per share were EUR 3.01 (1.64).

BALANCE SHEET

The consolidated balance sheet total as at 31 December 2021 was EUR 132,887 thousand (114,371). Equity attributable to the equity holders of the parent company was EUR 69,833 thousand (52,323), or EUR 8.60 per share (6.45).

Non-current assets at the end of December stood at EUR 35,149 thousand (42,764). Lease liabilities amounted to EUR 30,480 thousand (37,155), and financial liabilities were EUR 1,798 thousand (725). In addition, the Group had unused committed credit lines of EUR 14,982 thousand (17,146).

At the end of the period, net working capital was EUR 7,235 thousand (7,869). Inventories were EUR 25,983 thousand (22,436).

CASH FLOW AND FINANCING

In 2021, cash flow from operating activities was EUR 35,902 thousand (27,477), or EUR 4.42 per share (3.39). Cash flow before cash flow from financing activities was EUR 34,992 thousand (25,241). Dividends paid during the financial year totaled EUR 7,299 thousand (0).

The Group's cash and cash equivalents at the end of the year amounted to EUR 59,726 thousand (41,045). Improved results contributed to the increased cash and cash equivalents during the year. In the comparison year, refraining from paying dividends for 2019 during 2020 contributed to the increase in cash and cash equivalents. The dividend for 2019 was paid in March 2021. On the other hand, the cash flow of 2021 was impacted by the fact that no decision on the dividend for 2020 was made during the financial year. The amount of interest-bearing credit facilities drawn down was EUR 1,798 thousand (725). In addition, the Group had unused committed credit lines of EUR 14,982 thousand (17,146).

The Group's equity ratio at the end of the period was 53.3 percent (46.4). Gearing was -39.3 percent (-6.1). The ratio of net debt to 12-month rolling EBITDA was -0.64 (-0.10), i.e. well below the maximum of 2 which is the company's long-term goal.

INVESTMENTS

The Group's gross investments in 2021 were EUR 207 thousand (1,533), or 0 percent of net sales (1). The investments were devoted to IT systems, among others. As a result of the agenda decision of the IFRS Interpretations Committee (IFRIC), the accounting principle was changed and therefore the accounting of configuration and customization costs of cloud computing arrangements changed in 2021. The change increased Marimekko's IT expenses and correspondingly lowered gross investments and depreciation. Marimekko has retroactively also restated the figures for 2020. Gross investments do not include new lease agreements included in balance sheet (IFRS 16) in the financial 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

Good store locations that cater for its target audience are essential for Marimekko. The operations and efficiency of the store network are continuously assessed and developed. In 2021, six new Marimekko stores were opened, all in Asia. In addition, a formerly partner-owned store in Finland was transferred to Marimekko. In total, eight stores around the world were closed. During the year, Marimekko also had 32 pop-up stores globally. At the end of year, there were a total of 152 Marimekko stores and shop-in-shops worldwide. The stores' net sales in each market are primarily generated from sales to local customers, although sales to tourists make up a significant portion of the sales of certain central stores especially during holiday seasons.

E-commerce plays an important role in Marimekko's omnichannel retail. Online sales developed well in 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 continues to report its own e-commerce net sales as part of retail sales and sales through other online channels as part of wholesale sales. Marimekko focuses efforts on creating a seamless customer experience between different channels and develops its IT systems to strengthen its digital business. Accelerated by the pandemic, the importance of online sales in the company's business will grow even more, and the shift to digital sales channels among customers will influence Marimekko's distribution channel choices in the future.

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. Marimekko believes that determined efforts to improve sustainability strongly support the company's long-term success, and therefore sustainability management is part of everyday leadership and operational development at Marimekko. 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 2021, the company's activities included, for example, work to increase the proportion of more sustainable materials in its products and to prolong product lifetime by various means.

Statement of non-financial information

Marimekko issues a statement of non-financial information for 2021 separately from the report of the Board of Directors. The statement is available on p. 67–81.

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 at company.marimekko.com under Sustainability. The next review will be published in summer 2022.

PERSONNEL

In 2021, the number of employees, expressed as full-time equivalents, averaged 401 (434). At the end of the year, the Group had 409 (422) employees, of whom 69 (84) worked outside Finland. The number of employees working outside Finland was broken down as follows: Scandinavia 21 (24), EMEA 1 (2), North America 13 (32) and the Asia-Pacific region 34 (26). The personnel at company-owned stores, expressed as full-time equivalents, totaled 193 (210) at the end of the period. Salaries, wages and bonuses paid to personnel amounted to EUR 21,273 thousand (19,429). In 2021, the turnover of employees leaving was 12 percent (11).

More information on personnel and the development of staff is available in the statement of non-financial information on p. 67–81.

MANAGEMENT

Board of Directors, management and auditors

Marimekko's Annual General Meeting on 14 April 2021 appointed seven members to the company's Board of Directors. Elina Björklund, Mika Ihamuotila, Mikko-Heikki Inkeroinen and Catharina Stackelberg-Hammarén were re-elected. Carol Chen, Jussi Siitonen and Tomoki Takebayashi 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 Elina Björklund as Vice Chair of the Board. On 6 May 2021, Jussi Siitonen announced that he will immediately resign from his position as a member of the Board of Marimekko as he was appointed CFO of Fiskars, starting on 3 November 2021 at the latest, which created a conflict of interest with his duties as a Board member at Marimekko. At the end of 2021, Marimekko's Board consisted of Elina Björklund, Carol Chen, Mika Ihamuotila, Mikko-Heikki Inkeroinen, Catharina Stackelberg-Hammarén and Tomoki Takebayashi.

From among its members, the Board of Directors elected Elina Björklund as Chair and Mikko-Heikki Inkeroinen and Catharina Stackelberg-Hammarén 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 Virpi Halonen, Authorized Public Accountant, as the auditor with principal responsibility. It was decided that the auditor's fee will be paid as per invoice approved by the company.

There were no changes in the company's management in 2021. At the end of the year, 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), Sanna-Kaisa Niikko (Chief Marketing Officer), Tanya Strohmayer (Chief People Officer), Dan Trapp (Chief Sales Officer) and Riika Wikberg (Chief Business Development Officer) as members.

Corporate governance statement

The corporate governance statement for 2021 is issued separately from the report of the Board of Directors. The statement is available on p. 82–89.

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 2021. Remuneration Report is available on p. 90–95 of this 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 financial year, the company's fully paid-up share capital, as recorded in the Trade Register, amounted to EUR 8,040,000 and the number of shares totaled 8,129,834.

Shareholdings

According to the book-entry register, Marimekko had 23,323 shareholders (18,411) at the end of December 2021. Of the shares, 17.41 percent (13.72) were owned by nominee-registered or non-Finnish holders.

Ownership by size of holding, 31 December 2021

Number of shares	Number of shareholders	% of shareholders	Number of shares and votes	% of holding and votes
1–100	19,249	82.53	489,798	6.02
101–1 000	3,579	15.34	1,141,336	14.04
1 001–10 000	440	1.89	1,118,398	13.76
10 001–100 000	46	0.20	1,282,533	15.78
100 001–500 000	7	0.03	1,782,570	21.93
500 001–	2	0.01	2,315,199	28.48
Total	23,323	100.00	8,129,834	100.00

Ownership by sector, 31 December 2021

Owner	Number of shares and votes	% of holding and votes
Nominee-registered and non-Finnish holders	1,415,436	17.41
Households	3,225,929	39.68
Financial and insurance corporations	1,001,995	12.32
Non-financial corporations and housing corporations	1,553,302	19.11
Non-profit institutions	57,440	0.71
General government	875,732	10.77
Total	8,129,834	100.00

Largest shareholders according to the book-entry register, 31 December 2021

Owner	Number of shares and votes	% of holding and votes
1. PowerBank Ventures Ltd (Mika Ihamuotila)	1,017,700	12.52
2. Varma Mutual Pension Insurance Company	385,920	4.75
3. Ilmarinen Mutual Pension Insurance Company	385,388	4.74
4. Ehrnrooth Anna Sophia	340,377	4.19
5. Evli Finnish Small Cap Fund	267,000	3.28
6. Nordea Nordic Small Cap	199,885	2.46
7. Veritas Pension Insurance Company Ltd.	103,000	1.27
8. Oy Talcom Ab	101,000	1.24
9. Oy Etra Invest Ab	100,000	1.23
10. Sijoitusrahasto Taaleritehdas Mikro Markka	85,000	1.05
Total	2,985,270	36.72

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 1,081,388 Marimekko shares corresponding to 13.30 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

On 3 November 2021, the Board of Directors decided to transfer a total of 6,640 Marimekko shares held by the company as a part of the first instalment of the long-term incentive system targeted at the Management Group. At the end of the year, Marimekko held 13,360 of its own shares, corresponding to some 0.16 percent of the total number of the company's shares. After the end of financial year, 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 will hold 5,558 of its own shares, corresponding to some 0.07 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 2021.

Share trading and the company's market capitalization

In 2021, a total of 2,229,183 Marimekko shares (3,344,494) were traded on Nasdaq Helsinki, representing 27.42 percent (41.14) of the shares outstanding. The total value of the share turnover was EUR 153,719,602 (106,484,058). The lowest price of the share was EUR 44.50 (21.30), the highest was EUR 94.20 (46.95) and the average price was EUR 68.96 (31.85). At the end of December, the closing price of the share was EUR 84.70 (45.55).

The company's market capitalization on 31 December 2021 was EUR 687,465,348, excluding the Marimekko shares held by the company (369,402,939).

Authorizations

The Annual General Meeting held on 8 April 2020 authorized the Board of Directors to decide on the payment of a maximum dividend of EUR 0.90 per share in one or several instalments at a later stage. On 18 February 2021, the Board made use of the authorization and decided that a dividend of EUR 0.90 per share be paid for 2019 in one instalment. The dividend payout record date was 22 February 2021, and the dividend payout date was 1 March 2021.

The AGM 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. The authorization was not used during the financial year. 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. The dividend payout record date was 17 February 2022, and the dividend payout date was 24 February 2022.

The AGM on 14 April 2021 also authorized the Board to decide on the acquisition of a maximum of 100,000 of the company's own shares, in one or more instalments, to be used as a part of the company's incentive compensation program, to be transferred for other purposes or to be cancelled. The quantity represents approximately 1.2 percent of the total number of the company's shares at the time of the proposal. The shares would be acquired with funds from the company's non-restricted equity, which means that the acquisition would reduce funds available for distribution. The shares would be acquired otherwise than in proportion to the shareholdings of the shareholders through public trading on Nasdaq Helsinki Ltd at the market price prevailing at the time of acquisition and in accordance with the rules and regulations of Nasdaq Helsinki Ltd. The authorization was not used in 2021. The authorization is valid until 14 October 2022.

Furthermore, 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. The total number of shares to be issued or transferred pursuant to the authorization may not exceed 120,000 new or treasury shares, which represents approximately 1.5 percent of the total number of the company's shares at the time of the proposal. Pursuant to the authorization, the Board may decide on a directed share issue in deviation from the shareholders' pre-emptive right for a weighty financial reason. The share issue may be subject to a charge or free. The subscription price of the new shares and the amount paid for the company's own shares would be recorded in the company's reserve for invested non-restricted equity. The Board of Directors is authorized to decide on all of the other terms and conditions of the share issue. Based on the authorization, the Board decided on 3 November 2021 to transfer 6,640 Marimekko shares held by the company as a part of the first instalment of the long-term incentive system targeted at the Management Group. In addition, after the end of the financial year, the Board decided, based on the authorization, 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 is valid until 14 October 2022 and a total of 105,558 new or treasury shares can be issued or transferred pursuant to the authorization at a later stage.

At the end of the financial year 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

Dividend for 2020

After the end of the financial year, the Board of Directors of Marimekko made use of the authorization given by the AGM on 14 April 2021 and decided that a dividend of EUR 1.00 per share be paid for 2020 in one instalment. The dividend was paid to shareholders who were registered on the dividend payout record date of 17 February 2022 in the company's Shareholder Register held by Euroclear Finland Ltd on behalf of the Board of Directors of Marimekko Corporation. The dividend payout date was 24 February 2022.

Transfer of own shares

After the end of the financial year, the Board of Directors of Marimekko decided on a directed share issue without consideration in order to transfer a total of 7,802 Marimekko shares held by the company as the latter instalment of the long-term incentive system targeted at the Management Group. The decision was based on the authorization given by the AGM on 14 April 2021. The shares were transferred on 17 February 2022. Following the transfer, Marimekko will hold 5,558 of its own shares, corresponding to some 0.07 percent of the total number of the company shares. Marimekko shares held by the company carry no voting rights and no entitlement to dividends.

A new long-term incentive system for the management

After the end of the financial year, the Board of Directors of Marimekko decided to continue the share-based long-term incentives for the company's management. The new incentive system for years 2022–2026 is a performance share plan targeted to the Management Group of Marimekko and at the beginning, it encompasses 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. 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. Details of the plan have been reported in the stock exchange release of 15 February 2022.

MAJOR RISKS AND FACTORS OF UNCERTAINTY

Factors of uncertainty over the global economic trend affect the retail trade and consumer confidence in all of the company's market areas. The coronavirus pandemic has been the worst crisis experienced by the global fashion industry and specialty retail sector in decades. The development of the pandemic situation in different markets, political tensions, and increased inflation impact the global economic trend as well as consumers' purchasing behavior. The coronavirus pandemic and other factors creating particularly great uncertainties for the world economy can have significant impacts on Marimekko's sales, profitability, cash flow and the operational reliability of the company's value chain.

Changes in consumer behavior and buying power, especially in Finland and Japan, which are the company's biggest single countries for business, pose considerable strategic risks to the company. Other strategic risks include risks related to changes in the company's design, product assortment and product distribution and pricing. Digitization in retail trade has gathered pace in the past few years and will further accelerate as a result of the coronavirus pandemic, which can have an impact on the company's distribution channel solutions and choices, sales and profitability, as well as create new revenue generation models. The importance of omnichannel business in the retail trade is emphasized. International e-commerce increases the options available to consumers and the significance of big e-commerce operators. The coronavirus pandemic has also intensified the financial difficulties of many traditional wholesale customers in the fashion sector, such as department stores and multi-brand retailers, which may have an impact on Marimekko's business and distribution channel choices. Maintaining competitiveness in a rapidly changing operating environment being revolutionized by digitization demands agility, efficiency, flexibility and the constant re-evaluation of operations. The company's ability to design, develop and commercialize new products that meet consumers' expectations while ensuring effective, quickly reacting and sustainable production, sourcing and logistics also has an impact on the company's sales and profitability. In addition, various political tensions can affect consumers' purchasing behavior as well as supply or logistics chains and consequently impact the company's sales and profitability.

