

Marimekko Corporation, Financial statement bulletin, 8 February 2011 at 9 a.m.

## MARIMEKKO CORPORATION'S FINANCIAL STATEMENT BULLETIN, 1 January - 31 December 2010

In 2010, the Marimekko Group's net sales increased slightly; operating profit improved significantly. Net sales rose by 1.1% to EUR 73.3 million (EUR 72.5 million). Operating profit grew by 29.9% to EUR 8.2 million (EUR 6.3 million). Operating profit for 2009 included a non-recurring expense of EUR 0.5 million related to personnel reductions. Operating profit excluding non-recurring items stood at EUR 8.2 million (EUR 6.8 million). Profit after taxes for the financial year was EUR 6.1 million (EUR 4.7 million) and earnings per share were EUR 0.76 (EUR 0.59). The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.55 (EUR 0.45) per share be paid for 2010.

In 2011, Marimekko will continue its substantial investments in international growth. Net sales for 2011 are estimated to grow by roughly 5-10%, but operating profit is forecast to decline by some 40-60% compared with the previous year. The estimated decline in operating profit is due to the measures and considerable investments planned for 2011 in internationalisation, particularly in the United States, and in developing business operations and the distribution network. With these measures and investments, of which many occur predominantly during this year, the structure of Marimekko's business is transformed and a more solid foundation for long term growth and improved profitability is laid. Moreover, increases in the costs of raw materials, higher overall cost levels, and fewer deliveries for promotions compared with the previous year are anticipated to have an adverse impact on earnings.

|  | 1-12/2010 | 1-12/2009 | Change,<br>% |
|--|-----------|-----------|--------------|
| Net sales, EUR 1,000                           | 73,297    | 72,473    | 1.1          |
| Operating profit, EUR 1,000                    | 8,169     | 6,291     | 29.9         |
| Operating profit without non-recurring items   | 8,169     | 6,803     | 20.1         |
| Profit before taxes, EUR 1,000                 | 8,223     | 6,354     | 29.4         |
| Profit for the financial year, EUR 1,000       | 6,072     | 4,701     | 29.2         |
| Earnings per share, EUR                        | 0.76      | 0.59      | 28.8         |
| Equity per share, EUR                          | 4.26      | 3.96      | 7.6          |
| Cash flow from operating activities, EUR 1,000 | 4,559     | 9,941     | -54.1        |
| Return on equity (ROE), %                      | 18.4      | 14.8      |              |
| Return on investment (ROI), %                  | 25.0      | 20.1      |              |
| Equity ratio, %                                | 78.8      | 77.7      |              |

Mika Ihamuotila, President and CEO:

"The year 2010 was productive for Marimekko. Net sales grew slightly, by 1.1% to EUR 73.3 million. Profitability rose markedly: operating profit improved by 29.9% to EUR 8.2 million. The improvement in profitability was influenced by a distinct increase in average sales margin as well as growth in wholesale sales and royalty earnings. The rise in sales margin was partly due to the fact that we carried out considerably fewer price-led promotions in 2010 than in the previous year.

In the October-December period of 2010, net sales were up 6.5% on the same period in 2009, but operating profit fell from EUR 2.4 million to EUR 2.2 million. The difference relative to the comparison period is due partly to smaller deliveries for individual promotions. A drag was also exerted on the fourth quarter earnings by larger investments in growth, which had been started in the second quarter, and by higher marketing expenses for the period compared to the same period in 2009.

Marimekko has a long-term international growth strategy. Our internationalisation projects in 2010 were fulfilled according to plan. Four new shops opened outside Finland: a Marimekko shop-in-shop in the Crate and Barrel store in SoHo, New York City, a concept store in Seoul, and retail stores of our own in Berlin, Germany and Malmö, Sweden. Product development projects from previous years have also borne fruit, and new products, including ceramics and glassware, are very profitable.

I believe we are now in a stage of development in which we can and should dare to invest in future growth and in the development of our company boldly, even if we might have to wait for the fruits of our labour for a little longer. The present year is likely to see the biggest investments in the history of the company to date. The machinery investment for the textile printing factory will triple the output capacity of our printing facility. The added capacity will be rolled out gradually; the investment will enable us to prepare for higher demand in the future. As part of our overall strategy in the United States, our collaboration with Crate and Barrel will be extended with the opening in spring 2011 of four new Marimekko shop-in-shops: on Madison Avenue in New York as well as in Chicago, Los Angeles and San Francisco. Crate and Barrel plans to open a total of 22 new Marimekko shops by the end of 2013. Our long-term goal is to extend our distribution in the US through high-end department stores and specialist retailers, and by opening new Marimekko stores.

Internationalisation in accordance with our strategy requires considerable – and I believe justified – investments. The planned investments in the future will make themselves felt in the form of a marked increase in fixed costs and they will exert a substantial drag on earnings in 2011. Furthermore, increases in the costs of raw materials and in particular the record price of cotton put us under pressure to raise prices. Marimekko is advancing in my opinion steadily and confidently in the direction we have marked out in the past few years.

We are also celebrating an anniversary in 2011 as Marimekko will be 60 years old in May. The anniversary year will be filled with work in every field, which fits in splendidly with our chosen theme, with which we aim to remind everyone of the importance of doing things together. In the course of the year there will be a lot of different events, some of which will be full of surprises, both in Finland and in our main market areas internationally.”

## Financial calendar 2011

The Annual Report for 2010 will be published in week 12. The Annual General Meeting will be held on Tuesday 19 April 2011 at 2:00 p.m. The following interim reports will be published in 2011: January to March, on Tuesday 3 May 2011 at 9:00 a.m.; January to June, on Wednesday 17 August 2011 at 9:00 a.m.; and January to September, on Thursday 10 November 2011 at 9:00 a.m.

