



marimekko

Financial Statements Bulletin 2020

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Despite the impacts of the coronavirus pandemic, Marimekko's net sales for 2020 almost at the previous year's level and comparable operating profit up by 18 percent

The fourth quarter in brief

- The coronavirus pandemic continues to heavily impact the fashion industry and specialty retail sector all over the world. Despite the challenging situation, Marimekko's net sales rose by 8 percent to EUR 37.4 million (Q4/2019: 34.7).
- Net sales were boosted especially by a favorable trend in wholesale sales in Finland, EMEA and Scandinavia. Nonrecurring promotional deliveries, in particular, contributed to the increase in Finnish wholesale sales. The worsened coronavirus situation and tightened restrictions in different markets clearly affected customer numbers in stores. However, online sales continued to perform strongly, supporting retail sales which declined quite moderately considering the circumstances.
- Comparable operating profit grew to EUR 5.8 million (3.0). Operating profit included EUR 0.8 million in nonrecurring restructuring costs; reported operating profit was EUR 5.0 million (3.0).
- Earnings were boosted by increased net sales as well as a noticeable decrease in fixed costs as a result of the adjustment of operations. A decline in relative sales margin, which was largely due to higher logistics costs resulting from an increase in online sales, had a weakening impact on results.

2020 in brief

- Despite the impacts of the coronavirus pandemic, Marimekko's net sales almost reached the level of the previous year: net sales only declined by 1 percent and were EUR 123.6 million (2019: 125.4). Net sales were weakened especially by a decline in retail sales in Finland, North America and Scandinavia as well as a decrease in wholesale sales in the Asia-Pacific region. Booming online sales, which supported retail sales, as well as a favorable trend in wholesale sales in Finland, Scandinavia and EMEA, on the other hand, had a positive impact on net sales. The increase in Finnish wholesale sales was partly due to nonrecurring promotional deliveries.
- Comparable operating profit rose to EUR 20.2 million (17.1), and reported operating profit was EUR 19.3 million (17.1). Earnings were boosted by a noticeable decrease in fixed costs as a result of Marimekko's prompt adjustment measures. A decline in relative sales margin, which was mainly due to higher logistics costs resulting from an increase in online sales, as well as reduced net sales had a weakening impact on results.

The Board of Directors' proposal for dividends

Marimekko's Board of Directors proposes that the Annual General Meeting on 14 April 2021 authorize the Board to decide on the payment of a maximum dividend of EUR 1.00 per share in one or several instalments at a later stage. The authorization would be valid until the next Annual General Meeting. The Board's proposal reflects the uncertainty caused by the coronavirus pandemic in general economic conditions.

Financial guidance for 2021

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

However, the instability caused by the coronavirus pandemic in Marimekko's markets continues, and therefore there are significant uncertainties associated with the trend in net sales and earnings. These uncertainties are described in the Major risks and factors of uncertainty section of this financial statements bulletin.

KEY FIGURES

(EUR million)	10-12/ 2020	10-12/ 2019	Change, %	1-12/ 2020	1-12/ 2019	Change, %
Net sales	37.4	34.7	8	123.6	125.4	-1
International sales	14.1	12.8	11	52.4	54.3	-3
<i>% of net sales</i>	38	37		42	43	
EBITDA	8.1	6.2	31	31.9	29.7	8
Comparable EBITDA	9.0	6.2	45	32.7	29.7	10
Operating profit	5.0	3.0	65	19.3	17.1	13
Comparable operating profit	5.8	3.0	92	20.2	17.1	18
<i>Operating profit margin, %</i>	13.3	8.7		15.7	13.6	
<i>Comparable operating profit margin, %</i>	15.5	8.7		16.3	13.6	
Result for the period	3.5	2.1	62	13.8	13.0	6
Earnings per share, EUR	0.43	0.26	62	1.70	1.61	6
Comparable earnings per share, EUR	0.51	0.26	93	1.78	1.61	10
Cash flow from operating activities	15.9	7.8	103	28.1	29.0	-3
<i>Return on investment (ROI), %</i>				22.5	17.9	
<i>Equity ratio, %</i>				46.6	40.2	
Net debt / EBITDA (rolling 12 months) *				-0.10	0.35	
Gross investments **	0.9	1.3	-29	2.1	2.6	-17
Personnel at the end of the period				422	450	-6
outside Finland				84	98	-14
Brand sales ¹	76.0	73.9	3	285.1	250.8	14
outside Finland	45.7	45.2	1	191.5	156.6	22
<i>proportion of international sales, %</i>	60	61		67	62	
Number of stores				154	151	2

The change percentages in the table were calculated on exact figures before the amounts were rounded to millions of euros. The figure for comparable earnings per share takes account of similar items as comparable operating profit; tax effect included. Reconciliation of alternative key figures to IFRS and management's discretion regarding items affecting comparability are presented in the table section of this financial statements bulletin.

