marimekko®

# Annual Report 2008

# Marimekko Annual Report 2008

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 over 40 countries. Products with Marimekko designs are also manufactured under licence in various countries. In 2008, the company's net sales amounted to EUR 81.1 million. Exports and income from international operations accounted for 27.0% of the Group's net sales. At the end of 2008, the Group employed 414 people. The company's share is quoted on the NASDAQ OMX Helsinki Ltd.

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# Colour, joy and beauty for everyday life

Marimekko design has many dimensions. It is recognisable, but hard to define using individual words or attributes. Marimekko design is a powerful interpretation of life and our surroundings. It springs from a well of emotion and looks to the future with a touch of nostalgia. The strength of Marimekko design is unrestrained creativity, the deepest ambition of which is to offer aesthetic experiences for every moment of our lives. This unique spirit is the achievement of designers who interpret contemporary themes with their individual and moving styles.

In many ways, 2008 was a year of new beginnings for Marimekko, including adoption of a new style of design thinking. The company honed its design strategy, streamlined its collections, harmonised the design goals and introduced a new approach to coordinating and developing the design process – all with the intent to increase the appeal of Marimekko design with current clientele and to reach new target groups.

Samu-Jussi Koski (clothing) and Minna Kemell-Kutvonen (interior decoration), the new Creative Directors appointed in summer 2008, are responsible for outlining Marimekko's creative strategy, supporting the designers and coordinating design activities between the product lines. Work on new collections begins with a joint kick-off meeting where the team determines the framework and goals for the collection – down to the message content and the colour scheme. Achievement is monitored throughout the design process. The objective is to introduce beautiful, joyful, bold and avant-garde design in everyday life – increasingly also outside Finland.

Colourful Modern Relaxed
Playful Bold
Surprising Quirky
Straightforward
International
Proud of its roots
Radical Natural
Clean-lined
Functional Significant
Cosy Delicate
Restrained Sustainable
Finnish Social

# CEO's review

At Marimekko we have a year of major changes and new strategy definitions behind us. In the next few years, we want to focus on a deliberate rethinking of our business, reinforcing our strengths and building up Marimekko's status as an international company. Our vision is to be one of the most appealing design-based consumer brands in the world.

Marimekko's major strengths are unique design and a widely recognised brand. Marimekko design is globally known particularly for its original patterns and colours. The value of this recognition – achieved through decades of dedicated work – is immeasurable. It is of the utmost importance for us that our customers, the international fashion and design media and distribution channels, our subcontractors and other stakeholders respect Marimekko and see us as a brand that stands out exceptionally strongly among its competitors. The fact that the best designers in the field are eager to create designs for Marimekko gives us a valuable competitive edge.

In 2008, we put special emphasis on product development, seeking not only to launch new products but also to reinforce our existing product categories. The fruits of this work include a collection of entirely new kinds of Marimekko bags and accessories, which will be in shops in the spring of 2009. The colours and patterns in the collection represent the familiar, joyful and bold Marimekko look, while the product design and materials serve the practical needs of customers in a new and more comprehensive way. Bags and impulse-buy accessories – belts, purses and key rings – are also strategically important product groups for the retail trade, as they can generate considerable sales volumes and margins and improve profitability in relation to store area. Our interior decoration line will introduce a variety of products taken one step further – in particular new easy-buy design items that bring joy to the home. We will also launch new materials alongside our traditional printed fabrics. The clothing line aims to improve the fit of the garments and offer more styles that can be combined and coordinated with each other.

The Marimekko concept stores – both the company's own shops and those owned by retailers – continue to play a key role in the internationalisation of Marimekko. This strategy allows us to present the Marimekko brand in depth and to expand our loyal customer base. Our geographic focus will be on areas where the Marimekko brand is already recognised. The goal is to have a sufficient number of stores in each region so that each shop can benefit from the economies of scale in marketing and other areas. A good example is Japan where we already have fifteen Marimekko concept stores, with three more opening this spring. We will also invest in the development of an enhanced store concept – a concept that offers a friendly and inspiring shopping environment for customers and maximises efficiency and profitability for the owner. With a unique, functional store concept and a product range that satisfies the wishes of today's consumers, we can attract established and esteemed retailers at the best possible locations close to major customer flows.

The global economic situation looks gloomy and uncertain at the moment. Recession forces us to keep a close watch on costs and efficiency, but we will continue to invest in product development, reshaping the store concept, and internationalisation. I am confident that with our amazingly committed and competent personnel we will weather this crisis. By working in a systematic and persistent way, we will create the foundation for Marimekko to emerge stronger than ever.

At present, the world is filled with shades of grey. Now more than ever we need colour and joy in our lives, something special and genuine, the courage to be ourselves – the spirit that has characterised Marimekko's design for almost 60 years.

Mika Ihamuotila

# A year of major changes and novel thinking

Marimekko initiated long-term plans for business development.

The company launched several development projects in its product lines to improve efficiency and profitability.

Marimekko enhanced the coordination of collection projects to strengthen the design process. Some new designers started working with Marimekko.

Marimekko continued to develop its store concept. The first shop based on the new concept opened in Turku, Finland.

Five new concept stores opened in Japan.

Licensing cooperation included H & M Hennes & Mauritz AB summer 2008 collection and the Marimekko for Avon cosmetics collection launched globally in autumn 2008. Marimekko and Sirpi S.p.A. entered into a licensing agreement concerning wallpaper production and distribution; the first collection will be launched in spring 2009.

**BUSINESS DEVELOPMENT**

- The Group's net sales were up 5.0%.
- Trend in net sales by product line:
  - clothing -0.5%
  - interior decoration 5.4%
  - bags 17.9%.
- Sales by Marimekko's own shops in Finland were down 0.2%.
- Sales to retailers in Finland grew by 5.1%. This growth was entirely generated by deliveries for one-off promotions.
- Exports and international operations increased by 7.3%. Growth was primarily attributable to one-off income from sales of licensed products and the opening of new concept stores.
- Earnings per share were EUR 0.92.
- The equity ratio rose to 78.7%.

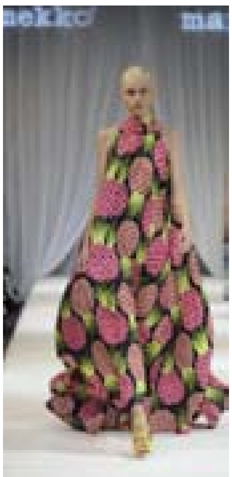
## Highlights of 2008

Fabrics from Marimekko's spring collection were on show at the HARDCORE New Finnish Design exhibition during the New York Design Week in May.

Marimekko presented its spring and summer 2009 collection at its own fashion shows in Helsinki and at the Gallery International Fashion Fair in Copenhagen in August.

Licensing cooperation with H&M provided worldwide visibility for Marimekko.

Marimekko and Artek arranged a joint design event, Milkbar, in Milan in April.



The first shop based on the new retail store concept opened in Turku, Finland, in August.

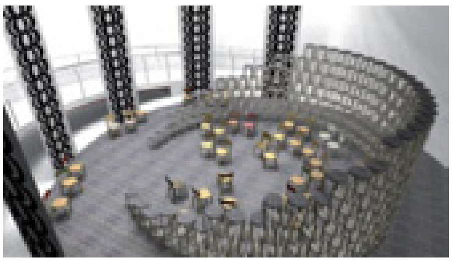
## KEY FIGURES

| | 2008 | 2007 | Change, % |
|---|---|---|---|
| Net sales, EUR 1,000 | **81,107** | 77,264 | 5.0 |
| Share of exports and international operations, % of net sales | **27.0** | 26.5 | |
| Operating profit, EUR 1,000 | **9,956** | 10,487 | -5.1 |
| % of net sales | **12.3** | 13.6 | |
| Profit before taxes, EUR 1,000 | **9,964** | 10,442 | -4.6 |
| Net profit for the financial year, EUR 1,000 | **7,378** | 7,717 | -4.4 |
| % of net sales | **9.1** | 10.0 | |
| Earnings per share, EUR | **0.92** | 0.96 | -4.4 |
| Equity per share, EUR | **3.92** | 3.66 | 7.3 |
| Dividend per share, EUR | *) **0.55** | 0.65 | |
| Return on equity (ROE), % | **24.2** | 27.4 | |
| Return on investment (ROI), % | **32.3** | 35.0 | |
| Equity ratio, % | **78.7** | 72.7 | |
| Personnel at the end of the financial year | **414** | 411 | 0.7 |

*) Proposal by the Board of Directors.

The formulas for the key figures are presented on page 89.

Marimekko and Artek made another joint appearance at the Be Honest! exhibition at the Spiral Garden in Tokyo in September.



Picture: Artek

The Marimekko for Avon cosmetics collection launched globally.

Picture: Avon

Five new concept stores opened in Japan.

The *Kirstu* storage chest by Ilkka Suppanen won the international 2008 GOOD DESIGN Award.

The Marimekko: Fabrics, Fashion, Architecture exhibition organised by the Design Museum Helsinki visited Mexico City, Lima and Murmansk during the year.

# Marimekko in 2008

## QUARTERLY TRENDS 2007–2008

| | Jan.–March | | April–June | | July–Sept. | | Oct.–Dec. | |
|---|---|---|---|---|---|---|---|---|
| | **2008** | **2007** | **2008** | **2007** | **2008** | **2007** | **2008** | **2007** |
| Net sales, EUR 1,000 | **18,594** | 16,912 | **18,539** | 16,997 | **21,913** | 20,699 | **22,061** | 22,656 |
| Operating profit, EUR 1,000 | **1,824** | 1,497 | **2,540** | 1,643 | **3,747** | 3,965 | **1,845** | 3,382 |
| Profit before extraordinary items and taxes, EUR 1,000 | **1,847** | 1,513 | **2,531** | 1,623 | **3,746** | 3,931 | **1,840** | 3,375 |
| Net profit, EUR 1,000 | **1,375** | 1,124 | **1,862** | 1,195 | **2,775** | 2,912 | **1,366** | 2,486 |
| Earnings per share, EUR | **0.17** | 0.14 | **0.23** | 0.15 | **0.35** | 0.36 | **0.17** | 0.31 |
| Equity per share, EUR | **3.83** | 3.49 | **3.40** | 2.98 | **3.75** | 3.35 | **3.92** | 3.66 |

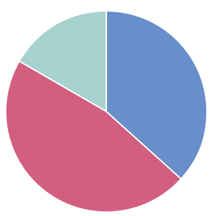
## NET SALES BY PRODUCT LINE

| (EUR 1,000) | 2008 | 2007 | Change, % |
|---|---|---|---|
| Clothing | **29,898** | 30,036 | -0.5 |
| Interior decoration | **37,747** | 35,813 | 5.4 |
| Bags | **13,462** | 11,415 | 17.9 |
| TOTAL | **81,107** | 77,264 | 5.0 |

## NET SALES BY MARKET AREA

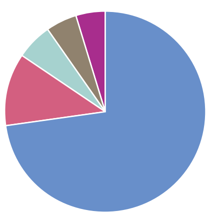
| (EUR 1,000) | 2008 | 2007 | Change, % |
|---|---|---|---|
| Finland | **59,175** | 56,826 | 4.1 |
| Other Nordic countries | **9,423** | 8,581 | 9.8 |
| Rest of Europe | **4,700** | 4,725 | -0.5 |
| North America | **3,994** | 4,067 | -1.8 |
| Other countries | **3,815** | 3,065 | 24.5 |
| TOTAL | **81,107** | 77,264 | 5.0 |

**Net sales by product line**
2008



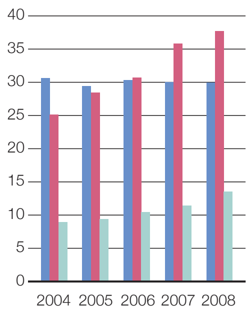
Clothing 36.9%
Interior decoration 46.5%
Bags 16.6%

**Net sales by market area**
2008



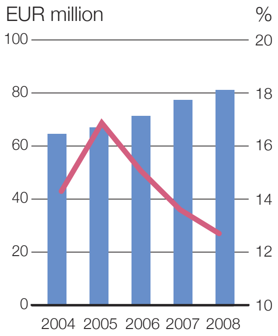
Finland 73.0%
Other Nordic countries 11.6%
Rest of Europe 5.8%
North America 4.9%
Other countries 4.7%

**Trend in net sales by product line**
EUR million




Clothing
Interior decoration
Bags

**Trend in net sales and operating profit**




Net sales, EUR million
Operating profit, % of net sales

# Vision, objectives and strategy

## On the way to becoming the world's most acclaimed print designer

Marimekko's objective is to grow and succeed in the international arena as a Finnish design company that has a strong identity. Business development primarily focuses on controlled organic growth in Finland and selected export markets.

### OBJECTIVES

- Highlight colourful print design as a differentiating factor.
- Enhance global awareness of Marimekko as a unique design-based consumer brand.
- Generate added value for the Marimekko brand by means of developing the product, store and distribution concepts.
- Maintain a strong market position in Finland.
- Increase exports and international operations by slightly over one-fifth annually compared with the previous year.
- Expand the distribution network, primarily by increasing the number of concept stores and shop-in-shops.

### FINANCIAL OBJECTIVES

**Ensuring profitable growth**

| | |
|---|---|
| • annual growth in consolidated net sales | over 10% |
| • operating profit as a share of net sales | 10% |
| • return on equity | over 15% |
| • equity ratio | 60% |

**A stable dividends policy**

- the objective is to distribute dividends each year
- dividends represent at least 50% of earnings per share

Marimekko's vision is to be the most acclaimed print designer in the world and one of the most appealing design-based consumer brands.

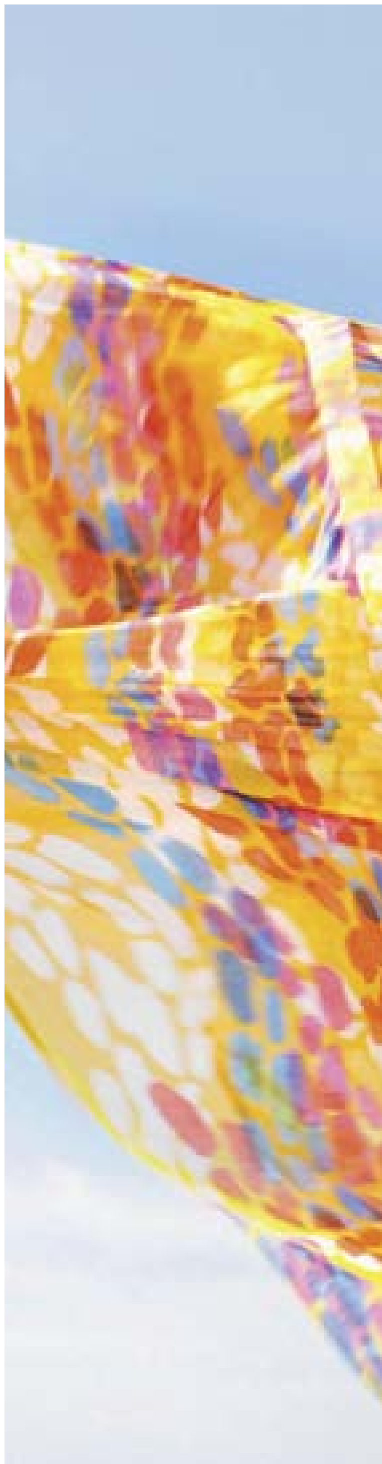
### ACHIEVEMENT OF OBJECTIVES 2004–2008

| | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|
| Annual growth in net sales, % | 14.1 | 4.1 | 6.3 | 8.2 | 5.0 |
| Annual growth in comparable net sales, % | 16.1 | 9.3 | 6.3 | 8.2 | 5.0 |
| Operating profit as a share of net sales, % | 14.1 | 17.0 | 15.2 | 13.6 | 12.3 |
| Return on equity (ROE), % | 28.9 | 38.4 | 31.3 | 27.4 | 24.2 |
| Equity ratio, % | 60.3 | 66.5 | 70.5 | 72.7 | 78.7 |
| Dividend per share, EUR | 0.50 | 0.65 | 0.65 | 0.65 | *)0.55 |
| Dividend per profit, % | 67.1 | 62.0 | 65.4 | 67.7 | *)59.9 |

*) Proposal by the Board of Directors.

### STRATEGIC CORNERSTONES

- Developing Marimekko as an increasingly international brand, building on Marimekko's unique expertise in colour and print design.
- Maintaining first-class, innovative design expertise and developing it further as a competitive edge factor.
- Developing more customer-oriented product, store and distribution concepts.
- Seeking growth from new customer groups and product innovations; controlled expansion of the distribution network primarily by increasing the number of concept stores and shop-in-shops.
- Enhancing efficiency, consistency and coordination in all business areas.
- Reinforcing employee competence and fostering a corporate culture that values creativity and encourages internal entrepreneurship.



# Ground-breaking, internationally attractive design for all seasons

Marimekko design is a balanced mix of consummate professional skill and an open-minded, bold attitude. The clothing line brings out Marimekko design in a fascinating multi-layered way. Materials and shapes form striking contrasts. The clean-lined design is both Finnish and international in character; the borders blur between the everyday and the festive. New collections express contemporary issues, but they also celebrate Marimekko's strong heritage.

The new design strategy for the clothing line divides collections structurally into three parts: forefront products, seasonal products that bring beauty to everyday life, and classic products. Forefront products continue Marimekko's proud tradition as a pioneer of Finnish design. Each season brings with it new, ground-breaking and internationally attractive design. These clothes have small production runs but a high attention value.

Seasonal items for women, men and children – items that bring beauty to everyday life – are still the cornerstone of Marimekko's clothing design. These products, too, are designed to bring something new not only to Marimekko but also to the international world of fashion. The clothes must be distinctive, attract media attention and, most importantly, appeal to a wide range of customers. The collections are meant to generate high sales volumes, which is why the cuts, materials, prints and colours must be suitable for long production runs.

Marimekko's success stories – the timeless classics – keep their place of honour as the foundation for the collections. They are an integral element of Marimekko's product concept and part of the basic range at each shop. Small updates give the items a fresh look and keep up appeal with customers. The classics range is expanded with the most popular products from the seasonal collections.

The trend in clothing sales has varied annually. In 2008, net sales fell by 0.5%, and amounted to EUR 29.9 million. There was a marked drop in sales in Finland; international sales varied by market. Exports and income from international operations accounted for 25.7% of net sales. The major countries for exports were the United States, Sweden, Denmark, Japan, Norway and Germany.

Marimekko traditionally brings out two main collections and two mid-season collections every year. Although Marimekko clothing is not representative of fast-paced mass fashion, the restructuring of the fashion trade presents a challenge for Marimekko's collection schedules. The company's aim is to balance the flow of goods to take better advantage of the season turning points. The role of subcontracting has increased continuously in clothing production. Factors affecting the choice of production location include collection structure, product delivery schedules, order volumes and the price level.

In 2008, Marimekko initiated several projects in the clothing product line to improve efficiency and profitability. The company is reviewing the development and scheduling of collections with a view to enhancing both reaction speed and delivery reliability. To ensure profitable growth, adjustments are made to the scope and structures of collections, pricing and delivery scheduling. Product development resources are targeted at new product groups and products with significant potential for net sales growth.

Quality enhancement efforts apply to both materials and production. Inventory turnover can be improved by more efficient planning and control of the purchasing and order processes.

Marimekko's 2009 clothing collections include designs by Samu-Jussi Koski, Mika Piirainen and Ritva Falla. Piia Rinne and Noora Niinikoski represent new talent. Annika Rimala's *Tasaraita* jersey styles – which have been in production for more than 40 years – are the backbone of the classics collection. The 2009 collections feature prints reflecting contemporary themes, picked from Marimekko's extensive pattern catalogue, as well as prints by talented young designers.

The autumn and winter 2009/2010 line is increasingly harmonious and powerful with colours and prints enhancing each other. The stunning knitwear by design duo Rinne-Niinikoski adds a novel, personal touch to the collection.

The clothing industry will face many challenges in the next few years. The trade will have to adjust its supply to weakening demand. In the uncertain market situation, Marimekko relies on its unique, attractive brand, a wealth of prints and original styling. Streamlined collections, more efficient coordination and gradual renewal increase the commercial potential of products and their appeal for new target groups both in Finland and in the exports markets.

# The enchantment of good design never fades

Marimekko's design is known for its expressive power, vivid colours and large patterns. The interior decoration range features all of these characteristics but also delicate and subdued shades. Good design offers joy and aesthetic experiences. It never loses its charm.

Marimekko's extensive interior decoration range provides ideas to suit every style, space and atmosphere. Printed textiles and items made from the fabrics constitute the main products of the range. The basic collection includes kitchen and tabletop products, bed linen, bath textiles and home accessories. The interior decoration collections contain both classics and seasonal products. New fabric designs are introduced every year for spring, autumn and Christmas.

Sales of Marimekko's interior decoration line have increased steadily. In the past few years, sales have been boosted by new concept store openings and significant promotions in Finland. In 2008, net sales of interior decoration products rose by 5.4%, amounting to EUR 37.7 million. Exports and income from international operations accounted for 27.7% of the net sales. The major countries for exports were the United States, Sweden, Japan, Denmark, Norway and Germany.

In 2008, Marimekko launched several projects in the interior decoration line, striving for a more coordinated approach to product development. The goal is to offer more finished interior textiles, introduce exciting new designs in various products and improve the adaption of patterns to products. Finding and testing new materials to improve quality and diversify the supply also play a crucial role in the continual development of Marimekko's interior decoration products.

In-house production brings flexibility to Marimekko's product development, which designers also appreciate. Seamless cooperation with the production professionals lets designers take advantage of the technical experience and knowledge that Marimekko's printing factory team has accumulated over several decades of turning ideas into reality. The uncompromising ambition shared by the designers and the production team – aspiring to something unique – has brought Marimekko's fabrics international success.

The creative works of Marimekko's designers are closely followed by the design community, educational institutions and the international media.

One of the most successful interior decoration products launched within the past years is the *Kirstu* storage chest. Designed for Marimekko by Ilkka Suppanen in 2006, *Kirstu* combines top design with a multi-function approach and ecological thinking. The storage chest won the prestigious 2008 GOOD DESIGN award, which is one of the oldest international design awards. The *Kivikko* furnishing item launched in spring 2009, also designed by Ilkka Suppanen, is another example of good design suiting multiple purposes. Roughly spherical in shape and available in three sizes, the *Kivikko* items can be used as comfortable cushions and seats, as toys or in games.

Expansion to new product categories is also possible through licensing cooperation – a long-standing tradition for Marimekko. The latest addition to Marimekko's range of licensed products is the Marimekko wallpaper collection, produced by the Italian company Sirpi S.p.A. The wallpapers, available later in the spring, bring Marimekko designs into a new – yet so natural – product category. The first collection will include both well-known classics and more recent designs. Future collections will offer new patterns every year.

The designers behind Marimekko's interior decoration range of spring 2009 have sought inspiration in folklore and bustling city life. The most recent addition to the designer team is Sanna Annukka, whose designs inspired by the Finnish national epic Kalevala have been well received in Finland and by the international media. The collection also features new patterns by Iiro A. Ahokas, Erja Hirvi, Maija Louekari, Aino-Maija Metsola and Teresa Moorhouse. In addition, Marimekko's 2009 interior decoration range contains works by the following designers: Hennamari Asunta, Björn Dahlström, Anna Danielsson, Vuokko Eskolin-Nurmesniemi, Klaus Haapaniemi, Pia Holm, Fujiwo Ishimoto, Kristina Isola, Maija Isola, Tuula Kaakinen, Inka Kivalo, Harri Koskinen, Anu Luhtanen, Tanja Orsjoki, Heikki Orvola, Ilkka Suppanen, Oiva Toikka, Jenni Tuominen, Katsuji Wakisaka, Marjaana Virta and Miina Äkkijyrkkä

# Not just a bag – an important everyday companion

A bag can say much about its owner's personality. It has got to meet its owner's needs and expectations in all kinds of situations. The world of bags gives designers unlimited opportunities for turning ideas into reality.

Bags embody Marimekko's basic philosophy of a happy everyday life: designs should express vitality and create a strong emotional tie with the user. This is the secret behind the worldwide success of Marimekko's classic bags. An enduring popularity over several decades has earned them a place alongside top international brands.

In addition to the classic bags, Marimekko introduces a wide range of new designs every season. The collections include a variety of rucksacks, shoulder bags, tote bags, makeup bags, umbrellas and purses. The product range lives with the times, offering designs for all purposes and age groups. Since bags are an integral element of Marimekko's lifestyle concept, coordination with other product lines is an important consideration in collection design.

Finnish design, materials printed in Marimekko's own textile printing factory and production at the company's own factories in Sulkava and Kitee increase the domestic origin of many Marimekko products. Marimekko strives to concentrate its bag production in Finland, yet rapidly rising sales volumes have forced the company to seek additional capacity and the necessary special expertise abroad, and increasingly transfer production to foreign subcontractors. A well-functioning subcontracting network complements Marimekko's in-house design and manufacturing teams, providing an element of operational flexibility that allows Marimekko to rapidly respond to any special needs the customers may have.

In the recent past, bags have been Marimekko's most rapidly growing product group, particularly in the exports market. The positive development in sales is based on successful collections, but also on international fashion trends which favour bags and other accessories. In 2008, net sales of bags rose by 17.9%, amounting to EUR 13.5 million. Exports and income from international operations accounted for 28.0% of net sales. The major countries for exports were Japan, Denmark, Sweden, the United States, Norway and Italy.

