FINANCIAL STATEMENTS 2013

marimekko®

Art of print making since 1951

Marimekko is a Finnish textile and clothing design company. The core of its business is the design and manufacture of timeless and individual, practical and beautiful consumer goods. The array of Marimekko design embraces household products ranging from furnishing fabrics to tableware as well as clothing, bags and other accessories for people of all ages.

When Marimekko was founded in 1951, the unparalleled patterns and colours of its printed fabrics gave it a strong and unique identity. A heritage acquired over decades, with its values and legends, is an inexhaustible treasure from which it is good to draw courage and the strength for renewal, even today. The meaning of Marimekko design is to create aesthetic experiences for every moment in life.

In 2013, brand sales of Marimekko products worldwide amounted to approximately EUR 191 million and the company's net sales were EUR 94 million. Marimekko products are sold in about 40 countries. The number of Marimekko stores totalled 133 at the year end. The key markets are Northern Europe, North America and the Asia-Pacific region. The Group employs around 500 people. The company's share is quoted on NASDAQ OMX Helsinki Ltd.

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REPORT OF THE BOARD OF DIRECTORS AND THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY TO 31 DECEMBER 2013

Report of the Board of Directors

2013 IN BRIEF

In 2013, Marimekko's international growth continued despite difficult market conditions. The Group's net sales grew by 6% to EUR 94.0 million (88.5). International sales rose by 16% to EUR 41.8 million (36.1), mainly due to the stores opened in North America and the Asia-Pacific region during 2012 and 2013. In Finland, net sales were on a par with the previous year, and amounted to EUR 52.2 million (52.3). Brand sales[1] grew by 2%, and amounted to EUR 191.1 million (187.2).

Operating profit amounted to EUR 0.1 million (2.0). Operating profit includes EUR 1.3 million in nonrecurring expenses due to arrangements arising from the statutory employer-employee negotiations, concluded during the second quarter, on the company's manufacturing operations located in Sulkava and Kitee. Operating profit excluding nonrecurring items was EUR 1.4 million (2.0). A drag was exerted on operating profit by write-downs on the tangible assets of the company-owned stores in Beverly Hills, Boston and Oslo, totalling EUR 1.5 million. A further drag on operating profit was exerted by the loss posted by the stores in the United States and by a downturn in wholesale sales in Scandinavia, Central and Southern Europe and North America. Result after taxes for the financial year was EUR -1.0 million (1.1) and earnings per share were EUR -0.12 (0.14). The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.25 per share be paid for 2013 (0.25).

[1] Estimated sales of Marimekko products at consumer prices. Brand sales are calculated by adding together the company's own retail sales and the estimated retail value of Marimekko products sold by other retailers. The estimate, based on Marimekko's actual wholesale sales to these retailers, is unofficial and does not include VAT. This key figure is not audited.

MARKET SITUATION

The widespread uncertainty over the global economy continued during 2013 and consumers' purchasing behaviour remained cautious. In Europe, the serious debt crisis of the EU states retreated somewhat, but the region's economic growth continued to be weak. In the United States and Asia, the situation was better, although growth was fairly slow. In Finland, market conditions continued to be worse than the average and the economic prospects deteriorated. Consumer confidence was low during 2013, but rose slightly at the end of the year. (Confederation of Finnish Industries EK: Business Tendency Survey, November 2013 and Statistics Finland: Consumer survey, January 2014).

In 2013, retail net sales in Finland rose by 0.3%, but the quantity of sales – which measures real growth in sales – declined by 0.8%. (Statistics Finland: Turnover of trade, retail trade flash estimate, January 2014). Retail sales of clothing (excluding sportswear) fell by 4.8%. Sales of women's clothing declined by 5.5%, menswear by 2.7% and children's clothing by 6.0%. Sales of bags fell by 0.2% (Textile and Fashion Industries TMA). In the January-November period of 2013, clothing (SITC 84) exports grew by 5% and imports were on a par with the previous year; imports and exports of textiles (SITC 65) declined by 4% each (National Board of Customs, monthly review, January 2014).

INTERNATIONALISATION AND CHANGES IN THE STORE NETWORK

In 2012, Marimekko invested more than before in expanding its network of company-owned stores in Northern Europe and the United States in order to raise its profile and to enhance prospects for the opening of retailer-owned Marimekko stores and shop-in-shops. This changed the ratio of wholesale to retail and tied up a larger proportion of the company's capital and resources than before.

In 2013, the main thrust in Marimekko's expansion was on openings of retailer-owned Marimekko stores and shop-in-shops. The company also invested in enhancing the operations of the stores it opened in 2012. During 2013, a total of 34 new Marimekko stores and shop-in-shops were opened, 25 of them outside Finland. These stores are divided as follows: six company-owned, nine retailer-owned stores, and 19 shop-in-shops. New stores were opened in all of the company's main market areas. During 2013, a total of eight Marimekko stores were closed down: company-owned stores in Finland and Sweden, retailer-owned stores in Denmark and Austria, and four Crate and Barrel shop-in-shops in the United States. Also, a retailer-owned store in Copenhagen included other brand products into its range, so it is no longer counted as a Marimekko store.

In Northern Europe, the focus was on strengthening the store network in Finland, Sweden and Denmark. In 2013, four company-owned stores, one retailer-owned Marimekko store and four shop-in-shops were opened in Finland. In Sweden, Marimekko opened one company-owned store in Täby, close to Stockholm. In Denmark, one company-owned store and two shop-in-shops were opened in

Copenhagen. In addition, during the year Marimekko's e-commerce was expanded to Sweden and Denmark.

Expansion in North America continued: in the market area a total of 11 shop-in-shops in high-quality department stores and specialist shops were opened. Of the shop-in-shops, four are in Mexico, six in Canada and one in the United States. Four Crate and Barrel shop-in-shops were closed in the United States.

In the Asia-Pacific region, the trend in sales continued to be very strong. The network of retailer-owned Marimekko stores grew by 10 stores and shop-in-shops during 2013. Taiwan was opened up as a new market when the first Marimekko store opened in Taipei. In Japan Marimekko stores in Kagoshima and Osaka and a shop-in-shop in Tokyo were opened. The first stores in mainland China were opened in Beijing and Shanghai and Hong Kong saw the opening of its second Marimekko store. In addition, Marimekko stores were opened in Pangyo, South Korea and in Guam, and a shop-in-shop was opened in Auckland, New Zealand.

At the end of 2013, there were a total of 133 Marimekko stores and shop-in-shops[2] (108). Of these, 51 were company-owned stores (47).

NET SALES

In 2013, the Group's net sales, boosted by international sales, rose by 6% to EUR 94.0 million (88.5).

Sales in Finland were on a par with the previous year, with EUR 52.2 million (52.3). Retail sales rose by 3%. Sales were boosted by three

[2] Includes the company's own retail stores as well as retailer-owned Marimekko stores and shop-in-shops with an area exceeding 30 sqm.

Net sales by market area

(EUR million)	2013	2012
Finland	52.2	52.3
Retail sales	35.1	34.0
Wholesale sales	16.5	17.5
Royalties	0.6	0.8
Scandinavia	8.2	7.9
Retail sales	4.4	3.3
Wholesale sales	3.8	4.6
Royalties	-	0.0
Central and Southern Europe	7.7	7.8
Retail sales	1.4	1.5
Wholesale sales	6.2	6.2
Royalties	0.1	0.1
North America	8.5	7.7
Retail sales	5.6	4.0
Wholesale sales	2.5	3.2
Royalties	0.4	0.5
Asia-Pacific	17.5	12.7
Retail sales	2.3	0.7
Wholesale sales	15.2	12.1
Royalties	0.0	0.0
International sales, total	41.8	36.1
Retail sales	13.7	9.5
Wholesale sales	27.7	26.0
Royalties	0.5	0.6
Total	94.0	88.5
Retail sales	48.8	43.5
Wholesale sales	44.2	43.6
Royalties	1.1	1.4

All figures in the table have been individually rounded to millions of euros, so there may be rounding differences in the totals.

company-owned stores opened in 2012 as well as four company-owned stores opened in 2013. Comparable sales by company-owned stores fell by 6%. Wholesale sales fell by 6%.

International sales rose by 16% to EUR 41.8 million (36.1) mainly due to the stores opened in North America and the Asia-Pacific region during 2012 and 2013. Sales grew strongly in the Asia-Pacific region, up 37%. In North America, sales rose by 10% and in Scandinavia by 4%. Sales in Central and Southern Europe declined by 1%.

International sales represented 45% of the Group's net sales (41). As for brand sales, 60% of the sales came from abroad (54). Net sales by market area were: Finland 55%, Scandinavia 9%, Central and Southern Europe 8%, North America 9% and Asia-Pacific 19%. The breakdown of the Group's net sales by product line was as follows: clothing 36%, interior decoration 41% and bags 23%.

NET SALES BY MARKET AREA

Finland

In 2013, sales in Finland were on a par with the previous year, with EUR 52.2 million (52.3). Retail sales rose by 3%. Sales were boosted by three company-owned stores opened in 2012 as well as four company-owned stores opened in 2013. Comparable sales by company-owned stores fell by 6%. Wholesale sales fell by 6%.

Scandinavia

In Scandinavia, sales grew by 4% relative to the previous year and amounted to EUR 8.2 million (7.9). Retail sales rose by 32%. Retail sales were boosted by two company-owned stores opened in Sweden in 2012, the extension of Marimekko's e-commerce into Sweden and Denmark, as well as the opening of two company-owned stores in 2013, one in Sweden and the other in Denmark. Comparable sales growth for company-owned stores was 6%. Wholesale sales fell by 17%. Consumers' purchasing behaviour continued to be cautious, especially in Sweden and Denmark, which affected wholesale sales in particular.

Central and Southern Europe

In Central and Southern Europe, net sales fell by 1%, amounting to EUR 7.7 million (7.8). Retail sales fell by 6%, whereas wholesale sales were on a par with the previous year.

North America

In North America, net sales grew by 10% and were EUR 8.5 million (7.7). In terms of the sales currency (mostly the US dollar), growth amounted to roughly 11%. The growth in net sales came from the four company-owned stores opened in the United States in the second half of 2012. Retail sales in 2013 grew by 39%. Comparable sales by company-owned stores fell by 3%. Wholesale sales fell by 21%.

Asia-Pacific

Net sales in the Asia-Pacific region grew by 37% and were EUR 17.5 million (12.7). Wholesale sales rose by 26%. Wholesale sales were improved by the stores opened in 2012, as well as investments in Australia, combined with store openings in China, South Korea, Japan and Taiwan during 2013. Net sales were also boosted by two company-owned stores opened in Australia at the end of 2012.

EARNINGS

In 2013, the Group's operating profit was EUR 0.1 million (2.0). Result after taxes was EUR -1.0 million (1.1) and earnings per share were EUR -0.12 (0.14).

Operating profit includes EUR 1.3 million in nonrecurring expenses due to arrangements arising from the statutory employer-employee negotiations concluded during the second quarter. Operating profit excluding nonrecurring items was EUR 1.4 million (2.0). A drag was exerted on operating profit by write-downs on the tangible assets of the company-owned stores in Beverly Hills, Boston and Oslo, totalling EUR 1.5 million. A further drag on operating profit was exerted by the loss posted by the stores in the United States and by a downturn in wholesale sales in Scandinavia, Central and Southern Europe and North America. Operating profit was boosted by growth in wholesale sales in the Asia-Pacific region, by markedly reduced marketing costs, by an increase in the utilisation rate and streamlining of the company's textile printing factory, and by the closure of the production plants in Sulkava and Kitee.

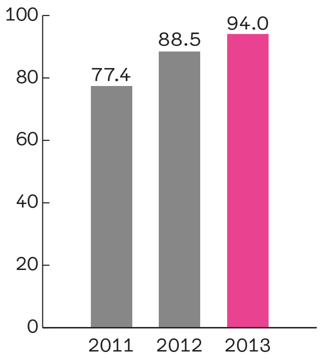
The Group's marketing expenses for the year totalled EUR 4.2 million (5.1), representing 4% of net sales (6). Net financial expenses totalled EUR 0.9 million (0.6), or 1% of net sales (1).

Depreciation and impairments

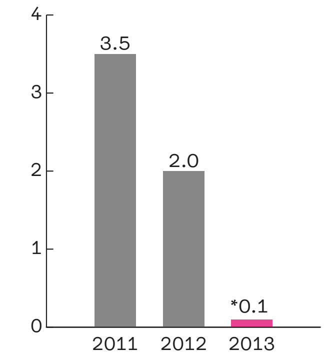
The Group's depreciation and impairments totalled EUR 6.8 million (3.6), or 7% of net sales (4). Depreciation grew due to considerable investments during the past few years.

In the last quarter of 2013, the Group booked write-downs totalling EUR 1.5 million on the tangible assets of the company-owned stores in Beverly Hills, Boston and Oslo. The write-downs were due to these stores' poor profitability and they will reduce

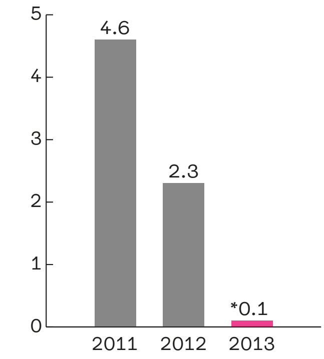
Net sales (EUR million)



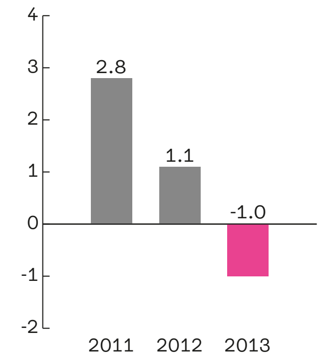
Operating profit (EUR million)



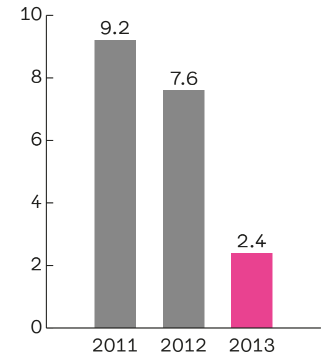
Operating profit (% of net sales)



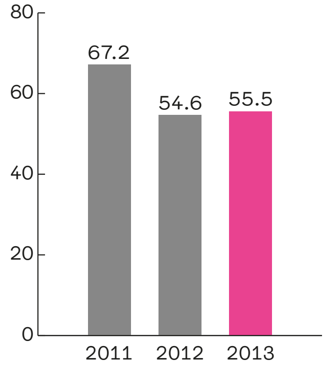
Profit after taxes (EUR million)



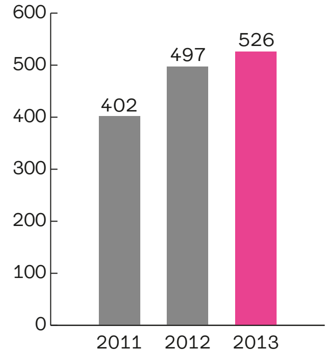
Gross investments (EUR million)



Equity ratio (%)



Average personnel



* Includes EUR 1.3 million in nonrecurring expenses due to arrangements arising from the statutory employer-employee negotiations concluded during the second quarter of 2013. Of these expenses, EUR 1.0 million are included in EBITDA.

annual depreciation by some EUR 0.4 million from 2014 onwards.