The company's growth in the longer term is based primarily on omnichannel retail: on increasing e-commerce, on partner-led retail in Asia, as well as on enhancing the sales per square meter of existing stores in the company's main market areas. 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 it plays an important role in the company's growth and internationalization. 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 have increased, which may have an impact on the company's sales and profitability. Internationalization also increases the applicable regulation for company's operations in different markets.

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

Prominent among the company's operational risks are those related to internationalization, digitization, sustainability as well as the supply and logistics chain.

As Marimekko is a small company, risks related to securing the necessary talent for international growth as well as risks related to key personnel can also be significant. The coronavirus pandemic increases operational risks related especially to taking care of the health and safety of customers and employees, securing sufficient workforce in cases of sickness caused by the pandemic, risks related to production, supply and logistics chain reliability and efficiency, inventory and product flow management as well as cybersecurity and information system reliability as the importance of e-commerce is further emphasized. The pandemic situation causes supply chain disruptions, which can result in delivery delays. Delays like these can, through the availability of products, impact net sales and profitability. Early commitment to product orders from subcontractors, which is typical of the industry and has been further accentuated in the pandemic situation, weakens the company's possibilities to respond to rapid changes in demand especially in exceptional situations.

In normal circumstances, too, there are risks associated with information system reliability, dependability and compatibility. With digitization and internationalization, cybercrime and various risks related to cybersecurity and personal data protection have also increased. DoS attacks, malfunctions in data communications or, for example, in the company's own online store, may disrupt business or result in lost sales. Data leakage can lead to claims for damages and reputation risks.

Operational risks related to Marimekko's supply chain are associated especially with production, procurement and logistics processes and their flexibility and efficiency, price fluctuations for raw materials and procurements as well as availability and price of logistics. New coronavirus infection waves and virus variants as well as the ways different countries react to those may cause even significant disruptions in supply and logistics chains. In addition, it is of utmost importance to safeguard the operational reliability of the company's own printing factory in all circumstances. The lately overall increased prices of raw materials and other factors of production as well as for logistics impact also Marimekko. Early commitment to product orders from subcontractors, which is typical of the industry, means that changes in material costs affect the company with a delay. Marimekko is actively working on mitigating the negative effects of increased costs. As product distribution is expanded and operations are diversified, risks associated with inventory management also grow. Substantial nonrecurring promotions can also 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, also on substantial nonrecurring promotions.

Enhancing sustainability is increasingly important for competitiveness in the industry, which can have an impact on the company's sales and profitability, as versatile investments are required for the enhancement. The company primarily uses subcontractors to manufacture its products. Of the sustainability elements of manufacturing, especially social aspects related to the supply chain (including human rights, working conditions and remuneration) and environmental aspects (for example, production methods as well as raw materials and chemicals used) as well as transparent communications on these subjects are of growing significance to customers. These sustainability elements apply to Marimekko's own production and sourcing as well as licensed products. Compliance with sustainable business methods is important in maintaining customers' confidence; any failures or errors in this area will involve reputation risks. Business and reputation risks and potential claims for damages are prevented by taking care of product safety as well as through continuous quality control and sustainability work.

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

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

MARKET OUTLOOK AND GROWTH TARGETS FOR 2022

The coronavirus pandemic has been the worst crisis experienced by the global fashion industry and specialty retail sector in decades, and it will impact the sector in 2022 as well. The development of the pandemic situation in different markets, political tensions, and increased inflation impact the global economic trend as well as consumers' purchasing behavior and, as a result, can have an impact on Marimekko's business. Furthermore, these factors may affect the operational reliability and efficiency of the company's value chain.

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 total value of nonrecurring promotional deliveries in 2022 is estimated to be substantially lower than the year before.

The Asia-Pacific region is Marimekko's second-largest market and it plays a significant part in the company's international growth. Japan is clearly the most important country in this region to Marimekko and already has a very comprehensive network of Marimekko stores. The other Asian countries' combined share of the company's net sales is still smaller than in Japan, but operations in these countries are constantly growing. 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 clearly in 2022. The aim is to open approximately 5 to 10 new Marimekko stores and shop-in-shops in 2022, and most of the planned openings will be in Asia.

Marimekko estimates that both retail and wholesale sales will increase in 2022. Licensing income is also forecasted to be higher than in the previous year. Marimekko will continue actions to control gray exports, but these actions will have a significantly lower weakening impact on the company's sales and earnings in 2022 than in the previous year. Because of the seasonal nature of Marimekko's business, the major portion of the company's euro-denominated net sales and earnings are traditionally generated during the second half of the year.

The coronavirus pandemic causes disruptions in global supply chains. These disruptions can result in delivery delays, and thus impact Marimekko's net sales and profitability. In addition, disruptions in supply chain can increase logistics costs, which have also grown overall worldwide. Furthermore, net sales and earnings also essentially depend on maintaining the operational reliability and efficiency of distribution centers and logistics in the exceptional situation. Costs of raw and other materials have increased globally. Early commitment to product orders, which is typical of the fashion and design industry, means that changes in raw and other material prices affect the company with a delay. Marimekko is actively working on mitigating the negative effects of increased costs.

Marimekko continues to accelerate its long-term international growth. In 2022, it will invest especially in increasing brand awareness, in digital and omnichannel business, in developing sustainability, in recruitments supporting its growth as well as in IT systems. Fixed costs are expected to be up on the previous year. In 2021, fixed costs were still reduced by partly temporary cost savings. Marketing expenses are expected to grow (2021: EUR 7.5 million).

The instability caused by the coronavirus pandemic in Marimekko's markets continues. Marimekko is closely monitoring the development of the pandemic situation in each of its market areas and will adjust its operations and plans according to the situation.

FINANCIAL GUIDANCE FOR 2022

The Marimekko Group's net sales for 2022 are expected to grow from the previous year (2021: EUR 152.2 million). Comparable operating profit margin is estimated to be approximately some 17–20 percent (2021: 20.5 percent). Global supply chain disruptions and generally increased material and logistics costs in particular cause volatility to the outlook for 2022.

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

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 2021, the parent company's distributable funds amounted to EUR 55,890,746.68; profit for the financial year was EUR 24,865,528.81. The Board of Directors proposes to the Annual General Meeting that a regular dividend of EUR 1.60 per share and an extraordinary dividend of EUR 2.00 per share be paid for 2021.

The Board will propose 14 April 2022 as the dividend payout record date and 25 April 2022 as the dividend payout date. A regular dividend of EUR 1.00 per share was paid for 2020.

ANNUAL GENERAL MEETING

The Annual General Meeting is scheduled to be held on Wednesday, 12 April 2022 at 2.00 p.m.

Helsinki, 15 February 2022

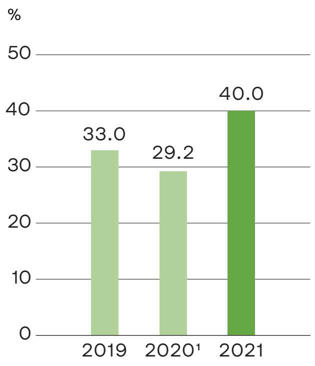
Marimekko Corporation
Board of Directors

Key figures of the Group and formulas for the key figures

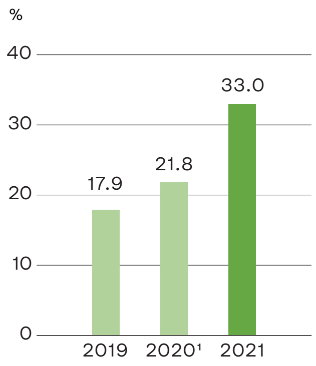
Key financial figures

	2021	2020	2019
Net sales, EUR 1,000	152,227	123,568	125,419
Change in net sales, %	23.2	-1.0	12.1
Operating profit, EUR 1,000[1]	31,249	18,772	17,117
% of net sales[1]	20.5	15.2	13.6
Comparable operating profit, EUR 1,000[1]	31,249	19,600	17,117
% of net sales[1]	20.5	15.9	13.6
Financial income, EUR 1,000	851	592	462
Financial expenses, EUR 1,000	-1,403	-2,375	-1,429
Result before taxes, EUR 1,000[1]	30,697	16,989	16,151
% of net sales[1]	20.2	13.7	12.9
Taxes, EUR 1,000[1]	6,289	3,683	3,133
Net result for the period, EUR 1,000[1]	24,408	13,306	13,018
Balance sheet total, EUR 1,000[1]	132,887	114,371	96,884
Net working capital, EUR 1,000	7,235	7,869	9,285
Interest-bearing liabilities, EUR 1,000	32,277	37,879	36,404
Shareholders' equity, EUR 1,000[1]	69,833	52,323	38,925
Net debt / EBITDA	-0.64	-0.10	0.35
Return on equity (ROE), %[1]	40.0	29.2	33.0
Return on investment (ROI), %[1]	33.0	21.8	17.9
Equity ratio, %[1]	53.3	46.4	40.2
Gearing, %[1]	-39.3	-6.1	27.0
Gross investments, EUR 1,000[1]	207	1,533	2,594
% of net sales[1]	0.1	1.2	2.1
Employee salaries, wages and bonuses, EUR 1,000	21,273	19,429	21,186
Average personnel	401	434	442
Personnel at the end of the financial year	409	422	450

Return on equity (ROE)



Return on investment (ROI)

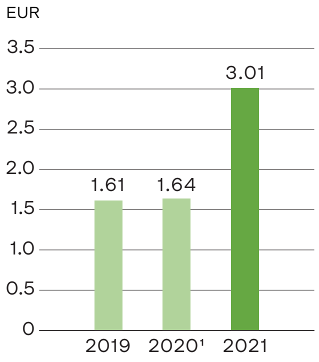


[1] The figures for the comparable year have been restated as the accounting principle has changed following the IFRS Interpretations Committee agenda decision. Additional information is presented in the accounting principles, on p. 33–34.

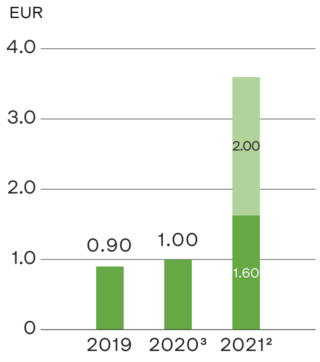
Per-share key figures

	2021	2020	2019
Earnings per share (EPS), EUR[1]	3.01	1.64	1.61
Equity per share, EUR[1]	8.60	6.45	4.80
Dividend per share, EUR	3.60[2]	1.00[3]	0.90
Dividend per profit, %[1]	119.6[2]	61.0[3]	55.9
Effective dividend yield, %	4.3[2]	2.2[3]	2.5
P/E ratio[1]	28.1	27.7	22.2
Share issue adjusted average number of shares	8,110,874	8,109 834	8,100,246
Share issue adjusted number of shares			
at the end of the period	8,116,474	8,109 834	8,109 834

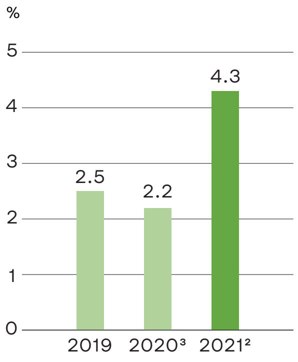
Earnings per share



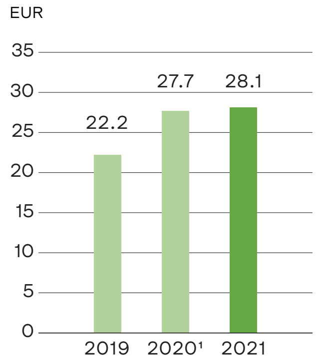
Dividend per share



Effective dividend yield



P/E ratio



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

[2] Proposal of Marimekko's Board of Directors on 15 February 2022 to the AGM on 12 April 2022. The proposal includes a regular dividend of EUR 1.60 per share and an extraordinary dividend of EUR 2.00 per share.

[3] Marimekko's AGM on 14 April 2021 authorized the Board to decide on the payment of a maximum dividend of EUR 1.00 per share in one or several instalments at a later stage. After 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.

Reconciliation of alternative key figures to IFRS

(EUR million)	2021	2020	2019
Items affecting comparability			
Restructuring costs	-	-0.8	-
Items affecting comparability in operating profit	-	-0.8	-
EBITDA[1]	43.1	31.3	29.7
Restructuring costs	-	0.8	-
Comparable EBITDA[1]	43.1	32.1	29.7
Operating profit[1]	31.2	18.8	17.1
Restructuring costs	-	0.8	-
Comparable operating profit[1]	31.2	19.6	17.1
Net sales	152.2	123.6	125.4
Operating profit margin, %[1]	20.5	15.2	13.6
Comparable operating profit margin, %[1]	20.5	15.9	13.6

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 the comparable year have been restated as the accounting principle has changed following the IFRS Interpretations Committee agenda decision. Additional information is presented in the accounting principles on p. 33–34.

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

Financial statements for the financial year 1 January to 31 December 2021

Consolidated financial statements, IFRS

CONSOLIDATED INCOME STATEMENT

(EUR 1,000)	Note	1 Jan.–31 Dec. 2021	1 Jan.–31 Dec. 2020
NET SALES	1.	**152,227**	**123,568**
Other operating income	2.	148	341
Change in inventories of finished goods and work in progress		3 151	-361
Raw materials and consumables	3.	-61,484	-48,237
Employee benefit expenses	4.	-28,239	-25,334
Depreciation and impairments[1]	5.	-11,874	-12,520
Other operating expenses[1]	6.	-22,680	-18,685
OPERATING PROFIT[1]		**31,249**	**18,772**
Financial income	7.	851	592
Financial expenses	8.	-1,403	-2,375
		-552	-1,783
RESULT BEFORE TAXES[1]		**30,697**	**16,989**
Income taxes[1]	9.	-6,289	-3,683
NET RESULT FOR THE PERIOD[1]		**24,408**	**13,306**
Distribution of net result to equity holders of the parent company[1]		24,408	13,306
Basic and diluted earnings per share calculated on the result attributable to equity holders of the parent company, EUR[1]	10.	3.01	1.64

COMPREHENSIVE CONSOLIDATED INCOME STATEMENT

(EUR 1,000)	1 Jan.–31 Dec. 2021	1 Jan.–31 Dec. 2020
Net result for the period[1]	24,408	13,306
Items that could be reclassified to profit or loss at a future point in time		
Change in translation difference	-108	92
COMPREHENSIVE RESULT FOR THE PERIOD[1]	**24,300**	**13,398**
Distribution of net result to equity holders of the parent company[1]	24,300	13,398

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

The notes are an integral part of the financial statements.