* Due to the adoption of IFRS 16, the ratio of net debt to EBITDA at year end was reported for the first time at the end of the financial year 2019. The key figure is calculated based on comparable rolling 12-month EBITDA.

** The figures for gross investments do not include the impact of IFRS 16.

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

TIINA ALAHUHTA-KASKO
President and CEO

“In spite of the challenging operating environment, our net sales for 2020 were almost on a par with the previous year, with both online sales and wholesale sales performing well. Thanks to operational adjustments, our comparable operating profit improved by 18 percent.



“In 2020, the global fashion industry and specialty retail sector faced the worst crisis in decades as a result of the coronavirus pandemic. Our long-term work to develop the Marimekko brand and our digital business, our comprehensive range of lifestyle products, a diverse business and distribution channel model and our ability to adjust our operations rapidly are among the factors which helped us successfully navigate in an extremely difficult operating environment. All Marimekko employees are to thank for this and we want to reward them with a one-off bonus. Our teams around the world have determinedly worked together and made Marimekko one of the fewer and fewer success stories in an industry undergoing an intense transformation.

“In this challenging situation, our net sales in the October-December period of 2020 grew by 8 percent to EUR 37.4 million (34.7). Net sales were boosted especially by a favorable trend in wholesale sales in Finland, EMEA and Scandinavia. The worsened coronavirus situation and tightened restrictions in different markets had a clear impact on customer numbers in stores, but our online sales continued to grow strongly, and all in all, retail sales decreased quite moderately. Net sales in Finland increased by 6 percent, with wholesale sales growing significantly, in particular due to nonrecurring promotions. Our international sales rose by 11 percent thanks to successful wholesale sales. Net sales growth and adjustment measures improved our comparable operating profit, which increased by 92 percent to EUR 5.8 million (3.0).

“Despite the impacts of the coronavirus pandemic, our full-year net sales were almost on a par with the previous year: net sales only declined by 1 percent, amounting to EUR 123.6 million (125.4). Due to the pandemic, most Marimekko stores around the world were temporarily closed in the first or second quarter, and the pandemic noticeably reduced footfall during the second half of the year as well. Net sales were weakened especially by a decline in retail sales in Finland, North America and Scandinavia as well as a decrease in wholesale sales in the Asia-Pacific region. Booming online sales, which reduced the decline in retail sales, as well as a favorable trend in wholesale sales in Finland, Scandinavia and EMEA, on the other hand, had a positive impact on net sales. The increase in Finnish wholesale sales was partly due to nonrecurring promotional deliveries. Thanks to adjustment measures swiftly initiated early in the year, our comparable operating profit rose to EUR 20.2 million (17.1).

“Our agility and success in the pandemic year have further strengthened our trust in our international growth strategy. The pandemic has also intensified the megatrends in our industry, such as digitization and changes in consumers’ values, especially the increased importance of sustainability. This contributes to making the value-based, timeless and sustainable Marimekko lifestyle brand more relevant than ever, thus supporting our growth objectives. We must have the courage to seize the opportunities available to us and to invest in international growth. We believe now is the right time. Therefore, our plans for 2021 include further strengthening the building blocks of international growth by investing in digital business, seamless omnichannel customer experience, sustainability and brand awareness. It is also important to continuously develop the competences of our personnel to work in a rapidly changing operating environment. Combined with the work we have been doing

for years already, these investments provide us with an excellent stepping stone to the next phase of international growth, targeting Asia in particular. However, the pandemic situation that plagues our industry continues. We are closely monitoring the development of the situation in each of our market areas and will adjust our plans as necessary.

“In line with our values, we see it as our duty to strongly promote sustainability throughout our value chain and, by the power of our example, to move the entire industry forward towards a more sustainable future. Our new sustainability strategy, published in December 2020, and our ambitious goals are built around three guiding principles: timeless design brings joy for generations to come, the products of tomorrow leave no trace, and positive change through fairness and equality. We believe that, in the future, timeless and sustainable products will be made in balance with the environment, in line with the principles of the circular economy, and with full transparency, starting with raw materials. Our long-term vision is that our operations leave no trace on the environment. Late in 2020, we took a step toward achieving this goal when our own operations became carbon neutral as a result of continuous development work and emission offsetting.

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

OPERATING ENVIRONMENT

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

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

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

(Confederation of Finnish Industries EK: Business Tendency Survey, January 2021; Confidence Indicators, January 2021. Statistics Finland: Consumer Confidence 2021, January).

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

NET SALES

Net sales in the fourth quarter

In the October-December period of 2020, the Group's net sales grew by 8 percent relative to the same period the year before and were EUR 37,358 thousand (34,716). Net sales were boosted especially by a favorable trend in wholesale sales in Finland, EMEA and Scandinavia. Net sales in Finland rose by 6 percent; international sales were up by 11 percent.

Nearly all of Marimekko's own stores were open in the fourth quarter, but footfall in the stores was noticeably lower than in the comparison period due to the pandemic. However, the company's online sales continued to grow strongly, which partly offset the impacts of reduced footfall. Holiday sales and other campaigns went according to plan, and all in all, retail sales only decreased by 9 percent. Marimekko's wholesale sales continued to perform well and grew by 32 percent in the fourth quarter. In both retail and wholesale sales, the share of home products increased noticeably.

