



# 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](http://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

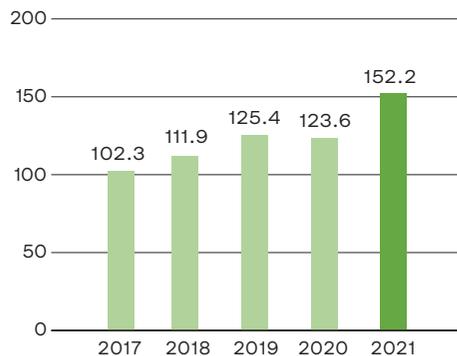
Over the past five years, the company has, in accordance with its strategy, developed its brand and collections in order to appeal to a broader customer base and continued its international growth strategy.

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.

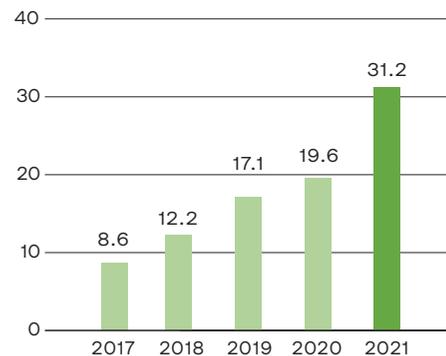
#### Net sales

EUR million



#### Comparable operating profit

EUR million



#### 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
<b>Total remuneration</b>	<b>316</b>	<b>403</b>	<b>413</b>	<b>443</b>	<b>1,016</b>

Change from the previous year, %

Fixed annual salary + fringe benefits	9	16	10	6	6
<b>Total remuneration</b>	<b>38</b>	<b>28</b>	<b>2</b>	<b>7</b>	<b>129</b>

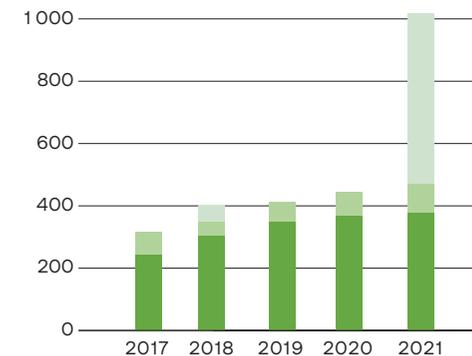
#### Share price trend 2017–2021

EUR



#### Remuneration of the President and CEO by element

EUR 1,000



■ Fixed salary  
■ Short-term bonus  
■ Long-term incentive

**Annual remuneration of Board members**

	2017	2018	2019	2020	2021
Remuneration of Chair <sup>1</sup> , 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.

<sup>1</sup> 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 <sup>1</sup>	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.

<sup>1</sup> 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.

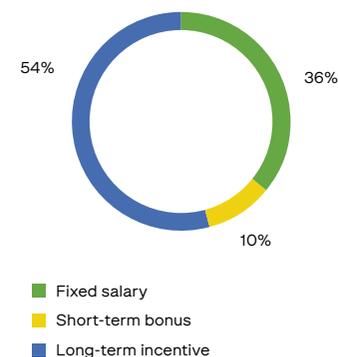
#### Long-term incentive system in place in the financial year 2021

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 <sup>1</sup>	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



<sup>1</sup> Earned based on performance in the financial year 2020, paid in 2021.