# marimekko®
## ANNUAL REPORT 2005

Marimekko is a leading Finnish textile and clothing design company that was established in 1951. The company designs, manufactures and markets high-quality clothing, interior decoration textiles, bags and other accessories under the Marimekko brand, both in Finland and abroad.

The factors behind Marimekko's success and competitiveness are its business idea that lives with the times, its strong brand, a distinct product concept embodying the company's core philosophy, flexible business operations, and a corporate culture that fosters creativity.

In 2005, the company's net sales amounted to EUR 67.2 million. Exports and income from international operations accounted for 19.4% of the Group's net sales. The company had a payroll of 377 at the end of 2005. Marimekko's share has been quoted on the Helsinki Stock Exchange since 1999.

marimekko®

# ANNUAL REPORT 2005

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”When, in far-off Japan, I first became acquainted with Maija Isola’s Lokki, Kaivo and Melooni fabrics, I was immediately intrigued. What is this Marimekko that creates such fabrics, I asked, and I determined to find out. So I travelled to Finland. I came to Marimekko and here I remained. Marimekko’s printed patterns were the stimulus.”

**Fujiwo Ishimoto,** Spirit&Life, 2001

The first fabric prints Fujiwo Ishimoto designed for Marimekko were launched 30 years ago.

## MARIMEKKO DESIGN IS UNDERSTOOD IN ALL LANGUAGES AND CULTURES

One of the secrets of Marimekko's success has been its desire and ability to communicate across borders. Marimekko design has become a universal language of form that unites different cultures.

### Universal language of form

The language of form speaks to people authentically. Marimekko design nurtures great emotions. This has formed a strong bond between Marimekko and people. The clarity of the patterns and the vibrancy of the colours – their harmonious interplay – have sparked positive feelings that have lasted for generations. All that is valuable for Marimekko can be attributed to design. With its design, Marimekko has spoken a language that crosses boundaries and has made Finnish design well-known the world over.

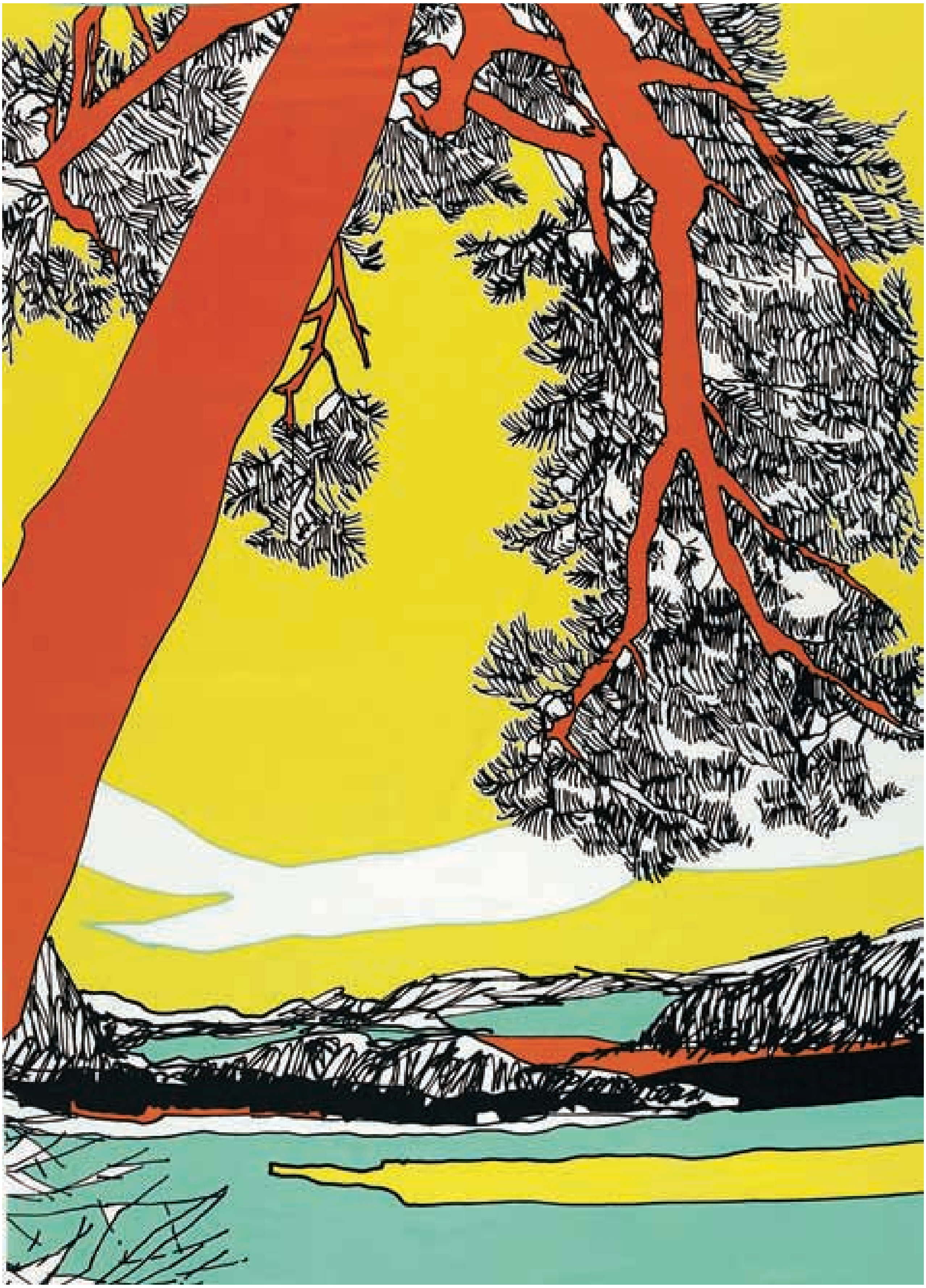
New design enriches Marimekko's language of form. Different cultures endow it with new colours and meanings. Through their works, each designer interprets his or her experiences at this moment, in today's world.

### Values and the company

Marimekko's strength stems from the richness of life, such as nature, which all the people of the world share. Nature is the wellspring of the continuity of life. As a company, Marimekko has been guided by good core values and the realities of life. The right direction has been found by learning – sometimes through trial and error.

### The future

As its business operations grow and become more diverse, a company is faced with many new demands and expectations. Even then, a company must not lose its faith in itself. It must retain its personality, but it must also be receptive. Marimekko's corporate culture has always valued unique creativity, which is latent in some, and bursts out of others. Creativity and boldness are the source of Marimekko's power to revitalise itself. Even though Marimekko has endured difficult periods over the course of its history, the spark of design has never been extinguished in people's minds. Marimekko has strengthened its identity with the language of form.



Maija Louekari's HO-HOI! design was chosen the best fabric pattern of 2005 in the worldwide Elle Deco International Design Awards (EDIDA) competition.

## PRESIDENT'S REVIEW

In the development of its business operations, Marimekko has taken the long view, building a sustainable future. The company's key goal has been not only to safeguard growth and profitability, but also to maintain the value of the company's creative capital. We have succeeded in these aims. The good trend in business operations and the international recognition of Marimekko design have sparked growing interest in our company and brand the world over. This has also boosted growth in the company's market capitalisation.

2005 was a very favourable year for Marimekko. We achieved the key goals we had set for our business operations. Our sales saw growth in almost all markets, and earnings improved significantly. We held on to our strong position in Finland, and sales grew steadily. In export markets, we progressed in line with our strategy and achieved solid growth. We were most successful in the market area referred to as "the other Nordic countries", where sales of all product lines surged. We also maintained solid growth in the United States and the market area referred to as "other countries". Only in the market area referred to as "the rest of Europe" did we fall short of our targets, which was largely due to the slow recovery of consumption demand in Germany.

Our production development progressed according to plans. Thanks to the new printing machine that was brought into use in autumn 2004, the production volume of the Herttoniemi textile printing factory increased by almost 60% on the previous year. In the 2005 financial year, we modernised the product control system and acquired the clothing factory property in Kitee. In 2006, we will focus on technical product development in our printed textile production. By harnessing the state-of-the-art technology of the new printing machine, we seek to broaden our expertise and thus bolster our competitiveness.

We will overhaul our store chain in 2006. We will open two new, 600 m² outlets in Finland, the first in March at the Kamppi Centre in Helsinki, the other in November at IdeaPark in Lempäälä. The new, large premises will provide an impressive showcase for our diverse product range and upgrade operational efficiency. At the end of March 2006, we will also open a retail outlet of our own in Frankfurt, Germany.

During the past few years, we have strengthened distribution both here in Finland and in export markets. In Finland, Marimekko already has quite a broad distribution network comprising its own stores and retailers. Our growth strategy has also been successful in export markets. The strategy is based on expanding distribution channels primarily by increasing the number of Marimekko concept and shop-in-shop outlets established by retailers. Four new concept stores were opened in Finland in 2005: in Espoo, Nokia, Nurmijärvi and Vantaa. The new concept stores abroad are located in the United Arab Emirates (Dubai), Iceland (Reykjavik), Sweden (Malmö) and the United States (Oxford). In 2006, new concept stores and shop-in-shops will be opened in Belgium, Japan, Portugal and Sweden.

In 2005, the most significant new development in exports was the reorganisation of distribution functions in Japan. Under the co-operation agreement we signed in June, the exclusive right to import Marimekko products was transferred to Mitsubishi Corporation and the right to wholesale and retail the products to Look Inc. With the reorganisation, we wished not only to increase sales, but also to streamline distribution and polish the image of the Marimekko brand in Japan. We are delighted with this partnership, which has got off to a good start and represents a major new step in Marimekko's growing international presence.

The outlook for 2006 is bright. We estimate that good trends will continue in Finland and that growth in exports will pick up the pace on the previous year. We have opened channels for Marimekko's international growth. This creates completely new kinds of development opportunities for our company. Going international also ushers in great challenges for Marimekko, which we will have to take into account in our business planning. The general trend in the global economy and the changes in consumption demand in different markets also have a great influence on how we will achieve our goals.

I firmly believe that Marimekko has a good future. However, growth alone must not be an end in itself, if it does not enable the company to realise the values that drive it forward. The value of creative capital can be maintained and accrued only when the company's highest goal is to hold on to innovation and the company's operations are guided by financial objectives that hinge on good profitability.

The past few years have been highly successful for Marimekko. Every Marimekko employee, firmly committed to our shared goals, has contributed to our success. I would like to extend my warmest thanks to Marimekko's fabulous employees, brilliant designers and good customers for the year now ended. I would also like to thank our Board of Directors, retailers, shareholders and all our partners for fruitful co-operation and their confidence in the company.

## 2005 IN BRIEF

Key business goals were achieved.

- Steady growth continued in Finland.
- The company's progress in exports measured up to plans.
  - Good growth in comparable net sales.
  - New concept stores and shop-in-shops were set up.
  - Position in the Japanese market was bolstered by overhauling distribution.
- Earnings improved significantly.
- Solvency remained good.
- Exhibitions provided extensive visibility to Marimekko design in different parts of the world.

**Business trends**

- The Group's net sales grew by 4.1%.
  - Comparable net sales increased by 9.3%.
- Trend in net sales by product line
  - clothing –3.9% (comparable net sales +7.0%)
  - interior decoration +13.3%
  - bags +5.3%.
- Comparable sales by Marimekko's own shops in Finland increased by 7.1%.
- Comparable sales to retailers in Finland were up 7.2%.
- The Group's exports and income from international operations declined by 9.1%.
  - Comparable net sales from exports and international operations grew by 12.6%.
- The Group's earnings per share improved by 40.5%.
- The equity ratio rose to 66.5%.

Figures of Grünstein Product Oy, which was sold in December 2004, have been eliminated from the comparable figures presented in the Annual Report.

**Key figures**

| | 2005 | 2004 | Change, % |
|---|---|---|---|
| Net sales, EUR 1,000 | 67,219 | 64,592 | 4.1 |
| Comparable net sales, EUR 1,000 | 67,219 | 61,486 | 9.3 |
| Share of exports and international operations, % of net sales | 19.4 | 22.2 | |
| Operating profit, EUR 1,000 | 11,413 | 9,129 | 25.0 |
| % of net sales | 17.0 | 14.1 | |
| Profit after taxes, EUR 1,000 | 8,424 | 5,995 | 40.5 |
| % of net sales | 12.5 | 9.3 | |
| Earnings per share, EUR | 1.05 | 0.75 | 40.5 |
| Dividend per share, EUR | *) 0.65 | 0.50 | |
| Return on investment (ROI), % | 43.9 | 35.0 | |
| Return on equity (ROE), % | 38.4 | 28.9 | |
| Equity ratio, % | 66.5 | 60.3 | |
| Personnel at the end of the financial year | 377 | 355 | 6.2 |

*) Proposal by the Board of Directors.
The formulas for the key figures are presented on page 61.

# OBJECTIVES AND STRATEGY

Marimekko's objective is to grow and succeed in the international arena as a Finnish design company that has a strong identity. Business development primarily focuses on organic growth. The brand is built in a controlled manner. When expanding into new product and business areas, the company is committed to its core business idea.

**Key objectives**

- Maintaining a strong market position and steady growth in Finland.
- Expanding exports and international operations by slightly over one-fifth annually compared with the previous year.
- Developing and expanding licensing as an integral part of the company's product and distribution policy.
- Expanding the distribution network, primarily by increasing the number of concept stores and shop-in-shops.

**Strategy**

- Maintaining superior and innovative design expertise as a factor that strengthens competitiveness.
- Honing the product concept and generating added value for the brand.
- Developing and expanding distribution channels that support the brand's image both in Finland and abroad.
- Fostering a corporate culture that values creativity and the expertise of each and every employee.

**Financial objectives**

Ensuring profitable growth

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

Stable dividends policy

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

**Achievement of objectives 2001–2005**

| | FAS 2001 | FAS 2002 | FAS 2003 | IFRS 2004 | IFRS 2005 |
|---|---|---|---|---|---|
| Annual growth in net sales, % | 27.1 | 17.4 | 14.7 | 14.1 | 4.1 |
| Annual growth in comparable net sales, % | 19.4 | 22.6 | 18.0 | 16.1 | 9.3 |
| Operating profit as a share of net sales, % | 11.2 | 13.1 | 15.6 | 14.1 | 17.0 |
| Return on equity (ROE), % | 21.5 | 26.5 | 30.6 | 28.9 | 38.4 |
| Equity ratio, % | 58.3 | 61.1 | 64.5 | 60.3 | 66.5 |
| Dividend per share, EUR | 0.22 | 0.28 | 1.00 | 0.50 | *) 0.65 |
| Dividend per profit, % | 56.5 | 51.8 | 133.0 | 67.1 | *) 62.0 |

*) Proposal by the Board of Directors.

## MARIMEKKO'S BUSINESS OPERATIONS

NET SALES BY MARKET AREA AND PRODUCT LINE

(EUR 1,000)

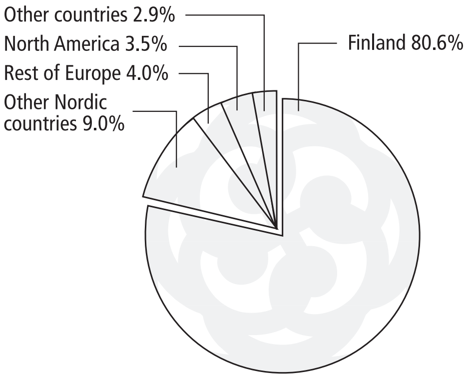
BY MARKET AREA

| | 2005 | 2004 | Change, % |
|---|---|---|---|
| Finland | 54,180 | 50,244 | 7.8 |
| Other Nordic countries | 6,074 | 5,136 | 18.3 |
| Rest of Europe | 2,674 | 5,183 | -48.4 |
| North America | 2,375 | 2,120 | 12.0 |
| Other countries | 1,916 | 1,909 | 0.4 |
| TOTAL | 67,219 | 64,592 | 4.1 |

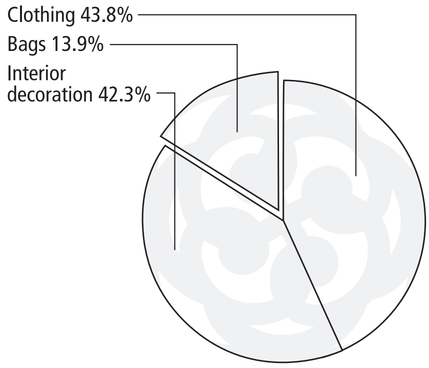
BY PRODUCT LINE

| | 2005 | 2004 | Change, % |
|---|---|---|---|
| Clothing | 29,411 | 30,594 | -3.9 |
| Interior decoration | 28,434 | 25,100 | 13.3 |
| Bags | 9,374 | 8,898 | 5.3 |
| TOTAL | 67,219 | 64,592 | 4.1 |

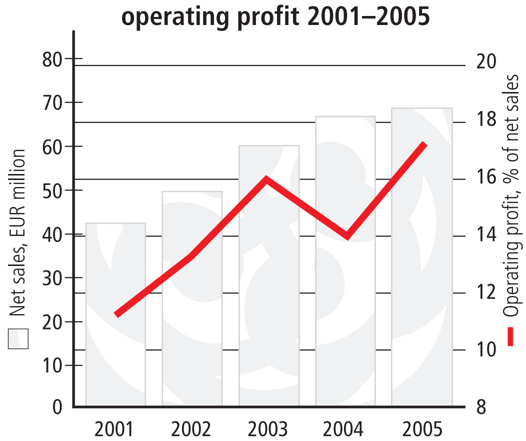
**Net sales by market area 2005**




**Net sales by product line 2005**

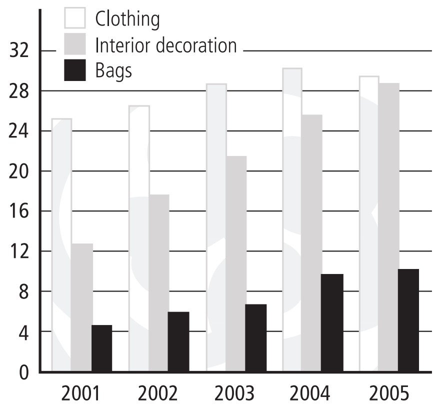



**Trend in net sales and operating profit 2001–2005**




2001–2003 FAS; 2004–2005 IFRS

**Trend in net sales by product line 2001–2005, EUR million**



# CLOTHING

## MARIMEKKO FOLLOWS ITS OWN TREND

Marimekko's ready-to-wear collections represent a trend of their own. The spirit of the day has always been present in their design, but at the same time, passing fads have been avoided. A principle of Marimekko design is that it should not date, but rather brings its users lasting pleasure. Marimekko style is characterised by freedom from strict definitions. The designer's personal vision is expressed in every product. Individuality has made Marimekko an interesting, desirable brand.