## Annual summary 2010 and releases

A summary of Marimekko’s stock exchange releases published during the 2010 financial year is available on the company’s website at [www.marimekko.com](http://www.marimekko.com) under Company/Investors/Financial Releases/Summary of Significant Releases. All of the company’s releases are available under Investors/Releases.

For additional information, contact:

Thomas Ekström, CFO and acting CEO, tel. +358 9 758 7261

MARIMEKKO CORPORATION  
Group Communications

Piia Pakarinen

Tel. +358 9 758 7293

Fax +358 9 755 3051

E-mail: [piia.pakarinen@marimekko.fi](mailto:piia.pakarinen@marimekko.fi)

**DISTRIBUTION:**

NASDAQ OMX Helsinki Ltd

Principal media

Marimekko's website [www.marimekko.com](http://www.marimekko.com)

Marimekko, established in 1951, is a leading Finnish textile and clothing design company renowned for its original prints and colours. The company designs and manufactures high-quality clothing, interior decoration textiles, bags and other accessories. Marimekko products are sold in approximately 40 countries. Products with Marimekko designs are also manufactured under license in various countries. In 2010, the company's net sales amounted to EUR 73.3 million, of which international sales accounted for 29.4%. The Group employs about 390 people. The company's share is quoted on NASDAQ OMX Helsinki Ltd.

**MARIMEKKO CORPORATION 'S FINANCIAL STATEMENT BULLETIN, 1 January - 31 December 2010****MARKET SITUATION**

The economic situation in Finland has continued to improve as expected and is anticipated to further improve gradually in the early part of 2011. The outlook for the near future is fairly good. However, production costs have risen, and they are expected to continue to rise markedly. Although average sales prices have increased, the rise in overall cost levels creates profitability pressures for companies. The world economy is forecast to grow fairly well in 2011, but the situation varies considerably between different areas and countries. Consumer confidence in the United States is low, but economic growth is nevertheless expected to be faster than forecast in the autumn. Huge growth in China will continue, and the focus of the world economy will increasingly be on the developing economies. In Asian countries, there is a danger of the economy overheating. A strong polarization is evident in the European economy. Optimism in Germany is at a record level, while in the crisis countries in Southern Europe, in Portugal, Spain and Greece, consumer's' and businesses' confidence in the economy falters seriously. The situation is worst in Greece. (Confederation of Finnish Industries EK: Business Tendency Survey, February 2011)

Retail trade confidence indicator dropped slightly in January, but remained at a high level. In December, the economic trend in the Finnish retail trade was one of the strongest within the EU, and sales have continued to grow at a good pace in the current year. (Confederation of Finnish Industries EK: Business Confidence Indicators, January 2011) From January to December in 2010, the value of retail sales in Finland increased by 2.9% (Statistics Finland: Retail trade turnover 2010, December, quick estimate). In the January-December period of 2010, retail sales of clothing (excluding sportswear) grew by 3.7% (Textile and Fashion Industries TMA). Sales of womenswear rose by 3.7%, sales of menswear by 5.5%, and sales of childrenswear by 0.9%. Sales of bags grew by 4.4%. From January to November 2010, exports of clothing (SITC 84) increased by 14% and imports by 9%; exports of textiles (SITC 65) decreased by 3%, while imports grew by 15% (National Board of Customs, monthly review, August 2010).

**NET SALES****Financial year 2010**

In 2010, the Marimekko Group's net sales increased by 1.1% to EUR 73,297 thousand (EUR 72,473 thousand). Net sales in Finland fell by 1.8% to EUR 51,768 thousand (EUR 52,711 thousand). The fall was partly attributable to a decrease in revenues from individual promotions. International sales rose by 8.9% to EUR 21,529 thousand (EUR 19,762 thousand). Sales grew vigorously in North America and in the market areas referred to as "the rest of Europe" and "other countries". New retail stores opened during the year increased sales in these areas. International sales represented 29.4% (27.3%) of the Group's net sales.

The breakdown of the Group's net sales by product line was as follows: clothing 36.0%, interior decoration 46.4% and bags 17.6%. Net sales by market area were: Finland 70.6%, the other Nordic countries 9.7%, the rest of Europe 7.2%, North America 5.2%, and other countries (Japan and other regions outside Europe and North America) 7.3%.

## 4Q of 2010

In the October–December period of 2010, the Marimekko Group's net sales rose by 6.5% to EUR 22,074 thousand (EUR 20,719 thousand). In Finland, net sales declined by 1.2% to EUR 16,342 thousand (EUR 16,538 thousand). The difference in relation to the comparison period is due to deliveries for an individual promotion in the corresponding period of the previous year. International sales grew by 37.1% to EUR 5,732 thousand (EUR 4,181 thousand). Sales increased in all markets. In North America and in the market areas referred to as "the rest of Europe" and "other countries", sales grew vigorously. The opening of new retail stores contributed to the strong growth.

## REVIEWS BY BUSINESS UNIT

### Clothing

In 2010, net sales of clothing decreased by 3.9% to EUR 26,384 thousand (EUR 27,466 thousand). Sales in Finland and the market area referred to as "the rest of Europe" declined, while sales in other markets increased. International sales accounted for 24.7% of net sales of clothing.

### Interior decoration

Net sales of interior decoration products increased by 4.0% to EUR 34,006 thousand (EUR 32,687 thousand). The growth came from North America and the market areas referred to as "the rest of Europe" and "other countries". In Finland and the other Nordic countries, sales remained at the same level as in the previous year. International sales accounted for 32.2% of net sales of interior decoration products.

### Bags

Net sales of bags increased by 4.8% to EUR 12,907 thousand (EUR 12,320 thousand). Sales grew in Finland, North America and the market area referred to as "the rest of Europe". Sales in other market areas decreased slightly. International sales accounted for 31.4% of net sales of bags.