CONSOLIDATED BALANCE SHEET

(EUR 1,000)	Note	31 Dec. 2021	31 Dec. 2020
ASSETS			
NON-CURRENT ASSETS			
Intangible assets[1]	11.1	487	504
Tangible assets	11.2	33,187	41,269
Other financial assets	11.3, 17.	533	16
Deferred tax assets[1]	14.	942	974
		35,149	42,764
CURRENT ASSETS			
Inventories	12.1	25,983	22,436
Trade and other receivables	12.2	12,029	8,126
Cash and cash equivalents	12.2, 17.	59,726	41,045
		97,738	71,607
ASSETS, TOTAL[1]		**132,887**	**114,371**

(EUR 1,000)	Note	31 Dec. 2021	31 Dec. 2020
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.	-210	-315
Translation differences		-81	26
Retained earnings[1]		60,856	43,343
Shareholders' equity, total[1]		69,833	52,323
NON-CURRENT LIABILITIES			
Lease liabilities	15.1, 20.	21,976	26,996
Other non-current liabilities	4.	-	1,476
		21,976	28,472
CURRENT LIABILITIES	16.		
Trade and other payables		28,272	22,160
Current tax liabilities		2,505	534
Lease liabilities	15.2, 20.	8,503	10,158
Financial liabilities	15.2, 20.	1,798	725
		41,078	33,577
Liabilities, total		63,055	62,048
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL[1]		**132,887**	**114,371**

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

The notes are an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

(EUR 1,000)	1 Jan.–31 Dec. 2021	1 Jan.–31 Dec. 2020
CASH FLOW FROM OPERATING ACTIVITIES		
Net result for the period[1]	24,408	13,306
Adjustments		
Depreciation and impairments[1]	11,874	12,520
Financial income and expenses	552	1,783
Taxes[1]	6,289	3,683
Share-based payments	509	-
Cash flow before change in working capital[1]	43,631	31,292
Change in working capital	-2,225	3,310
Increase (-) / decrease (+) in current non-interest-bearing trade receivables	-4,152	-1,591
Increase (-) / decrease (+) in inventories	-3,477	65
Increase (+) / decrease (-) in current non-interest-bearing liabilities	5,404	4,836
Cash flow from operating activities before financial items and taxes[1]	41,407	34,602
Paid interest and payments on other financial expenses	-1,271	-1,463
Interest received and payments on other financial income	31	78
Taxes paid	-4,265	-5,740
CASH FLOW FROM OPERATING ACTIVITIES[1]	**35,902**	**27,477**

(EUR 1,000)	1 Jan.–31 Dec. 2021	1 Jan.–31 Dec. 2020
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in tangible and intangible assets[1]	-910	-2,236
CASH FLOW FROM INVESTING ACTIVITIES[1]	**-910**	**-2,236**
CASH FLOW FROM FINANCING ACTIVITIES		
Short-term loans drawn	932	6,488
Short-term loans repaid	-	-6,000
Payments of lease liabilities	-10,247	-10,729
Dividends paid	-7,299	-
CASH FLOW FROM FINANCING ACTIVITIES	**-16,613**	**-10,241**
Change in cash and cash equivalents	18,378	14,999
Cash and cash equivalents at the beginning of the period	41,045	26,133
Effects of exchange rate fluctuations	303	-87
Cash and cash equivalents at the end of the period	59,726	41,045

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

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. 2020	**8,040**	**1,228**	**-315**	**-66**	**30,037**	**38,925**
Comprehensive result						
Net result for the period[1]					13,306	13,306
Translation differences				92		92
Total comprehensive result for the period[1]				**92**	**13,306**	**13,398**
Shareholders' equity, 31. Dec. 2020[1]	**8,040**	**1,228**	**-315**	**26**	**43,343**	**52,323**
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**

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

The notes are an integral part of the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

COMPANY PROFILE

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

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

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

Marimekko Corporation's Board of Directors approved these financial statements for publication at its meeting on 15 February 2022. 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 2021. 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.

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
Introduced in 2018, the long-term incentive system granted to the Management Group by the Board of Directors is valued at fair value at each closing date and the change in fair value is recorded as an employee benefit expense in the income statement to the extent the share-based payments have been vested.

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

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

The Group has recognized the public grants 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 has changed its accounting principle related to costs in cloud computing arrangements. 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 2020 and 2021, 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. 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.

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.

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 2020 financial statements except for the change in accounting principles due to the IFRS Interpretations Committee's (IFRIC) agenda decision on cloud computing arrangements, which is presented later. Other new standards, interpretations or amendments to existing standards have had no significant impact on the consolidated financial statements.

IFRIC 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 has changed its accounting principle related to costs in cloud computing arrangements. 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 under other operating expenses when the services are received.

This change in accounting principle increased Marimekko's fixed costs and correspondingly lowered gross investments and depreciations. Based on the agenda decision, Marimekko has booked a total of EUR 1.6 million as costs. This amount was earlier activated as costs in intangible assets. The amount booked for financial year 2021 is EUR 1 million. For financial year 2020, a total of EUR 0.6 million has been retroactively booked. The effects of the change are presented in more detail below.

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.

CONSOLIDATED INCOME STATEMENT

(EUR 1,000)	1–12/2020 Reported earlier	Change in accounting principle	1–12/2020 Restated
Depreciation and impairments	-12,556	37	-12,520
Other operating expenses	-18,076	-610	-18,685
Operating profit	19,345	-573	18,772
Result before taxes	17,562	-573	16,989
Income taxes	-3,798	115	-3,683
Net result for the period	13,765	-458	13,306
Comprehensive result for the period	13,857	-458	13,398
Basic and diluted earnings per share			
calculated on the result attributable to			
equity holders of the parent company, EUR	1.70	-0.06	1.64

CONSOLIDATED BALANCE SHEET

(EUR 1,000)	31 Dec. 2020 Reported earlier	Change in accounting principle	31 Dec. 2020 Restated
Intangible assets	1,077	-573	504
Deferred tax assets	860	115	974
Retained earnings	43,802	-458	43,343

CONSOLIDATED CASH FLOW STATEMENT

(EUR 1,000)	1–12/2020 Reported earlier	Change in accounting principle	1–12/2020 Restated
Net result for the period	13,765	-458	13,306
Depreciation and impairments	12,556	-37	12,520
Taxes	3,798	-115	3,683
Investments in tangible and intangible assets	-2,846	610	-2,236

KEY FIGURES

	31 Dec. 2020 Reported earlier	Change in accounting principle	31 Dec. 2020 Restated
Equity per share, EUR	6.51	-0.06	6.45
Return on investment (ROI), %	22.5	-0.70	21.8
Return on equity (ROE), %	30.0	-0.80	29.2
Equity ratio, %	46.6	-0.20	46.4
Gearing, %	-6.0	-0.10	-6.1
Gross investments, EUR 1,000	2,143	-610	1,533

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 118,602 thousand (99,766[1]), of which the amount of non-current assets excluding financial instruments and deferred tax assets was EUR 30,569 thousand (35,706). The amount of assets in other countries was EUR 14,285 thousand (14,605), of which non-current assets accounted for EUR 3,638 thousand (6,656).

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

Net sales by market area

(EUR 1,000)	2021	2020
Finland		
Retail sales	53,547	45,928
Wholesale sales	38,547	25,058
Licencing income	205	158
Total	92,299	71,145
Scandinavia		
Retail sales	3,785	4,311
Wholesale sales	8,651	5,572
Licencing income	225	-
Total	12,661	9,883
EMEA		
Retail sales	1,906	2,160
Wholesale sales	9,764	11,400
Licencing income	1,225	401
Total	12,895	13,961

(EUR 1,000)	2021	2020
North America		
Retail sales	5,583	3,952
Wholesale sales	2,444	2,268
Licencing income	371	247
Total	8,397	6,466
Asia-Pacific		
Retail sales	4,207	3,609
Wholesale sales	21,305	16,495
Licencing income	462	2 010
Total	25,974	22,114
International sales in total		
Retail sales	15,481	14,032
Wholesale sales	42,164	35,734
Licencing income	2,283	2,658
Total	59,927	52,424
Retail sales	69,027	59,960
Wholesale sales	80,711	60,792
Licencing income	2,488	2,816
Total	152,227	123,568

Net sales by product line

(EUR 1,000)	2021	2020
Fashion	43,848	39,740
Home	78,677	56,262
Bags and accessories	29,702	27,566
Total	152,227	123,568

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

Investments (excluding the impact of IFRS 16)

(EUR 1,000)	2021	2020
Finland[1]	207	1,533
Total[1]	207	1,533

2. OTHER OPERATING INCOME

(EUR 1,000)	2021	2020
Rental income	54	54
Other income	94	287
Total	148	341

3. RAW MATERIALS AND CONSUMABLES

(EUR 1,000)	2021	2020
Materials and supplies		
Purchases during the financial year	40,808	29,279
Increase (-) / decrease (+) in inventories	-326	-296
Total	40,482	28,983
External services	21,001	19,254
Total	61,484	48,237

Exchange rate differences included in raw materials and consumables

Exchange rate gains (-) / losses (+) on purchases	93	-42

4. EMPLOYEE BENEFIT EXPENSES

(EUR 1,000)	2021	2020
Salaries, wages and bonuses	21,273	19,429
Share-based payments	1,224	1,487
Pension expenses – defined contribution plans	2,912	2,445
Other indirect social expenditure	2,830	1,973
Total	28,239	25,334

In 2020, wages and salaries included EUR 1,023 thousand in public grants received due to the coronavirus pandemic.

Average number of employees

	2021	2020
Salaried employees	379	412
Production personnel	22	22
Total	401	434

Share-based payments

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

On 14 February 2018, the Board of Directors of Marimekko Corporation agreed on establishing a long-term incentive system. 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 reward is planned to be 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 company has the option of paying the reward entirely in cash by a decision of the Board of Directors.

The Board of Directors of Marimekko decided on the payment of the first part of the reward on 3 November 2021 and in accordance with the terms of the system, a total of 6,640 Marimekko shared held by the company were transferred to the members of the Management Group on 5 November 2021.

The fair value of granted share-based payments has been determined using the binary cash-or-nothing call option valuation model. The significant measurement parameters in the model are an initial share value of EUR 14.21, i.e. EUR 12.92, which is the weighted average share price between 1 and 31 March 2018, plus 10 percent, and a volatility of 27 percent. The grant date of the share-based payments is the date of the Board resolution. The fair value of the

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

payments at the end of the grant month was EUR 1.76/option, so the total fair value of the plan amounted to EUR 813 thousand. Granted share-based payments are subsequently valued at fair value at each closing date and the change in fair value is recorded in the income statement to the extent the payments are vested. The reward payable for an earnings period is an amount equivalent to 1.5 months' gross salary for each one (1) euro, with which the closing share price (inclusive of dividends) exceeds the initial share value of EUR 14.21. Gross salary is defined for the purposes of the plan as the fixed monthly salary, inclusive of fringe benefits, paid at the beginning of the earnings period. At the end of 2021, the fair value of the share-based payments vested and booked as current liabilities was EUR 2,253 thousand (1,656), i.e. the value of the second earning period of the long-term incentive system. Correspondingly, the share booked as non-current liabilities was EUR 0 thousand (1,476).

The EUR 1,224 thousand (1,487) increase in fair value, calculated as described above, was booked in employee benefit expenses in the 2021 consolidated income statement.

5. DEPRECIATION AND IMPAIRMENTS

(EUR 1,000)	2021	2020
Intangible assets		
Intangible rights	31	44
Computer software[1]	300	330
Total[1]	331	374
Tangible assets		
Buildings and structures	311	549
Machinery and equipment	577	659
Right-of-use assets, buildings and structures	10,567	10,804
Right-of-use assets, machinery and equipment	88	134
Total	11,542	12,146
Total[1]	11,874	12,520

6. OTHER OPERATING EXPENSES

(EUR 1,000)	2021	2020
Leases	118	-517
Marketing	7,521	5,274
Management and maintenance of business premises	1,376	1,391
Administration[1]	8,748	7,050
Other expenses	4,917	5,488
Total[1]	22,680	18,685

Exchange rate differences included in other operating expenses

Exchange rate gains (-) / losses (+) on sales	-158	-221

Rents

(EUR 1,000)	2021	2020
Low-value rents	446	499
Variable rents[2]	-328	-1,016
Total	118	-517

Government grants

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

(EUR 1,000)	2021	2020
Salaries, wages and bonuses	-	1,023
Rents	-	261
Other operating expenses	40	108
Total	40	1,392

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

[2] 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 522 thousand (1,284) in rent relief recognized directly in the income statement in accordance with the amendment to IFRS 16. Variable rents also include EUR 0 thousand (261) in public grants received due to the coronavirus pandemic.

Auditor's fee

(EUR 1,000)	2021	2020
KPMG		
Audit	111	97
Other services	47	29
Total	158	126

Others		
Audit	6	5
Total	6	5

Remuneration to KPMG Oy Ab on other services to Marimekko Group companies: EUR 15 thousand (12).