Competition in the clothing trade has become even more severe. A successful product must have an appealing design and competitive price, and be of high quality. The lines between seasons have blurred: new products are brought to market at an ever-faster rate. The competitive challenges faced by Marimekko's clothing collections have been taken into account by incorporating both high-volume and small-series products. Good quality and flexibility in manufacture are ensured by maintaining Marimekko's own production and outsourcing to top-tier Finnish and foreign suppliers.

In 2005, Marimekko's comparable net sales of clothing grew by 7.0% to EUR 29.4 million. Exports and income from international operations accounted for 16.0% of the Group's net sales of clothing. The largest export countries were Sweden, the United States, Germany, Norway, Denmark and Iceland.

In Marimekko's clothing collections, classics and seasonal products walk hand-in-hand. Artfully combined patterns, colours and materials link clothing to products in Marimekko's other product lines. The 2006 collections contain quality clothing for different target groups – elegant business and festive outfits as well as relaxed leisurewear. The Jokapoika shirt, which is celebrating its 50th anniversary, holds the place of honour in 2006 and has received new colours and forms in the collections of different designers. New for the autumn is Samu-Jussi Koski's charming collection of children's clothing, which includes high-quality everyday and festive wear for both girls and boys. The designers of the ready-to-wear collections for 2006 are Ritva Falla, Samu-Jussi Koski, Jaana Parkkila, Mika Piirainen, Jukka Rintala and Matti Seppänen.

Supply in the clothing sector is increasing and competition continues to heat up. Winners are brands that can take their place in the market again and again. Marimekko is in a good position to meet the challenges of the market with its profound expertise in design and ability to harness the strength of the whole Marimekko concept in brand building.

## INTERIOR DECORATION

MARIMEKKO SETS THE MOOD IN HOMES AND PUBLIC PREMISES

Printed cotton and linen textiles are Marimekko's main interior decoration products. In addition, the collections include a variety of ready-made goods, such as kitchen and tabletop products, bed linen and bathroom textiles. The collections comprise both classic and seasonal products.

Printed patterns are at the heart of Marimekko interior decoration, and it is around these that Marimekko builds its collections. Products in different collections are co-ordinated so that it is easy to build up harmonious interiors. Thanks to the continuity of basic lines, decoration schemes can easily be complemented with new products.

In recent years, people all over the world have been investing more in living and home comfort. Consequently, Marimekko is well poised to develop its product ranges and strengthen its position in the growing market. In the last few years, sales of Marimekko's interior decoration products have surged both in Finland and abroad. Marimekko design has received wide recognition at many different exhibitions and other events all around the world, which has also boosted the sales trend. In 2005, net sales of Marimekko's interior decoration products grew by 13.3% to EUR 28.4 million. Exports and income from international operations accounted for 21.8% of net sales in the product line. The major countries for exports were Sweden, the United States, Japan, Norway, Denmark and Germany.

The success of Marimekko's interior decoration products is founded on the general appeal of Marimekko design, strong technical and design expertise and excellent product palettes. Many new product groups that generate additional volumes have appeared alongside Marimekko's printed textiles. A coherent Marimekko interior decoration concept has emerged from the many and varied products. In autumn 2005, the concept was rounded out with a new collection of upholstery fabrics. The diversity within collections has also given Marimekko the opportunity to expand the distribution of its products.

Marimekko already has a strong position in the home decoration market. New sales growth is now being sought from public premises. Marimekko has progressed step by step in this area by developing its product range, creating co-ordinating collections and building up the distribution network. Fabric collections have been received extremely well among both interior designers and furniture manufacturers. In autumn 2005, the Italian Company Cassina brought to market a Wink chair upholstered in Marimekko fabric to celebrate the 25th anniversary of the chair, which was designed by the world-renowed designer Toshiyuki Kita. Plenty of worldwide interest has been generated by the Flakes and Chip chairs manufactured by Piiroinen Oy, which feature Marimekko's fabrics pressed into fibreglass.

At the end of 2005, Marimekko launched its "Muotoilu, kohtaa käyttäjä!" ("Design, meet the user!") design competition. The competition is being organised with the Finnish Association of Designers Ornamo and will adhere to their competition regulations. The aim of the competition is to promote good Finnish design by inspiring designers living in Finland to come up with fresh ideas for Marimekko design for both the decoration of homes and public premises.

Marimekko's interior decoration collection for spring 2006 is built around classics and young designers' bold creations. In this fresh collection, summer's flowering nature comes out in all its glorious colour. Fujiwo Ishimoto's first printed textiles came onto the market 30 years ago. To commemorate this, a wonderful anniversary collection of Ishimoto's classic designs will be launched in the spring. Another of spring's interesting newcomers is the collection arising out of co-operation between Kiasma, the advertising agency Taivas Design and Marimekko. The collection is linked to the ARS 06 exhibition at the Kiasma Museum of Contemporary Art in Helsinki and, in addition to interior decoration products, also contains T-shirts and bags. In 2006, Marimekko design will also be widely on display at differently themed exhibitions in countries all around the world, including Belgium, Canada, China, Norway, France and Thailand.

The 2006 interior decoration collections contain works by the following designers: Maija Isola, Kristina Isola, Fujiwo Ishimoto, Anna Danielsson, Nora Fleming, Erja Hirvi, Tina Karvonen, Maija Louekari, Teresa Moorhouse, Tanja Orsjoki, Jukka Rintala, Robert Segal & Alicia Rosauer, Oiva Toikka, Katsuji Wakisaka and Marjaana Virta.

## BAGS

CLASSIC BAGS ARE PERENNIAL FAVOURITES

Marimekko's bag collections comprise both classic and seasonal models. The product line also includes umbrellas featuring Marimekko prints. The fundamental elements of the collections are timeless and distinctive design, quality materials and well-thought-out functional details.

Marimekko bags are manufactured at the company's own bag factory in Sulkava and also outsourced. Marimekko strives to concentrate production primarily in Finland. The majority of classic bags are still manufactured at the company's own factory, where decades of experience in the production of canvas bags guarantees top-quality products.

In 2005, net sales of bags grew by 5.3% to EUR 9.4 million. Exports and income from international operations accounted for 23.0% of net sales. The major countries for exports were Japan, Sweden, the United States, Denmark, Norway and the UK.

The bag collections for 2006 are fresh and varied. Besides classic models, the range includes many printed fabric bags that co-ordinate with Marimekko's clothing and interior decoration collections. With their 1950s prints – Vuokko Nurmesniemi's Piccolo and Maija Isola's Musta tamma – Mika Piirainen's new bags and umbrellas are fine examples of the convergence of modern and classic Marimekko design. The same patterns are repeated in Mika Piirainen's clothing collection. In addition to the casual printed fabric bags and rucksacks that are especially popular with young consumers, the collections include elegant leather bags designed by Ritva Falla and Jaana Parkkila.

The growth outlook for Marimekko's bags remains upbeat. Classic bags have retained their solid popularity and bags that co-ordinate with clothing are still trendy. Growth is also expected in business-to-business sales, as bags and umbrellas are in great demand as business gifts and campaign products.

The 2006 collections contain bags from the following designers: Ritva Falla, Bo Haglund, Samu-Jussi Koski, Jaana Parkkila, Mika Piirainen, Ristomatti Ratia, Jukka Rintala and Marjaana Virta.

## RETAIL SALES

MARIMEKKO'S OWN SHOPS PLAY A VITAL ROLE IN BRAND BUILDING

Marimekko has had shops of its own almost from the outset. As the trade becomes more international and competition heats up, the importance of Marimekko's own shops as a distribution and marketing channel to strengthen the brand is greater than ever. In 2005, Marimekko had 25 shops of its own in Finland, and one in Stockholm, Sweden. The shops' product range and image are based on the coherent Marimekko concept which reflects the Marimekko brand. The shops are situated in key business locations in the largest towns and cities.

Marimekko's strong ties to its customer base are not just due to its beautiful products and successful marketing. Customer loyalty has always been linked to deeper feelings. Confidence in the company has emerged gradually out of all of the values that Marimekko has communicated with its operations, products and service. In building a positive image, the company's own shops have a key role. In 2005, the development of shops focused on enhanced customer service and greater flexibility in day-to-day functions. In the spring, Marimekko revamped its loyal customer programme by bringing to market a new loyal customer card and a Marimekko MasterCard. Thanks to the overhaul, there was a notable rise in the number of subscribers to the loyal customer programme. The renewal of cash register systems in shops got under way at the end of the year.

Marimekko has reorganised its chain of shops in line with its own business targets and general trends in the trade. A policy of controlled growth is adhered to when developing shops. Renewal requirements are evaluated on the basis of business objectives as well as the outlook for growth and trends in the areas. Profitable growth for shops is the underlying objective behind all shop investments.

Annual sales at Marimekko's own shops have grown faster than general trends in retail. In 2005, total sales by Marimekko's own shops amounted to EUR 28.0 million. Comparable sales by shops in Finland grew by 7.1%. The number of customers and the average purchase per shopper both increased slightly.

In 2006, Marimekko will open two new, 600 m² shops in Finland: one in March in the Kamppi shopping centre in Helsinki and the other in November at IdeaPark in Lempäälä. As part of the overhaul, the shops on Eteläesplanadi street and in the Forum shopping centre in Helsinki, as well as the one on Aleksanterinkatu street in Tampere will be closed during 2006. In March 2006, Marimekko will also open a retail outlet in Frankfurt, Germany. The overhaul of the chain of shops adheres to Marimekko's strategy, which aims to boost operational efficiency and enhance the brand.

Retail competition in Finland continues to heat up. An enticing brand, a central location, good customer service and efficient operations are factors on which the success of a shop depends. Marimekko will also focus on strengthening these when developing its own shops.

## DOMESTIC WHOLESALE

INTENSIFIED CO-OPERATION WITH RETAILERS

In addition to its own shops, Marimekko has a retailer network covering the whole of Finland. It includes both department stores and specialist shops. Some of the retailers operate under the full Marimekko concept, while some only specialise in those Marimekko products that are an ideal match for the retailer's own business concept. At the end of 2005, Marimekko had about 140 retailers in Finland, of which just under a quarter were concept shops. Four new concept shops opened during 2005: in Espoo, Nokia, Nurmijärvi and Vantaa. Marimekko's sales to domestic retailers increased by 7.2% in 2005.

A versatile retailer network that is committed to Marimekko's operating philosophy is an important distribution channel for the company. The network is being developed alongside Marimekko's own chain of shops as an integral part of the company's comprehensive distribution policy. The guiding principle is that co-operation is founded on a flexible operational model that supports the objectives that Marimekko and its retailers have set for their respective business operations. Marimekko's retailer network has grown very vigorously in recent years. This growth has been influenced by a broader and more diverse product range and changes that have occurred in the retail structure in Finland.

As competition heats up, management of distribution channels becomes increasingly important. In the coming years, Marimekko will engage in even closer and more well-defined co-operation with current retailers. A core objective is to polish the Marimekko brand profile in all distribution channels. This will be achieved by sharpening up the product concepts offered to different distribution channels and defining common principles. Unified operating methods will ensure healthy competition and a strong position on the market for the Marimekko brand.

## EXPORTS AND INTERNATIONAL OPERATIONS

SEEKING GROWTH IN EXPORTS FROM CONCEPT STORES AND SHOP-IN-SHOPS

In 2005, exports and income from international operations accounted for 19.4% of the Marimekko Group's net sales. Marimekko has subsidiaries in Sweden and Germany. In addition, the company has its own retail shop in Stockholm, Sweden; Marimekko will open its own store in Germany this March. Exports to other countries are handled directly or through local agents and importers. Marimekko also engages in licensed sales abroad.

Marimekko's key goal for the next few years is to achieve annual growth of slightly over one-fifth on the previous year in net sales from exports and international operations. The development of exports has progressed stage by stage: potential growth areas have been explored and resources allocated to their development. In the past few years, the company has focused on solidifying sales in the largest market areas and increasing international awareness of the brand.

In 2005, comparable net sales from exports and international operations grew by 12.6% to EUR 13.0 million. The largest export countries were Sweden, the United States, Japan, Norway, Denmark and Germany. Exports and income from international operations continued to see favourable growth in 2005. The fastest growth was achieved in Scandinavian countries, where sales of all product lines surged. Good growth trends also continued in the United States and the market area referred to as "other countries", in which the major export countries are Japan and Australia. The company only fell clearly short of its objectives in the market area referred to as "the rest of Europe", mainly due to weak consumption demand in Germany. Sales also slackened in the UK.

The growth strategy for exports is based on expanding distribution channels, primarily by stepping up the number of Marimekko concept stores and shop-in-shops set up by retailers. Four new concept stores were opened abroad in 2005: in Dubai, United Arab Emirates, in Reyjavik, Iceland, in Malmö, Sweden, and in Oxford, USA. In June 2005, Marimekko signed a co-operation agreement with the Japanese companies Mitsubishi Corporation and Look Inc. Under the agreement, the exclusive right to import Marimekko products into Japan was transferred to Mitsubishi Corporation and the right to wholesale and retail the products to Look Inc. as from the beginning of 2006. During the next few years, Look Inc. will set up about 15 Marimekko stores in Japan. The first Marimekko shops will open during the present year: in Tokyo in March, in Kyoto and Osaka in April, in Hakata in September and in Nagoya in October-November.

In 2006, new concept stores and shop-in-shops will also be set up in Antwerp, Belgium, in Lisbon, Portugal, and in Gothenburg and Haparanda, Sweden. In Frankfurt, Germany, Marimekko will open a retail shop of its own in March. The store, together with a new showroom, will also serve German retailers by providing them with even better opportunities to acquaint themselves with Marimekko's extensive world of products and concept store idea.

The growth outlook for Marimekko's exports and international operations has improved substantially in recent years. Good product collections, numerous exhibitions and other events around the world, and the company's robust financial development have increased interest in Marimekko. The strategy for developing exports and international operations in the next few years is to keep expanding the distribution network based on concept stores and shop-in-shops as well as to hone the product range and the concept store idea. Marimekko's diverse product range provides good opportunities for setting up alternative models for different types of concept stores.

# LICENSING

LICENSING IS DEVELOPED AS PART OF THE COMPANY'S PRODUCT AND DISTRIBUTION POLICY

Licensing provides Marimekko with a flexible opportunity to expand the use of its designs and brand to new products that naturally fit in with the Marimekko concept. Licensing has been an integral part of Marimekko's operations since the late 1960s. In 2005, Marimekko products were manufactured under license in Denmark, Finland, Japan, the Netherlands and the United States.

In 2005, royalty earnings from sales of licensed products grew slightly compared with the previous year. Very strong growth was seen in Finland. Earnings in Japan and the United States contracted significantly. During the financial year, licensing co-operation was started up with the Finnish company Berner Oy, the Danish company Le Klint A/S, the US company Mara-Mi Inc., and the Dutch companies Fatboy® the original BV and Smead International bv.

In the development of licensing, the focus in recent years has been on strengthening co-operation with existing licensing partners. When expanding into new product areas and markets, Marimekko follows a strategy of controlled growth. The company seeks to concentrate licensing in markets where the brand is already known. Before starting up a new licensing partnership, the company assesses the significance of the project on business operations, both in terms of sales growth and brand value. The licensee is required to have expertise in the design and manufacture of designer products and expected to commit itself to selective distribution which is in line with the Marimekko brand. The aim is good long-term co-operation that generates added value for both the licensee and the Marimekko brand.