Bags are an important product group for Marimekko, with great potential for growth. Thus, the company is willing to increasingly invest in the product development in the bag line. In spring 2009, Marimekko launched Mari's New Bags, a collection of completely new kinds of bags and accessories. Each product bears a unique, individually tailored pattern – a feature made possible by expertise accumulated over the decades and by the state-of-the-art printing technology at Marimekko's textile printing factory. The 2009 bag collection captivates with rich patterns, colours and careful attention to detail. Marimekko's current bag line includes designs by Bo Haglund, Virva Launo, Mika Piirainen and Ristomatti Ratia.

# The new store concept – a move to better service

The guiding principles of Marimekko's distribution strategy are to ensure profitable growth and to increase brand awareness through comprehensive and controlled development and expansion of the distribution network. The company's sales strategy focuses on boosting brand competitiveness and attractiveness in all distribution channels.

In 2008, Marimekko pressed ahead with its global concept store project to create a more consistent look for the shops, a more manageable product structure and operating models that improve profitability. Following the principles of chain management, Marimekko intends to deploy the new retail store concept both in its own shops and in the concept stores established by retailers in Finland and abroad.

The store concept will be implemented in stages, building on the experience gained from the pilot stores. Marimekko provides the stores with business management support based on a uniform operating model, guidance and support about the product range, visual look and enhancing the customer-driven service model. Marimekko also wants to increase cooperation between its own shops and retailer-owned concept stores at the local level to more accurately target products and services to different consumer groups.

Marimekko opened its first shop based on the new concept in Turku, Finland, in August 2008. The same visual look also characterises the retailer-owned store opened in Oulu, Finland, in November. Marimekko will continue enhancing the concept and the related supportive practices during 2009. The goal is to improve customer relations management both in Finland and abroad. In Finland, the new concept will next be applied to entrepreneur-driven Marimekko stores to be opened in Turku and Ylöjärvi during this spring. In addition to its own shops, Marimekko had some 50 concept stores and shop-in-shops in Finland and abroad at the end of 2008.

# Marimekko stores – inspiring meeting places

The retail sector has recently undergone a major restructuring, both in Finland and around the world. The factors behind this development include the increased internationalisation of the business and changes in consumer behaviour. Customers expect experiences and, even more so, attractive products and customer-oriented, expert service. In the ever-changing field of retail business, successful customer relationship management and operational efficiency have proved to be the key success factors. Businesses are continuously developing new shop concepts to enhance brand appeal and improve the control of their operations.

This restructuring has also set the direction for the development of Marimekko's shop network. The company has opened new shops both in the very heart of cities and towns and in shopping centres located outside urban centres. A survey of the area's economic outlook and demographics, and of the shop location and its appeal, helps ensure the right conditions for profitable operations. At the end of 2008, Marimekko had 23 retail shops of its own in Finland, one in Stockholm, Sweden, and one in Frankfurt, Germany. Sales in Marimekko's own retail shops totalled EUR 29.8 million in 2008.

Marimekko's own shops have traditionally served not only as major distribution channels, but have been crucial for brand building. Company-owned shops offer a competitive edge, which Marimekko wants to strengthen by enhancing the visual look and functionality of the shops. Marimekko develops its store concept by combining respect for the company's heritage and basic business idea with the spirit of the times, seeking new customer potential. Brand development is geared toward increasing the appeal of the Marimekko brand with both customers and premises owners.

In 2008, Marimekko's shop development efforts focused on the global concept store project, designed to improve the profitability and competitiveness of the company's own shops as well as retailer-owned concept stores. The project covers areas such as product range, visual look, and sales control. With the new operating concept, Marimekko seeks to improve its growth opportunities both in Finland and abroad. An extensive training programme launched in autumn 2008 supports the store concept development project. The programme offers Marimekko's sales personnel an opportunity for training leading to a qualification.

The global economic recession has introduced great uncertainty in the near-term outlook for the retail trade, as well as new challenges for business planning. Predicting consumer behaviour is becoming more and more difficult. The recession may also lead to changes in store locations and competition. To reinforce its position in the changing market situation, Marimekko will continue the long-term development efforts launched in 2008 to crystallise the brand profile and improve the profitability of shops. The goal is to increase the value of customer relations at all levels of operations. Marimekko will continue revamping and expanding its shop network while monitoring the market situation. The strategically most important shop renovation project in 2009 is the expansion of the Marimekko store at the Helsinki-Vantaa airport to twice its current size. The new shop will open in March 2009. Marimekko's plans for the current year also include deepening local cooperation with the retailer network to ensure healthy competition and increasingly customer-oriented service.

# Cooperation sharpens the competitive edge

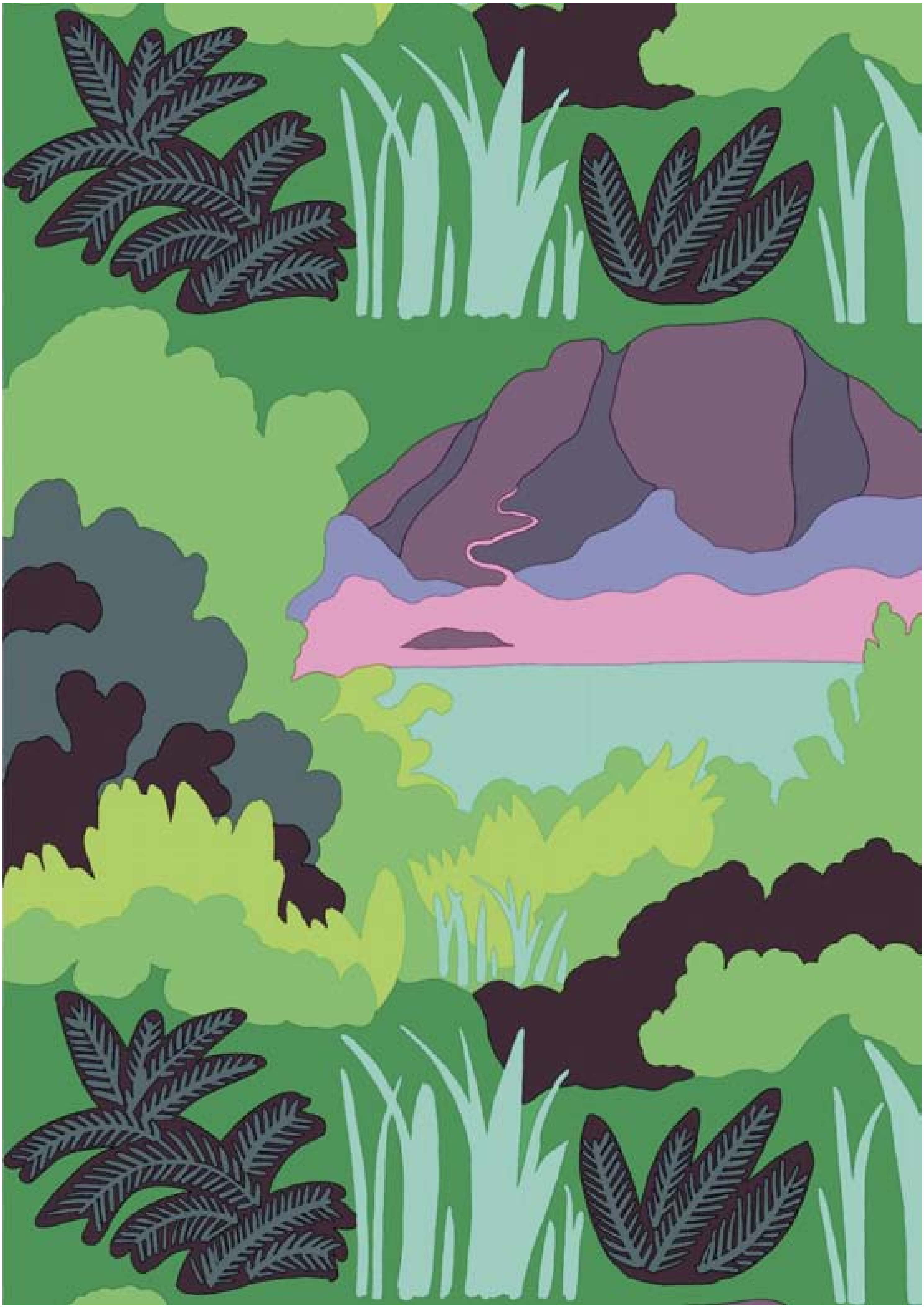
In addition to its own retail shops, Marimekko has a dealer network that covers the whole of Finland and includes both specialist shops and department stores. Concept stores – stores selling Marimekko products only, with a product range adapted to the Marimekko lifestyle concept – form a strategically important distribution channel. At the end of 2008, Marimekko had over 100 retailers in Finland. Approximately one in four is a concept store.

Thanks to its versatile retail network, Marimekko has established an extensive customer base and a strong position in the Finnish market. The appeal of the Marimekko brand and a fascinating product concept have contributed to the expansion of the company's distribution channels. A diverse product range and a flexible operating model have enabled Marimekko to offer attractive product ensembles for distribution along different channels and thus reach new target groups.

The volume of Marimekko's sales to domestic retailers has varied from year to year. New shops, new product launches, and significant promotions during the past few years have boosted growth. The restructuring of the retail sector has also had its effect on Marimekko's sales. Sales to small specialist shops have decreased, with concept stores, department stores and big retail chains accounting for an increasingly large share of the sales volume. In 2008, sales to domestic retailers grew by 5.1%. This growth was entirely generated by deliveries for important promotions.

Marimekko's existing distribution network in Finland is extensive and diverse. The company is continuously looking for opportunities to establish new outlets in strategically important locations. However, the company's short-term priorities concern enhancing the management of its existing customer relationships and strengthening cooperation. Appropriate operating models will be designed for each distribution channel based on retailer profiles and services provided. More intensive and controlled cooperation will help Marimekko to more efficiently manage the distribution channels between its own shops and entrepreneur-driven concept stores.

The downturn in the Finnish economy poses new challenges for Marimekko's efforts to develop its domestic wholesale operations. In order to ensure a steady growth and profitability, Marimekko will continue to reinforce its brand and develop its retailer network in the long term. The company seeks growth potential through new products and attractive business locations.



# Concept stores are the engine of growth in exports

Marimekko has its own subsidiaries and retail shops in Stockholm, Sweden, and Frankfurt, Germany. Exports to other countries are handled directly or through local agents and importers. In 2008, Marimekko products were exported to more than 40 countries, the major countries for exports being Sweden, Japan, the United States, Denmark, Norway and Germany. The company engaged in licensed sales in Denmark, the Netherlands, Sweden and the United States. The recent boost in exports growth has been attributable to the new concept stores opened around the world. At the end of 2008, Marimekko had approximately 30 concept stores outside Finland. Japan has the most extensive shop network, with 15 shops at the end of the financial year.

Marimekko's development strategy for exports and international operations focuses on increasing brand awareness and profitable growth. Applying a brand-oriented approach, the company intends to expand its distribution channels by increasing the number of concept stores and shop-in-shops. Resources will be focused on countries where Marimekko is already a recognised brand. New shops will be opened primarily where customer flows and an appealing location ensure that sufficient conditions exist for long-term, profitable operations.

Marimekko's long-term goal is to expand exports and international operations by slightly over one-fifth annually compared with the previous year. In 2008, exports and income from international operations rose by 7.3%, totalling EUR 21.9 million. With the exception of solid growth in Japan, the trend in exports was considerably weaker than anticipated in several markets. This was partially attributable to the rapid global economic decline, which affected deliveries in the final quarter. In 2008, exports and income from international operations accounted for 27.0% of the Group's net sales.

Marimekko will continue its investments in international visibility, being present at trade fairs and exhibitions and engaging in efficient PR activities. To establish more solid relationships with existing and new customers, the company will improve its long-term planning. The development of the distribution network is closely linked to Marimekko's global concept store project. New concept stores will be opened in Matsuyama, Niigata and Kokura in Japan in the first half of the year. A new shop will also be opened in Copenhagen, Denmark, in the early autumn.

The global economic recession weakens the short-term growth outlook for exports in several markets. The reduced numbers of advance and re-orders placed by customers reflect the prevailing economic uncertainty. Due to the decline in consumption demand, shops wish to keep stock levels low. Despite the difficult global situation, interest in Marimekko's design and the Marimekko brand continues to be strong among international customers and the media. This is a solid reason to continue with the current export development strategy.


1.

2.

New concept stores opened in Japan in 2008

1. Sendai concept store

2. Osaka concept store (Abeno)

3. Osaka concept store (Umeda)

3.

# Licensing offers flexible opportunities for expansion into new product areas

Original print design is the foundation of Marimekko's business. Every year a wide range of new designs take their place alongside Marimekko's timeless classics. The multifaceted world of patterns and colours offers Marimekko many opportunities to license its design and trademark in a vast variety of products and to network with other recognised brands. In 2008, Marimekko engaged in licensing activities in Finland, Denmark, the Netherlands, Sweden and the United States. The company also initiated licensing in Italy at the beginning of 2009.

The company's licensing strategy is based on controlled growth. Marimekko develops its licensing operations as an integral part of the company's overall product and distribution policy. Before entering into a new licensing partnership, Marimekko analyses its significance for both parties. Cooperation should provide added value for both Marimekko and the prospective partner.

While Marimekko aims at establishing long-term partnerships with its licensed manufacturers, the past few years have also offered the company several opportunities for participating in significant one-off campaigns by international brands. Examples of such campaigns include Marimekko's cooperation with the Swedish fashion chain H & M Hennes & Mauritz AB in 2008, and with the leading U.S. cosmetics company Avon Products, Inc., started in March 2008. Both campaigns achieved high visibility on a global level and increased awareness of Marimekko's design and the Marimekko brand among new customer groups.

Licensing has been an established part of Marimekko's business since the 1960s, and it continues to support Marimekko's strategy to grow and develop as an internationally recognised design brand. Successful licensing generates a steady flow of income. Licensing also allows the company to expand its product range to areas where Marimekko lacks the necessary production or distribution expertise.

Marimekko continues enhancing its licensing activities, seeking to find new products in areas that fit in with Marimekko's lifestyle concept and where distribution is in line with Marimekko's own distribution channels. At the beginning of 2009, Marimekko entered into a licensing agreement for wallpaper production and distribution with the Italian company Sirpi S.p.A. The new Marimekko-patterned wallpapers will be in shops in April 2009. The cooperation agreement covers the EU countries, the United States, Russia, China and some Middle East countries.

# In-house production adds flexibility to operations

Marimekko has three production plants of its own, all located in Finland: a textile printing factory in Helsinki, a clothing factory in Kitee and a bag factory in Sulkava. At the end of 2008, the textile printing factory had 39 employees, the clothing factory 50 and the bag factory 22 employees.

Marimekko's design is largely based on printed patterns and product families built upon them. In-house production is of great importance to product development: Marimekko's expressive patterns are the fruit of smooth cooperation between designers, the artwork studio and printing factory specialists. The flexibility of in-house production allows Marimekko to also produce limited special collections. The most significant investments made in production in the past few years involve the modernisation of the Herttoniemi textile printing factory.

In-house production accounted for almost half of the Marimekko products sold in 2008. The proportion of subcontracting has grown rapidly in recent years as a result of an expanded product range and increased sales. Product characteristics, production volumes, delivery schedules and manufacturing costs influence the choice of manufacturing location for each product. Marimekko's major suppliers are located in the EU.

In 2008, the company extended its sourcing network to reduce its dependence on individual suppliers. Marimekko has identified supply chain management as one of the key areas in the development of social responsibility. Matters relating to Marimekko's environmental and social responsibility in production and sourcing are discussed on pages 32–33.

The flexibility of the order and supply chain depends on the scope and structure of collections. In 2008, Marimekko initiated various development projects in all product lines with the aim of streamlining the collection structures. This will improve the manageability of the production processes, cost-efficiency, production chain throughput rates and delivery reliability. Business globalisation poses new challenges to Marimekko's production, sourcing and logistics. To ensure availability of products and competitive prices, expansion and enhancement of the sourcing network and improvement of the order-supply chain management will be of special importance in the next few years.


marimekko

# Success depends on competent and committed personnel

In 2008, the Marimekko Group employed an average of 411 people, of whom 274 were salaried and 137 non-salaried employees. At the end of the financial year, the Group's payroll numbered 414, including 16 people outside Finland. Of the personnel, 90% were women and 10% were men. The average age of employees was 40 years. The personnel turnover rate was 13.8% for joining and leaving employees. A total of 6 people retired.

As Marimekko's business grows and becomes more international, the duties associated with different positions also expand to new areas. The changing business environment requires an even broader spectrum of expertise and increasing flexibility of the personnel. Within the past few years, Marimekko has recruited a number of new employees to support its business growth. In order to reinforce intra-organisational control and a goal-oriented approach, the company emphasises each individual's personal and collective responsibility for the achievement of common goals.

## CONTINUOUS COMPETENCE DEVELOPMENT IS THE KEY TO SUCCESS

Marimekko's success derives from the firm commitment of its personnel and the company's ability to translate each individual's skills into creative and productive results. The company's aim is to strengthen the competence of the management and other personnel and to establish a more systematic corporate culture that nevertheless continues to value creativity. In 2008, a number of the production personnel participated in a training programme leading to a specialist vocational qualification. An extensive sales training programme launched in autumn 2008 offers the sales team the opportunity to participate in training leading to a qualification. In 2009, Marimekko will organise training for its buyers in quality, environmental and social responsibility issues. Training is largely carried out in-house, but external training services will also be used as necessary.

## MARIMEKKO IS A PREFERRED EMPLOYER

Marimekko's creative corporate culture and international business operations make the company an appealing employer with a good reputation. As workforce mobility increases and the baby boom generations retire from the labour market, the lack of competent personnel is already a reality in many sectors. A number of Marimekko's key employees have also retired recently, or will soon achieve retirement age. One of the main challenges of Marimekko's HR management will be to ensure that sufficient skilled resources are available at all times and that the valuable historical knowledge and special expertise of Marimekko's employees are passed on to the next generation. To this end, the company must develop its personnel systems further.

New Marimekko employees participate in an orientation programme designed to help newcomers quickly adopt Marimekko's values and key business objectives and learn how the working community operates. Cooperation with educational institutions is one of the pathways that brings new talent to Marimekko. The company engages in close cooperation with various educational institutions, offering students work placements and research opportunities on topics associated with Marimekko's business. Other forms of interaction include visits and events targeted at students. Several groups of students from Finnish and international educational institutions visit Marimekko each year to learn about its business.

## OCCUPATIONAL HEALTH AND SAFETY

Marimekko monitors and actively works towards enhancing occupational safety and well-being at work in cooperation with the workplace safety committee and occupational healthcare. The company purchases occupational healthcare services from external practitioners or local healthcare centres. Occupational healthcare focuses on preventive healthcare and monitoring both individual ability to work and the well-being of the working community as a whole. In 2008, the absence percentage based on theoretical regular working hours was 5.4% in the entire Group. The workplace safety committee actively investigates occupational safety and employee well-being issues, organises training and issues instructions for the line organisation concerning the implementation of development measures. In 2008, the company continued the ASKELMA risk assessment and training related to occupational safety. Other training organised during the year included first aid refresher courses and training in ergonomics and spatial design.

# Social responsibility

Sustainable business that generates value for future generations lies at the heart of Marimekko's business idea. The main goal set for social responsibility, based on shared values and goals, is its incorporation into all of the company's activities. Compliance with laws determines the minimum level of social responsibility; the company continuously strives towards a higher level by improving its responsible practices. The commitment to responsibility is supported by the company's social responsibility training and development programme, internal guidelines and the obligations included in cooperation agreements. The company encourages its employees to adopt responsible working practices.

In 2008, Marimekko continued the development of the Group's social responsibility management system, focusing on specifying the general guidelines and goals for the next few years. These guidelines and goals will be applied and implemented in the business areas through activity-specific solutions. The implementation of social responsibility principles is a long-term, practical process which involves continual training and development. Consultant specialists are used when necessary to assist the company in this area.

Marimekko's Board of Directors confirmed the company's social responsibility principles in December 2008. The principles apply to all of the Group companies. A social responsibility steering group monitors and coordinates the implementation of the principles and reports the results to the Board of Directors annually. Business units and functions are responsible for accountability, supervision, information collection and reporting concerning their own area. An internal working group consisting of representatives of different functions works under the supervision and coordination of Group communications. Marimekko's social responsibility principles are available on the company's website www.marimekko.com under Marimekko Corporation / Social Responsibility.

Marimekko developed its social responsibility reporting in 2008. The company aims to have the social responsibility section in its Annual Report verified by a third party within the next few years. The Group applies the Global Reporting Initiative (GRI) reporting framework's G3 guidelines.

Reporting complies with the division into financial, social and environmental responsibility as provided in the guidelines. Marimekko regards compliance with laws and regulations and responding to the expectations of its key stakeholders as the essential principles in reporting. The company's key stakeholders are the customers, personnel, shareholders, cooperation partners and the media. Marimekko has identified sourcing, design, production and quality control as well as warehousing, distribution and logistics as the key areas for the development of social responsibility within the next few years.

## FINANCIAL RESPONSIBILITY

Achieving a good financial result by responsible means is becoming increasingly important to all of the company's stakeholders. Responsible performance helps to ensure the company's competitiveness and long-term profitability. Marimekko seeks to grow and evolve in a controlled manner, thus securing the smooth continuity of its business. By keeping its finances on a solid foundation, the company can provide steady returns to its shareholders and fulfil its obligations as a responsible employer. Moreover, a good financial position enables projects that enhance the company's environmental and social responsibility.

Marimekko has set clear financial objectives for its business operations. The financial responsibility indicators are associated with profitability and competitiveness and response to the owners' profit expectations. The key figures are presented on page 7 and the objectives and their achievement on page 9. The company aims to follow a stable and active dividend policy. The company's dividend policy is described on page 90.

Marimekko's operations generate financial well-being for a number of stakeholder groups both in Finland and abroad. The company's operations also have an indirect employment impact: in 2008, the share of materials, supplies and services purchased from Finnish and international suppliers amounted to approximately 60% of Marimekko's net sales. Salaries, wages and bonuses paid to Marimekko's own personnel accounted for approximately 18% of net sales. Dividends to a total of EUR 5,226,000 were paid to shareholders for 2007; the Board of Directors' proposal for the dividends for the 2008 financial year is EUR 4,422,000. Taxes and social security costs amounted to EUR 10.0 million, representing approximately 12% of net sales.

# Social responsibility

## SOCIAL RESPONSIBILITY

Social responsibility includes caring for the well-being of Marimekko's personnel and requiring the company's partners to be socially responsible. Information on Marimekko's personnel is given on page 28.

In manufacturing, the proportion of subcontractors increased further in 2008. The majority of the company's foreign suppliers are located within the EU area. There are few subcontractors in developing regions. Marimekko has several long-standing supplier relationships. In 2008, approximately 70% of all of Marimekko's purchases were made from 20 major suppliers, most of whom are located within the EU. However, the effect of globalisation on Marimekko's business has become stronger, and this imposes new requirements on the company's operations. Because of the complexity of supply chains, Marimekko cannot guarantee that the operating models of all suppliers in its supply chains fully meet the company's requirements. The company aims to deploy responsible operating models throughout the supply chain. Marimekko's awareness of the different parties in the supply chain has increased, which has enhanced the company's readiness to intervene in the case of possible defects. All Marimekko products carry a country of origin label to increase transparency in the production processes.

Whenever possible, Marimekko aims to use certified suppliers with valid standards or certificates that are internationally recognised or important in Marimekko's branch of business. These include the ISO 9000 and ISO 14000 standards, the Social Accountability SA 8000 standard, the Öko-Tex Standard 100 certificate and the Business Social Compliance Initiative (BSCI) monitoring system. Of these, the ISO 9000 and ISO 14000 standards and the Öko-Tex Standard 100 are the most common in Marimekko's supplier companies. The monitoring of social responsibility and environmental issues, initiated in 2007, continued further. In the second half of 2008, Marimekko conducted a survey among its suppliers concerning their existing standards and certificates, the origin of raw materials as well as production conditions.

Marimekko has identified supply chain management as one of the key areas in the development of social responsibility. In the long term, the goal is to enhance transparency throughout the supply chain, minimise the risks associated with sourcing and further improve the management of supplier relationships. With regard to these efforts, the exchange of information and open dialogue with the various suppliers are of primary importance. Suppliers must be able to ensure that the operations of their respective subcontractors are responsible.

Cooperation with suppliers will be reinforced in 2009, and Marimekko's buyers will receive training in quality, environmental and social responsibility issues. One of the 2009 goals set for sourcing is reviewing the company's cooperation agreements. By the agreements, the parties commit themselves to adhering to internationally recognised social and ethical norms. Sourcing agreements require partners to follow the fundamental rules laid down by the ILO. They relate to forced labour, freedom of association, promotion of employment, social security, discrimination, minimum age and working conditions. Marimekko, or its authorised representative, has the right to check compliance with the agreed processes and the ILO's fundamental rules. Furthermore, Marimekko has the right to require a partner to correct any detected shortcomings. Changes in the product range will also be reflected in the supplier pool. The company aims to secure the commitment of new partners to the Marimekko practice from the beginning.

## PRODUCT SAFETY AND ECOLOGY

Carefully-designed products made of high-quality materials give long-lasting joy to their owners, and are thus sustainable choices.

Marimekko bed linen, terry cloth products as well as several clothing materials and knits have been granted the Öko-Tex Standard 100 certificate, which guarantees that the products do not contain any substances that are hazardous to people or to the environment. In 2008, almost all of the fabrics printed at the Herttoniemi textile printing factory were also granted the Öko-Tex certificate. The Öko-Tex standard has four levels: I baby clothes, II clothes worn next to the skin, III other clothes and IV other textile products. Level I has the strictest requirements. Marimekko products comply with level I or II Öko-Tex standards.