In the same connection, Marimekko booked write-downs in the separate financial statements of the Group's parent company, totalling EUR 5.4 million, on the book value of subsidiary shares, loan receivables and trade receivables. The write-downs concern the company's subsidiaries in the United States and Sweden. These write-downs booked in the parent company's separate financial statements will have no effect on Marimekko's consolidated financial statements. At the end of 2013, the shareholders' equity of the parent company was EUR 21.1 million and its distributable funds were EUR 13.1 million.

BALANCE SHEET

The Group's balance sheet total as at 31 December 2013 was EUR 48.6 million (55.0). Equity attributable to the equity holders of the parent company was EUR 27.0 million (30.0), or EUR 3.34 per share (3.71).

Non-current assets at the end of 2013 were EUR 20.2 million (25.0). As of March 2012, tangible assets include a finance lease asset related to the 30-year land lease on the property of the Helsinki head office and printing factory. The book value of the finance lease asset at the end of the financial period was EUR 3.2 million (3.3).

At the year end, net working capital was EUR 15.4 million (15.1). Inventories were EUR 18.1 million (18.5).

CASH FLOW AND FINANCING

In 2013, cash flow from operating activities was EUR 5.4 million (8.6), or EUR 0.67 per share (1.06). Cash flow from operating activities before change in working capital grew markedly, to EUR 7.0 million (5.7). Cash flow before cash flow from financing activities was EUR 3.1 million (1.0).

The Group's financial liabilities at the end of 2013 were EUR 8.2 million (9.3). As of March 2012, non-current and current liabilities also include a finance lease liability related to the 30-year land lease on the property of the Helsinki head office and printing factory. The present value of the finance lease liability at the end of the financial period was EUR 3.3 million (3.4).

At the end of 2013, the Group's cash and cash equivalents were EUR 3.0 (3.1). In addition, the Group had unused committed long- and short-term credit lines of EUR 17.8 million (10.7).

The Group's equity ratio at the year end was 55.5% (54.6). Gearing was 31.7% (32.0).

INVESTMENTS

The Group's gross investments were EUR 2.4 million (7.6), or 3% of net sales (9). Most of the investments went to building store premises and to refurbishing the property in Herttoniemi, Helsinki.

SHARES AND SHAREHOLDERS

Shares and share capital

Marimekko Corporation's share is quoted in the Consumer Goods sector of NASDAQ OMX Helsinki Ltd. The company has one series of shares, each conferring the same voting rights to their holders. 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 was 8,089,610.

Share trading

In 2013, a total of 760,976 Marimekko shares were traded, representing 9.4% of the shares outstanding. The total value of Marimekko's share turnover was EUR 8,502,075. The lowest price of the Marimekko share was EUR 9.82, the highest was EUR 14.54 and the average price was EUR 11.17. At the end of the year, the closing price of the share was EUR 9.85. The company's market capitalisation on 31 December 2013 was EUR 79,682,659 (115,681,423).

Shareholdings

According to the book-entry register, Marimekko had 7,424 shareholders at the end of 2013 (7,417). Of the shares, 21.0% were owned by nominee-registered and non-Finnish holders (20.9). The breakdown of Finnish ownership by owner group was as follows: households 36.2%, non-financial corporations and housing corporations 21.5%, general government 12.6%, financial and insurance corporations 6.4% and non-profit institutions 2.3%.

At the end of the year, the number of shares owned either directly or indirectly by members of the Board of Directors and the President and CEO of the company was 1,343,930 (1,338,930), representing 16.6% of the number and voting rights of the company's shares (16.6).

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.

Further information about shareholdings is available under Shares and shareholders on pages 50–53.

Flaggings
Marimekko did not receive any flagging notifications during 2013.

Authorisations
At the end of the year, Marimekko's Board of Directors had an authorisation, granted by the Annual General Meeting of 17 April 2012, to decide on a directed offering of shares to the personnel, in deviation from the shareholders' pre-emptive right, in one or more offerings. The total number of new shares to be offered for subscription pursuant to the authorisation may not exceed 150,000 shares. The authorisation is in effect for two years from the date of the Annual General Meeting's resolution. Marimekko arranged a personnel share offering in 2012, in which a total of 49,610 new shares were subscribed for.

At the end of 2013, the Board of Directors had no other valid authorisations to carry out share issues or issue convertible bonds or bonds with warrants, or to acquire or surrender the company's shares. Marimekko Corporation does not own any Marimekko shares.

PERSONNEL

During 2013, the number of employees averaged 526 (497). At the end of the year, the Group employed 502 (535) people, of whom 124 (103) worked abroad. Salaries, wages and bonuses paid to personnel amounted to EUR 21.5 million (19.5).

During the year, personnel work focused in particular on management training, on-the-job wellness and human resource planning. Training programmes for managers continued, and new, long-term training programmes were also started for sales personnel. Training for managers related to the early intervention model launched in support of Marimekko's working community was continued in Finland, and a special application of the model was also produced for international use. All these measures are aimed at ensuring that Marimekko employees are well, fit for work and able to achieve results.

As a result of the statutory employer-employee negotiations held during spring 2013, Marimekko closed its production plants located in Kitee and Sulkava as well as their adjacent factory outlets. The arrangements led to the termination of 60 jobs in all. The personnel subject to the negotiations were offered broad-based support together with occupational healthcare, and supporting actions were arranged aiming at relocation.

The reductions in staffing and other actions effected are expected to bring an approximate total of EUR 1.0 million in annual cost savings. The savings are realised gradually from the beginning of 2014, and the full impact of the profit improvement will start to be felt from the third quarter of 2014. The aim of the actions is to make it possible to manufacture more profitable products and to secure business competitiveness also in the future. Due to the arrangements the company incurred nonrecurring expenses in the amount of EUR 1.3 million in the second quarter of 2013.

In 2013, the personnel turnover rate was 10.4% for leaving.

THE ENVIRONMENT, HEALTH AND SAFETY

The environment
Responsibility for the environment and nature is an integral aspect of Marimekko's business. Where environmental matters are concerned, the company's business supervision is largely based on legislation and other regulations. The waste generated by Marimekko's production processes is handled and sorted in an appropriate manner. In the interest of monitoring the environmental impact of production and other business operations, the company develops its operating models and conducts regular tests on the materials used in products. Cooperation agreements require Marimekko's subcontractors and other partners to commit themselves to shouldering their environmental responsibilities. The company seeks to save energy by developing its production methods, investing in energy-efficient machinery and equipment, and monitoring energy consumption.

Health and safety
Marimekko monitors and actively works towards enhancing occupational safety and wellbeing at work in cooperation with the workplace safety committee and occupational healthcare. The company purchases occupational healthcare services from external clinics or local healthcare centres. Occupational healthcare focuses on preventive healthcare and monitoring both individual ability to work and the wellbeing of the working community as a whole. The workplace safety committee investigates occupational safety and employee wellbeing issues, provides guidance and organises training. During 2013, the sickness absence percentage based on theoretical regular working hours was 3.4% among Marimekko's employees in Finland.

In 2013, Marimekko continued the long-term development of a corporate responsibility management system. Sourcing and design have been chosen as the key areas. Marimekko's separate Sustainability review covers more extensively environmental, health and safety issues. The framework for reporting is provided by the guidelines of the Global Reporting Initiative (GRI).

RESEARCH AND DEVELOPMENT

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

MANAGEMENT

Board of Directors, management and auditors

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 four to seven 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 and CEO 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 appointed six members to the company's Board of Directors. Elina Björklund, Arthur Engel, Ami Hasan, Mika Ihamuotila, Joakim Karske and Pekka Lundmark were re-elected. The Board is chaired by Pekka Lundmark and vice-chaired by Mika Ihamuotila.

The Annual General Meeting resolved that the remuneration to the Chairman of the Board will be EUR 30,000 per year and the remuneration to each one of the other Board members will be EUR 20,000 per year. Approximately 40% of the annual remuneration would be paid in Marimekko Corporation's shares acquired from the market and the rest in cash. In addition, the Annual General Meeting resolved that the President and CEO of Marimekko Corporation will not receive remuneration for being a member of the Board.

The Board of Directors elects the President and CEO and decides on the President and CEO's salary and other remuneration. The duties of the President and CEO are set down in the Finnish Companies Act. The post of Marimekko Corporation's President and CEO is held by Mika Ihamuotila. He was on sick leave for six weeks during August-September to adjust to his anti-epileptic medication. Ihamuotila underwent a minor repeat neurosurgical procedure in 2011. The post-operative symptoms associated with such procedures sometimes include epileptic symptoms which are treated with regular preventive medication. During the leave, the company's CFO acted as the president and CEO's deputy, and Ihamuotila participated in the company's decision-making part-time.

At the end of the year, the composition of the company's Management Group was as follows: Mika Ihamuotila as Chairman and Tiina Alahuhta-Kasko (marketing), Thomas Ekström (finance and administration), Minna Kemell-Kutvonen (design), Päivi Lonka (sales) and Niina Nenonen (product lines) as members.

The Annual General Meeting re-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.

Corporate governance statement

The corporate governance statement is issued separately from this Report of the Board of Directors. It can be found on the company's website at Investors/ Management/Corporate Governance.

OTHER EVENTS DURING 2013

Marimekko announced in June 2013 that it had signed an agreement with Banana Republic, a brand owned by Gap Inc. to collaborate and design a capsule collection for summer 2014. The collection will launch exclusively at select Banana Republic stores and online at the end of May 2014. The collaboration is expected to significantly increase Marimekko's royalty earnings during the last quarter of 2014.

During 2013, copyright issues regarding some of Marimekko's patterns were discussed in Finland. The impact of these discussions on Marimekko's business has been difficult to assess, especially as retail sales and the market outlook for Marimekko's sector in Finland deteriorated markedly during the third quarter of the year. The company has taken action to further improve its design process.

MAJOR EVENTS AFTER THE CLOSE OF THE FINANCIAL YEAR

Consultative negotiations and reorganisation of operations

In its meeting on 4 February 2014, Marimekko's Board of Directors decided that the company will initiate consultative negotiations on all operations in Finland with the exception of the personnel at the textile printing factory in Helsinki. Reorganisations will also be carried out in the United States. The planned actions are expected to result in an estimated reduction of a maximum of 65 employees in Finland and the United States. The other offices outside Finland are not within the scope of the reorganisations. If implemented to its full extent, the reorganisation will yield annual savings in costs estimated at roughly EUR 2.5 million and an improvement in operating result.

In Finland, the need to downsize personnel is estimated at a maximum of 55 employees. In addition, part of the jobs in company-owned stores may be converted to part-time positions or the agreed number of working hours may be reduced as a result of the planned reorganisations. During the consultative negotiations, it will be determined whether part of any personnel reductions could take the form of pension arrangements or similar.

The expansion of business in North America and the opening of company-owned stores in the United States made it necessary to establish a new country organisation in 2011. In the initial stage of the expansion, the country organisation was led by the brand management specialist C2Group, whose contract expired at the end of 2013. At the same time, a new country manager started with the company. In the next few years, the main thrust will be on expanding wholesale, and the country organisation will be adapted to this goal.

Marimekko has six company-owned stores in the United States which are still partly in the launching phase. The purpose of the stores is also to reinforce the brand and to attract the interest in the company's products of high-quality department stores and other retailers. In 2013, effort was put into developing the stores' business, but in some of the stores improving profitability has proven more challenging than forecast and sales have been weaker than expected. Marimekko is negotiating for the termination of the lease on the store in Beverly Hills and examining the possibility of moving the store to a new location with better accessibility for the target public.

In the United States, the planned arrangements are estimated to result in eliminating a maximum of 10 jobs in the Beverly Hills store and the country organisation.

Changes in management

As part of a broader review of operations, Marimekko has made the decision to initiate an international recruitment process for a new Creative Director for the company. The aim is to reinforce the international competitiveness of Marimekko's design management. The current Creative Director Minna Kemell-Kutvonen resigns her membership of the company's Management Group as of 5 February 2014 and continues with the company in other design-related executive duties which will be specified later. For the duration of the recruitment process, Chief Marketing Officer Tiina Alahuhta-Kasko will handle the duties of the Creative Director with the assistance of Kemell-Kutvonen.

Information on Marimekko's expansion and store opening plan for 2014

In 2014, the main thrust in expansion will be on openings of retailer-owned Marimekko stores and shop-in-shops. The aim is to open a total of 15–25 new Marimekko stores and shop-in-shops. Of these, 1–3 would be company-owned stores. Also, the company will concentrate on enhancing the operations of company-owned stores opened in recent years and improving their profitability.

The Asia-Pacific region is the company's second-biggest market area, and this year Marimekko will continue to underpin its position in this region. The prospects for the economy and retail trade are good in Asia, and the company sees growing demand in the region for its design. The intention in 2014 is to open at least six new Marimekko stores, two in Japan, two in Hong Kong, one in mainland China and one in South Korea. Marimekko's own stores in Australia have done well, and the company is currently seeking a location for a second store in Melbourne.

In the past two years, new markets have been opened up in China, Hong Kong and Taiwan. In mainland China and Hong Kong, it is intended to open 15 Marimekko stores by the end of 2016. The openings are proceeding according to plan: four stores have already been opened and another three will follow this year. In Taiwan, the intention is to open a total of five stores and shop-in-shops by the end of 2018. The first of these was opened in Taipei in November 2013.

With the exception of the Australian stores, all the Marimekko stores in the Asia-Pacific region are retailer-owned. This model ties up less of Marimekko's resources and guarantees an in-depth knowledge of the local market. The stores comply with the same concept as Marimekko's company-owned stores.

In North America, the focus of

expansion this year is on developing shop-in-shop partnerships. Cooperation with the Canadian modern furniture brand EQ3 is proceeding as agreed. The intention is to open 10 Marimekko shop-in-shops by the end of 2014. Eight of these have already been opened – seven in Canada and one in the United States – and the remaining two will open this year in Vancouver and Burlington. The partnership with the leading Mexican department store chain El Palacio de Hierro continues: in autumn 2014, two new shop-in-shops will open in Mexico City, after which Mexico will have a total of six Marimekko shops.

The shop-in-shop partnership with the American home furnishings retailer Crate and Barrel will end in summer 2014. The reason behind this is changes in Crate and Barrel's strategic policies. Crate and Barrel's exclusive rights to retail Marimekko's interior decoration products in the United States and Canada in the home specialty and department store chain category were ended in 2012, since which time Marimekko has been able to sign partnership contracts with other high-quality department stores. The termination of the shop-in-shop partnership is of little financial importance to Marimekko. Crate and Barrel will continue to retail Marimekko products.

The United States has better economic forecasts than Europe, but its retail market is one of the world's most heavily competed. Marimekko has six company-owned stores in the United States which are still partly in the launch phase. These stores play a central role not only as a distribution channel but also in building the brand. Effort was put into developing the operations of the stores in 2013 and this work continues this year as well. For some stores, making improvements in profitability has proven more challenging than had been forecast, and sales have been weaker than expected. The company is currently negotiating the termination of the lease on the store in Beverly Hills and investigating possibilities for moving the store to a new location.