7. FINANCIAL INCOME

(EUR 1,000)	2021	2020
Interest income on loans and other receivables	6	14
Exchange rate gains, realized	26	65
Exchange rate gains, unrealized	629	514
Change in fair value of shares	191	-
Total	851	592

8. FINANCIAL EXPENSES

(EUR 1,000)	2021	2020
Interest expenses on financial liabilities measured at amortized cost	262	230
Interest expenses on lease liabities	694	773
Exchange rate losses, realized	269	400
Exchange rate losses, unrealized	116	898
Other financial expenses	63	74
Total	1,403	2,375

9. INCOME TAXES

(EUR 1,000)	2021	2020
Taxes on taxable earnings for the financial year	6,238	4,043
Taxes from previous financial years	0	116
Deferred taxes[1]	51	-476
Total[1]	6,289	3,683

Reconciliation statement of taxes calculated on the basis of tax expenses in the income statement and the Group's Finnish tax rate (20 percent in both 2021 and 2020)

Result before taxes[1]	30,697	16,989

Taxes calculated at the Finnish tax rate[1]	6,139	3,398
Different tax rates of foreign subsidiaries	-17	-19
Non-recognized deferred tax assets on taxable losses	68	232
Taxes from previous financial years	0	116
Acquisition cost of shares transferred	104	-
Non-deductible items	-5	-43
Taxes in the income statement[1]	6,289	3,683

10. EARNINGS PER SHARE

	2021	2020
Net result for the period, EUR 1,000[1]	24,408	13,306
Weighted average number of shares, 1,000	8,111	8,110
Basic and diluted earnings per share, EUR[1]	3.01	1.64

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

11. NON-CURRENT ASSETS

11.1 Intangible assets

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

2020

(EUR 1,000)	Intangible rights	Computer software	Advance payments and acquisitions in progress	Total
Acquisition cost, 1 Jan. 2020	2,410	8,014	29	10,453
Change in accounting principle[1]		-610		-610
Translation differences	2	-150		-148
Increases	48	330		378
Transfers between categories		541	-29	512
Acquisition cost, 31 Dec. 2020[1]	2,460	8,126		10,586
Accumulated depreciation, 1 Jan. 2020	2,350	7,510		9,860
Translation differences	-4	-149		-153
Depreciation during the financial year[1]	44	330		374
Accumulated depreciation, 31 Dec. 2020[1]	2,390	7,692		10,082
Book value, 31 Dec. 2020[1]	70	434		504

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

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

11.2 Tangible assets

2020

(EUR 1,000)	Land	Buildings and structures	Machinery and equipment	Right-of-use assets, buildings and structures	Right-of-use assets, machinery and equipment	Advance payments and acquisitions in progress	Total
Acquisition cost, 1 Jan. 2020	55	5,032	22,049	46,253	345	1,074	74,808
Translation differences		-47	-296	-426			-769
Increases		629	79	11,901	56	1,057	13,722
Transfers between categories		1,276	183			-1,971	-512
Acquisition cost, 31 Dec. 2020	55	6,890	22,015	57,728	402	160	87,249
Accumulated depreciation, 1 Jan. 2020		4,265	19,279	10,710	122		34,376
Translation differences		-64	-269	-208			-541
Depreciation during the financial year		549	658	10,804	134		12,145
Accumulated depreciation, 31 Dec. 2020		4,750	19,668	21,306	256		45,981
Book value, 31 Dec. 2020	55	2,140	2,347	36,422	145	160	41,269

11.3 Other financial assets

(EUR 1,000)	2021	2020
Other financial assets	533	16

Other financial assets comprise listed shares and bonds.

12. CURRENT ASSETS

12.1 Inventories

(EUR 1,000)	**2021**	**2020**
Raw materials and consumables	5,043	4,741
Finished products/goods	20,940	17,696
Total	25,983	22,436

Impairment of inventories	-1,062	-777

12.2 Trade and other receivables

(EUR 1,000)	**2021**	**2020**
Trade receivables	10,434	6,661
Prepayments for inventory purchases	-	16
Other receivables	612	545
Prepaid expenses and accrued income	983	904
Total	12,029	8,126

Prepaid expenses and accrued income		
Royalty receivables	302	237
Employee benefits	6	20
Other prepaid expenses and accrued income	675	646
Total	983	904

Analysis of trade receivables by age

(EUR 1,000)	**2021**	**2020**
Trade receivables not past due	9,165	4,932
Past due		
less than 30 days	1,040	1,007
30–60 days	169	261
more than 60 days	60	461
Total	10,434	6,661

The amount of credit loss provisions recognized on trade receivables, EUR 30 thousand, 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 credit insurance, prepayments, guarantees and letters of credit are used when needed.

13. SHARES AND OTHER EQUITY

	Number of shares	Share capital, EUR	Reserve for invested non-restricted equity, EUR	Number of treasury shares	Treasury shares, EUR
1 Jan. 2020	8,109,834	8,040,000	1,227,957	20,000	-314,720
31 Dec. 2020	8,109,834	8,040,000	1,227,957	20,000	-314,720
1 Jan. 2021	8,109,834	8,040,000	1,227,957	20,000	-314,720
Share-based payments	6,640	-	-	-6,640	104,487
31 Dec. 2021	8,116,474	8,040,000	1,227,957	13,360	-210,233

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 2021, Marimekko Corporation held 13,360 treasury shares. The Group does not have any share option schemes.

The Board of Directors proposed on 15 February 2022 to the AGM on 12 April 2022 that a regular dividend of EUR 1.60 per share and an extraordinary dividend of EUR 2.00 per share be paid for 2021.

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.

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

14. DEFERRED TAX ASSETS AND LIABILITIES

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

Changes in deferred taxes in 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

Changes in deferred taxes in 2020

(EUR 1,000)	1 Jan. 2020	Recognized in the income statement	31 Dec. 2020
Deferred tax assets			
Internal margin of inventories	433	-32	401
Employee benefits	328	297	626
Lease liabilities	82	63	145
Intangible assets[1]	-	115	115
Other	9	-9	-
Total[1]	853	434	1,286
Deferred tax liabilities			
Accumulated depreciation difference	-204	29	-175
Fixed costs included in inventories	-134	-3	-138
Total	-338	26	-312
Deferred tax asset, net[1]	515		974

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 46 thousand (176) have not been recognized.

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

15. INTEREST-BEARING LIABILITIES

15.1 Non-current liabilities

(EUR 1,000)	2021	2020
Lease liabilities	21,976	26,996
Total	21,976	26,996

15.2 Current liabilities

(EUR 1,000)	2021	2020
Lease liabilities	8,503	10,158
Financial liabilities	1,798	725
Total	10,301	10,883

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

16. OTHER CURRENT LIABILITIES

(EUR 1,000)	2021	2020
Trade payables and other current liabilities		
Trade payables	10,874	8,398
Other payables	5,507	3,560
Accrued liabilities and deferred income	9,937	8,563
Advances received	1,955	1,639
Total	28,272	22,160

Accrued liabilities and deferred income		
Employee benefits	7,207	5,738
Other accrued liabilities and deferred income	2,730	2,825
Total	9,937	8,563

17. FINANCIAL ASSETS AND LIABILITIES

Financial assets measured at fair value through profit or loss

(EUR 1,000)	2021	2020
Other financial assets	209	16

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

Financial assets measured at amortized cost

Other financial assets	324	-
Trade receivables	10,434	6,661
Other receivables, prepaid expenses and accrued income	1,595	1,465
Cash and cash equivalents	59,726	41,045

Financial liabilities measured at amortized cost

Trade payables	10,874	8,398
Credit facilities drawn down	1,798	725
Other liabilities	17,398	13,762

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

18. GUARANTEES, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

(EUR 1,000)	2021	2020
Other own liabilities and commitments		
Lease liabilities for machinery and equipment	834	808

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

19. RELATED PARTY TRANSACTIONS

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

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

Parent company
Marimekko Corporation, Helsinki, Finland[1]

Subsidiaries

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

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)	2021	2020
Mika Ihamuotila, Chair of the Board	53	53
Tiina Alahuhta-Kasko, President and CEO	464	443
Other members of the Management Group	1,606	1,311
Total	2,123	1,807

Share-based incentive system

(EUR 1,000)	2021	2020
Tiina Alahuhta-Kasko, President and CEO	552	-
Other members of the Management Group	1,550	-
Total	2,102	-

Remuneration to the Board of Directors

(EUR 1,000)	2021	2020
Rebekka Bay[3]	-	10
Elina Björklund	43	47
Carol Chen	26	-
Arthur Engel	-	26
Mika Ihamuotila	48	48
Mikko-Heikki Inkeroinen	30	32
Helle Priess	-	26
Catharina Stackelberg-Hammarén	30	32
Tomoki Takebayashi	26	-
Total	203	221

Management's employee benefits, total	4,428	2,028

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 incentive system is presented in greater detail in note 4 to the financial statements.

[1] Marimekko Corporation has branches in France and Belgium.
[2] Marimekko AB has branches in Norway and Denmark.
[3] Member of the Management Group starting 1 September 2020.

20. FINANCIAL RISK MANAGEMENT

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

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

Liquidity risk

The Group continuously seeks to assess and monitor the amount of funding required for business operations to ensure that sufficient liquid funds are available for daily business and repayment of maturing debts. The assessment is based on monthly cash flow and liquidity forecasts. The Group aims to maintain a high liquidity level at all times in order to eliminate liquidity risk. In order to minimize liquidity risk, the Group's near-term and next few years' financing needs can be covered by liquid funds as well as committed long-term or short-term credit facilities or credit facilities valid until further notice. At the end of the financial year, the Group had access to credit facilities totaling EUR 16,780 thousand (17,871). The amount of credit facilities drawn down at the end of the year was EUR 1,798 thousand (725).

The following tables present the maturity analysis for the Group's financial liabilities; the figures are not discounted, and they include both interest payments and capital repayments.

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

31 Dec. 2020

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

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 2021, foreign-currency-denominated sales accounted for approximately 18 percent (17) of the Group's total sales and foreign-currency-denominated purchases made up about 15 percent (17) 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)			**2021**			**2020**
	USD	SEK	AUD	USD	SEK	AUD
Current assets	2,066	4,142	4,190	1,323	2,180	905
Current liabilities	-1,165	-490	-165	-535	-543	-552
Foreign currency exposure in the balance sheet	901	3,652	4,025	787	1,637	354

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.

			2021			**2020**
	USD	SEK	AUD	USD	SEK	AUD
Strengthening of the euro by 10 percent						
Effect on net result for the period, EUR 1,000	246	-659	-239	354	-380	-159

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)	**2021**	**2020**
Cash and cash equivalents	59,726	41,045
Lease liabilities	30,480	37,155
Credit facilities drawn down	1,798	725

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 2021, the ratio of net debt to EBITDA was -0.64 (-0.10), i.e. well below the long-term goal level.

Net debt / EBITDA

(EUR 1,000)	2021	2020
Interest-bearing liabilities		
Non-current lease liabilities	21,976	26,996
Current lease liabilities	8,503	10,158
Other current interest-bearing liabilities	1,798	725
Total	32,277	37,879
Cash and cash equivalents	59,726	41,045
Net debt	-27,449	-3,166
EBITDA[1]	43,123	31,292
Net debt / EBITDA	-0.64	-0.10

22. EVENTS AFTER THE CLOSING DATE

Dividend for 2020
After the end of the financial year, the Board of Directors of Marimekko made use of the authorization given by the AGM on 14 April 2021 and decided that a dividend of EUR 1.00 per share be paid for 2020 in one instalment. The dividend was paid to shareholders who were registered on the dividend payout record date of 17 February 2022 in the company's Shareholder Register held by Euroclear Finland Ltd on behalf of the Board of Directors of Marimekko Corporation. The dividend payout date was 24 February 2022.

Transfer of own shares
After the end of the financial year, the Board of Directors of Marimekko decided on a directed share issue without consideration in order to transfer a total of 7,802 Marimekko shares held by the company as the latter instalment of the long-term incentive system targeted at the Management Group. The decision was based on the authorization given by the AGM on 14 April 2021. The shares were transferred on 17 February 2022. Following the transfer, Marimekko will hold 5,558 of its own shares, corresponding to some 0.07 percent of the total number of the company shares. Marimekko shares held by the company carry no voting rights and no entitlement to dividends.

A new long-term incentive system for the management
After the end of the financial year, the Board of Directors of Marimekko decided to continue the share-based long-term incentives for the company's management. The new incentive system for years 2022–2026 is a performance share plan targeted to the Management Group of Marimekko and at the beginning, it encompasses 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. 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. Details of the plan have been reported in the stock exchange release of 15 February 2022.

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

Parent company financial statements, FAS

PARENT COMPANY INCOME STATEMENT

(EUR 1,000)	Note	1 Jan.–31 Dec. 2021	1 Jan.–31 Dec. 2020
NET SALES	1.	**145,942**	**119,017**
Other operating income	2.	143	288
Change in inventories of finished goods and work in progress		3,744	-140
Materials and services	3.	-60,904	-47,587
Personnel expenses	4.	-22,093	-18,589
Depreciation and impairments	5.	-1,289	-1,416
Other operating expenses	6.	-34,890	-30,926
OPERATING PROFIT		**30,655**	**20,647**
Financial income and expenses	7.	401	-731
RESULT BEFORE APPROPRIATIONS AND TAXES		**31,056**	**19,916**
Appropriations	8.	-36	147
Income taxes	9.	-6,154	-4,129
NET RESULT FOR THE PERIOD		**24,866**	**15,935**

PARENT COMPANY BALANCE SHEET

(EUR 1,000)	Note		31 Dec. 2021		31 Dec. 2020
ASSETS					
FIXED ASSETS					
Intangible assets	10.1		3,794		3,133
Tangible assets	10.2		1,836		2,290
Investments	10.3				
Participations in Group companies		1,906		1,906	
Other shares and participations		209		16	
Other receivables		324	2,439	-	1,922
FIXED ASSETS, TOTAL			**8,069**		**7,345**
CURRENT ASSETS					
Inventories	11.		23,820		19,750
Current receivables	12.		21,970		17,019
Cash on hand and at banks			54,677		38,513
CURRENT ASSETS, TOTAL			**100,467**		**75,282**
ASSETS, TOTAL			**108,535**		**82,627**

(EUR 1,000)	Note	31 Dec. 2021	31 Dec. 2020
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		-210	-315
Retained earnings		38,132	29,600
Net result for the period		24,866	15,935
SHAREHOLDERS' EQUITY, TOTAL		**72,055**	**54,488**
ACCUMULATED APPROPRIATIONS	14.	910	874
LIABILITIES	15.		
Current liabilities		35,570	27,265
LIABILITIES, TOTAL		**35,570**	**27,265**
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL		**108,535**	**82,627**

PARENT COMPANY CASH FLOW STATEMENT

(EUR 1,000)	1 Jan.–31 Dec. 2021	1 Jan.–31 Dec. 2020
CASH FLOW FROM OPERATIONS		
Net result for the period	24,866	15,935
Adjustments		
Depreciation and impairments	1,289	1,416
Change in depreciation difference	36	-147
Financial income and expenses	-401	731
Taxes	6,154	4,129
Cash flow before change in working capital	31,943	22,064
Change in working capital		
Increase (-) / decrease (+) in current non-interest-bearing trade receivables	-4,971	-1,483
Increase (-) / decrease (+) in inventories	-4,054	-133
Increase (+) / decrease (-) in current non-interest-bearing liabilities	7,134	3,438
Cash flow from operations before financial items and taxes	30,053	23,886
Paid interest and payments on other financial expenses	-437	-530
Interest received and payments on other financial income	133	191
Taxes paid	-4,284	-5,763
CASH FLOW FROM OPERATIONS	**25,465**	**17,784**

(EUR 1,000)	1 Jan.–31 Dec. 2021	1 Jan.–31 Dec. 2020
CASH FLOW FROM INVESTMENTS		
Investments in tangible and intangible assets	-2,199	-2,846
Change in loan receivables	-	151
CASH FLOW FROM INVESTMENTS	**-2,199**	**-2,696**
CASH FLOW FROM FINANCING		
Short-term loans drawn	-	6,000
Short-term loans repaid	-	-6,000
Dividends paid	-7,299	-
CASH FLOW FROM FINANCING	**-7,299**	**0**
Change in cash and cash equivalents	15,968	15,089
Cash and cash equivalents at the beginning of the financial year	38,513	23,505
Effects of exchange rate fluctuations	196	-80
Cash and cash equivalents at the end of the financial year	54,677	38,513

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

ACCOUNTING POLICY

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

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

Periods of depreciation:

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

Shares has been valuated at fair value in accordance with IFRS 9 standard. More information on valuation can be found in the accounting principles of the consolidated financial statements.