Net sales in Finland were EUR 23,220 thousand (21,934). In the final quarter of the year, customer numbers in the stores declined due to the worsened pandemic situation and tightened recommendations. Thanks to very strong growth in online sales, comparable retail sales² rose by 3 percent. Wholesale sales in Finland grew by 34 percent. The good trend in wholesale sales was supported especially by nonrecurring promotional deliveries, the total value of which was substantially higher than the year before.

In the company's second-biggest market, the Asia-Pacific region, net sales fell by 5 percent to EUR 5,280 thousand (5,563). A decline in both wholesale and retail sales contributed to the fall in net sales. Wholesale sales in the region decreased by 5 percent, as some of the wholesale deliveries for the final quarter transferred to 2021. In Japan, the most important country to Marimekko in this market area, wholesale sales were down by 18 percent. Although Marimekko's online sales

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

performed well, the pandemic situation had an impact on customer numbers in the company's stores in Australia, and retail sales in the Asia-Pacific region decreased by 7 percent.

Net sales in 2020

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

The results of the company's long-term work to modernize its collections and the Marimekko brand are visible more rapidly in the strong domestic market than in other market areas, and despite the pandemic, net sales in Finland remained on a par with the previous year, amounting to EUR 71,145 thousand (71,163). Retail sales fell by 12 percent and comparable retail sales³ by 6 percent due to the temporary closure of stores and a significant decline in customer numbers. However, robust growth in online sales supported retail sales. Wholesale sales grew by 32 percent in spite of the exceptional situation. The total value of nonrecurring promotional deliveries, which, among other things, contributed to the good trend in wholesale sales, was substantially higher than the year before.

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

NET SALES BY MARKET AREA

(EUR 1,000)	10-12/ 2020	10-12/ 2019	Change, %	1-12/ 2020	1-12/ 2019	Change, %
Finland	23,220	21,934	6	71,145	71,163	0
International sales	14,138	12,781	11	52,424	54,256	-3
Scandinavia	3,168	2,609	21	9,883	9,297	6
EMEA	3,980	2,566	55	13,961	11,992	16
North America	1,710	2,042	-16	6,466	8,257	-22
Asia-Pacific	5,280	5,563	-5	22,114	24,712	-11
Total	37,358	34,716	8	123,568	125,419	-1

All figures in the table have been individually rounded to thousands of euros, so there may be rounding differences in the totals. A more comprehensive table with breakdown into retail sales, wholesale sales and licensing income by market area can be found in the table section of this financial statements bulletin.

³ Includes both bricks-and-mortar and online sales.

FINANCIAL RESULT

In the October-December period of 2020, the Group's operating profit amounted to EUR 4,963 thousand (3,013). Operating profit included EUR 827 thousand in nonrecurring restructuring costs. Comparable operating profit was EUR 5,791 thousand (3,013). Earnings were boosted by increased net sales as well as a noticeable decrease in fixed costs as a result of the adjustment of operations. A decline in relative sales margin had a weakening impact on results.

Employee benefit expenses fell in the fourth quarter, especially as a result of savings achieved through temporary layoffs in the retail store chain due to the coronavirus pandemic as well as through the reorganization of operations and streamlining of cost structure, although a rise in Marimekko's share price increased the estimated effects of the long-term, share-based incentive scheme for management. Substantial savings were also achieved, for example, through reducing marketing investments and the temporary rent reductions granted to the company. The relative sales margin was negatively affected in particular by higher logistics costs resulting from a significant increase in online sales. Bigger discounts than in the comparison period also had an impact on the relative sales margin. On the other hand, good margins per product, achieved through product portfolio optimization, supported the relative sales margin.

In 2020, the Group's operating profit was EUR 19,345 thousand (17,117) and comparable operating profit was EUR 20,173 thousand (17,117). Earnings were boosted by a noticeable decrease in fixed costs as a result of Marimekko's ambitious saving program. A decline in relative sales margin as well as reduced net sales had a weakening impact on results. When the coronavirus started to spread early in the year, Marimekko swiftly initiated adjustment measures. Fixed costs decreased noticeably, as savings were achieved, for example, in employee benefit expenses, marketing and store rents. The various subsidies granted in several different markets to mitigate the negative business impacts of the coronavirus pandemic, totaling EUR 1.4 million, also reduced fixed costs. The decline in relative sales margin was attributable, in particular, to increased logistics costs due to substantial growth in online sales as well as to bigger discounts. The pandemic has increased surplus inventories in the industry, which combined with the recession created by the pandemic, has made consumers more price sensitive. However, good margins per product, achieved through product portfolio optimization, supported Marimekko's relative sales margin.

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

The Group's depreciation amounted to EUR 12,556 thousand (12,543), or 10 percent of net sales (10).