The economic prospects for Europe are unimpressive and growth is sluggish in the region. In Finland, the state of the retail market is currently extremely weak. Marimekko will concentrate in Northern Europe this year on developing the operations of its own stores, e-tailing and department store partnerships. Four openings are being planned, three of which are shop-in-shops.

MAJOR RISKS AND FACTORS OF UNCERTAINTY

The key strategic risks for the near future are associated with overall economic trends and the consequent uncertainty in the operating environment as well as the management of the company's expansion. The global economic cycle and factors of uncertainty affect consumers' purchasing behaviour and buying power in all of the company's market areas. The downturn in economic conditions, which started from the severe problems of the international financial markets, continues to dampen the prospects for retail as well as Marimekko's prospects for growth and earnings.

Marimekko is undergoing a phase of dynamic internationalisation and change. The distribution of products is being expanded in all key market areas. Unlike before, the focus of growth in recent years has increasingly been on opening company-owned stores outside Finland. This has called for larger or brand-new country organisations in these market areas, which exerts a drag on the cost-effectiveness of the company, especially in the early stages of expansion. Moreover, expanding the network of company-owned stores has increased the company's investments, lease liabilities of store premises, inventories, and the company's fixed costs. It also follows from this that a larger portion of Group net sales comes from sales by the company's own retail stores, which has increased the seasonality of the business as well as dependence on the success of new company-owned stores and has shifted the bulk of net sales and profit accumulation to the last quarter, thus having a negative impact on profitability in the first half of the year. Furthermore, partnerships and the choice of partners in the company's key market areas also involve risks.

The company's ability to design, develop and commercialise new products that meet consumers' expectations while maintaining profitable and effective in-house production has an impact on the company's sales and profitability.

The company's operational risks prominently include those related to the management and success of expansion projects, the operational reliability of procurement and logistics processes, and changes in costs of raw materials and other procurement items. As a result of new products, the share of in-house production has diminished, and the company uses subcontractors for its manufacturing to an increasing extent. Therefore, the company's dependence on the supply chain has increased. Any delays or disturbances in supply or fluctuations in the quality of products may have a temporary harmful impact on business. As the operations are being expanded and diversified, risks related to the management of inventories also increase.

Among the company's economic risks, those related to the structure of sales, increased investments, price trends for factors of production, changes in cost structure, increased operational costs, customers' liquidity, and changes in exchange rates may have an impact on the company's financial status.

A more detailed description of Marimekko's risk management process is available on the company's website under Investors/Management/Risk management and risks.

MARKET OUTLOOK AND GROWTH TARGETS

The general uncertainty in the global economy is forecast to continue, and this may impact consumers' purchasing behaviour in all of Marimekko's market areas. The prospects for the European economic trend are still poor, although hopes for an improvement have risen slightly recently. In the United States and Asia, economic forecasts are better than in Europe. The United States has seen stronger growth than Europe and the economy is gradually normalising. In Asia, economic growth is forecasted to continue to outstrip other regions, although a slowdown in growth in China has stirred concern in the stock market. (Confederation of Finnish Industries EK: Economic Review, December 2013 and January 2014).

The Asia-Pacific region was the driving force in Marimekko's sales growth in 2013 and the company sees growing demand for its products in this market area. Japan has 26 retailer-owned Marimekko stores and the company's wholesale sales to Japan have grown for several successive years. The appreciation of the euro relative to the yen and a forthcoming increase in sales tax in Japan in April 2014 could have a negative impact on Marimekko's wholesale sales.

In Finland, the retail market environment is extremely weak at the moment, and no turnaround for the better is in sight. Retail trade confidence indicators levelled out in December 2013 but went back into decline in January 2014. According to economic polls conducted by trade and industry, Finland's economic winter will continue. (Confederation of Finnish Industries EK: Economic Review and Confidence Indicators, January 2014). The extremely weak retail market situation and the negative trend in comparable sales by Marimekko-owned stores in Finland at the end of 2013 cast a shadow over this year's prospects in Finland.

The main thrust in expansion in 2014 will be on openings of retailer-owned Marimekko stores and shop-in-shops. The aim is to open a total of 15–25 new Marimekko stores and shop-in-shops, 1–3 of which would be company-owned. Also, the company will concentrate on enhancing the operations of company-owned stores opened in recent years and on improving the overall profitability of business.

The planned total investments for 2014 of the Marimekko Group are estimated as being approximately EUR 3 million. Most of the investments are devoted to building new retail facilities and purchases of fittings.

FINANCIAL GUIDANCE FOR 2014

On the basis of general market prospects, the company's growth targets and the planned reorganisation, the Marimekko Group's net sales for 2014 are forecast to grow by 3–8% relative to 2013. Operating profit excluding nonrecurring items is estimated at EUR 4–8 million.

THE BOARD OF DIRECTORS' PROPOSAL FOR THE DIVIDEND FOR THE 2013 FINANCIAL YEAR

On 31 December 2013, the parent company's distributable funds amounted to EUR 13,090,256.90, of which EUR 4,939,160.04 was accounted for by the loss for the financial year. The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.25 per share be paid for 2013 to a total of EUR 2,022,403 and that the remaining funds be retained in equity. The Board will propose 28 April 2014 as the dividend record date, and 7 May 2014 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 on Wednesday, 23 April 2014 from 2 p.m. onwards at the company's head office, Puusepänkatu 4, 00880 Helsinki, Finland.

Helsinki, 4 February 2014

Marimekko Corporation
Board of Directors

Consolidated financial statements, IFRS

CONSOLIDATED BALANCE SHEET

(EUR 1,000)		31 Dec. 2013	31 Dec. 2012
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	1.1	1,976	2,663
Tangible assets	1.2	18,245	21,976
Available-for-sale financial assets	1.4	16	16
Deferred tax assets	4.1	-	322
		20,237	24,977
CURRENT ASSETS			
Inventories	2.1	18,106	18,502
Trade and other receivables	2.2	6,622	7,016
Current tax assets		682	1,360
Cash and cash equivalents		3,001	3,106
		28,411	29,984
ASSETS, TOTAL		**48,648**	**54,961**

The notes are an integral part of the financial statements.

CONSOLIDATED BALANCE SHEET

(EUR 1,000)		31 Dec. 2013	31 Dec. 2012
SHAREHOLDERS' EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
Share capital	3.1	8,040	8,040
Invested unrestricted equity fund		502	502
Translation differences		-38	-8
Retained earnings		18,485	21,462
Shareholders' equity, total		26,989	29,996
NON-CURRENT LIABILITIES			
Deferred tax liabilities	4.1	11	480
Finance liabilities	4.2	8,234	9,317
Provisions	4.3	101	
Financial lease obligations	5.2	3,252	3,324
		11,598	13,121
CURRENT LIABILITIES	5.1		
Trade and other payables		9,989	11,775
Financial lease	5.2	72	69
		10,061	11,844
Liabilities, total		21,659	24,965
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL		**48,648**	**54,961**

The notes are an integral part of the financial statements.

CONSOLIDATED INCOME STATEMENT

(EUR 1,000)		1 Jan.–31 Dec. 2013	1 Jan.–31 Dec.2012
NET SALES	10.	**94,007**	**88,471**
Other operating income	11.	246	97
Increase (-) / decrease (+) in inventories of completed and unfinished products		527	-2,192
Raw materials and consumables	12.	-33,547	-29,515
Employee benefit expenses	13.	-27,059	-24,384
Depreciation and impairments	14.	-6,772	-3,550
Other operating expenses	15.	-27,320	-26,908
OPERATING PROFIT		**82**	**2,019**
Financial income	16.	67	48
Financial expenses	17.	-953	-654
		-886	-606
RESULT BEFORE TAXES		**-804**	**1,413**
Income taxes	18.	-151	-313
NET RESULT FOR THE PERIOD		**-955**	**1,100**
Distribution of net result to equity holders of the parent company		-955	1,100
Basic and diluted earnings per share calculated on the result attributable			
to equity holders of the parent companyt, EUR	19.	-0.12	0.14

COMPREHENSIVE CONSOLIDATED INCOME STATEMENT

(EUR 1,000)	1 Jan.–31 Dec. 2013	1 Jan.–31 Dec.2012
Net result for the period	-955	1,100
Items that could be reclassified to profit or loss at a future point in time		
Change in translation difference	-30	10
COMPREHENSIVE RESULT FOR THE PERIOD	**-985**	**1,110**
Distribution of net result to equity holders of the parent company	-985	1,110

The notes are an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

(EUR 1,000)		**2013**	**2012**
CASH FLOW FROM OPERATING ACTIVITIES			
Net result for the period		-955	1,100
Adjustments			
Depreciation and impairments		6,772	3,550
Other non-cash transactions		101	143
Financial income and expenses		886	606
Taxes		151	313
Cash flow before change in working capital		6,954	5,712
Change in working capital			
Increase (-) / decrease (+) in current non-interest-bearing trade receivables		666	930
Increase (-) / decrease (+) in inventories		396	2,401
Increase (+) / decrease (-) in current non-interest-bearing liabilities		-2,121	1,343
Cash flow from operating activities before financial items and taxes		5,895	10,386
Paid interest and payments on other financial expenses		-961	-650
Interest received		67	47
Taxes paid		422	-1,178
CASH FLOW FROM OPERATING ACTIVITIES		**5,424**	**8,605**
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in tangible and intangible assets	1.1, 1.2	-2,353	-7,572
CASH FLOW FROM INVESTING ACTIVITIES		**-2,353**	**-7,572**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from share issue			502
Long-term loans drawn			4,373
Payments of long-term loans		-1,083	
Payments of finance lease liabilities		-69	
Dividends paid		-2,022	-4,422
CASH FLOW FROM FINANCING ACTIVITIES		**-3,175**	**453**
Change in cash and cash equivalents		-105	1,486
Cash and cash equivalents at the beginning of the period		3,106	1,620
Cash and cash equivalents at the end of the period		3,001	3,106

The notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Equity attributable to equity holders of the parent company

(EUR 1,000)	Share capital	Invested non-restricted equity reserve	Translation differences	Retained earnings	Shareholders' equity, total
Shareholders' equity 1 Jan. 2012	**8,040**		**-18**	**24,641**	**32,663**
Comprehensive result					
Net result for the period				1,100	1,100
Translation differences			10		10
Total comprehensive result for the period			**10**	**1,100**	**1,110**
Transactions with owners					
Share issue		502			502
Share-based transactions, personnel share issue				143	143
Dividends paid				-4,422	-4,422
Shareholders' equity 31 Dec. 2012	**8,040**	**502**	**-8**	**21,462**	**29,996**
Shareholders' equity 1 Jan. 2013	**8,040**	**502**	**-8**	**21,462**	**29,996**
Comprehensive result					
Net result for the period				-955	-955
Translation differences			-30		-30
Total comprehensive result for the period			**-30**	**-955**	**-985**
Transactions with owners					
Dividends paid				-2,022	-2,022
Shareholders' equity 31 Dec. 2013	**8,040**	**502**	**-38**	**18,485**	**26,989**

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 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 company.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 4 February 2014. 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 2013. 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.

Segment reporting

The Group's business segment is the Marimekko business. Segment information is reported to the chief operational decision-maker in the same way as in internal reporting.

The President and CEO of the company acts as the chief operational decision-maker.

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 its Finnish subsidiary 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.

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.

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, depreciations, 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.

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.

Share-based payments
The fair value of the long-term bonus system granted to the Management Group by the Board of Directors is recorded as an expense in the income statement to the extent the share-based payments have been vested. The possible bonus will be paid in cash and is recorded as debt which is valued at fair value at each closing date. The estimate of the final cash payment is updated at each closing date. The change in the estimate is recorded in the income statement.

Interest income
Interest income is recognised on a time-proportion basis using the effective interest method.

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

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 the 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.

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.

Intangible assets
Intangible assets with finite useful lives are recognised in the balance sheet at original cost less depreciation. 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. Other intangible assets are computer software. 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.

Tangible assets
Tangible assets mainly consist of buildings, machinery and equipment. Tangible assets are recorded in the balance sheet at original cost less depreciation. 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.

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.

Provisions and contingent liabilities
A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

A restructuring provision is recognised when the Group has compiled a detailed restructuring plan, launched its implementation or informed the parties concerned.

A contingent liability is a potential liability based on previous events. It depends on the realisation of an uncertain future event beyond the Group's control. Contingent liabilities also include obligations which will most likely not lead to a payment or the amount of which cannot be reliably determined. Contingent liabilities are disclosed in the notes.

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.

In 2013, the Group booked write-downs totaling EUR 1,480 thousand on the tangible assets of the company-owned stores in Beverly Hills, Boston and Oslo. The write-downs were due to these stores' poor profitability. The stores recoverable amount is based on the value in use. Further information about impairments is available in the note 1.2.

Lease agreements
In accordance with IAS 17 Leases, lease agreements in which the Group assumes substantially all the risks and rewards incident to ownership of the asset are classified as finance lease agreements. Assets acquired under finance lease agreements, less accumulated depreciation, are recognised in tangible or intangible assets, and the obligations of the agreements are recognised in interest-bearing liabilities. A financial lease is booked in the balance sheet and recognised at fair value of the asset at the time of entering into the lease agreement or, if lower, at the present value of future minimum lease payments. Financial lease agreements in accordance with IAS 17 are recognised in the balance sheet and are depreciated in line with the Group's depreciation policy over their useful life or lease period, whichever is shorter and any impairment loss is recognised. 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 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
The Group classifies its financial assets in the following categories: loans and other receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired and is determined at initial recognition by the management.

Loans and receivables consist of trade receivables and cash and cash equivalents.

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 effective interest method. 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.

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.

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

New standards and interpretations
In preparing these consolidated financial statements, the Group has followed the same accounting policies as in the annual financial statements for 2012 except for the effect of changes required by the adoption of the following new standards, interpretations and amendments to existing standards and interpretations on 1 January 2013. The new standards, interpretations and amendments to existing standards have not had a material impact on the consolidated financial statements.

IAS 12 (amendment) ”Income Taxes”. The amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property .

IAS 1 (amendment) ”Presentation of Financial Statements”. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

IAS 19 (amendment) ”Employee Benefits”. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. All actuarial profits and losses must be accounted immediately in other comprehensive income.

IFRS 7 (amendment) ”Financial Instruments: Disclosures – on asset and liability offsetting”. This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.

IFRS 13 ”‘Fair Value Measurement”. The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements, for use across IFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS.

IASB published the following improvements to standards and interpretations as part of the 2009–2011 annual Improvements to IFRS project, which have been mandatory since 1 January 2013. The changes are presented below but they have not been of material significance to the Group.

IAS 1 “Presentation of Financial Statements”

IAS 16 “Property, Plant and Equipment”

IAS 32 ”Financial Instruments: Presentation”

IAS 34 ”Interim Financial Reporting”

Below is a list of standards, interpretations and amendments that have been issued and are effective for periods after 1 January 2013. They will be adopted by the Group in 2014 or later. The new standards, interpretations and amendments to existing standards are not expected to have a material impact on the consolidated financial statements.