Licensing is developed as an integrated part of the company's product and distribution policy. Thus, licensing supports the company's other business operations in the desired manner.

# PRODUCTION AND SOURCING

MARIMEKKO'S OWN TEXTILE PRINTING FACTORY PLAYS AN IMPORTANT PART IN GENERATING DESIGN

Marimekko's own production facilities are located in Finland: a textile printing factory in Helsinki, a clothing factory in Kitee and a bag factory in Sulkava. At the end of 2005, the textile printing factory had 48 employees, the clothing factory 50 and the bag factory 20. Thanks to the new printing machine that went on stream in autumn 2004, production volume at the textile printing factory increased by 59% in 2005. Production volumes at both the clothing and bag factories remained at the levels of the previous year.

Marimekko's collections contain an extensive range of products with varying production methods and volumes. Some of the collections are perennial, others seasonal. Due to sales growth and the expansion of the product range, a significantly larger share of production has been outsourced in recent years. As a Finnish company, Marimekko strives to find Finnish manufacturers for its products in the first instance. Product characteristics, production volumes and delivery times influence the choice of manufacturing location. The majority of Marimekko's foreign suppliers are located in the EU. In 2005, outsourcing from Finnish and foreign suppliers grew in all product lines.

The Herttoniemi textile printing factory is vital for Marimekko's production operations, because the majority of its printed fabrics are manufactured there. Development at the printing factory continued during the 2005 financial year with the aim of making broader use of the new printing machine technology in product development. The product information control system was also modernised during the financial year. The new system brings improvements to both product development processes and production control. At the end of 2005, the company bought the Kitee clothing factory property.

As a consequence of growth and the internationalisation of business operations, greater flexibility will be required in Marimekko's production and logistics. The central goals for the coming years are to develop the company's own existing production, increase outsourcing and improve internal efficiency by revamping operating procedures.

## PERSONNEL

MARIMEKKO SUPPORTS INDIVIDUAL STRENGTHS

Skilled and enthusiastic employees who shoulder their responsibilities are Marimekko's most valuable resource. Personnel well-being is maintained by fostering an open and encouraging corporate culture. At Marimekko, work is based on interaction – mutual learning. By supporting and emphasising individual strengths, the company taps into everyone's best expertise. Thanks to the flat and flexible organisation, employees enjoy a great variety of opportunities for self-improvement on the job and learning new things in different tasks and projects.

Marimekko has a varied and effective orientation programme. It ensures that Marimekko's values and business objectives are quickly adopted by new employees. In addition, the programme introduces them to their colleagues and the operating methods of the working community. Marimekko employees enjoy extensive freedom – but they must also shoulder great responsibilities. Individual and collective responsibility are equally important.

Going international ushers in mounting challenges for Marimekko's business operations, requiring personnel to have new kinds of capabilities and to adapt themselves to changing circumstances. On the other hand, the greater diversity of tasks and operating in the international market provide employees with excellent opportunities to expand their expertise and knowledge of other cultures.

In 2005, the Marimekko Group's number of employees rose by 22. At the end of the financial year, the Group had 377 employees, of whom 237 were salaried and 140 non-salaried employees. Of the Group's personnel, 90.9% were women and 9.1% were men. The average age of employees was 42. Personnel turnover was 6.2%.

## RISK MANAGEMENT

Operative management is responsible for risk management. The Board of Directors supervises risk management. Appropriate insurance policies have been taken out to protect the company against substantial business risks.

### Production and sourcing

In order to ensure delivery reliability and the flexibility of the production structure, Marimekko both manufactures and outsources products. All of the company's own production plants are located in Finland. To balance out production risks, the company uses many subcontractors both in Finland and abroad. Warehousing has been partially outsourced. Due to the greater international scope of operations and sales growth, the significance of purchasing in Marimekko's business operations will grow in the next few years. The company seeks to minimise the potential risks of purchasing by dealing with numerous subcontractors and aiming at long-term co-operation with its partners.

### Financing

The Group's long-term financing has been arranged through the parent company. The financing of subsidiaries is arranged by means of intra-Group loans. The Group's liabilities include both long-term and short-term loans. All the loans are denominated in euros.

The Group operates in international markets and is thus exposed to foreign currency risks due to currency fluctuations. The foreign currency risk primarily comprises sales denominated in foreign currencies. Purchases denominated in foreign currencies reduce foreign currency risks. The most important currency in sales and purchases is the euro. Foreign currency risks mainly involve purchases and sales in the US dollar. The company protects itself against the foreign currency risks of sales by taking exchange rate fluctuations into account when pricing its products. Hedging decisions concerning the Group's currencies are based on estimates of the effects of each currency on the Group's result and balance sheet indicators, long-term cash flow and hedging expenses.

The company seeks to minimise credit loss risks by setting credit limits and actively keeping track of the payment behaviour of customers. The credit risk related to business operations is also reduced with advance payments, bank guarantees and letters of credit.

### Demand and competition

Marimekko operates in a field in which the sales trend is more than usually sensitive to cyclical fluctuations in demand. Competition in the textile and clothing business has tightened strongly in recent years as the supply has grown. Marimekko seeks to meet market challenges by focusing on top-notch design and quality. Marimekko's sales are divided between numerous market areas, which reduces the effects on total sales of any changes in individual markets. The diversity of Marimekko's product range levels off the seasonal variations in sales of individual product groups.

### Key employees

Product design plays a decisive role in Marimekko's business operations. In order to safeguard design continuity, Marimekko employs numerous designers. To discover young new talents, the company works in close co-operation with the field's educational institutions. As the company's business growth increasingly comes from international markets, the key employees of different business areas play a central role. During the next few years, some of the company's key employees will retire. The company seeks to prepare itself for the generation shift.

# SOCIAL RESPONSIBILITY

## Financial responsibility

Marimekko seeks to grow and evolve in a controlled manner, thus ensuring the smooth continuity of its business operations. By keeping its finances on a solid foundation, the company can provide steady returns to its shareholders and fulfil its obligations as a responsible employer.

Marimekko has set clear financial objectives for its business operations. These objectives and their realisation are detailed on page 9. The company aims to follow a stable and active dividends policy. The company's dividends policy is presented on page 71. Information on the company's shares and shareholders is given on pages 71–73.

## Social responsibility

Marimekko's business ethics are based on respecting the individuality of different cultures and people. Quality is important to Marimekko in all its business areas. In its customer relationships, the company aims to engage in long-term, confidential co-operation, to the mutual satisfaction and success of all the parties involved. Marimekko monitors its product supply chains and requires its partners to be socially responsible. In agreements, the parties commit themselves to operating in line with internationally recognised social and ethical norms.

## Culture

Marimekko promotes the development of Finnish design. The company's business concept and competitiveness are based on creative design. Marimekko fosters its strong cultural heritage by engaging in close co-operation with the field's educational institutions and associations. Co-operation includes coaching for students, projects related to the promotion of design, competitions and participation in exhibitions and other design events.

## The environment

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

In December 2005, the company was granted an environmental permit for the Herttoniemi printing factory and its operations. The permit is based on the regulations of the Environmental Protection Act (86/2000) and the Environmental Protection Decree (169/2000). The environmental permit commits the company to taking environmental issues into even closer consideration in its business operations.

## Energy

The company seeks to save energy by developing its production methods, investing in energy-efficient machinery and equipment, and monitoring energy consumption. A study of how to use heat wasted in production to reduce heating energy consumption was started up in September 2005. It is slated for completion in spring 2006.

## Wastes and sorting

Marimekko's production does not generate wastes that can be classified as hazardous or wastes that are detrimental to health. Mixed waste is minimised by recycling, and the wastes that cannot be recycled are sorted. The generation, recycling and sorting of wastes are monitored with reports and statistics on operations. Marimekko attends to the waste recycling of packaging in accordance with Decision 962/97 of the Council of State and the EU Packaging Directive.

## CORPORATE GOVERNANCE

### Applicable provisions

Marimekko Corporation is a Finnish public limited company. The Finnish Companies Act, other regulations concerning public listed companies and Marimekko Corporation's Articles of Association are complied with in its decision-making and administration. In its operations, Marimekko Corporation also complies with the Helsinki Stock Exchange's Guidelines for Insiders, effective as from 1 January 2006, and the Corporate Governance Recommendation for Listed Companies issued by the Helsinki Stock Exchange, the Central Chamber of Commerce and the Confederation of Finnish Industries. The recommendation came into force on 1 July 2004. The principles of corporate governance are published on the company's Internet site.

### Group structure

The Marimekko Group comprises Marimekko Corporation and its subsidiaries.

### General Meeting

Marimekko Corporation's highest decision-making authority is exercised by the company's shareholders at the General Meeting. General Meetings are either Annual or Extraordinary General Meetings. According to the Articles of Association, the Annual General Meeting shall be held annually by the end of June on the day set by the Board of Directors. According to the Articles of Association, the Notice of General Meeting shall be given to shareholders by means of an advertisement in at least one daily newspaper which is published in Helsinki and which has been determined by the Board of Directors, not earlier than two (2) months and not later than seventeen (17) days before the meeting. 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 to do so or when shareholders owning 1/10 of the shares demand, in writing, that a meeting be held to deliberate on a specified matter. Shareholders have the right to have items included in the agenda of the General Meeting, provided they demand, in writing, the Board of Directors to do so early enough that the item can be included in the Notice of Meeting. The Notice of Meeting is usually drafted about four (4) weeks before a General Meeting.

The Annual General Meeting deliberates on the matters that are specified as being the business of Annual General Meetings in Section 12 of the Articles of Association as well as any other possible proposals made to the General Meeting. The company's Board of Directors prepares an agenda for the meeting. As specified in the Companies Act, the Annual General Meeting takes decisions on matters such as:

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

Marimekko Corporation's Articles of Association do not include a redemption clause. The company is not aware of any shareholder agreements concerning the use of voting rights or restrictions on the conveyance of the company's shares.

### Election of Board members and their term of office

The members of Marimekko Corporation's Board of Directors are elected by the Annual General Meeting. Their term of office ends at the conclusion of the next Annual General Meeting. According to the Articles of Association, the Board of Directors shall include a minimum of three and a maximum of five 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. The Board of Directors elects a chairman from amongst its members for a period of a year.

Marimekko Corporation's Annual General Meeting held on 7 April 2005 elected three members to the Board of Directors for a term beginning on 7 April 2005 and ending at the conclusion of the 2006 Annual General Meeting. Mr Kari Miettinen, B.Sc. (Econ.), Authorised Public Accountant, Mr Matti Kavetvuo, M.Sc. (Eng.), B.Sc. (Econ.), and Mrs Kirsti Paakkanen, President, were re-elected as members of the Board of Directors. The Board of Directors elected Kari Miettinen as Chairman of the Board. Of the Board's current three members, Kirsti Paakkanen is Marimekko Corporation's president. Kari Miettinen and Matti Kavetvuo are independent of the company. The number of Marimekko shares owned by Board members is reported on page 72.

### Duties and responsibilities of the Board of Directors

The Board of Directors is responsible for the company's administration and the proper organisation of operations. The duties of Marimekko Corporation's Board of Directors primarily comprise the Board duties specified in the Companies Act and the Articles of Association. All matters that are significant to the company's business operations are deliberated on by the Board. Matters to be handled at Board meetings include:

- specifying and ratifying the company's strategic policies
- deliberating on and approving the annual operating plan and budget
- deliberating on and approving interim reports, the consolidated financial statements and the Board's report
- deciding on investments and the acquisition and sale of assets that are either strategically or financially significant
- deciding on funding-related contingent liabilities
- approving the Group's risk management and reporting procedures
- the election of the president and deciding on the remuneration of the president.

### Meeting procedures and decision-making

The Board of Directors convenes six times a year on average. In 2005, the Board convened six times. The participation rate of Board members in the meetings has been 100%.

### Committees

Due to the small size of its Board of Directors, Marimekko has no separate committees.

### President

The Board of Directors elects the company's president and decides on the terms of the president's employment. The president is responsible for the Group's operative management and development in line with the instructions and regulations laid down by the Board of Directors. Kirsti Paakkanen has served as the company's president since 1991.

### Management group

The company's business operations have been divided into responsibility areas. The persons in charge of them comprise the company's management group. The company's president is the chairman of the management group. The members of the management group are listed on page 70.

### Bonuses and other benefits

In accordance with the Articles of Association, the bonuses of the Board of Directors are set by the Annual General Meeting. In 2005, the Board of Directors was paid a total of EUR 50,000 in annual bonuses. The bonus of the chairman of the Board amounted to EUR 20,000 and the bonus of each Board member to EUR 15,000 per year.

Marimekko Corporation's Board of Directors decides on the president's salary and remuneration. In 2005, the salary paid to Marimekko Corporation's president for attending to the duties of president amounted to EUR 100,000. No agreement has been made with President Kirsti Paakkanen concerning her retirement age.

The company has no share or equity-derivative bonus systems.

## Audit

According to the Articles of Association, the company must have one auditor and, if this auditor is not a firm of auditors, one deputy auditor. The auditor and deputy auditor must be authorised by the Central Chamber of Commerce. The auditors are appointed to their tasks for an indefinite term. Nexia Tilintarkastus Oy, Authorised Public Accountants, is responsible for the auditing of the Marimekko Group and the Group companies, with Seppo Tervo, Authorised Public Accountant, as chief auditor. The company's deputy auditor is Matti Hartikainen, Authorised Public Accountant. In the 2005 financial year, the auditors of the Marimekko Group were paid a total of EUR 42,000 in fees.

## Reporting

The realisation of Marimekko Corporation's financial objectives is monitored by means of financial reporting covering the entire Group. Sales reports are drafted, as applicable, on a daily, weekly and monthly basis. The consolidated result and balance sheet reports are drafted on a monthly basis.

## Supervision and risk management

The Board of Directors supervises and evaluates the sufficiency, appropriateness and effectiveness of the Group's risk management, supervision and administration process. Business operations and asset management are monitored using the abovementioned reports. Appropriate insurance policies have been taken out to protect the company against asset, loss-of-profits and liability risks arising from its business operations.

## Insider administration

Marimekko Corporation's Board of Directors confirmed the company's new insider regulations on 22 December 2005. The regulations comply with the Helsinki Stock Exchange's Guidelines for Insiders, effective as from 1 January 2006. Marimekko's insiders with the duty to declare are the members of the Board of Directors, the president and the auditor as well as the persons responsible for the company's financial reporting, production, exports and communications. Permanent company-specific insiders include the managing directors of the subsidiaries and other persons who by virtue of their duties are designated as company-specific insiders. The need for project-specific insider registers is evaluated on a case-by-case basis.

Marimekko Corporation's insider regulations prohibit insiders with the duty to declare and permanent company-specific insiders as well as their related parties and their controlled corporations from trading in Marimekko shares during the 30-day period preceding the publication of the company's Interim Reports and financial statement information. The person in charge of corporate communications and investor relations is responsible for maintaining the company's insider register and for insider communications. The company's insider register is maintained in Finnish Central Securities Depository Ltd's SIRE register. The shareholdings of Marimekko Corporation's public insiders and their related parties are listed on the company's Internet site under Investors/Share information.

## Investor relations

The management of Marimekko Corporation's investor relations is co-ordinated by the person in charge of corporate communications. Corporate communications is responsible for the company's stock exchange releases, organising meetings with investors and analysts, and the company's online investor information.

Marimekko publishes all its investor information in Finnish and English on the company's Internet site under Investors. The company's printed Annual Report is published in Finnish and English.

# REPORT OF THE BOARD OF DIRECTORS AND THE FINANCIAL STATEMENTS OF MARIMEKKO CORPORATION FOR THE FINANCIAL PERIOD FROM 1 JANUARY TO 31 DECEMBER 2005

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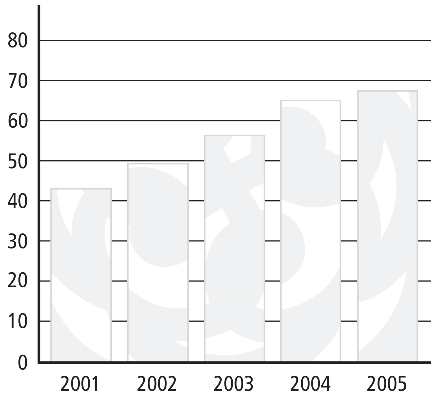
# Report of the Board of Directors

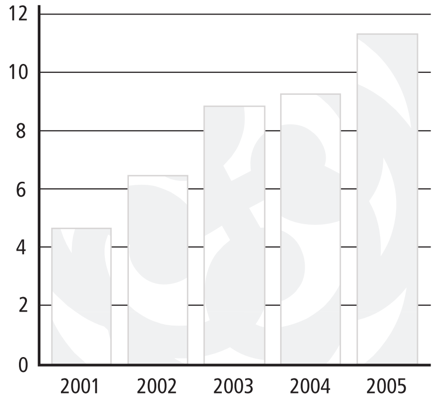
In 2005, the Marimekko Group's net sales rose by 4% to EUR 67.2 million (EUR 64.6 million). In comparable terms, net sales increased by 9% to EUR 67.2 million (EUR 61.5 million). Operating profit improved by 25% and amounted to EUR 11.4 million (EUR 9.1 million). Profit after taxes for the financial year increased by 41% to EUR 8.4 million (EUR 6.0 million). Earnings per share rose to EUR 1.05 (EUR 0.75). The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.65 per share be paid for 2005. In 2006, the Group's net sales are estimated to grow by about 10%, with profitability remaining at a good level.

