

Marimekko Corporation, Interim Report, 17 August 2011 at 9.00 a.m.

## MARIMEKKO CORPORATION'S INTERIM REPORT, 1 JANUARY–30 JUNE 2011

*Considering market conditions, the Marimekko Group's net sales rose strongly, by 7 per cent, during the January-June period of 2011. International sales grew especially well, by 24 per cent. Operating result decreased as expected as a result of considerable investments in internationalisation and increased personnel and marketing costs.*

### January to June

- Net sales grew by 7.2% to EUR 34.0 million (EUR 31.8 million)
- International sales rose by 23.5%. Sales grew vigorously in Japan and in Central and Southern Europe.
- Sales in Finland decreased by 0.4%. Excluding the impact of changes implemented in sales areas in the Helsinki stores in 2010 as well as the changes made in the distribution network in accordance with the company's distribution strategy, sales in Finland grew at a good rate of about 3%.
- Operating result amounted to EUR -0.4 million (EUR 1.8 million). Operating result for the period includes a non-recurring expense of EUR 0.2 million related to personnel reductions. Operating result without non-recurring items amounted to EUR -0.3 million (EUR 1.8 million).
- Result after taxes for the period was EUR -0.3 million (EUR 1.4 million).
- Earnings per share were EUR -0.04 (EUR 0.17).
- Investments amounted to EUR 3.2 million (EUR 0.5 million).
- Brand sales\* grew by 23.5% to EUR 79.8 million (EUR 64.6 million).
- In its interim report published on 3 May 2011, the company announced the following outlook: the Marimekko Group's net sales are estimated to grow by roughly 5-10%, but operating profit is forecast to decline by some 40-60% compared with the previous year. The company specifies its full-year estimate for 2011 within the announced range as follows: net sales growth for the Group is expected to be at the bottom end of the range, close to 5%, and the anticipated decline in operating profit is estimated to be at the top end of the range (roughly 50-60% compared with the previous year).

### April to June

- Net sales rose by 6.8% to EUR 16.8 million (EUR 15.7 million).
- Operating result turned negative and amounted to EUR -0.8 million (EUR 0.6 million).

	1-6/2011	1-6/2010	Change, %	1-12/2010
Net sales, EUR 1,000	34,049	31,755	7.2	73,297
Operating result, EUR 1,000	-438	1,811	-124.2	8,169
Operating result without non-recurring items, EUR 1,000	-269	1,811	-114.9	8,169
Result for the period, EUR 1,000	-308	1,363	-122.6	6,072
Earnings per share, EUR	-0.04	0.17	-123.5	0.76
Cash flow from operating activities, EUR 1,000	-2,297	-964		4,559
Return on investment (ROI), %	-2.5	11.8		25.0
Equity ratio, %	71.1	78.9		78.8
Brand sales*, EUR 1,000	79,812	64,615	23.5	149,717
Number of retail stores**	88	81	8.6	84

\* 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. The key figure

is not audited.

\*\* Includes the company's own retail stores, the concept stores, and the Marimekko stores at Crate and Barrel.

Mika Ihamuotila, President and CEO:

"I am pleased that our investments in international growth were clear to see in the first half of the year. Marimekko's net sales grew by 7.2% and international sales by as much as 23.5%. Brand sales were EUR 79.8 million, up 23.5% on the previous year. Sales in Finland decreased by 0.4%. The decline was partly due to changes implemented in sales areas in the Helsinki stores in 2010 as well as changes in the distribution network, made in accordance with our distribution strategy. Excluding the impact of these changes, sales in Finland grew at a good rate of about 3%. It is also good to note that, in the long run, these changes will have a positive effect on our business operations.

Exceptionally strong investments in internationalisation and product development decreased profitability as expected during the first two quarters of the year and caused our operating result to fall to EUR -0.4 million. Increased personnel and marketing expenses also had a negative impact on profitability. We believe, however, that the earnings trend will improve towards the end of the year, when the investments we have made in expansion begin to bear fruit. It should also be borne in mind that, due to the seasonal nature of our business, the major portion of our net sales and earnings are traditionally generated during the last two quarters of the year and that, in the last quarter, a significant share of sales is accounted for by retail sales.

In the next few years, Marimekko's expansion in international markets will focus on North America, Northern Europe and the Asia-Pacific region. Several new Marimekko stores will be opened abroad this autumn. Two weeks ago, we opened our own retail store at Copenhagen Airport. The autumn will also see the opening of our own stores in Stockholm, Oslo and London. In the United States, our own flagship store will be opened on Fifth Avenue in New York at the beginning of October, and two more Marimekko stores will open in Crate and Barrel home furnishings stores later in the autumn, one in Boston and the other in the Miami area. During the second quarter of the year, Crate and Barrel opened Marimekko stores in its stores in San Francisco, Los Angeles, Chicago and New York's Madison Avenue.