Amendments to transition rules of standards IFRS 10 ”Consolidated Financial Statements”, IFRS 11 ”Joint Arrangements”, IFRS 12 ”Disclosures of Interests in Other Entities”. The amendments provide additional transition relief to the standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied.

IFRS 10 “Consolidated Financial Statements”. The objective of the standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities to present consolidated financial statements. It defines the principle of control, and establishes controls as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements.

IFRS 11 ”Joint Arrangements”. The standard contains guidelines on how joint arrangements are recognised. The standard focuses on the rights and obligations of the parties to the arrangement rather than its legal form.

IFRS 12 ”Disclosures of Interests in Other Entities”. The standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

IAS 27 (revised 2011) ”Separate Financial Statements”. The revised standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

IAS 28 (revised 2011) ”Associates and Joint Ventures”. The revised standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

IAS 32 (amendment) ”Offsetting Financial Assets and Financial Liabilities”. The amendment addresses inconsistencies in current practice when applying the offsetting criteria in IAS 32.

IAS 36 (amendment) ”Impairment of assets”. The amendment adresses the disclosure requirements of the recoverable amount when an asset or CGU’s recoverable amount has been determined on the basis of fair value less costs of disposal.

IAS 39 (amendment) ”Financial Instruments: Recognition and Measurement ”. Under the amendment there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met. A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties.

IFRIC 21 ”Levies” The interpretation provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. *)

IFRS 9 “Financial Instruments”. IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. *)

IAS 19 (amendment) ”Employee Benefits: Employee Contributions”. The amendment permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered. *)

IASB published the following improvements to standards and interpretations as part of the 2010-2012 annual Improvements to IFRS project, which are mandatory for accounting periods on or after 2014. The changes are presented below but they are not expected to be of material significance to the Group. *)

IFRS 2 “Share-based Payment”
IFRS 3 “Business Combinations”
IFRS 8 “Operating Segments”
IFRS 13 ”Fair Value Measurement”
IAS 16 ”Property, Plant and Equipment” and IAS 38 ”Intabgible Assets”
IAS 24 ”Related Party Disclosures”

IASB published the following improvements to standards and interpretations as part of the 2011-2013 annual Improvements to IFRS project, which are mandatory for accounting periods on or after 2014. The changes are presented below but they are not expected to be of material significance to the Group. *)

IFRS 3 “Business Combinations”
IFRS 13 ”Fair Value Measurement”
IAS 40 ”Investment Property”

*) This standard, interpretation or amendment is still subject to EU endorsement.

1. NON-CURRENT ASSETS

1.1 Intangible assets

2013

(EUR 1,000)	Intangible rights	Computer software	Advance payments and acquisitions in progress	Total
Acquisition cost, 1 Jan. 2013	1,720	5,839	165	7,724
Increases	220	2,261	67	2,548
Decreases			-175	-175
Acquisition cost, 31 Dec. 2013	1,940	8,100	57	10,097
Accumulated depreciation, 1 Jan. 2013	951	4,110		5,061
Depreciation during the financial year	355	2,705		3,060
Accumulated depreciation, 31 Dec. 2013	1,306	6,815		8,121
Book value, 31 Dec. 2013	634	1,285	57	1,976
Book value, 1 Jan. 2013	769	1,729	165	2,663
Book value, 31 Dec. 2013	634	1,285	57	1,976

2012

(EUR 1,000)	Intangible rights	Computer software	Advance payments and acquisitions in progress	Total
Acquisition cost, 1 Jan. 2012	1,468	4,070	856	6,394
Increases	252	1,769	551	2,572
Decreases			-1,242	-1,242
Acquisition cost, 31 Dec. 2012	1,720	5,839	165	7,724
Accumulated depreciation, 1 Jan. 2012	634	3,464		4,098
Depreciation during the financial year	317	646		963
Accumulated depreciation, 31 Dec. 2012	951	4,110		5,061
Book value, 31 Dec. 2012	769	1,729	165	2,663
Book value, 1 Jan. 2012	834	606	856	2,296
Book value, 31 Dec. 2012	769	1,729	165	2,663

1.2 Tangible assets

2013

(EUR 1,000)	Land	Buildings and structures	Machinery and equipment	Advance payments and acquisitions in progress	Total
Acquisition cost, 1 Jan. 2013	3,515	15,647	16,690	905	36,757
Increases		1,126	1,024	299	2,449
Decreases		-1,563		-905	-2,468
Acquisition cost, 31 Dec. 2013	3,515	15,210	17,714	299	36,738
Accumulated depreciation, 1 Jan. 2013	115	4,969	9,697		14,781
Depreciation during the financial year	115	564	1,329		2,008
Impairments		181	1,523		1,704
Accumulated depreciation, 31 Dec. 2013	230	5,714	12,549		18,493
Book value, 31 Dec. 2013	3,285	9,496	5,165	299	18,245
Book value, 1 Jan. 2013	3,400	10,678	6,993	905	21,976
Book value, 31 Dec. 2013	3,285	9,496	5,165	299	18,245
Book value of production machinery 31 Dec. 2013			2,377		

In 2013, impairments on buildings and structures were related to the closed factory in Kitee and impairments on machinery and equipment were related to Beverly Hills, Boston and Oslo stores.

2012

(EUR 1,000)	Land	Buildings and structures	Machinery and equipment	Advance payments and acquisitions in progress	Total
Acquisition cost, 1 Jan. 2012	55	11,974	14,043	1,088	27,160
Increases	3,460	3,673	2,647	1,302	11,082
Decreases				-1,485	-1,485
Acquisition cost, 31 Dec. 2012	3,515	15,647	16,690	905	36,757
Accumulated depreciation, 1 Jan. 2012		3,919	8,275		12,194
Depreciation during the financial year	115	1,050	1,422		2,587
Accumulated depreciation, 31 Dec. 2012	115	4,969	9,697		14,781
	3,400	10,678	6,993	905	21,976
Book value, 1 Jan. 2012	55	8,055	5,768	1,088	14,966
Book value, 31 Dec. 2012	3,400	10,678	6,993	905	21,976
Book value of production machinery 31 Dec. 2012			2,858		

1.3 Finance lease agreements

Land in tangible assets includes the following assets acquired under finance lease agreements. The finance lease assets constitute the finance lease agreement of the 30-year land lease of the property of the Helsinki head office and printing factory.

2013

(EUR 1,000)	Land	Total
Acquisition cost, 1 Jan. 2013	3,460	3,460
Acquisition cost, 31 Dec. 2013	3,460	3,460
Accumulated depreciation, 1 Jan. 2013	115	115
Depreciation during the financial year	115	115
Accumulated depreciation, 31 Dec. 2013	230	230
Book value, 31 Dec. 2013	3,230	3,230
Book value, 1 Jan. 2013	3,345	3,345
Book value, 31 Dec. 2013	3,230	3,230

2012

(EUR 1,000)	Land	Total
Acquisition cost, 1 Jan. 2012	-	-
Increases	3,460	3,460
Acquisition cost, 31 Dec. 2012	3,460	3,460
Accumulated depreciation, 1 Jan. 2012	-	-
Depreciation during the financial year	115	115
Accumulated depreciation, 31 Dec. 2012	115	115
Book value, 31 Dec. 2012	3,345	3,345
Book value, 1 Jan. 2012	-	-
Book value, 31 Dec. 2012	3,345	3,345

1.4 Available-for-sale financial assets

(EUR 1,000)	2013	2012
Available-for-sale shares		
Acquisition cost, 1 Jan.	16	16
Acquisition cost, 31 Dec.	16	16
Book value, 31 Dec.	16	16
Financial assets, total	16	16

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

2. CURRENT ASSETS

2.1 Inventories

(EUR 1,000)	2013	2012
Raw materials and consumables	4,917	5,503
Incomplete products	65	136
Finished products/goods	13,124	12,863
Total	18,106	18,502

No impairment was recognised on inventories.

2.2 Trade and other receivables

(EUR 1,000)	2013	2012
Trade receivables	4,868	5,032
Prepayments for inventory purchases	619	445
Other reveivables	57	21
Prepaid expenses and accrued income	1,762	2,879
Total	7,304	8,377

Prepaid expenses and accrued income		
Tax assets	682	1,360
Royalty receivables	360	568
Other prepaid expenses and accrued income	720	951
Total	1,762	2,879

Impairment on trade receivables	13	

Analysis of trade receivables by age

(EUR 1,000)	2013	Impairment loss	Net 2013	2012	Impairment loss	Net 2012
Undue trade receivables	4,035		4,035	4,228		4,228
Overdue						
less than 30 days	500		500	285		285
30–60 days	178		178	297		297
more than 60 days	168	-13	155	273	-51	222
Total	4,881	-13	4,868	5,083	-51	5,032

3. SHAREHOLDERS’ EQUITY

3.1 Share capital and invested unrestricted equity fund

	Number of shares	Share capital, EUR	Invested unrestricted equity fund, EUR	Total, EUR
1 Jan. 2012	8,040,000	8,040,000		8,040,000
31 Dec. 2012	8,089,610	8,040,000	501,969	8,541,969
1 Jan. 2013	8,089,610	8,040,000	501,969	8,541,969
31 Dec. 2013	8,089,610	8,040,000	501,969	8,541,969

Marimekko Corporation’s Articles of Association do not specify maximum share capital. 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 posses 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 0.25 per share be paid for 2013 (0.25).

The invested unrestricted equity fund contains other equity-like investments and the share subscription price to the extent that this is not entered in share capital under a specific decision.

4. NON-CURRENT LIABILITIES

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 2013

(EUR 1,000)	1 Jan. 2013	Recognised in the income statement	31 Dec. 2013
Deferred tax assets			
Internal margin of inventories	328	276	604
Deferred tax assets on management compensation	37	-22	15
Provisions		20	20
Depreciation difference		31	31
Deferred tax assets on losses of affiliated companies	322	-322	0
Total	687	-17	670
Offsetting deferred tax assets and liabilities			-670
Deferred tax asset	687	-17	0
Deferred tax liabilities			
Accumulated depreciation difference	-666	121	-545
Fixed costs included in inventories	-190	35	-155
Financial lease	12	7	19
Total	-844	163	-681
Offsetting deferred tax assets and liabilities			670
Deferred tax liability	-844	163	-681
Deferred tax liability, net			-11

Changes in deferred taxes in 2012

(EUR 1,000)	1 Jan. 2012	Recognised in the income statement	31 Dec. 2012
Deferred tax assets			
Internal margin of inventories	133	195	328
Deferred tax assets on management compensation		37	37
Deferred tax assets on losses of affiliated companies		322	322
Total	133	554	687
Offsetting deferred tax assets and liabilities			-365
Deferred tax asset	133	554	322
Deferred tax liabilities			
Accumulated depreciation difference	-573	-93	-666
Fixed costs included in inventories	-192	2	-190
Financial lease		12	12
Total	-765	-79	-844
Offsetting deferred tax assets and liabilities			365
Deferred tax liability	-765	-79	-844
Deferred tax liability, net			-479

4.2 Interest-bearing non-current liabilities

(EUR 1,000)	2013	2012
Financial liabilities	8,234	9,317
Finance lease obligations	3,252	3,324
Total	11,486	12,641

The interest rate of the financial liabilities was 0.078–1.446% (0.676–1.629%). All financial liabilities were euro denominated.

4.3 Non-current provisions

(EUR 1,000)	2013	2012
Provision for restructuring cost		
Book value, 1 Jan.	-	-
Increases	101	-
Book value, 31 Dec.	101	-

5. CURRENT LIABILITIES

5.1 Current liabilities

(EUR 1,000)	2013	2012
Trade and other payables		
Trade payables	4,211	5,189
Other payables	2,230	2,824
Accrued liabilities and deferred income	3,549	3,762
Finance lease obligations	72	69
Total	10,061	11,844

Accrued liabilities and deferred income		
Employee benefits	3,345	3,356
Other accrued liabilities and deferred income	204	406
Total	3,549	3,762

5.2 Finance lease obligations

Assets are classified as assets leased under finance lease agreement, if the risks and rewards incidental to ownership of the assets substantially remain with the Group. The lease obligations have efficient security, since the lessor regains the right to the leased asset, if lease payments are neglected. The Group finance lease obligation relates to the land lease of the Helsinki head office and printing factory property.

(EUR 1,000)	2013	2012
Gross amount of finance lease obligations – minimum lease payments by due date:		
No later than 1 year	188	188
Later than 1 year – no later than 5 years	753	753
Later than 5 years	4,327	4,515
Total	5,268	5,456
Future financial expenses	-1,944	-2,063
Current value of the finance lease obligations	3,324	3,393

The current value of the financial lease obligations matures as follows:

(EUR 1,000)	2013	2012
No later than 1 year	72	69
Later than 1 year – no later than 5 years	313	303
Later than 5 years	2,939	3,021
Current value of the financial lease obligations	3,324	3,393

6. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

(EUR 1,000)	Book value 2013	Fair value 2013	Book value 2012	Fair value 2012
Trade and other receivables	7,304	7,304	8,376	8,376
Cash and cash equivalents	3,001	3,001	3,106	3,106
Financial liabilities	8,234	8,234	9,317	9,317
Financial lease obligations	3,324	3,324	3,393	3,393
Trade and other payables	9,989	9,989	11,775	11,775

7. GUARANTEES, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

(EUR 1,000)	2013	2012
Other own liabilities and commitments		
Lease liabilities for machinery and equipment	411	335
Liabilities relating to lease agreements for business premises	36,955	39,651
Commitments, total	37,365	39,986
Other lease agreements		
The Group as lessee		
Minimum lease payments under other non-cancellable lease agreements		
No later than 1 year	8,368	7,426
Later than 1 year – no later than 5 years	19,040	20,264
Later than 5 years	9,957	12,296
Total	37,365	39,986

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 2013 income statement includes EUR 8,634 thousand in rental expenses paid on the basis of other non-cancellable lease agreements.

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

8. RELATED PARTY TRANSACTIONS

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

Parent company

Marimekko Corporation, Helsinki, Finland

Subsidiaries

Company and domicile	Group's holding, %	Share of voting rights, %
Keskinäinen Kiinteistö Oy Marikko, Helsinki, Finland	100	100
Marimekko AB, Stockholm, Sweden	100	100
Marimekko Australia PTY Ltd, Victoria, Australia	100	100
Marimekko GmbH, Frankfurt am Main, Germany	100	100
Marimekko North America LLC, Delaware, United States	100	100
Marimekko North America Retail LLC, Delaware, United States	100	100
Marimekko North America Holding Co, Delaware, United States	100	100
Marimekko UK Ltd, London, United Kingdom	100	100

Employee benefits of management

(EUR 1,000)	2013	2012
Salaries and bonuses of the President and CEO		
Mika Ihamuotila	409	418
Total	409	418
Salaries and bonuses of the Board of Directors		
Elina Björklund	20	19
Arthur Engel	20	19
Ami Hasan	20	19
Mika Ihamuotila	-	-
Joakim Karske	20	19
Pekka Lundmark	30	29
Total	110	105
Employee benefits of management, total	519	523

Pension benefits specification of President and CEO

President and CEO		
Mika Ihamuotila	71	73

The pension benefits include only statutory pension payments. Management does not have additional pension benefits.