Inventories
Inventories are presented at the acquisition cost or at the lower probable net realization 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 accounting principles of the consolidated financial statements.

Leasing
Leasing payments are treated as rental expenditures.

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

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

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

NOTES TO THE INCOME STATEMENT

1. NET SALES BY MARKET AREA

(EUR 1,000)	**2021**	**2020**
Finland	92,299	71,120
Other countries	53,643	47,897
Total	145,942	119,017

2. OTHER OPERATING INCOME

(EUR 1,000)	**2021**	**2020**
Rental income	54	54
Other income	89	234
Total	143	288

3. MATERIALS AND SERVICES

(EUR 1,000)	**2021**	**2020**
Materials and supplies		
Purchases during the financial year	40,368	29,247
Increase (-) / decrease (+) in inventories	-326	-257
Total	40,043	28,990
External services	20,861	18,597
Total	60,904	47,587

4. PERSONNEL EXPENSES

(EUR 1,000)	**2021**	**2020**
Salaries, wages and bonuses	18,488	15,809
Pension and pension insurance payments	2,651	2,318
Other indirect social expenditure	954	462
Total	22,093	18,589

Salaries and bonuses for management		
Members of the Board of Directors and the President and CEO	1,272	717

Itemized in the note 19 to the consolidated financial statements.

Average number of employees

	2021	**2020**
Salaried employees	306	323
Production personnel	22	22
Total	328	345

5. DEPRECIATION AND IMPAIRMENTS

(EUR 1,000)	**2021**	**2020**
Intangible assets		
Intangible rights	31	40
Computer software	557	363
Other capitalized expenditure	193	453
Total	781	856
Tangible assets		
Buildings and structures	5	7
Machinery and equipment	502	554
Total	508	560
Total	1,289	1,416

6. OTHER OPERATING EXPENSES

(EUR 1,000)	2021	2020
Leases	6,595	6,298
Marketing	12,526	10,429
Other expenses	15,768	14,198
Total	34,890	30,926

Auditor’s fee

(EUR 1,000)	2021	2020
KPMG		
Audit	66	60
Other services	15	12
Total	81	72

7. FINANCIAL INCOME AND EXPENSES

(EUR 1,000)	2021	2020
Other interest and financial income		
From Group companies	116	113
From others	372	13
Change in fair value of shares	191	-
Total	679	126
Interest and other financial expenses		
To other than Group companies	278	857
Total	278	857
Financial income and expenses, total	401	-731
Financial income and expenses include exchange rate differences (net)		
Realized	-154	-190
Unrealized	521	-387
Total	367	-577

8. APPROPRIATIONS

(EUR 1,000)	2021	2020
Change in depreciation difference	-36	147

9. INCOME TAXES

(EUR 1,000)	2021	2020
Income taxes on operations	6,154	4,129

NOTES TO THE BALANCE SHEET

10. FIXED ASSETS

10.1 Intangible assets

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

2020

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

10.2 Tangible assets

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

2020

(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. 2020	38	417	15,522	28	9	16,015
Increases			79		161	240
Transfers between categories			223		-170	53
Acquisition cost, 31 Dec. 2020	38	417	15,825	28		16,308
Accumulated depreciation, 1 Jan. 2020		331	13,127			13,458
Depreciation during the financial year		7	554			560
Accumulated depreciation, 31 Dec. 2020		338	13,681			14,019
Book value, 31 Dec. 2020	38	80	2,143	28		2,290

10.3 Investments

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
Accumulated depreciation, 31 Dec. 2021	290			290
Book value, 31 Dec. 2021	1,906	209	324	2,439

2020

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

11. INVENTORIES

(EUR 1,000)	2021	2020
Raw materials and consumables	4,906	4,581
Finished products/goods	18,914	15,170
Total	23,820	19,750

12. CURRENT RECEIVABLES

(EUR 1,000)	2021	2020
Trade receivables	10,293	6,463
Receivables from Group companies		
Trade receivables	5,380	4,654
Loan receivables	5,386	5,061
Total	10,766	9,715
Other receivables	96	81
Prepaid expenses and accrued income	815	759
Total	21,970	17,019
Prepaid expenses and accrued income		
Royalty receivables	302	237
Other prepaid expenses and accrued income	513	522
Total	815	759

13. SHAREHOLDERS' EQUITY

(EUR 1,000)	2021	2020
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.	-315	-315
Shares transferred as part of rewards	104	-
Treasury shares, 31 Dec.	-210	-315
Retained earnings, 1 Jan.	45,535	29,600
Dividends paid	-7,299	-
Shares transferred as part of rewards	-104	-
Retained earnings, 31 Dec.	38,132	29,600
Net result for the period	24,866	15,935
Shareholders' equity, total	72,055	54,488

Calculation of distributable funds

(EUR 1,000)	2021	2020
Retained earnings	38,132	29,600
Net result for the period	24,866	15,935
Treasury shares	-210	-315
Reserve for invested non-restricted equity	1,228	1,228
Dividends paid for previous year[1]	-8,124	-7,299
Business cost support by the Finnish State Treasury	-	-500
Total	55,891	38,649

14. ACCUMULATED APPROPRIATIONS

(EUR 1,000)	2021	2020
Accumulated depreciation difference		
Intangible rights	18	16
Other capitalized expenditure	429	318
Machinery and equipment	328	403
Buildings and structures	135	138
Total	910	874

15. LIABILITIES

Current liabilities

(EUR 1,000)	2021	2020
Advances received	1,895	1,587
Trade payables	11,790	7,535
Debts to Group companies		
Trade payables	1,328	683
Accrued liabilities and deferred income	7,451	7,241
Other current liabilities	3,763	3,444
Accrued liabilities and deferred income	9,343	6,775
Total	35,570	27,265

Accrued liabilities and deferred income		
Wages and salaries with social security contributions	4,613	3,781
Accrued income tax liabilities	2,429	559
Other accrued liabilities and deferred income	2,302	2,435
Total	9,343	6,775

[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.

16. GUARANTEES, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

(EUR 1,000)	2021	2020
Leasing liabilities		
Payments due in the following financial year	462	503
Payments due later	485	470
Total	947	973
Liabilities related to lease agreements		
Payments due in the following financial year	5,985	6,260
Payments due later	22,831	27,042
Total	28,816	33,302
Guarantees on behalf of subsidiaries	2,316	3,059
Indirect liability for rent and other guarantees	4,068	3,048

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

Helsinki, 15 February 2022

Mika Ihamuotila
Chair of the Board

Elina Björklund
Vice Chair of the Board

Carol Chen
Member of the Board

Mikko-Heikki Inkeroinen
Member of the Board

Catharina Stackelberg-Hammarén
Member of the Board

Tomoki Takebayashi
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 2022

KPMG Oy Ab

Virpi Halonen
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 2021. 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 152.2 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 2022. • We have also compared selected accounts receivables to the confirmations received from counterparties. • We have reviewed the most significant licensing contracts and that the revenue has been recognized in accordance with the contract terms.
Valuation and existence of inventory (“Inventories” in the consolidated accounting principles and note 12.1)	
Marimekko purchases, manufactures and sells consumer goods and is subject to changing consumer demands. Inventory consists of fabrics and other raw materials as well as half-finished and finished goods including clothes, bags, accessories and interior decoration products. Inventories are valued at the lower of acquisition cost or probable net realizable value. Manufactured inventories include directly attributable fixed and variable overhead costs. Inventory value EUR 26.0 million is a significant item in Marimekko’s balance sheet and inventories are in several locations. Inventory accounting includes manual processes in valuation and compiling the inventory balances and it increases, therefore the risk for human errors. In addition, inventory may include management’s judgement on probable net realizable value.	In our audit of valuation and existence of inventories we have tested the company’s key controls and performed substantive audit procedures, among others with data-analytics methods. • We have attended physical stock takings in selected inventory locations. We have analyzed company’s own results of stocktaking differences and how they have been resolved. • We have compared the value of selected inventory items to the latest purchase prices. • We have tested slow-moving inventory items as well as exceptional values in inventory accounting with data analytics methods. • We have compared the unit prices of selected inventory items to their sales prices

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

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

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

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

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

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

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

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

OTHER REPORTING REQUIREMENTS

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

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

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

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

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

Helsinki, 15 February 2022

KPMG Oy Ab

Virpi Halonen
Authorized Public Accountant, KHT

Statement of non-financial information 2021

MARIMEKKO'S BUSINESS MODEL AND APPROACH TO SUSTAINABILITY

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

Marimekko's core values and Code of Conduct guide the daily work. The requirements for suppliers are included in the Marimekko Supplier Code of Conduct, which is based on the International Labor Organization (ILO) standards and the amfori BSCI Code of Conduct. 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 area of environmental matters, social matters, human rights as well as 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. Marimekko believes that determined efforts to improve sustainability strongly support the company's long-term success. Sustainability is an increasingly important consideration in the choices of consumers and an issue in attracting and retaining talent as well as investors. There are currently also several initiatives to increase regulation regarding different sustainability aspects. Possibilities to further improve the sustainability of operations have been identified both in Marimekko'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 and transportation mode choices and route optimization). In addition, Marimekko engages with various industry networks (Better Cotton Initiative, amfori BSCI, Responsible Sourcing Network, local industry associations, among others), as collaboration between different actors is believed to be the most effective way to promote sustainable practices in the industry.

The focus areas for Marimekko's sustainability 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 principles and their 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 new sustainability strategy is presented in more detail on page 11 of the Financial Statements 2021 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:

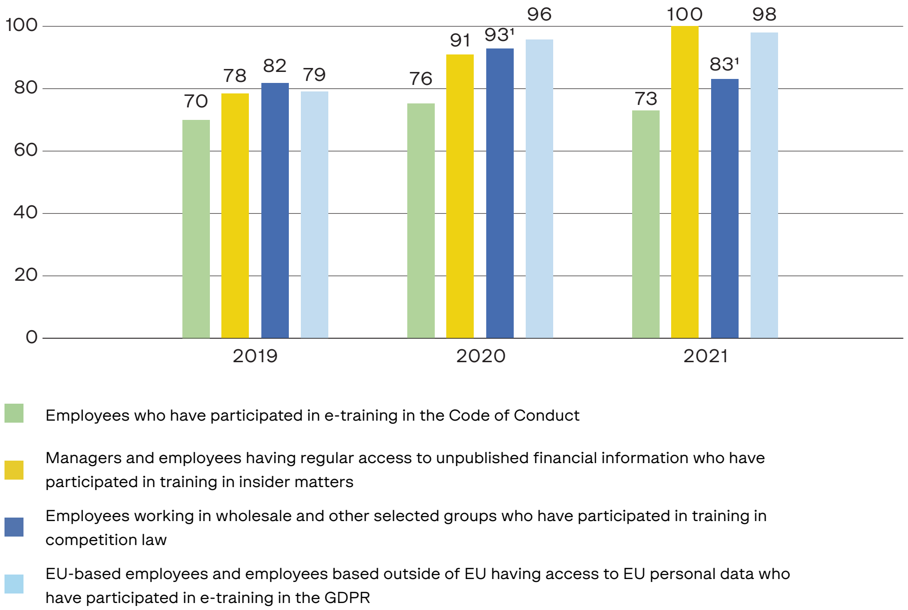
- The Board of Directors approves the sustainability strategy, including related key targets, and monitors annual sustainability reporting. The Board of Directors also sets the annual targets for the President & CEO and members of the Management Board. For all members of the top management, these include also sustainability-related metrics. For more on management remuneration, see p. 90–95 of the Financial Statements 2021.
- The Management Group sets targets 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 page 19–20 of the Financial Statements 2021.
- 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 company's own operations and its value chain.
- Marimekko Innovation Works – a cross-functional in-house innovation team – is responsible for developing and piloting more sustainable materials, dyes and services, as well as new sustainability-related business models.

Marimekko is committed to work according to the same principles around the world, complying with 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. company's commitment to sustainable development and responsibility in our operations, including environmental and social aspects, respect for human rights as well as our anti-corruption and anti-bribery stance. The Marimekko Code of Conduct was revised in spring 2021 to better reflect changes in the operating environment, new regulations and requirements of the UN Global Compact initiative, which Marimekko joined in May 2021. More specific instructions are given in e.g. HR guidelines and the policies on fair competition, insiders 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 unethical business practices, corruption or bribery in the reporting period.

Marimekko has pre-determined processes in place to address violations of laws or the company's Code of Conduct. A whistleblowing channel for reporting misconduct is maintained by an independent third-party service provider. The channel was renewed at the end of 2021 and is now available to all stakeholders of the company.

To ensure that Marimekko employees are familiar with and follow the Code of Conduct, employees are required to complete an e-training. In addition, trainings on competition law, insider rules and data privacy were organized in 2021.

SHARE OF EMPLOYEES WHO HAVE PARTICIPATED IN TRAINING IN RESPONSIBLE AND ETHICAL BUSINESS PRACTICES



[1] In 2020 and 2021, the training was targeted at wholesale staff; not fully comparable with the 2019 figure.