We are also actively investigating the possibilities to expand our operations in the Asia-Pacific region. Our objective is to find a local partner in certain markets, who would be responsible for opening Marimekko stores and other distribution of our products, to high-end department stores, for example. This method of operations has brought very positive results in Japan and South Korea; in these countries, 22 Marimekko stores have already been opened. The store openings and investigations taking place this autumn are in line with our previously announced internationalisation strategy."

2011 calendar

The interim report for the January-September period will be published on Thursday, 10 November 2011 at 9 a.m.

For additional information, contact:

Mika Ihamuotila, President and CEO, tel. +358 9 758 71

Thomas Ekström, CFO, tel. +358 9 758 7261

MARIMEKKO CORPORATION  
Group Communications

Piia Pakarinen

Tel. +358 9 758 7293

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

## DISTRIBUTION:

NASDAQ OMX Helsinki Oy

Key media

Marimekko is a Finnish textile and clothing design company renowned for its original prints and colours. The company designs and manufactures high-quality interior decoration items ranging from furnishing fabrics to tableware as well as clothing, bags and other accessories. When Marimekko was founded in 1951, its unparalleled printed fabrics gave it a strong and unique identity. Marimekko products are sold in approximately 40 countries. In 2010, brand sales of Marimekko products worldwide amounted to approximately EUR 150 million and the company's net sales were EUR 73 million. The number of Marimekko stores totalled 84 at the year end. The key markets in 2011 are North America, Northern Europe and the Asia-Pacific region. The Group employs around 390 people. The company's share is quoted on NASDAQ OMX Helsinki Ltd. [www.marimekko.com](http://www.marimekko.com)

## MARIMEKKO CORPORATION'S INTERIM REPORT, 1 JANUARY–30 JUNE 2011

### MARKET SITUATION

The overall uncertainty about the global economy has increased markedly as a result of the debt situation in the US and in the European crisis countries. Although the development of the world economy still remains at a relatively good level, increased uncertainty may affect consumers' purchasing behaviour. Also, buying power is affected by higher inflation.

The Finnish economy developed steadily at the beginning of the summer period. The current situation is close to average, but the outlook is slightly more cautious than before and only a minor increase in growth is expected towards the end of the year. In addition, increased costs burden the profitability of companies. Consumer confidence has weakened as estimates of the development of the Finnish economy have become less optimistic. (Confederation of Finnish Industries EK: Business Tendency Survey, August 2011).

From January to June 2011, the value of retail sales in Finland rose by 3.3% (Statistics Finland: Turnover of trade 2011, June, quick estimate). From January to May 2011, retail sales of clothing (excluding sportswear) grew by 2.0% (Textile and Fashion Industries TMA). Sales of womenswear rose by 2.0% and sales of menswear by 3.6%. Sales of childrenswear fell by 0.9%. Sales of bags rose by 11.4%. In the January-May period of 2011, exports of clothing (SITC 84) rose by 29% and imports by 19%; exports of textiles (SITC 65) grew by 14% and imports by 12% (National Board of Customs, monthly review, May 2011).

### NET SALES

#### January to June

In the January-June period of 2011, the Marimekko Group's net sales rose by 7.2% to EUR 34,049 thousand (EUR 31,755 thousand), thanks to growth in international sales. In Finland, net sales declined by 0.4% to EUR 21,548 thousand (EUR 21,635 thousand). Retail sales in Finland grew by 1.0%, while wholesale sales fell by 2.8%. Retail sales growth slowed partly due to changes implemented in sales areas in the Helsinki stores in 2010. The decline in wholesale sales was attributable to changes in the distribution network, made in accordance with the company's distribution strategy. Excluding the impact of these changes, sales in Finland grew by about 3%. Sales grew vigorously in Japan and in Central and Southern Europe, mainly due to a favourable trend in wholesale sales. New stores opened at the end of 2010 and this year increased sales in these market areas. Sales in North America rose somewhat, by 4.6%. When measured in the invoicing currency (mainly the US dollar), sales in North America showed growth of about 17%. In Scandinavia, sales declined slightly. Overall, international sales grew very well, by 23.5% to EUR 12,501 thousand (EUR 10,120 thousand). International sales represented 36.7% (31.9%) of the Group's net sales. As for brand sales, 48.2% of the sales came from abroad (45.7%).