### Sales in Finland

In 2010, Marimekko's retail sales, i.e. sales by Marimekko's own retail shops in Finland, declined by 3.8%. The decrease was partly due to changes in sales areas in the Helsinki shops. Wholesale sales in Finland fell by 1.2%. The difference relative to the previous year is due to a decrease in revenues from individual promotions. Both retail and wholesale sales in Finland were adversely affected by the extensive price-led promotion organised in the first quarter of 2009 in order to reduce inventories.

### International sales

In 2010, the trend in Marimekko's international sales (previously "exports and international operations") took a marked turn for the better. Sales rose by 8.9% to EUR 21,529 thousand (EUR 19,762 thousand). In North America and in the market areas referred to as "the rest of Europe" and "other countries", sales grew vigorously. New retail stores opened during the year increased sales in these areas. The major countries for exports were Japan, Sweden, the United States, Denmark and Germany.

In the market area referred to as "the other Nordic countries", clothing sales increased, while sales of interior decoration products and bags declined. Net sales rose to EUR 7,101 thousand, which was 0.8% up on the previous year (EUR 7,042 thousand). The opening of a new company-owned retail shop in Malmö, Sweden and the rise in the value of the Swedish krona contributed to the increase in sales.

In the market area referred to as “the rest of Europe”, net sales rose by 9.6% to EUR 5,284 thousand (EUR 4,821 thousand). Bag sales grew well. Sales of interior decoration products increased and sales of clothing decreased somewhat. The growth in net sales was partly attributable to the opening of a new company-owned retail shop in Berlin, Germany.

In North America, net sales rose by 27.0% to EUR 3,814 thousand (EUR 3,003 thousand). Sales of interior decoration products and bags grew extremely vigorously; clothing sales increased somewhat. Initial inventory purchases and sales by a new shop-in-shop in the United States and an increase in royalty earnings accounted for a significant share of the growth.

In the market area referred to as “other countries”, net sales rose by 8.9% to EUR 5,330 thousand (EUR 4,896 thousand). Sales of clothing and interior decoration products showed grew well; bag sales decreased slightly. The growth was generated by Japan and South Korea where a new concept store was opened in Seoul.

## Licensing

Royalty earnings from sales of licensed products increased significantly in 2010. All of the growth came from the United States and Japan.

## Production

The output of the Herttoniemi textile printing factory increased by 1.5% in 2010. The production volume of the Sulkava factory decreased slightly compared to the previous year. The output of the Kitee factory declined substantially due to changes implemented in the production structure in 2009.

## EARNINGS

### Financial year 2010

In 2010, the Group's operating profit rose by 29.9% to EUR 8,169 thousand (EUR 6,291 thousand). Operating profit as a percentage of net sales amounted to 11.1% (8.7%). Operating profit for 2009 included a non-recurring expense of EUR 0.5 million related to personnel reductions. Operating profit excluding non-recurring items stood at EUR 8,169 thousand (EUR 6,803 thousand). At the end of 2009, the company announced that it sought cost savings of approximately EUR 1.5 million in total through personnel cutbacks and other measures. The target was almost fully achieved in 2010.

Earnings for the year were improved by a distinct increase in average sales margin as well as growth in wholesale sales and royalty earnings. On the other hand, earnings were depressed by additional investments in product development and building up the company's international distribution network. In addition, earnings were weakened by the fact that the revenues generated from deliveries for individual promotions were lower than in the previous year and that, in 2010, the company carried out considerably fewer price-led promotions than the year before. Marketing expenses were also slightly higher than in 2009. The Group's marketing expenses for the year totalled EUR 3,341 thousand (EUR 3,137 thousand), representing 4.6% (4.3%) of net sales.

The Group's depreciation amounted to EUR 1,478 thousand (EUR 1,394 thousand), representing 2.0% (1.9%) of net sales. Net financial income totalled EUR 54 thousand (EUR 63 thousand), or 0.1% (0.1%) of net sales.

Profit after taxes was EUR 6,072 thousand (EUR 4,701 thousand), representing 8.3% (6.5%) of net sales. Earnings per share were EUR 0.76 (EUR 0.59).

### 4Q of 2010

In the October-December period of 2010, the Group's operating profit fell by 7.0% on the comparison period, amounting to EUR 2,188 thousand (EUR 2,353 thousand). Earnings per share were EUR 0.21 (EUR 0.22). Earnings for the period were weakened by the fact that

revenues generated from an individual promotion were lower than in the corresponding of the previous year. Earnings were also depressed by additional investments in product development and building up the company's international distribution network, and by higher marketing expenses for the period compared to the same period in 2009. On the other hand, earnings for the period were boosted by an increase in average sales margin and growth in wholesale sales.

## INVESTMENTS

The Group's gross investments amounted to EUR 1,519 thousand (EUR 1,202 thousand), representing 2.1% (1.7%) of net sales. The majority of investments were directed at the procurement and updating of information systems, and at the construction of new shops and the procurement of furniture.

## EQUITY RATIO AND FINANCING

The Group's equity ratio was 78.8% at the end of the year (77.7% on 31 December 2009). The ratio of interest-bearing liabilities minus financial assets to shareholders' equity (gearing) was -28.2%, while it was -32.2% at the end of the previous year.

At the end of the year, the Group's financial liabilities stood at EUR 0 (EUR 0). The Group's financial assets at the end of the financial year amounted to EUR 9,667 thousand (EUR 10,245 thousand).

## SHARES AND SHARE PRICE TREND

### Share capital

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

### Shareholdings

According to the book-entry register, Marimekko had 6,673 (6,716) shareholders at the end of the year. Of the shares, 15.0% were registered in a nominee's name and 15.9% were in foreign ownership. The number of shares owned either directly or indirectly by members of the Board of Directors and the President of the company was 1,086,440, representing 13.5% of the total share capital and of the votes conferred by the company's shares.