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.

10. SEGMENT INFORMATION

The operational segments are reported to the chief operational decision-maker in the same way as in internal reporting. The chief operational decision-maker monitors Marimekko's business as a whole. The company is domiciled in Finland. Net sales from external customers in Finland totalled EUR 52,159 thousand and from external customers in other countries EUR 41,848 thousand.

The total amount of non-current assets in Finland excluding financial instruments and deferred tax liabilities (the Group has no assets arising from employee benefits or insurance contracts) was EUR 16,613 thousand (17,958) and the total amount of corresponding non-current assets in other countries was EUR 3,624 thousand (6,697).

(EUR 1,000)	2013	2012
Net sales		
Finland	52,159	52,344
Other countries	41,848	36,127
Total	94,007	88,471
Assets		
Finland	38,526	41,079
Other countries	10,878	12,971
Eliminations	-756	911
Total	48,648	54,961
Investments		
Finland *)	1,836	7,089
Other countries	518	3,838
Total *)	2,354	10,927

*) Investments 2012 include the land lease of the property of the Helsinki head office and printing factory acquired under a finance lease agreement in 2012. Further information about the finance lease agreement is available under the notes to the financial statements on page 24.

(EUR 1,000)	2013	2012
Net sales		
Product sales	92,907	87,031
Licence income	1,100	1,440
Total	94,007	88,471

11. OTHER OPERATING INCOME

(EUR 1,000)	2013	2012
Other income	246	97
Total	246	97

12. RAW MATERIALS AND CONSUMABLES

(EUR 1,000)	2013	2012
Materials and supplies		
Purchases during the financial year	21,300	19,467
Increase (-) / decrease (+) in inventories	659	55
Total	21,960	19,521
External services	11,587	9,994
Total	33,547	29,515

Exchange rate differences included in raw materials and consumables

(EUR 1,000)	2013	2012
Exchange rate gains (-) / losses (+) of purchases	30	29

13. EMPLOYEE BENEFIT EXPENSES

(EUR 1,000)	2013	2012
Salaries, wages and bonuses	21,487	19,503
Share-based remuneration, personnel share issue		143
Share-based payments (cash settled)	-77	153
Pension expenses – defined contribution plans	4,354	3,184
Other indirect social expenditure	1,295	1,554
Total	27,059	24,537

Average number of employees

	2013	2012
Salaried employees	444	405
Non-salaried employees	82	92
Total	526	497

Share-based payments

Management Group's long-term bonus system

On 7 February 2011, the Board of Directors of Marimekko Corporation agreed on establishing a long-term bonus system targeted at the company's Management Group. The system is composed of two earnings periods, which are 1 January 2011 – 31 October 2014 and 1 January 2011 – 28 February 2015. The possible bonus for each earnings period will be based on the total yield on Marimekko Corporation's shares, including dividends. The possible bonus will be paid in cash in two batches, one in autumn 2014 and the other in spring 2015. Earning the bonus requires that the person still works for the company at the time of the payment. When receiving the bonus, the person in question commits themselves to using 50% of the net value of the bonus for acquiring the company's shares at transaction price within six months from receiving the bonus. The shares acquired with the bonus cannot be surrendered prior to two years from the time of acquiring the shares. The annual maximum value of the bonus paid to a member of the Management Group in the bonus system cannot exceed the approximate value of fixed annual salary. The system encompasses the Management Group members excluding the President and CEO, a total of five persons.

The fair value of granted share-based payments has been determined using the binary cash-or-nothing call option valuation model. The significant measurement parameters in the model were share price at the commencement date of the earning period, EUR 13.00 added with 10% resulting to EUR 14.30, and volatility 28%. The grant date of the share-based payments is the date of the Board resolution. The fair value of the share-based payments were on average EUR 2.84/option on the grant date whereby the total fair value of the plan amounted to EUR 111,751. Granted share-based payments will be subsequently valued at fair value at each closing date and the change in fair value will be recorded in the income statement to the extent they are vested. Each member to the plan will be compensated for the earnings period with an amount equivalent to 1.5 months' gross salary for each one (1) euro which the closing share price (inclusive of dividends) exceeds the share value of EUR 14.30 at the date of commencement of the plan. Gross salary is defined for the purposes of the plan as the fixed monthly salary, inclusive of fringe benefits, prevailing at the commencement of the plan in January 2011. The income incurred from the plan amounted to EUR 76,541 for the financial period.

14. DEPRECIATION AND IMPAIRMENTS

(EUR 1,000)	2013	2012
Intangible assets		
Intangible rights	355	317
Computer software	2,705	646
Total	3,060	963
Tangible assets		
Land	115	115
Buildings and structures	745	1,050
Machinery and equipment	2,852	1,422
Total	3,712	2,587
Total	6,772	3,550
Impairments on non-current assets:		
Buildings and structures	181	-
Machinery and equipment	1,523	-
Total	1,704	-

Further information about the impariments is available under the notes to the financial statements on page 23.

15. OTHER OPERATING EXPENSES

(EUR 1,000)	2013	2012
Leases	8,634	6,467
Marketing	4,179	5,132
Management and maintenance of business premises	1,706	1,763
Administration	5,684	4,719
Other expenses	7,117	8,827
Total	27,320	26,908

Exchange rate differences included in other operating expenses

(EUR 1,000)	2013	2012
Exchange rate gains (-) / losses (+) of sales	638	58

Auditor's fee*)

(EUR 1,000)	2013	2012
PricewaterhouseCoopers Oy, Authorised Public Accountants		
Audit	76	72
Other services	5	52
Total	81	124
Others		
Audit	55	31
Total	55	31

*) Included in other expenses in the item other expenses.

16. FINANCIAL INCOME

(EUR 1,000)	2013	2012
Interest income on loans and other receivables	67	47
Other financial income	0	1
Total	67	48

17. FINANCIAL EXPENSES

(EUR 1,000)	2013	2012
Interest expenses on financial liabilities measured at amortised cost	-160	-151
Interest expenses on financial lease obligation	-119	-121
Other financial expenses	-674	-382
Total	-953	-654
Exchange losses included in financial expenses	-674	-379

18. INCOME TAXES

(EUR 1,000)	2013	2012
Taxes on taxable earnings for the period	298	821
Deferred taxes	-147	-508
Total	151	313

Reconciliation statement of taxes calculated on the basis of tax expenses in the income statement and the Group's Finnish tax rate (24.5% in 2013 and 24.5% in 2012)

(EUR 1,000)	2013	2012
Result before taxes	-804	1,412
Taxes calculated at the Finnish tax rate	-197	346
Different tax rates of foreign subsidiaries	10	5
Taxes from losses of previous years	321	
Adjustment on deferred taxes from tax rate changes	-88	
Non-deductible expenses	105	-38
Taxes in the income statement	151	313

19. EARNINGS PER SHARE

	2013	2012
Net result for the period, EUR 1,000	-955	1,100
Weighted average number of shares, 1,000	8,090	8,046
Basic and diluted earnings per share, EUR	-0.12	0.14

20. 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 its 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 financial risk management is to ensure reasonable-priced financing in all circumstances, and therefore 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. In order to minimize the Group's liquidity risk the Group's near term and next few years' financing need can be covered by liquid funds as well as long term commited credit facilities or credit facilities valid until further notice. The Group has access to credit facilities totalling EUR 26 million. Uncommitted credit facilities valid until further notice amounting to EUR 8.2 million were drawn at the end of the financial period.

Maturity analysis for the Group's financial liabilities; the figures are not discounted, and they include both interest payments and capital repayments.

31 Dec. 2013

(EUR 1,000)	Less than 1 year	1–2 years	2–5 years	Over 5 years
Financial liabilities		8,234		
Finance lease obligations	188	188	564	4,327
Trade and other payables	9,989			
Total	10,177	8,422	564	4,327

31 Dec. 2012

(EUR 1,000)	Less than 1 year	1–2 years	2–5 years	Over 5 years
Financial liabilities		9,317		
Finance lease obligations	188	188	564	4,516
Trade and other payables	11,775			
Total	11,963	9,505	564	4,516

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 2013 financial year, credit loss recognised through profit or loss amounted to EUR 13 thousand (51).

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 currency risk consists of sales and purchases made in foreign currency as well as balance sheet items and also foreign-currency-denominated net investments in units abroad.

Transaction risk

Marimekko Group's transaction risk derives from currency flows connected with wholesale and retail sales as well as purchases of the Group's business units as well as from from loans and receivables denominated in foreign currency. The Group's principal sales currency is the euro. The other significant sales and invoicing currencies are the US dollar, Swedish krona, Danish krone, Norwegian krone, Australian dollar and Canadian dollar. The principal currencies used for purchases are the euro and, to a lesser extent, the US dollar. In 2013 foreign-currency-denominated sales accounted for approximately 16% of the Group's enire sales and foreign-currency-denominated purchases with a transaction risk made up 8% of the Group's purchases.

Marimekko protects itself against the transaction risk of sales by taking into account the expected exchange rate at the time of sales when carrying out wholesale and retail pricing of products. Foreign subsidiaries are financed primarily in local currency, whereby the foreign subsidiary does not incur significant transaction risk.

Translation risk

The Marimekko Group incurs translation risk when the financial statements of foreign subsidiaries are translated into euro amounts in the consolidated financial statements. For foreign-currency-denominated net investments, the effects of changes in foreign exchange rates appear as the translation difference in the Group's equity. For the time being Marimekko has not hedged translation risk for equity, as the subsidiary sales and net investments are small from the Group's perspective.

Group's foreign exchange position

The foreign-currency-denominated assets and liabilities (cash and cash equivalents, trade receivables and trade payables) converted to euro amounts using the exchange rates quoted on the closing date are as follows:

(EUR 1,000)		2013			2012	
	USD	SEK	AUD	USD	SEK	AUD
Non-current assets	-	-	-	-	-	-
Non-current liabilities	-	-	-	-	-	-
Foreign exchange difference on non-current items	-	-	-	-	-	-
Current assets	7,309	3,097	1,311	4,449	2,955	1,106
Current liabilities	172	2	15	143	30	-

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

		2013			2012	
	USD	SEK	AUD	USD	SEK	AUD
Change in exchange rate, %	10	10	10	10	10	10
Effects on profit after taxes, EUR 1,000 [1)]	255	-91	-138	224	-59	-106
Shareholders' equity, EUR 1,000	-	-	-	-	-	-

[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 and non-current interest-bearing liabilities due to changes in market rates. Their combined effect on the Group's profit is has increased due the increase in interest-bearing net debt.

(EUR 1,000)	2013	2012
Cash and cash equivalents	3,001	3,106
Interest-bearing liabilities	8,234	9,317
Finance lease obligations	3,324	3,393

The Group's interest-bearing liabilities at the balance sheet date 31 December, 2013 consisted of drawn credit facilities and finance lease obligations. The Group has access to committed and uncommitted variable interest rate credit facilities totalling EUR 26 million. A rise of one percentage point in market interest rates would have an imputed effect on Marimekko's profit after taxes of EUR -0.1 million (-0.1). Correspondingly, a decline of one percentage point in market interest rates would have an imputed effect on Marimekko's profit after taxes of EUR +0.1 million (+0.1).

21. 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 the minimum of 60%. At the end of 2013, the Group's net liabilities amounted to EUR 8,557 thousand (9,604) and gearing was 31.7% (32.0).

Gearing

(EUR 1,000)	**2013**	**2012**
Interest-bearing liabilities	8,234	9,317
Financial lease obligations	3,324	3,393
deducting cash and cash equivalents	-3,001	-3,106
Net liabilities	8,557	9,604
Shareholders' equity, total	26,989	29,996
Equity, total	35,546	39,600
Gearing, %	31.7	32.0

Assessment of fair value
The following table analyses financial instruments carried at fair value by valuation method. The applied levels have been defined as follows:

- quoted prices in active markets for identical assets and liabilities (Level 1)
- inputs other than quoted prices included in Level 1 that are observable for the asset or liability (Level 2)
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3)

Group's assets and liabilities measured at fair value on 31 December 2013

(EUR 1,000)	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Available-for-sale financial assets				
Equity securities			16	16
Assets, total			16	16

Group's assets and liabilities measured at fair value on 31 December 2012

(EUR 1,000)	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Available-for-sale financial assets				
Equity securities			16	16
Assets, total			16	16

Parent company financial statements, FAS

PARENT COMPANY BALANCE SHEET

(EUR 1,000)			31 Dec. 2013		31 Dec. 2012
ASSETS					
FIXED ASSETS	1.				
Intangible assets	1.1		3,055		3,369
Tangible assets	1.2		4,287		4,987
Investments	1.3				
Participations in Group companies		4,017		4,491	
Other shares and participations		16	4,033	16	4,507
FIXED ASSETS, TOTAL			11,375		12,863
CURRENT ASSETS					
Inventories	2.		16,194		16,080
Current receivables	3.		11,534		20,070
Cash in hand and at banks			1,092		917
CURRENT ASSETS, TOTAL			28,821		37,066
ASSETS, TOTAL			40,196		49,929

PARENT COMPANY BALANCE SHEET

(EUR 1,000)		31 Dec. 2013	31 Dec. 2012
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	4.		
Share capital		8,040	8,040
Invested non-restricted equity reserve		502	502
Retained earnings		17,527	17,592
Net result for the period		-4,939	1,957
SHAREHOLDERS' EQUITY, TOTAL		21,130	28,092
ACCUMULATED APPROPRIATIONS	5.	2,235	2,302
PROVISIONS	6.		
Other mandatory provisions		101	-
LIABILITIES	7.		
Non-current liabilities	7.1	8,234	9,317
Current liabilities	7.2	8,496	10,218
LIABILITIES, TOTAL		16,730	19,535
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL		40,196	49,929

PARENT COMPANY INCOME STATEMENT

(EUR 1,000)		1 Jan.–31 Dec. 2013	1 Jan.–31 Dec. 2012
NET SALES	9.	**88,536**	**85,383**
Increase (+) or decrease (-) in inventories of completed and unfinished products		527	-2,192
Other operating income	10.	215	97
Materials and services	11.	-32,819	-30,239
Personnel expenses	12.	-20,521	-20,165
Depreciation and impairment	13.	-2,619	-1,972
Other operating expenses	14.	-31,992	-27,546
OPERATING PROFIT		**1,326**	**3,366**
Financial income and expenses	15.	-6,074	-443
RESULT BEFORE APPROPRIATIONS AND TAXES		**-4,748**	**2,923**
Appropriations	16.	67	-318
Income taxes	17.	-259	-647
NET RESULT FOR THE PERIOD		**-4,939**	**1,957**