The breakdown of the Group's net sales by product line was as follows: clothing 38.1%, interior decoration 42.6%, and bags 19.3%. Net sales by market area were: Finland 63.3%, Scandinavia 9.8%, Central and Southern Europe 9.3%, North America 5.0%, and Asia-Pacific 12.6%.

## April to June

In the April-June period of 2011, the Marimekko Group's net sales rose by 6.8% to EUR 16,815 thousand (EUR 15,747 thousand). International sales grew by 35.7% to EUR 5,833 thousand (EUR 4,297 thousand). Sales growth was mainly due to a favourable trend in wholesale sales to Japan and to Central and Southern Europe. The stores opened in Berlin and Malmö at the end of 2010 also contributed to the increase in sales. Net sales in Finland declined by 4.1% to EUR 10,982 thousand (EUR 11,450 thousand). This was due to decline in wholesale sales. On the other hand, retail sales in Finland grew by around 2%.

## REVIEWS BY BUSINESS UNIT

### Clothing

In the January-June period of 2011, net sales of clothing rose by 4.9% to EUR 12,963 thousand (EUR 12,359 thousand). Sales grew markedly in the Asia-Pacific region, partly due to purchases by new concept stores. Sales also rose in Scandinavia and Central and Southern Europe. Sales in other market areas fell. International sales accounted for 30.5% of net sales of clothing.

### Interior decoration

Net sales of interior decoration products increased by 6.0% to EUR 14,507 thousand (EUR 13,687 thousand). The growth came from the Asia-Pacific region and Central and Southern Europe. Purchases by new stores contributed to the growth. Sales in North America increased slightly; in Finland and Scandinavia, sales fell a little. International sales accounted for 41.5% of net sales of interior decoration products.

### Bags

Net sales of bags grew by 15.2% to EUR 6,579 thousand (EUR 5,709 thousand). Sales increased significantly in North America and in Central and Southern Europe. The growth was mainly attributable to initial inventory purchases by new stores. Sales in the Asia-Pacific region also grew well. Sales in Finland rose slightly. Sales in Scandinavia fell instead. International sales accounted for 38.3% of net sales of bags.

### Finland

In the January-June period of 2011, sales in Finland decreased by 0.4% to EUR 21,548 thousand (EUR 21,635 thousand). Marimekko's retail sales, i.e. sales by Marimekko's own retail stores in Finland, rose by 1.0%. Sales growth slowed partly due to changes implemented in sales areas in the Helsinki stores in 2010. Wholesale sales in Finland decreased by 2.8%. The decline was attributable to changes in the distribution network, made in accordance with the company's distribution strategy. Some retailer-owned concept stores will be closed and the company's own retail stores will be opened instead.

### Scandinavia

Sales in Scandinavia (previously "the other Nordic countries") fell by 2.2% to EUR 3,338 thousand (EUR 3,413 thousand). Sales of bags and interior decoration products decreased somewhat. Clothes sales rose slightly. The decline in sales was partly due to the difficult economic situation in Denmark.

### Central and Southern Europe

In Central and Southern Europe (previously "the rest of Europe"), net sales rose to EUR 3,170 thousand, up 31.1% on the previous year (EUR 2,418 thousand). Sales of bags increased strongly. Sales of interior decoration products also grew well; clothing sales rose slightly. The growth was partly accounted for by sales by the retail store opened in Berlin at the end of 2010.

### North America

Net sales in North America rose by 4.6% to EUR 1,691 thousand (EUR 1,617 thousand). When measured in the invoicing currency (mainly the US dollar), sales in North America showed growth of about 17%. Very strong growth was seen in bag sales. Sales of interior decoration products

also grew slightly, while clothing sales fell. Purchases by the shop-in-shops opened in the United States accounted for a significant part of the increase in sales of bags and interior decoration products.

## The Asia-Pacific region

In the Asia-Pacific region (previously "other countries"), net sales rose by 61.0% to EUR 4,302 thousand (EUR 2,672 thousand). Sales of all product lines grew very well. The growth was partly due to the initial purchases by a new concept store opened in Japan in the first quarter of the year as well as to purchases by the concept store opened in Seoul at the end of 2010.

## Production

During the January-June period of 2011, the output of the Herttoniemi textile printing factory increased by 49% compared to the corresponding period of the previous year. The capacity of the factory was fully utilised. In the comparison period, the production volume was reduced by lower-than-normal demand. Increased staff resources and improved production processes also contributed to the rise in output. The production volume of the Sulkava factory decreased slightly on the comparison period; the factory had a good order book. The output of the Kitee factory declined substantially due to changes in the production structure; the capacity of the factory was fully utilised.