The largest shareholders according to the book-entry register on 31 December 2010

|     |   | Number of shares and votes | Percentage of holding and votes |
|-----|---|----------------------------|---------------------------------|
| 1.  | Muotitila Ltd                                     | 1,045,200                  | 13.00                           |
| 2.  | Semerca Investment Ltd                            | 850,377                    | 10.58                           |
| 3.  | ODIN Finland                                      | 406,992                    | 5.06                            |
| 4.  | Varma Mutual Employment Pension Insurance Company | 385,920                    | 4.80                            |
| 5.  | Nordea Nordic Small Cap Fund                      | 269,204                    | 3.35                            |
| 6.  | Ilmarinen Mutual Pension Insurance Company        | 265,419                    | 3.30                            |
| 7.  | Veritas Pension Insurance Company                 | 220,000                    | 2.74                            |
| 8.  | Mutual Fund Tapiola Finland                       | 66,395                     | 0.83                            |
| 9.  | FIM Pankki Oy                                     | 60,000                     | 0.75                            |
| 10. | Foundation for Economic Education                 | 50,000                     | 0.62                            |
| 11. | Scanmagnetics Oy                                  | 40,000                     | 0.50                            |
| 12. | Fromond Elsa                                      | 37,000                     | 0.46                            |
| 13. | Haapanala Auvo                                    | 35,000                     | 0.43                            |
| 14. | Westerberg Olof                                   | 33,600                     | 0.42                            |
| 15. | Karvonen Eero                                     | 27,900                     | 0.34                            |
|     | Total   | 3,793,007                  | 47.18                           |
|     | Nominee-registered                                | 1,207,281                  | 15.01                           |
|     | Others  | 3,039,712                  | 37.81                           |
|     | Total   | 8,040,000                  | 100.00                          |

## Flaggings

SEB Asset Management S.A.'s share of Marimekko Corporation's share capital and voting rights rose to 5.13%, or 412,259 shares, as a result of a transaction concluded on 5 February 2010.

SEB Asset Management S.A.'s share of Marimekko Corporation's share capital and voting rights fell to 0.00%, or 0 shares, due to a stock loan on 15 April 2010 and then reverted to 5.13%, or 412,259 shares, at the termination of the stock loan on 28 April 2010.

The combined share of Marimekko Corporation's share capital and voting rights held by organisations controlled by Credit Suisse Group AG rose to 5.60%, or 450,000 shares, as a result of a transaction made on 20 April 2010. After the transaction, Credit Suisse Securities (Europe) Ltd held 400,000 Marimekko shares and Credit Suisse Securities (USA) LLC held 50,000 shares. The combined share of Marimekko Corporation's share capital and voting rights held by the abovementioned organisations controlled by Credit Suisse Group AG fell below 5.00% as a result of a transaction made on 23 April 2010.

## Authorisations

At the end of the review period, the Board of Directors had no valid authorisations to carry out share issues or issue convertible bonds or bonds with warrants, or to acquire or surrender Marimekko shares.

## Share trading

In 2010, a total of 1,046,014 Marimekko shares were traded, representing 13.0% of the shares outstanding. The total value of Marimekko's share turnover was EUR 11,898,520. The lowest price of the Marimekko share was EUR 10.00, the highest was EUR 14.45 and the average price was EUR 11.66. At the end of the year, the final price of the share was EUR 14.45. The company's market capitalisation on 31 December 2010 was EUR 115,776,000 (EUR 82,812,000 on 31 December 2009).

## PERSONNEL

In 2010, the number of employees averaged 375 (400). At the end of the year, the Group employed 388 (370) people, of whom 19 (17) worked abroad.

## CHANGES IN COMPANY MANAGEMENT

On 1 July 2010, Minna Kemell-Kutvonen commenced as Creative Director of all of the Marimekko Group's product lines and as a member of the Management Group. Piia Rossi, Director for Marimekko's own retail shops in Finland and member of the Management Group, resigned on 16 August 2010. Päivi Lonka was appointed Sales Director for the Group, responsible for sales and shops, on 16 August 2010. After the retirement on 1 November 2010 of Helinä Uotila, Director for Marimekko's production, purchases, and interior decoration line, all three of the company's product lines are managed by one Product Director, Niina Nenonen. The appointed persons have also previously held management positions in the company.

The organisational changes implemented during 2010 aim to improve consistency in design across the different product lines, enhance efficiency in production and sourcing, and develop product assortment planning to better respond to the needs of different distribution channels. As of 1 November 2010, the Marimekko Group's Management Group comprises Mika Ihamuotila as Chairman, and Thomas Ekström (finance and administration), Malin Groop (marketing), Minna Kemell-Kutvonen (design), Päivi Lonka (sales) and Niina Nenonen (product lines) as members.

## RISK MANAGEMENT AND MAJOR RISKS

Risk management is an integral element of the company's management and decision-making process, covering all of the Group's functions. Risk identification builds on Marimekko's strategic and operational objectives. The company's Board of Directors has confirmed the principles, responsibilities and organisation of risk management. The Board of Directors also monitors the success of risk management. According to its risk management principles, Marimekko classifies its risks as strategic, operational, economic and accident risks. Risk reporting is part of the company's regular reporting.

The risk factors described below may have a harmful impact on the company's shareholder value, business, or financial standing. However, other risks which Marimekko is currently not aware of or which are not currently considered major may become significant in the future.