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 more comprehensive services to lengthen the product lifetime as well as 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.[2]

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, relating for example to the material choices and designing for combinability within and across seasons. In 2021, Marimekko developed new archetypes and block fits for its ready-to-wear collection to improve consistency in fit and size. These improvements will help customers to find the right fit and size, especially when buying online and season after season. The new archetypes and blocks will be introduced in the collections from 2022 onwards.

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

Materials and fabric qualities that are easily recyclable, such as mono-materials, will in the future enable fully circular value chains. To accelerate development work with new, circular material innovations, Marimekko established a new in-house innovation team, Innovation Works.

Rigorous quality management processes both for own printing factory and partner suppliers ensure the quality of materials used as well as durability and high-quality of products. In 2021, Marimekko continued to increase the share of more sustainable materials, implementing the same high quality and durability criteria used for conventional materials also to all new material qualities.

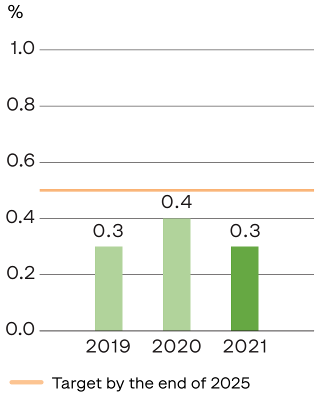
The work that Marimekko does to extend the life cycle of its products is multifold. In addition to timeless aesthetics, Marimekko aims to prolong the product lifetime e.g., by designing for adjustability and by further enhancing the careability and repairability of its products. By providing a comprehensive care guide, Marimekko encourages its customers to take properly care of their products to increase their lifespan. In the coming years, Marimekko also aims to expand its offering in lifecycle services, including care and repair. In 2021, Marimekko updated and extended its care guide as part of the new eCom experience the company rolled out. In order to support its customers in selling their pre-loved Marimekko items and provide practical solutions to extending the lifespan of Marimekko products, the company piloted second-hand resale in its online store. An array of vintage pieces was also sold at Marimekko Kreative, the experiential pop-up space launched in Copenhagen, as well as in Club Vintage in New York.

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



Key actions in 2021

- New archetypes and block fits for ready-to-wear collection to improve consistency in fit and size
- An in-house innovation team, Innovation Works, to accelerate development work with new, circular material innovations and sustainable business models
- Updated comprehensive care guide for Marimekko products as part of the new eCom experience
- Marimekko Pre-loved second-hand resale pilot in Marimekko online store

The products of tomorrow leave no trace

Marimekko's 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 drive innovation in technologies, materials and business models through collaborations to push its industry forward and 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. Significant emissions occur both in the upstream and downstream of Marimekko's value chain, for example during the production of materials, during logistics as well as when the products are used. In order to measure progress against its sustainability targets, Marimekko extended its carbon footprint calculation to indirect emissions from value chain (Scope 3), including textile manufacturing and logistics.

As a result of continuous emission reduction work and emission offsetting, Marimekko's own operations, including the printing factory, offices and our own retail stores globally, have been carbon neutral since 2020. In 2021, Marimekko continued its development work with an aim of reducing greenhouse gas emissions from own operations (Scope 1 and 2) by 40 percent by the end of 2025. Among other things, solar panels were installed on the rooftop of Marimekko house in Helsinki and Marimekko obtained a WWF Green Office certification in June 2021. The Green Office program focuses especially on emissions reductions and increasing employee awareness on environmental matters. Moreover, Marimekko completed contract negotiations to move to renewable district heating from the beginning of 2022. In 2021, Scope 1 and 2 emissions were reduced by 21 percent compared to 2019, the base year of the sustainability targets.

Material choices play an important role in minimizing a product's environmental impact. As part of its new sustainability strategy and in order to reduce greenhouse gas (GHG) emissions of textile materials used, Marimekko developed in 2020 a new material strategy to shift its 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 new material strategy rollout started in the beginning of 2021 and will show in collections from 2022 onwards. In 2021, majority of the cotton sourced by Marimekko, 88 percent (82), continued to be Better Cotton[3]. Marimekko increased the share of recycled materials to 4 percent (3) and the share of organic materials to 2 percent (0) of all sourced textiles. Marimekko also continued its collaboration

[3] Marimekko is a member of the Better Cotton Initiative (BCI). The goal of the BCI is to help cotton communities thrive while protecting and restoring the environment.

with the Finnish fiber technology company Spinnova, in order to develop and commercialize more sustainable materials. In 2021, the greenhouse gas emissions from textile manufacturing per kilogram of sourced textiles[4] decreased by 6 percent compared to 2019, driven by a reduction in the use of emission intensive materials such as viscose, polyamide and polyester. Material choices have a direct impact on the use of water as well. Increasing the share of organic and recycled cotton, and by shifting to linen, hemp and new material technologies will help Marimekko to reduce the use of water in the upstream of Marimekko's value chain. In 2021, the water scarcity score[5] of sourced textiles increased by 8 percent compared to 2019 due to the increased share of cotton in purchased textiles, while the transition to less water intensive organic and recycled cotton has only started.

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. 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 to reduce emissions from logistics are optimizing transportation routes and choosing lower-emission modes of transport. In 2021, Marimekko continued to increase direct deliveries from suppliers to wholesale customers, especially in Asia, and introduced a short-sea route from Portugal to Finland partly replacing truck deliveries. In 2021, greenhouse gas emissions of logistics per kg of transported product[6] decreased by 17 percent compared to 2018, which is the base year for the target. Marimekko offsets CO_2 emissions from all outbound store and e-commerce deliveries in Finland as well as from e-commerce deliveries elsewhere in Europe. The emission offset from these deliveries totaled 578 (461) tonnes in 2021.

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 care guide.

[4] Greenhouse gas emissions per kilogram of sourced textiles is calculated as the cradle-to-gate greenhouse gas emissions of purchased textiles (based on Higg MSI 3.3 data at Higg.org and supplier specific data) divided by the total amount of purchased textiles.

[5] 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.

[6] Greenhouse gas emissions from logistics per kg of transported product is calculated as total well-to-wheel greenhouse gas emissions of logistics divided by the total amount of purchased goods.

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. 73[7] percent (83) 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 22 percent (9). For its partner suppliers, Marimekko has implemented chemical management principles, detailed in contracts and the company's Restricted Substances List (RSL) that was updated in 2021. Compliance to 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 2021, Marimekko introduced the first garments, bags and home items printed with a blue dye obtained from the woad plant. The collaboration to develop the industrial use of natural dyes continued with new colors during the 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. To increase the use of leftover fabrics dyes and other materials, Marimekko launched in 2021 a series of bags made from leftover fabrics, products printed with leftover dyes and upcycled home products such as scented candles. Also, Marimekko piloted a new concept – Marimekko Upcycled - that reworked the legendary Jokapoika shirt from earlier collections. Finally, Marimekko developed a new, sustainable home concept that uses more sustainable materials, including leftover fabrics and products with slight quality defects. The first products were launched in 2021 and the full concept will be in stores in 2022.

All packaging materials are already recyclable, and in 2021, 100 percent (100) of waste collected in the printing factory and headquarters was recycled as material or utilized in energy production. In the future, the company intends, for example, to reduce the use of plastic and increase the use of recycled materials in packaging.

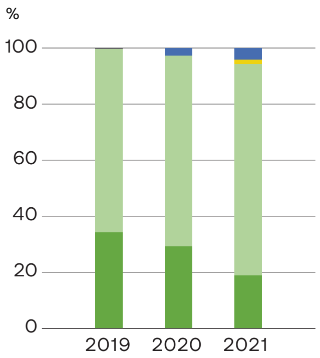
OUR GOALS FOR LEAVING NO TRACE BY THE END OF 2025

- 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.

[7] The decrease in the share of certified materials is attributable to the increased use of linen; linen fabrics are currently not included in Marimekko's OEKO-TEX® certification.

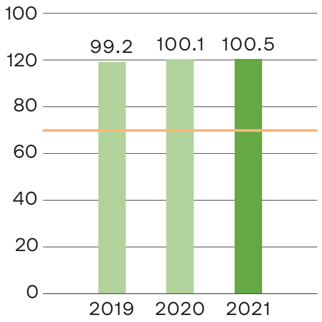
KEY FIGURES AND ACTIONS

Textile material composition
shares



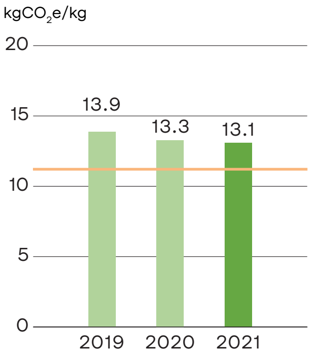
- Conventional
  Includes convential cotton, linen, hemp, viscose, cupro, acetate, modal, silk, leather, wool, down, polyester, polyamid, elastane and polyurethane
- Conventional enhanced
  Includes BCI cotton, EcoVero™ viscose, lyocell and certified down
- Organic
- Recycled

Environmental footprint of textile materials[8]
Target to reduce by 30% from the 2019 baseline of 99.2



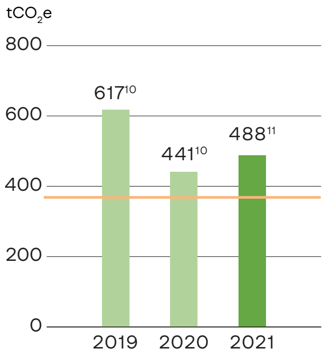
Target by the end of 2025

Greenhouse gas emissions per kg of sourced textiles[9]
Target to reduce by 20% from the 2019 baseline of 13.9 kgCO_2e/kg



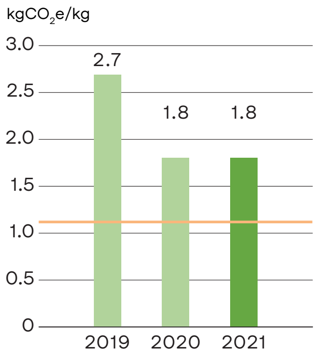
Target by the end of 2025

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
Target to reduce by 50% from the 2018 baseline of 2.2 kgCO_2e/kg



Target by the end of 2025

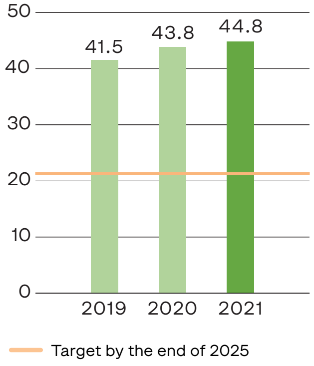
[8] The value is based on Higg MSI 3.3 data at Higg.org. Index includes chemistry, depletion of fossil resources, the eutrophication, global warming & water scarcity. The Higg MSI database will no longer publish such an aggregate indicator and Marimekko will develop its reporting accordingly. The value increased slightly compared to 2019 as emission intensive materials were replaced with cotton, while the transition to less water intensive organic and recycled cotton has only started.

[9] Based on Higg MSI 3.3 data at Higg.org

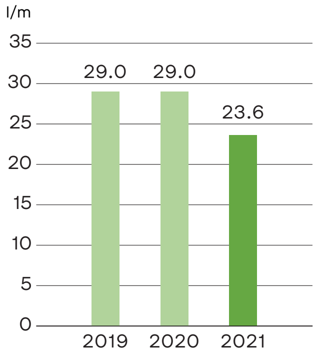
[10] The reported Scope 1 and 2 emissions for 2019 and 2020 are higher than earlier reported as the Scope 1, 2 and 3 emissions are now for the first time calculated in accordance with the Greenhouse Gas Protocol standards.

[11] In 2021, the consumption of district heating increased as a result of cold winter weather.

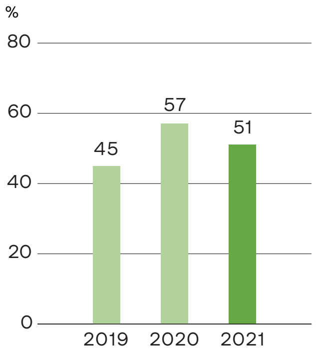
Water scarcity score[12]
target to reduce by 50% from the 2019 baseline of 41.5.



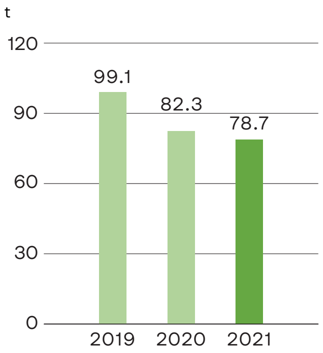
Water consumption per meter of fabric printed
Helsinki printing factory and headquarters



Share of renewable energy of the energy produced and purchased
Helsinki printing factory and headquarters



Total amount of waste
Helsinki printing factory and headquarters



Key actions in 2021

- Marimekko extended its carbon footprint calculation to indirect emissions from value chain (Scope 3), including textile manufacturing and logistics
- Solar panels at Marimekko house in Helsinki, preparations to move to renewable district heating, Marimekko House WWF Green Office certified
- New material strategy rollout started to shift towards more sustainable materials
- Emissions from logistics reduced by increasing direct deliveries from suppliers to customers and introducing a short-sea route from Portugal to Finland
- Updated Restricted Substances List (RSL), increasing the share of unbleached materials in Marimekko's printing factory, introducing the first products printed with natural dyes
- Upcycled products and product series
- A new, sustainable home concept using more sustainable materials developed

[12] 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. In 2021, the score increased as emission intensive materials were replaced by cotton while the transition to less water intensive organic and recycled cotton has only started. The score is based on Higg MSI 3.3 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 drive positive change through supplier engagement and industry collaborations. Marimekko's commitment to respecting human rights, freedom of association and right to collective bargaining are included in the company's Code of Conduct, which also includes Marimekko zero-tolerance for any discrimination and other aspects of managing social matters.

Marimekko's wide range of products are manufactured by a global network of around 160 partner suppliers. The company's objective is to always find the best manufacturing place for each product category. Marimekko has strong values, of which one – fairness to everyone and everything – crystalizes the company's sustainability thinking and extends to its personnel, customers, and partners around the world. Marimekko is committed to promoting human rights, living wages, worker empowerment and safe working conditions in the company's supply chain 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 and the ILO standards. The Supplier Code of Conduct details, among other things, the respect for human rights, including strict principles against child labor and forced labor, as well as workers' freedom of association, the right to collective bargaining, and the right to equal treatment. The suppliers also commit to complying with Marimekko's product policies related to responsible material sourcing. Marimekko has excluded sourcing from certain very high-risk countries, particularly Uzbekistan, Turkmenistan and the Xinjiang Uyghur Autonomous Region in China for cotton.