## EARNINGS

### January to June

In the January-June period of 2011, the Group's operating result was EUR -438 thousand (EUR 1,811 thousand). Operating result for the period includes a non-recurring expense of EUR 169 thousand related to personnel reductions. Operating result excluding non-recurring items was EUR -269 thousand (EUR 1,811 thousand). Result after taxes was EUR -308 thousand (EUR 1,363 thousand) and earnings per share were EUR -0.04 (EUR 0.17). The result was burdened by considerable investments in developing business operations and the distribution network in the United States. Increased personnel expenses also had a negative impact on profitability. In addition, marketing expenses were substantially higher than in the comparison period: EUR 2,543 thousand (EUR 1,365 thousand), or 7.5% (4.3%) of the Group's net sales. Marketing expenses in the comparison period were exceptionally low, while store openings and different events celebrating the company's anniversary raised marketing costs in the first half of the current year. The result was improved by increased sales in Japan and in Central and Southern Europe.

The Group's depreciation amounted to EUR 916 thousand (EUR 723 thousand), representing 2.7% (2.3%) of net sales. Net financial expenses totalled EUR 17 thousand (net financial income EUR 25 thousand), or 0.1% (0.1%) of net sales.

### April to June

In the April-June period of 2011, the Group's operating result turned negative, amounting to EUR -798 thousand (EUR 558 thousand). Marketing costs were substantially higher than in the comparison period. Marketing expenses in the comparison period were exceptionally low, while store openings and different events celebrating the company's anniversary raised marketing costs in the second quarter of the current year. As expected, profitability was also weakened by considerable investments in developing business operations and the distribution network in the United States as well as a decline in average sales margin.

## INVESTMENTS

The Group's gross investments amounted to EUR 3,152 thousand (EUR 523 thousand), representing 9.3% (1.6%) of net sales. The majority of investments were directed at developing business operations in the United States, at building new store premises and purchasing new equipment and furniture, and at acquiring and improving information systems.

## EQUITY RATIO AND FINANCING

The Group's equity ratio was 71.1% at the end of the period (78.9% on 30 June 2010; 78.8% on 31 December 2010). The ratio of interest-bearing liabilities minus financial assets to shareholders' equity (gearing) was 0.7%, while it was -17.4% at the end of the corresponding period in the previous year.

The Group's financial liabilities stood at EUR 2,391 thousand (EUR 0) at the end of the period. The Group's financial assets at the end of the period amounted to EUR 2,187 thousand (EUR 5,139 thousand).

## SHARES AND SHARE PRICE TREND

### Share capital

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

### Shareholdings

According to the book-entry register, Marimekko had 6,900 (6,749) shareholders at the end of the period. Of the shares, 13.4% were registered in a nominee's name and 15.9% were in foreign ownership. The number of shares owned either directly or indirectly by members of the Board of Directors and the President of the company was 1,150,930, representing 14.3% of the total share capital and of the votes conferred by the company's shares.

The largest shareholders according to the book-entry register on 30 June 2011

		Number of shares and votes	Percentage of holding and votes
1.	Muotitila Ltd	1,127,700	14.03
2.	Semerca Investment Ltd	850,377	10.58
3.	ODIN Finland	403,010	5.01
4.	Varma Mutual Employment Pension Insurance Company	385,920	4.80
5.	Keva	286,987	3.57
6.	Ilmarinen Mutual Pension Insurance Company	265,419	3.30
7.	Veritas Pension Insurance Company	218,402	2.72
8.	Mutual Fund Tapiola Finland	66,395	0.82
9.	Foundation for Economic Education	50,000	0.62
10.	Investment Fund SEB Gyllenberg Small Firm	50,000	0.62
	Total	3,704,210	46.07
	Nominee-registered	1,075,619	13.38
	Others	3,260,171	40.55
	Total	8,040,000	100.00

### Flaggings

SEB Asset Management S.A.'s share of Marimekko Corporation's share capital and voting rights declined to 2.05%, or 164,560 shares, due to a stock loan on 19 April 2011 and reverted to 5.77%, or 464,152 shares, at the termination of the stock loan on 10 May 2011.

### Authorisations

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

### Share trading

During the period under review, a total of 811,101 Marimekko shares were traded, representing

10.1% of the shares outstanding. The total value of Marimekko's share turnover was EUR 11,157,452. The lowest price of the Marimekko share was EUR 11.95, the highest was EUR 15.90 and the average price was EUR 13.88. At the end of the period, the final price of the share was EUR 13.00. The company's market capitalisation on 30 June 2011 was EUR 104,520,000 (EUR 90,530,400 on 30 June 2010; EUR 115,776,000 on 31 December 2010).