Key strategic risks assessed by Marimekko are associated with the general economic development and the consequent uncertainty in the operating environment as well as the management of change. Trends in the world economy affect consumers' purchasing behaviour and buying power in all of the company's market areas. The decline in consumer demand at the end of 2008 and during 2009 had an adverse impact on the company's growth and earnings outlook. In 2010, the general economic outlook has improved gradually and this is also reflected in Marimekko's growth and earnings outlook. Simultaneously Marimekko is going through a phase of intensive change and the company has a number of development projects in progress. With these measures the structure of Marimekko's business is transformed and a more solid foundation for long term growth and improved profitability is laid. In 2010, several projects related to internationalisation and product development were carried out. The company's ability to develop and commercialise new products that meet consumers' expectations has an impact on the company's sales and profitability. The management and monitoring of change and ensuring sufficient core expertise are emphasised in risk management.

Among the company's operational risks, the key factor is the operational reliability of procurement and logistics processes. Risks related to changes in the prices of raw materials and other purchase prices are also significant. The share of in-house production has diminished, and Marimekko uses subcontractors to an increasing extent. Therefore, the company's dependence on the supply chain has increased. Any delays or disturbances in supply may have a temporary

harmful impact on business. Control points and responsibilities were determined in order to take notice of any realisation of risks and to take preventive action. Risks are managed by improving the disturbance tolerance of the procurement process and by training purchasing staff. The company is continuously developing the availability of key products and alternative procurement channels, the operational efficiency of procurement, the competence of the purchasing staff and the comprehensiveness and functionality of reporting. In 2010, a comprehensive long-term project to develop logistics processes was launched.

Among the company's economic risks, those related to the structure of sales, the price trends for factors of production, customers' liquidity and changes in exchange rates may have an impact on the company's financial status. Sudden changes in the prices of raw materials may also have an impact on the company's earnings. A number of raw materials are used to manufacture Marimekko products, the most important being cotton. The company closely monitors the near-term trend in cotton prices. So far, the steep price increase of cotton has not had an effect on the company's earnings. The risks related to raw material price fluctuations are diminished by taking the fluctuations into account in product pricing. If the price of cotton remains at its present high level or rises further and if the company fails to pass the increased raw material costs on to selling prices, the company's earnings may be affected. The company protects itself against credit risks related to trade receivables by continuously monitoring its customers' credit limits, credit history and financial situation. Credit risks are also reduced by means of advance payments, bank guarantees and letters of credit. In 2010, no significant changes took place in credit losses or the customers' payment behaviour. The company's main invoicing and purchasing currency is the euro. The other significant invoicing currencies are the Swedish krona and the US dollar. Marimekko protects itself against foreign currency risks of sales by taking exchange rate fluctuations into account when pricing its products. In 2010, changes in exchange rates did not have any material effect on the company's business.

The company strives to minimize its accident risks by means of labour protection and security training, as well as operating procedures concerning work and working methods. Group companies have taken out policies to insure their personnel, assets and operations. The scope, insurance value and excess amount of the policies are reviewed annually with the insurance companies.

## RESEARCH AND DEVELOPMENT

Marimekko's product planning and development costs arise from the design of collections. Design costs are recorded in expenses.

## THE ENVIRONMENT, HEALTH AND SAFETY

Responsibility for the environment and nature is an integral aspect of Marimekko's business. Where environmental matters are concerned, the company's business supervision is largely based on legislation and other regulations. The Herttoniemi textile printing factory has a valid environmental permit and the production operations comply with its terms. Marimekko's production processes do not generate any waste that is classified as hazardous or detrimental to health. In the interest of monitoring the environmental impact of production and other business operations, the company develops its operating models and conducts regular tests on the materials used in products. Cooperation agreements require Marimekko's subcontractors and other partners to commit themselves to shouldering their environmental responsibilities. The company seeks to save energy by developing its production methods, investing in energy-efficient machinery and equipment, and monitoring energy consumption.

In 2010, Marimekko continued the long-term development of a corporate social responsibility management system. The company has chosen sourcing, design, production and quality control as well as warehousing, distribution and logistics as the key areas for the next few years. Marimekko's Annual Report contains a more extensive report on environmental, health and safety issues. A summary is also included in each interim report. The framework for reporting is provided

by the G3 guidelines of the Global Reporting Initiative (GRI).

## DECISIONS OF THE ANNUAL GENERAL MEETING

The decisions of Marimekko Corporation's Annual General Meeting are reported in the stock exchange release dated 15 April 2010 as well as in the interim reports dated 6 May 2010 and 12 August 2010.

## INTERNATIONAL PROJECTS

On 12 August 2010, Marimekko announced significant projects related to internationalisation to be implemented during the rest of the year 2010.

In the United States, a subsidiary, Marimekko North America LLC, was established in October 2010 to manage and develop the local operations in collaboration with the brand management firm C2Group. The renowned home furnishings retailer Crate and Barrel opened a Marimekko shop-in-shop in its SoHo store in New York in mid-October. Marimekko's long-term goal is to expand the distribution of its products in the United States through high-end department and specialty stores as well as by increasing the number of Marimekko stores.

The first Marimekko concept store in South Korea was opened in Seoul in mid-October. The store is owned by I.D. Look Co., Ltd., a subsidiary of Marimekko's Japanese distributor Look Inc. In November 2010, Marimekko opened open its own retail shops in Berlin, Germany and Malmö, Sweden.

## MAJOR EVENTS AFTER THE CLOSE OF THE REVIEW PERIOD

### The CEO's substitute

On 21 January 2011, Marimekko announced that the company's President and CEO Mika Ihamuotila will undergo a minor repeat neurosurgical procedure at the beginning of February 2011. After the operation, he will be on sick leave for approximately 4 to 6 weeks. During Ihamuotila's leave of absence, the duties of president will be taken over by the company's CFO Thomas Ekström.