PARENT COMPANY CASH FLOW STATEMENT

(EUR 1,000)	2013	2012
CASH FLOW FROM OPERATIONS		
Net result for the period	-4,939	1,957
Adjustments		
Depreciation according to plan	2,619	1,972
Change in depreciation difference	-67	318
Other transactions, not associated with cash payment	101	-
Financial income and expenses	6,074	443
Taxes	259	647
Cash flow before change in working capital	4,046	5,338
Change in working capital		
Increase (-) / decrease (+) in current non-interest-bearing trade receivables	7,855	-5,375
Increase (-) / decrease (+) in inventories	-114	3,186
Increase (+) / decrease (-) in current non-interest-bearing liabilities	-1,735	737
Cash flow from operating activities before financial items and taxes	10,052	3,886
Paid interest and payments on other operational financial expenses	-6,236	-540
Interest received	173	85
Taxes paid	422	-1,494
CASH FLOW FROM OPERATIONS	**4,411**	**1,938**
CASH FLOW FROM INVESTMENTS		
Investments in tangible and intangible assets	-1,131	-2,007
CASH FLOW FROM INVESTMENTS	**-1,131**	**-2,007**
CASH FLOW FROM FINANCING		
Proceeds from share issue		502
Long-term loans drawn	-1,083	4,373
Dividends paid	-2,022	-4,422
CASH FLOW FROM FINANCING	**-3,105**	**453**
Change in cash and cash equivalents	175	383
Cash and cash equivalents at the beginning of the financial year	917	534
Cash and cash equivalents at the end of the financial year	1,092	917

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 at the acquisition cost or at the lower probable net realisation value. 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

1. FIXED ASSETS

1.1 Intangible assets

2013

(EUR 1,000)	Intangible rights	Other capitalised expenditure	Advance payments and acquisitions in progress	Total
Acquisition cost, 1 Jan. 2013	1,147	7,676	165	8,988
Increases	213	932	67	1,212
Decreases			-174	-174
Acquisition cost, 31 Dec. 2013	1,360	8,608	58	10,026
Accumulated depreciation, 1 Jan. 2013	656	4,963		5,619
Depreciation during the financial year	170	1,182		1,352
Accumulated depreciation, 31 Dec. 2013	826	6,145		6,971
Book value, 31 Dec. 2013	535	2,463	58	3,055

2012

(EUR 1,000)	Intangible rights	Other capitalised expenditure	Advance payments and acquisitions in progress	Total
Acquisition cost, 1 Jan. 2012	903	5,918	856	7,677
Increases	244	1,758	551	2,553
Decreases			-1,242	-1,242
Acquisition cost, 31 Dec. 2012	1,147	7,676	165	8,988
Accumulated depreciation, 1 Jan. 2012	521	4,076		4,597
Depreciation during the financial year	135	887		1,022
Accumulated depreciation, 31 Dec. 2012	656	4,963		5,619
Book value, 31 Dec. 2012	491	2,713	165	3,369

1.2 Tangible assets

2013

(EUR 1,000)	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and acquisitions in progress	Total
Acquisition cost, 1 Jan. 2013	38	417	11,951	25	22	12,453
Increases			513		639	1,152
Decreases					-590	-590
Acquisition cost, 31 Dec. 2013	38	417	12,464	25	72	13,016
Accumulated depreciation, 1 Jan. 2013		38	7,429			7,467
Depreciation during the financial year		38	997			1,035
Impairments		181	46			227
Accumulated depreciation, 31 Dec. 2013		257	8,472			8,729
Book value, 31 Dec. 2013	38	160	3,992	25	72	4,287

Impairments on buildings and structures during 2013 are related to the property of the closed factory in Kitee and impairments on machinery and equipment to the closure of the production plants in Kitee and Sulkava.

2012

(EUR 1,000)	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and acquisitions in progress	Total
Acquisition cost, 1 Jan. 2012	38	417	11,016	23	262	11,756
Increases			935	2	220	1,157
Decreases					-460	-460
Acquisition cost, 31 Dec. 2012	38	417	11,951	25	22	12,453
Accumulated depreciation, 1 Jan. 2012			6,515			6,515
Depreciation during the financial year		38	914			952
Accumulated depreciation, 31 Dec. 2012		38	7,429			7,467
Book value, 31 Dec. 2012	38	379	4,522	25	22	4,986

Book value of production machinery and equipment	
31 Dec. 2012	2,858
31 Dec. 2013	2,377

1.3 Investments

2013

(EUR 1,000)	Shares in Group companies	Other shares and participations	Total
Acquisition cost, 1 Jan. 2013	4,781	16	4,797
Increases	380		380
Impairments	-853		-853
Acquisition cost, 31 Dec. 2013	4,307	16	4,323
Accumulated depreciation, 31 Dec. 2013	290		290
Book value, 31 Dec. 2013	4,017	16	4,033

The 2013 impairments on shares in Group companies are related to Marimekko Corporation’s investments in the Group’s US and Swedish subsidiaries.

2012

(EUR 1,000)	Shares in Group companies	Other shares and participations	Total
Acquisition cost, 1 Jan. 2012	4,781	16	4,797
Acquisition cost, 31 Dec. 2012	4,781	16	4,797
Accumulated depreciation, 31 Dec. 2012	290		290
Book value, 31 Dec. 2012	4,491	16	4,507

Group companies

Company and domicile	Group’s holding, %	Share of voting rights, %
Keskinäinen Kiinteistö Oy Marikko, Helsinki, Finland	100	100
Marimekko AB, Stockholm, Sweden	100	100
Marimekko Australia PTY Ltd, Victoria, Australia	100	100
Marimekko GmbH, Frankfurt am Main, Germany	100	100
Marimekko North America LLC, Delaware, United States	100	100
Marimekko North America Retail LLC, Delaware, United States	100	100
Marimekko North America Holding Co, Delaware, United States	100	100
Marimekko UK Ltd, London, United Kingdom	100	100

2. INVENTORIES

(EUR 1,000)	2013	2012
Raw materials and consumables	4,917	5,503
Incomplete products	65	136
Finished products/goods	10,593	9,996
Advance payments	619	445
Total	16,194	16,080

3. CURRENT RECEIVABLES

(EUR 1,000)	2013	2012
Trade receivables	4,462	4,865
Receivables from Group companies		
Trade receivables	838	6,009
Loan receivables	2,803	2,122
Prepaid expenses and accrued income	1,833	4,678
Total	5,473	12,809
Other receivables	16	21
Prepaid expenses and accrued income	1,583	2,375
Total	11,534	20,070
Prepaid expenses and accrued income		
Royalty receivables	360	568
Statutory employee pension plan accrual	-	12
Tax assets	682	1,360
Other prepaid expenses and accrued income	541	435
Total	1,583	2,375

In 2013, Marimekko booked an impairment of EUR 4,571 thousand on trade receivables, loan receivables and prepaid expenses and accrued income from its US, Swedish and UK subsidiaries.

4. SHAREHOLDERS' EQUITY

(EUR 1,000)	2013	2012
Share capital, 1 Jan.	8,040	8,040
Share capital, 31 Dec.	8,040	8,040
Invested non-restricted equity reserve, 1 Jan.	502	
Share issue		502
Invested non-restricted equity reserve, 31 Dec.	502	502
Retained earnings, 1 Jan.	19,549	22,014
Dividends paid	-2,022	-4,422
Retained earnings, 31 Dec.	17,527	17,592
Net result for the period	-4,939	1,957
Shareholders' equity, total	21,130	28,091

Calculation of distributable funds, 31 Dec.

(EUR 1,000)	2013	2012
Retained earnings	17,527	17,592
Net result for the period	-4,939	1,957
Invested non-restricted equity reserve	502	502
Total	13,090	20,051

5. ACCUMULATED APPROPRIATIONS

(EUR 1,000)	2013	2012
Accumulated depreciation difference		
Intangible rights	85	73
Other capitalised expenditure	567	484
Machinery and equipment	1,484	1,632
Buildings and structures	99	113
Total	2,235	2,302

6. NON-CURRENT PROVISIONS

(EUR 1,000)	2013	2012
Provision for restructuring cost		
Book value, 1 Jan. 2013	-	-
Increases	101	-
Book value, 31 Dec. 2013	101	-

7. LIABILITIES

7.1 Interest-bearing and non-interest bearing liabilities

(EUR 1,000)	2013	2012
Interest-bearing liabilities		
Non-current	8,233	9,317
Total	8,233	9,317
Non-interest-bearing liabilities		
Current	8,496	10,218
Total	8,496	10,218

7.2 Current liabilities

(EUR 1,000)	2013	2012
Advances received	20	2
Trade payables	3,709	4,609
Debts to Group companies		
Trade payables	169	121
Other current liabilities	1,446	2,170
Accrued liabilities and deferred income	3,152	3,316
Total	8,496	10,218

Accrued liabilities and deferred income		
Wages and salaries with social security contributions	2,980	3,140
Other accrued liabilities and deferred income	172	176
Total	3,152	3,316

8. GUARANTEES, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

(EUR 1,000)	2013	2012
For the liabilities of the Group company		
Guarantees	9,461	9,661
Other own liabilities and commitments		
Leasing liabilities		
Payments due in the following financial year	207	185
Payments due later	204	151
Total	411	336
Liabilities relating to lease agreements		
Payments due in the following financial year	4,331	3,740
Payments due later	9,765	11,852
Total	14,096	15,592

The parent company has no liabilities from derivative contracts.

NOTES TO THE INCOME STATEMENT

9. NET SALES BY MARKET AREA

(EUR 1,000)	2013	2012
Finland	52,159	52,344
Other countries	36,377	33,039
Total	88,536	85,383

10. OTHER OPERATING INCOME

(EUR 1,000)	2013	2012
Other income	215	97
Total	215	97

11. MATERIALS AND SERVICES

(EUR 1,000)	2013	2012
Materials and supplies		
Purchases during the financial year	20,937	19,201
Increase (-) / decrease (+) in inventories	586	851
Total	21,523	20,052
External services	11,296	9,984
Total	32,819	30,036

12. PERSONNEL EXPENSES

(EUR 1,000)	2013	2012
Salaries, wages and bonuses	16,831	16,076
Pension and pension insurance payments	2,746	3,069
Other indirect social expenditure	945	1,020
Total	20,521	20,165
Salaries and bonuses for management		
Members of the Board of Directors and the President and CEO	409	523
Itemised in the note 8 to the consolidated financial statements.		
Average number of employees		
Salaried employees	335	319
Non-salaried employees	82	92
Total	417	411

13. DEPRECIATION AND IMPAIRMENT

(EUR 1,000)	2013	2012
Intangible assets		
Intangible rights	170	135
Other capitalised expenditure	1,182	887
Total	1,352	1,022
Tangible assets		
Buildings and structures	219	38
Machinery and equipment	1,048	914
Total	1,267	952
Total	2,619	1,974

14. OTHER OPERATING EXPENSES

(EUR 1,000)	2013	2012
Leases	5,759	4,894
Marketing	12,851	10,299
Other expenses	13,382	12,564
Total	31,992	27,757

15. FINANCIAL INCOME AND EXPENSES

(EUR 1,000)	2013	2012
Other interest and financial income		
From Group companies	114	40
From others	315	684
Total	429	724
Interest and other financial expenses		
Impairment of non-current assets	853	
Impairment of group receivables	4,571	
To others	1,079	1,168
Total	6,504	1,168
Financial income and expenses, total	-6,074	-444
Financial income and expenses include exchange rate differences (net)		
From others	-584	-310
Total	-584	-310

16. APPROPRIATIONS

(EUR 1,000)	2013	2012
Change in depreciation difference	67	-318

17. INCOME TAXES

(EUR 1,000)	2013	2012
Income taxes on operations	259	647
Total	259	647

18. AUDITOR'S FEE

(EUR 1,000)	2013	2012
PricewaterhouseCoopers Oy, Authorised Public Accountants		
Audit	76	72
Other services	5	52
Total	81	124

Key figures of the Group

Per-share key figures

	2013	2012	2011
Earnings per share (EPS), EUR	-0.12	0.14	0.35
Equity per share, EUR	3.34	3.71	4.06
Dividend per share, EUR	*) 0.25	0.25	0.55
Dividend per profit, %	neg.	178.6	157.1
Effective dividend yield, %	2.5	1.8	6.0
P/E ratio	neg.	104.0	28.2
Share issue adjusted average			
number of shares	8,089,610	8,046,252	8,040,000
Share issue adjusted number of shares			
at the end of the period	8,089,610	8,089,610	8,040,000

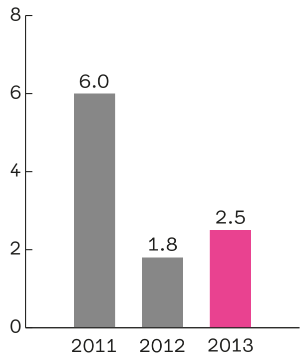
*) The Board of Directors' proposal to the Annual General Meeting.

Key financial figures

	2013	2012	2011
Net sales, EUR 1,000	94,007	88,471	77,442
Change in net sales, %	6.3	14.2	5.7
Operating profit, EUR 1,000	82	2,019	3,528
% of net sales	0.1	2.3	4.6
Financial income, EUR 1,000	67	48	246
Financial expenses, EUR 1,000	-953	-654	-59
Result before taxes, EUR 1,000	-804	1,413	3,715
% of net sales	-0.9	1.6	4.8
Taxes, EUR 1,000	-151	-313	889
Profit after taxes, EUR 1,000	-955	1,100	2,826
Balance sheet total, EUR 1,000	48,648	54,961	48,580
Net working capital, EUR 1,000	15,421	15,103	19,199
Interest-bearing liabilities, EUR 1,000	11,557	12,710	4,944
Shareholders' equity and reserves, EUR 1,000	26,989	29,996	32,663
Return on equity (ROE), %	-3.4	3.5	8.4
Return on investment (ROI), %	-1.1	4.1	11.4
Equity ratio, %	55.5	54.6	67.2
Gearing, %	31.7	32.0	10.2
Gross investments, EUR 1,000	2,353	*) 7,582	9,220
% of net sales	2.5	8.6	11.9
Employee salaries, wages and bonuses, EUR 1,000	21,487	19,646	16,413
Average personnel	526	497	402
Personnel at the end of the financial year	502	535	434

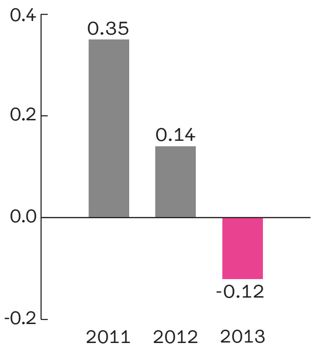
*) Does not include the land of the property of the Helsinki head office and printing factory, which was leased in 2012 under a finance lease agreement and is recorded in tangible assets in the balance sheet.