Operating profit margin for 2020 was 15.7 percent (13.6) and comparable operating profit margin was 16.3 percent (13.6). In the October-December period, operating profit margin was 13.3 percent (8.7) and comparable operating profit margin 15.5 percent (8.7).

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

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

BALANCE SHEET

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

Non-current assets at the end of 2020 stood at EUR 4,322 thousand (4,555). Lease liabilities amounted to EUR 37,155 thousand (36,153), and financial liabilities were EUR 725 thousand (251). In addition, the Group had unused committed credit lines of EUR 17,146 thousand (14,155).

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

CASH FLOW AND FINANCING

In the October-December period of 2020, cash flow from operating activities was EUR 15,909 thousand (7,828), or EUR 1.96 per share (0.96). Cash flow before cash flow from financing activities was EUR 15,103 thousand (7,637).

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

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

At the end of the year, the Group's equity ratio was 46.6 percent (40.2). Gearing was -6.0 percent (27.0). The ratio of net debt to 12-month rolling EBITDA was -0.10 (0.35), i.e. well below the maximum of 2 which is the company's long-term goal.

INVESTMENTS

The Group's gross investments in 2020 were EUR 2,143 thousand (2,594), or 2 percent of net sales (2). Most of the investments were devoted to IT systems and improving energy efficiency at the company's headquarters in order to reduce the carbon footprint of Marimekko's own operations.

STORE NETWORK

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

In 2020, the coronavirus pandemic impacted the operations of Marimekko stores in all markets. The majority of all Marimekko stores around the world were temporarily closed in the first or second

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

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

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

STORES AND SHOP-IN-SHOPS

	31.12.2020	31.12.2019
Finland	65	66
Scandinavia	8	10
EMEA	2	2
North America	6	6
Asia-Pacific	73	67
Total	154	151

A more comprehensive table with breakdown into the company's own retail stores, retailer-owned Marimekko stores and shop-in-shops can be found in the table section of this financial statements bulletin.

PERSONNEL

In 2020, the number of employees, expressed as full-time equivalents, averaged 434 (442). At the end of the year, the Group had 422 (450) employees, of whom 84 (98) worked outside Finland. The number of employees working outside Finland was broken down as follows: Scandinavia 24 (32), EMEA 2 (5), North America 32 (31) and the Asia-Pacific region 26 (30). The personnel at company-owned stores, expressed as full-time equivalents, totaled 210 (257) at the end of the year.

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

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

CHANGES IN MANAGEMENT

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

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

RESOLUTIONS OF THE ANNUAL GENERAL MEETING

The resolutions of Marimekko Corporation's Annual General Meeting 2020 have been reported in the stock exchange release of 8 April 2020 and in the interim report of 14 May 2020.

CORPORATE GOVERNANCE STATEMENT

The corporate governance statement for 2020 will be issued separately from the report of the Board of Directors in week 12 at the latest. It will be available on the company's website at company.marimekko.com.

SHARES AND SHAREHOLDERS

Share capital and number of shares

At the end of 2020, the company's fully paid-up share capital, as recorded in the Trade Register, amounted to EUR 8,040,000 and the number of shares totaled 8,129,834.

Shareholdings

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

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

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

Share trading and the company's market capitalization

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

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

Flagging announcements

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

Authorizations

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

The AGM also authorized the Board of Directors to decide on the acquisition of a maximum of 100,000 of the company's own shares, in one or more instalments, to be used as a part of the company's incentive compensation program, to be transferred for other purposes or to be cancelled. The quantity represents approximately 1.2 percent of the total number of the company's shares at the time of the proposal. The shares would be acquired with funds from the company's non-restricted equity, which means that the acquisition would reduce funds available for distribution. The shares would be acquired otherwise than in proportion to the shareholdings of the shareholders through public trading on Nasdaq Helsinki Ltd at the market price prevailing at the time of acquisition and in accordance with the rules and regulations of Nasdaq Helsinki Ltd. The authorization was not used in 2020. The authorization is valid until 8 October 2021.

Furthermore, the AGM authorized the Board of Directors to decide on the issuance of new shares and the transfer of the company's own shares in one or more instalments. The total number of shares to be issued or transferred pursuant to the authorization may not exceed 120,000 new or treasury shares, which represents approximately 1.5 percent of the total number of the company's shares at the time of the proposal. Pursuant to the authorization, the Board may decide on a directed share issue in deviation from the shareholders' pre-emptive right for a weighty financial reason. The share issue may be subject to a charge or free. The subscription price of the new shares and the amount paid for the company's own shares would be recorded in the company's reserve for invested non-restricted equity. The Board of Directors is authorized to decide on all of the other terms and conditions of the share issue. The authorization was not used in 2020. The authorization is valid until 8 October 2021.