In spring 2008, Marimekko introduced organic cotton bed linen alongside the existing range of organic cotton terry products. The cotton production chain is wide, complex and difficult to trace. Organic cotton is grown without using any environmentally harmful pesticides or fertilisers. Its production process is certified, and the origin of the cotton is traceable. The objective is to increase the proportion of organic cotton in Marimekko's product range.

As the proportion of subcontracting increases, quality control is becoming more and more important. While new collections are being put together, Marimekko's in-house quality control team tests materials and product structures during the various stages of the process. In 2008, Marimekko initiated a project involved with compiling a new, comprehensive set of quality criteria.

### THE ENVIRONMENT

Responsibility for the environment and nature is an integral aspect of Marimekko's business. In environmental matters, the company's business supervision is largely based on legislation and other regulations. Environmental legislation and environmental impacts are taken into consideration in the choice of raw materials, chemicals and working methods. The materials used in the products are tested regularly. Cooperation agreements require Marimekko's subcontractors and other partners to commit themselves to shouldering their environmental responsibilities.

The REACH Regulation 1907/2006 (a regulation on the registration, evaluation, authorisation and restriction of chemical substances) entered into force in the European Community in 2007. The REACH provisions will be phased in over a period of eleven years. In relation to the REACH Regulation, Marimekko is a downstream user who does not have the obligation to register. All substances used at the Herttoniemi fabric printing factory have been pre-registered, and their usage continues as before. The REACH Regulation also applies to substances contained in articles imported from outside the EU. As an importer of articles, Marimekko is, under certain conditions, obliged to inform the Chemicals Agency and downstream users if a product imported by it contains a specified amount of a substance causing specific concern. The European Chemicals Agency (ECHA) published a list of these substances in October 2008. An updated list is expected in May 2009. The national laws of EU member states will be harmonised with the REACH Regulation as of 1 June 2009.

### ENERGY AND WATER CONSUMPTION

The company seeks to save energy by developing its production methods, investing in energy-efficient machinery and equipment and monitoring energy consumption. A significant part of the machinery and equipment at the Herttoniemi textile printing factory were replaced in 2004–2008, including a new printing machine, textile steamer, automatic colour kitchen, stenter frame and new fabric inspection machines. Thanks to a waste heat recovery system at the Herttoniemi printing factory, most of the heat released during production can be used to heat the production premises. In manufacturing, the oil circulation system used in process heat production was replaced with direct natural gas heating in 2008. It is a more efficient heating method and will generate savings of about 20% in energy consumption. Water consumption is minimised in the printing process by recycling water whenever possible.

### WASTE AND SORTING

Marimekko's production processes do not generate any waste that is classified as hazardous or detrimental to health. The amount of mixed waste is minimised by recycling and by sorting any non-recyclable waste. The company monitors the generation, recycling and sorting of waste with reports and statistics on operations.

### PACKAGING AND TRANSPORT

The utilisation of packaging is arranged in accordance with the Government Decision 962/97 and the EU packaging directive. The ecological aspects of product packaging are becoming increasingly important at Marimekko. The company has identified warehousing, distribution and logistics as one of the key areas in the development of social responsibility in the next few years. In the long term, the goal is to minimise the transport mileage. The first step will be to rationalise transportation between Marimekko's factories and subcontractors.

### ACTIVITIES IN THE LOCAL COMMUNITY

Marimekko primarily sponsors activities that are non-profit making or closely related to Marimekko's business operations. In 2008, Marimekko was involved in the Finnish Cancer Foundation's Pink Ribbon campaign for the second year running. The campaign is organised simultaneously in more than 40 countries to raise funds for breast cancer research. Marimekko participated in the campaign with two products specifically designed for this purpose: the pink *Unikko* reflector and the *Metsänväki* tote bag. Marimekko donated part of the return from the sales of the products to the Cancer Foundation's Pink Ribbon Fund. In Finland, the campaign ribbon featured a new pattern which was designed by Maija Louekari who is known for her original Marimekko fabric prints.

# Social responsibility

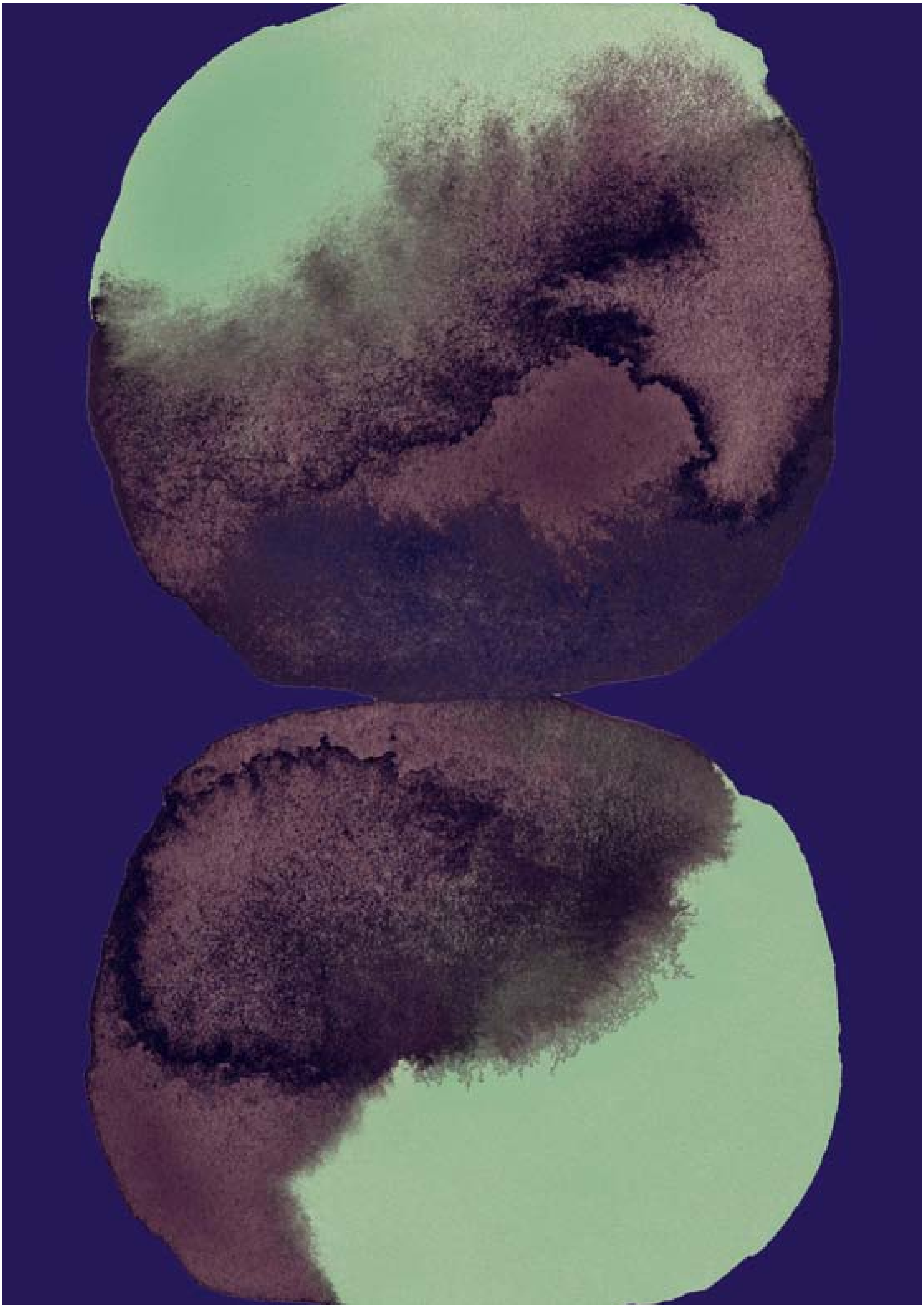
## Key figures for social responsibility

| Financial responsibility indicators | 2008 |
|---|---|
| Net sales, EUR 1,000 | 81,107 |
| Profit before taxes, EUR 1,000 | 9,964 |
| Return on investment (ROI), % | 32.3 |
| Dividends paid[1], EUR 1,000 | 4,422 |
| Gross investments, EUR 1,000 | 1,362 |
| Equity ratio, % | 78.7 |
| Salaries, wages and bonuses paid to personnel, EUR 1,000 | 14,881 |
| Payroll taxes and social security contributions, EUR 1,000 | 7,402 |
| Income taxes, EUR 1,000 | 2,586 |
| Average number of employees | 411 |
| Salaried | 274 |
| Non-salaried | 137 |
| Purchases from suppliers | 48,836 |

| Environmental responsibility indicators | 2008 |
|---|---|
| Power consumption[2], MWh | 2,419 |
| Heating energy consumption[2], MWh | 2,979 |
| Natural gas consumption[2], MWh | 3,780 |
| Water consumption[2], $m^3$ | 37,002 |
| Sourcing | |
| ISO 14000 certified suppliers | 15 |

| Social responsibility indicators | 2008 |
|---|---|
| Personnel turnover rate, employees | |
| New | 57 |
| Leaving | 51 |
| Retired | 6 |
| Personnel turnover rate, % | 13.8 |
| Average age of employees, years | 40 |
| Personnel gender distribution, % | |
| Women | 90.3 |
| Men | 9.7 |
| Sick leave absences[3], % | 5.4 |
| Healthcare expenses/person[4], EUR | 365 |
| Training expenses/person[5], EUR | 316 |
| Responsible procurement | |
| SA 8000 certified suppliers | 6 |
| BSCI audited suppliers | 5 |

1 The Board of Directors' proposal to the Annual General Meeting
2 Applies to the Herttoniemi textile printing factory and property
3 Calculated on theoretical regular working hours
4 Includes investments in preventive healthcare and medical care; applies to Marimekko personnel in Finland
5 Excluding salaries paid for training days; applies to Marimekko personnel in Finland



# Risk management, internal supervision and audit

## RISK MANAGEMENT AND RISKS

Marimekko's risk management is based on the risk management policy confirmed by the company's Board of Directors. The policy defines the principles, objectives and responsibilities of risk management, as well as the organisation and supervision of the risk management process.

### Risk management principles

Marimekko's risk management aims to safeguard the smooth continuity of business operations and ensure a steady profit development for the Group. Comprehensive risk management is an ongoing, systematic process which involves identifying and evaluating the key risks associated with the company's operations and operating environment. The company's key risks comprise risks which could prevent Marimekko from exploiting business opportunities or jeopardise or prevent achievement of the strategic objectives of the Group or a Group company or the continuity of operations or would otherwise have significant consequences for the company, its personnel or stakeholders. Risk management is an integral element of the company's management and decision-making process, covering all of the Group's functions.

### Risk identification and assessment

Risk identification builds on Marimekko's strategic and operational objectives. The company aims to identify risks which have the potential to jeopardise the achievement of the company's set objectives. Risk analyses and assessments are based on self-assessment. According to Marimekko's risk management principles, the company assesses risks on a scale of 1 to 4 with regard to the likelihood of risk materialisation, and on a scale of 1 to 3 with regard to their consequential impact. Risks associated with business opportunities are assessed on a case-by-case basis.

### Risk management responsibilities and organisation

- Marimekko's Board of Directors is responsible for confirming the Group's risk management principles and assessing whether Marimekko's risk management process is appropriate in terms of scope and content. The Board also confirms the risk levels prevailing at any given time and resolves on measures to be taken to manage the most significant risks faced by the Group.
- The President is responsible for risk management and its organisation at Group level, including resourcing and reviewing the risk management principles.
- The Management Group, consisting of the President (Chair) and those responsible for the various business areas, bears the responsibility for implementing risk management, monitoring operational risks and measures related to risks.
- The risk working group, consisting of representatives of the key business areas, is responsible for enhancing risk management and supporting the business functions in their risk management efforts. The working group also evaluates the results of risk reporting and provides risk reports to the Management Group as stipulated in the risk management policy.
- The business functions are responsible for identifying and assessing risks affecting their own area, proposing measures for risk management and reporting to the risk working group as instructed.
- Each employee is responsible for identifying any risks inherent in his or her duties or otherwise discovered and reporting them to his or her superior.
- The transfer of risk through insurance primarily concerns accident risks. Marimekko has a centralised process in place for this purpose.

### Risk reporting

Risk reporting is an integral element of Marimekko's annual business planning and strategy process. Internal risk reporting is part of regular, continuous business reporting, short-term business planning and the decision-making process. The company reports its key risks and risk management measures in its Annual Report and quarterly Interim Reports, and in compliance with Corporate Governance principles, laws and regulations. Individual reports may also be published whenever necessary.

### Risk classification

The key risks as per Marimekko's risk classification are divided into sub-categories as follows:

*Strategic risks*

- Business environment
- Business strategy
- Product, distribution and sourcing policies
- Corporate reputation or brand image
- Design and other core expertise

*Operational risks*

- Management, leadership and decision-making
- Operational processes (product range, distribution network, procurement and supply chains) and their management
- Intangible assets
- Compliance with laws, regulations and agreements
- Information management
- Continuity of operations
- Compliance with requirements and responsible practices

*Economic risks*

- Price development of production factors
- Price development of operating costs
- Financial risks
- Financial reporting

*Accident risks*

- The environment
- Personnel
- Property
- Business operations
- Stakeholders

**The 2008 risk survey**

*Strategic risks*

The main strategic risks as assessed by the company at the end of 2008 were associated with the increased uncertainty in the operating environment and its impact on the various business areas. The slowdown of global economic growth reduces consumption demand and may weaken the company's growth opportunities in all markets. Changes in the operating environment are also reflected in the reliability of delivery of certain important subcontractors. Dependence on individual suppliers may cause problems in the deliveries of certain products. The company strives to minimise the risks related to subcontracting by diversifying and reinforcing its supplier network.

*Operational risks*

In 2008, there were personnel changes in Marimekko's executive management, as well as in areas of core expertise with key significance to the company's business. The company reviewed its strategic policies and revised its operating models. The company's risk management emphasises monitoring of changes, ensuring a sufficient level of core competencies among the personnel, and process management with regard to key functions.

*Economic risks*

Marimekko's economic risks include risks associated with the price development of production factors, operating costs and financing. Financial risks are associated with exchange rates and credit risks. The main objective of risk management is to minimise the unfavourable effects, if any, on the Group's financial performance. The rapid decline in international economic trends, which started in the second half of 2008, affects Marimekko's business in several areas. The uncertainty of the business environment has increased the economic risks related to sales structure, price development concerning production factors, higher operating expenses and customer liquidity. To prevent the materialisation of these risks, the Group focused further resources in business monitoring.

*Accident risks*

The company strives to minimise 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.

## INTERNAL SUPERVISION AND AUDIT

Considering the nature and extent of Marimekko's business, the company has not found it necessary to establish a separate internal audit function. Internal supervision is part of the business functions' responsibilities and management. The Board of Directors reviews the level of the company's internal supervision activities at least once a year. Where necessary, the Board may also purchase internal audit services from an external service provider.

Towards the end of 2008, Marimekko initiated the development of the company's internal audit activities with the intention of reviewing the Group's core business and support processes and outlining control methods for the processes by the end of 2009. The team will also draft the principles of internal audit and an operating plan for implementing and monitoring the supervision process.

# Corporate governance

### Applicable provisions

Marimekko Corporation is a Finnish public limited company, which applies the Finnish Companies Act, other regulations concerning public listed companies, Marimekko Corporation's Articles of Association and NASDAQ OMX Helsinki Ltd's rules and regulations in its decision-making and administration. Marimekko Corporation also complies with the Finnish Corporate Governance Code for listed companies, effective as of 1 January 2009, in accordance with the Comply or Explain principle. The principles of corporate governance are available on the company's website.

### Group structure

The Marimekko Group comprises Marimekko Corporation and its subsidiaries. The company's registered office is in Helsinki, Finland.

### General Meeting

Shareholders exercise the highest decision-making authority in Marimekko Corporation through the General Meeting. General Meetings are either Annual General Meetings or Extraordinary General Meetings. The Annual General Meeting shall be held annually by the end of June on the day set by the Board of Directors. Extraordinary General Meetings are convened when necessary. According to the Companies Act, an Extraordinary General Meeting must be held when the Board of Directors considers it advisable or when shareholders representing at least 1/10 of the company's shares request in writing that a meeting be held to deliberate on a specified matter. Shareholders have the right to have items included in the agenda of the General Meeting, provided they present their demand in writing to the Board of Directors well in advance, so that the item can be included in the Notice of Meeting. The Notice of Meeting is usually drafted approximately four (4) weeks before a General Meeting.

The Annual General Meeting deliberates on matters identified in Article 12 of the Articles of Association as being the business of Annual General Meetings, and other proposals, if any, made to the General Meeting. The company's Board of Directors prepares an agenda for the meeting. In accordance with the Finnish Companies Act, the Annual General Meeting takes decisions on matters such as:

- adopting the financial statements
- the distribution of profit
- the number of Board members, their election and remuneration
- the number of auditors, their election and remuneration
- amendments to the Articles of Association.

*Convening a General Meeting*

Shareholders are invited to the General Meeting by means of an advertisement in at least one daily newspaper which is published in Helsinki and which has been determined by the Board of Directors. In addition, the Notice of the General Meeting and the Board's proposals to the meeting are published in a stock exchange release and on the company's website. Notices of Meetings are delivered not earlier than two (2) months and no later than seventeen (17) days prior to the meeting.

*Right to attend a General Meeting*

Shareholders registered in the Shareholder Register, maintained by Euroclear Finland Ltd, on the record date separately announced by the company have the right to attend a General Meeting. Shareholders wishing to attend the General Meeting must inform the company of their intention to do so by the deadline specified in the Notice of Meeting. Shareholders may attend the meeting themselves or through a representative by proxy, who must present a power of attorney or other reliable proof of their authority to represent the shareholder.

Shareholders can exercise their right to speak and to vote at a General Meeting. Shareholders are entitled to the total number of votes conferred by their shareholding as on the record date. One share confers one vote in all matters addressed at the General Meeting. Decisions are made by the simple or qualified majority of votes as provided by law and the Articles of Association.

*Record of proceedings at General Meetings*

The company prepares minutes of the proceedings for each General Meeting and makes them available to shareholders within two (2) weeks of the meeting. The company also announces any decisions taken at the General Meeting in a stock exchange release promptly after the meeting.

*Presence of administrative bodies at a General Meeting*

The company expects all of the members of the Board of Directors and the President to be present at the Annual General Meeting if possible. Candidates up for election to the Board for the first time should be present at the meeting in which the election is held, unless their absence is unavoidable for a particularly weighty reason. The company's auditor also attends the General Meetings.

### Supervisory Board

The Group does not have a Supervisory Board.

# Corporate governance

## Board of Directors

*Board members and their term of office*

The members of Marimekko Corporation's Board of Directors are elected at the Annual General Meeting. Their term of office ends at the close of the Annual General Meeting following their election. According to the Articles of Association, the Board of Directors comprises a minimum of three (3) and a maximum of five (5) ordinary members. The number of Marimekko Corporation's Board members is set in proportion to the company's size. The Articles of Association do not set an upper age limit for Board members, restrict the number of their terms of office or in any other way restrict the General Meeting's authority in the election of Board members. There is no particular order governing the appointment of Board members. The Board of Directors elects a Chairman from amongst its members for one year at a time.

Marimekko Corporation's Annual General Meeting held on 3 April 2008 elected five members to the Board of Directors for a term beginning on 3 April 2008 and ending at the close of the 2009 Annual General Meeting. Tarja Pääkkönen was re-elected, and Ami Hasan, Mika Ihamuotila, Joakim Karske and Pekka Lundmark were elected as new members. At its constitutive meeting held after the Annual General Meeting, the Board of Directors elected Pekka Lundmark as Chairman and Mika Ihamuotila as Vice Chairman of the Board. Information on the Board members is available on page 45 and on the company's website under Marimekko Corporation / Administration & Auditors. The up-to-date information about the board members' shareholdings in the company is available on the company's website under Investors/Share Information/Shareholders/Insiders.

*Independence evaluation*

The Corporate Governance Recommendation states that the majority of Board members shall be independent of the company. A person without any significant connection to the company other than Board membership is considered independent of the company. In addition, at least two (2) of the directors representing this majority shall be independent of significant shareholders of the company. The Board evaluates the independence of its members annually in accordance with the Corporate Governance Recommendation. Among the members of Marimekko Corporation's Board of Directors, Ami Hasan, Joakim Karske, Pekka Lundmark and Tarja Pääkkönen are independent of the company and its significant shareholders. Mika Ihamuotila assumed the position of President and CEO of Marimekko Corporation on 1 February 2008. Muotitila Ltd, a company controlled by Mr Ihamuotila, holds 13.0% of Marimekko Corporation's shares and voting rights.

*Duties and responsibilities of the Board of Directors*

The Board of Directors is responsible for the proper organisation of the company's administration, operations, accounting and asset management. In addition to the duties specified in the Finnish Companies Act and the Articles of Association, the written rules of procedure adopted by the Board contain further provisions concerning the Board's operating principles and principal duties. The Board reviews and confirms the rules of procedure annually at its constitutive meeting, held following the Annual General Meeting.

The Board reviews all matters that are significant to or have long-term effects on the company's business operations. According to the rules of procedure, the Board addresses issues such as the following:

- specifying and confirming strategic objectives and policies for the Group and various business areas
- reviewing and confirming operating plans and budgets for the Group and the various business areas
- reviewing and approving interim reports, the consolidated financial statements and the Report of the Board of Directors
- expanding and contracting business operations
- considering mergers, acquisitions and demergers and restructuring arrangements
- deciding on investments and the acquisition and sale of assets that are either strategically or financially significant
- deciding on financial policy and contingent liabilities related to financing arrangements
- approving the Group's reporting, risk management procedures and internal supervision procedures and audit and control systems
- approving the auditing schedule
- appointing the company's President and the members of the Management Group and deciding on their remuneration
- providing instructions for the President.

*Meeting procedures and decision-making*

The Board of Directors convenes six times a year on average. The Chairman of the Board is responsible for convening and chairing Board meetings. In 2008, the Board convened thirteen times. The participation rate of Board members was 97%. The Board has not assigned responsibility for monitoring any particular aspects of the business to individual Board members. The Board evaluates its performance annually each January under the direction of the Chairman.

*Committees*

Considering the nature and extent of the company's business, Marimekko's Board of Directors has not found it necessary to establish separate committees.

The Board of Directors takes care of the tasks that would belong to committees.

### President

The Board of Directors elects the company's President and decides on the terms of the President's employment. The terms are specified in a written contract which is approved by the Board of Directors. The President is responsible for the day-to-day management and development of the company in accordance with the instructions and orders of the Board of Directors. The President is also responsible for keeping the Board up-to-date with regard to the development of the company's business and financial situation. Kirsti Paakkanen served as the company's President from 1991 to the end of January 2008. Mika Ihamuotila assumed the duties of the President on 1 February 2008. The shareholdings of the President in Marimekko are reported on page 91 and on the company's website under Investors/Share information/Shareholders/Insiders.

### Subsidiary administration

The members of the subsidiaries' Boards of Directors are elected from amongst the Marimekko Group's executive management.

### Remuneration, rewards and incentives

In accordance with the Articles of Association, the Annual General Meeting decides on the remuneration payable to the Board of Directors. In 2008, the Board of Directors was paid a total of EUR 61,000 in annual fees. The Chairman received EUR 20,000 and the Board members EUR 15,000 each. The President receives no fee for Board membership. The Board members receive their remuneration in the form of fixed monetary fees. The Board members did not receive any shares, option rights or other special rights to shares as compensation. Marimekko has not issued monetary loans to the Board members or guarantees or other contingent liabilities on their behalf. The Board members do not receive a separate fee for attendance.

The Board of Directors of Marimekko Corporation decides on the salary and remuneration payable to the President. The salary paid to President Mika Ihamuotila in 2008 amounted to EUR 267,000. Under the contract between the company and Mr Ihamuotila, the President is also entitled to an annual bonus, the maximum amount of which corresponds to his regular salary for six months. The principles determining the bonus are confirmed annually by the Board. The annual bonus is based on the growth in the Group's net sales, operating profit, and the strategic objectives separately determined by the Board. The President is entitled to a defined-contribution pension scheme. The contract between the company and the President does not specify a retirement age for the President. His term of notice is agreed at six months, where the President resigns on his own initiative. If the company terminates the contract, the President is entitled to a remuneration corresponding to his regular salary for twelve months.

The company has no share or share-based incentive schemes.

### Management Group

The company's business operations have been divided into a number of responsibility areas, the directors of which form the company's Management Group. The company's President acts as the Chairman of the Management Group. The Board of Directors appoints the members of the Management Group and decides on their remuneration. The Management Group has no authority based on law or the Articles of Association. The Management Group reviews business matters and procedures affecting the entire Group. The Management Group also reviews the operating plans of the various business areas and business development. The Management Group convenes every two weeks on average. The members of the Management Group are presented on page 45 and on the company's website under Marimekko Corporation / Administration & Auditors.

### Audit

According to the Articles of Association, the company must have one auditor and, if the auditor is not a corporation of public accountants, one deputy auditor. The auditor and deputy auditor must be authorised by the Finnish Central Chamber of Commerce. The auditors are appointed until further notice. The Annual General meeting held on 3 April 2008 elected PricewaterhouseCoopers Oy, Authorised Public Accountants, as auditor for the Marimekko Group and the Group companies, with Kim Karhu, Authorised Public Accountant, as chief auditor. The Annual General Meeting also decided that the auditor's fee will be paid by invoice. In the 2008 financial year, the Marimekko Group paid its auditors a total of EUR 62,000 in audit fees and EUR 37,000 for other assignments. An itemisation of these fees is included in the notes to the financial statements (note 20) on page 75.