Effective dividend yield (%)

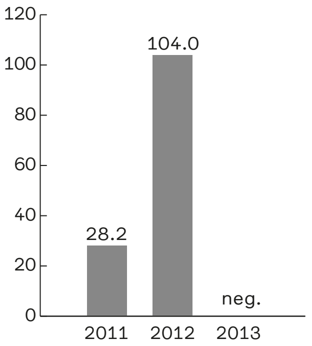


Return on equity (ROE, %)

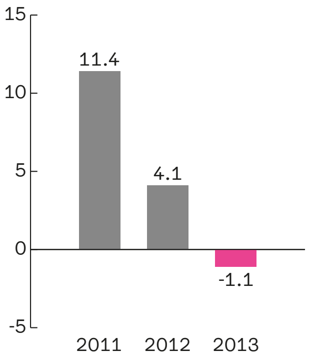
Earnings per share (EUR)



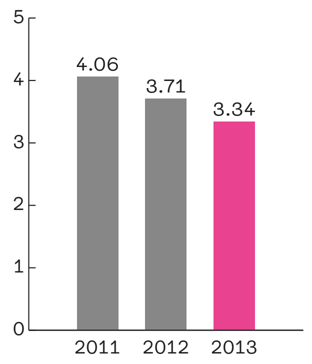
P/E ratio



Return on investment (ROI, %)



Equity per share (EUR)



Formulas for the key figures

RETURN ON EQUITY (ROE), %

$$\frac{\text{Profit before taxes – income taxes}}{\text{Shareholders' equity (average for the financial year)}} \times 100$$

RETURN ON INVESTMENT (ROI), %

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

EQUITY RATIO, %

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

EARNINGS PER SHARE (EPS), EUR

$$\frac{\text{Profit before taxes – income taxes}}{\text{Share issue adjusted average number of shares}}$$

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, %

$$\frac{\text{Dividend per share}}{\text{Earnings per share (EPS), share issue adjusted}} \times 100$$

EFFECTIVE DIVIDEND YIELD, %

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

P/E RATIO

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

NET WORKING CAPITAL, EUR

Inventories + trade and other receivables + current tax assets
– trade and other payables

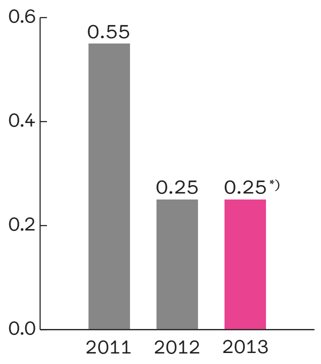
INTEREST-BEARING NET DEBT, EUR

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

GEARING, %

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

Dividend per share (EUR)



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

Share and shareholders

Share
Marimekko Corporation's share is quoted in the Consumer Goods sector of 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 and number of shares
At the end of 2013, Marimekko Corporation's fully paid-up share capital, as recorded in the Trade Register, amounted to EUR 8,040,000, and the number of shares was 8,089,610.

Authorisations
The Annual General Meeting of 17 April 2012 authorised the Board of Directors to decide on a directed offering of shares to the personnel, in deviation from the shareholders' pre-emptive right, in one or more offerings. The total number of new shares to be offered for subscription pursuant to the authorisation may not exceed 150,000 shares, representing approximately 1.9% of the total number of the company's shares. The authorisation includes the right of the Board of Directors to decide on all the other terms of the share issue. The authorisation is in effect for two years from the date of the Annual General Meeting's decision.

In 2012, Marimekko Corporation organised a personnel share offering in which the company's Board of Directors approved subscriptions for a total of 49,610 new shares. The shares subscribed for in the share issue represent a total of 0.61% of the company's shares and the voting rights they confer after the share issue.

At the end of 2013, the Board of Directors had no other valid authorisations to carry out share issues or issue convertible bonds or bonds with warrants, or to acquire or surrender Marimekko shares.

Shareholder agreements
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.

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 2012
A dividend of EUR 0.25 per share to a total of EUR 2,022,403 was paid for 2012 in accordance with the decision of the Annual General Meeting held on 23 April 2013. The dividend was paid out on 7 May 2013.

Proposal for the dividend for 2013
The Board of Directors will propose to the Annual General Meeting that the dividend to be paid for the 2013 financial year be EUR 0.25 per share to a total of EUR 2,022,403. The Board will propose 28 April 2014 as the dividend record date and 7 May 2014 as the dividend payout date.

Shareholders
According to the book-entry register, Marimekko Corporation had 7,424 registered shareholders at the end of 2013. Of the shares, 21.0% were owned by nominee-registered and non-Finnish holders at the year end.

Flaggings
Marimekko did not receive any flagging notifications during 2013.

Management's shareholding
At the end of 2013, members of the Board of Directors and the President and CEO of the company either directly or indirectly owned 1,343,930 shares, i.e. 16.6% of the number and voting rights of the company's shares.

Largest shareholders according to the book-entry register, 31 December 2013

		Number of shares and votes	Percentage of holding and votes
1.	Muotitila Ltd	1,297,700	16.04
2.	Semerca Investments SA	850,377	10.51
3.	Varma Mutual Pension Insurance Company	385,920	4.77
4.	ODIN Finland	344,251	4.26
5.	Veritas Pension Insurance Company	219,000	2.71
6.	Ilmarinen Mutual Pension Insurance Company	215,419	2.66
7.	Keva	197,754	2.44
8.	OP-Finland Small Firm Fund	151,197	1.87
9.	Mutual Fund Tapiola Finland	136,395	1.69
10.	Nordea Nordic Small Cap Fund	101,500	1.25
	Total	3,899,513	48.20
	Nominee-registered and non-Finnish holders	1,701,899	21.04
	Others	2,488,198	30.76
	Total	8,089,610	100.00

Marimekko shares owned directly or indirectly by members of the Board of Directors and the President and CEO, 31 December 2013

	Number of shares and votes	Percentage of holding and votes
Pekka Lundmark	5,000	0.06
Mika Ihamuotila	1 ,297,700	16.04
Elina Björklund	5,000	0.06
Arthur Engel	8,000	0.10
Ami Hasan	23,230	0.29
Joakim Karske	5,000	0.06
Total	1,343,930	16.61

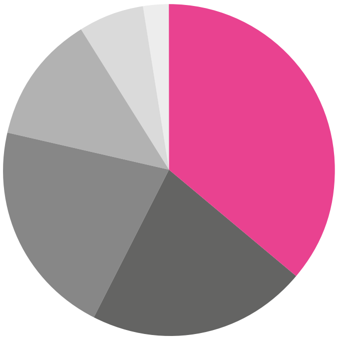
Ownership by size of holding, 31 December 2013

Number of shares	Number of shareholders	%	Number of shares and votes	%
1–100	3,641	49.04	210,371	2.60
101–1,000	3,225	43.44	1,191,449	14.73
1,001–10,000	506	6.82	1,362,501	16.84
10,001–100,000	40	0.54	1,071,441	13.24
100,001–500,000	10	0.13	2,105,771	26.03
500,001–	2	0.03	2,148,077	26.55
Total	7,424	100.00	8,089,610	100.00

Breakdown of ownership by sector, 31 December 2013

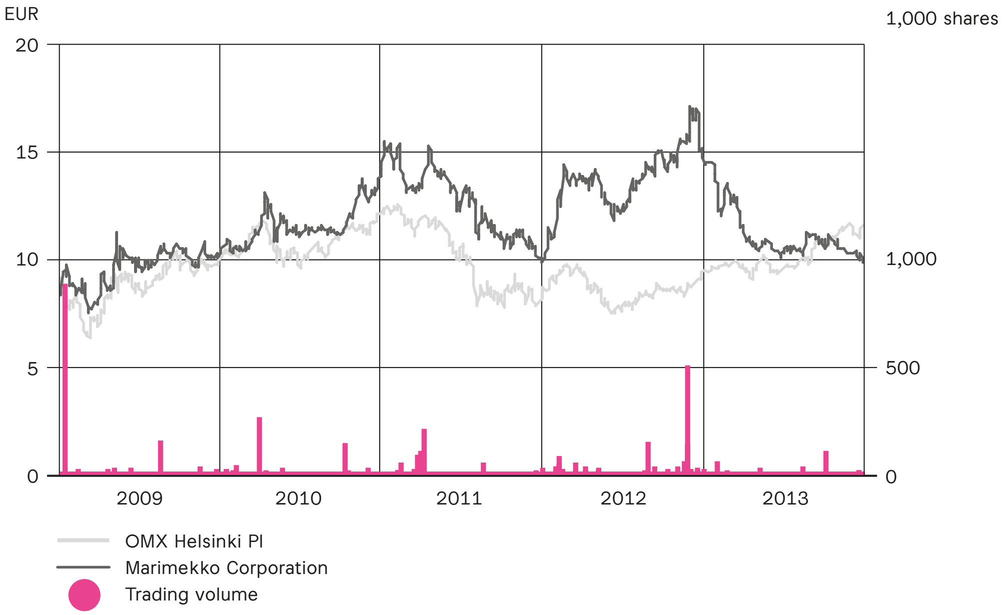
Owner	Number of shares and votes	%
Households	2,924,951	36.16
Financial and insurance corporations	517,051	6.39
Non-financial corporations and housing corporations	1,743,468	21.55
Non-profit institutions	184,148	2.28
General government	1,018,093	12.59
Nominee-registered and non-Finnish holders	1,701,899	21.04
Total	8,089,610	100.00

Breakdown of ownership by sector, 31 December 2013



Households	36.16%
Non-financial corporations and housing corporations	21.55%
Nominee-registered and non-Finnish holders	21.04%
General government	12.59%
Financial and insurance corporations	6.39%
Non-financial corporations and housing corporations	2.28%

Share price trend



Share price trend

	2013	2012	2011
Low, EUR	9.82	9.92	9.62
High, EUR	14.54	17.15	15.90
Average, EUR	11.17	14.48	12.97
Closing price (31 Dec.), EUR	9.85	14.30	9.88

Share turnover and market capitalisation

	2013	2012	2011
Share turnover, no. of shares	760,976	1,788,378	1,103,125
Share turnover, % of the shares outstanding	9.4	22.1	13.7
Market capitalisation, EUR	79,682,659	115,681,423	79,435,200

Share data

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

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

HELSINKI, 4 FEBRUARY 2014

Pekka Lundmark
Chairman of the Board

Mika Ihamuotila
Vice Chairman of the Board
President and CEO

Elina Björklund
Member of the Board

Arthur Engel
Member of the Board

Ami Hasan
Member of the Board

Joakim Karske
Member of the Board

Auditor's 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 year ended 31 December 2013. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, 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 consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view 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 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 express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about 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 or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or whether they have violated the Limited Liability Companies Act or the articles of association of the company.

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, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. 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.

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, 10 March 2014

PricewaterhouseCoopers Oy
Authorised Public Accountants

Kim Karhu
Authorised Public Accountant

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 October 2010, in accordance with the 'comply or explain' principle.

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 every year within six months of the close of the financial year 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 one-tenth 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 on the agenda of a 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 the Meeting.

The Annual General Meeting deliberates on matters set out in Article 10 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. According to 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 a General Meeting through a Notice of the General Meeting published on the company's website not earlier than three months and not later than three weeks before the Meeting, but in any case at least nine days prior to the General Meeting's record date. In addition, the Board of Directors may decide to publish the Notice of the General Meeting in one or more newspapers. The Notice of the General Meeting and the Board's proposals to the General Meeting are also published in a stock exchange release.

The following information is also made available on the company's website at least three weeks before the General Meeting:
- the documents to be submitted to the General Meeting
- draft resolutions to the General Meeting.

Right to attend a General Meeting
Shareholders registered in the company's Shareholder Register, maintained by Euroclear Finland Ltd, on the record date notified separately by the company have the right to attend a General Meeting. Shareholders wishing to attend a General Meeting must inform the company of their intention to do so by the deadline specified in the Notice of the 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 cast 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 a 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 each General Meeting, which, together with voting results and the appendices to the minutes that are part of a decision made by the Meeting, are made available to the shareholders on the company's website within two weeks of the General Meeting. The documents related to the General Meeting will be available on the company's website at least for three months after the Meeting. The company also announces any decisions taken at the General Meeting in a stock exchange release issued 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 and CEO 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 due to particularly compelling reasons. The company's auditor also attends the Meeting.

BOARD OF DIRECTORS

Composition and term of office

The members of Marimekko Corporation's Board of Directors are elected at the Annual General Meeting. The term of office of the Board of Directors expires 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 four and a maximum of seven 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. The company's President and CEO cannot be elected to serve as the Chairman of the Board of Directors.

Members of the Board of Directors

Marimekko Corporation's Annual General Meeting held on 23 April 2013 elected six members to the Board of Directors for a term beginning on 23 April 2013 and ending at the close of the 2014 Annual General Meeting. Elina Björklund, Arthur Engel, Ami Hasan, Mika Ihamuotila, Joakim Karske, and Pekka Lundmark were re-elected as members of the Board of Directors. The Board is chaired by Pekka Lundmark and vice-chaired by Mika Ihamuotila.

The Board members are presented on page 63 and on the company's website under Investors/Management. Up-to-date information about their shareholdings in the company is also available under Investors/ Management.

Independence evaluation

The Corporate Governance Code 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 of the Directors representing this majority shall be independent of significant shareholders of the company. The Board evaluates the independence of its members annually. Among the members of Marimekko Corporation's Board of Directors, Elina Björklund, Arthur Engel, Ami Hasan, Joakim Karske and Pekka Lundmark are independent of the company and its significant shareholders. Mika Ihamuotila assumed the position of President and CEO of Marimekko Corporation in 2008. Muotitila Ltd, a company controlled by Mr Ihamuotila, held 16.04% of Marimekko Corporation's shares and voting rights at the end of 2013.

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 the 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 downsizing 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 and internal control procedures and audit and control systems
- approving the audit plan
- appointing the company's President and CEO and the members of the Management Group and deciding on their remuneration
- providing instructions for the President and CEO.

Since Marimekko does not have a separate audit committee, the Board of Directors is also responsible for the duties of an audit committee. These include the following:

- monitoring the reporting process of financial statements
- supervising the financial reporting process
- monitoring the efficiency of the company's internal control and internal audit, if applicable, and risk management systems
- reviewing the description of the main features of the internal control and risk management systems pertaining to the financial reporting process, which is included in the company's corporate governance statement
- monitoring the statutory audit of the financial statements and

consolidated financial statements
- evaluating the independence of the statutory auditor or audit firm and especially the related services offered to the company
- preparing the proposal for resolution on the election of the auditor.

In 2013, the Board was focusing on e.g. the following subjects:
- development of group strategy as well as confirming strategic objectives for the various business areas
- monitoring risk management especially related to company's growth
- monitoring the challenging market situation, reorganising the Group's operations and adjusting the cost level to the market situation
- reviewing and confirming operating plans and budgets.

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. 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. In 2013, the Board convened nine times. The Board members' attendance rate at meetings was 94%.

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 company's Board, therefore, manages the tasks that would belong to the audit committee.

MANAGEMENT OF THE GROUP

President and CEO
The Board of Directors elects the company's President and CEO and decides on the terms of the President and CEO's employment. The terms are specified in a written contract which is approved by the Board of Directors. The President and CEO is responsible for the day-to-day management and development of the Group in accordance with the instructions and orders of the Board of Directors. The President and CEO is also responsible for keeping the Board up to date with regard to the development of the company's business and financial situation. Mika Ihamuotila has been the company's President and CEO since 2008. The shareholding of the President and CEO in Marimekko is reported on page 51 and on the company's website under Investors/ Management.