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

RESEARCH AND DEVELOPMENT

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

SUSTAINABILITY

Sustainability management at Marimekko is part of everyday leadership and operational development. Among the principal themes of Marimekko's sustainability strategy from 2016 to 2020 were sustainable and timeless design, engagement of stakeholders and staff, a responsible supply chain, resource efficiency, and caring for the environment and personnel. In 2020, the company's activities included work to increase the proportion of more sustainable materials in its products as well as to reduce carbon dioxide and other emissions. Marimekko wants to be at the forefront of continuously developing more sustainable products and practices and therefore raised its sustainability targets both for its own operations and for the entire value chain to a new, markedly more ambitious level in its sustainability strategy from 2021 to 2025, which was published in December. The new strategy is built on three guiding principles: timeless design brings joy for generations to come, the products of tomorrow leave no trace, and positive change through fairness and equality.

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

Marimekko will issue a separate statement of non-financial information simultaneously with the financial statements for 2020 in week 12 at the latest. The company reports in greater detail on its sustainability work and on issues of the environment, health and safety in a separate sustainability review issued annually. The report can be read on the company's website at company.marimekko.com under Sustainability/Sustainability review. The next review will be published in summer 2021.

EVENTS AFTER THE END OF THE REVIEW PERIOD

Dividend for 2019

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

MAJOR RISKS AND FACTORS OF UNCERTAINTY

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

company's biggest single countries for business, pose considerable strategic risks to the company. The economic recession and a rise in unemployment can affect the company's sales outlook and increase consumers' price sensitivity.

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

The company's growth in the longer term is based primarily on omnichannel retail: on increasing e-commerce, on partner-led retail in Asia, as well as on enhancing the sales per square meter of existing stores in the company's main market areas. The Asia-Pacific region is Marimekko's second-biggest market, and it plays an important role in the company's growth and internationalization. Major partnership choices, partnering contracts and other collaboration agreements involve considerable risks. With the company's internationalization and the growing interest in its brand, risks related to gray exports have increased, which may have an impact on the company's sales and profitability. Store lease agreements in Finland and abroad also contain risks.

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

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

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

Operational risks related to Marimekko's supply chain are associated especially with procurement and logistics processes and their flexibility and efficiency as well as price fluctuations for raw materials

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

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

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

MARKET OUTLOOK AND GROWTH TARGETS FOR 2021

The coronavirus pandemic has created the worst crisis experienced by the global fashion industry and specialty retail sector in decades, and it will heavily impact the sector in 2021 as well. It has taken uncertainty over the global economy to a completely new level and is changing consumers' purchasing behavior. The exceptional circumstances can have an impact on Marimekko's sales, profitability and cash flow. Furthermore, the global crisis may affect the operational reliability of the company's value chain. The duration of the pandemic, new infection waves and virus variants as well as the way the crisis is handled by different countries influence the depth of the economic recession in different markets.

Finland, Marimekko's important domestic market, traditionally represents about half of the company's net sales. Sales in Finland are expected to grow on the previous year. Domestic wholesale sales in 2021 will be boosted by nonrecurring promotional deliveries, the total value of which is estimated to be substantially higher than the year before. A vast majority of the deliveries will take place in the second half of the year.

The Asia-Pacific region is Marimekko's second-largest market and it plays a significant part in the company's international growth. Japan is clearly the most important country in this region to Marimekko and already has a very comprehensive network of Marimekko stores. The other Asian countries' combined share of the company's net sales is still noticeably smaller, but operations in these countries are constantly growing. All Marimekko stores in Asia are partner-owned. Net sales in the Asia-Pacific region are expected to increase in 2021. The aim is to open approximately 5 to 10 new Marimekko stores and shop-in-shops in 2021, and most of the planned openings will be in Asia.

Both the company's own and its Asian partners' omnichannel Marimekko retail is the key driver of Marimekko's growth. Nonrecurring promotional wholesale deliveries in Finland are also estimated to have a significant impact on the company's growth in 2021, and they can increase Marimekko's inventory risks. The development of the coronavirus situation and possible tightening restrictions in different market areas as well as changes in customer numbers in stores influence the outlook for both retail and wholesale, including nonrecurring promotions. Rapid fluctuations in demand due to the pandemic can have an impact, for example, on the availability of products and consequently on net sales. Net sales and earnings also essentially depend on maintaining the operational reliability of distribution centers and logistics in the exceptional situation. Marimekko will continue actions to control gray exports, which will have a clear weakening impact on the company's sales and earnings in 2021. Licensing income is forecast to be lower than in the previous year.

Marimekko plans to accelerate international growth in 2021 and to invest especially in digital business, seamless omnichannel customer experience, sustainability and brand awareness. Fixed costs are expected to be up on the previous year. In 2020, fixed costs were reduced by partly temporary cost savings as well as subsidies granted in different countries to mitigate the negative business impacts of the coronavirus pandemic. Marketing expenses are expected to grow (2020: EUR 5.3 million). Total investments are also estimated to increase (2020: EUR 2.1 million). Most of the investments will be devoted to IT systems in order to strengthen the company's digital business. The estimated effects of the long-term bonus system targeted at the company's Management Group will depend on the trend in the price of the company's share during the year.