## PERSONNEL

During the January-June period of 2011, the number of employees averaged 392 (372). At the end of the period, the Group employed 385 (375) people, of whom 27 (19) worked abroad.

## THE MARKETING DIRECTOR'S SUBSTITUTE

Marimekko's marketing director and member of the Management Group, Malin Groop, went on maternity leave in June 2011. Her substitute will be Tiina Alahuhta-Kasko, Head of PR. The composition of the Management Group remains unchanged.

## RISK MANAGEMENT AND MAJOR RISKS

No significant changes have occurred in the general risk factors since the review presented in the report of the Board of Directors on 7 February 2011 other than the clearly increased general uncertainty about the world economy. The particular risks in the near future are associated with general economic development and the resulting unsteadiness in the operating environment as well as its potential effect on customers' purchasing behaviour and purchasing power in all of the Group's markets. In addition, growth management, changes in raw material and other purchase prices and the rise in the general cost level are emphasised in the risk management of the company. Due to the general uncertainty in the market, the company is also monitoring changes in exchange rates even more carefully. They are, however, not expected to have a significant influence on the financial position of the company. The Group's main invoicing currency is the euro. The other significant invoicing currencies are the Swedish krona and the US dollar. The share of the US dollar of total invoicing will be increasing as a result of investments made in North America.

## RESEARCH AND DEVELOPMENT

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

## THE ENVIRONMENT, HEALTH AND SAFETY

Responsibility for the environment and nature is an integral aspect of Marimekko's business. In environmental matters, the company's business supervision is largely based on legislation and other regulations. Environmental, health and safety issues are reported in the 2010 Annual Report.

## DECISIONS OF THE ANNUAL GENERAL MEETING

The decisions made during Marimekko Corporation's Annual General Meeting are reported in the stock exchange release dated 19 April 2011 and in the interim report dated 3 May 2011.

## INVESTMENT IN A PRINTING MACHINE

On 2 February 2011, Marimekko announced that it will invest in a new printing machine and screen-making equipment in the company's textile printing factory in Helsinki. The value of the investment is approximately EUR 1.5 million. The investment will triple the textile printing factory's output capacity compared to present levels. In 2010, a total of 1.1 million metres of fabric were printed at the factory. The new machinery will be taken into use in October, and the added

capacity will be deployed in stages. The investment will also enable the company to prepare for higher demand in the long term.

## MANAGEMENT GROUP'S LONG-TERM BONUS SYSTEM

The Board of Directors of Marimekko Corporation agreed on 7 February 2011 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 the span of several years. The bonus system is explained in more detail in the financial statement bulletin of 8 February 2011 and in the Annual Report for 2010.

## INTERNATIONAL PROJECTS

Marimekko announced on 4 February 2011 that it was expanding its cooperation with the home furnishings retailer Crate and Barrel. Crate and Barrel plans to open a total of 23 Marimekko shop-in-shops in its stores by the end of the year 2013. In April 2011, Crate and Barrel opened a Marimekko shop on Madison Avenue in New York as well as launched an online shop specialising in Marimekko products within its website. Shops in Chicago, Los Angeles and San Francisco were opened in May.

On 3 March 2011, the company announced that it was building international e-commerce. The first online shop was opened in the United States at the end of June. Online retailing will augment and strengthen Marimekko's existing distribution channels. Next, it is intended to start e-commerce in Finland, currently planned for the beginning of 2012. The investment is valued this year at roughly EUR 1.0 million.

On 18 March 2011, the company announced that it was opening its own flagship store in Manhattan, New York, during the autumn of 2011. The store, with a sales floor area of 350 square metres, will be in one of the busiest blocks in Manhattan's Flatiron District at the intersection of Fifth Avenue and Broadway. The store will open at the beginning of October. The Marimekko showroom that opened in New York last autumn will move in September to larger premises, near to the new shop.

Marimekko North America Retail LLC, a subsidiary established in the United States this year, will manage the operations of the new store and the online shop. The subsidiary founded in 2010, Marimekko North America LLC, will be leading the expansion of Marimekko in the United States.

