

Remuneration report 2020

This remuneration report states how Marimekko Corporation has implemented its remuneration policy in the financial year 2020. The report includes information concerning remuneration of the Board of Directors and the President and CEO of Marimekko between 1 January 2020 and 31 December 2020. The remuneration report has been prepared in accordance with the requirements of the Shareholders' Rights Directive (EU 2017/828). In Finland, the requirements of the directive have mainly been implemented in the Limited Liability Companies Act (624/2006, as amended), the Securities Markets Act (746/2012, as amended), the Decree of the Ministry of Finance (608/2019) and the Finnish Corporate Governance Code 2020.

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 2021 Annual General Meeting.

INTRODUCTION

Overview of remuneration in the financial year 2020

The remuneration of Marimekko's governing bodies is based on the company's remuneration policy that was presented for an advisory decision at the AGM held on 8 April 2020. 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 2020, the coronavirus pandemic caused the global fashion industry and specialty retail sector the worst crisis in decades. Long-term work to develop the Marimekko brand and the company's

digital business, a comprehensive lifestyle product portfolio, a diverse business and distribution channel model, and the ability to quickly adapt operations are among the factors that enabled the company to successfully navigate in a very difficult operating environment.

Despite the impacts of the 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 remuneration applied in accordance with the current remuneration policy in 2020 has supported the company's financial and strategy-based targets and goals. 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 bonus plans.

In the financial year 2020, the company's decision-making in regard to remuneration was compliant with the processes defined in the remuneration policy. The Board has not deviated from the remuneration policy temporarily during 2020 and has not identified a need to apply clawback provisions to variable remuneration paid.

In 2020, Marimekko had short-term and long-term bonus systems in place for the President and CEO. Under the long-term bonus system, the earnings periods 1 April 2018–30 September 2021 and 1 April 2018–31 January 2022 were in place during the financial year 2020. For both periods, the bonus is based on the company's total shareholder return including dividends. The purpose of the short-term bonus is to promote the company's strategy through the achievement of annual targets. In 2020, the performance criteria were based on the company's net sales growth and improvement in operational result. In addition, the President and CEO had personal targets relating to the company's strategic projects, which also included sustainability-related metrics. Due to the coronavirus pandemic, the performance criteria were adjusted by increasing the weighting of operational result compared to net sales growth and by removing the strategic objectives, because the Board wanted to encourage the President and CEO to safeguard the company's profitability in the exceptional situation caused by the pandemic as well as to focus on managing the crisis created by the pandemic and on mitigating its effects. The targets set by the Board and adjusted due to the coronavirus pandemic were achieved at a rate of

around 93 percent. Application of performance criteria and the long-term bonus system are described in more detail in section Remuneration of the President and CEO in this report.

The total remuneration paid to the President and CEO in the financial year 2020 was EUR 442,796 (413,434).

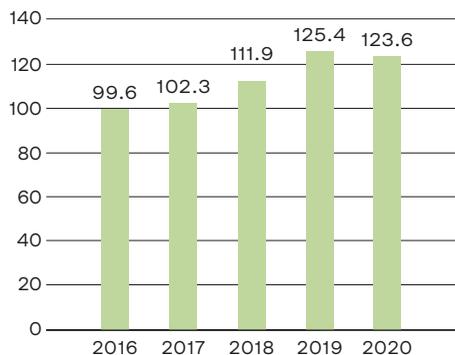
Development of financial performance and remuneration at Marimekko

Development of financial performance in 2016–2020

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 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.

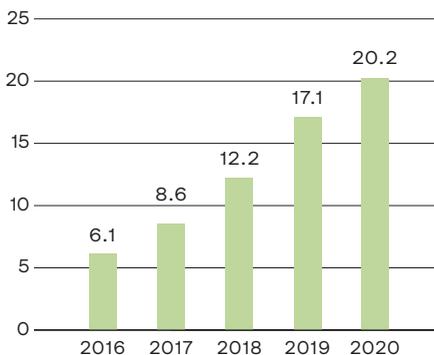
Net sales

EUR million



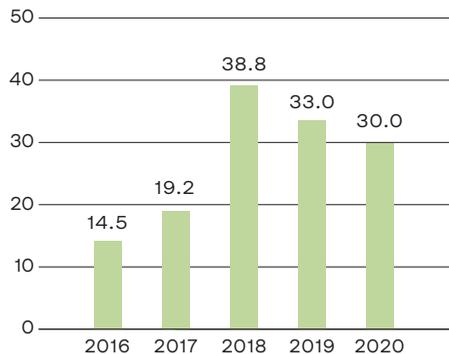
Comparable operating profit

EUR million



Return on equity

%



Share price trend 2016–2020

EUR



Development of remuneration in 2016–2020

Remuneration of the President and CEO

(EUR 1,000)	2016	2017	2018	2019	2020
Fixed salary + benefits	232	252	292	321	341
Short-term bonus	-	63	38	92	101
Long-term bonus	-	-	73	-	-
Total remuneration	232	316	403	413	443

Change from the previous year, %

Fixed salary + benefits	9	16	10	6
Total remuneration	38	28	2	7

Tiina Alahuhta-Kasko served as President until 11 April 2016; since 11 April 2016, she has served as President and CEO. In 2016, Mika Ihamuotila was paid a monthly fee until 11 April under a separate CEO agreement, totaling EUR 90 thousand.