The auditor issues a report of the completed audit to Marimekko's Board of Directors and, as required by law, an auditors' report to the company's shareholders. The auditor is present at the Board meeting when the annual financial statements are reviewed.

### Financial reporting in the Group

Marimekko Corporation's business development and the realisation of its financial objectives are monitored by means of financial reporting covering the entire Group. Sales reports are drafted on a daily, weekly or monthly basis, as applicable. The consolidated result and balance sheet reports are drafted on a monthly basis. The company's President presents the Board of Directors with the Group's monthly report, financial statement and interim report information as well as reports on other issues separately defined in the Board of Directors' rules of procedure. The Group discloses information concerning its business development and financial situation in quarterly Interim Reports and the Financial Statement Bulletin.

### Internal supervision, risk management and internal audit

Internal supervision, risk management and internal auditing are an essential element of Marimekko's administration and management. The Board of Directors and the President bear the responsibility for organising the supervision. Marimekko's risk management is based on the risk management policy confirmed by the company's Board of Directors, which defines the principles, objectives, responsibilities, organisation and supervision of risk management. The risk management principles and risks associated with Marimekko's business are described on pages 36–37.

Considering the nature and extent of the company's business, Marimekko has not found it necessary to establish a separate internal audit function. The Board of Directors reviews the level of the company's internal supervision activities at least once a year. Where necessary, the Board may purchase internal audit services from an external service provider.

Towards the end of 2008, Marimekko initiated the development of the company's internal audit activities with the intention of reviewing the Group's core business and support processes and outlining control methods for the processes by the end of 2009. The team will also draft the principles of internal audit and an operating plan for implementing and monitoring the supervision process.

### Insider administration

*Marimekko's insider guidelines*

Marimekko Corporation's insider guidelines are based on the insider guidelines issued by NASDAQ OMX Helsinki Ltd, effective as of 2 June 2008. Marimekko's insider guidelines have been confirmed by Marimekko Corporation's Board of Directors. The Board of Directors annually confirms the updated insider guidelines and list of insiders. The company has distributed copies of its insider guidelines to all of its insiders.

*Marimekko's insider registers*

Marimekko's permanent public insiders comprise the members of the Board of Directors, the President, the auditor and the company's Management Group. Permanent company-specific insiders include those who due to their position or duties regularly obtain inside information and who are consequently identified by the company as being included in the company's company-specific insiders and not public insiders. Permanent company-specific insiders include the managing directors of the subsidiaries and others who, by virtue of their duties, are identified as company-specific insiders. The company assesses whether project-specific insider registers are necessary on a case-by-case basis.

The company maintains its insider register, including lists of permanent public insiders, permanent company-specific insiders and project-specific insiders, in the SIRE register of Euroclear Finland Ltd. Up-to-date information concerning Marimekko Corporation's permanent public insiders, their related parties and the corporations in which they exercise influence is presented on the company's website under Investors/Share information/Shareholders/Insiders.

*Supervision of insider guidelines*

The person in charge of Group communications and investor relations also bears the responsibility for maintaining the company's insider register and for insider communications. Marimekko Corporation's insider guidelines prohibit permanent public insiders and permanent company-specific insiders, their related parties and corporations controlled by them from trading in Marimekko shares during the 21-day period preceding the publication of the company's Interim Reports and financial statement information. The company announces the publication dates in a stock exchange release annually in advance. The insider guidelines also prohibit project-specific insiders from trading in Marimekko shares during the project.

### Investor relations

The management of Marimekko Corporation's investor relations is coordinated by the person in charge of Group communications. The Chief Financial Officer is responsible for the financial information content. Group communications is responsible for the company's stock exchange releases, investor and analyst meetings and the company's online investor information. Marimekko publishes all of its investor information in Finnish and English on the company's website at www.marimekko.com under Investors. The company's printed Annual Report is published in Finnish and English.

# Administration and auditors

## BOARD OF DIRECTORS

**Pekka Lundmark**, born 1963
Chairman of the Board
M.Sc. (Eng.)
Principal occupation: President and CEO of Konecranes Plc, 2005–
Primary work experience and key positions of trust: Managing Director of Hackman Group, 2002–2004; Managing Partner of Startupfactory, 2000–2002; several executive positions in Nokia Corporation in Finland, Denmark and the United States, 1990–2000; Vice Chairman of the Board of The Federation of Finnish Technology Industries

**Mika Ihamuotila**, born 1964
Vice Chairman of the Board
Ph.D. (Econ.)
Principal occupation: President and CEO of Marimekko Corporation, 2008–
Primary work experience and key positions of trust: President and CEO of Sampo Bank plc, 2001–2007; President and CEO of Mandatum Bank Plc, 2000–2001; Executive Director of Mandatum Bank Plc, 1998–2000; Partner of Mandatum & Co Ltd, 1994–1998; visiting scholar of Yale University (USA), 1992–1993; Member of the Board of Elisa Corporation, 2003–2005 and Deputy Chairman of the Board, 2006–2007

**Ami Hasan**, born 1956
Principal occupation: Chairman of the Board of advertising agency Hasan & Partners Finland Oy, 1997–
Primary work experience and key positions of trust: founder and Managing Director of advertising agency Hasan & Partners Finland Oy, 1991–1997; Member of the Board of Marketing Clinic Ltd; Member of the Board of Kiasma Museum of Contemporary Art Foundation; permanent member of the jury for Cresta International Advertising Awards

**Joakim Karske**, born 1963
MA
Principal occupation: Head of Portfolio Design Management at Nokia Corporation, 2006–
Primary work experience and key positions of trust: designer at Volvo Group in Spain, 2001–2004, as well as in Sweden and the Netherlands, 1995–1998; designer at DaimlerChrysler Advanced Design Centre in Japan, 1999–2001; designer at Mercedes-Benz sports car studio in Germany, 1998–1999

**Tarja Pääkkönen**, born 1962
Ph.D. (Eng., Business Strategies), M.Sc. (Tech.)
Principal occupation: Senior Vice President and Member of the Executive Board of Itella Corporation, 2005–
Primary work experience and key positions of trust: several executive positions in Nokia Corporation, 1995–2004, including Director of Business Unit of Nokia Multimedia, Strategy Director and member of the Management Group of Nokia Mobile Phones, as well as Director of Technology Unit's Global Services; Management Consultant of Kienbaum GmbH (Germany), 1991–1995; Managing Director of Futum Oy, 1987–1991; Member of the Board of HYY Group; Member of the Board of MJR

Information on the Board members' shareholdings in the company on 31 December 2008 is provided on page 91.

## MANAGEMENT GROUP AS OF 1 MARCH 2009

Chairman:

**Mika Ihamuotila**, born 1964, President and CEO
Employed by the company since 2007

Members:

**Thomas Ekström**, born 1967, finance and administration
Employed by the company since 2006

**Marja Korkeela**, born 1950, Group communications and investor relations
Employed by the company since 1999

**Päivi Lonka**, born 1962, exports and licensing sales
Employed by the company since 2004

**Mervi Metsänen-Kalliovaara**, born 1963, domestic wholesale, business-to-business sales, sales development
Employed by the company since 2007

**Niina Nenonen**, born 1965, clothing and accessories
Employed by the company since 2008

**Piia Rossi**, born 1963, company-owned retail stores
Employed by the company since 1988

**Helinä Uotila**, born 1946, production, purchases, interior decoration
Employed by the company since 1972

More detailed background information on board members and members of the management group as well as up-to-date information on their shareholdings in Marimekko Corporation are provided on the company's website under Marimekko Corporation / Administration & Auditors.

## AUDITORS

Regular auditor
PricewaterhouseCoopers Oy, Authorised Public Accountants
Chief auditor: **Kim Karhu**, Authorised Public Accountant

# Information for shareholders and investors

### Schedule for financial reporting in 2009

| | |
|---|---|
| Financial statement bulletin 2008 | Thursday, 29 Jan. 2009 |
| Annual Report 2008 | week 12 |
| Interim Reports | |
| • January–March | Wednesday, 13 May 2009 |
| • January–June | Thursday, 13 Aug. 2009 |
| • January–September | Thursday, 5 Nov. 2009 |

### Summary of releases published in 2008

A summary of all stock exchange releases and other significant releases published by Marimekko Corporation in 2008 is provided on the company's website www.marimekko.com under Investors/Releases. All company releases are available under the News section.

### Annual General Meeting

Marimekko Corporation's Annual General Meeting will be held from 2 p.m. onwards on Wednesday, 8 April 2009 at Marimekko Corporation's head office, Puusepänkatu 4, 00880 Helsinki, Finland.

### Right to attend the Annual General Meeting

Shareholders who have been registered by the Annual General Meeting's record date of 29 March 2009 (Sunday) at the latest in the company's Shareholder Register kept by Euroclear Finland Ltd have the right to attend the Annual General Meeting.

### Registration in the Shareholder Register

The shareholder in whose name the shares are registered is automatically entered in the company's Shareholder Register. Those owners of nominee-registered shares who wish to participate in the Annual General Meeting can be temporarily recorded in the Shareholder Register. This must be done by the record date of 29 March 2009 (Sunday) at the latest. For temporary registration, shareholders must contact their account custodian.

### Notice of attendance at the Annual General Meeting

Shareholders who wish to attend the Annual General Meeting must notify the company of their intention to do so before 4 p.m. on 1 April 2009 at the latest:

- by post to Marimekko Corporation, Share Register, P.O. Box 107, 00811 Helsinki, Finland
- by telephone on +358 9 758 7293 (Piia Pakarinen)
- by fax on +358 9 759 1676
- by email to piia.pakarinen@marimekko.fi
- via the Investors section of the company's website www.marimekko.com.

Notification of attendance must be received before the end of the registration period.

Further information on the Annual General Meeting is provided on the company´s website under Investors.

### Dividends

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.55 per share be paid for 2008. The dividend will be paid to shareholders who are registered, on the dividend payout record date of 15 April 2009, in the company's Shareholder Register kept by Euroclear Finland Ltd. The Board of Directors will propose to the Annual General Meeting that the dividend be paid on 22 April 2009.

### Principles of investor relations

Marimekko Corporation complies with the principles of equity in its investor communications and publishes all its investor information primarily on its website in Finnish and English.

### Information sessions and closed period

Information sessions are held at least twice a year for analysts and the media, always when the financial statements and half-year results are released as well as when necessary in connection with the disclosure of other significant matters. Marimekko has a three-week closed period before the publication of earnings reports.

### Financial reports

Marimekko Corporation's Annual Report and Interim Reports are published in Finnish and English. Annual Reports are mailed to all shareholders to the address listed in the company's Shareholder Register kept by Euroclear Finland Ltd. Shareholders are kindly requested to submit changes of address or personal information to the custodian of their book-entry account. Interim Reports are sent, upon request to the address provided by the subscriber. Financial information is also posted on the company's website.

### To order publications, contact:

| | |
|---|---|
| Address | Marimekko Corporation, Communications,<br>P.O. Box 107, 00811 Helsinki, Finland |
| Tel. | +358 9 758 71, +358 9 758 7238<br>(Communications) |
| Fax | +358 9 755 3051, +358 9 759 1676<br>(Communications) |
| E-mail: | info@marimekko.fi |

### Investor relations

Marja Korkeela, Group communications

| | |
|---|---|
| Address | Marimekko Corporation, Communications,<br>P.O. Box 107, 00811 Helsinki, Finland |
| Tel. | +358 9 758 7238 |
| Fax | +358 9 759 1676 |
| E-mail: | marja.korkeela@marimekko.fi |

Thomas Ekström, finance and administration

| | |
|---|---|
| Address | Marimekko Corporation, Financial Administration,<br>P.O. Box 107, 00811 Helsinki, Finland |
| Tel. | +358 9 758 7261 |
| Fax | +358 9 727 6227 |
| E-mail: | thomas.ekstrom@marimekko.fi |

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E-mail: martin.sundman@sofiapankki.fi

# Report of the Board of Directors and the financial statements of Marimekko Corporation for the financial period from 1 January to 31 December 2008

CONTENTS

# Report of the Board of Directors

- In 2008, the Marimekko Group's net sales rose by 5% to EUR 81.1 million (EUR 77.3 million).
- Operating profit fell by 5% to EUR 10.0 million (EUR 10.5 million).
- Profit after taxes for the financial year fell by 4% to EUR 7.4 million (EUR 7.7 million).
- Earnings per share decreased to EUR 0.92 (EUR 0.96).
- The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.55 per share be paid for 2008.
- The Marimekko Group anticipates its 2009 net sales to decrease by 5–10% and operating profit to decline distinctly compared with 2008 if the weak market situation continues in 2009 and Marimekko does not succeed in winning any significant orders for one-off promotions.

## MARKET SITUATION

The international economic outlook weakened significantly during the second half of 2008, and economic growth slowed down globally. In Finland, growth continued but decelerated rapidly towards the year-end. In 2008, the value of retail sales in Finland grew by 5.4% (Statistics Finland: Turnover of trade, December 2008). Retail sales of clothing (excluding sportswear) grew by 0.8% (Textile and Fashion Industries TMA). Sales of womenswear were up 0.7%, menswear 0.1%, and childrenswear 1.6%. Sales of bags grew by 8.0%. Sales of home textiles fell by 2.4%. During the last quarter of 2008, the economic outlook of Finnish textile and clothing industry deteriorated notably. Volume of orders diminished and profitability weakened. In the January-November period of 2008, exports of clothing (SITC 84) decreased by 1%; imports increased by 4%. Exports of textiles (SITC 65) fell by 3% and imports by 5% (National Board of Customs, monthly review, November 2008).

## NET SALES

In 2008, the Marimekko Group's net sales rose by 5.0% to EUR 81.1 million (EUR 77.3 million). In Finland, net sales rose by 4.1% to EUR 59.2 million (EUR 56.8 million). This growth was entirely generated by deliveries for one-off promotions. Exports and income from international operations increased by 7.3% and totalled EUR 21.9 million (EUR 20.4 million). Growth was primarily attributable to one-off income from sales of licensed products and the opening of new concept stores. Exports and income from international operations accounted for 27.0% (26.5%) of the Group's net sales.

The breakdown of the Group's net sales by product line was as follows: clothing, 36.9%; interior decoration, 46.5%; and bags, 16.6%. Net sales by market area were: Finland, 73.0%; the other Nordic countries, 11.6%; the rest of Europe, 5.8%; North America, 4.9%; and other countries (Japan and other regions outside Europe and North America), 4.7%.

In 2008, sales in Marimekko's own retail stores totalled EUR 29.8 million (EUR 30.0 million). In Finland, sales in the company's own shops decreased by 0.2% (+2.3%). Sales to retailers in Finland grew by 5.1%. This growth was entirely generated by deliveries for one-off promotions. There would have been a notable sales drop without deliveries for promotions.

## REVIEWS BY BUSINESS UNIT

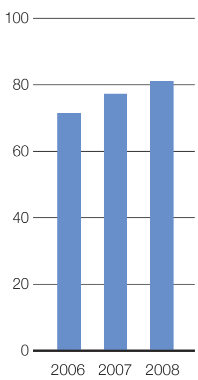
### Clothing

In 2008, net sales of clothing decreased by 0.5% to EUR 29.9 million (EUR 30.0 million). A distinct fall was seen in sales in Finland. International sales development varied by market. Vigorous growth was registered in the market area referred to as "other Nordic countries". This growth was boosted by one-off royalty income from licensing cooperation between Marimekko and H & M Hennes & Mauritz AB. The market area referred to as "other countries" developed favourably, and sales showed marked growth. Growth was enhanced by the new concept stores opened in Japan. North America and the market area referred to as "the rest of Europe" experienced a fall in sales. Exports and income from international operations accounted for 25.7% of net sales of clothing.

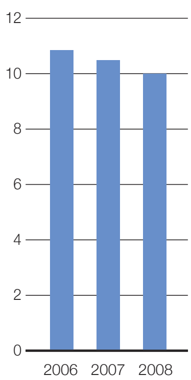
### Interior decoration

In 2008, net sales of interior decoration products rose by 5.4% to EUR 37.7 million (EUR 35.8 million). Growth in Finland was entirely generated by deliveries for one-off promotions.

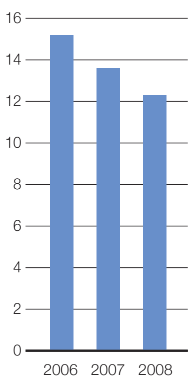
**Net sales**
EUR million



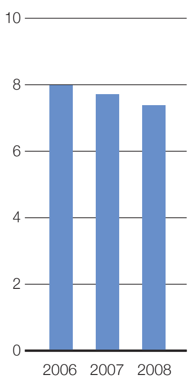

**Operating profit**
EUR million




**Operating profit**
% of net sales




**Profit after taxes**
EUR million



International growth was clearly slower than the year before. Sales grew extremely vigorously in Japan. In North America, growth continued, although at a slightly slower rate than the previous year. The market areas referred to as “other Nordic countries” and “the rest of Europe” experienced a fall in sales. To some extent, net sales growth for the product line was reduced by lower royalty earnings from sales of licensed products, both in Finland and abroad. Exports and income from international operations accounted for 27.7% of net sales of interior decoration products.

### Bags

Net sales of bags rose by 17.9% to EUR 13.5 million (EUR 11.4 million) in 2008. Strong growth was seen in all market areas except North America and the market area referred to as “other Nordic countries”, where sales fell. In Finland, the positive growth rate was boosted by a substantial delivery for a one-off promotion. Exports and income from international operations accounted for 28.0% of net sales of bags.

### Business-to-business sales

Business-to-business sales (formerly “business gifts and contract sales”) rose by 19.5%. The growth was generated by a delivery for a one-off promotion.

### Exports and international operations

Exports and income from international operations increased by 7.3% and totalled EUR 21.9 million (EUR 20.4 million). Growth was generated in the market areas referred to as “other countries” and “other Nordic countries”. Particularly brisk growth was seen in the market area referred to as “other countries”, where Japan is the most important country for exports. In 2008, Marimekko’s major countries for exports were Sweden, Japan, the United States, Denmark, Norway and Germany.

In 2008, the growth rate in exports and international operations was markedly lower than anticipated. This was largely attributable to the rapid global economic decline that began in the second half of the year. Due to the increased economic uncertainty, customers grew more cautious about making purchases. In the final quarter, order volumes decreased and growth slowed down. In November and December, sales fell in all of the Group’s main export areas.

In the market area referred to as “other Nordic countries”, net sales rose by 9.8% to EUR 9.4 million (EUR 8.6 million). Sales of clothing showed vigorous growth, while sales of interior decoration products and bags fell. One-off income generated in the second quarter by licensing cooperation with H & M Hennes & Mauritz AB contributed to the growth seen in sales of clothing.

In the market area referred to as “the rest of Europe”, net sales decreased by 0.5% to EUR 4.7 million (EUR 4.7 million). Sales of bags showed excellent growth, while sales of interior decoration products and clothes fell.

Net sales in North America fell by 1.8% to EUR 4.0 million (EUR 4.1 million). Sales of interior decoration products continued to grow, while sales of clothes and bags decreased.

Growth continued to be strong in the market area referred to as “other countries” throughout the year. Net sales were up 24.5% to EUR 3.8 million (EUR 3.1 million). Vigorous sales growth was seen in all product lines. Growth was boosted by the opening of five new concept stores in Japan: in Hiroshima, Osaka (2 stores), Sapporo and Sendai. At the end of 2008, there were a total of fifteen Marimekko concept stores and shop-in-shops in Japan.

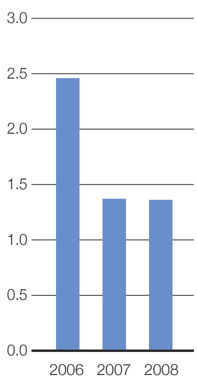
### Licensing

Royalty earnings from sales of licensed products rose substantially during the financial year. The growth was wholly generated during the second quarter through royalty income from cooperation with the Swedish company H & M Hennes & Mauritz AB. In the United States, royalty earnings remained at the level of 2007, but declined markedly in other countries.

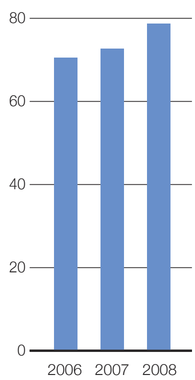
### Production and sourcing

The production volume of the Herttoniemi textile printing factory decreased by 11% in 2008. At the Kitee and Sulkava factories, the production remained at the same level as the previous year. Subcontracting was decreased concerning certain products, and production was transferred to the Kitee and Sulkava factories.

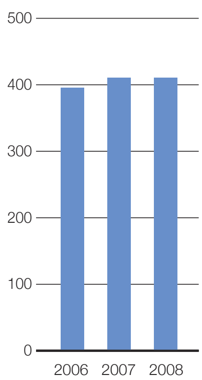
**Gross investments**
EUR million




**Equity ratio**
%




**Average personnel**



The impact of the global economic crisis was reflected in the purchases function as an increased risk in the second half of the year. The financial situation of some important subcontractors weakened, and the uncertainty associated with deliveries increased. The Group extended its sourcing network with the aim of reducing its dependence on individual suppliers.

## EARNINGS

In 2008, the Group's operating profit fell by 5.1% to EUR 10.0 million (EUR 10.5 million). Operating profit as a percentage of net sales amounted to 12.3% (13.6%). The Group's marketing expenses for 2008 totalled EUR 3.4 million (EUR 3.8 million), representing 4.2% (5.0%) of net sales.

The Group's depreciation amounted to EUR 1.3 million (EUR 1.3 million), representing 1.6% (1.7%) of net sales. Net financial income totalled EUR 8 thousand (net financial expenses EUR 45 thousand), representing 0.01% (0.1%) of net sales.

Profit after taxes for the financial year decreased by 4.4% to EUR 7.4 million (EUR 7.7 million), representing 9.1% (10.0%) of net sales. Earnings per share were EUR 0.92 (EUR 0.96).

Earnings for the financial year 2008 were weakened by a substantial slowdown in international sales growth and a rise in operating costs, while significant one-off income from sales of licensed products had a positive effect on earnings.

The Group's per-share key figures and other key financial figures for the last three years, including the formulas for the figures, are presented under Key figures of the Group on pages 88–89.

## INVESTMENTS

The Group's gross investments amounted to EUR 1.4 million (EUR 1.4 million), representing 1.7% (1.8%) of net sales. The major investments included the construction of the store opened in Turku at the end of August 2008, renovations of the Herttoniemi property, the acquisition of information management systems and equipment, and equipment purchases for the Herttoniemi textile printing factory.

## EQUITY RATIO AND FINANCING

At the end of 2008, the equity ratio was 78.7% (72.7% on 31 December 2007). The ratio of interest-bearing liabilities minus financial assets to shareholders' equity (gearing) was -18.8%, while it was -15.2% at the end of the 2007 financial year.

The Group's financial liabilities amounted to EUR 0.2 million (EUR 1.6 million) at the end of the financial year. The Group's financing from operations was EUR 8.7 million (EUR 9.1 million). At the end of 2008, the Group's financial assets amounted to EUR 6.1 million (EUR 6.3 million).

## STRATEGIC DIRECTION

Marimekko reviewed its strategic policies during the report year. The company's long-term goal is to develop Marimekko as an increasingly international brand based on pattern and colour design. The company also intends to develop new products and product categories that support the brand image and promote the building of a profitable, scalable sales concept. Marimekko's strategic policies focus on maintaining the company's strong market position in Finland and continuing its controlled growth abroad. The revised policies also aim at improving the efficiency and profitability of the company's business operations. There were no changes to the Group's previously confirmed financial objectives: annual growth in net sales, above 10%; percentage of operating profit of net sales, 10%; return on equity, above 15%; equity ratio, 60%; and percentage of earnings per share allocated to dividends, at least 50%.

## 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 6,351 (5,331) shareholders at the end of 2008. A total of 15.8% of the shares were in foreign ownership, and 13.2% were registered in a nominee's name.

At the end of 2008, the number of shares owned either directly or indirectly by members of the Board of Directors and the President of the company was 1,071,089, representing 13.3% of the total share capital and of the voting rights conferred by the company's shares.

Further information about shareholdings is available under Shares and shareholders on pages 90–92.

### Authorisations

At the end of the financial year, 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.

### Shareholder agreements

The arrangement between Muotitila Ltd and Workidea Oy, including authorisation to vote, was terminated on 31 December 2008. More information about the arrangement is available under Flaggings / Muotitila Ltd and Workidea Oy. Marimekko has neither made nor is aware of any shareholder agreements concerning the company's shares or other commitments agreeing on the company's ownership or the use of voting rights.

### Flaggings

*Morgan Stanley & Co Incorporated*

Morgan Stanley & Co Incorporated's share of Marimekko Corporation's share capital and voting rights rose to 5.44%, or 438,083 shares, as a result of a transaction made on 7 April 2008; and then fell to 0.90%, or 73,083 shares, as a result of a transaction made on 9 April 2008.

*ODIN Forvaltning AS*

ODIN Forvaltning AS's share of Marimekko Corporation's share capital and voting rights rose to 5.14%, or 413,253 shares, as a result of a transaction concluded on 9 October 2008.