2005 was a favourable year for Marimekko's business operations. Growth continued in almost all markets, and earnings improved significantly. Sales saw further steady growth in Finland. Good growth trends continued in export markets. The Group's profitability remained solid and the balance sheet strong. The key targets set for business operations were achieved.

**Net sales 2001–2005, EUR million**




**Operating profit 2001–2005, EUR million**




2001–2003 FAS; 2004–2005 IFRS

## General overview

In 2005, growth in the global economy continued. The fastest growth was seen in the United States and Asia. Economic development in the euro zone was still slow but picked up towards the end of the year. In Finland, households' confidence in the development of their own finances remained good and strength growth in consumption demand continued. 2005 was an excellent year for the retail trade in Finland due to an upward trend in purchasing power. Retail sales in Finland exclusive of car sales rose by 2.2% (Federation of Finnish Commerce). In 2005, retail sales of clothing in Finland grew by 6.0%, home textiles by 5.8% and bags by 8.2% (Association of Textile and Footwear Importers and Wholesalers). According to Statistics Finland, clothing production in Finland contracted by 19.4% and textile production by 7.8%. In the January-November period of 2005, exports of clothing (SITC 84) increased by 6.0% and imports by 3.0%. Exports of textiles (SITC 65) declined by 1.0% and imports by 6.0% (National Board of Customs, monthly review, 11/2005).

## Comparable net sales grow in line with estimates

In 2005, the Marimekko Group's net sales rose by 4.1% to EUR 67,219 thousand (EUR 64,592 thousand). In comparable terms, net sales increased by 9.3% to EUR 67,219 thousand (EUR 61,486 thousand). Exports and income from international operations accounted for 19.4% (22.2%) of the Group's net sales. Comparable net sales from exports and international operations increased by 12.6%.

Grünstein Product Oy, which was sold in December 2004, has been eliminated from the comparable figures in this report.

The breakdown of the Group's net sales by product line was as follows: clothing, 43.8%, interior decoration, 42.3%, and bags, 13.9%. Net sales by market area were: Finland, 80.6%, the other Nordic countries, 9.0%, the rest of Europe, 4.0%, North America, 3.5%, and other countries (regions outside Europe and North America), 2.9%.

In 2005, comparable sales in Marimekko's own retail shops in Finland rose by 7.1% (6.9%). Sales by the company's own shops totalled EUR 28,008 thousand (EUR 26,279 thousand). Comparable sales to retailers in Finland increased by 7.2% (27.2%).

## Net sales and earnings in Q4

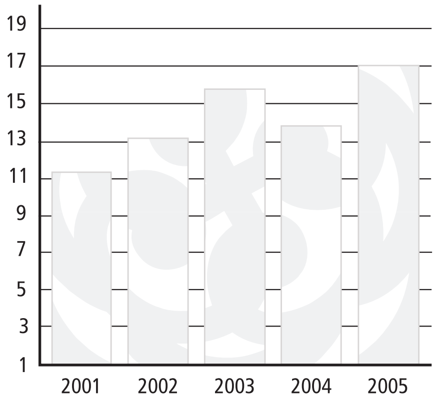
In the October-December period of 2005, the Marimekko Group's comparable net sales rose by 5.3% to EUR 18,753 thousand (EUR 17,814 thousand). Net sales growth was seen in all product lines. The Group's operating profit in the fourth quarter amounted to EUR 3,435 thousand (EUR 2,137 thousand). Earnings per share improved to EUR 0.32 (EUR 0.14). The loss on the divestment of Grünstein Product Oy decreased earnings for the corresponding period of the previous year.

## Reviews by business unit

**Clothing**
In 2005, the Group's net sales of clothing fell by 3.9% to EUR 29,411 thousand (EUR 30,594 thousand). In comparable terms, net sales rose by 7.0% to EUR 29,411 thousand (EUR 27,488 thousand). Sales in Finland continued to grow steadily. Trends in exports varied between market areas. Rapid sales growth was seen in the market areas referred to as "other Nordic countries" and "other countries". In the United States and the market area referred to as "the rest of Europe", sales were down on the previous year. Exports and income from international operations accounted for 16.0% of the Group's net sales of clothing.

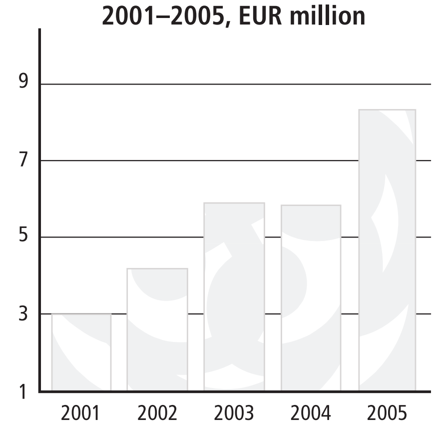
**Interior decoration**
In 2005, net sales of interior decoration products rose by 13.3% to EUR 28,434 thousand (EUR 25,100 thousand). Sales in Finland continued to grow well. Growth on the export markets was slightly faster paced than in Finland. Sales were up in all market areas. In relative terms, the greatest increase in exports and income from international operations was seen in the market area referred to as "other Nordic countries", where sales rose by over 30%. A good rate of growth was maintained in the United States and the market area referred to as "other countries", and favourable development also continued in the market area referred to as "the rest of Europe". Exports and income from international operations accounted for 21.8% of net sales of interior decoration products.

**Operating profit 2001–2005, % of net sales**




2001–2003 FAS; 2004–2005 IFRS

**Profit after taxes 2001–2005, EUR million**




2001–2003 FAS; 2004–2005 IFRS

### Bags

In 2005, sales of bags continued to grow, but at a slower pace than a year earlier. Net sales increased by 5.3% on the previous year and amounted to EUR 9,374 thousand (EUR 8,898 thousand). Trends varied greatly between markets. Growth slowed noticeably in Finland, while sales grew extremely vigorously in the United States. Growth also continued at a good level in the market areas referred to as "other Nordic countries" and "other countries". In the market area referred to as "the rest of Europe", sales declined substantially. Exports and income from international operations accounted for 23.0% of net sales of bags.

### Business gifts and contract sales

Sales of business gifts and contract sales both grew substantially, up 34.5% on the previous year.

### Exports and international operations

In 2005, the Group's exports and income from international operations fell by 9.1% on the previous year to EUR 13,039 thousand (EUR 14,348 thousand). Comparable net sales rose by 12.6% and amounted to EUR 13,039 thousand (EUR 11,583 thousand).

In the market area referred to as "other Nordic countries", sales grew well in all product lines. Comparable net sales rose by 21.9% and amounted to EUR 6,074 thousand (EUR 4,982 thousand). In relative terms, the fastest growth was seen in sales of interior decoration products.

In the market area referred to as "the rest of Europe", sales slackened further. Comparable net sales fell by 5.7% and amounted to EUR 2,674 thousand (EUR 2,837 thousand). Sales of interior decoration products rose slightly, but sales of clothing and bags declined substantially.

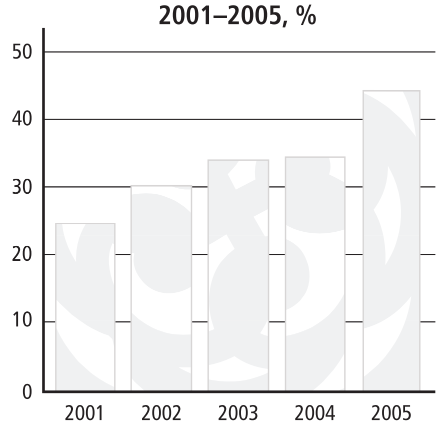
In North America, the Group's comparable net sales from exports and international operations rose by 12.0% to EUR 2,375 thousand (EUR 2,120 thousand). Sales of bags increased especially vigorously and sales of interior decoration products also continued to grow well. Sales of clothing fell slightly.

Sales of all product lines grew well in the market area referred to as "other countries", where Japan and Australia are the most important export markets. Comparable net sales rose by 16.5% and amounted to EUR 1,916 thousand (EUR 1,644 thousand). Particularly strong growth was seen in sales of clothing and interior decoration products, but sales of bags also increased well.

### Licensing

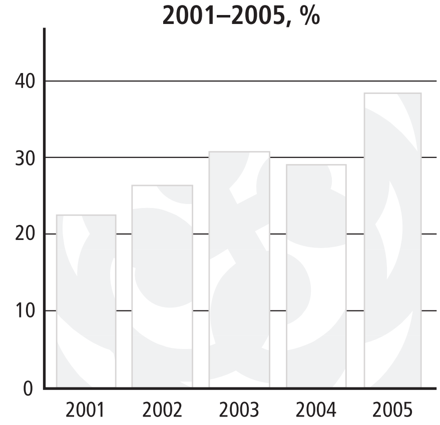
Royalty earnings from sales of licensed products increased slightly in 2005. Growth was extremely buoyant in Finland, but there was a noticeable decline in royalty earnings in Japan and the United States.

**Return on investment (ROI)**
**2001–2005, %**




2001–2003 FAS; 2004–2005 IFRS

**Return on equity (ROE)**
**2001–2005, %**




2001–2003 FAS; 2004–2005 IFRS

**Production**

In the financial period, the production volume of the Herttoniemi textile printing factory increased by 59% on the previous year. Production volumes at the clothing factory in Kitee and the bag factory in Sulkava remained at the same level as in the previous year. A new product information control system was deployed in production operations during 2005. At the end of the financial year, the clothing factory property in Kitee was acquired. Other production investments centred on rationalising the textile printing factory.

## Significant improvement in earnings

The Group's operating profit improved by 25.0% to EUR 11,413 thousand (EUR 9,129 thousand). Operating profit as a percentage of net sales rose to 17.0% (14.1%). Marketing expenses during the financial year amounted to EUR 3,619 thousand (EUR 3,436 thousand), or 5.4% (5.3%) of net sales. The loss on the divestment of Grünstein Product Oy decreased earnings for the previous year.

The Group's depreciation amounted to EUR 919 thousand (EUR 900 thousand), or 1.4% (1.4%) of the Group's net sales. Net financial expenses amounted to EUR 66 thousand (EUR 177 thousand), or 0.1% (0.3%) of the Group's net sales.

The Group's profit after taxes for the financial year increased by 40.5% to EUR 8,424 thousand (EUR 5,995 thousand), representing 12.5% (9.3%) of the Group's net sales. Earnings per share improved by 40.5% to EUR 1.05 (EUR 0.75).

## Investments

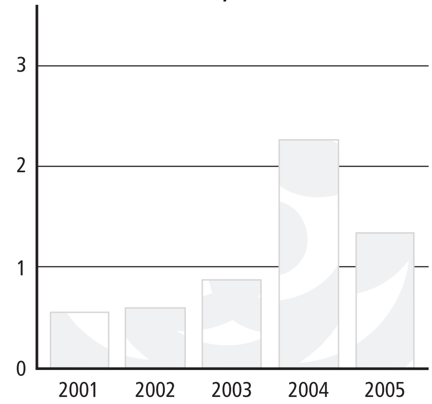
The Group's gross investments during the financial year amounted to EUR 1,361 thousand (EUR 2,234 thousand), representing 2.0% (3.5%) of the Group's net sales. The major investments were made in production machinery for the textile printing factory, and the shop that will open in March 2006 in the Kamppi Centre, Helsinki. Investments in the Kamppi shop have and will be made during both the 2005 and 2006 financial years. Investments in 2005 included the acquisition of the factory property in Kitee. Other investments were focused on the replacement of IT hardware and software.

## Equity ratio and financing

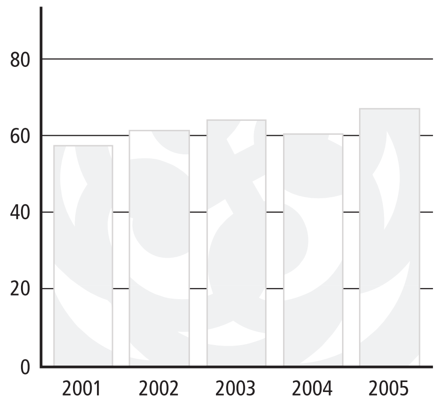
Equity ratio was 66.5% (60.3% on 31 December 2004). The ratio of interest-bearing liabilities minus financial assets to shareholders' equity (gearing) was –15.6%, while it was –13.9% at the end of the previous year.

The Group's financing position and liquidity remained good in the review period. At the end of the financial year, the Group's interest-bearing liabilities amounted to EUR 3,738 thousand (EUR 4,912 thousand). The Group's financing from

**Gross investments 2001–2005, EUR million**




**Equity ratio 2001–2005, %**




2001–2003 FAS; 2004–2005 IFRS

operations was EUR 9,343 thousand (EUR 6,896 thousand). At the end of the financial year, the Group's financial assets amounted to EUR 7,515 thousand (EUR 7,646 thousand).

## Shares and share performance

At the end of the 2005 financial year, the company's paid-in share capital, as recorded in the Trade Register, was EUR 8,040,000 and the total number of shares 8,040,000. The accounting countervalue of a share is one (1) euro.

According to the book-entry register, the company had 4,834 registered shareholders at the end of the financial period. 20.0% of the shares were registered in a nominee's name and 2.2% 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 1,657,500, representing 20.6% of the total votes conferred by the company's shares.

**Flagging notifications**

Workidea Oy's share of Marimekko Corporation's share capital and voting rights declined from 32.28% to 20.00%, or 1,608,000 shares, as a result of a transaction made on 2 September 2005.

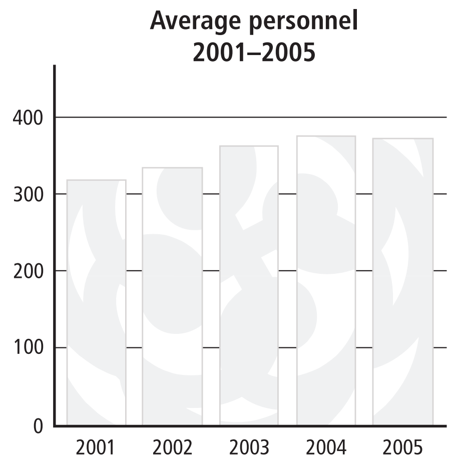
The American company Grantham, Mayo, Van Otterloo & Co. LLC's share of Marimekko Corporation's share capital and voting rights increased to 5.35%, or 430,200 shares, as a result of a transaction made on 2 September 2005.

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

During the financial year, a total of 4,048,319 Marimekko shares were traded, representing 50.4% of the shares outstanding. The total value of Marimekko's share turnover was EUR 64,129,912. In 2005, the lowest price of the Marimekko share was EUR 13.53, the highest was EUR 18.40, and the average price was EUR 15.99. At the end of the financial year, the final price of the share was EUR 16.24. The company's market capitalisation at the end of 2005 was EUR 130,569,600. At the end of 2004, the company's market capitalisation was EUR 118,188,000.

## Personnel

In 2005, the number of Group personnel grew by 22. During the financial year, the number of employees averaged 371 (375). At the end of the year, the Group employed 377 (355) people, of whom 10 (10) worked abroad.



## Board of Directors and auditors

The Annual General Meeting of 7 April 2005 resolved that the company's Board of Directors shall have three members. Mr Kari Miettinen, B.Sc. (Econ.), Authorised Public Accountant, Mr Matti Kavetvuo, M.Sc. (Eng.), B.Sc. (Econ.), and Mrs Kirsti Paakkanen, President, were re-elected as members of the Board of Directors until the end of the next Annual General Meeting. At its organisation meeting held after the Annual General Meeting, the Board of Directors elected Kari Miettinen as Chairman of the Board.

The Annual General Meeting also confirmed that Nexia Tilintarkastus Oy, Authorised Public Accountants, will continue as the company's regular auditor, with Mr Seppo Tervo, Authorised Public Accountant, as chief auditor and Mr Matti Hartikainen, Authorised Public Accountant, as deputy auditor.

## Adoption of IFRS

Marimekko prepared its first financial statements in line with IFRS (International Financial Reporting Standards) for the 2005 financial year. The major impacts of the IFRS transition on the accounting principles applied in the consolidated financial statements as well as the comparative information on 2004 were presented in a bulletin on 3 May 2005. All interim reports for 2005 have been presented using IFRS recognition and measurement principles.

The main changes in Marimekko's financial statements resulting from the transition to IFRS relate to inventories, goodwill, finance leasing as well as deferred tax assets and liabilities. The changeover to IFRS improved Marimekko's net profit for 2004 by EUR 221 thousand. The opening balance sheet dated 1 January 2004 grew by EUR 435 thousand. The balance sheet at 31 December 2004 grew by EUR 730 thousand.