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

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 and CEO 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 and business development of the various business areas. The Management Group convenes every two weeks on average. Information on the members is presented on page 63 and on the company's website under Investors/ Management/Management Group.

REMUNERATION

The main objectives of remuneration at Marimekko are to promote the competitiveness and long-term financial success of the company, contribute to the favourable development of shareholder value and increase the commitment of the company's key persons.

Remuneration of the members of the Board of Directors
In accordance with the Articles of Association, the Annual General Meeting decides on the remuneration payable to the Board of Directors. The President and CEO receives no fee for Board membership. Furthermore, the President and CEO receives no fee for the membership of the Board of a Marimekko subsidiary. According to the resolution by the Annual General Meeting 23 April 2013, approximately 40% of the annual remuneration to the Board of Directors in 2013 will be paid in Marimekko Corporation's shares acquired from the market and the rest in cash. The shares will be acquired directly on behalf of the Board members within two weeks from the release of the interim report for 1 January – 31 March 2013 or if this is not possible taken into account the insider rules, as soon as possible thereafter. The Board is not, as a rule, entitled to any other financial benefits in addition to the fixed annual payment. Marimekko has not issued monetary loans to the Board members or guarantees or other contingent liabilities on their behalf.

In 2013, the Annual General Meeting resolved that the annual remuneration payable to the members of the Board be as follows: EUR 30,000 to the Chairman; EUR 20,000 to the other members of the Board, excluding the President and CEO; a total of EUR 110,000. The Board receives no additional fee for attending board meetings.

Remuneration of the President and CEO and other management

The Board of Directors of Marimekko Corporation decides on the salary and remuneration payable to the President and CEO and the members of the Management Group. The remuneration of the President and CEO consists of a regular salary and fringe benefits as well as an annual bonus. The remuneration of the members of the Management Group consists of a regular salary and fringe benefits, an annual bonus, and a bonus payable on the basis of a long-term bonus system.

Under the contract between the company and Mika Ihamuotila, the President and CEO is, in addition to his regular salary, 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 of the Group's net sales, operating profit and the strategic objectives separately determined by the Board. The President and CEO renounced his right to a contributory pension scheme as of 9 February 2012. The retirement age for the President and CEO is determined by the statutory employee pension plan (TyEL). If the President and CEO resigns of his own accord, his term of notice is six months and he is entitled to a remuneration corresponding to his regular salary for six months. If the company terminates the contract, the President and CEO's term of notice is six months and he is entitled to a remuneration corresponding to his regular salary for twelve months.

In 2011, the Board of Directors of Marimekko Corporation agreed on establishing a new long-term bonus system targeted at the company's Management Group. The purpose of the bonus system is to encourage the Management Group to operate with a business mentality and to add to the company's value in the long term in particular. The aim is to combine the owners' and the Management Group's targets in order to increase the company's value and to elicit the Management Group's commitment to the company over a span of several years.

The system is composed of two earning periods, which are 1 January 2011 – 31 October 2014 and 1 January 2011 – 28 February 2015. The possible bonus for each earning period will be based on the total yield on Marimekko Corporation's shares, including dividends. The possible bonus will be paid in cash in two batches, one in autumn 2014 and the other in spring 2015. Earning the bonus requires that the person still works for the company

Fees paid to members of Marimekko's Board of Directors 2012–2013

(EUR 1,000)	Fee for Board work 2013	Fee for Board work 2012	Other financial benefits 2013	Other financial benefits 2012	Total compensation in the financial year 2013*)	Total compensation in the financial year 2012
Pekka Lundmark	30	29	-	-	30	29
Mika Ihamuotila	-	-	-	-	-	-
Elina Björklund	20	19	-	-	20	19
Arthur Engel	20	19	-	-	20	19
Ami Hasan	20	19	-	-	20	19
Joakim Karske	20	19	-	-	20	19
Total	110	105	-	-	110	105

*) Board members received the following numbers of shares as part of their annual fee decided by the Annual General Meeting on 23 April 2013: Chairman of the Board 1,208 shares and other Members of the Board 805 shares. There are no specific rules related to the ownership of the shares received as compensation.

Salaries and bonuses paid to the President and CEO and other management 2012–2013

(EUR 1,000)	Salary 2013	Salary 2012	Bonus-based salary 2013	Bonus-based salary 2012	Personnel share offering 2013	Personnel share offering 2012	Other financial benefits 2013	Other financial benefits 2012	Total compensation in the financial year 2013	Total compensation in the financial year 2012
President and CEO	334	311	75	107	-	-	-	-	409	418
Management Group	541	515	33	56	-	1	-	-	574	573
Total	875	826	108	163	-	1	-	-	983	991

Auditors' fees 2012–2013

(EUR 1,000)	Audit 2013	Audit 2012	Other services 2013	Other services 2012	Total compensation in the financial year 2013	Total compensation in the financial year 2012
PricewaterhouseCoopers Oy	76	72	5	52	81	124
Others	55	31	-	-	55	31
Total	131	103	5	52	136	155

at the time of the payment. When receiving the bonus, the person in question commits themselves to using 50% of the net value of the bonus for acquiring the company's shares at transaction price within six months from receiving the bonus. The shares acquired with the bonus cannot be surrendered prior to two years from the time of acquiring the shares. The annual maximum value of the bonus paid to a member of the Management Group in the bonus system cannot exceed the approximate value of fixed annual salary. The system encompasses the Management Group members excluding the President and CEO, a total of five persons.

AUDIT

According to the Articles of Association, the company must have one auditor and, if the auditor is not an audit firm, 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 23 April 2013 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.

The auditor issues an audit report in connection with the company's financial statements to the Board of Directors and, as required by law, an auditor's report to the shareholders. The auditor is present at the Board meeting where the annual financial statements are reviewed.

INTERNAL CONTROL, RISK MANAGEMENT AND INTERNAL AUDIT

Internal control, risk management and internal auditing are a crucial element of Marimekko's administration and management. The Board of Directors and the President and CEO have responsibility for organising controls.

Risk management and risks
Risk management at Marimekko is based on the Board-approved risk management policy which defines the Group's risk management principles, objectives and responsibilities as well as the organisation and control of the risk management process.

Risk management principles
Marimekko's risk management aims to safeguard the smooth continuity of business and to ensure stable financial performance for the Group. Comprehensive risk management is an ongoing, systematic process where key risks related to the company's operations and business environment are identified and assessed. Key risks are risks that could prevent Marimekko from exploiting business opportunities, or could jeopardise or prevent the achievement of strategic objectives or the continuity of operations for the Group or part of the Group, or could otherwise have serious consequences for the company, its employees or stakeholders. Risk management is an integral part of the company's management and decision-making process and it covers all of the Group's functions.

The report of the Board of Directors on page 10 describes the most significant risks. A more detailed description of Marimekko's risk management process is available on the company's website under Investors/Management/Risk management and risks.

Internal control and internal audit
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 control activities at least once a year. Where necessary, the Board may purchase internal audit services from an external service provider.

Marimekko applies the company's internal control principles and operating plan for the execution and monitoring of internal control. In the Marimekko Group, internal control is defined as a process effected by the Board of Directors, management and all levels of personnel. The objective of internal control is to provide reasonable assurance that:

- the company's operations are effective and aligned with strategy
- financial reporting and management information is reliable
- the Group is in compliance with applicable laws and regulations.

Marimekko's Board of Directors focuses on increasing shareholder value and, in accordance with good corporate governance, ensures that the company has defined internal control principles. The Board of Directors is also responsible for monitoring the efficiency of the company's internal control and risk management.

INSIDER ADMINISTRATION

Marimekko's insider guidelines
Marimekko Corporation's insider guidelines, which have been confirmed by the company's Board of Directors, are based on the insider guidelines issued by NASDAQ OMX Helsinki Ltd, effective as of 9 October 2009. 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 and CEO, 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. The company assesses whether project-specific insider registers are necessary on a case-by-case basis.

The company's insider register, which includes the lists of permanent public insiders, permanent company-specific insiders and project-specific insiders, is maintained in the SIRE register of Euroclear Finland Ltd. Up-to-date information required by law 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 corporate communications is responsible for maintaining the company's insider register and for communicating on insider issues. According to Marimekko Corporation's insider guidelines, permanent insiders, their related parties and corporations controlled by them are permitted to trade in Marimekko's shares during a six-week period after the publication of the company's interim reports and financial statement information. The company announces these publication dates annually in advance in a stock exchange release. The insider guidelines prohibit project-specific insiders from trading in Marimekko shares during the project.

INVESTOR RELATIONS

The Chief Financial Officer is responsible for Marimekko Corporation's investor relations and the content of financial information. Corporate Communications is responsible for the company's stock exchange releases, investor and analyst meeting arrangements and the company's online investor information. Marimekko publishes all of its investor information in Finnish and English.

CORPORATE GOVERNANCE STATEMENT

The corporate governance statement is issued separately from the report of the Board of Directors. It can be found on the company's website under Investors/Management/Corporate governance statement.

Board of Directors and management 31 Dec. 2013

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: Group Executive Vice President of KCI Konecranes, 2004–2005; CEO of Hackman Abp, 2002–2004; Managing Partner of Startupfactory, 2000–2002; several executive positions in Nokia Corporation, 1990–2000; Vice Chairman of the Board of The Federation of Finnish Technology Industries, 2013; Member of the Board and Member of the Board's Remuneration and HR Committee of Valmet Corporation, 2013–

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 Sanoma Corporation, 2013–; Member of the Board of Rovio Entertainment Ltd, 2013–

Elina Björklund born 1970
M.Sc. (Econ.), IDBM Pro
Principal occupation: CEO of Reima Ltd, 2012–

Primary work experience and key positions of trust: Partner and Director of BletBI Advisors (Shanghai, China), 2011– 2012; Vice President Marketing in Fiskars Corporation's Home division and Member of Executive Board, 2009–2010; several executive positions and Member of Executive Board in Iittala Group Ltd, 2005–2009 and Development Manager, 2004–2005; CEO of Ebit Oy, 2001–2004; Debuty Managing Director of Merita Securities Ltd (current Nordea), 1998–1999 and Chief Equity Analyst, 1996–1999; Equity Analyst of Kansallis-Osake-Pankki Equity Research, 1994–1995; Member of the Board of the HSE Foundation, 2013–

Arthur Engel born 1967
Economics degree
Principal occupation: Non-executive Board Portfolio and independent advisor and investor at Hilaritas AB, 2013–

Primary work experience and key positions of trust: CEO of Björn Borg AB, 2008–2013; CEO of GANT Company AB, 2001–2007 and COO, 2000–2001; CEO and several executive positions in Leo Burnett Advertising Agency, 1994–2000; several positions in Statoil Svenska AB, 1991–1994; Member of the Board of Caliroots AB, 2013–; Member of the Advisory Board for Economic studies at the University of Stockholm; Member of the Board of Reliance Brands (Mumbai, India)

Ami Hasan born 1956
Secondary school graduate
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, 2004–; permanent member of the jury for Cresta International Advertising Awards

Joakim Karske born 1963
Master of Arts
Principal occupation: Independent Design Consultant and Advisor, 2013–

Primary work experience and key positions of trust: Nokia Design, Design Strategy & Portfolio Planning, Director, 2009–2013; Nokia Mobile Phones and Vertu, Design Director, 2006–2008; various designer and design management positions: Volvo Strategic Design (Barcelona, Spain), 2001–2005; DaimlerChrysler Advanced Design Centre (Tokyo, Japan), 1999–2001; Mercedes-Benz AG (Stuttgart, Germany), 1998–1999; Volvo Cars (Gothenburg, Sweden) 1995–1998; Member of the Board of Korpinen Oy, 2012–

MANAGEMENT GROUP

Chairman:
Mika Ihamuotila born 1964
President and CEO
Employed by the company since 2007

Members:
Tiina Alahuhta-Kasko born 1981
Marketing
Employed by the company since 2005

Thomas Ekström born 1967
CFO
Employed by the company since 2006

Minna Kemell-Kutvonen born 1969
Design
Employed by the company since 1992

Päivi Lonka born 1962
Sales
Employed by the company since 2004

Niina Nenonen born 1965
Product lines
Employed by the company since 2008

The company announced changes in its management on 5 February 2014. For additional information, see the Report of the Board of Directors, Major events after the close of the financial year on page 9.

More detailed background information on members of the Board of Directors and the Management Group as well as up-to-date information on the holdings of public insiders are provided on the company's website under Investors/Management.

Information for shareholders

Schedule for financial reporting in 2014

– Financial Statements Bulletin 2013, Wednesday, 5 February 2014.
– Financial Statements 2013, week 14 at the latest.
– Interim Reports
  • January–March, Thursday, 8 May 2014
  • January–June, Thursday, 14 August 2014
  • January–September, Thursday, 6 November 2014.

Annual General Meeting

Marimekko Corporation's Annual General Meeting will be held from 2 p.m. onwards on Wednesday, 23 April 2014 at Marimekko Corporation's head office, Puusepänkatu 4, 00880 Helsinki, Finland. Shareholders who have been registered by the Annual General Meeting's record date of 9 April 2014 at the latest in the company's Shareholder Register kept by Euroclear Finland Ltd have the right to attend the Annual General Meeting. The shareholder in whose name the shares are registered is automatically entered in the company's Shareholder Register.

Shareholders who wish to attend the Annual General Meeting must notify the company of their intention to do so before 4 p.m. on 14 April 2014 at the latest:

• by filling in the registration form on the company's website company.marimekko.com under Investors/Annual General Meeting
• by email to yk@marimekko.fi
• by telephone on +358 9 758 7375 (Jaana Raatikainen).

A holder of nominee-registered shares may participate in the Annual General Meeting with those shares under which the holder would be entitled to be registered in the company's Shareholder Register on 9 April 2014. Additionally, participation requires that the holder of nominee-registered shares is temporarily registered in the Shareholder Register no later than 16 April at 10 a.m. Temporary registration in the Shareholder Register shall be deemed to be a registration for the Annual General Meeting. A holder of nominee-registered shares is advised to request necessary instructions regarding the temporary registration in the Shareholder Register, the issuing of proxy documents and registration for the General Meeting from their custodian bank well in advance. The account management organisation of the custodian bank will register a holder of nominee-registered shares, who wants to participate in the Annual General Meeting, to be temporarily entered into the company's Shareholder Register by the above-mentioned date.

Any proxy documents should be sent in original to the company before the registration deadline. Notice of the Annual General Meeting and further information is provided on the company's website under Investors/Annual General Meeting.

Dividends

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.25 per share be paid for 2013. The dividend will be paid to shareholders who are registered on the dividend payout record date of 28 April 2014 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 7 May 2014.

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 silent 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 silent period before the publication of earnings reports.

Analysts

A list of banks and securities brokers that actively follow Marimekko's development is available on the company's website under Investors/Marimekko as an investment/Analysts.

Financial reports

Marimekko Corporation's financial statements and interim reports are published in Finnish and English. Printed financial statements 2013 are available upon request. Interim reports are also sent upon request to the address provided by the subscriber. Financial information is posted on the company's website company.marimekko.com.

To order publications, contact:
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