*Muotitila Ltd and Workidea Oy*

The share of Muotitila Ltd, a company controlled by Mika Ihamuotila, of Marimekko Corporation's voting rights fell below 3/20, that is, to 13.00% on 31 December 2008. Correspondingly, the share of Workidea Oy, a company controlled by Kirsti Paakkanen, of the voting rights conferred by Marimekko Corporation's shares rose to 1/10, that is, to 10.00% on 31 December 2008. The numbers of shares owned by Muotitila Ltd and Workidea Oy remained unchanged. These changes in ownership were associated with the termination of the arrangement communicated on 31 October 2007. Based on this arrangement, Muotitila Ltd had the right to acquire the 804,000 shares in Marimekko Corporation held by Workidea Oy by the end of 2008.

Workidea Oy had also authorised Muotitila Ltd to use the voting rights attached to these shares in ordinary matters handled by general meetings of shareholders as of 31 October 2007 until the above deadline.

The right of Muotitila Ltd to acquire the shares in Marimekko Corporation held by Workidea Oy expired on 31 December 2008, and Muotitila Ltd did not use its right within the term. Accordingly, the arrangement between Muotitila Ltd and Workidea Oy, including the authorisation to vote, was automatically terminated on 31 December 2008.

### Share trading

During the financial year, a total of 1,652,527 Marimekko shares were traded, representing 20.6% of the shares outstanding. The total value of Marimekko's share turnover was EUR 20,550,275. The lowest price of the Marimekko share was EUR 7.41, the highest was EUR 18.20 and the average price was EUR 12.41. At the end of the financial year, the final price of the share was EUR 8.35. The company's market capitalisation on 31 December 2008 was EUR 67,134,000 (EUR 146,328,000 on 31 December 2007). More information about share trading is available on page 93.

### Dividend paid for the 2007 financial year

A dividend of EUR 0.65 per share was paid for 2007 to a total of EUR 5,226,000.

## PERSONNEL

The number of Marimekko personnel increased by 0.7% in 2008. During the financial year, the number of employees averaged 411 (405). At the end of the year, the Group employed 414 (411) people, of whom 16 (17) worked abroad. Salaries, wages and bonuses paid to personnel amounted to EUR 14.9 million (EUR 13.6 million). The personnel turnover rate was 13.8% for both joining and leaving employees. In autumn 2008, Marimekko launched an extensive sales training programme which offers the sales team the opportunity to participate in training leading to a qualification.

## RISK MANAGEMENT AND MAJOR RISKS

In 2008, Marimekko assessed its risk management level and determined joint procedures for risk identification and the framework for risk reporting. 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 most significant strategic risks with the potential to weaken the company's business operations may be due to changes in economic trends or the business environment, the failure of the chosen operational strategy or its execution, an event affecting the company's reputation or brand image, or insufficient design competence or other core expertise.

The main strategic risks as assessed by the company at the end of 2008 were associated with the increased uncertainty in the operating environment and its impact on the various business areas. The slowdown of global economic growth has reduced consumption demand, which may weaken the company's growth opportunities in all markets. Changes in the operating environment are reflected in the reliability of delivery of certain important subcontractors. Dependence on individual suppliers may cause problems in the deliveries of certain products. The company reinforces its supplier network in order to minimise risks related to subcontracting.

Marimekko's operational risks include risks that may occur due to unsuccessful leadership and management, decision-making or operational control and that affect the product range, distribution network, procurement or supply chain, information systems, intangible assets, legality or internal process control and monitoring. Risks may also emerge due to failures or faults in operations or systems.

In 2008, there were personnel changes in Marimekko's executive management, as well as in areas of core expertise with key significance to the company's business. The company reviewed its strategic policies and revised its operating models. The company's risk management emphasises monitoring of changes, ensuring a sufficient level of core competencies among the personnel, and process management with regard to key functions.

Marimekko's economic risks include risks associated with the price development of production factors, operating costs and financing. Financial risks are associated with exchange rates and credit risks. The global economic recession affects Marimekko's business in several areas. The uncertainty of the business environment has increased the economic risks related to sales structure, price development of production factors, higher operating expenses and customer liquidity. The Group strives to avoid the materialisation of these risks by more efficient business supervision.

Marimekko's accident risks include accidents affecting people, property, business operations or stakeholders. The group strives to minimise risks by means of labour protection and security training and 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.

## INTERNAL SUPERVISION AND AUDIT

Marimekko does not have an internal audit function. The Board of Directors reviews the level of the company's internal audit activities at least once a year. Where necessary, the Board may purchase internal audit services from an external service provider.

Towards the end of 2008, Marimekko initiated the development of the company's internal audit activities with the intention of reviewing the Group's core business and support processes and outlining control methods for the processes by the end 2009. The team will also draft the principles of internal audit and an operating plan for implementing and monitoring the supervision process.

## RESEARCH AND DEVELOPMENT

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

## THE ENVIRONMENT, HEALTH AND SAFETY

### The environment

Responsibility for the environment and nature is an integral aspect of Marimekko's business. In environmental matters, 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 the 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.

### Health and safety

Marimekko monitors and actively works towards enhancing occupational safety and well-being at work in cooperation with the workplace safety committee and occupational healthcare. The company purchases occupational healthcare services from external practitioners or local healthcare centres. Occupational healthcare focuses on preventive healthcare and monitoring both individual ability to work and the well-being of the working community as a whole. The workplace safety committee actively investigates occupational safety and employee well-being issues, organises training and issues instructions for the line organisation concerning the implementation of development measures. In 2008, the company continued the ASKELMA risk assessment and training related to occupational safety. During the 2008 financial year, the absence percentage based on theoretical regular working hours was 5.4% in the entire Group.

In 2008, Marimekko continued the project launched at the end of 2007 to establish a social responsibility management system. Marimekko's Board of Directors confirmed the company's social responsibility principles in December 2008. The company's Annual Report provides a more extensive report on environmental, health and safety issues. A summary is also included in each Interim Report. The Group applies the Global Reporting Initiative (GRI) reporting framework's G3 guidelines.

## BOARD OF DIRECTORS, MANAGEMENT AND AUDITORS

The members of Marimekko Corporation's Board of Directors are elected by the Annual General Meeting. According to the Articles of Association, the Board of Directors shall consist of three to five members. Their term of office ends at the conclusion of the next Annual General Meeting. The Board elects a Chairman from amongst its members.

The duties and responsibilities of the Board of Directors are determined primarily by the Articles of Association and the Finnish Companies Act. The Board deliberates on all matters that are significant to the Marimekko Group's business operations. These include approving strategic policies, budgets and operating plans, and deciding on significant investments, mergers and acquisitions. The Articles of Association do not provide the Board of Directors or the President with any powers other than those that are customary. Decisions to amend the Articles of Association or to increase the share capital are made pursuant to the provisions of the Finnish Companies Act in force.

The Annual General Meeting held on 3 April 2008 appointed five members to the company's Board of Directors: Tarja Pääkkönen was re-elected, and Ami Hasan, Mika Ihamuotila, Joakim Karske and Pekka Lundmark were elected as new members. At its organisation meeting held after the Annual General Meeting, the Board of Directors elected Pekka Lundmark as Chairman and Mika Ihamuotila as Vice Chairman of the Board.

The Annual General Meeting resolved that the remuneration to the Chairman of the Board will be EUR 20,000 per year and the remuneration to each one of the other Board members will be EUR 15,000 per year. In addition, the Annual General Meeting resolved that the President of Marimekko Corporation will not receive remuneration for being a member of the Board.

The Board of Directors elects the President and decides on the President's salary and other remuneration. The President's duties are set down in the Finnish Companies Act. The post of Marimekko Corporation's President was held by Kirsti Paakkanen until 31 January 2008; Mika Ihamuotila assumed the position of the President as of 1 February 2008.

At the end of 2008, the composition of the company's Management Group was as follows: Mika Ihamuotila as Chairman with members Thomas Ekström (finance and administration), Marja Korkeela (Group communications and investor relations), Päivi Lonka (exports and licensing sales), Mervi Metsänen-Kalliovaara (domestic wholesale, business-to-business sales, sales development), Niina Nenonen (clothing portfolio and its profitability), Piia Rossi (company-owned retail stores), Kirsi Räikkönen (brand and marketing communications) and Helinä Uotila (production, purchases, and interior decoration).

The Annual General Meeting elected PricewaterhouseCoopers Oy, Authorised Public Accountants, as the company's auditor, with Kim Karhu, Authorised Public Accountant, as chief auditor. It was decided that the auditor's fee will be paid by invoice.

## DISAGREEMENT CONCERNING UNIKKO TRADEMARK

In a stock exchange release dated 2 July 2008, Marimekko announced that Dolce & Gabbana S.r.l. and Dolce & Gabbana Industria S.p.A. had submitted an application to the Office for Harmonisation in the Internal Market (OHIM) for a declaration of invalidity concerning Marimekko's red figure mark Unikko in classes 24 (Textiles and textile goods) and 25 (Clothing and headgear). During the spring and summer of 2008, as part of the regular supervision and protection of its intellectual property rights, Marimekko reacted to Dolce & Gabbana's use of a floral pattern in certain Dolce & Gabbana products. Marimekko had not authorised the said use and took action in Germany to terminate such use. On the basis of Marimekko's application, the District Court of Hamburg imposed a sales and marketing injunction on certain Dolce & Gabbana products in Germany.

In a stock exchange release dated 14 October 2008, Marimekko announced that Marimekko Corporation, Dolce & Gabbana S.r.l. and Dolce & Gabbana Industria S.p.A. had signed a settlement agreement concerning Marimekko's trademark Unikko. The parties agreed on the handling of already manufactured products and on the fee to be paid to Marimekko. The parties further agreed that they would both withdraw all the legal proceedings concerning the matter, including the invalidity proceedings at the Office for Harmonisation in the Internal Market (OHIM) against Marimekko's Unikko trademark.

## EVENTS AFTER THE CLOSING DATE

### Flagging

The share of Workidea Oy, a company controlled by Kirsti Paakkanen, of Marimekko Corporation's share capital and voting rights decreased to 0.00%, or 0 shares, as a result of a transaction concluded on 8 January 2009.

## OUTLOOK FOR 2009

Marimekko operates in a field of industry in which changes in the business climate are reflected in consumption demand. The company continues to generate most of its net sales in Finland. In recent years, however, exports have increasingly been driving Marimekko's net sales growth. The majority of growth has been attributable to the acquisition of new customers and opening of concept stores. Consumption demand declined sharply in several markets in the final quarter of 2008. This also affected Marimekko's sales, which fell notably both in Finland and abroad.

In 2008, the Group's earnings and growth in net sales were largely attributable to significant individual promotional deliveries in Finland and one-off income from sales of licensed products. The company does not currently anticipate any comparable one-off items that would boost the net sales and earnings in 2009. The weakened global economic climate has also increased the uncertainty of Marimekko's operating environment, which complicates the outlook for 2009. The rapid decline in consumption demand has weakened the growth prospects both in Finland and abroad.

Marimekko will review its cost structure and boost the efficiency of its operations in 2009. However, a general increase in expenses and costs related to the long-term development of the company's business will burden the financial performance in 2009.

The Marimekko Group anticipates its 2009 net sales to decrease by 5–10% and operating profit to decline distinctly compared with 2008 if the weak market situation continues in 2009 and Marimekko does not succeed in winning any significant orders for one-off promotions.

## THE BOARD OF DIRECTORS' PROPOSAL FOR THE DIVIDEND FOR THE 2008 FINANCIAL YEAR

On 31 December 2008, the parent company's distributable funds amounted to EUR 19,821,021.19, of which EUR 7,112,422.46 was profit for the financial year. The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.55 per share be paid for 2008 to a total of EUR 4,422,000 and that the remaining profit be retained in equity. The proposed dividends represent 59.9% of the Group's earnings per share for the financial year. The Board will propose 15 April 2009 as the dividend record date, and 22 April 2009 as the dividend payout date. No substantial changes in the company's financial position have occurred after the end of the financial year. The company's liquidity is good and, in the view of the Board of Directors, the proposed dividend payout does not jeopardise the company's solvency.

## ANNUAL GENERAL MEETING

Marimekko Corporation's Annual General Meeting will be held from 2 p.m. onwards on Wednesday, 8 April 2009 at Marimekko Corporation's head office, Puusepänkatu 4, 00880 Helsinki, Finland.

Helsinki, 28 January 2009

Marimekko Corporation
Board of Directors

# Consolidated financial statements, IFRS

## Consolidated balance sheet

| (EUR 1,000) | | 31 Dec. 2008 | 31 Dec. 2007 |
|---|---|---|---|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Tangible assets | 1.1 | **9 948** | 9 956 |
| Intangible assets | 1.2 | **458** | 411 |
| Available-for-sale financial assets | 1.3 | **20** | 20 |
| | | **10 426** | 10 387 |
| CURRENT ASSETS | | | |
| Inventories | 2.1 | **17 286** | 18 281 |
| Trade and other receivables | 2.2 | **6 109** | 5 533 |
| Current tax assets | | **268** | 220 |
| Cash and cash equivalents | | **6 112** | 6 269 |
| | | **29 775** | 30 303 |
| ASSETS, TOTAL | | **40 201** | 40 690 |

The notes are an integral part of the financial statements.

# Consolidated balance sheet

| (EUR 1,000) | | 31 Dec. 2008 | 31 Dec. 2007 |
|---|---|---|---|
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY | 3. | | |
| Share capital | 3.1 | **8 040** | 8 040 |
| Translation differences | | **-2** | 3 |
| Retained earnings | | **23 504** | 21 352 |
| Shareholders' equity, total | | **31 542** | 29 395 |
| NON-CURRENT LIABILITIES | 4. | | |
| Deferred tax liabilities | 4.1 | **705** | 676 |
| Financial liabilities | 4.2 | | 185 |
| | | **705** | 861 |
| CURRENT LIABILITIES | 5. | | |
| Trade and other payables | 5.1 | **7 751** | 8 810 |
| Current tax liabilities | | **18** | 18 |
| Financial liabilities | 5.2 | **185** | 1 606 |
| | | **7 954** | 10 434 |
| Liabilities, total | | **8 659** | 11 295 |
| SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL | | **40 201** | 40 690 |

The notes are an integral part of the financial statements.

## Consolidated income statement

| (EUR 1,000) | | 1 Jan.–31 Dec. 2008 | 1 Jan.–31 Dec. 2007 |
|---|---|---|---|
| NET SALES | 10. | **81 107** | 77 264 |
| Other operating income | 11. | **244** | 74 |
| Increase or decrease in inventories of completed and unfinished products | | **185** | 642 |
| Raw materials and consumables | 12. | **33 597** | 31 626 |
| Employee benefit expenses | 13. | **18 287** | 16 799 |
| Depreciation | 14. | **1 324** | 1 338 |
| Other operating expenses | 15. | **18 372** | 17 730 |
| OPERATING PROFIT | | **9 956** | 10 487 |
| Financial income | 16. | **205** | 153 |
| Financial expenses | 17. | **-197** | -198 |
| | | **8** | -45 |
| PROFIT BEFORE TAXES | | **9 964** | 10 442 |
| Income taxes | 18. | **2 586** | 2 725 |
| NET PROFIT FOR THE PERIOD | | **7 378** | 7 717 |
| Distribution | | | |
| To equity holders of the parent company | | **7 378** | 7 717 |
| Basic and diluted earnings per share calculated on the profit attributable to equity holders of the parent company, EUR | 19. | **0.92** | 0.96 |

The notes are an integral part of the financial statements.

## Consolidated cash flow statement

| (EUR 1,000) | | 2008 | 2007 |
|---|---|---|---|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Net profit for the period | | **7 378** | 7 717 |
| Adjustments | | | |
| Depreciation according to plan | | **1 324** | 1 338 |
| Financial income and expenses | | **-8** | 45 |
| Taxes | | **2 586** | 2 725 |
| Cash flow before change in working capital | | **11 280** | 11 825 |
| Change in working capital | | | |
| Decrease (+) / increase (-) in current non-interest-bearing trade receivables | | **-574** | 126 |
| Decrease (+) / increase (-) in inventories | | **995** | -1 976 |
| Decrease (+) / increase (-) in current non-interest-bearing liabilities | | **-1 050** | 1 098 |
| Cash flow from operating activities before financial items and taxes | | **10 651** | 11 073 |
| Paid interest and payments on other financial expenses | | **-200** | -207 |
| Interest received | | **201** | 150 |
| Taxes paid | | **-2 616** | -3 094 |
| CASH FLOW FROM OPERATING ACTIVITIES | | **8 036** | 7 922 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Investments in tangible and intangible assets | 1.1, 1.2 | **-1 362** | -1 365 |
| CASH FLOW FROM INVESTING ACTIVITIES | | **-1 362** | -1 365 |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Short-term loans drawn | | **4 600** | 4 150 |
| Short-term loans repaid | | **-5 550** | -4 000 |
| Long-term loans repaid | | **-655** | -941 |
| Finance leasing debts paid | | | -60 |
| Dividends paid | | **-5 226** | -5 226 |
| CASH FLOW FROM FINANCING ACTIVITIES | | **-6 831** | -6 077 |
| Change in cash and cash equivalents | | **-157** | 480 |
| Cash and cash equivalents at the beginning of the period | | **6 269** | 5 789 |
| Cash and cash equivalents at the end of the period | | **6 112** | 6 269 |

The notes are an integral part of the financial statements.

## 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. 2007 | 8 040 | | 18 861 | 26 901 |
| Translation differences | | 3 | | 3 |
| Net profit for the period | | | 7 717 | 7 717 |
| Total recognised income and expense for the period | | 3 | 7 717 | 7 720 |
| Dividends paid | | | -5 226 | -5 226 |
| Shareholders' equity, 31 Dec. 2007 | 8 040 | 3 | 21 352 | 29 395 |
| Shareholders' equity, 1 Jan. 2008 | 8 040 | 3 | 21 352 | 29 395 |
| Translation differences | | -5 | | -5 |
| Net profit for the period | | | 7 378 | 7 378 |
| Total recognised income and expense for the period | | -5 | 7 378 | 7 373 |
| Dividends paid | | | -5 226 | -5 226 |
| Shareholders' equity, 31 Dec. 2008 | 8 040 | -2 | 23 504 | 31 542 |

The notes are an integral part of the financial statements.

# Notes to the consolidated financial statements

## GROUP PROFILE

Marimekko Corporation is a Finnish clothing and textile company. Marimekko Corporation and its subsidiaries form a Group that designs, manufactures and markets clothing, interior decoration products and bags.

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

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

Marimekko Corporation's Board of Directors approved these financial statements for publication at its meeting on 28 January 2009. According to the Finnish Companies Act, shareholders have the right to accept or reject the financial statements at the Annual General Meeting held after the publication. The Annual General Meeting may also amend the financial statements.

## ACCOUNTING POLICY APPLIED IN THE CONSOLIDATED FINANCIAL STATEMENTS

### Accounting policy

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), complying with the IAS and IFRS standards as well as the SIC and IFRIC interpretations in force as at 31 December 2008. In the Finnish Accounting Act and the provisions laid down pursuant to the Act, International Financial Reporting Standards refer to the standards approved for use in the EU in accordance with the procedures laid down in IAS Regulation (EC) 1606/2002 of the European Parliament, and the interpretations of these standards. The notes to the consolidated financial statements also comply with Finnish accounting and company legislation.

The financial statements have been prepared at historical cost with the exception of available-for-sale investments in financial assets, which are measured at fair value. Financial statement information is presented in thousands of euros.

### Accounting estimates and judgments

The preparation of financial statements in accordance with IFRS calls for the management to use estimates and assumptions. These estimates and assumptions mainly affect the value of tangible and intangible assets in the balance sheet and depreciation according to plan in the income statement through the determination of the useful economic life of asset items, and credit loss items and income taxes in the income statement. The final amount of the income taxes which will be confirmed after the close of the financial year may differ from the preliminary estimate in the income statement. The Group's management must also make judgments when selecting the accounting policy applied for the financial statements and its application and make estimates for provisions (including provisions for credit loss). The actual figures may deviate from these estimates.

### Principles of consolidation

Marimekko's consolidated financial statements include the accounts of the parent company Marimekko Corporation and its subsidiaries. Subsidiaries are companies in which the Group has the right to determine the financial and operating principles of the undertaking or business operations, usually by virtue of a shareholding that entitles to more than half of the voting rights. Intra-Group share ownership has been eliminated using the acquisition cost method. Acquired subsidiaries are consolidated in the Group's financial statements as of the date on which the Group acquired a controlling interest and divested subsidiaries until the date when such control ceases. Intra-Group business transactions, intra-Group profit margins related to inventories and fixed assets, intra-Group receivables and liabilities and intra-Group distribution of profit have been eliminated.

Associates are entities over which the Group exercises significant influence. As a rule, significant influence occurs when the Group holds more than 20% of the voting rights or otherwise exerts significant influence but no control. The Marimekko Group does not have any associates.

Joint ventures are entities where the Group exercises joint control with other parties based on an agreement. The Group's holdings in joint ventures are consolidated proportionately item by item. The consolidated financial statements include the Group's share of the joint ventures' assets, liabilities, income and expenses. At the end of the financial year, the Group had no joint ventures.

### Translation of items denominated in foreign currency

The results and financial position of Group units are measured in the currency used in the primary business environment of the unit in question (functional currency). The consolidated financial statements are presented in euros, the functional and presentation currency of the parent company.

Transactions in foreign currencies are recognised in the functional currency at the exchange rates on the date of transaction. The foreign-currency-denominated receivables and liabilities of the parent company and Finnish subsidiaries have been converted to euro amounts using the exchange rates quoted by the European Central Bank on the closing date. The foreign-currency-denominated receivables and liabilities of foreign subsidiaries have been converted at the exchange rate of the country in question on the closing date. Foreign exchange differences in business operations are booked in the corresponding income statement accounts above operating profit and foreign exchange differences on financial items in financial income and expenses.

The foreign-currency-denominated income statements of subsidiaries are converted to euro amounts using the average exchange rate for the financial year and the balance sheets at the average rate on the closing date. Differences arising from translation and translation differences in shareholders' equity are recorded as a separate item in shareholders' equity.

### Operating profit

IAS 1 Presentation of Financial Statements does not contain a definition of operating profit. The Group has defined this concept as follows: operating profit is the net amount of net sales and other operating income less the purchase expenses adjusted with the expenses incurred due to the increase or decrease in inventories or completed and unfinished products and production for own use, employee benefit expenses, possible impairment loss and other operating expenses. Any income statement items other than the above are presented below the operating profit. Foreign exchange differences and changes in the fair value of derivatives are included in the operating profit, provided they are attributable to items related to business operations. Otherwise they are recognised in financial items.

### Revenue recognition

Sales of products are recognised as income when the significant risks and rewards incident to the ownership of goods have been transferred to the buyer. The Group then relinquishes oversight and control of the product. Mainly, this is the moment when the goods are handed over to the customer as set forth in the agreed delivery clause. The revenue recognition of licensing and royalty income is handled in accordance with the clauses of the agreement between Marimekko and the licensee. The clauses mainly provide for royalties payable to Marimekko for sales of products covered by the agreement, based either on a percentage rate or the number of items. At least the minimum annual royalty as stipulated in the agreement is payable by some of the licensees.

In the calculation of net sales, sales proceeds are adjusted with indirect taxes and sales adjusting items. The distribution costs of products sold are recognised in other operating expenses in the income statement.

### Income taxes

Taxes on the Group companies' financial results for the period, taxes from previous periods and the change in deferred taxes are recorded as the Group's taxes. Taxes on the taxable income for the period are calculated on taxable income in accordance with the tax rate in force in the country in question. Deferred taxes are calculated on all temporary differences between the book value and the taxable value. However, a deferred tax liability is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable income. In taxation deferred tax is not recognised for non-deductible goodwill and deferred tax is not recognised for distributable earnings of subsidiaries where it is probable that the difference will not reverse in the foreseeable future. The largest temporary differences are due to the amortisation of fixed assets. Deferred taxes are calculated using the tax rates set by the closing date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit, against which the temporary difference can be utilised, will be available.

### Segment reporting

Business segments provide products and services whose risks and profitability differ from those of the products and services of other business segments. As per this definition, the Group has only one primary segment: the Marimekko business.

The Group's secondary segment is geographical, and is divided into Finland and other countries. The risks and profitability of the products and services of geographical segments differ from those of the products and services of segments operating in different types of economic environments.

The net sales of geographical segments are disclosed in accordance with customer location, and assets in accordance with asset location. Inter-segment pricing is set at fair market value.

### Tangible assets

Tangible assets mainly consist of buildings, machinery and equipment. Tangible assets are recorded in the balance sheet at original cost less depreciation according to plan. Depreciation of tangible assets is carried out on a straight-line basis over their estimated useful life.

The estimated useful lives are as follows:

| | |
|---|---|
| Buildings and structures | 40 years |
| Machinery and equipment | 3–15 years |

The residual value and useful life of assets are checked in connection with each financial statement and if necessary adjusted to reflect changes in the expectation of economic benefit.

If an item of property, plant or equipment consists of several parts with different useful lives, each part is treated as a separate asset. Significant cost of replacing a part is capitalised when the company will derive economic benefit from the asset. Other expenses such as regular maintenance, repair and servicing costs are entered as expenses in the income statement when they are incurred.

Investment aid is recognised as a reduction to investments and the aid recorded in the income statement is booked in other operating income.

### Intangible assets

Intangible assets with finite useful lives are recognised in the balance sheet at original cost less depreciation according to plan. Depreciation of intangible assets is carried out on a straight-line basis over their estimated useful life.

The estimated useful lives are as follows:

| | |
|---|---|
| Intangible rights | 5–10 years |
| Computer software | 3–5 years |

The major intangible asset items are trademarks. The Group has not had any such development expenditure that should be recognised as assets under IAS 38 and recorded as amortised expense over their useful life.