## MARIMEKKO TUOTANTO OY'S STATUTORY EMPLOYER-EMPLOYEE NEGOTIATIONS

Marimekko Corporation's subsidiary Marimekko Tuotanto Oy announced on 8 March 2011 its intention to reorganise its warehousing operations in the Herttoniemi district of Helsinki and the start of statutory employer-employee negotiations on possible permanent reductions in staffing. The decision to start negotiations was made in the light of the operational changes required by the Marimekko Group's e-commerce project as well as measures aimed at enhancing the general cost-effectiveness of warehousing operations. On 28 April 2011, Marimekko announced that the negotiations had been concluded. Enhancing the efficiency of the warehousing operations and their consolidation in a single location resulted in the elimination of 11 positions. The estimated overall need for permanent reductions in personnel in the negotiation proposal was at most 18 jobs. However, the number of different positions filled by transfers within the Group exceeded original estimates.

## MAJOR EVENTS AFTER THE CLOSE OF THE REVIEW PERIOD

### Merger of subsidiaries

The Board of Directors of Marimekko Corporation has decided to merge the company's fully-owned subsidiaries Marimekko Tuotanto Oy, Marimekko Kitee Oy ja Decembre Oy into the parent company. The merger is executed in order to simplify the group structure and administration as well as to enhance the efficiency of business operations and to save costs.

In the merger, all assets and liabilities of the merging companies will be transferred to the acquiring company Marimekko Corporation without liquidation proceedings. No merger consideration shall be paid to the sole shareholder of the merging companies, i.e. Marimekko Corporation, since the merger is a subsidiary merger. The merger has no implications for personnel. The planned date of registration of the implementation of the merger is 31 December 2011.

## OUTLOOK FOR THE REMAINDER OF 2011

The recently increased uncertainty concerning overall economic development makes it very difficult to forecast market trends and the company's outlook for the remainder of the year. The uncertainty may affect consumers' purchasing behaviour and buying power. Marimekko's sales are anticipated to stay on the growth track for the rest of 2011, and the opening of new stores and other development activities in the distribution network are expected to boost sales especially during the last quarter of the year. International sales are forecast to grow by about 25% in 2011. The sales trend in Finland is expected to be slightly poorer than previously estimated due to changes in the distribution network, which will be made in accordance with the company's distribution strategy. Some retailer-owned concept stores will be closed and Marimekko's own retail shops will be opened instead. In addition, revenues generated from deliveries for individual promotions are expected to be very low, as announced earlier. By cutting down on price-led promotions, the company aims to further improve the average sales margin and the brand's pricing power.

The planned measures and substantial investments in internationalisation, especially in the United States, and in developing business operations and the distribution network are of such magnitude that they will be reflected in a significant growth in fixed costs and continue to burden the operating result considerably during the rest of the year. With these measures and investments, which are exceptionally extensive and of which many occur predominantly during this year, the structure of Marimekko's business is transformed and a more solid foundation for long-term growth and improved profitability is laid. Moreover, increases in the costs of raw materials and in particular the high price of cotton as well as the rise in overall cost levels put the company under pressure to raise prices.

The total investments planned by the Marimekko Group for 2011 are estimated at about EUR 6.5 million instead of the approximately EUR 5 million that was announced earlier. This includes, among others, the roughly EUR 1.5 million investment in machinery for the Helsinki textile printing factory, the roughly EUR 1 million investment in e-commerce, the construction costs for the flagship store and the showroom in New York, and the costs for the other company-owned retail stores to be opened during the autumn.

In its interim report published on 3 May 2011, the company announced the following outlook: the Marimekko Group's net sales are estimated to grow by roughly 5-10%, but operating profit is forecast to decline by some 40-60% compared with the previous year. The company specifies its full-year estimate for 2011 within the announced range as follows: net sales growth for the Group is expected to be at the bottom end of the range, close to 5%, and the anticipated decline in operating profit is estimated to be at the top end of the range (roughly 50-60% compared with the previous year).

Due to the seasonal nature of Marimekko's business, the major portion of the company's net

sales and earnings are traditionally generated during the last two quarters of the year. In the last quarter, a significant share of sales is accounted for by retail sales.

Helsinki, 17 August 2011

MARIMEKKO CORPORATION

Board of Directors

Information presented in the interim report has not been audited.

## APPENDICES

Accounting principles

Consolidated income statement and comprehensive consolidated income statement

Consolidated balance sheet

Consolidated cash flow statement

Consolidated statement of changes in shareholders' equity

Key figures

Consolidated net sales by market area and product line

Segment information

Quarterly trend in net sales and earnings

Accounting principles

This interim report was prepared in accordance with IAS 34: Interim Financial Reporting. The same accounting principles were applied as in the 2010 financial statements.