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

Because of the seasonal nature of Marimekko's business, the major portion of the company's net sales and earnings are generated during the last two quarters of the year.

THE BOARD OF DIRECTORS' PROPOSAL FOR DIVIDENDS

The parent company's distributable funds amounted to EUR 38,649,093.87; profit for the financial year was EUR 15,934,625.49. Marimekko's Board of Directors proposes that the Annual General Meeting on 14 April 2021 authorize the Board to decide on the payment of a maximum dividend of EUR 1.00 per share in one or several instalments at a later stage. The authorization would be valid until the next Annual General Meeting. The Board's proposal reflects the uncertainty caused by the coronavirus pandemic in general economic conditions. The company will publish the possible decision on dividend payment separately and, at the same time, confirm the pertinent record and payment dates.

FINANCIAL CALENDAR FOR 2021

The financial statements for 2020 will be published in week 12 at the latest. The interim reports and the half-year financial report for 2021 will be issued as follows: January-March on Thursday 20 May 2021 at 8.00 a.m., January-June on Thursday 19 August 2021 at 8.00 a.m., and January-September on Wednesday 3 November 2021 at 8.00 a.m.

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

Helsinki, 18 February 2021

Marimekko Corporation
Board of Directors

The quarterly results for 2020 are unaudited. The full-year 2020 figures are based on the audited financial statements for 2020. There may be differences in totals due to rounding to the nearest thousand euros.

ACCOUNTING PRINCIPLES

This financial statements bulletin was prepared in compliance with IAS 34. Marimekko has applied the same accounting principles in this report as were applied in its 2019 financial statements except for an amendment to IFRS 16 regarding the treatment of rent concessions. The amendment was issued on 28 May 2020 and approved for use in the EU on 12 October 2020. The Group has applied the practical expedient stipulated by the amendment to not treat rent concessions granted due to the coronavirus pandemic as changes in leases under IFRS 16. Leases that only involved a rent exemption were treated as negative variable rents in the income statement.

APPENDICES

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CONSOLIDATED INCOME STATEMENT

(EUR 1,000)	10-12/2020	10-12/2019	1-12/2020	1-12/2019
NET SALES	37,358	34,716	123,568	125,419
Other operating income	63	72	341	616
Change in inventories of finished goods and work in progress	-3,745	-1,038	-361	444
Raw materials and consumables	-11,590	-12,602	-48,237	-45,391
Employee benefit expenses	-7,938	-7,623	-25,334	-27,780
Depreciation and impairments	-3,164	-3,170	-12,556	-12,543
Other operating expenses	-6,020	-7,342	-18,076	-23,647
OPERATING PROFIT	4,963	3,013	19,345	17,117
Financial income	89	-35	592	462
Financial expenses	-476	-280	-2,375	-1,429
	-387	-315	-1,783	-966
RESULT BEFORE TAXES	4,576	2,698	17,562	16,151
Income taxes	-1,114	-567	-3,798	-3,133
NET RESULT FOR THE PERIOD	3,462	2,131	13,765	13,018
Distribution of net result to equity holders of the parent company	3,462	2,131	13,765	13,018
Basic and diluted earnings per share calculated on the result attributable to equity holders of the parent company, EUR	0.43	0.26	1.70	1.61

COMPREHENSIVE CONSOLIDATED INCOME STATEMENT

(EUR 1,000)	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Net result for the period	3,462	2,131	13,765	13,018
Items that could be reclassified to profit or loss at a future point in time				
Change in translation difference	-41	82	92	-17
COMPREHENSIVE RESULT FOR THE PERIOD	3,421	2,213	13,857	13,001
Distribution of net result to equity holders of the parent company	3,421	2,213	13,857	13,001

CONSOLIDATED BALANCE SHEET

(EUR 1,000)	31.12.2020	31.12.2019
ASSET		
NON-CURRENT ASSETS		
Intangible assets	1,077	593
Tangible assets	41,269	40,431
Other financial assets	16	16
Deferred tax assets	860	515
	43,222	41,555
CURRENT ASSETS		
Inventories	22,436	22,564
Trade and other receivables	8,126	6,632
Cash and cash equivalents	41,045	26,133
	71,607	55,329
ASSETS, TOTAL	114,830	96,884
SHAREHOLDERS' EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		
Share capital	8,040	8,040
Reserve for invested non-restricted equity	1,228	1,228
Treasury shares	-315	-315
Translation differences	26	-66
Retained earnings	43,802	30,037
Shareholders' equity, total	52,781	38,925
NON-CURRENT LIABILITIES		
Lease liabilities	26,996	25,950
Other non-current liabilities	1,476	1,644
	28,472	27,594
CURRENT LIABILITIES		
Trade and other payables	22,160	17,796
Current tax liabilities	534	2,115
Lease liabilities	10,158	10,203
Financial liabilities	725	251
	33,577	30,366
Liabilities, total	62,048	57,960
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL	114,830	96,884