### Borrowing costs

Borrowing costs are recognised as expenses during the financial year in which they were incurred. Borrowing costs have not been recognised as part of the acquisition cost of the assets.

### Impairment

On each closing date, asset items are assessed for indications of impairment. If there are such indications, the recoverable amount of said asset item is estimated. The impairment recognised is the amount by which the book value of the asset item exceeds its recoverable amount, which is the higher of its net selling price or value in use. Value in use is based on discounted future net cash flows as a rule.

### Lease agreements

Lease agreements concerning fixed assets in which the Group is transferred a material share of the risks and rewards incident to ownership are classified as finance lease agreements. Fixed assets leased under finance lease agreements are recorded in tangible assets less accumulated depreciation, and lease commitments are included in other interest-bearing financial liabilities. Fixed assets acquired under finance lease agreements are depreciated in line with the Group's depreciation policy over their useful life or lease period, whichever is shorter. Rents payable under lease agreements are divided into financial expenses and debt repayment. Lease agreements in which the risks and rewards incident to ownership are retained by the lessor are treated as other lease agreements. Rents payable under other lease agreements are expenses in the income statement on a straight-line basis over the lease period.

### Inventories

Inventories are presented in accordance with the FIFO principle at the acquisition cost or at the lower probable net realisation value. The acquisition cost of manufactured inventories includes not only purchase expenditure on materials, direct labour and other direct costs, but also a share of the fixed and variable general costs of production. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs for completion and selling expenses.

### Financial assets

Financial assets are classified as loans and other receivables or available-for-sale investments in accordance with the purpose underlying their acquisition. The assets are classified upon initial recognition.

Available-for-sale financial assets comprise shares and they are included in non-current assets, unless it is intended that they will be held for less than 12 months from the closing date, in which case they are included in current assets. Available-for-sale financial assets are measured at fair value or, where the fair value cannot be reliably determined, at acquisition cost. Available-for-sale financial assets on the closing date comprise unlisted shares measured at fair value less possible impairment. The company does not intend to dispose of these shares for the present.

Loans and other receivables are initially recognised at fair value and subsequently at amortised cost using the internal rate of return. An impairment of trade receivables is recognised when there is objective evidence that the Group will not receive all of the benefits on the original terms. Indications of the impairment of trade receivables include the significant financial difficulties of the debtor, the likelihood of bankruptcy, failure to make payments, or a delay of over 90 days in paying. Impairment loss is recognised under other operating expenses in the income statement. All of the Group's loans and receivables are included in the balance sheet item trade and other receivables.

### Cash and cash equivalents

The Group's cash and cash equivalents include cash at hand and at banks. The Group does not have any other items classified as cash and cash equivalents.

### Financial liabilities

Financial liabilities are initially recognised at fair value including transaction costs and subsequently at amortised cost using the internal rate of return. Financial liabilities are non-current, unless they are repayable on demand or the Group intends to repay them within the next 12 months.

### Interest income

Interest income is recognised on a time-proportion basis using the internal rate of return.

### Dividend income

Dividend income is recognised as income when the right to dividends is established.

### Employee benefits

*Pension commitments*

The pension security of the personnel of the Group's Finnish companies has been arranged under the Finnish statutory employee pension plan (TyEL) through an external pension insurance company. Foreign subsidiaries have arranged pensions for their personnel in accordance with local legislation. The Group's pension cover is arranged wholly under defined contribution schemes. Under a defined contribution arrangement, the Group pays contributions to publicly or privately managed pension insurances. These contributions are either compulsory, based on an agreement or voluntary. The Group does not have any payment obligations other than these contributions. The contributions are recognised as employee benefit expenses at the time when they become due. Any contributions paid in advance are included in the assets on the balance sheet, insofar as they are recoverable as future refunds or future reductions of contributions.

### Provisions

Provisions are recognised when the Group incurs, due to a previous event, a legal or constructive obligation whose settlement will probably require payment whose amount can be estimated reliably. Provisions are related to the restructuring of business operations, loss-making contracts, legal proceedings and both environmental and tax risks. A restructuring provision is booked when a detailed and appropriate plan has been drafted concerning said provision and the company has announced the matter.

### Dividends, shareholders' equity and treasury shares

The Board of Directors' proposal for dividend distribution has not been recognised in the financial statements; the dividends will only be recognised on the basis of the Annual General Meeting's approval.

Outstanding common shares are presented as share capital. Costs related to the granting or acquisition of the company's own equity instruments are presented as equity allowance. If the company purchases its own shares, the price including direct costs is recognised as decrease in equity.

### Earnings per share

The basic earnings per share are calculated by dividing the profit for the period attributable to equity holders of the parent company by the weighted average of shares outstanding. The weighted average number of shares used to calculate the diluted earnings per share takes into account the diluting effect of the conversion of potential common shares into actual shares during the period.

### New standards and interpretations

The IASB has released the following standards and interpretations which became effective in 2008. The Group adopted the following new or amended standards and interpretations during the financial year:

IAS 39 (revised) and IFRS 7 (revised) Reclassification of Financial assets. The amendment enables the reclassification of certain financial assets out of the financial assets held for trading category or the available-for-sale financial assets category when certain criteria are met. In this case further details must be provided in the financial statements. The amendment has been applicable since 1 July 2008. The amendment has no impact on these financial statements.

The IASB has released the following standards and interpretations which shall become effective in 2009 or later. The Group has decided not to apply these standards and interpretations prematurely and will adopt them during future financial years.

The Group will adopt the following standards and interpretations in 2009:

IAS 1 (revised) Presentation of Financial Statements. The standard was revised with the aim of improving the ability of financial statement users to analyse and compare the information presented in financial statements by differentiating changes in shareholders' equity associated with transactions with the company's owners from other changes in equity. Non-owner changes are to be presented in one or two statements of comprehensive income. The Group will most probably present both an income statement and a statement of comprehensive income in the future.

IFRS 8 Operating Segments standard replaces IAS 14. IFRS 8 introduces the "management approach" whereby information used for segment reporting is presented in the same way as in internal reporting. The Group's reportable segments will remain the same as the business segments under IAS 14.

The IASB published improvements to 34 standards in May 2008 in the course of the annual improvements process (Improvements to IFRSs). The following revised standards and interpretations to be adopted by the Group in 2009 may, in the opinion of the Group's management, have an impact on the consolidated financial statements:

IAS 38 (amendment) Intangible Assets. Prepayments may only be recorded in the balance sheet where payment has been made before the entity has the right to access the goods or services. This means that expenses arising from mail order catalogues is recognised when the catalogues are made available to the Group and not when the catalogues are delivered to customers. This amendment will not have any material effect on the Group's financial statements.

IAS 38 (amendment) Intangible Assets. The amendment removes the wording that there will "rarely, if ever" be persuasive evidence to support an amortisation method that results in a lower amount of accumulated amortisation than under the straight-line method. This amendment will not have any material effect on the Group's financial statements.

The following new standards, amendments and interpretations that will enter into force in 2009 will not have an effect on the Group's financial statements:

IAS 1 (amendment) Presentation of Financial Statements. The amendment clarifies that only some of financial assets available-for-sale under IAS 39 qualify as current assets.

IAS 16 (amendment) Property, Plant and Equipment (and consequential amendment to IAS 7 Cash Flow Statements). Entities whose normal business is both renting and subsequently selling the same asset present the income from the sale of these as net sales and transfer the book value of the asset to inventories when the asset becomes available for sale. A consequential amendment to IAS 7 will also allow both rental and sale cash flows to be included as operating activities.

IAS 19 (amendment) Employee Benefits. The amendment clarifies that the effect of plan amendments that affect the impact of future pay rises on the defined benefits qualifies as a curtailment. Changes in the benefits for employee service in past periods results in a negative past service cost where it reduces the value of existing obligation arising from a defined benefit plan.

IAS 20 (amendment) Accounting for Government Grants and Disclosure of Government Assistance. The benefit of a government loan at a below-market rate of interest is determined as the difference between the book value under IAS 39 and the payments received and accounted for under IAS 20.

IAS 23 (amendment) Borrowing Costs. The definition of borrowing costs has been revised so that interest expense is valuated by the effective interest method under IAS 39.

IAS 23 (revised) Borrowing Costs. The revised standard requires that borrowing costs attributable to a qualifying asset form the cost of that asset and therefore should be capitalised. The option to recognise borrowing costs immediately as an expense is no longer permissible.

IAS 27 (amendment) Consolidated and Separate Financial Statements. Investments in subsidiaries accounted for under IAS 39 continue to be accounted for on that basis when classified as available for sale under IFRS 5.

IAS 28 (amendment) Investments in Associates (and consequential amendments to IAS 32 Financial Instruments: Presentation and IFRS 7 Financial Instruments: Disclosures). Where investments in associates are accounted for under IAS 39, only a part of the information required under IAS 28 need be presented in addition to the information required in IAS 32 and IFRS 7.

IAS 28 (amendment) Investments in Associates (and consequential amendments to IAS 32 Financial Instruments: Presentation and IFRS 7 Financial Instruments: Disclosures). An investment in an associate is treated as a single asset item for the purposes of impairment testing, and the impairment loss is not allocated to individual asset items, such as goodwill, included in the investment. Reversals of impairment are recognised as adjustments of the book value of the investment up to the recoverable amount.

IAS 31 (amendment) Interests in Joint Ventures (and consequential amendments to IAS 32 and IFRS 7). Where investments in joint ventures are accounted for under IAS 39, only a part of the information required under IAS 31 need be presented in addition to the information required in IAS 32 and IFRS 7.

IAS 32 (amendment) Financial Instruments: Presentation and IAS 1 (amendment) Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation. Due to the revisions to the standard, certain instruments that must be redeemed and certain financial instruments that obligate the entity to surrender an equal percentage of the entity's net assets only if it is placed into liquidation are to be classified as equity.

IAS 36 (amendment) Impairment of Assets. If fair value less costs to sell is determined by discounted cash flows, the information presented in the financial statements is to be consistent with the information used for value-in-use calculations.

IAS 39 (amendment) Financial Instruments: Recognition and Measurement. The amendments clarify the classification of derivatives in situations involving changes to hedge accounting and the definition of available-for-sale instruments and require determining the new book value of an equity instrument using the effective rate of interest when fair value hedge accounting ceases.

IAS 40 (amendment) Investment Property (and consequential amendments to IAS 16). Property that is being constructed or developed for future use as investment property falls within the scope of application of IAS 40. Thus such a property is measured at fair value, where the fair value model is applied. However, if the fair value of a property under construction is not reliably determinable, the property is measured at cost until construction is completed or the fair value of the property becomes determinable.

IAS 41 (amendment) Agriculture. The revised standard requires that fair value calculations based on discounted cash flows must be discounted at a market-determined rate, and removes the prohibition on taking into account additional biological transformation when measuring the fair value.

IFRS 1 (amendment) First-time Adoption of IFRS and IAS 27 (amendment) Consolidated and Separate Financial Statements. According to the revised standard, entities adopting IFRSs for the first time as the basis for preparing their financial statements may use either fair value or the book value under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in their separate financial statements. As a result of the amendment, the definition of the cost method will also be removed from IAS 27 and replaced with a requirement to present dividends as income in the separate financial statement of the investor. The Group's subsidiaries have not adopted the IFRSs in their separate financial statements.

The amendment to the IFRS 2 Share-based Payment clarifies that service conditions or performance conditions alone are vesting conditions. Any other features should be included in the grant-date fair value measurement and they will not affect the amount of granted benefits expected to vest or the measurement after the grant-date. The amended standard also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

IFRIC 11, IFRS 2 – Group and Treasury Share Transactions. The interpretation clarifies the treatment of transactions involving treasury shares of Group companies in the financial statements of the parent company and the Group companies, providing guidance on their classification as equity-settled or cash-settled transactions.

IFRIC 13 Customer Loyalty Programmes. The interpretation defines transactions in which entities grant their customers loyalty award credits when buying goods or services as multiple sales transactions. Payments received from customers are allocated to the various components of the sales transaction on the basis of their fair value. The Group companies do not have customer loyalty programmes as defined in the interpretation.

IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. The interpretation addresses post-employment defined-benefit arrangements according to IAS 19 and other long-term defined-benefit employee benefits when the arrangement involves a minimum funding requirement. The interpretation also clarifies balance sheet recognition conditions for significant asset items via future refunds or future reductions of contributions made into the arrangement. The Group does not have defined-benefit pension arrangements referred to in the interpretation.

IFRIC 15 Agreements for the Construction of Real Estate. The interpretation provides guidance on how to determine whether agreements for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and when revenue from the construction should be recognised.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation. IFRIC 16 provides guidance on the accounting treatment of the hedge of net investment in a foreign operation. This means that the hedge of a net investment applies to differences in the functional currency and not the presentation currency. The hedging instruments may also be held by any entity within a group. The provisions of IAS 21 The Effects of Changes in Foreign Exchange Rates apply to the hedged item.

The following new standards and interpretations that will enter into force in 2010 will not have an effect on the Group's financial statements:

IFRS 3 (revised) Business Combinations. The revision still requires business combinations to be accounted for by applying the purchase method, although with certain significant amendments. For example, all costs related to an entity's acquisition must be recognised at their fair value on the date of acquisition and certain contingent considerations are to be measured at fair value through profit or loss after acquisition. Goodwill may be calculated on the basis of the parent company's share of net assets, or it may include goodwill allocated to a minority interest. All transaction costs are to be expensed.

IAS 27 (revised) Consolidated and Separate Financial Statements. Where there is no transfer of control, this revision requires all minority interest transactions to be presented within shareholders' equity. Minority interest transactions will therefore no longer lead to losses or gains in goodwill or be recognised as profit or loss. This standard also determines how transactions involving a transfer of control should be handled. Any remaining portion of the acquisition is measured at fair value and any gains or losses are recognised through profit or loss.

IAS 39 (amendment) Financial instruments: Recognition and measurement – Eligible Hedged Items. Under the amendment, an entity may not designate an inflation component of fixed-rate debt in a fair value hedge. The amendment also states that when hedge accounting is applied to options, their time value can no longer be included in the hedge relationship.

IFRS 5 (amendment) Non-current Assets Held for Sale and Discontinued Operations (and consequential amendment to IFRS 1 First-time Adoption of IFRS). The amendment is included in the annual improvements published by the IASB in May 2008. The amendment clarifies that if a plan for a partial disposal involves a loss of control, all of the assets and liabilities of the subsidiary are to be classified as held for sale, and disclosures shall be made as required where the criteria for a discontinued operation are met. A consequential amendment to IFRS 1 states that these amendments will be applied as of the date of transition to IFRSs.

IFRIC 12 Service Concession Arrangements. The interpretation applies to arrangements whereby a private entity contributes to the development, financing or implementation of public services or the maintenance of infrastructure.

IFRIC 17 Distributions of Non-cash Assets to Owners. The interpretation clarifies how an entity should measure distributions of assets other than the case when it pays dividends to its owners.

(EUR 1,000)

1.1 Tangible assets

**2008**

| | Land and water | Buildings and structures | Machinery and equipment | Advance payments and acquisitions in progress | Total |
|---|---|---|---|---|---|
| Acquisition cost, 1 Jan. 2008 | 911 | 6 338 | 9 521 | 26 | 16 796 |
| Increases | | 783 | 316 | 294 | 1 393 |
| Decreases | | -25 | -2 | -207 | -234 |
| Acquisition cost, 31 Dec. 2008 | 911 | 7 096 | 9 835 | 113 | 17 955 |
| Accumulated depreciation, 1 Jan. 2008 | | 1 624 | 5 216 | | 6 840 |
| Depreciation | | 389 | 778 | | 1 167 |
| Accumulated depreciation, 31 Dec. 2008 | | 2 013 | 5 994 | | 8 007 |
| | 911 | 5 083 | 3 841 | 113 | 9 948 |
| | | | | | |
| Book value, 1 Jan. 2008 | 911 | 4 367 | 4 652 | 26 | 9 956 |
| Book value, 31 Dec. 2008 | 911 | 5 083 | 3 841 | 113 | 9 948 |
| | | | | | |
| Book value of production machinery and equipment, 31 Dec. 2008 | | | | | 2 887 |

**2007**

| | Land and water | Buildings and structures | Machinery and equipment | Advance payments and acquisitions in progress | Total |
|---|---|---|---|---|---|
| Acquisition cost, 1 Jan. 2007 | 911 | 6 233 | 8 687 | 2 | 15 833 |
| Increases | | 159 | 1 032 | 944 | 2 135 |
| Decreases | | -54 | -198 | -920 | -1 172 |
| Acquisition cost, 31 Dec. 2007 | 911 | 6 338 | 9 521 | 26 | 16 796 |
| Accumulated depreciation, 1 Jan. 2007 | | 1 303 | 4 538 | | 5 841 |
| Depreciation | | 321 | 876 | | 1 197 |
| Accumulated depreciation of decreases | | | -198 | | -198 |
| Accumulated depreciation, 31 Dec. 2007 | | 1 624 | 5 216 | | 6 840 |
| | 911 | 4 714 | 4 305 | 26 | 9 956 |
| | | | | | |
| Book value, 1 Jan. 2007 | 911 | 4 583 | 4 496 | 2 | 9 992 |
| Book value, 31 Dec. 2007 | 911 | 4 714 | 4 305 | 26 | 9 956 |
| | | | | | |
| Book value of production machinery and equipment, 31 Dec. 2007 | | | | | 3 100 |

1.2 Intangible assets

**2008**

| | Intangible rights | Computer software | Total |
|---|---|---|---|
| Acquisition cost, 1 Jan. 2008 | 437 | 3 014 | 3 451 |
| Increases | 56 | 148 | 204 |
| Acquisition cost, 31 Dec. 2008 | 493 | 3 162 | 3 655 |
| Accumulated depreciation, 1 Jan. 2008 | 311 | 2 729 | 3 040 |
| Depreciation | 43 | 114 | 157 |
| Accumulated depreciation, 31 Dec. 2008 | 354 | 2 843 | 3 197 |
| | 139 | 319 | 458 |
| | | | |
| Book value, 1 Jan. 2008 | 126 | 285 | 411 |
| Book value, 31 Dec. 2008 | 139 | 319 | 458 |

(EUR 1,000)

1.2 Intangible assets

| **2007** | **Intangible rights** | **Computer software** | **Total** |
|---|---|---|---|
| Acquisition cost, 1 Jan. 2007 | 398 | 2 849 | 3 247 |
| Increases | 39 | 165 | 204 |
| Acquisition cost, 31 Dec. 2007 | 437 | 3 014 | 3 451 |
| Accumulated depreciation, 1 Jan. 2007 | 276 | 2 623 | 2 899 |
| Depreciation | 35 | 106 | 141 |
| Accumulated depreciation, 31 Dec. 2007 | 311 | 2 729 | 3 040 |
| | 126 | 285 | 411 |
| Book value, 1 Jan. 2007 | 122 | 226 | 348 |
| Book value, 31 Dec. 2007 | 126 | 285 | 411 |

| 1.3 Available-for-sale financial assets | **2008** | **2007** |
|---|---|---|
| Available-for-sale shares | | |
| Acquisition cost, 1 Jan. | 20 | 20 |
| Acquisition cost, 31 Dec. | 20 | 20 |
| Book value, 31 Dec. | 20 | 20 |
| Financial assets, total | 20 | 20 |

Available-for-sale financial assets comprise unlisted shares, which are presented at cost because their fair values are not reliably known.

2.1 Inventories

| | 2008 | 2007 |
|---|---|---|
| Raw materials and consumables | 5 259 | 6 622 |
| Incomplete products | 198 | 168 |
| Finished products/goods | 11 559 | 11 048 |
| Advance payments | 270 | 443 |
| Total | 17 286 | 18 281 |

No impairment was recognised on inventories.

2.2 Trade and other receivables

| | 2008 | 2007 |
|---|---|---|
| Trade receivables | 4 632 | 4 527 |
| Other receivables | 32 | 30 |
| Prepaid expenses and accrued income | 1 445 | 976 |
| Total | 6 109 | 5 533 |
| Prepaid expenses and accrued income | | |
| Interest receivables | 34 | 30 |
| Royalty receivables | 467 | 461 |
| Other prepaid expenses and accrued income | 944 | 485 |
| Total | 1 445 | 976 |
| Impairment of trade receivables | 83 | 93 |

(EUR 1,000)

Analysis of trade receivables by age

| | 2008 | Impairment loss | Net 2008 | 2007 | Impairment loss | Net 2007 |
|---|---|---|---|---|---|---|
| Undue trade receivables | 3 491 | | 3 491 | 3 636 | | 3 636 |
| Overdue | | | | | | |
| less than 30 days | 600 | | 600 | 351 | | 351 |
| 30–60 days | 242 | | 242 | 211 | | 211 |
| more than 60 days | 382 | -83 | 299 | 422 | -93 | 329 |
| Total | 4 715 | -83 | 4 632 | 4 620 | -93 | 4 527 |

## 3. SHAREHOLDERS' EQUITY

| | | Number of shares | Share capital EUR | Total EUR |
|---|---|---|---|---|
| 3.1 | 1 Jan. 2007 | 8 040 000 | 8 040 000 | 8 040 000 |
| | 31 Dec. 2007 | 8 040 000 | 8 040 000 | 8 040 000 |
| | 1 Jan. 2008 | 8 040 000 | 8 040 000 | 8 040 000 |
| | 31 Dec. 2008 | 8 040 000 | 8 040 000 | 8 040 000 |

Marimekko Corporation's maximum share capital is EUR 12,000,000, and the maximum number of shares is 20,000,000. Marimekko Corporation has one series of shares; the shares do not have a nominal value. All shares in issue have been paid in full. The Group does not possess any of its own shares. The Group does not have any share option schemes. After the closing date, the Board of Directors has proposed that a dividend of EUR 0.55 per share be paid for 2008 (2007: EUR 0.65).

4.1 Deferred tax assets and liabilities

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

Changes in deferred taxes in 2008

| | 1 Jan. 2008 | Recognised in the income statement | 31 Dec. 2008 |
|---|---|---|---|
| Deferred tax assets | | | |
| Internal margin of inventories | 54 | -3 | 51 |
| Total | 54 | -3 | 51 |
| Deferred tax asset | 54 | -3 | 51 |
| Deferred tax liabilities | | | |
| Accumulated depreciation difference | -555 | -26 | -581 |
| Fixed costs included in inventories | -175 | 1 | -174 |
| Total | -730 | -25 | -755 |
| Deferred tax liability | -730 | -25 | -755 |
| Deferred tax liability, net | | | -704 |

(EUR 1,000)

Changes in deferred taxes in 2007

| | 1 Jan. 2007 | Recognised in the income statement | 31 Dec. 2007 |
|---|---|---|---|
| Deferred tax assets | | | |
| Internal margin of inventories | 53 | 1 | 54 |
| Other items | 10 | -10 | |
| Total | 63 | -9 | 54 |
| | | | |
| Deferred tax asset | 63 | -9 | 54 |
| | | | |
| Deferred tax liabilities | | | |
| Accumulated depreciation difference | -517 | -38 | -555 |
| Fixed costs included in inventories | -160 | -15 | -175 |
| Total | -677 | -53 | -730 |
| | | | |
| Deferred tax liability | -677 | -53 | -730 |
| | | | |
| Deferred tax liability, net | | | -676 |

| | **FINANCIAL LIABILITIES** | **2008** | **2007** |
|---|---|---|---|
| 4.2 | Non-current | | |
| | Pension loans | | 185 |
| | Total | | 185 |
| | | | |
| 5.2 | Current | | |
| | Bank loans | | 286 |
| | Pension loans | 185 | 370 |
| | Other liabilities | | 950 |
| | Total | 185 | 1 606 |
| | | | |
| | Financial liabilities, total | 185 | 1 791 |

| Range of variation of the interest rate applied to financial liabilities, % | **2008** | **2007** |
|---|---|---|
| Loans from financial institutions | 4.27–5.42 | 4.19–5.22 |
| Pension loans | 3.00 | 3.00 |
| Other liabilities | | 5.00 |
| Finance lease liabilities | | 5.00 |

All financial liabilities are euro denominated.

| | Trade and other payables | **2008** | **2007** |
|---|---|---|---|
| 5.1 | | | |
| | Trade payables | 2 114 | 2 904 |
| | Other payables | 2 659 | 3 084 |
| | Accrued liabilities and deferred income | 2 978 | 2 822 |
| | Total | 7 751 | 8 810 |
| | | | |
| | Accrued liabilities and deferred income | | |
| | Employee benefits | 2 822 | 2 530 |
| | Other accrued liabilities and deferred income | 156 | 292 |
| | Total | 2 978 | 2 822 |

(EUR 1,000)

## 6. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

| | Book value 2008 | Fair value 2008 | Book value 2007 | Fair value 2007 |
|---|---|---|---|---|
| Trade and other receivables | 6 109 | 6 109 | 5 533 | 5 533 |
| Cash and cash equivalents | 6 112 | 6 112 | 6 269 | 6 269 |
| Bank loans | | | 286 | 286 |
| Pension loans | 185 | 185 | 555 | 555 |
| Other liabilities | | | 950 | 950 |
| Trade and other payables | 7 751 | 7 751 | 8 810 | 8 810 |

The fair values of loans correspond to their book values.