## The Board of Directors' proposal for the dividend for the 2005 financial year

A dividend of EUR 0.50 per share was paid for 2004 to a total of EUR 4,020,000. The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.65 per share be paid for 2005 to a total of EUR 5,226,000. The proposed dividends represent 62.0% of the Group's earnings per share for the financial year. On 31 December 2005, the Group's distributable funds amounted to EUR 14,862,380.29 and the parent company's distributable funds to EUR 13,237,859.91. The Board will propose 11 April 2006 as the dividend record date and 20 April 2006 as the dividend payout date.

## Reorganisation of distribution in Japan

At the end of June 2005, Marimekko signed a co-operation agreement with the Japanese companies Mitsubishi Corporation and Look Inc. Under the agreement, the exclusive right to import Marimekko products into Japan was transferred to Mitsubishi Corporation and the right to distribute and retail the products to Look Inc. as from the beginning of 2006. Look Inc. will set up several Marimekko concept and shop-in-shop outlets in Japan. The first Marimekko shops will open in spring 2006. Licensing co-operation with Nishikawa Sangyo Co. Ltd. will continue.

## Outlook for 2006

Growth in the world economy is expected to continue in 2006, although it will slacken somewhat. Consumption demand in Finland is predicted to increase by slightly over 2.5%. Growth in the United States and Asian countries is anticipated to continue. Demand in the euro zone is expected to pick up (The Research Institute of the Finnish Economy, ETLA, "Suhdanne", 2005/4). On the basis of the cyclical outlook and market situation, the Marimekko Group's net sales for 2006 are estimated to increase by about 10% on the previous year. Profitability is forecast to remain at a good level.

# CONSOLIDATED FINANCIAL STATEMENTS, IFRS

## Consolidated balance sheet

| (EUR 1,000) | | 31 Dec. 2005 | 31 Dec. 2004 |
|---|---|---|---|
| ASSETS | | | |
| NON-CURRENT ASSETS | 1. | | |
| Tangible assets | 1.1 | 8 683 | 8 265 |
| Intangible assets | 1.2 | 359 | 361 |
| Available-for-sale investments | 1.3 | 20 | 20 |
| | | 9 062 | 8 646 |
| CURRENT ASSETS | 2. | | |
| Inventories | 2.1 | 15 598 | 12 885 |
| Trade and other receivables | 2.2 | 4 127 | 3 558 |
| Cash and cash equivalents | 2.3 | 7 515 | 7 646 |
| | | 27 240 | 24 089 |
| ASSETS, TOTAL | | 36 302 | 32 735 |

# Consolidated balance sheet

| (EUR 1,000) | | 31 Dec. 2005 | 31 Dec. 2004 |
|---|---|---|---|
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY | 3. | | |
| Share capital | 3.1 | 8 040 | 8 040 |
| Retained earnings | 3.2 | 16 097 | 11 693 |
| Shareholders' equity, total | | 24 137 | 19 733 |
| NON-CURRENT LIABILITIES | 4. | | |
| Deferred tax liabilities | 4.1 | 567 | 501 |
| Interest-bearing liabilities | 4.2 | 1 842 | 2 942 |
| | | 2 409 | 3 443 |
| CURRENT LIABILITIES | 5. | | |
| Interest-bearing liabilities | 5.1 | 1 896 | 1 970 |
| Tax liabilities | | 358 | 646 |
| Trade and other payables | 5.2 | 7 502 | 6 943 |
| | | 9 756 | 9 559 |
| Liabilities, total | | 12 165 | 13 002 |
| SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL | | 36 302 | 32 735 |

# Consolidated income statement

| (EUR 1,000) | | 1 Jan.–31 Dec. 2005 | 1 Jan.–31 Dec. 2004 |
|---|---|---|---|
| NET SALES | 10. | 67 219 | 64 592 |
| Other operating income | 11. | 47 | 18 |
| Increase or decrease in inventories of completed and unfinished products | | 2 046 | 790 |
| Raw materials and consumables | 12. | 27 208 | 26 320 |
| Employee benefit expenses | 13. | 14 324 | 13 625 |
| Depreciation and impairment | 14. | 919 | 900 |
| Other operating expenses | 15. | 15 448 | 15 426 |
| OPERATING PROFIT | | 11 413 | 9 129 |
| Financial income | 16. | 87 | 51 |
| Financial expenses | 17. | -153 | -228 |
| | | -66 | -177 |
| PROFIT BEFORE TAXES | | 11 347 | 8 952 |
| Income taxes | 18. | 2 923 | 2 957 |
| NET PROFIT FOR THE PERIOD | | 8 424 | 5 995 |
| Distribution | | | |
| To equity owners of the parent company | | 8 424 | 5 995 |
| Earnings per share from profit attributable to equity holders of the parent company, EUR | 19. | 1.05 | 0.75 |

# Consolidated cash flow statement

| (EUR 1,000) | 2005 | 2004 |
|---|---|---|
| CASH FLOW FROM OPERATIONS | | |
| Profit for the period | 8 424 | 5 995 |
| Adjustments | | |
| Depreciation according to plan | 919 | 901 |
| Financial income and expenses | 66 | 177 |
| Taxes | 2 923 | 2 957 |
| Other adjustments | 27 | 731 |
| Cash flow before change in working capital | 12 359 | 10 761 |
| Change in working capital | -2 714 | 331 |
| Cash flow from operations before financial items and taxes | 9 645 | 11 092 |
| Paid interest and payments on other financial expenses | -167 | -250 |
| Dividends received | | 2 |
| Interest received | 97 | 48 |
| Taxes paid | -3 151 | -2 346 |
| CASH FLOW FROM OPERATIONS | 6 424 | 8 546 |
| CASH FLOW FROM INVESTMENTS | | |
| Investments in tangible and intangible assets | -1 361 | -1 344 |
| CASH FLOW FROM INVESTMENTS | -1 361 | -1 344 |
| CASH FLOW FROM FINANCING | | |
| Short-term loans drawn down | 200 | 700 |
| Long-term loans repaid | -1 323 | -653 |
| Finance leasing debts paid | -51 | -113 |
| Dividends paid and other distribution of profit | -4 020 | -8 040 |
| CASH FLOW FROM FINANCING | -5 194 | -8 106 |
| Change in cash and cash equivalents | -131 | -904 |
| Cash and cash equivalents at the beginning of the period | 7 646 | 8 550 |
| Cash and cash equivalents at the end of the period | 7 515 | 7 646 |

# Consolidated statement of changes in shareholders' equity

**(EUR 1,000)**

| | Equity attributable to equity holders of the parent company | | | | |
|---|---|---|---|---|---|
| | **Share capital** | **Translation differences** | **Fair value and other reserves** | **Retained earnings** | **Shareholders' equity, total** |
| Shareholders' equity 31 Dec. 2003 | 8 040 | | | 13 613 | 21 653 |
| Impact of transition to IFRS | | | | 124 | |
| Adjusted shareholders' equity 1 Jan. 2004 | 8 040 | | | 13 737 | 21 777 |
| Net profit for the period | | | | 5 995 | |
| Dividends paid | | | | -8 040 | |
| Shareholders' equity 31 Dec. 2004 | 8 040 | | | 11 693 | 19 733 |
| Adjusted shareholders' equity 1 Jan. 2005 | 8 040 | | | 11 693 | 19 733 |
| Net profit for the period | | | | 8 424 | |
| Dividends paid | | | | -4 020 | |
| Shareholders' equity 31 Dec. 2005 | 8 040 | | | 16 097 | 24 137 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Group profile

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

The Group's parent company is Marimekko Corporation, whose shares are quoted on the Main List of the Helsinki Stock Exchange. 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 from www.marimekko.com and the head office of the Group's parent company at Puusepänkatu 4, 00880 Helsinki, Finland.

## Accounting policy applied in the consolidated financial statement

### Segment reporting

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

The Group's secondary segment is geographical, and is divided into Finland and other countries. The risks and profitability of the products and services of geographical segments differ from those of the products and services of segments operating in different types of economic environments. The net sales of geographical segments are disclosed in accordance with customer location, and assets in accordance with asset location. Inter-segment pricing is set at fair market value.

### Accounting policy

These are the Group's first financial statements drafted in accordance with International Financial Reporting Standards. The financial statements have been drawn up in compliance with the IAS and IFRS standards in force as at 31 December 2005 as well as the SIC and IFRIC interpretations. 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 community legislation.

### Transition to IFRS

Marimekko adopted International Financial Reporting Standards (IFRS) in 2005, applying the standard IFRS 1 *First Time Adoption of International Financial Reporting Standards*. The transition date is 1 January 2004, with the exception of standards IAS 32 *Financial Instruments: Disclosure and Presentation* and IAS 39 *Financial Instruments: Recognition and Measurement*. In respect of these standards, the Marimekko Group does not have to draft comparison information for 2004 due to the application in the 2005 financial statements of the amendment to IAS 39 that was made in March 2004. Therefore, Finnish Accounting Standards have been applied in the presentation of the comparison information for 2004 in the case of the presentation of financial instruments in the scope of IAS 32 and 39.

The Group released its IFRS comparison information on 2004 and the effects of the IFRS transition on 3 May 2005. Interim reports in 2005 have been drafted in accordance with IFRS measurement and accounting policies. Differences arising from the transition to IFRS are presented in the reconciliation statements, which are included in note 21. Comparison information on 2004 has been adjusted to correspond to IFRS, with the exception of financial instruments.

### Principles of consolidation

Marimekko's consolidated financial statements are based on the separate financial statements 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, or in which the Group holds more than half of the voting rights. Intra-Group share ownership has been eliminated using the acquisition cost method. Internal transactions, internal margins included in inventories and tangible assets, intercompany receivables and liabilities and internal distribution of profit have been eliminated.

### Changes in the group structure

No acquisitions or divestments were carried out in 2005. Marimekko sold all the shares in Grünstein Product Oy in December 2004. The transaction caused a loss of EUR 1.2 million for the Group.

### Foreign currency transactions

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.

The foreign-currency-denominated receivables and liabilities of the parent company and Finnnish subsidiaries have been converted to euro amounts using the average 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 revenue recognition of licensing and royalty income is handled in accordance with the substance of the agreement. In the calculation of net sales, sales proceeds are adjusted with indirect taxes and sales adjusting items. The distribution costs of products sold are recognised in other operating expenses in the income statement.

## Income taxes

Taxes on the Group companies' financial results for the period, taxes from previous periods and the change in deferred taxes are recorded as the Group's taxes. Taxes on the taxable income for the period are calculated on taxable income in accordance with the tax rate in force in the country in question. Deferred taxes are calculated on all temporary differences between the carrying amount and the taxable value. The largest temporary differences are due to the amortisation of fixed assets. Deferred taxes have been calculated using the tax rates set by the closing date. Deferred tax assets are recorded only if they are likely to materialise.

## Intangible assets

Intangible assets are recognised in the balance sheet at original cost less depreciation according to plan. Depreciation of intangible assets is based on their estimated useful life.

| Depreciation periods of intangible assets: | |
|---|---|
| Intangible rights | 5–10 years |
| Other capitalised expenditure | 3–10 years |

The major intangible asset items are trademarks and software. Research and development expenditure is recognised in the income statement during the year incurred.

## Tangible assets

Tangible assets are recorded in the balance sheet at original cost less depreciation according to plan. The depreciation according to plan of tangible assets has been calculated on straight-line basis according to the estimated useful life of the assets.

| Depreciation periods of tangible assets: | |
|---|---|
| Buildings and structures | 40 years |
| Machinery and equipment | 3–15 years |

The maintenance and repair costs of buildings, machinery and equipment are generally expensed in the year incurred. Large basic improvement expenditure may be capitalised and depreciated over its period of economic effect if it will in all likelihood generate financial benefits for the company in excess of the previously estimated performance level of said asset.

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

## 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 carrying amount 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.

## Derivative contracts

The Group does not have any derivative contracts.

## Investments

The company has classified its investments as available-for-sale investments and they are measured at fair value.

## Lease agreements

Lease agreements concerning tangible assets in which the Group is transferred a material share of the risks and rewards incident to ownership are classified as finance lease agreements. Assets leased under finance lease agreements are recorded in tangible assets less accumulated depreciation, and lease commitments are included in other interest-bearing liabilities. 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 expensed in the income statement on a straight-line basis over the lease period.

## Inventories

Inventories are presented in accordance with the FIFO principle at the acquisition cost or at the lower replacement cost or the probable market price. 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.

## Trade receivables

Trade and other receivables are recorded at original cost. The amount of doubtful debts is estimated on the basis of the risk of individual items. Credit losses are expensed in the income statement when there is valid evidence indicating that the Group will not get all its receivables under the original terms.

## Cash and cash equivalents

Cash and cash equivalents include cash in hand and at banks and mature in less than three months.

## Interest-bearing liabilities

Interest-bearing liabilities are recognised in the balance sheet at cost. Transaction costs have been expensed.

## Employee benefits

**Pension commitments**
The pension security of the personnel of the Group's Finnish companies is arranged under the Finnish statutory employee pension plan (TEL) through an external pension insurance company. Foreign subsidiaries have arranged pensions for their personnel in accordance with local legislation. All of the Group's pension schemes are defined contribution schemes, for which payments are expensed in the income statement in the period in which they occur.

**Share-based payments**
The Group does not have any share option schemes.

## Provisions

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

## Dividends

The Board of Directors' dividend payout proposal is not booked in the financial statements; dividends are recorded on the basis of a decision by the Annual General Meeting.

## Use of estimates

When consolidated financial statements are prepared in accordance with IFRS, the management of the company must make estimates and assumptions that have an effect on the amounts of assets and liabilities in the balance sheet, the presentation of contingent liabilities and assets, if any, in the financial statements, and the amounts of income and expenses reported for the financial period. The actual figures may deviate from these estimates.

## Earnings per share

Earnings per share are calculated by dividing the result for the period by the average number of shares during the period in question.

## Use of standards

The following standards and their interpretations are not applicable due to the nature of the Group's business operations and transactions:

IFRS 2
IFRS 4
IFRS 5
IAS 11
IAS 26
IAS 29
IAS 30
IAS 31
IAS 41

IASB's amendment to IAS 39 that was released in 2004 will be adopted in 2006. The Group estimates that the adoption of the amended standard will not have a material effect on future financial statements.

Standard IFRS 7, released by IASB in 2005, will be adopted in 2007. It will primarily affect the notes to the consolidated financial statements.

# Notes to the balance sheet

**(EUR 1,000)**

1. NON-CURRENT ASSETS

1.1 Tangible assets

| **2005** | **Land and water** | **Buildings and structures** | **Machinery and equipment** | **Advance payments and acquisitions in progress** | **Total** |
|---|---|---|---|---|---|
| Acquisition cost, 1 Jan. 2005 | 874 | 4 563 | 6 888 | 12 | 12 337 |
| Increases | 37 | 85 | 766 | 967 | 1 855 |
| Decreases | | | -26 | -623 | -649 |
| Exchange differences | | -10 | | | -10 |
| Acquisition cost, 31 Dec. 2005 | 911 | 4 638 | 7 628 | 356 | 13 533 |
| Accumulated depreciation, 1 Jan. 2005 | | 820 | 3 252 | | 4 072 |
| Depreciation | | 227 | 551 | | 778 |
| Accumulated depreciation, 31 Dec. 2005 | | 1 047 | 3 803 | | 4 850 |
| | 911 | 3 591 | 3 825 | 356 | 8 683 |
| Carrying amount, 1 Jan. 2005 | 874 | 3 743 | 3 636 | 12 | 8 265 |
| Carrying amount, 31 Dec. 2005 | 911 | 3 591 | 3 825 | 356 | 8 683 |
| Carrying amount of production machinery and equipment, 31 Dec. 2005 | | | | | 2 292 |

| **2004** | **Land and water** | **Buildings and structures** | **Machinery and equipment** | **Advance payments and acquisitions in progress** | **Total** |
|---|---|---|---|---|---|
| Acquisition cost, 1 Jan. 2004 | 909 | 4 647 | 5 228 | 324 | 11 108 |
| Increases | | 575 | 2 078 | 332 | 2 985 |
| Decreases | -35 | -659 | -418 | -644 | -1 756 |
| Acquisition cost, 31 Dec. 2004 | 874 | 4 563 | 6 888 | 12 | 12 337 |
| Accumulated depreciation, 1 Jan. 2004 | | 705 | 2 971 | | 3 676 |
| Accumulated depreciation of decreases and transfers | | -29 | -266 | | -295 |
| Depreciation | | 144 | 547 | | 691 |
| Accumulated depreciation, 31 Dec. 2004 | | 820 | 3 252 | | 4 072 |
| | 874 | 3 743 | 3 636 | 12 | 8 265 |
| Carrying amount, 1 Jan. 2004 | 909 | 4 026 | 2 258 | 324 | 7 517 |
| Carrying amount, 31 Dec. 2004 | 874 | 3 743 | 3 636 | 12 | 8 265 |
| Carrying amount of production machinery and equipment, 31 Dec. 2004 | | | | | 1 966 |