CONSOLIDATED CASH FLOW STATEMENT

(EUR 1,000)	1-12/2020	1-12/2019
CASH FLOW FROM OPERATING ACTIVITIES		
Net result for the period	13,765	13,018
Adjustments		
Depreciation and impairments	12,556	12,543
Financial income and expenses	1,783	966
Taxes	3,798	3,133
Cash flow before change in working capital	31,902	29,661
Change in working capital	3,310	2,887
Increase (-) / decrease (+) in current non-interest-bearing trade receivables	-1,591	-117
Increase (-) / decrease (+) in inventories	65	-450
Increase (+) / decrease (-) in current non-interest-bearing liabilities	4,836	3,454
Cash flow from operating activities before financial items and taxes	35,124	32,548
Paid interest and payments on other financial expenses	-1,463	-1,408
Interest received and payments on other financial income	78	404
Taxes paid	-5,740	-2,552
CASH FLOW FROM OPERATING ACTIVITIES	28,087	28,992
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in tangible and intangible assets	-2,846	-1,569
CASH FLOW FROM INVESTING ACTIVITIES	-2,846	-1,569
CASH FLOW FROM FINANCING ACTIVITIES		
Short-term loans drawn	6,488	251
Short-term loans repaid	-6,000	-
Personnel share issue	-	726
Payments of lease liabilities	-10,729	-10,437
Dividends paid	-	-15,003
CASH FLOW FROM FINANCING ACTIVITIES	-10,241	-24,463
Change in cash and cash equivalents	14,999	2,960
Cash and cash equivalents at the beginning of the period	26,133	23,174
Effects of exchange rate fluctuations	-87	-
Cash and cash equivalents at the end of the period	41,045	26,133

In addition, Marimekko has unused committed credit lines of EUR 17,146 thousand (14,155). The company has also secured a long-term revolving credit facility of EUR 5 million, which includes a covenant.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

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

INTANGIBLE AND TANGIBLE ASSETS

(EUR 1,000)	Intangible assets	Right-of-use assets	Other	Tangible assets
				Total
Acquisition cost, 1 Jan. 2019	9,622	-	27,830	27,830
Adoption of IFRS 16, 1 Jan. 2019	-	41,778	-	41,778
Translation differences	-110	146	60	206
Classification adjustment	612	-	-612	-612
Increases	246	4,675	2,347	7,022
Decreases	-	-	-1,332	-1,322
Transfers between categories	83	-	-83	-83
Acquisition cost, 31 Dec. 2019	10,453	46,598	28,209	74,808
Accumulated depreciation, 1 Jan. 2019	9,280	-	23,392	23,392
Translation differences	51	8	-107	-99
Accumulated depreciation of decreases	-	-	-931	-931
Depreciation during the period	529	10,824	1,190	12,014
Accumulated depreciation, 31 Dec. 2019	9,860	10,833	23,544	34,376
Book value, 31 Dec. 2019	593	35,766	4,665	40,431
Book value, 1 Jan. 2019	342	-	4,438	4,438
Book value, 31 Dec. 2019	593	35,766	4,665	40,431
Acquisition cost, 1 Jan. 2020	10,453	46,598	28,209	74,808
Translation differences	-148	-426	-343	-769
Increases	378	11,957	1,765	13,722
Transfers between categories	512	-	-512	-512
Acquisition cost, 31 Dec. 2020	11,196	58,129	29,120	87,249
Accumulated depreciation, 1 Jan. 2020	9,860	10,833	23,544	34,376
Translation differences	-153	-208	-333	-541
Depreciation during the period	411	10,938	1,208	12,145
Accumulated depreciation, 31 Dec. 2020	10,118	21,562	24,418	45,981
Book value, 31 Dec. 2020	1,077	36,567	4,702	41,269
Book value, 1 Jan. 2020	593	35,766	4,665	40,431
Book value, 31 Dec. 2020	1,077	36,567	4,702	41,269

KEY FIGURES

	1-12/2020	1-12/2019	Change, %
Earnings per share, EUR	1.70	1.61	6
Equity per share, EUR	6.51	4.80	36
Return on equity (ROE), %	30.0	33.0	
Return on investment (ROI), %	22.5	17.9	
Equity ratio, %	46.6	40.2	
Gearing, %	-6.0	27.0	
Gross investments, EUR 1,000	2,143	2,594	-17
Gross investments, % of net sales	2	2	
Contingent liabilities, EUR 1,000	662	617	7
Average personnel	434	442	-2
Personnel at the end of the period	422	450	-6
Number of shares outstanding at the end of the period	8,109,834	8,109,834	
Average number of shares outstanding	8,109,834	8,100,246	

The figures for gross investments do not include the impact of IFRS 16.