## 7. GUARANTEES, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

| | 2008 | 2007 |
|---|---|---|
| For own liabilities | | |
| Corporate mortgages and mortgaged promissory notes | 5 080 | 5 214 |
| Corresponding pension loan | 185 | 555 |
| For the liabilities of other companies | | |
| Guarantees | 646 | 811 |
| Other own liabilities and commitments | | |
| Lease liabilities for machinery and equipment | 252 | 139 |
| Liabilities relating to lease agreements for business premises | 11 883 | 12 470 |
| Commitments, total | 17 861 | 18 634 |

Other lease agreements

The Group as lessee
Minimum lease payments under non-cancellable lease agreements

| | 2008 | 2007 |
|---|---|---|
| No later than 1 year | 2 785 | 2 767 |
| Later than 1 year – no later than 5 years | 7 377 | 7 087 |
| Later than 5 years | 1 721 | 2 616 |
| Total | 11 883 | 12 470 |

The Group has leased many of its store and some of its office and warehouse premises. Lease agreements are valid either for a fixed period or for the time being. The index, renewal and other terms of the agreements differ. The 2008 income statement includes EUR 3,022 thousand in rental expenses paid on the basis of other non-cancellable lease agreements.

(EUR 1,000)

## 8. RELATED PARTY TRANSACTIONS

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

Group companies
Company and domicile

Parent company
Marimekko Corporation, Helsinki, Finland

| Subsidiaries | Group's holding, % | Share of voting rights, % |
|---|---|---|
| Decembre Oy, Helsinki, Finland | 100 | 100 |
| Keskinäinen Kiinteistö Oy Marikko, Helsinki, Finland | 100 | 100 |
| Marimekko AB, Stockholm, Sweden | 100 | 100 |
| Marimekko GmbH, Frankfurt am Main, Germany | 100 | 100 |
| Marimekko Kitee Oy, Kitee, Finland | 100 | 100 |
| Marimekko Tuotanto Oy, Helsinki, Finland | 100 | 100 |

Sales of goods and services between related parties are based on fair market prices.

| a) Employee benefits of management | 2008 | 2007 |
|---|---|---|
| Salaries and bonuses of the President | | |
| Kirsti Paakkanen | 15 | 180 |
| Mika Ihamuotila | 367 | |
| Salaries and bonuses of the Board of Directors | | |
| Matti Kavetvuo | 5 | 19 |
| Kari Miettinen | | 5 |
| Kirsti Paakkanen | 4 | 15 |
| Tarja Pääkkönen | 4 | 11 |
| Ami Hasan | 11 | |
| Mika Ihamuotila | | |
| Joakim Karske | 11 | |
| Pekka Lundmark | 15 | |
| Tarja Pääkkönen | 11 | |
| b) Loans from related parties | | |
| Workidea Oy | | 33 |
| Gemmi Furs Oy | | 950 |

In 2004, Marimekko Corporation granted a loan guarantee on behalf of a related-party company (Gemmi Furs Oy) as part of business operations. At 31 Dec. 2008, the guarantee amounted to EUR 646 thousand. Gemmi Furs Oy has given a counter-obligation and corporate mortgages amounting to EUR 1,177 thousand as a counter-guarantee.

## 9. EVENTS AFTER THE CLOSING DATE

The management of the company is not aware of any significant events after the closing date that would have affected the financial statement calculations.

(EUR 1,000)

## 10. SEGMENT INFORMATION

Primary segment
The Marimekko Group's primary segment is the Marimekko business.

Secondary segment
The Marimekko Group's secondary segment is geographical.

| | 2008 | 2007 |
|---|---|---|
| Net sales | | |
| Finland | 59 175 | 56 826 |
| Other countries | 21 932 | 20 438 |
| Total | 81 107 | 77 264 |
| | | |
| Assets | | |
| Finland | 37 939 | 39 094 |
| Other countries | 3 498 | 2 469 |
| Eliminations | -1 236 | -873 |
| Total | 40 201 | 40 690 |
| | | |
| Investments | | |
| Finland | 1 362 | 1 303 |
| Other countries | | 62 |
| Total | 1 362 | 1 365 |

## 11. OTHER OPERATING INCOME

| | | |
|---|---|---|
| Other income | 244 | 74 |
| Total | 244 | 74 |

## 12. RAW MATERIALS AND CONSUMABLES

| | | |
|---|---|---|
| Materials and supplies | | |
| Purchases during the financial year | 22 848 | 23 671 |
| Change in inventories | 964 | -1 206 |
| Total | 23 812 | 22 465 |
| | | |
| External services | 9 785 | 9 161 |
| Total | 33 597 | 31 626 |

## 13. EMPLOYEE BENEFIT EXPENSES

| | | |
|---|---|---|
| Salaries, wages and bonuses | 14 881 | 13 629 |
| Pension expenses – defined contribution plans | 2 525 | 2 292 |
| Other indirect social expenditure | 881 | 878 |
| Total | 18 287 | 16 799 |
| | | |
| Average number of employees | | |
| Salaried employees | 274 | 268 |
| Non-salaried employees | 137 | 137 |
| Total | 411 | 405 |

(EUR 1,000)

## 14. DEPRECIATION

| | 2008 | 2007 |
|---|---|---|
| Intangible assets | | |
| Intangible rights | 43 | 35 |
| Computer software | 114 | 106 |
| Total | 157 | 141 |
| | | |
| Tangible assets | | |
| Buildings and structures | 389 | 321 |
| Machinery and equipment | 778 | 876 |
| Total | 1 167 | 1 197 |
| | | |
| Total | 1 324 | 1 338 |

No impairment was recognised on non-current assets.

## 15. OTHER OPERATING EXPENSES

| | | |
|---|---|---|
| Leases | 3 133 | 2 903 |
| Marketing | 3 398 | 3 836 |
| Management and maintenance of business premises | 1 690 | 1 808 |
| Administration | 3 065 | 2 720 |
| Other expenses | 7 086 | 6 463 |
| Total | 18 372 | 17 730 |
| | | |
| Exchange rate differences included in other operating expenses | | |
| Exchange rate differences of sales | -286 | -201 |

## 16. FINANCIAL INCOME

| | | |
|---|---|---|
| Interest income on loans and other receivables | 205 | 153 |
| Total | 205 | 153 |

## 17. FINANCIAL EXPENSES

| | | |
|---|---|---|
| Interest income on financial liabilities measured at amortised cost | -155 | -172 |
| Other financial expenses | -42 | -26 |
| Total | -197 | -198 |
| | | |
| Financial expenses include losses on exchange rates | -40 | -13 |

## 18. INCOME TAXES

| | | |
|---|---|---|
| Taxes on taxable earnings for the period | 2 561 | 2 663 |
| Deferred taxes | 25 | 62 |
| Total | 2 586 | 2 725 |

Reconciliation statement of taxes calculated on the basis of tax expenses in the income statement and the Group's Finnish tax rate (26%)

| | | |
|---|---|---|
| Profit before taxes | 9 964 | 10 442 |
| | | |
| Taxes calculated at the Finnish tax rate | 2 591 | 2 715 |
| Different tax rates of foreign subsidiaries | -4 | -6 |
| Non-deductible expenses | -1 | 16 |
| Taxes in the income statement | 2 586 | 2 725 |

(EUR 1,000)

| 19. EARNINGS PER SHARE | 2008 | 2007 |
|---|---|---|
| Net profit for the period, EUR 1,000 | 7 378 | 7 717 |
| Weighted average number of shares, 1,000 | 8 040 | 8 040 |
| Basic and diluted earnings per share, EUR | 0.92 | 0.96 |

| 20. AUDITOR'S FEE | 2008 | 2007 |
|---|---|---|
| PricewaterhouseCoopers Oy, Authorised Public Accountants | | |
| Audit | 32 | |
| Other services | 37 | |
| Total | 69 | |
| Nexia Tilintarkastus Oy, Authorised Public Accountants | | |
| Audit | 21 | 42 |
| Total | 21 | 42 |
| Others | | |
| Audit | 9 | 9 |
| Total | 9 | 9 |

## 21. FINANCIAL RISK MANAGEMENT

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

The company's Board of Directors has confirmed the principles, responsibilities and organisation of risk management for the Group. The Board of Directors also monitors the success of risk management. According to the risk management principles, Marimekko classifies its risks as strategic, operational, economic and accident risks. Economic risks include financial risks. Responsibility for the implementation of risk management measures concerning financial risks lies with the Group's CFO. The main objective of risk management is to minimise the unfavourable effects, if any, on the Group's financial performance. Marimekko has not used derivative instruments when hedging against risks.

**Liquidity risk**

The Group continuously seeks to assess and monitor the amount of funding required by the business operations to ensure that sufficient liquid funds are available for the daily business and repayment of maturing debts. The assessment is based on monthly cash flow and liquidity forecasts. The Group aims to maintain a high liquidity level at all times in order to eliminate liquidity risk. At their present level, the Group's liquidity risks are relatively small. The equity ratio is high, the Group's net debt is negative and the financial situation good. The need for external funding mainly concerns short-term financing.

The table below provides a maturity analysis for the Group's financial liabilities. The figures are not discounted, and they include both interest payments and capital repayments.

| 31 Dec. 2008 | Less than 1 year | 1–2 years | 2–5 years | More than 5 years |
|---|---|---|---|---|
| Loans | 185 | | | |
| Trade and other payables | 7 751 | | | |
| Deferred tax liability on taxable earnings for the period | 18 | | | |
| Total | 7 954 | | | |

| 31 Dec. 2007 | Less than 1 year | 1–2 years | 2–5 years | More than 5 years |
|---|---|---|---|---|
| Loans | 656 | 185 | | |
| Trade and other payables | 9 760 | | | |
| Deferred tax liability on taxable earnings for the period | 18 | | | |
| Total | 10 434 | 185 | | |

**Credit risk**
The trade receivables generated in the Group's wholesale operations are associated with a credit risk, which is reduced by the Group's broad and geographically diverse clientele. Marimekko continuously monitors the credit limits, credit history and financial situation of its customers. The Group has a centralised process in place for this purpose. Responsibility for the credit monitoring process lies with the Group's CFO. The credit risk related to the wholesale business is also reduced by means of advance payments, bank guarantees and letters of credit. During the 2008 financial year, credit loss recognised through profit or loss amounted to EUR 83 thousand (EUR 93 thousand in 2007).

Retail customers pay for their purchases using cash or the most common credit cards.

Note 2.2 (Trade and other receivables) to the consolidated financial statements includes an analysis of trade receivables by age.

**Foreign currency risk**
The Group's principal invoicing currency is the euro. The other significant invoicing currencies are the Swedish krona and the US dollar. Customers in the euro area are invoiced in euros, as are some of the customers located outside this area. Customers in North America and part of the customers in other non-European countries are invoiced in US dollars. Customers operating in the Nordic countries, excluding Finland, and in the United Kingdom are invoiced in their national currency. The principal currencies used for purchases are the euro and, to a lesser extent, the US dollar.

Thus, foreign currency risks mainly involve purchases and sales in the US dollar and sales in the Swedish krona. Marimekko protects itself against foreign currency risks of sales by taking exchange rate fluctuations into account when pricing its products. Hence, the balance sheet items that involve a foreign currency risk are trade receivables, trade payables and net investments in the Swedish subsidiary.

The foreign-currency-denominated assets and liabilities converted to euro amounts using the exchange rates quoted on the closing date are as follows:

(EUR 1,000)

| | 2008 | | 2007 | |
|---|---|---|---|---|
| | USD | SEK | USD | SEK |
| Non-current assets | - | - | - | - |
| Non-current liabilities | - | - | - | - |
| Foreign exchange difference on non-current items | - | - | - | - |
| Current assets | 919 | 1 619 | 742 | 1 776 |
| Current liabilities | 21 | 1 424 | 113 | 880 |

The following table shows the effects on the Group's profit after taxes, if the euro were to weaken or strengthen against the US dollar or the Swedish krona, provided that all other factors would remain unchanged:

| | 2008 | | 2007 | |
|---|---|---|---|---|
| | USD | SEK | USD | SEK |
| Change in exchange rate[1], % | 10 | 10 | 10 | 10 |
| Effects on profit after taxes | -58 | -6 | -40 | -55 |
| Shareholders' equity | - | - | - | - |

[1] Strengthening (+) / weakening (-) of the euro

**Interest rate risk**
The Group's interest rate risk primarily results from changes in the interest on cash and cash equivalents and on current interest-bearing liabilities due to changes in market rates. Their combined effect on the Group's profit is not significant, and thus the interest rate risk is not a material financial risk for the Group.

| | 2008 | 2007 |
|---|---|---|
| Cash and cash equivalents | 6 112 | 6 269 |
| Interest-bearing liabilities | 185 | 1 791 |

## 22. CAPITAL MANAGEMENT

The purpose of capital management is to maintain a capital structure that optimally supports the Group's strategic objectives. Efficient capital management measures ensure normal operating conditions for the business and increase the shareholder value in the long term. The principal factors affecting the capital structure are profitability, dividend distribution and investments. The capital managed equals the shareholders' equity shown on the consolidated balance sheet. No external capital requirements are applied to the Group.

The Group continuously monitors the development of its capital structure by means of the equity ratio and gearing. The Group's strategic objective is to maintain the equity ratio at a minimum of 60%. At the end of 2008, the Group's net liabilities amounted to EUR -5,927 thousand (EUR -4,478 thousand on 31 December 2007) and gearing was -19% (-15% on 31 December 2007).

(EUR 1,000)

| Gearing | **2008** | **2007** |
|---|---|---|
| Interest-bearing liabilities | 185 | 1 791 |
| deducting cash and cash equivalents | -6 112 | -6 269 |
| Net liabilities | -5 927 | -4 478 |
| Shareholders' equity, total | 31 542 | 29 395 |
| Equity, total | 25 615 | 24 917 |
| Gearing, % | -18.8 | -15.2 |

# Parent company financial statements, FAS

## Parent company balance sheet

| (EUR 1,000) | | | 31 Dec. 2008 | | 31 Dec. 2007 |
|---|---|---|---|---|---|
| ASSETS | | | | | |
| FIXED ASSETS | 1. | | | | |
| Intangible assets | 1.1 | | **1 397** | | 1 083 |
| Tangible assets | 1.2 | | **2 740** | | 2 979 |
| Investments | 1.3 | | | | |
| Participations in Group companies | | **2 477** | | 2 477 | |
| Other shares and participations | | **17** | **2 494** | 17 | 2 494 |
| FIXED ASSETS, TOTAL | | | **6 631** | | 6 556 |
| CURRENT ASSETS | | | | | |
| Inventories | 2. | | **16 244** | | 17 202 |
| Current receivables | 3. | | **8 075** | | 7 376 |
| Cash in hand and at banks | | | **5 546** | | 5 813 |
| CURRENT ASSETS, TOTAL | | | **29 865** | | 30 391 |
| | | | **36 496** | | 36 947 |

# Parent company balance sheet

| (EUR 1,000) | | 31 Dec. 2008 | 31 Dec. 2007 |
|---|---|---|---|
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| SHAREHOLDERS' EQUITY | 4. | | |
| Share capital | | **8 040** | 8 040 |
| Retained earnings | | **12 709** | 10 560 |
| Net profit for the period | | **7 112** | 7 375 |
| SHAREHOLDERS' EQUITY, TOTAL | | **27 861** | 25 975 |
| ACCUMULATED APPROPRIATIONS | 5. | **1 143** | 1 173 |
| LIABILITIES | 6. | | |
| Non-current liabilities | 6.1 | | 185 |
| Current liabilities | 6.2 | **7 492** | 9 614 |
| LIABILITIES, TOTAL | | **7 492** | 9 799 |
| | | **36 496** | 36 947 |

# Parent company income statement

| (EUR 1,000) | | 1 Jan.–31 Dec. 2008 | 1 Jan.–31 Dec. 2007 |
|---|---|---|---|
| NET SALES | 7. | **80 161** | 76 276 |
| Increase or decrease in inventories of completed and unfinished products | | **175** | 649 |
| Other operating income | 8. | **211** | 38 |
| Materials and services | 9. | **36 549** | 34 834 |
| Personnel expenses | 10. | **12 035** | 10 564 |
| Depreciation and impairment | 11. | **915** | 900 |
| Other operating expenses | 12. | **21 404** | 20 699 |
| OPERATING PROFIT | | **9 644** | 9 966 |
| Financial income and expenses | 13. | **36** | -1 |
| PROFIT BEFORE EXTRAORDINARY ITEMS | | **9 680** | 9 965 |
| Extraordinary items | 14. | **-88** | |
| PROFIT BEFORE APPROPRIATIONS AND TAXES | | **9 592** | 9 965 |
| Appropriations | 15. | **29** | 23 |
| Income taxes | 16. | **-2 509** | -2 613 |
| NET PROFIT FOR THE PERIOD | | **7 112** | 7 375 |

## Parent company cash flow statement

| (EUR 1,000) | **2008** | **2007** |
|---|---|---|
| CASH FLOW FROM OPERATIONS | | |
| Profit before extraordinary items | **9 556** | 9 965 |
| Adjustments | | |
| Depreciation according to plan | **915** | 900 |
| Cash flow before change in working capital | **10 471** | 10 865 |
| Change in working capital | **-367** | -23 |
| Cash flow from operations before financial items and taxes | **10 104** | 10 842 |
| Paid interest and payments on other operational financial expenses | **-207** | -204 |
| Interest received from operations | **236** | 192 |
| Direct taxes paid | **-2 579** | -2 999 |
| CASH FLOW FROM OPERATIONS | **7 554** | 7 831 |
| CASH FLOW FROM INVESTMENTS | | |
| Investments in tangible and intangible assets | **-990** | -1 440 |
| CASH FLOW FROM INVESTMENTS | **-990** | -1 440 |
| CASH FLOW FROM FINANCING | | |
| Short-term loans drawn | **4 600** | 4 150 |
| Short-term loans repaid | **-5 550** | -4 000 |
| Long-term loans repaid | **-655** | -941 |
| Dividends paid | **-5 226** | -5 226 |
| CASH FLOW FROM FINANCING | **-6 831** | -6 017 |
| Change in cash and cash equivalents | **-267** | 374 |
| Cash and cash equivalents at the beginning of the financial year | **5 813** | 5 439 |
| Cash and cash equivalents at the end of the financial year | **5 546** | 5 813 |

# Notes to the parent company financial statements

## ACCOUNTING POLICY

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

### Measurement of fixed assets

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

Periods of depreciation:

| | |
|---|---|
| Intangible rights | 5–10 years |
| Other capitalised expenditure | 3–10 years |
| Machinery and equipment | 5–15 years |

### Inventories

Inventories are presented in accordance with the FIFO principle at the acquisition cost or at the lower replacement cost or the probable market price. The value of inventories does not include any share of fixed purchasing and manufacturing costs.

### Pension commitments

The pension security of the company's personnel has been arranged under the statutory employee pension plan (TyEL) through a pension insurance company.

### Items denominated in foreign currency

The foreign-currency-denominated receivables and liabilities of the company have been converted to euro amounts using the exchange rate quoted by the European Central Bank on the closing date.

### Leasing

Leasing payments are treated as rental expenditures.

### Appropriations

On the basis of local legislation and accounting practices, companies in Finland and Sweden can, in their separate financial statements, record in appropriations the depreciation difference and the change in voluntary reserves, which are items that mainly have an effect on taxation.

### Taxes

Recorded as direct taxes are the direct taxes calculated from the taxable result of the company.

# Notes to the balance sheet

(EUR 1,000)

## 1. FIXED ASSETS

### 1.1 Intangible assets

| 2008 | Intangible rights | Other capitalised expenditure | Total |
|---|---|---|---|
| Acquisition cost, 1 Jan. 2008 | 395 | 3 420 | 3 815 |
| Increases | 56 | 551 | 607 |
| Acquisition cost, 31 Dec. 2008 | 451 | 3 971 | 4 422 |
| Accumulated depreciation, 1 Jan. 2008 | 269 | 2 463 | 2 732 |
| Depreciation during the financial year | 43 | 250 | 293 |
| Accumulated depreciation, 31 Dec. 2008 | 312 | 2 713 | 3 025 |
| Book value, 31 Dec. 2008 | 139 | 1 258 | 1 397 |

| 2007 | Intangible rights | Other capitalised expenditure | Total |
|---|---|---|---|
| Acquisition cost, 1 Jan. 2007 | 356 | 3 153 | 3 509 |
| Increases | 39 | 267 | 306 |
| Acquisition cost, 31 Dec. 2007 | 395 | 3 420 | 3 815 |
| Accumulated depreciation, 1 Jan. 2007 | 234 | 2 234 | 2 468 |
| Depreciation during the financial year | 35 | 229 | 264 |
| Accumulated depreciation, 31 Dec. 2007 | 269 | 2 463 | 2 732 |
| Book value, 31 Dec. 2007 | 126 | 957 | 1 083 |

### 1.2 Tangible assets

| 2008 | Machinery and equipment | Other tangible assets | Advance payments and acquisitions in progress | Total |
|---|---|---|---|---|
| Acquisition cost, 1 Jan. 2008 | 7 111 | 4 | 26 | 7 141 |
| Increases | 296 | | 294 | 590 |
| Decreases | | | -207 | -207 |
| Acquisition cost, 31 Dec. 2008 | 7 407 | 4 | 113 | 7 524 |
| Accumulated depreciation, 1 Jan. 2008 | 4 162 | | | 4 162 |
| Depreciation during the financial year | 622 | | | 622 |
| Accumulated depreciation, 31 Dec. 2008 | 4 784 | | | 4 784 |
| Book value, 31 Dec. 2008 | 2 623 | 4 | 113 | 2 740 |

| 2007 | Machinery and equipment | Other tangible assets | Advance payments and acquisitions in progress | Total |
|---|---|---|---|---|
| Acquisition cost, 1 Jan. 2007 | 6 353 | 4 | 2 | 6 359 |
| Increases | 956 | | 944 | 1 900 |
| Decreases | -198 | | -920 | -1 118 |
| Acquisition cost, 31 Dec. 2007 | 7 111 | 4 | 26 | 7 141 |
| Accumulated depreciation, 1 Jan. 2007 | 3 724 | | | 3 724 |
| Depreciation during the financial year | 636 | | | 636 |
| Accumulated depreciation of decreases | -198 | | | -198 |
| Accumulated depreciation, 31 Dec. 2007 | 4 162 | | | 4 162 |
| Book value, 31 Dec. 2007 | 2 949 | 4 | 26 | 2 979 |

| Book value of production machinery and equipment | |
|---|---|
| 31 Dec. 2007 | 1 866 |
| 31 Dec. 2008 | 1 745 |

(EUR 1,000)

1.3 Investments

**2008**

| | Shares in Group companies | Other shares and participations | Total |
|---|---|---|---|
| Acquisition cost, 1 Jan. 2008 | 2 766 | 17 | 2 783 |
| Acquisition cost, 31 Dec. 2008 | 2 766 | 17 | 2 783 |
| Accumulated depreciation, 31 Dec. 2008 | 289 | | 289 |
| Book value, 31 Dec. 2008 | 2 477 | 17 | 2 494 |

**2007**

| | Shares in Group companies | Other shares and participations | Total |
|---|---|---|---|
| Acquisition cost, 1 Jan. 2007 | 2 766 | 17 | 2 783 |
| Acquisition cost, 31 Dec. 2007 | 2 766 | 17 | 2 783 |
| Accumulated depreciation, 31 Dec. 2007 | 289 | | 289 |
| Book value, 31 Dec. 2007 | 2 477 | 17 | 2 494 |

**1.3 INVESTMENTS**

| Group companies<br>Company and domicile | Parent company's holding, % |
|---|---|
| Decembre Oy, Helsinki, Finland | 100 |
| Keskinäinen Kiinteistö Oy Marikko, Helsinki, Finland | 100 |
| Marimekko AB, Stockholm, Sweden | 100 |
| Marimekko GmbH, Frankfurt am Main, Germany | 100 |
| Marimekko Kitee Oy, Kitee, Finland | 100 |
| Marimekko Tuotanto Oy, Helsinki, Finland | 100 |

(EUR 1,000)

## 2. INVENTORIES

| | 2008 | 2007 |
|---|---|---|
| Raw materials and consumables | 5 247 | 6 607 |
| Incomplete products | 135 | 136 |
| Finished products/goods | 10 592 | 10 016 |
| Advance payments | 270 | 443 |
| Total | 16 244 | 17 202 |

## 3. CURRENT RECEIVABLES

| | 2008 | 2007 |
|---|---|---|
| Trade receivables | 4 533 | 4 470 |
| Receivables from Group companies | | |
| Trade receivables | 1 062 | 1 148 |
| Loan receivables | 750 | 750 |
| Prepaid expenses and accrued income | 310 | 53 |
| Total | 2 122 | 1 951 |
| Other receivables | 32 | 29 |
| Prepaid expenses and accrued income | 1 388 | 926 |
| Total | 8 075 | 7 376 |

| | 2008 | 2007 |
|---|---|---|
| Prepaid expenses and accrued income | | |
| Interest receivables | 34 | 30 |
| Royalty receivables | 467 | 461 |
| Statutory employee pension plan accrual | 308 | |
| Tax receivables | 249 | 179 |
| Other prepaid expenses and accrued income | 330 | 256 |
| Total | 1 388 | 926 |

## 4. SHAREHOLDERS' EQUITY

| | 2008 | 2007 |
|---|---|---|
| Share capital, 1 Jan. | 8 040 | 8 040 |
| Share capital, 31 Dec. | 8 040 | 8 040 |
| Retained earnings, 1 Jan. | 17 935 | 15 786 |
| Dividends paid | -5 226 | -5 226 |
| Retained earnings, 31 Dec. | 12 709 | 10 560 |
| Net profit for the period | 7 112 | 7 375 |
| SHAREHOLDERS' EQUITY, TOTAL | 27 861 | 25 975 |

| | 2008 | 2007 |
|---|---|---|
| Calculation of distributable funds, 31 Dec. | | |
| Retained earnings | 12 709 | 10 560 |
| Net profit for the period | 7 112 | 7 375 |
| Total | 19 821 | 17 935 |

(EUR 1,000)

## 5. ACCUMULATED APPROPRIATIONS

| | 2008 | 2007 |
|---|---|---|
| Accumulated depreciation difference | | |
| Intangible rights | 24 | 19 |
| Other capitalised expenditure | 144 | 76 |
| Machinery and equipment | 975 | 1 078 |
| Total | 1 143 | 1 173 |

## 6. LIABILITIES

| | 2008 | 2007 |
|---|---|---|
| Interest-bearing liabilities | | |
| Non-current | | 185 |
| Current | | 1 606 |
| Total | | 1 791 |
| Non-interest-bearing liabilities | | |
| Current | 7 492 | 8 008 |
| Total | 7 492 | 8 008 |

### 6.1 Non-current liabilities

| | 2008 | 2007 |
|---|---|---|
| Pension loans | | 185 |
| Total | | 185 |

Non-current liabilities do not include liabilities that mature in more than five years.