Finance lease agreements

"Machinery and equipment" in tangible assets includes
the following assets leased under finance lease agreements:

| | **2005** | **2004** |
|---|---|---|
| Acquisition cost, 1 Jan. | 250 | 250 |
| Accumulated depreciation | 171 | 116 |
| Carrying amount, 31 Dec. | 79 | 134 |

**(EUR 1,000)**

1.2 Intangible assets

| **2005** | **Intangible rights** | **Goodwill** | **Other capitalised expenditure** | **Total** |
|---|---|---|---|---|
| Acquisition cost, 1 Jan. 2005 | 340 | | 2 613 | 2 953 |
| Increases | 40 | | 147 | 187 |
| Decreases | -10 | | -49 | -59 |
| Exchange differences | | | 10 | 10 |
| Acquisition cost, 31 Dec. 2005 | 370 | | 2 721 | 3 091 |
| Accumulated depreciation, 1 Jan. 2005 | 219 | | 2 373 | 2 592 |
| Depreciation | 26 | | 114 | 140 |
| Accumulated depreciation, 31 Dec. 2005 | 245 | | 2 487 | 2 732 |
| | 125 | | 234 | 359 |
| Carrying amount, 1 Jan. 2005 | 121 | | 240 | 361 |
| Carrying amount, 31 Dec. 2005 | 125 | | 234 | 359 |

| **2004** | **Intangible rights** | **Goodwill** | **Other capitalised expenditure** | **Total** |
|---|---|---|---|---|
| Acquisition cost, 1 Jan. 2004 | 305 | 584 | 2 561 | 3 450 |
| Increases | 35 | | 80 | 115 |
| Decreases | | -584 | -28 | -612 |
| Acquisition cost, 31 Dec. 2004 | 340 | | 2 613 | 2 953 |
| Accumulated depreciation, 1 Jan. 2004 | 197 | 390 | 2 212 | 2 799 |
| Accumulated depreciation of decreases and transfers | | 390 | -26 | 364 |
| Depreciation | 22 | | 187 | 209 |
| Accumulated depreciation, 31 Dec. 2004 | 219 | | 2 373 | 2 592 |
| | 121 | | 240 | 361 |
| Carrying amount, 1 Jan. 2004 | 107 | | 266 | 373 |
| Carrying amount, 31 Dec. 2004 | 121 | | 240 | 361 |

1.3 Available-for-sale investments

| | **2005** | **2004** |
|---|---|---|
| Available-for-sale shares | | |
| Acquisition cost, 1 Jan. | 20 | 58 |
| Decreases | | -38 |
| Acquisition cost, 31 Dec. | 20 | 20 |
| Accumulated depreciation, 31 Dec. | | |
| Carrying amount, 31 Dec. | 20 | 20 |
| Investments, total | 20 | 20 |

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

**(EUR 1,000)**

| | | 2005 | | 2004 |
|---|---|---|---|---|
| 2. | CURRENT ASSETS | **2005** | | **2004** |
| 2.1 | Inventories | | | |
| | Raw materials and consumables | 5 015 | | 4 111 |
| | Incomplete products | 178 | | 172 |
| | Finished products/goods | 10 266 | | 8 455 |
| | Advance payments | 139 | | 147 |
| | Total | 15 598 | | 12 885 |
| 2.2 | Trade and other receivables | | | |
| | Trade receivables | 3 302 | | 2 914 |
| | Other receivables | 56 | | 32 |
| | Prepaid expenses and accrued income | 769 | | 612 |
| | Total | 4 127 | | 3 558 |
| | Prepaid expenses and accrued income | | | |
| | Interest receivables | 24 | | 15 |
| | Royalty receivables | 410 | | 378 |
| | Social security contribution insurance | 21 | | |
| | Tax assets | 11 | | 5 |
| | Other prepaid expenses and accrued income | 303 | | 214 |
| | Total | 769 | | 612 |
| | Impairment of trade receivables | 65 | | -1 |
| 2.3 | Cash and cash equivalents | | | |
| | Cash in hand and at banks | 7 515 | | 7 646 |

| | | | | |
|---|---|---|---|---|
| 3. | SHAREHOLDERS' EQUITY | **Number of shares (1,000)** | **Share capital EUR** | **Total EUR** |
| 3.1 | 1 Jan. 2004 | 8 040 | 8 040 000 | 8 040 000 |
| | 31 Dec. 2004 | 8 040 | 8 040 000 | 8 040 000 |
| | 1 Jan. 2005 | 8 040 | 8 040 000 | 8 040 000 |
| | 31 Dec. 2005 | 8 040 | 8 040 000 | 8 040 000 |

The maximum number of shares is 20,000,000. The accounting countervalue of the share is one (1) euro. The Group's maximum share capital is EUR 12,000,000. All shares in issue have been paid in full. The Group does not possess any of its own shares. After the closing date, the Board of Directors has proposed that a dividend of EUR 0.65 per share be paid for 2005. The Group does not have any share option schemes.

| | | | |
|---|---|---|---|
| 3.2 | Distributable funds, 31 Dec. | **2005** | **2004** |
| | Retained earnings | 7 673 | 5 698 |
| | Profit for the period | 8 424 | 5 995 |
| | Translation differences | - | - |
| | Share of the accumulated depreciation difference entered in shareholders' equity | -1 235 | -1 089 |
| | Distributable funds, 31 Dec. | 14 862 | 10 604 |

**(EUR 1,000)**

4.1 Deferred tax assets and liabilities

Changes in deferred taxes in 2005

| | **1 Jan. 2005** | **Recognised in the income statement** | **Recognised in shareholders' equity** | **Sales of subsidiaries** | **31 Dec. 2005** |
|---|---|---|---|---|---|
| Deferred tax assets | | | | | |
| Internal margin of inventories | 49 | -1 | | | 48 |
| Other items | 8 | 2 | | | 10 |
| Total | 57 | 1 | | | 58 |
| Deferred tax asset | 57 | 1 | | | 58 |
| Deferred tax liabilities | | | | | |
| Internal margin of inventories | -2 | 2 | | | 0 |
| Accumulated depreciation difference | -428 | -17 | | | -445 |
| Inventories | -128 | -52 | | | -180 |
| Total | -558 | -67 | | | -625 |
| Deferred tax liability | -558 | -67 | | | -625 |
| Deferred tax liability, net | | | | | -567 |

Changes in deferred taxes in 2004

| | **1 Jan. 2004** | **Recognised in the income statement** | **Recognised in shareholders' equity** | **Sales of subsidiaries** | **31 Dec. 2004** |
|---|---|---|---|---|---|
| Deferred tax assets | | | | | |
| Internal margin of inventories | 49 | | | | 49 |
| Confirmed losses | 375 | | | -375 | 0 |
| Other items | 8 | | | | 8 |
| Total | 432 | | | -375 | 57 |
| Deferred tax asset | 432 | | | -375 | 57 |
| Deferred tax liabilities | | | | | |
| Internal margin of inventories | | -2 | | | -2 |
| Accumulated depreciation difference | -327 | -101 | | | -428 |
| Inventories | -138 | 10 | | | -128 |
| Total | -465 | -93 | | | -558 |
| Deferred tax liability | -465 | -93 | | | -558 |
| Deferred tax liability, net | | | | | -501 |

**(EUR 1,000)**

| | INTEREST-BEARING LIABILITIES | 2005 | 2004 |
|---|---|---|---|
| 4.2 | Non-current | | |
| | Bank loans | 857 | 1 428 |
| | Pension loans | 925 | 1 400 |
| | Finance lease liabilities | 60 | 114 |
| | Total | 1 842 | 2 942 |
| 5.1 | Current | | |
| | Bank loans | 571 | 571 |
| | Pension loans | 370 | 647 |
| | Other liabilities | 900 | 700 |
| | Finance lease liabilities | 55 | 52 |
| | Total | 1 896 | 1 970 |

| Maturities of non-current liabilities 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|
| Bank loans, variable interest | 571 | 571 | 286 | |
| Pension loans | 370 | 370 | 370 | 185 |
| Finance lease liabilities | 55 | 60 | | |
| Total | 996 | 1 001 | 656 | 185 |

| Maturities of non-current liabilities 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|
| Bank loans, variable interest | 571 | 571 | 571 | 286 | |
| Pension loans | 752 | 370 | 370 | 370 | 185 |
| Finance lease liabilities | 52 | 55 | 60 | | |
| Total | 1 375 | 996 | 1 001 | 656 | 185 |

| Range of variation of the interest rate applied to interest-bearing liabilities, % | 2005 | 2004 |
|---|---|---|
| Loans from financial institutions | 2.69–2.72 | 2.54–2.71 |
| Pension loans | 3.00 | 3.00–3.45 |
| Other liabilities | 5.00 | 5.00 |
| Finance lease liabilities | 5.00 | 5.00 |

All interest-bearing liabilities are denominated in euros.

Maturities of finance lease liabilities

| | | |
|---|---|---|
| Minimum lease payments | | |
| No later than 1 year | 65 | 65 |
| Later than 1 year – no later than 5 years | 65 | 130 |
| Present value of minimum lease payments | 130 | 195 |
| Present value of minimum lease payments | | |
| No later than 1 year | 55 | 55 |
| Later than 1 year – no later than 5 years | 60 | 111 |
| Present value of minimum lease payments | 115 | 166 |
| Financial expenses accrued in the future | 15 | 29 |

**(EUR 1,000)**

| 5.2 | Trade and other payables | **2005** | **2004** |
|---|---|---|---|
| | Trade payables | 2 342 | 2 186 |
| | Other payables | 2 464 | 2 208 |
| | Accrued liabilities and deferred income | 2 696 | 2 549 |
| | Total | 7 502 | 6 943 |
| | | | |
| | Accrued liabilities and deferred income | | |
| | Interest | 15 | 29 |
| | Employee benefits | 2 586 | 2 072 |
| | Other accrued liabilities and deferred income | 95 | 448 |
| | Total | 2 696 | 2 549 |

6. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

| | **Carrying amount 2005** | **Fair value 2005** | **Carrying amount 2004** | **Fair value 2004** |
|---|---|---|---|---|
| Trade and other receivables | 4 127 | 4 127 | 3 558 | 3 558 |
| Cash and cash equivalents | 7 515 | 7 515 | 7 646 | 7 646 |
| | | | | |
| Bank loans | 1 428 | 1 428 | 2 000 | 2 000 |
| Pension loans | 1 295 | 1 295 | 2 047 | 2 047 |
| Other liabilities | 900 | 900 | 700 | 700 |
| Finance lease liabilities | 115 | 115 | 166 | 166 |
| Trade and other payables | 7 860 | 7 860 | 7 589 | 7 589 |

The fair values of loans correspond to their carrying amounts.

| 7. | GUARANTEES, CONTINGENT LIABILITIES AND OTHER COMMITMENTS | **2005** | **2004** |
|---|---|---|---|
| | For own liabilities | | |
| | Guarantees | 101 | 208 |
| | Corresponding commitments | 101 | 208 |
| | | | |
| | Corporate mortgage and mortgaged promissory notes | 5 214 | 5 214 |
| | Corresponding pension loan | 1 295 | 2 047 |
| | | | |
| | For the liabilities of other companies | | |
| | Guarantees | 1 140 | 1 304 |
| | | | |
| | Other own liabilities and commitments | | |
| | Lease liabilities | 69 | 111 |
| | Lease agreement commitments | 9 853 | 9 374 |
| | Commitments, total | 16 377 | 16 211 |

The Group has no liabilities from derivative contracts.

**(EUR 1,000)**

| Other lease agreements | **2005** | **2004** |
|---|---|---|
| The Group as lessee<br>Minimum lease payments under<br>non-cancellable lease agreements | | |
| No later than 1 year | 2 322 | 2 361 |
| Later than 1 year – no later than 5 years | 5 025 | 4 703 |
| Later than 5 years | 2 575 | 2 421 |
| Total | 9 922 | 9 485 |

The Group has leased many of its stores 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 2005 income statement includes EUR 2,279 thousand in rental expenses paid on the basis of other non-cancellable lease agreements.

8. RELATED PARTY TRANSACTIONS

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

Group companies
Company and domicile

Parent company
Marimekko Corporation, Helsinki, Finland

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

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

| a) Employee benefits of management | **2005** | **2004** |
|---|---|---|
| Salaries and bonuses of the president | | |
| Kirsti Paakkanen | 100 | 100 |
| Salaries and bonuses of the Board of Directors | | |
| Kari Miettinen | 20 | 20 |
| Matti Kavetvuo | 15 | 15 |
| Kirsti Paakkanen | 15 | 15 |
| b) Loans from related parties | | |
| Workidea Oy | 22 | 28 |
| Gemmi Furs Oy (former Grünstein Product Oy) | 900 | 700 |

Repayment of said loans on demand.

In 2004, Marimekko Corporation granted a loan guarantee on behalf of a related-party company as part of the Group's business operations. The loan amounted to EUR 1,140 thousand as at 31 Dec. 2005. The debtor has given a counter-obligation and corporate mortgages valued at EUR 1,177 thousand as a counter-guarantee.

9. EVENTS AFTER THE CLOSING DATE

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

# Notes to the income statement

**(EUR 1,000)**

10. SEGMENT INFORMATION

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

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

| | 2005 | | | 2004 | | |
|---|---|---|---|---|---|---|
| | **Finland** | **Other countries** | **Total** | **Finland** | **Other countries** | **Total** |
| Net sales | 54 180 | 13 039 | 67 219 | 50 244 | 14 348 | 64 592 |
| Assets | 35 487 | 815 | 36 302 | 31 861 | 874 | 32 735 |
| Investments | 1 361 | | 1 361 | 2 219 | 15 | 2 234 |

11. OTHER OPERATING INCOME

| | **2005** | **2004** |
|---|---|---|
| Rental income | 5 | 3 |
| Sale of fixed assets | 6 | 10 |
| Other income | 36 | 5 |
| Total | 47 | 18 |

12. RAW MATERIALS AND CONSUMABLES

| | 2005 | 2004 |
|---|---|---|
| Materials and supplies | | |
| Purchases during the financial year | 20 647 | 19 309 |
| Change in inventories | -923 | -716 |
| Total | 19 724 | 18 593 |
| | | |
| External services | 7 484 | 7 727 |
| Total | 27 208 | 26 320 |

13. EMPLOYEE BENEFIT EXPENSES

| | 2005 | 2004 |
|---|---|---|
| Salaries, wages and bonuses | 11 657 | 11 184 |
| Pension expenses – defined contribution plans | 1 949 | 1 835 |
| Other indirect social expenditure | 718 | 606 |
| Total | 14 324 | 13 625 |
| | | |
| Average number of employees | | |
| Salaried employees | 234 | 219 |
| Non-salaried employees | 137 | 156 |
| Total | 371 | 375 |

14. DEPRECIATION AND IMPAIRMENT

| | 2005 | 2004 |
|---|---|---|
| Intangible assets | | |
| Intangible rights | 26 | 22 |
| Other capitalised expenditure | 114 | 187 |
| Total | 140 | 209 |
| | | |
| Tangible assets | | |
| Buildings and structures | 227 | 144 |
| Machinery and equipment | 551 | 547 |
| Total | 778 | 691 |
| | | |
| Total | 918 | 900 |

**(EUR 1,000)**

| | | 2005 | 2004 |
|---|---|---|---|
| 15. | OTHER OPERATING EXPENSES | **2005** | **2004** |
| | Leases | 2 399 | 2 351 |
| | Marketing | 3 619 | 3 436 |
| | Other expenses | 9 430 | 9 639 |
| | Total | 15 448 | 15 426 |
| 16. | FINANCIAL INCOME | | |
| | Interest income | 87 | 49 |
| | Dividend income | | 2 |
| | Total | 87 | 51 |
| 17. | FINANCIAL EXPENSES | | |
| | Interest expenses | -168 | -171 |
| | Other financial expenses | 15 | -57 |
| | Total | -153 | -228 |
| 18. | INCOME TAXES | | |
| | Taxes on taxable earnings for the period | 2 844 | 2 864 |
| | Taxes for prior years | 13 | |
| | Deferred taxes | 66 | 93 |
| | Total | 2 923 | 2 957 |
| | Reconciliation statement of taxes calculated on the basis of tax expenses in the income statement and the Group's Finnish tax rate (26%) | | |
| | Profit before taxes | 11 347 | 8 952 |
| | Taxes calculated at the Finnish tax rate | 2 950 | 2 506 |
| | Different tax rates of foreign subsidiaries | -4 | -4 |
| | Non-deductible expenses | -4 | 305 |
| | Taxes for prior years | 13 | |
| | Losses with no effect on income tax | | 144 |
| | Deferred tax proceeds/expenses due to the decline in the Finnish tax rate | -32 | 6 |
| | Taxes in the income statement | 2 923 | 2 957 |
| 19. | EARNINGS PER SHARE | | |
| | Profit for the period | 8 424 | 5 995 |
| | Weighted average number of shares, 1,000 | 8 040 | 8 040 |
| | Earnings per share, EUR | 1.05 | 0.75 |

## 20. RISK MANAGEMENT

### Financial risks

At their present level, the Marimekko Group's financial risks are relatively small. The equity ratio is high, the Group's net debt negative and the financial situation good.