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 for example regarding 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 2021, Marimekko joined the UN Global Compact and committed to promoting its ten principles in its own operations as well as in the value chain. The company also extended its social audits from tier 1 to tier 2 suppliers through a pilot in Turkey where a fabric supplier was audited against the amfori BSCI Code of Conduct.

During 2021, 10 (20) amfori BSCI audits were conducted at Marimekko's partner suppliers' facilities. None of the audits carried out during the year identified any zero-tolerance findings, such as indications of child labor or forced labor, or imminent and significant risks to workers' health. Most of the findings in the audits concerned occupational health and safety (2021: 38 percent; 2020: 35), management systems (18 percent; 18), worker involvement and protection (11 percent; 14) and protection of the environment (11 percent; 11). Corrective action plans were put in place where necessary. Despite the coronavirus pandemic, third-party audits in the factories were mostly carried out according to the normal schedule. However, due to travel restrictions, Marimekko employees' visits to the factories were not possible. The corrective actions were monitored in dialogue with the suppliers.

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 2021, 54 percent of Marimekko's products were made in EU countries and the rest mostly in other European countries and Asia. Marimekko publishes 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 new material strategy, Marimekko has increased sourcing of more traceable materials, including organic cotton and responsibly sourced wool. Transparency is enhanced also by providing customers continuously with more sustainability information on products. In 2021, Marimekko continued its Q&A sessions on e.g. sustainability in social media and introduced new tools, such as sustainability hangtags for products that contain more sustainable materials or dyes as well as a more comprehensive sustainability section on the revamped online store.

Marimekko's success rests on strong staff commitment and the 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 way-of-working at Marimekko. In addition, Marimekko has specific guidelines and processes in place for, e.g., occupational health & safety, well-being at work, onboarding as well as employee engagement, performance and development. In 2021, Marimekko launched DEI Foundational Principles – the company's framework for diversity, equity and inclusion (DEI) matters. They will also form the structure for future DEI activities and related key figures.

At Marimekko, personnel well-being is enhanced by promoting employees' health and working and functional capacity, as well as by ensuring an empowering working atmosphere. Marimekko uses an early support model, aimed at improving coping at work, working ability and workplace well-being. The objective is to increase dialogue between the manager and employees in particular in matters related to the work and working ability, to improve the working conditions, and prevent prolonged absenteeism and disability retirements. As preemptive measures of occupational safety, hazards and risks involved in the work are recognized and evaluated. 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 needed are taken based on them. In 2021, Marimekko focused on providing guidance in coronavirus related health & safety measures. Proactivity and tools regarding employee well-being were enhanced, and Marimekko provided its employees with activities such as virtual yoga and mindfulness to support better 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 and evaluation 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 issues relating to potentially inappropriate behavior are investigated according to set processes. The company promotes equality based on an equality plan, provides training for its managers, and measures success with the results of employee engagement surveys, among other things. In 2021, Marimekko managers were trained on inclusive leadership as well as on DEI perspectives in implementing people processes. The whole personnel were offered trainings on these themes, and they were also included in the new employee engagement survey pilot.

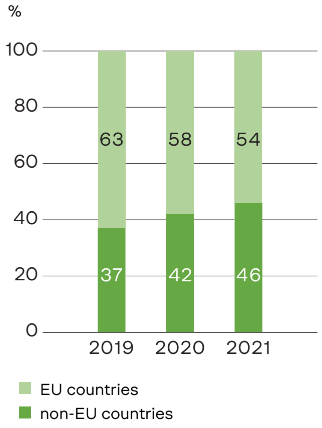
Equality and authenticity have been important values for Marimekko since its early days, and the company wants to actively promote diversity, equity and inclusions in its communities. Supporting inclusion through its choices in imagery and representation is a constant and consistent part of Marimekko's marketing activities. In 2021, the activities around DEI matters included e.g. continuing the official partnership with Helsinki Pride and supporting LGBTIQ+ 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

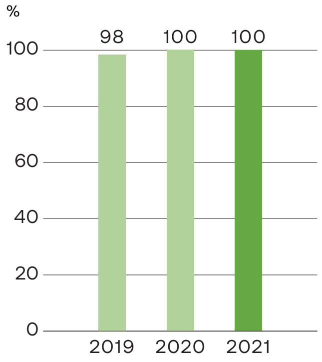
- We promote human rights, living wages, worker empowerment and safe working conditions in our supply chain.
- We aim at full product transparency.
- We provide an inspiring, responsible and caring workplace.
- Our culture is founded on equality, diversity and inclusion and we promote and foster these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

KEY FIGURES AND ACTIONS

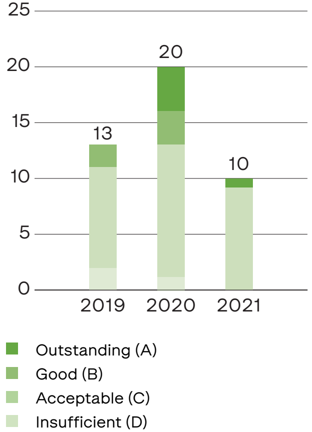
Origin of products, share of sales[13]



Share of purchases from audited suppliers in non-EU countries



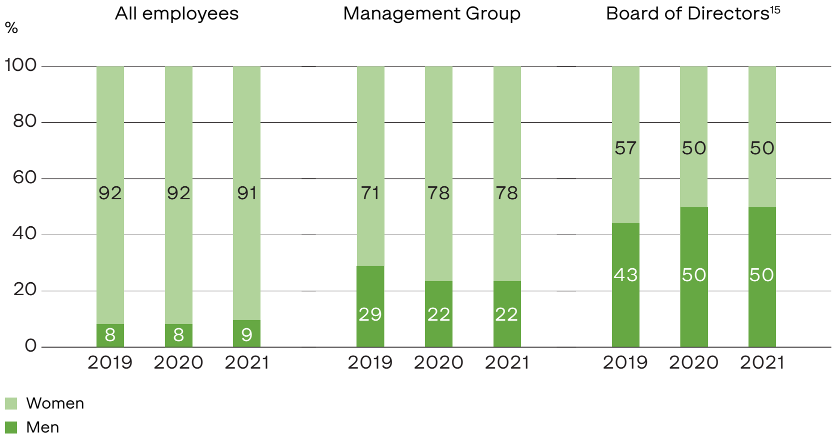
Number of audits and audit results[14]



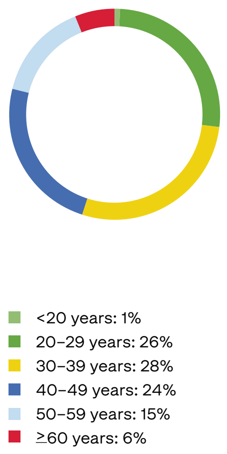
[13] More detailed information about the countries of origin is presented on company's website.

[14] 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



Employee age distribution



Diversity

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

7.6

scale of 0–10 (Strongly disagree; Strongly agree)[16]

Well-being Index

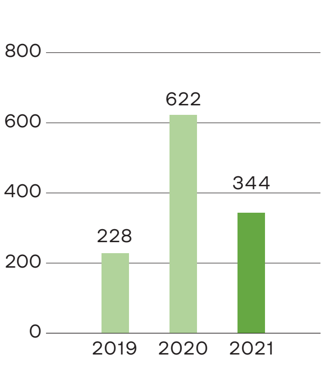
The average of these two Marimeter Pulse employee statements: "I feel I'm in control of my own work."; "I have a good work-life balance."

7.6

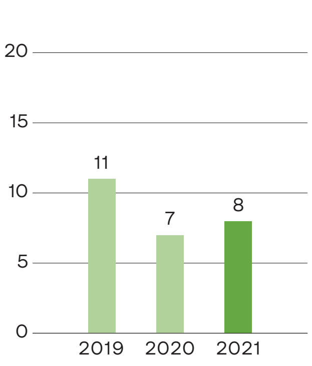
scale of 0–10 (Strongly disagree; Strongly agree)[16]

[15] More on Board composition and diversity, please see Corporate Governance Statement on p. 82–89.
[16] The results of earlier longer surveys and these pulse surveys are not comparable.

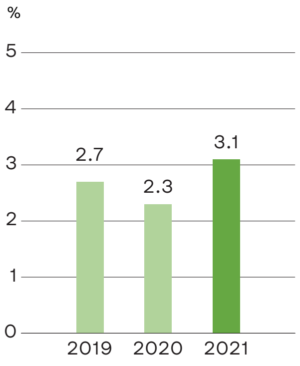
Number of safety observations[17]



Number of accidents[18]



Sick leave absences[18]



Key actions in 2021

- Marimekko joined the UN Global Compact Initiative
- Social audits extended from tier 1 to tier 2 suppliers through a pilot
- Sourcing of more traceable materials increased, and new tools to provide sustainability information to customers introduced
- Providing guidance in coronavirus related health & safety measures, enhancing tools and proactivity regarding employee well-being
- DEI Foundational Principles launched, managers as well as all personnel trained on several occasion on DEI perspectives
- Continuing official partnership with Helsinki Pride, supporting LGBTIQ+ community through omnichannel content, working with a wide range of models, influencers and creatives

[17] Covers Finland.
[18] Covers employees in Finland.

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 2021 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 up 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 economic activities of Marimekko's net sales, operating expenditure and capital expenditure for 2021 is 0 percent and the share of non-eligible economic activities 100 percent. Marimekko continues to monitor the development of the Delegated Acts for the environmental objectives of the Taxonomy.

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 in this statement. Marimekko uploads this statement to the UN Global Compact website as a public record of its commitment.

Helsinki, 15 February 2022

Marimekko Corporation

Board of Directors President and CEO

Corporate governance statement 2021

INTRODUCTION

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

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

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

DESCRIPTIONS CONCERNING CORPORATE GOVERNANCE

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

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

Due to the coronavirus pandemic, the AGM held on 14 April 2021 was organized with exceptional arrangements in place for safety reasons.

Marimekko shares are quoted on Nasdaq Helsinki Ltd.

Composition and shareholding of the Board of Directors

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

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

The AGM on 14 April 2021 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 Corporation, 2016– (full-time Chair of the Board and CEO of Marimekko Corporation, 2015–2016)
- Ownership of shares and share-based rights in the company at the end of the financial year 2021: 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 2021: 1,017,700 shares. Shares or share-based rights in Group companies at the end of the financial year 2021: 0.

Elina Björklund,
Vice Chair of the Board
- Born 1970
- M.Sc. (Econ.), IDBM Pro
- Principal occupation: CEO of Reima Ltd, 2012–
- Ownership of shares and share-based rights in the company at the end of the financial year 2021: 12,581 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 2021: 0.

Carol Chen
- Born 1967
- Master's degree in Marketing
- Co-CEO of Semir, 2019–
- Ownership of shares and share-based rights in the company at the end of the financial year 2021: 148 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 2021: 0.

Mikko-Heikki Inkeroinen
- Born 1987
- M.Soc.Sc.
- Principal occupation: Chief Digital Officer of Kamux Corporation, 2018–
- Ownership of shares and share-based rights in the company at the end of the financial year 2021: 4,938 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 2021: 0.

Jussi Siitonen, resigned on 6 May 2021
- Born 1969
- M.Sc. (Econ.)
- Principal occupation: CFO of Amer Sports, 2011–2021; CFO and deputy to CEO, Fiskars Corporation, 2021
- Ownership of shares and share-based rights in the company on 6 May 2021: 500 shares. Shares and share-based rights in the company owned by a corporation over which the director exercises control, and ownership of shares and share-based rights in Group companies on 6 May 2021: 0.

Catharina Stackelberg-Hammarén
- Born 1970
- M.Sc. (Econ.)
- Principal occupation: founder and Executive Chair of the Board of Marketing Clinic, 2019–
- Ownership of shares and share-based rights in the company at the end of the financial year 2021: 5,205 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 2021: 0.

Tomoki Takebayashi
- Born 1976
- MBA
- Principal occupation: CEO and Representative Director of Christian Dior Japan, 2021–
- Ownership of shares and share-based rights in the company at the end of the financial year 2021: 148 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 2021: 0.

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

Mika Ihamuotila has acted as half-time 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
- specifying and confirming strategic objectives and guidelines for the Group and the various business areas
- reviewing and confirming operating plans and budgets for the Group and the various business areas
- reviewing and approving interim reports, half-year financial reports, the consolidated financial statements and the report of the Board of Directors
- expanding and downsizing business operations
- considering mergers, acquisitions and demergers and restructuring arrangements
- deciding on investments and the acquisition and sale of assets that are either strategically or financially significant
- deciding on financial policy and contingent liabilities related to financing arrangements
- approving the Group's reporting, risk management and internal control procedures, and audit and control systems
- approving the audit plan
- monitoring and assessing how related party transactions are part of the company's ordinary course of business and according to market terms
- appointing the company's President and CEO and the members of the Management Group and deciding on their remuneration
- providing instructions to the President and CEO
- specifying and confirming sustainability principles for the Group and monitoring sustainability reporting.

In 2021, the Board focused, among other things, on the following subjects
- development of Marimekko's strategy as well as confirming strategic objectives for the various business areas
- strategic development of the international expansion of the store network and e-commerce
- development of Marimekko's sustainability strategy
- strategic development of the product portfolio as well as measures to increase productivity in the medium term
- reviewing the design and brand strategy
- reviewing and confirming operating plans and budgets
- assessing the impacts of the coronavirus pandemic on the company's operations in the short term and on the strategy in the long term
- strengthening market position in Asia, especially in China.

THE BOARD OF DIRECTORS ON 31 DECEMBER 2021

	Position	Board member since	Independent of the company and its significant shareholders	Attendance
Mika Ihamuotila	Chair since 2015	2008	No	6/6
Elina Björklund	Vice Chair since 2015	2011	Yes	6/6
Carol Chen	Member	2021	Yes	5/6
Mikko-Heikki Inkeroinen	Member	2015	Yes	6/6
Catharina Stackelberg-Hammarén	Member	2014	Yes	6/6
Tomoki Takebayashi	Member	2021	Yes	5/6

AUDIT AND REMUNERATION COMMITTEE ON 31 DECEMBER 2021

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

In 2021, the Board of Directors held six meetings. The Board members' attendance rate at meetings was 97.7 percent. The Board evaluated its operations and working methods in 2021 through internal self-evaluation.