### 6.2 Current liabilities

| | 2008 | 2007 |
|---|---|---|
| Loans from financial institutions | | 286 |
| Pension loans | 185 | 370 |
| Advances received | 118 | 229 |
| Trade payables | 2 040 | 2 873 |
| Debts to Group companies | | |
| Trade payables | 913 | 711 |
| Other current liabilities | 79 | 71 |
| Accrued liabilities and deferred income | 88 | 26 |
| Total | 1 080 | 808 |
| Other current liabilities | 2 148 | 3 291 |
| Accrued liabilities and deferred income | 1 921 | 1 757 |
| Total | 7 492 | 9 614 |

| | 2008 | 2007 |
|---|---|---|
| Accrued liabilities and deferred income | | |
| Interest | 1 | 4 |
| Wages and salaries with social security contributions | 1 866 | 1 687 |
| Other accrued liabilities and deferred income | 54 | 66 |
| Total | 1 921 | 1 757 |

(EUR 1,000)

| GUARANTEES, CONTINGENT LIABILITIES AND OTHER COMMITMENTS | 2008 | 2007 |
|---|---|---|
| Corporate mortgages and mortgaged promissory notes | 1 514 | 1 514 |
| Corresponding pension loan | 185 | 555 |
| | | |
| Pledges given | 2 324 | 2 324 |
| | | |
| For the liabilities of the Group company | | |
| Guarantees | 139 | 158 |
| | | |
| For the liabilities of other companies | | |
| Guarantees | 646 | 811 |
| | | |
| Other own liabilities and commitments | | |
| | | |
| Leasing liabilities | | |
| Payments due in the following financial year | 125 | 72 |
| Payments due later | 118 | 67 |
| Total | 243 | 139 |
| | | |
| Liabilities relating to lease agreements | | |
| Payments due in the following financial year | 2 463 | 2 319 |
| Payments due later | 8 616 | 8 981 |
| Total | 11 079 | 11 300 |

The parent company has no liabilities from derivative contracts.

**RELATED PARTY TRANSACTIONS**

In 2004, the parent company granted a loan guarantee on behalf of a related-party company (Gemmi Furs Oy) as part of business operations. At 31 Dec. 2008, the guarantee amounted to EUR 646 thousand. As a counter-guarantee, Gemmi Furs Oy has given the parent company a counter-obligation and corporate mortgages amounting to EUR 1,177 thousand.

# Notes to the income statement

(EUR 1,000)

| 7. NET SALES BY MARKET AREA | 2008 | 2007 |
|---|---|---|
| Sales in Finland | 59 165 | 56 723 |
| Exports and income from international operations | 20 996 | 19 553 |
| Total | 80 161 | 76 276 |

| 8. OTHER OPERATING INCOME | | |
|---|---|---|
| Other income | 211 | 38 |
| Total | 211 | 38 |

| 9. MATERIALS AND SERVICES | | |
|---|---|---|
| Materials and supplies | | |
| Purchases during the financial year | 22 831 | 23 658 |
| Change in inventories | 961 | -1 211 |
| Total | 23 792 | 22 447 |
| External services | 12 757 | 12 387 |
| Total | 36 549 | 34 834 |

| 10. PERSONNEL EXPENSES | | |
|---|---|---|
| Salaries, wages and bonuses | 9 840 | 8 621 |
| Pension and pension insurance payments | 1 636 | 1 405 |
| Other indirect social expenditure | 559 | 538 |
| Total | 12 035 | 10 564 |

| | | |
|---|---|---|
| Salaries and bonuses for management | | |
| Members of the Board of Directors and the President | 443 | 230 |

Itemised in the note 8 to the consolidated financial statements.

| | | |
|---|---|---|
| Average number of employees | | |
| Salaried employees | 234 | 229 |
| Total | 234 | 229 |

| 11. DEPRECIATION AND IMPAIRMENT | | |
|---|---|---|
| Intangible assets | | |
| Intangible rights | 43 | 35 |
| Other capitalised expenditure | 250 | 229 |
| Total | 293 | 264 |
| Tangible assets | | |
| Machinery and equipment | 622 | 636 |
| Total | 622 | 636 |
| Total | 915 | 900 |

(EUR 1,000)

| 12. OTHER OPERATING EXPENSES | 2008 | 2007 |
|---|---|---|
| Leases | 3 418 | 3 408 |
| Marketing | 3 647 | 4 097 |
| Other expenses | 14 339 | 13 194 |
| Total | 21 404 | 20 699 |

| 13. FINANCIAL INCOME AND EXPENSES | | |
|---|---|---|
| Other interest and financial income | | |
| From Group companies | 40 | 45 |
| From others | 200 | 149 |
| Total | 240 | 194 |
| Interest and other financial expenses | | |
| To Group companies | 4 | 3 |
| To others | 200 | 192 |
| Total | 204 | 195 |
| Financial income and expenses, total | 36 | -1 |

| | | |
|---|---|---|
| Financial income and expenses include exchange rate differences (net) | | |
| From others | 40 | 13 |
| Total | 40 | 13 |

| 14. EXTRAORDINARY ITEMS | | |
|---|---|---|
| Group contributions | 88 | |

| 15. APPROPRIATIONS | | |
|---|---|---|
| Change in depreciation difference | 30 | 23 |

| 16. INCOME TAXES | | |
|---|---|---|
| Income taxes on extraordinary items | -23 | |
| Income taxes on operations | 2 532 | 2 613 |
| Total | 2 509 | 2 613 |

| 17. AUDITOR'S FEE | | |
|---|---|---|
| PricewaterhouseCoopers Oy, Authorised Public Accountants | | |
| Audit | 32 | |
| Other services | 37 | |
| Total | 69 | |
| Nexia Tilintarkastus Oy, Authorised Public Accountants | | |
| Audit | 21 | 43 |
| Total | 21 | 43 |

# Key figures of the Group

**Per-share key figures**

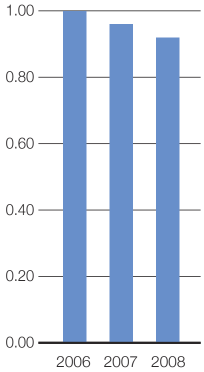
| | 2006 | 2007 | 2008 |
|---|---|---|---|
| Earnings per share (EPS), EUR | 1.00 | 0.96 | 0.92 |
| Equity per share, EUR | 3.35 | 3.66 | 3.92 |
| Dividend per share, EUR | 0.65 | 0.65 | *)0.55 |
| Dividend per profit, % | 65.4 | 67.7 | 59.9 |
| Effective dividend yield, % | 4.4 | 4.0 | 6.6 |
| P/E ratio | 14.6 | 19.0 | 9.1 |
| Adjusted average number of shares, 1,000 | 8,040 | 8,040 | 8,040 |
| Adjusted number of shares at the end of the period, 1,000 | 8,040 | 8,040 | 8,040 |

*) The Board of Directors' proposal to the Annual General Meeting.

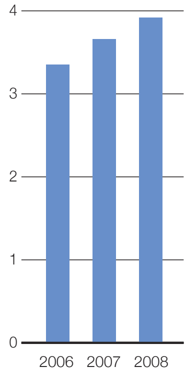
**Key financial figures**

| | 2006 | 2007 | 2008 |
|---|---|---|---|
| Net sales, EUR 1,000 | 71,424 | 77,264 | 81,107 |
| Change in net sales, % | 6.3 | 8.2 | 5.0 |
| Operating profit, EUR 1,000 | 10,864 | 10,487 | 9,956 |
| % of net sales | 15.2 | 13.6 | 12.3 |
| Financial income, EUR 1,000 | 124 | 153 | 205 |
| Financial expenses, EUR 1,000 | -192 | -198 | -197 |
| Profit before taxes, EUR 1,000 | 10,796 | 10,442 | 9,964 |
| % of net sales | 15.1 | 13.5 | 12.3 |
| Taxes, EUR 1,000 | 2,806 | 2,725 | 2,586 |
| Profit after taxes, EUR 1,000 | 7,990 | 7,717 | 7,378 |
| Balance sheet total, EUR 1,000 | 38,170 | 40,690 | 40,201 |
| Interest-bearing liabilities, EUR 1,000 | 2,642 | 1,791 | 185 |
| Shareholders' equity and reserves, EUR 1,000 | 26,901 | 29,395 | 31,542 |
| Return on equity (ROE), % | 31.3 | 27.4 | 24.2 |
| Return on investment (ROI), % | 38.2 | 35.0 | 32.3 |
| Equity ratio, % | 70.5 | 72.7 | 78.7 |
| Gearing, % | -11.7 | -15.2 | -18.8 |
| Gross investments, EUR 1,000 | 2,455 | 1,365 | 1,362 |
| % of net sales | 3.4 | 1.8 | 1.7 |
| Employee salaries, wages and bonuses, EUR 1,000 | 12,575 | 13,629 | 14,881 |
| Average personnel | 393 | 405 | 411 |
| Personnel at the end of the financial year | 396 | 411 | 414 |

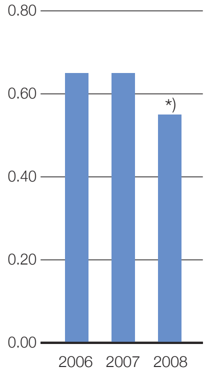
**Earnings per share**
EUR




**Equity per share**
EUR

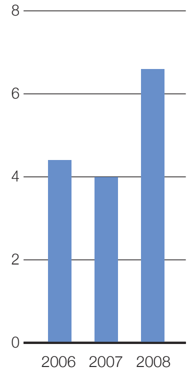



**Dividend per share**
EUR




*) Proposal by the Board of Directors

**Effective dividend yield**
%



**Formulas for the key figures**

RETURN ON EQUITY (ROE), %

$$\frac{\text{Profit before extraordinary items – taxes (excl. of taxes on extraordinary items)}}{\text{Shareholders' equity (average for the financial year)}} \times 100$$

RETURN ON INVESTMENT (ROI), %

$$\frac{\text{Profit before extraordinary items + interest and other financial expenses}}{\text{Balance sheet total – non-interest-bearing liabilities (average for the financial year)}} \times 100$$

EQUITY RATIO, %

$$\frac{\text{Shareholders' equity}}{\text{Balance sheet total – advances received}} \times 100$$

EARNINGS PER SHARE (EPS), EUR

$$\frac{\text{Profit before extraordinary items – taxes (excl. of taxes on extraordinary items)}}{\text{Number of shares (average for the financial year)}}$$

EQUITY PER SHARE, EUR

$$\frac{\text{Shareholders' equity}}{\text{Number of shares, 31 Dec.}}$$

DIVIDEND PER SHARE, EUR

$$\frac{\text{Dividend paid for the financial year}}{\text{Number of shares, 31 Dec.}}$$

DIVIDEND PER PROFIT, %

$$\frac{\text{Dividend paid for the financial year}}{\text{Profit (as in the key figure for earnings per share)}} \times 100$$

EFFECTIVE DIVIDEND YIELD, %

$$\frac{\text{Dividend per share}}{\text{Adjusted share price, 31 Dec.}} \times 100$$

P/E RATIO

$$\frac{\text{Adjusted share price, 31 Dec.}}{\text{Earnings per share (EPS)}}$$

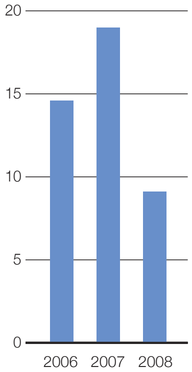
INTEREST-BEARING NET DEBT

Interest-bearing liabilities – cash in hand and at banks – interest-bearing loan receivables

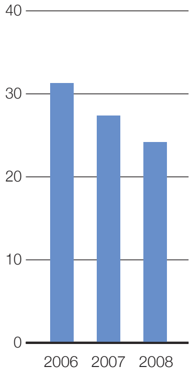
GEARING, %

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

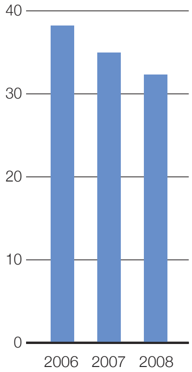
**P/E ratio**




**Return on equity (ROE)**
%




**Return on investment (ROI)**
%



# Shares and shareholders

### Shares

Marimekko Corporation's share is quoted in the Consumer Discretionary sector of the NASDAQ OMX Helsinki Ltd. Marimekko Corporation was listed on the I List of the Helsinki Stock Exchange in March 1999 and on the main list on 27 December 2002.

The company has one series of shares, each conferring the same voting rights to their holders. The company's shares have been included in the book-entry register since 17 February 1999.

### Share capital

Marimekko Corporation's paid-in share capital, as recorded in the Trade Register, amounts to EUR 8,040,000, consisting of 8,040,000 shares. According to the Articles of Association, the minimum share capital is EUR 3,000,000 and the maximum share capital is EUR 12,000,000. The minimum number of shares is 5,000,000 and the maximum number is 20,000,000.

### Changes in the share capital

*Split and bonus issue in 2003*

Detailed information on the change is provided in the company's Annual Reports 2003–2007 and the company's website under Investors / Share Information / Share and Share capital.

### Authorisations

At the end of 2008, the Board of Directors did not have any valid authorisations to carry out a share issue or issue of convertible bonds or bonds with warrants, or to acquire or transfer the company's shares. Marimekko Corporation does not own any Marimekko shares.

### Shareholder agreements

The arrangement between Muotitila Ltd and Workidea Oy, including authorisation to vote, was terminated on 31 December 2008. More information about the arrangement is available under Flaggings / Muotitila Ltd and Workidea Oy. Marimekko has not made any shareholder agreements concerning the company's shares or other commitments agreeing on the company's ownership or the use of voting rights. Nor is the company aware of any such agreements.

### Dividends policy

Marimekko aims to pay a regular dividend every year. The dividends to be paid and their amount and the payout date depend on the company's financial result, financial situation, equity ratio, need for working capital and other factors. Marimekko intends to follow a stable and active dividends policy that by and large reflects the company's earnings trend. Marimekko's goal is to distribute as dividends at least half of earnings per share annually.

### Dividends for 2007

A dividend of EUR 0.65 per share to a total of EUR 5,226,000 was paid for 2007 in accordance with the decision of the Annual General Meeting held on 3 April 2008. The dividend was paid out on 15 April 2008.

### Proposal for the dividend for 2008

The Board of Directors will propose to the Annual General Meeting that the dividend to be paid for the 2008 financial year be EUR 0.55 per share to a total of EUR 4,422,000. The proposed dividends amount to 59.9% of the Group's earnings per share for 2008. The Board will propose 15 April 2009 as the dividend record date and 22 April 2009 as the dividend payout date.

### Shareholders

According to the book-entry register, Marimekko Corporation had 6,351 registered shareholders at the end of the 2008 financial year. At the turn of the year, 13.2% of the shares were registered in a nominee's name and 15.8% were in foreign ownership.

*Largest shareholders according to the book-entry register, 31 December 2008*

| | | Number of shares | Percentage of holding and votes |
|---|---|---|---|
| 1. | Muotitila Ltd | 1,045,200 | 13.00 |
| 2. | Fautor S.P.R.L. | 850,377 | 10.58 |
| 3. | Workidea Oy | 804,000 | 10.00 |
| 4. | ODIN Forvaltning AS | 413,253 | 5.14 |
| 5. | Evli Select Fund | 124,384 | 1.55 |
| 6. | Varma Mutual Employment Pension Insurance Company | 108,100 | 1.34 |
| 7. | Ilmarinen Mutual Pension Insurance Company | 71,700 | 0.89 |
| 8. | Sairanen, Seppo | 71,379 | 0.89 |
| 9. | Nacawi Ab | 59,295 | 0.74 |
| 10. | Foundation for Economic Education | 50,000 | 0.62 |
| 11. | Miettinen, Kari | 40,000 | 0.60 |
| 12. | Scanmagnetics Oy | 39,933 | 0.50 |
| 13. | Mutual Fund Nordea Nordic Small Cap | 39,275 | 0.49 |
| 14. | Mutual Fund Tapiola Finland | 35,000 | 0.44 |
| 15. | Fromond, Elsa | 32,200 | 0.40 |
| Total | | 3,784,096 | 47.18 |
| | | | |
| Nominee-registered | | 1,060,423 | 13.19 |
| Others | | 3,195,481 | 39.63 |
| Total | | 8,040,000 | 100.00 |

Monthly up-dated information about the largest shareholders is available on the company's website under Investors / Share Information / Shareholders.

## Flaggings

*Morgan Stanley & Co Incorporated*

Morgan Stanley & Co Incorporated's share of Marimekko Corporation's share capital and voting rights rose to 5.44%, or 438,083 shares, as a result of a transaction made on 7 April 2008; and then fell to 0.90%, or 73,083 shares, as a result of a transaction made on 9 April 2008.

*Odin Forvaltning AS*

ODIN Forvaltning AS's share of Marimekko Corporation's share capital and voting rights rose to 5.14%, or 413,253 shares, as a result of a transaction concluded on 9 October 2008.

*Muotitila Ltd and Workidea Oy*

The share of Muotitila Ltd, a company controlled by Mika Ihamuotila, of Marimekko Corporation's voting rights fell below 3/20, that is, to 13.00% on 31 December 2008. Correspondingly, the share of Workidea Oy, a company controlled by Kirsti Paakkanen, of the voting rights conferred by Marimekko Corporation's shares rose to 1/10, that is, to 10.00% on 31 December 2008. The numbers of shares owned by Muotitila Ltd and Workidea Oy remained unchanged. These changes in ownership were associated with the termination of the arrangement communicated on 31 October 2007. Based on this arrangement, Muotitila Ltd had the right to acquire the 804,000 shares in Marimekko Corporation held by Workidea Oy by the end of 2008.

Workidea Oy had also authorised Muotitila Ltd to use the voting rights attached to these shares in ordinary matters handled by general meetings of shareholders as of 31 October 2007 until the above deadline.

The right of Muotitila Ltd to acquire the shares in Marimekko Corporation held by Workidea Oy expired on 31 December 2008, and Muotitila Ltd did not use its right within the term. Accordingly, the arrangement between Muotitila Ltd and Workidea Oy, including the authorisation to vote, was automatically terminated on 31 December 2008.

## Management's shareholding

At the end of 2008, members of the Board of Directors and the President of the company either directly or indirectly owned 1,071,089 Marimekko shares, or 13.3% of the company's total share capital and votes.

*Marimekko shares owned directly or indirectly by members of the Board of Directors, 31 December 2008*

| | Number of shares | Percentage of shares and votes |
|---|---|---|
| Pekka Lundmark | 0 | 0.00 |
| Mika Ihamuotila | 1,045,200 | 13.00 |
| Ami Hasan | 23,230 | 0.29 |
| Joakim Karske | 1,959 | 0.02 |
| Tarja Pääkkönen | 700 | 0.01 |
| Total | 1,071,089 | 13.32 |

Updated information on the shareholdings of the members of the Board of Directors and the President and their related parties is presented on the company's website under Investors / Share information / Shareholders / Insiders.

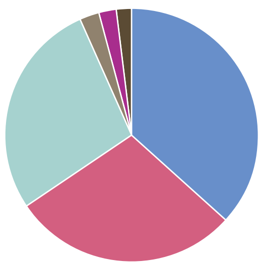
## Ownership by size of holding, 31 December 2008

| Number of shares | Number of shareholders | % | Number of shares and votes | % |
|---|---|---|---|---|
| 1–100 | 2,581 | 40.64 | 169,597 | 2.11 |
| 101–500 | 2,454 | 38.64 | 683,777 | 8.51 |
| 501–5,000 | 1,227 | 19.32 | 1,604,274 | 19.95 |
| 5,001–100,000 | 80 | 1.26 | 1,269,892 | 15.79 |
| 100,001–500,000 | 5 | 0.08 | 1,071,666 | 13.33 |
| 500,001– | 4 | 0.06 | 3,240,794 | 40.31 |
| TOTAL | 6,351 | 100.00 | 8,040,000 | 100.00 |

## Breakdown of ownership by owner group, 31 December 2008

| Owner | Number of shareholders | % | Number of shares and votes | % |
|---|---|---|---|---|
| Companies | 231 | 3.64 | 2,226,696 | 27.70 |
| Financial institutions and insurance companies | 12 | 0.19 | 204,249 | 2.54 |
| Public sector entities | 2 | 0.03 | 179,800 | 2.24 |
| Non-profit bodies | 34 | 0.53 | 137,888 | 1.71 |
| Households | 6,030 | 94.95 | 2,957,259 | 36.78 |
| Foreigners and nominee-registered | 42 | 0.66 | 2,334,108 | 29.03 |
| TOTAL | 6,351 | 100.00 | 8,040,000 | 100.00 |

**Breakdown of ownership by owner group**
31 December 2008



- Households 36.8%
- Foreigners and nominee-registered 29.0%
- Companies 27.7%
- Financial institutions and insurance companies 2.6%
- Public sector entities 2.2%
- Non-profit bodies 1.7%

### Share turnover and market capitalisation

| | 2006 | 2007 | 2008 |
|---|---|---|---|
| Share turnover, no. of shares | 3,470,027 | 5,300,535 | 1,652,527 |
| Share turnover, % of the shares outstanding | 43.2 | 65.9 | 20.6 |
| Market capitalisation, EUR | 117,786,000 | 146,328,000 | 67,134,000 |

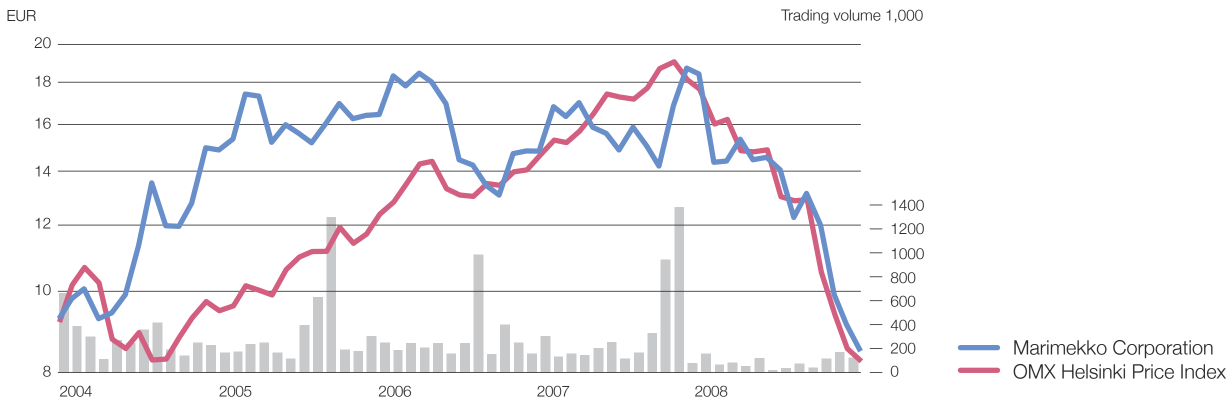
### Share price trend

| | 2006 | 2007 | 2008 |
|---|---|---|---|
| Low, EUR | 12.52 | 13.10 | 7.41 |
| High, EUR | 18.70 | 19.20 | 18.20 |
| Average, EUR | 15.56 | 16.23 | 12.41 |
| Closing price (31 Dec.), EUR | 14.65 | 18.20 | 8.35 |

### Share data

| | |
|---|---|
| Exchange: | NASDAQ OMX Helsinki Ltd |
| Trading code: | MMO1V |
| ISIN code: | FI0009007660 |
| List: | Nordic List |
| Sector: | Consumer Discretionary |
| Listing date: | I list, 12 March 1999 |
| | Main list, 27 December 2002 |

**Share price trend**
2004–2008



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

Helsinki, 28 January 2009

| | | |
|---|---|---|
| Pekka Lundmark<br>Chairman of the Board | Mika Ihamuotila<br>Vice Chairman of the Board<br>President and CEO | |
| Ami Hasan<br>Member of the Board | Joakim Karske<br>Member of the Board | Tarja Pääkkönen<br>Member of the Board |

# Auditors' report

**To the Annual General Meeting of Marimekko Corporation**

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Marimekko Corporation for the financial period of 1 January – 31 December 2008. The financial statements comprise the consolidated balance sheet, income statement, cash flow statement, statement of changes in equity and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

*Responsibility of the Board of Directors and the Managing Director*

The Board of Directors and the Managing Director are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the parent company's financial statements and the report of the Board of Directors in accordance with laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

*Auditor's Responsibility*

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors of the parent company and the Managing Director have complied with the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion on the Consolidated Financial Statements*

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

*Opinion on the Company's Financial Statements and the Report of the Board of Directors*

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, 25 February 2009

PricewaterhouseCoopers Oy
Authorised Public Accountants

Kim Karhu
Authorised Public Accountant

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