RECONCILIATION OF ALTERNATIVE KEY FIGURES TO IFRS

(EUR million)	10-12/ 2020	10-12/ 2019	1-12/ 2020	1-12/ 2019
Items affecting comparability				
Restructuring costs	-0.8	-	-0.8	-
Items affecting comparability in operating profit	-0.8	-	-0.8	-
EBITDA	8.1	6.2	31.9	29.7
Restructuring costs	0.8	-	0.8	-
Comparable EBITDA	9.0	6.2	32.7	29.7
Operating profit	5.0	3.0	19.3	17.1
Restructuring costs	0.8	-	0.8	-
Comparable operating profit	5.8	3.0	20.2	17.1
Net sales	37.4	34.7	123.6	125.4
Operating profit margin, %	13.3	8.7	15.7	13.6
Comparable operating profit margin, %	15.5	8.7	16.3	13.6

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.

NET SALES BY MARKET AREA

(EUR 1,000)	10-12/ 2020	10-12/ 2019	Change, %	1-12/ 2020	1-12/ 2019	Change, %
Finland	23,220	21,934	6	71,145	71,163	0
Retail sales	14,647	15,495	-5	45,928	51,918	-12
Wholesale sales	8,512	6,369	34	25,058	19,012	32
Licensing income	61	70	-13	158	233	-32
Scandinavia	3,168	2,609	21	9,883	9,297	6
Retail sales	1,155	1,467	-21	4,311	5,434	-21
Wholesale sales	2,012	1,142	76	5,572	3,862	44
Licensing income	-	-	-	-	-	-
EMEA	3,980	2,566	55	13,961	11,992	16
Retail sales	577	472	22	2,160	1,568	38
Wholesale sales	3,307	1,936	71	11,400	9,980	14
Licensing income	96	158	-39	401	443	-10
North America	1,710	2,042	-16	6,466	8,257	-22
Retail sales	1,089	1,689	-36	3,952	5,798	-32
Wholesale sales	517	312	65	2,268	1,987	14
Licensing income	104	41	154	247	472	-48
Asia-Pacific	5,280	5,563	-5	22,114	24,712	-11
Retail sales	1,226	1,316	-7	3,609	4,378	-18
Wholesale sales	3,643	3,847	-5	16,495	18,733	-12
Licensing income	410	400	3	2,010	1,600	26
International sales, total	14,138	12,781	11	52,424	54,256	-3
Retail sales	4,047	4,944	-18	14,032	17,178	-18
Wholesale sales	9,480	7,237	31	35,734	34,562	3
Licensing income	611	600	2	2,658	2,516	6
Total	37,358	34,716	8	123,568	125,419	-1
Retail sales	18 695	20,440	-9	59,960	69,096	-13
Wholesale sales	17,992	13,606	32	60,792	53,574	13
Licensing income	672	669	0	2,816	2,748	2

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

STORES AND SHOP-IN-SHOPS

	31.12.2020	31.12.2019
Finland	65	66
Company-owned stores	25	25
Company-owned outlet stores	12	12
Retailer-owned stores	13	13
Retailer-owned shop-in-shops	15	16
Scandinavia	8	10
Company-owned stores	5	7
Company-owned outlet stores	-	-
Retailer-owned stores	-	-
Retailer-owned shop-in-shops	3	3
EMEA	2	2
Company-owned stores	-	1
Company-owned outlet stores	-	-
Retailer-owned stores	-	-
Retailer-owned shop-in-shops	2	1
North America	6	6
Company-owned stores	4	4
Company-owned outlet stores	1	1
Retailer-owned stores	1	1
Retailer-owned shop-in-shops	-	-
Asia-Pacific	73	67
Company-owned stores	4	4
Company-owned outlet stores	-	-
Retailer-owned stores	58	52
Retailer-owned shop-in-shops	11	11
Total	154	151
Company-owned stores	38	41
Company-owned outlet stores	13	13
Retailer-owned stores	72	66
Retailer-owned shop-in-shops	31	31

Includes the company's own retail stores, retailer-owned Marimekko stores and shop-in-shops with an area exceeding 30 sqm. The company's own retail stores numbered 51 at the end of 2020 (54).

NET SALES BY PRODUCT LINE

(EUR 1,000)	10-12/ 2020	10-12/ 2019	Change, %	1-12/ 2020	1-12/ 2019	Change, %
Fashion	8,455	11,618	-27	39,740	46,746	-15
Home	20,421	15,874	29	56,262	47,941	17
Bags and accessories	8,482	7,223	17	27,566	30,732	-10
Total	37,358	34,716	8	123,568	125,419	-1

QUARTERLY TREND IN NET SALES AND EARNINGS

(EUR 1,000)	10-12/2020	7-9/2020	4-6/2020	1-3/2020
Net sales	37,358	38,011	23,327	24,872
Operating profit	4,963	10,514	2,661	1,208
Earnings per share, EUR	0.43	0.98	0.27	0.02

(EUR 1,000)	10-12/2019	7-9/2019	4-6/2019	1-3/2019
Net sales	34,716	34,451	29,137	27,116
Operating profit	3,013	7,823	3,691	2,591
Earnings per share, EUR	0.26	0.79	0.32	0.24

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)

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 for the financial year)

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 for the financial year)

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