## FORMULAS FOR THE KEY FIGURES

Earnings per share (EPS), EUR:

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

Equity per share, EUR:

$\text{Shareholders' equity} / \text{Number of shares, 30 June}$

Return on equity (ROE), %:

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

Return on investment (ROI), %:

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

Equity ratio, %

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

Gearing, %:

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

## CONSOLIDATED INCOME STATEMENT

(EUR 1,000)	4-6/2011	4-6/2010	1-6/2011	1-6/2010	1-12/2010
NET SALES	16,815	15,747	34,049	31,755	73,297
Other operating income	0	3	2	10	16
Increase or decrease in inventories of completed and unfinished products	-50	487	-1,981	-1,030	-1,173
Raw materials and consumables	6,301	5,319	14,417	12,809	28,496
Employee benefit expenses	4,947	4,457	9,615	8,673	17,311
Depreciation	496	366	916	723	1,478
Other operating expenses	5,919	4,533	11,522	8,779	19,032
<b>OPERATING RESULT</b>	<b>-798</b>	<b>588</b>	<b>-438</b>	<b>1,811</b>	<b>8,169</b>
Financial income	28	8	41	6	83
Financial expenses	-22	7	-58	19	-29
	6	15	-17	25	54
<b>RESULT BEFORE TAXES</b>	<b>-792</b>	<b>603</b>	<b>-455</b>	<b>1,836</b>	<b>8,223</b>
Income taxes	-200	168	-147	473	2,151
<b>NET RESULT FOR THE PERIOD</b>	<b>-592</b>	<b>435</b>	<b>-308</b>	<b>1,363</b>	<b>6,072</b>
Distribution of net result to equity holders of the parent company	-592	435	-308	1,363	6,072
Basic and diluted earnings per share calculated on the profit/loss attributable to equity holders of the parent company, EUR	-0.07	0.05	-0.04	0.17	0.76

## COMPREHENSIVE CONSOLIDATED INCOME STATEMENT

(EUR 1,000)	4-6/2011	4-6/2010	1-6/2011	1-6/2010	1-12/2010
Net result for the period	-592	435	-308	1,363	6,072
Other comprehensive income					
Change in translation difference	10	1	22	-1	8
<b>COMPREHENSIVE RESULT FOR THE PERIOD</b>	<b>-582</b>	<b>436</b>	<b>-286</b>	<b>1,362</b>	<b>6,080</b>
Distribution of net result to equity holders of the parent company	-582	436	-286	1,362	6,080

## CONSOLIDATED BALANCE SHEET

(EUR 1,000)	30.6.2011	30.6.2010	31.12.2010
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	10,841	9,450	9,390
Intangible assets	1,654	564	869
Available-for-sale financial assets	16	20	16
Deferred tax assets	87	-	-
	12,598	10,034	10,275
CURRENT ASSETS			
Inventories	19,957	16,125	17,172
Trade and other receivables	6,003	6,196	6,437
Current tax assets	896	18	-
Cash and cash equivalents	2,187	5,139	9,667
	29,043	27,478	33,276
ASSETS, TOTAL	41,641	37,512	43,551
SHAREHOLDERS' EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
Share capital	8,040	8,040	8,040
Translation differences	32	1	10
Retained earnings	21,507	21,528	26,237
Shareholders' equity, total	29,579	29,569	34,287
NON-CURRENT LIABILITIES			
Deferred tax liabilities	652	694	651
Financial liabilities	2,391	-	-
	3,043	694	651
CURRENT LIABILITIES			
Trade and other payables	9,019	7,249	8,583
Current tax liabilities	-	-	30
	9,019	7,249	8,613
Liabilities, total	12,062	7,943	9,264
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL	41,641	37,512	43,551

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

## CONSOLIDATED CASH FLOW STATEMENT

(EUR 1,000)	1-6/2011	1-6/2010	1-12/2010
CASH FLOW FROM OPERATING ACTIVITIES			
Net result for the period	-308	1,363	6,072
Adjustments			
Depreciation according to plan	916	723	1,478
Financial income and expenses	17	-25	-54
Taxes	-148	473	2,151
Cash flow before change in working capital	477	2,534	9,647
Change in working capital	-1,980	-1,661	-2,452
Increase (-) / decrease (+) in current non-interest-bearing trade receivables	345	-150	-1,193
Increase (-) / decrease (+) in inventories	-2,784	-896	-1,943
Increase (-) / decrease (+) in current non-interest-bearing liabilities	459	-615	684
Cash flow from operating activities before financial items and taxes	-1,503	873	7,195
Paid interest and payments on other financial expenses	-58	19	-30
Interest received	42	-4	81
Taxes paid	-778	-1,852	-2,687
CASH FLOW FROM OPERATING ACTIVITIES	-2,297	-964	4,559
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in tangible and intangible assets	-3,152	-523	-1,519
CASH FLOW FROM INVESTING ACTIVITIES	-3,152	-523	-1,519
CASH FLOW FROM FINANCING ACTIVITIES			
Long-term loans drawn	2,391	-	-
Dividends paid	-4,422	-3,618	-3,618
CASH FLOW FROM FINANCING ACTIVITIES	-2,031	-3,618	-3,618
Change in cash and cash equivalents	-7,480	-5,106	-578
Cash and cash equivalents at the beginning of the period	9,667	10,245	10,245
Cash and cash equivalents at the end of the period	2,187	5,139	9,667