Annual remuneration of Board members

(EUR 1,000)	2016	2017	2018	2019	2020
Remuneration of Chairman ¹ , EUR	40	40	40	48	48
Change from the previous year, %		0	0	20	0
Remuneration of Vice Chairman, EUR	30	30	30	35	35
Change from the previous year, %		0	0	17	0
Remuneration of other members, EUR	22	22	22	26	26
Change from the previous year, %		0	0	18	0

¹ In addition to the annual remuneration, in 2016–2018, Mika Ihamuotila was paid a fee under a separate service agreement based on the Chairman's full-time duty; since 2019, the duty has been on a half-time basis.

Average remuneration of employees

	2016	2017	2018	2019	2020
Change in average annual remuneration, %	1.6	0.6	4.0	1.7	4.8

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 President and CEO by element

REMUNERATION OF THE BOARD IN 2020

On 8 April 2020, the AGM decided that approximately 40 percent of the 2020 annual remuneration of the Board members be paid in Marimekko shares acquired from the market and the rest in cash. The remuneration was paid entirely in cash if a Board member on the date of the AGM, 8 April 2020, held the company's shares worth more than EUR 1,000,000. 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 2020, or, if this was not possible due to insider rules, as soon as possible thereafter. There are no specific rules for owning shares received as Board

fees. As a rule, the Board receives no other financial benefits besides the fixed annual fee. Marimekko has not granted any loans or guarantees to the Board members, or other contingent liabilities on their behalf.

The 2020 AGM decided on the annual fees to be paid to the Board members as follows: EUR 48,000 to the Chairman, EUR 35,000 to the Vice Chairman and EUR 26,000 to the other members of the Board. No additional fee is paid to the Board members for participating in Board meetings. The AGM also decided on a separate fee to be paid for committee work as follows: EUR 2,000 per meeting to Chairman and EUR 1,000 per meeting to members.

In addition to the annual remuneration of the Chairman 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 Chairman 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 (TyEL). 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.

Fees paid to the Board members in the financial year 2020

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
Rebekka Bay ²		10,385.15	458	-	-	10,385.15
Elina Björklund	Vice Chairman of the Board, Chairman of the Audit and Remuneration Committee	35,000	617	12,000	-	47,000
Arthur Engel		26,000	458	-	-	26,000
Mika Ihamuotila	Chairman of the Board	48,000	-	-	53,040 ³	101,040
Mikko-Heikki Inkeroinen	Member of the Audit and Remuneration Committee	26,000	458	6,000	-	32,000
Helle Priess		26,000	458	-	-	26,000
Catharina Stackelberg- Hammarén	Member of the Audit and Remuneration Committee	26,000	458	6,000	-	32,000

² The Board membership of Rebekka Bay ended on 2 June 2020. In September 2020, she started as the company's Creative Director and member of the Management Group. Her remuneration for Board membership was paid entirely in shares; she did not receive any remuneration in cash.

³ Fee paid to Mika Ihamuotila for half-time duty pursuant to a separate service agreement.

REMUNERATION OF THE PRESIDENT AND CEO IN 2020

Application of performance criteria and bonuses earned in the financial year 2020

In 2020, Marimekko had performance-based short-term and long-term bonus systems in place for the President and CEO. The objective of the long-term bonus 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.

Under the long-term bonus system, the earnings periods 1 April 2018–30 September 2021 and 1 April 2018–31 January 2022 were in place during the financial year 2020. For both periods, the bonus is based on the company’s total shareholder return including dividends. The bonus is planned to be paid half in company shares and half in cash. The shares received as part of the bonus are subject to a two-year transfer restriction. Receiving the bonus requires that the President and CEO’s employment agreement is in force at the time of the payment. The President and CEO’s maximum annual bonus for both earnings periods corresponds

approximately to the value of her fixed gross annual salary. Potential bonuses will be paid in fall 2021 and spring 2022.

The performance criteria for the short-term bonus in 2020 were based on operational result and net sales development metrics adjusted due to the coronavirus pandemic. 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 around 93 percent, and the President and CEO’s bonus earned in the financial year 2020 was EUR 100,241. The bonus will be paid in spring 2021.

Long-term bonus system in place in the financial year 2020

Earnings period	Board decision date	Share price on decision date, EUR	Earnings criteria	Criteria outcome (of maximum level)	Number of shares received in payment	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 incl. dividends	To be confirmed in fall 2021	-	-	In fall 2021	-
1 Apr. 2018–31 Jan. 2022	14 Feb. 2018	10.10	Total shareholder return incl. dividends	To be confirmed in spring 2022	-	-	In spring 2022	-

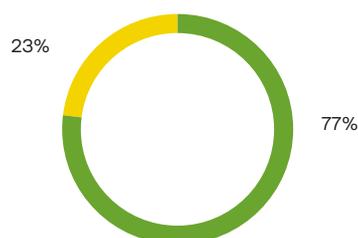
Remuneration paid to the President and CEO in the financial year 2020

Fixed salary + benefits	Short-term bonus ⁴	Long-term bonus ⁵	Additional pension	Other fees	Total remuneration
341,462.27	101,333.32	-	-	-	442,795.59

⁴ Earned based on performance in the financial year 2019, paid in 2020.

⁵ No long-term bonus earning periods with payments due in 2020.

Structure of the remuneration paid to the President and CEO in 2020



- Fixed salary
- Short-term bonus