### Investment in a printing machine

On 2 February 2011, Marimekko announced that it will invest in a new printing machine and screen-making equipment at the company's textile printing factory in Helsinki. The value of the investment will be roughly EUR 1.5 million. The investment will triple the textile printing factory's output capacity compared to present levels. In 2010, Marimekko's printing factory produced 1.1 million metres of fabric. The new machinery will come online towards the end of the year 2011, and the added capacity will be deployed in stages. The investment will also enable the company to prepare for higher demand in the long term.

The textile printing factory has been operating at full capacity since summer 2009, when the company's older printing machine was taken out of use. A sizable boost in capacity is needed because of both current order books and the company's longer-term growth targets. The acquisition of the printing machine is intended to secure sufficient capacity for foreseeable demand, to shorten delivery lead times, and to improve manufacturing efficiency. Also, the investment will reduce dependency on a single printing machine and open up opportunities for product development.

### Collaboration with Crate and Barrel

On 4 February 2011, Marimekko announced that it will expand its distribution and reinforce its position in the United States by extending its collaboration with the home furnishings retailer Crate and Barrel. Crate and Barrel plans to open 22 new Marimekko shop-in-shops by the end of the year 2013. The first four of the new shops will be opened in spring 2011: on Madison Avenue in New York as well as in Chicago, Los Angeles and San Francisco. Crate and Barrel will have

exclusive rights to retail Marimekko interior decoration products in the US and Canada in the home specialty and department store chain category; these exclusive rights will not apply to clothes, bags or accessories. In addition to furnishing products imported from Finland, the product range for Crate and Barrel's stores will also include Marimekko products made under licence such as bedding and bath textiles. During this spring, Crate and Barrel will also open an online shop specialising in Marimekko products within its website.

## Management Group's long-term bonus system

The Board of Directors of Marimekko Corporation has agreed on establishing a new long-term bonus system targeted to the company's Management Group. The purpose of the bonus system is to encourage the Management Group to operate with a business mentality and to add the company's value in the long-term in particular. The aim is to combine the owners' and the Management Group's targets in order to increase the company's value and to elicit the Management Group's commitment to the company in the span of several years.

The system is composed of two earning periods, which are 1 January 2011 – 31 October 2014 and 1 January 2011 – 28 February 2015. The possible bonus for each earnings period will be based on the total yield on Marimekko Corporation's shares, including dividends. The possible bonus will be paid in cash in two batches, one in autumn 2014 and the other in spring 2015. Earning the bonus requires that the person still work for the company at the time of the payment. When receiving the bonus the person in question commits to use 50% of the net value of the bonus for acquiring the company's shares in transaction price within six months from receiving the bonus. The shares acquired with the bonus cannot be surrendered prior to two years from the time of acquiring the shares. The annual maximum value of the bonus paid to a member of the Management Group in the bonus system cannot exceed the approximate value of fixed annual salary. Marimekko's Management Group comprises of six persons at the moment.

## THE BOARD OF DIRECTORS' PROPOSAL FOR THE DIVIDEND FOR THE 2010 FINANCIAL YEAR

A dividend of EUR 0.45 per share was paid for 2009 to a total of EUR 3,618,000. The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.55 per share be paid for 2010. The proposed dividends represent 72.4% of the Group's earnings per share for the financial year. On 31 December 2010, the parent company's distributable funds amounted to EUR 22,373,746.84. The Board of Directors will propose 26 April 2011 as the dividend record, and 3 May 2011 as the dividend payout date.

## OUTLOOK FOR 2011

In 2011, sales are forecast to continue on their growth track, and openings of new shops and other actions to develop the distribution network are expected to accelerate sales, particularly in the second half of the year. The planned measures and considerable investments in internationalisation, particularly in the United States, and in developing business operations and the distribution network are so extensive that they will make themselves felt in the form of a significant increase in fixed costs and they will exert a substantial drag on earnings this year. With these measures and investments, of which many occur predominantly during this year, the structure of Marimekko's business is transformed and a more solid foundation for long term growth and improved profitability is laid.

Moreover, increases in the costs of raw materials and in particular the record price of cotton put the company under pressure to raise prices. Revenues generated from deliveries for individual promotions are expected to be very low. By cutting down on price-led promotions, the company aims further to improve the average sales margin and the brand's pricing power.

The total investments planned by the Marimekko Group for 2011 are estimated at roughly EUR 5 million. This includes the investment in machinery for the Helsinki textile printing factory, amounting to approximately EUR 1.5 million, the purpose of which is to secure capacity in line

with currently foreseeable demand and also to prepare for higher demand in the long term.

The Marimekko Group's net sales in 2011 are estimated to grow by roughly 5-10%, but operating profit is forecast to decline by some 40-60% compared with the previous year.

Helsinki, 8 February 2011

MARIMEKKO CORPORATION  
Board of Directors

Information presented in the financial statement bulletin has not been audited.

## APPENDICES

Accounting principles

Consolidated income statement and comprehensive consolidated income statement

Consolidated balance sheet

Consolidated cash flow statement

Consolidated statement of changes in shareholders' equity

Key indicators

Consolidated net sales by market area and product line

Segment information

Quarterly trend in net sales and earnings

Accounting principles

This financial statement bulletin was prepared in accordance with IAS 34: Interim Financial Reporting. The same accounting principles were applied as in the 2009 financial statements. The new or amended standards and interpretations that have become effective in 2010 and whose contents are presented in the financial statements for 2009 have had no effect on the information in the financial statement bulletin.