The credit risk of the Group's trade receivables is reduced by its broad and geographically diverse clientele. The credit limits of customers and their financial situation are monitored constantly. The credit risk related to business operations is also reduced with advance payments, bank guarantees and letters of credit.

The Group's customers are mainly located in the euro area, and regions outside this area are invoiced primarily in euros, so there is no significant foreign exchange risk. The most important currency in sales and purchases is the euro. Foreign currency risks mainly involve purchases and sales in the US dollar. The company protects itself against the foreign currency risks of sales by taking exchange rate fluctuations into account when pricing its products. Due to low indebtedness, variations in the interest rate level have only a slight effect on the Group's interest expenses. The Group seeks to maintain good liquidity under all circumstances to eliminate liquidity risk.

### Accident risks

Marimekko Group companies have taken out policies to insure their personnel, assets and operations. The scope, insurance value and excess amount of the policies are reviewed annually with insurance companies.

### Personnel risks

The Marimekko Group's business operations are based on the expertise of leading professionals, on the creativity of talented and competent personnel on a broad front, and a sufficient number of employees. Marimekko's success hinges on the company's ability to recruit and retain expert employees and freelance product designers in its service.

## 21. TRANSITION TO IFRS FINANCIAL STATEMENTS

Marimekko drafted its first financial statements in line with International Financial Reporting Standards (IFRS) for the 2005 financial year.

Marimekko has applied IFRS 1 First Time Adoption of International Financial Reporting Standards, which permits certain alternatives when applying the standards. The main changes in Marimekko's financial statements resulting from the IFRS transition relate to inventories, goodwill, finance leases as well as deferred tax assets and liabilities. There are no material differences between the IFRS cash flow statement and the FAS statement of changes in financial position.

### IMPACT OF IFRS CHANGES ON THE 2004 INCOME STATEMENT AND THE BALANCE SHEET AS AT 1 JAN. 2004 AND 31 DEC. 2004

The changeover to IAS/IFRS improved Marimekko's net profit for 2004 by EUR 221 thousand. The opening balance sheet dated 1 January 2004 grew by EUR 435 thousand. The balance sheet at 31 December 2004 grew by EUR 730 thousand.

### MAJOR CHANGES DUE TO THE IFRS TRANSITION AND THEIR IMPACT ON THE INCOME STATEMENT AND BALANCE SHEET

### Inventories

Inventories are measured at the acquisition cost or the lower net realisable value. In accordance with IFRS, the acquisition cost also includes a share of the fixed manufacturing costs. Due to the change in the recognition policy, inventories in the opening balance sheet have increased by EUR 476 thousand. In connection with the adoption of IFRS, the policy applied in the periodisation of purchases has been revised with respect to inventories in transport.

### Goodwill

Under IFRS, goodwill is not amortised under planned depreciation. Instead of amortisation, goodwill is tested for impairment. The Marimekko Group's goodwill arose from the acquisition of the shares outstanding in Grünstein Product Oy in 2000. The shares in said company were sold in their entirety on 17 December 2004. Non-recurring amortisation of goodwill amounting to EUR 195 thousand was recognised in the opening IFRS balance sheet for 2004. The write-down had a positive effect on Marimekko's IFRS result for 2004.

### Finance leases

As per the principles of IAS 17 Leases, lease agreements in which the company substantially assumes the risks and rewards of asset ownership are treated as finance lease agreements. Assets leased under finance lease agreements are recognised, less accumulated depreciation, under tangible assets, and the commitments arising from the agreement are booked under interest-bearing liabilities. Rent paid under lease agreements is divided between financial expenses and repayment of liabilities. Assets are depreciated in the balance sheet in accordance with the Group's principles for depreciation. Previously, lease agreements were presented as commitments in the notes to the financial statements. The recognition of finance lease agreements in the balance sheet increased Marimekko's opening IFRS balance sheet for 2004 by EUR 250 thousand. The impact on interest-bearing liabilities was EUR 278 thousand.

Deferred tax assets and liabilities
In accordance with IAS 12, deferred taxes have been recognised on all IFRS adjustments having an effect on taxable earnings. The tax rate used in the opening balance sheet dated 1 January 2004 is 29% and the rate used in the balance sheet at 31 December 2004 is 26%.

Pensions
The pension security of the personnel of the Group's Finnish companies is arranged under the Finnish statutory employee pension plan (TEL) through an external pension insurance company. Foreign subsidiaries have arranged pensions for their personnel in accordance with local legislation. All of the Group's pension schemes are defined contribution schemes, for which payments are entered in the income statement in the period in which they occur. Due to the revised calculation bases approved by the Ministry of Social Affairs and Health in December 2004, the occupational disability pension portion of TEL has been treated on a defined contribution basis.

Tangible and intangible assets
Balance sheet items have been regrouped in line with IFRS presentation. The basic improvement costs of buildings and rented individual premises have been transferred from intangible assets to buildings (tangible assets) in accordance with IAS 16. Likewise, plot rental rights have been transferred to land (tangible assets).

Other operating expenses
Expenditure on advertising and sales promotion is expensed in accordance with IAS 38 when the goods have been delivered or the service provided. In the FAS interim reports for 2004, Grünstein Product Oy's marketing and sales expenses were periodised in line with predicted full-year sales. These periodised expenses have been derecognised in IFRS reporting. The change in the recognition practice has no impact on the full-year result for 2004.

Commitments
As a departure from previous practice, commitments related to leased premises and properties have also been included in the Group's commitments.

Segments
Marimekko's primary segment is the business segment, which is Marimekko, encompassing all of the Group's business operations.
The secondary, geographical segment, comprises Finland and other countries.

# Opening balance sheet, 1 Jan. 2004

## Consolidated balance sheet

| (EUR 1,000) | FAS 1 Jan. 2004 | Adjustments | IFRS 1 Jan. 2004 |
|---|---|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Tangible assets | 5 902 | 1 615 | 7 517 |
| Other intangible assets | 1 738 | -1 365 | 373 |
| Goodwill on consolidation | 194 | -194 | 0 |
| Available-for-sale investments | 58 | | 58 |
| | 7 892 | 56 | 7 948 |
| Current assets | | | |
| Inventories | 11 949 | 476 | 12 425 |
| Trade and other receivables | 5 201 | -97 | 5 104 |
| Cash and cash equivalents | 8 550 | | 8 550 |
| | 25 700 | 379 | 26 079 |
| Assets, total | 33 592 | 435 | 34 027 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| Equity attributable to equity holders of the parent company | | | |
| Share capital | 8 040 | | 8 040 |
| Retained earnings | 13 613 | 124 | 13 737 |
| | 21 653 | 124 | 21 777 |
| Non-current | | | |
| Interest-bearing | 5 351 | 161 | 5 512 |
| Deferred tax liabilities | | 33 | 33 |
| Current | | | |
| Interest-bearing | 652 | 117 | 769 |
| Non-interest-bearing | 5 936 | | 5 936 |
| | 11 939 | 311 | 12 250 |
| Shareholders' equity and liabilities, total | 33 592 | 435 | 34 027 |

## Consolidated income statement, 1 Jan.–31 Dec. 2004

| (EUR 1,000) | FAS 2004 | Adjustments | IFRS 2004 |
|---|---|---|---|
| Net sales | 64 592 | | 64 592 |
| Operating expenses | 54 911 | -348 | 54 563 |
| Depreciation | 785 | 115 | 900 |
| Operating profit | 8 896 | 233 | 9 129 |
| Financial income | 51 | | 51 |
| Financial expenses | -206 | -22 | -228 |
| Profit before taxes | 8 741 | 211 | 8 952 |
| Income taxes | -2 967 | 10 | -2 957 |
| Net profit for the period | 5 774 | 221 | 5 995 |

## Consolidated balance sheet, 31 Dec. 2004

| (EUR 1,000) | FAS 31 Dec. 2004 | Adjustments | IFRS 31 Dec. 2004 |
|---|---|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Tangible assets | 6 849 | 1 416 | 8 265 |
| Intangible assets | 1 642 | -1 281 | 361 |
| Other financial assets | 20 | | 20 |
| | 8 511 | 135 | 8 646 |
| Current assets | | | |
| Inventories | 12 290 | 595 | 12 885 |
| Trade and other receivables | 3 558 | | 3 558 |
| Cash and cash equivalents | 7 646 | | 7 646 |
| | 23 494 | 595 | 24 089 |
| Assets, total | 32 005 | 730 | 32 735 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| Equity attributable to equity holders of the parent company | | | |
| Share capital | 8 040 | | 8 040 |
| Retained earnings | 11 348 | 345 | 11 693 |
| | 19 388 | 345 | 19 733 |
| Non-current | | | |
| Interest-bearing | 2 828 | 114 | 2 942 |
| Deferred tax liabilities | 381 | 120 | 501 |
| Current | | | |
| Interest-bearing | 1 918 | 51 | 1 969 |
| Non-interest-bearing | 7 490 | 100 | 7 590 |
| | 12 617 | 385 | 13 002 |
| Shareholders' equity and liabilities, total | 32 005 | 730 | 32 735 |

## Reconciliation statement for the profit for the period

| (EUR 1,000) | 1 Jan.–31 Mar. 2004 | 1 Jan.–30 June 2004 | 1 Jan.–30 Sept. 2004 | 1 Jan.–31 Dec. 2004 |
|---|---|---|---|---|
| Profit for the period, FAS | 1,047 | 2,530 | 4,872 | 5,774 |
| IAS 36 Impairment of Assets | 29 | 58 | 88 | 195 |
| IAS 2 Inventories | 15 | -6 | -18 | 19 |
| IAS 17 Leases | -1 | -1 | -2 | -3 |
| IAS 38 Intangible Assets | -202 | -186 | -107 | |
| IAS 12 Income Taxes | 55 | 56 | 37 | 10 |
| IFRS adjustments, total | -104 | -79 | -2 | 221 |
| Profit for the period, IFRS | 943 | 2,451 | 4,870 | 5,995 |

## Reconciliation statement for shareholders' equity

| (EUR 1,000) | 1 Jan. 2004 | 31 Mar. 2004 | 30 June 2004 | 30 Sept. 2004 | 31 Dec. 2004 |
|---|---|---|---|---|---|
| Shareholders' equity, FAS | 21,653 | 18,681 | 20,163 | 22,501 | 19,388 |
| IAS 36 Impairment of Assets | -195 | -165 | -136 | -107 | |
| IAS 2 Inventories | 476 | 490 | 469 | 460 | 495 |
| IAS 17 Leases | -27 | -28 | -29 | -30 | -30 |
| IAS 38 Intangible Assets | | -202 | -186 | -107 | |
| IAS 12 Income Taxes | -130 | -75 | -74 | -94 | -120 |
| IFRS adjustments, total | 124 | 20 | 44 | 122 | 345 |
| Shareholders' equity, IFRS | 21,777 | 18,701 | 20,207 | 22,623 | 19,733 |

## Key figures

| | FAS 1 Jan.–31 Dec. 2004 | IFRS 1 Jan.–31 Dec. 2004 |
|---|---|---|
| Earnings per share, EUR | 0.72 | 0.75 |
| Earnings per share, exclusive of a non-recurring capital loss on the sale of shares, EUR | 0.87 | 0.88 |
| Equity per share, EUR | 2.41 | 2.45 |
| Share of exports and international operations, % of net sales | 22.2 | 22.2 |
| Return on equity (ROE), % | 28.1 | 28.9 |
| Return on investment (ROI), % | 34.5 | 35.0 |
| Equity ratio, % | 60.6 | 60.3 |
| Gross investments, EUR 1,000 | 2,234 | 2,234 |
| Gross investments, % of net sales | 3.5 | 3.5 |
| Contingent liabilities, EUR 1,000 | 7,528 | 16,211 |
| Average personnel | 375 | 375 |
| Personnel at the end of the period | 355 | 355 |
| Number of shares at the end of the period (1,000) | 8,040 | 8,040 |
| Number of shares outstanding, average (1,000) | 8,040 | 8,040 |

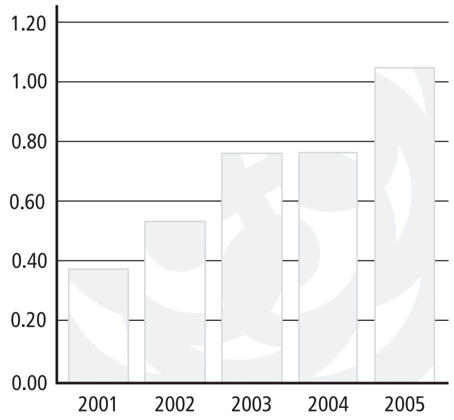
# Key financial figures of the Group

| Per-share key figures | FAS 2001 | FAS 2002 | FAS 2003 | IFRS 2004 | IFRS 2005 |
|---|---|---|---|---|---|
| Earnings per share, EUR | 0.38 | 0.55 | 0.75 | 0.75 | 1.05 |
| Equity per share, EUR | 1.90 | 2.22 | 2.69 | 2.45 | 3.00 |
| Dividend per share, EUR | 0.22 | 0.28 | 1.00 | 0.50 | *) 0.65 |
| Dividend per profit, % | 56.5 | 51.8 | 133.0 | 67.1 | *) 62.0 |
| Effective dividend yield, % | 9.0 | 5.9 | 10.9 | 3.4 | 4.0 |
| P/E ratio | 6.3 | 8.7 | 12.2 | 19.7 | 15.5 |
| Adjusted average number of shares, 1,000 | 8,040 | 8,040 | 8,040 | 8,040 | 8,040 |
| Adjusted number of shares at the end of the period, 1,000 | 8,040 | 8,040 | 8,040 | 8,040 | 8,040 |

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

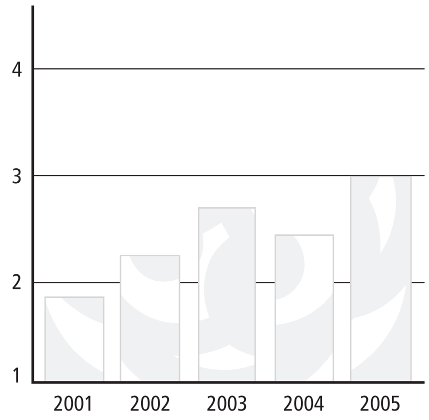
The formulas for the key figures are on page 61.

**Earnings per share 2001–2005, EUR**



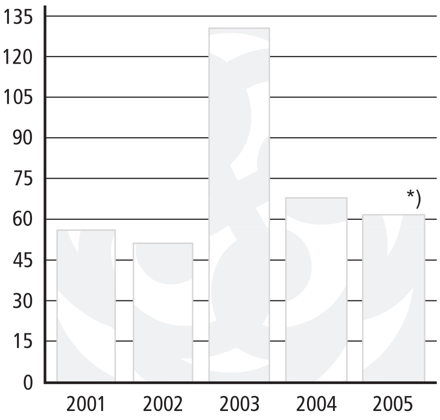

2001–2003 FAS; 2004–2005 IFRS

**Equity per share 2001–2005, EUR**




2001–2003 FAS; 2004–2005 IFRS

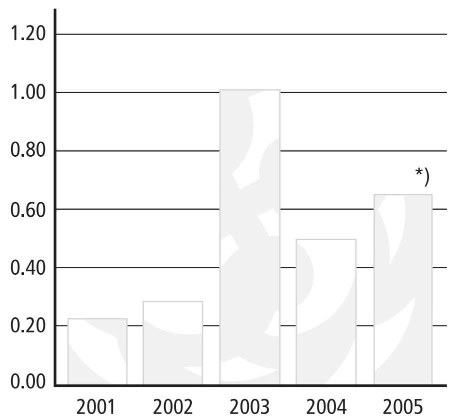
**Dividend per profit 2001–2005, %**




2001–2003 FAS; 2004–2005 IFRS

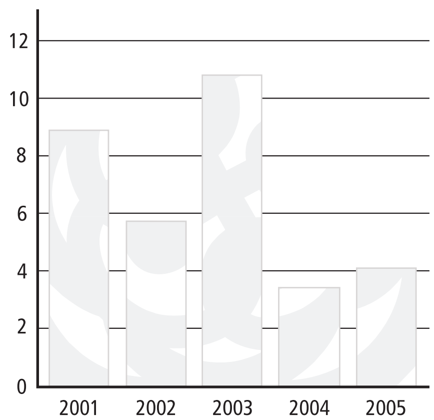
*) Proposal by the Board of Directors.

**Dividend per share 2001–2005, EUR**

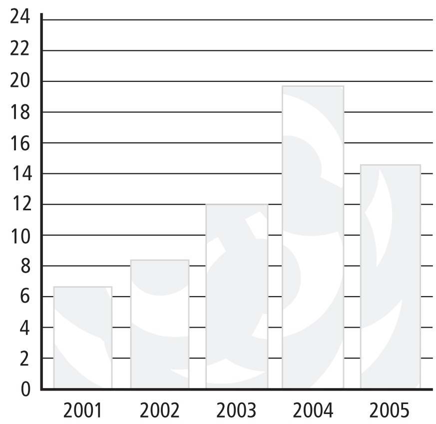



*) Proposal by the Board of Directors.