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

Board committees

The Board of Directors elected by the AGM on 14 April 2021 appointed an Audit and Remuneration Committee from among its members. Elina Björklund was elected as Chair and Mikko-Heikki Inkeroinen and Catharina Stackelberg-Hammarén as members of the Audit and Remuneration Committee. The Board of Directors or the AGM has not established any other committees.

According to the rules of procedure confirmed by the Board of Directors, the Audit and Remuneration Committee handles and prepares matters related to the terms and remuneration of the company's executive management as well as other tasks and supervision typically assigned to audit and remuneration committees. These include, for example, the following:
- monitoring the reporting process of financial statements
- supervising the financial reporting process
- monitoring the efficiency of the company's internal control and internal audit, if applicable, and risk management systems
- reviewing the description of the main features of the internal control and risk management systems pertaining to the financial reporting process, which is included in the company's corporate governance statement
- monitoring the statutory audit of the financial statements and consolidated financial statements
- evaluating the independence of the statutory auditor or audit firm and especially the additional services offered to the company as well as preparing the proposal for resolution on the election of the auditor
- 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 2021, the Audit and Remuneration Committee held five meetings. The Committee members' attendance rate at meetings was 100 percent.

President and CEO

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

Tiina Alahuhta-Kasko, President since 9 April 2015, President and CEO since 11 April 2016

- Born 1981
- M.Sc. (Econ.), CEMS MIM
- Ownership of shares and share-based rights in the company at the end of the financial year 2021: 30,564 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 2021: 0.

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

Management Group

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

Elina Anckar, Chief Financial Officer, from 11 December 2015

- Born 1968
- M.Sc. (Econ.)
- Ownership of shares and share-based rights in the company at the end of the financial year 2021: 2,029 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 2021: 0.

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

- Born 1969
- BA (Hons) in Fashion
- Ownership of shares and share-based rights in the company at the end of the financial year 2021: 2,869 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 2021: 0.

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

- Born 1969
- Degree in women's tailoring and textile art
- Ownership of shares and share-based rights in the company at the end of the financial year 2021: 1,180 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 2021: 0.

Kari Härkönen, Chief Digital Officer, from 14 December 2017

- Born 1981
- M.Sc., MBA
- Ownership of shares and share-based rights in the company at the end of the financial year 2021: 1,189 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 2021: 0.

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

- Born 1986
- BA (English)
- Ownership of shares and share-based rights in the company at the end of the financial year 2021: 229 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 2021: 0.

Tanya Strohmayer, Chief People Officer, from 10 February 2017

- Born 1970
- BBA (Political Science, International Business)
- Ownership of shares and share-based rights in the company at the end of the financial year 2021: 1,436 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 2021: 0.

Dan Trapp, Chief Sales Officer, from 2 November 2020

- Born 1975
- Ownership of shares and share-based rights in the company at the end of the financial year 2021: 257. 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 2021: 0.

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

- Born 1981
- M.Sc. (Econ.), CEMS MIM
- Ownership of shares and share-based rights in the company at the end of the financial year 2021: 915 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 2021: 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 Corporation is based on the Committee of Sponsoring Organizations' (COSO) framework, which consists of five key components: control environment, risk assessment, control activities, information and communication, and monitoring. The components and their relation to control over financial reporting are presented in more detail later in this statement.

Risk Management

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

Marimekko's risk management aims to safeguard the smooth continuity of business operations and ensure stable profit development 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.

The President and CEO sets the basis for the internal control environment by instructing the management and monitoring the manner in which they control business operations. The President and CEO is responsible for the day-to-day management of the company in accordance with the instructions and orders given by the Board of Directors. The President and CEO ensures that the accounts of the company are in compliance with laws and regulations and that its financial affairs are arranged in a reliable manner. The President and CEO further ensures the execution of appropriate risk management in the Group.

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

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

Internal control and risk management related to the financial reporting process

Internal control related to the financial reporting process is part of Marimekko's overall internal control and risk management framework. The objective of internal control and risk management related to the financial reporting process is to ensure

- reliable financial reporting that supports internal decision-making and serves the needs of the shareholders
- compliance with laws and regulations, and the company's internal policies.

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

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

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

Control environment

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

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

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

Risk assessment

At Marimekko, risks are identified as part of the annual 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 quarterly when preparing the interim reports.

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

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

Control activities

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

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

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

The company's financial function is responsible for preparing the 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 a closed period before the publishing of annual and interim results. Trading in the company's financial instruments is always prohibited when a person holds inside information.

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

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

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

Auditing

KPMG Oy Ab, Authorized Public Accountants, has acted as the company's auditor, with Virpi Halonen, Authorized Public Accountant, as the auditor with principal responsibility, since 12 April 2018. In 2021, the remuneration paid for audit services amounted to EUR 111 thousand. The remuneration paid to the auditor for non-audit services in 2021 totaled EUR 47 thousand.

Helsinki, 15 February 2022

Marimekko Corporation
Board of Directors

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

Remuneration report 2021

This remuneration report 2021 states how Marimekko has implemented its remuneration policy in the financial year 2021. The report includes information concerning remuneration of the Board of Directors and the President and CEO of Marimekko between 1 January 2021 and 31 December 2021. The remuneration report has been prepared in accordance with the Finnish Corporate Governance Code 2020 and other 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 2022 Annual General Meeting.

INTRODUCTION

Overview of remuneration in the financial year 2021

Marimekko's Remuneration Policy is the basis for the remuneration of Marimekko's Board of Directors' and the President and CEO. 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 2021, Marimekko's net sales grew by 23 percent and were EUR 152,227 thousand (123,568). Net sales in Finland were up by 30 percent and international sales increased by 14 percent. Net sales were boosted especially by a favorable trend in wholesale and retail sales in Finland. In addition, wholesale sales in the Asia-Pacific region and Scandinavia as well as retail sales in North America grew strongly. The good trend in wholesale sales in Finland was supported by non-recurring promotional deliveries, the total value of which was significantly higher than last year. On the other hand, net sales were weakened by a decrease in wholesale sales in EMEA as well as lower licensing income in the Asia-Pacific region. Nearly all Marimekko's own stores were open in 2021 unlike the year before, when a large number of Marimekko stores around the world were temporarily closed during the first or second quarter due to the pandemic.

Marimekko's operating profit increased to EUR 31,249 thousand (18,772). The comparable operating profit grew by 59 percent and was EUR 31,249 thousand (19,600). Earnings were boosted especially by increased net sales but also improved relative sales margin. On the other hand, an increase in fixed costs had a weakening impact on results.

The key factors behind the strong performance included Marimekko's long-term efforts to modernize its brand and lifestyle collections, strengthening its digital business and the omnichannel customer experience as well as increasing the company's international brand awareness from one year to the next. The new operating practices adopted during the pandemic and Marimekko's agility to react to the constantly changing operating environment were also important factors.

In the financial year 2021, 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 2021 has supported Marimekko's financial and strategy-based targets and goals as well as the sustainability strategy and 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.

In 2021, Marimekko had short-term and long-term incentive systems in place for the President and CEO. Under the long-term incentive system, the earnings periods 1 April 2018–30 September 2021 and 1 April 2018–31 January 2022 were in place during the financial year 2021. For both periods, the reward is based on the company's total shareholder return including dividends. The reward is paid half in company shares and half in cash. In 2021, the President and CEO received the reward from the first earnings period ending on 30 September 2021. The shares received as part of the reward are subject to a two-year transfer restriction.

The purpose of the short-term bonus is to promote the company's strategy through the achievement of annual targets. In 2021, the performance criteria were based on the development of the company's net sales and operational result, supporting Marimekko's growth strategy. In addition, the President and CEO had personal targets relating to the company's strategic

projects, which also included sustainability-related metrics. The targets set by the Board for year 2021 were achieved at a rate of 100 percent.

The total remuneration paid to the President and CEO in the financial year 2021 was EUR 1,015,879 (2020: 442,796).

Development of financial performance and remuneration at Marimekko

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

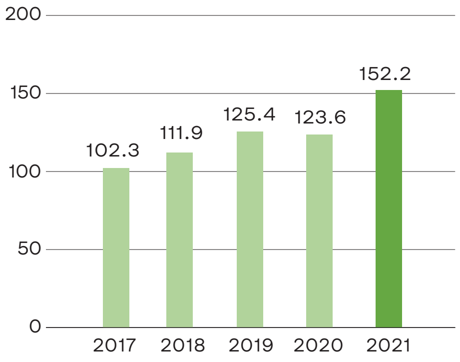
The actual remuneration of the President and CEO, including both the short-term bonuses and long-term incentives, has developed in line with the financial performance of the company, as evidenced by the graphs below.

Remuneration of the President and CEO

(EUR 1,000)	2017	2018	2019	2020	2021
Fixed annual salary + fringe benefits	252	292	321	341	364
Short-term bonus	63	38	92	101	100
Long-term incentive	-	73	-	-	552
Total remuneration	**316**	**403**	**413**	**443**	**1,016**
Change from the previous year, %					
Fixed annual salary + fringe benefits	9	16	10	6	6
Total remuneration	38	28	2	7	129

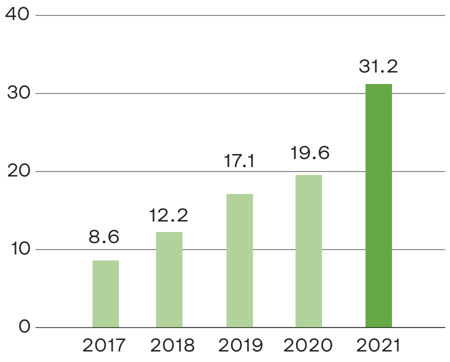
Net sales

EUR million



Comparable operating profit

EUR million



Share price trend 2017–2021

EUR

Remuneration of the President and CEO by element

EUR 1,000

Annual remuneration of Board members

	2017	2018	2019	2020	2021
Remuneration of Chair[1], EUR 1,000	40	40	48	48	48
Change from the previous year, %	0	0	20	0	0
Remuneration of Vice Chair, EUR 1,000	30	30	35	35	35
Change from the previous year, %	0	0	17	0	0
Remuneration of other members, EUR 1,000	22	22	26	26	26
Change from the previous year, %	0	0	18	0	0

Average remuneration of employees

	2017	2018	2019	2020	2021
Change in average annual remuneration compared to the previous year, %	0.6	4.0	1.7	4.8	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.

REMUNERATION OF THE BOARD IN 2021

Marimekko's AGM of 14 April 2021 decided on the annual fees to be paid to the Board members as follows: EUR 48,000 to the Chair, EUR 35,000 to the Vice Chair and EUR 26,000 to the other members of the Board. 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, 14 April 2021, held the shares of company worth more than EUR 1,000,000.

The remuneration to the Board members in 2021 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 2021, or, if this was not possible due to insider rules, as soon as possible thereafter. 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.

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.

[1] In addition to the annual remuneration, in 2017–2018, 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 to the Board Members in the financial year 2021

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
Elina Björklund	Vice Chair of the Board					
	Chair of the Audit and					
	Remuneration Committee	35,000	199	8,000	-	43,000
Carol Chen		26,000	148	-	-	26,000
Mika Ihamuotila	Chair of the Board	48,000	-	-	53,040[1]	101,040
Mikko-Heikki Inkeroinen	Member of the Audit and					
	Remuneration Committee	26,000	148	4,000	-	30,000
Catharina Stackelberg-Hammarén	Member of the Audit and					
	Remuneration Committee	26,000	148	4,000	-	30,000
Tomoki Takebayashi		26,000	148	-	-	26,000

REMUNERATION OF THE PRESIDENT AND CEO IN 2021

The fixed annual salary, including fringe benefits, of the President and CEO Tiina Alahuhta-Kasko totaled EUR 363,637.69 in 2021.

In 2021, Marimekko had short-term bonus and long-term incentive systems in place for the President and CEO. The objective of the long-term incentive system is to align the interests of the President and CEO and the shareholders in the long term. The purpose of the short-term bonus is to promote the company's strategy through the achievement of annual targets.

During the financial year 2021, the earnings periods of 1 April 2018–30 September 2021 and 1 April 2018–31 January 2022 of the long-term incentive system were in place. For both periods, the reward is based on the company's total shareholder return including dividends. The reward is 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. Receiving the reward requires that the President and CEO's employment agreement is in force at the time of the payment. The President and CEO's maximum reward for both earnings periods correspond approximately to the value of her fixed gross annual salary. In 2021, the reward from the first earnings period, which ended on 30 September 2021, was paid to the President and CEO. The reward was paid in shares (1,734 shares) and cash (EUR 419,086.13). Reward for the earning period 1 April 2018–31 January 2022 was paid in February 2022.

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

The performance criteria for the short-term bonus in 2021 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 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 100 percent, and the President and CEO's bonus earned in the financial year 2021 amounted to EUR 115,000. The bonus will be paid in spring 2022.

In 2021, 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.

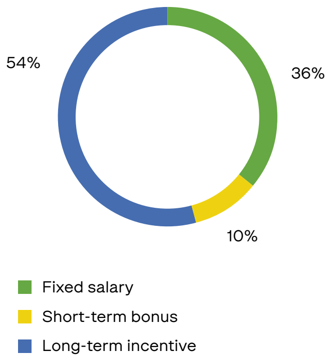
Long-term incentive system in place in the financial year 2021

Earnings period	Board decision date	Share price on decision date, EUR	Earnings criteria	Criteria outcome (out of maximum level)	Number of shares received in payments	Payment in cash, EUR	Payment date	Share price on payment date, EUR
1 Apr. 2018–30 Sept. 2021	14 Feb. 2018	10.10	Total shareholder return including dividends	100%	1,734	419,086.13	5 Nov. 2021	76.65
1 Apr. 2018–31 Jan. 2022	14 Feb. 2018	10.10	Total shareholder return including dividends	100%	2,005	405,217.76	18 Feb. 2022	73.21

Remuneration paid to the President and CEO in the financial year 2021

Fixed annual salary + fringe benefits EUR	Short-term bonus[1]	Long-term incentive	Other fees	Total remuneration
363,637.69	100,241.00	552,000.00	-	1,015,878.69

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



[1] Earned based on performance in the financial year 2020, paid in 2021.

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