## FORMULAS FOR THE KEY FIGURES

Earnings per share (EPS), EUR:

$(\text{Profit before taxes} - \text{income taxes}) / \text{Number of shares (average for the financial period)}$

Equity per share, EUR:

$\text{Shareholders' equity} / \text{Number of shares, 31 December}$

Return on equity (ROE), %:

$(\text{Profit before taxes} - \text{income taxes}) \times 100 / \text{Shareholders' equity (average for the financial period)}$

Return on investment (ROI), %:

$(\text{Profit before taxes} + \text{interest and other financial expenses}) \times 100 / (\text{Balance sheet total} - \text{non-interest-bearing liabilities (average for the financial period)})$

Equity ratio, %

$\text{Shareholders' equity} \times 100 / (\text{Balance sheet total} - \text{advances received})$

Gearing, %:

$\text{Interest-bearing net debt} \times 100 / \text{Shareholders' equity}$

## CONSOLIDATED INCOME STATEMENT

| (EUR, 1,000)  | 10-12/<br>2010 | 10-12/<br>2009 | 1-12/<br>2010 | 1-12/<br>2009 |
|---|----------------|----------------|---------------|---------------|
| NET SALES   | 22,074         | 20,719         | 73,297        | 72,473        |
| Other operating income  | 3              | 6              | 16            | 41            |
| Increase or decrease in inventories of completed and unfinished products  | -101           | 739            | -1,173        | 2,135         |
| Raw materials and consumables   | 8,636          | 7,678          | 28,496        | 26,890        |
| Employee benefit expenses   | 4,852          | 4,660          | 17,311        | 18,202        |
| Depreciation  | 370            | 363            | 1,478         | 1,394         |
| Other operating expenses  | 6,132          | 4,932          | 19,032        | 17,602        |
| OPERATING PROFIT  | 2,188          | 2,353          | 8,169         | 6,291         |
| Financial income  | 74             | 26             | 83            | 86            |
| Financial expenses  | -8             | -10            | -29           | -23           |
|   | 66             | 16             | 54            | 63            |
| PROFIT BEFORE TAXES   | 2,254          | 2,369          | 8,223         | 6,354         |
| Income taxes  | 603            | 630            | 2,151         | 1,653         |
| NET INCOME FOR THE PERIOD   | 1,651          | 1,739          | 6,072         | 4,701         |
| Distribution of net income to equity holders of the parent company  | 1,651          | 1,739          | 6,072         | 4,701         |
| Basic and diluted earnings per share calculated on the profit attributable to equity holders of the parent company, EUR | 0.21           | 0.22           | 0.76          | 0.59          |

## COMPREHENSIVE CONSOLIDATED INCOME STATEMENT

| (EUR 1,000)  | 10-12/<br>2010 | 10-12/<br>2009 | 1-12/<br>2010 | 1-12/<br>2009 |
|--|----------------|----------------|---------------|---------------|
| Net income for the period  | 1,651          | 1,739          | 6,072         | 4,701         |
| Other comprehensive income   |                |                |               |               |
| Change in translation difference                                   | 13             | 13             | 8             | 4             |
| COMPREHENSIVE INCOME FOR THE PERIOD                                | 1,664          | 1,752          | 6,080         | 4,705         |
| Distribution of net income to equity holders of the parent company | 1,664          | 1,752          | 6,080         | 4,705         |

## CONSOLIDATED BALANCE SHEET

| (EUR 1,000)  | 31.12.2010    | 31.12.2009    |
|--|---------------|---------------|
| <b>ASSETS</b>  |               |               |
| <b>NON-CURRENT ASSETS</b>  |               |               |
| Tangible assets  | 9,390         | 9,805         |
| Intangible assets  | 869           | 409           |
| Available-for-sale financial assets                                | 16            | 20            |
|  | 10,275        | 10,234        |
| <b>CURRENT ASSETS</b>  |               |               |
| Inventories  | 17,172        | 15,229        |
| Trade and other receivables  | 6,437         | 5,241         |
| Current tax assets   | -             | 18            |
| Cash and cash equivalents  | 9,667         | 10,245        |
|  | 33,276        | 30,733        |
| <b>ASSETS, TOTAL</b>   | <b>43,551</b> | <b>40,967</b> |
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>                        |               |               |
| <b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b> |               |               |
| Share capital  | 8,040         | 8,040         |
| Translation differences  | 10            | 2             |
| Retained earnings  | 26,237        | 23,783        |
| Shareholders' equity, total  | 34,287        | 31,825        |
| <b>NON-CURRENT LIABILITIES</b>                                     |               |               |
| Deferred tax liabilities   | 651           | 683           |
| <b>CURRENT LIABILITIES</b>   |               |               |
| Trade and other payables   | 8,583         | 7,874         |
| Current tax liabilities  | 30            | 585           |
|  | 8,613         | 8,459         |
| Liabilities, total   | 9,264         | 9,142         |
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL</b>                 | <b>43,551</b> | <b>40,967</b> |

The Group has no liabilities resulting from derivative contracts, and there are no outstanding guarantees or any other contingent liabilities which have been granted on behalf of the management of the company or its shareholders.

## CONSOLIDATED CASH FLOW STATEMENT

| (EUR 1,000)   | 2010          | 2009          |
|---|---------------|---------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                                    |               |               |
| Net profit for the period   | 6,072         | 4,701         |
| Adjustments   |               |               |
| Depreciation according to plan  | 1,478         | 1,394         |
| Financial income and expenses   | -54           | -63           |
| Taxes   | 2,151         | 1,653         |
| Cash flow before change in working capital                                    | 9,647         | 7,685         |
| Change in working capital   |               |               |
| Increase (-) / decrease (+) in current non-interest-bearing trade receivables | - 1,193       | 834           |
| Increase (-) / decrease (+) in inventories                                    | -1,943        | 2,055         |
| Increase (-) / decrease (+) in current non-interest-bearing liabilities       | 684           | 108           |
| Cash flow from operating activities before financial items and taxes          | 7,195         | 10,682        |
| Paid interest and payments on other financial expenses                        | -30           | -24           |
| Interest received   | 81            | 120           |
| Taxes paid  | -2,687        | -837          |
| <b>CAH FLOW FROM OPERATING ACTIVITIES</b>                                     | <b>4,559</b>  | <b>9,941</b>  |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                                    |               |               |
| Investments in tangible and intangible assets                                 | -1,519        | -1,202        |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                                    | <b>-1,519</b> | <b>-1,202</b> |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                                    |               |               |
| Short-term loans repaid   |               | -185          |
| Dividends paid  | -3,618        | -4,422        |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                                    | <b>-3,618</b> | <b>-4,607</b> |
| Change in cash and cash equivalents   | -578          | 4,133         |
| Cash and cash equivalents at the beginning of the period                      | 10,245        | 6,112         |
| Cash and cash equivalents at the end of the period                            | 9,667         | 10,245        |