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(EUR 1,000)	Equity attributable to equity holders of the parent company			
	Share capital	Translation differences	Retained earnings	Shareholders' equity, total
Shareholders' equity 1 Jan. 2010	8,040	2	23,783	31,825
Comprehensive result for the period		-1	1,363	1,362
Dividends paid			-3,618	-3,618
Shareholders' equity 30 June 2010	8,040	1	21,528	29,569
Shareholders' equity 1 Jan. 2011	8,040	10	26,237	34,287
Comprehensive result for the period		22	-308	-286
Dividends paid			-4,422	-4,422
Shareholders' equity 30 June 2011	8,040	32	21,507	29,579

### KEY FIGURES

	1-6/2011	1-6/2010	Change, %	1-12/2010
Earnings per share, EUR	-0.04	0.17		0.76
Equity per share, EUR	3.68	3.68		4.26
Return on equity (ROE), %	-1.93	8.9		18.4
Return on investment (ROI), %	-2.5	11.8		25.0
Equity ratio, %	71.1	78.9		78.8
Gearing, %	0.7	-17.4		-28.2
Gross investments, EUR 1,000	3,152	523		1,519
Gross investments, % of net sales	9.3	1.6		2.1
Contingent liabilities, EUR 1,000	18,569	9,974	86.2	11,147
Average personnel	392	372	5.4	375
Personnel at the end of the period	385	375	2.7	388
Number of shares at the end of the period (1,000)	8,040	8,040		8,040
Number of shares outstanding, average (1,000)	8,040	8,040		8,040

### NET SALES BY MARKET AREA

(EUR 1,000)	4-6/2011	4-6/2010	Change, %	1-6/2011	1-6/2010	Change, %	1-12/2010
Finland	10,982	11,450	-4.1	21,548	21,635	-0.4	51,768
Scandinavia	1,594	1,427	11.7	3,338	3,413	-2.2	7,101
Central and Southern Europe	1,473	975	51.1	3,170	2,418	31.1	5,284
North America	978	885	10.5	1,691	1,617	4.6	3,814
Asia-Pacific	1,788	1,010	77.0	4,302	2,672	61.0	5,330
TOTAL	16,815	15,747	6.8	34,049	31,755	7.2	73,297

## NET SALES BY PRODUCT LINE

(EUR 1,000)	4-6/ 2011	4-6/ 2010	Change, %	1-6/ 2011	1-6/ 2010	Change, %	1-12/ 2010
Clothing	5,988	5,143	16.4	12,963	12,359	4.9	26,384
Interior decoration	7,456	7,398	0.8	14,507	13,687	6.0	34,006
Bags	3,371	3,206	5.1	6,579	5,709	15.2	12,907
<b>TOTAL</b>	<b>16,815</b>	<b>15,747</b>	<b>6.8</b>	<b>34,049</b>	<b>31,755</b>	<b>7.2</b>	<b>73,297</b>

## SEGMENT INFORMATION

(EUR 1,000)	1-6/2011	1-6/2010	Change, %	1-12/2010
Marimekko business				
Net sales	34,049	31,755	7.2	73,297
Operating result	-438	1,811	-124.2	8,169
Assets	41,641	37,512	11.0	43,551

## QUARTERLY TREND IN NET SALES AND EARNINGS

(EUR 1,000)	4-6/2011	1-3/2011	10-12/2010	7-9/2010
Net sales	16,815	17,234	22,074	19,468
Operating result	-798	360	2,188	4,170
Earnings per share, EUR	-0.07	0.04	0.21	0.38
(EUR 1,000)	4-6/2010	1-3/2010	10-12/2009	7-9/2009
Net sales	15,747	16,008	20,719	19,492
Operating result	588	1,223	2,353	2,901
Earnings per share, EUR	0.05	0.12	0.22	0.27