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| (EUR 1,000)                         | Equity attributable to equity holders of the parent company |                         |                   |                             |
|-------------------------------------|---|-------------------------|-------------------|-----------------------------|
|                                     | Share capital   | Translation differences | Retained earnings | Shareholders' equity, total |
| Shareholders' equity 1 Jan. 2009    | 8,040   | -2                      | 23,504            | 31,542                      |
| Comprehensive income for the period |   | 4                       | 4,701             | 4,705                       |
| Dividends paid                      |   |                         | -4,422            | -4,422                      |
| Shareholders' equity 31 Dec. 2009   | 8,040   | 2                       | 23,783            | 31,825                      |
| Shareholders' equity 1 Jan. 2010    | 8,040   | 2                       | 23,783            | 31,825                      |
| Comprehensive income for the period |   | 8                       | 6,072             | 6,080                       |
| Dividends paid                      |   |                         | -3,618            | -3,618                      |
| Shareholders' equity 31 Dec. 2010   | 8,040   | 10                      | 26,237            | 34,287                      |

## KEY INDICATORS

|   | 1-12/2010 | 1-12/2009 | Change, % |
|---|-----------|-----------|-----------|
| Earnings per share, EUR                           | 0.76      | 0.59      | 28.8      |
| Equity per share, EUR                             | 4.26      | 3.96      | 7.6       |
| Return on equity (ROE), %                         | 18.4      | 14.8      |           |
| Return on investment (ROI), %                     | 25.0      | 20.1      |           |
| Equity ratio, %                                   | 78.8      | 77.7      |           |
| Gearing, %  | -28.2     | -32.2     |           |
| Gross investments, EUR 1,000                      | 1,519     | 1,202     | 26.4      |
| Gross investments, % of net sales                 | 2.1       | 1.7       |           |
| Contingent liabilities, EUR 1,000                 | 11,147    | 11,306    | -1.4      |
| Average personnel                                 | 375       | 400       | -6.3      |
| Personnel at the end of the period                | 388       | 370       | 4.9       |
| Number of shares at the end of the period (1,000) | 8,040     | 8,040     |           |
| Number of shares outstanding, average (1,000)     | 8,040     | 8,040     |           |

## NET SALES BY MARKET AREA

| (EUR, 1,000)           | 10-12/<br>2010 | 10-12/<br>2009 | Change,<br>% | 1-12/<br>2010 | 1-12/<br>2009 | Change,<br>% |
|------------------------|----------------|----------------|--------------|---------------|---------------|--------------|
| Finland                | 16,342         | 16,538         | -1.2         | 51,768        | 52,711        | -1.8         |
| Other Nordic countries | 1,786          | 1,725          | 3.5          | 7,101         | 7,042         | 0.8          |
| Rest of Europe         | 1,454          | 978            | 48.7         | 5,284         | 4,821         | 9.6          |
| North America          | 1,268          | 694            | 82.7         | 3,814         | 3,003         | 27.0         |
| Other countries        | 1,224          | 784            | 56.1         | 5,330         | 4,896         | 8.9          |
| TOTAL                  | 22,074         | 20,719         | 6.5          | 73,297        | 72,473        | 1.1          |

## NET SALES BY PRODUCT LINE

| (EUR, 1,000)        | 10-12/<br>2010 | 10-12/<br>2009 | Change,<br>% | 1-12/<br>2010 | 1-12/<br>2009 | Change,<br>% |
|---------------------|----------------|----------------|--------------|---------------|---------------|--------------|
| Clothing            | 6,008          | 6,213          | -3.3         | 26,384        | 27,466        | -3.9         |
| Interior decoration | 12,100         | 11,658         | 3.8          | 34,006        | 32,687        | 4.0          |
| Bags                | 3,966          | 2,848          | 39.3         | 12,907        | 12,320        | 4.8          |
| <b>TOTAL</b>        | <b>22,074</b>  | <b>20,719</b>  | <b>6.5</b>   | <b>73,297</b> | <b>72,473</b> | <b>1.1</b>   |

## SEGMENT INFORMATION

| (EUR 1,000)        | 2010   | 2009   |
|--------------------|--------|--------|
| Marimekko business |        |        |
| Net sales          | 73,297 | 72,473 |
| Operating result   | 8,169  | 6,291  |
| Assets             | 43,551 | 40,967 |

## QUATERLY TREND IN NET SALES AND EARNING

| (EUR, 1,000)            | 10-12/2010 | 7-9/2010 | 4-6/2010 | 1-3/2010 |
|-------------------------|------------|----------|----------|----------|
| Net sales               | 22,074     | 19,468   | 15,747   | 16,008   |
| Operating result        | 2,188      | 4,170    | 588      | 1,223    |
| Earnings per share, EUR | 0.21       | 0.38     | 0.05     | 0.12     |
| (EUR 1,000)             | 10-12/2009 | 7-9/2009 | 4-6/2009 | 1-3/2009 |
| Net sales               | 20,719     | 19,492   | 15,999   | 16,263   |
| Operating result        | 2,353      | 2,901    | 1,058    | -21      |
| Earnings per share, EUR | 0.22       | 0.27     | 0.10     | 0.00     |