**Effective dividend yield 2001–2005, %**




**P/E ratio 2001–2005**




2001–2003 FAS; 2004–2005 IFRS

## Formulas for the key figures

Return on equity (ROE), %:

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

Return on investment (ROI), %:

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

Equity ratio, %:

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

Earnings per share (EPS), EUR:

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

Equity per share, EUR:

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

Dividend per share, EUR:

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

Dividend per profit, %:

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

Effective dividend yield, %:

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

P/E ratio:

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

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

Gearing, %:

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

## Quarterly trends 2004–2005

| | Jan.–March | | Apr.–June | | July–Sept. | | Oct.–Dec. | |
|---|---|---|---|---|---|---|---|---|
| | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 |
| Net sales, EUR 1,000 | 14,617 | 14,109 | 16,713 | 15,402 | 17,136 | 16,402 | 18,753 | 18,679 |
| Operating profit, EUR 1,000 | 1,652 | 1,371 | 3,295 | 2,168 | 3,031 | 3,453 | 3,435 | *) 2,137 |
| Profit before extraordinary items and taxes, EUR 1,000 | 1,635 | 1,336 | 3,266 | 2,121 | 3,006 | 3,409 | 3,440 | *) 2,086 |
| Net profit, EUR 1,000 | 1,261 | 943 | 2,417 | 1,508 | 2,211 | 2,419 | 2,535 | *) 1,125 |
| Earnings per share, EUR | 0.16 | 0.12 | 0.30 | 0.18 | 0.27 | 0.31 | 0.32 | *) 0.14 |
| Equity per share, EUR | 2.61 | 2.33 | 2.41 | 2.51 | 2.69 | 2.81 | 3.00 | 2.45 |

*) Includes a non-recurring capital loss on the sale of the shares in Grünstein Product Oy.

## Five-year review

| | FAS 2001 | FAS 2002 | FAS 2003 | IFRS 2004 | IFRS 2005 |
|---|---|---|---|---|---|
| Net sales, EUR 1,000 | 42,003 | 49,318 | 56,587 | 64,592 | 67,219 |
| Change in net sales, % | 27.1 | 17.4 | 14.7 | 14.1 | 4.1 |
| Operating profit, EUR 1,000 | 4,720 | 6,450 | 8,849 | *) 9,129 | 11,413 |
| % of net sales | 11.2 | 13.1 | 15.6 | 14.1 | 17.0 |
| Financial income, EUR 1,000 | 51 | 66 | 67 | 51 | 87 |
| Financial expenses, EUR 1,000 | -380 | -356 | -379 | -228 | -153 |
| Profit before taxes, EUR 1,000 | 4,391 | 6,160 | 8,537 | 8,952 | 11,347 |
| % of net sales | 10.4 | 12.5 | 15.1 | 13.9 | 16.9 |
| Taxes, EUR 1,000 | 1,303 | 1,771 | 2,492 | 2,957 | 2,923 |
| Profit after taxes, EUR 1,000 | 3,088 | 4,389 | 6,045 | 5,995 | 8,424 |
| Balance sheet total, EUR 1,000 | 26,119 | 29,271 | 33,592 | 32,735 | 36,302 |
| Interest-bearing liabilities, EUR 1,000 | 5,238 | 5,515 | 6,004 | 4,912 | 3,738 |
| Shareholders’ equity and reserves, EUR 1,000 | 15,239 | 17,887 | 21,653 | 19,733 | 24,137 |
| Return on equity (ROE), % | 21.5 | 26.5 | 30.6 | 28.9 | 38.4 |
| Return on investment (ROI), % | 23.8 | 29.5 | 34.6 | 35.0 | 43.9 |
| Equity ratio, % | 58.3 | 61.1 | 64.5 | 60.3 | 66.5 |
| Gearing, % | 25.5 | 11.2 | -11.8 | -13.9 | -15.6 |
| Gross investments, EUR 1,000 | 546 | 626 | 893 | 2,234 | 1,361 |
| % of net sales | 1.3 | 1.3 | 1.6 | 3.5 | 2.0 |
| Average personnel | 317 | 333 | 356 | 375 | 371 |
| Personnel at the end of the financial year | 324 | 344 | 365 | 355 | 377 |

*) Includes a non-recurring capital loss of EUR 1,235 thousand on the sale of the shares in Grünstein Product Oy.

# PARENT COMPANY FINANCIAL STATEMENTS, FAS

## Parent company balance sheet

| (EUR 1,000) | | 31 Dec. 2005 | 31 Dec. 2004 |
|---|---|---|---|
| ASSETS | | | |
| FIXED ASSETS | 1. | | |
| Intangible assets | 1.1 | 511 | 512 |
| Tangible assets | 1.2 | 3 646 | 3 032 |
| Investments | 1.3 | 2 494 | 2 494 |
| | | 6 651 | 6 038 |
| CURRENT ASSETS | | | |
| Inventories | 2. | 14 674 | 12 033 |
| Current receivables | 3. | 5 631 | 5 411 |
| Cash in hand and at banks | | 7 382 | 7 451 |
| | | 27 687 | 24 895 |
| ASSETS, TOTAL | | 34 338 | 30 933 |
| LIABILITIES | | | |
| SHAREHOLDERS' EQUITY | 4. | | |
| Share capital | | 8 040 | 8 040 |
| Retained earnings | | 5 319 | 3 551 |
| Profit for the period | | 7 918 | 5 788 |
| Shareholders' equity, total | | 21 277 | 17 379 |
| ACCUMULATED APPROPRIATIONS | 5. | 1 227 | 1 043 |
| CREDITORS | 6. | | |
| Non-current liabilities | 6.1 | 1 782 | 2 828 |
| Current liabilities | 6.2 | 10 052 | 9 683 |
| Creditors, total | | 11 834 | 12 511 |
| LIABILITIES, TOTAL | | 34 338 | 30 933 |

## Parent company income statement

| (EUR 1,000) | | 1 Jan.– 31 Dec. 2005 | 1 Jan.– 31 Dec. 2004 |
|---|---|---|---|
| NET SALES | | 66 519 | 60 888 |
| Increase or decrease in inventories of completed and unfinished products | | 1 881 | 467 |
| Other operating income | 7. | 47 | 19 |
| Materials and services | 8. | 29 952 | 27 305 |
| Personnel expenses | 9. | 8 520 | 7 422 |
| Depreciation and impairment | 10. | 610 | 506 |
| Other operating expenses | 11. | 18 434 | 17 152 |
| OPERATING PROFIT | | 10 931 | 8 989 |
| Financial income and expenses | 12. | -22 | -78 |
| PROFIT BEFORE EXTRAORDINARY ITEMS | | 10 909 | 8 911 |
| Extraordinary items | 13. | -14 | |
| PROFIT BEFORE APPROPRIATIONS AND TAXES | | 10 895 | 8 911 |
| Appropriations | 14. | -183 | -332 |
| Income taxes | 15. | -2 794 | -2 791 |
| NET PROFIT FOR THE PERIOD | | 7 918 | 5 788 |

## Parent company cash flow statement

| (EUR 1,000) | 2005 | 2004 |
|---|---|---|
| CASH FLOW FROM OPERATIONS | | |
| Profit before extraordinary items | 10 909 | 8 911 |
| Adjustments | | |
| Depreciation according to plan | 610 | 506 |
| Financial income and expenses | 22 | 78 |
| Capital gains (-)/losses (+) from the sale of shares in subsidiaries and other shares, net | | 1 005 |
| Other adjustments | 27 | |
| Cash flow before change in working capital | 11 568 | 10 500 |
| Change in working capital | -2 132 | 241 |
| Cash flow from operations before financial items and taxes | 9 436 | 10 741 |
| Paid interest and payments on other operational financial expenses | -154 | -201 |
| Interest received from operations | 128 | 115 |
| Direct taxes paid | -3 086 | -2 270 |
| CASH FLOW FROM OPERATIONS | 6 324 | 8 385 |
| CASH FLOW FROM INVESTMENTS | | |
| Investments in tangible and intangible assets | -1 250 | -1 656 |
| Capital gains from the transfer of shares in Group companies | | 1 005 |
| Capital gains from the transfer of other investments | | 40 |
| CASH FLOW FROM INVESTMENTS | -1 250 | -611 |
| CASH FLOW FROM FINANCING | | |
| Short-term loans drawn down | 200 | 700 |
| Long-term loans repaid | -1 323 | -648 |
| Dividends paid and other distribution of profit | -4 020 | -8 040 |
| CASH FLOW FROM FINANCING | -5 143 | -7 988 |
| Change in financial assets | -69 | -214 |
| Financial assets at the beginning of the financial period | 7 451 | 7 665 |
| Financial assets at the end of the financial period | 7 382 | 7 451 |

# 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 period 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 economic life of the fixed assets.

| Periods for depreciation: | |
|---|---|
| Intangible rights | 5–10 years |
| Other long-term expenditure | 3–10 years |
| Machinery and equipment | 5–15 years |

### Inventories

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

### Pension commitments

The pension security of the Company's personnel has been arranged under the statutory employee pension plan (TEL) 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 the average exchange rates 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 PARENT COMPANY FINANCIAL STATEMENTS

## Notes to the balance sheet

**(EUR 1,000)**

1. FIXED ASSETS

1.1 Intangible assets

| **2005** | **Intangible rights** | **Other capitalised expenditure** | **Total** |
|---|---|---|---|
| Intangible rights | | | |
| Acquisition cost, 1 Jan. 2005 | 297 | 2 245 | 2 542 |
| Increases | 40 | 158 | 198 |
| Decreases | -10 | | -10 |
| Acquisition cost, 31 Dec. 2005 | 327 | 2 403 | 2 730 |
| Accumulated depreciation, 1 Jan. 2005 | 177 | 1 853 | 2 030 |
| Depreciation during financial period | 26 | 163 | 189 |
| Accumulated depreciation, 31 Dec. 2005 | 203 | 2 016 | 2 219 |
| Carrying amount, 31 Dec. 2005 | 124 | 387 | 511 |

| **2004** | **Intangible rights** | **Other capitalised expenditure** | **Total** |
|---|---|---|---|
| Intangible rights | | | |
| Acquisition cost, 1 Jan. 2004 | 262 | 2 167 | 2 429 |
| Increases | 35 | 78 | 113 |
| Acquisition cost, 31 Dec. 2004 | 297 | 2 245 | 2 542 |
| Accumulated depreciation, 1 Jan. 2004 | 155 | 1 700 | 1 855 |
| Depreciation during financial period | 22 | 153 | 175 |
| Accumulated depreciation, 31 Dec. 2004 | 177 | 1 853 | 2 030 |
| Carrying amount, 31 Dec. 2004 | 120 | 392 | 512 |

1.2 Tangible assets

| **2005** | **Machinery and equipment** | **Advance payments and acquisitions in progress** | **Total** |
|---|---|---|---|
| Acquisition cost, 1 Jan. 2005 | 5 846 | 12 | 5 858 |
| Increases | 718 | 967 | 1 685 |
| Decreases | -27 | -623 | -650 |
| Acquisition cost, 31 Dec. 2005 | 6 537 | 356 | 6 893 |
| Accumulated depreciation, 1 Jan. 2005 | 2 826 | | 2 826 |
| Depreciation during financial period | 421 | | 421 |
| Accumulated depreciation, 31 Dec. 2005 | 3 247 | | 3 247 |
| Carrying amount, 31 Dec. 2005 | 3 290 | 356 | 3 646 |

| **2004** | **Machinery and equipment** | **Advance payments and acquisitions in progress** | **Total** |
|---|---|---|---|
| Acquisition cost, 1 Jan. 2004 | 3 994 | 320 | 4 314 |
| Increases | 1 852 | | 1 852 |
| Decreases | | -308 | -308 |
| Acquisition cost, 31 Dec. 2004 | 5 846 | 12 | 5 858 |
| Accumulated depreciation, 1 Jan. 2004 | 2 495 | | 2 495 |
| Depreciation during financial period | 331 | | 331 |
| Accumulated depreciation, 31 Dec. 2004 | 2 826 | | 2 826 |
| Carrying amount, 31 Dec. 2004 | 3 020 | 12 | 3 032 |

**(EUR 1,000)**

| | |
|---|---|
| Carrying amount of production machinery and equipment | |
| 31 Dec. 2005 | 2 207 |
| 31 Dec. 2004 | 1 868 |

1.3 Investments

| **2005** | **Shares in Group companies** | **Other shares and participations** | **Total** |
|---|---|---|---|
| Acquisition cost, 1 Jan. 2005 | 2 766 | 17 | 2 783 |
| Acquisition cost, 31 Dec. 2005 | 2 766 | 17 | 2 783 |
| Accumulated depreciation, 31 Dec. 2005 | 289 | | 289 |
| Carrying amount, 31 Dec. 2005 | 2 477 | 17 | 2 494 |

| **2004** | **Shares in Group companies** | **Other shares and participations** | **Total** |
|---|---|---|---|
| Acquisition cost, 1 Jan. 2004 | 4 787 | 46 | 4 833 |
| Decreases | -2 021 | -29 | -2 050 |
| Acquisition cost, 31 Dec. 2004 | 2 766 | 17 | 2 783 |
| Accumulated depreciation, 31 Dec. 2004 | 289 | | 289 |
| Carrying amount, 31 Dec. 2004 | 2 477 | 17 | 2 494 |

1.3 INVESTMENTS

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

| (EUR 1,000) | 2005 | 2004 |
|---|---|---|
| 2. INVENTORIES | | |
| Raw materials and consumables | 4 996 | 4 091 |
| Incomplete products | 112 | 112 |
| Finished products/goods | 9 349 | 7 546 |
| Advance payments | 217 | 284 |
| Total | 14 674 | 12 033 |
| 3. CURRENT RECEIVABLES | | |
| Sales receivables | 3 283 | 2 898 |
| Receivables from Group companies | | |
| Sales receivables | 566 | 622 |
| Loan receivables | 1 150 | 1 350 |
| Total | 1 716 | 1 972 |
| Other receivables | 43 | 28 |
| Prepaid expenses and accrued income | 589 | 513 |
| Total | 5 631 | 5 411 |
| Prepaid expenses and accrued income | | |
| Interest receivables | 24 | 15 |
| Royalty receivables | 410 | 378 |
| Other prepaid expenses and accrued income | 155 | 120 |
| Total | 589 | 513 |
| 4. SHAREHOLDERS' EQUITY | | |
| Share capital, 1 Jan. | 8 040 | 8 040 |
| Share capital, 31 Dec. | 8 040 | 8 040 |
| Retained earnings, 1 Jan. | 9 339 | 11 591 |
| Dividend payout | -4 020 | -8 040 |
| Retained earnings, 31 Dec. | 5 319 | 3 551 |
| Net profit for the period | 7 918 | 5 788 |
| SHAREHOLDERS' EQUITY, TOTAL | 21 277 | 17 379 |
| Distributable funds in shareholders' equity | 13 237 | 9 339 |
| 5. ACCUMULATED APPROPRIATIONS | | |
| Accumulated depreciation difference | | |
| Intangible rights | 10 | 7 |
| Other capitalised expenditure | 111 | 96 |
| Machinery and equipment | 1 106 | 940 |
| Total | 1 227 | 1 043 |
| 6. LIABILITIES | | |
| Interest-bearing liabilities | | |
| Non-current | 1 782 | 2 828 |
| Current | 1 841 | 1 918 |
| Total | 3 623 | 4 746 |
| Non-interest-bearing liabilities | | |
| Current | 8 211 | 7 765 |
| Total | 8 211 | 7 765 |
| 6.1 Non-current liabilities | | |
| Loans from financial institutions | 857 | 1 428 |
| Pension loans | 925 | 1 400 |
| Total | 1 782 | 2 828 |

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

| | 2005 | 2004 |
|---|---|---|
| 6.2 Current liabilities | | |
| Loans from financial institutions | 571 | 571 |
| Pension loans | 370 | 647 |
| Trade payables | 2 311 | 2 156 |
| Debts to Group companies | | |
| Trade payables | 1 938 | 1 657 |
| Other current liabilities | 55 | 45 |
| Accrued liabilities and deferred income | 66 | 33 |
| Total | 2 059 | 1 735 |
| Other current liabilities | 2 833 | 2 546 |
| Accrued liabilities and deferred income | 1 908 | 2 028 |
| Total | 10 052 | 9 683 |
| Accrued liabilities and deferred income | | |
| Interest | 15 | 29 |
| Wages and salaries, with social security contributions | 1 355 | 1 085 |
| Taxes | 346 | 637 |
| Other accrued liabilities and deferred income | 192 | 277 |
| Total | 1 908 | 2 028 |

GUARANTEES, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

| | 2005 | 2004 |
|---|---|---|
| For own liabilities | | |
| Pledges given | 9 | 9 |
| Guarantees | 574 | 530 |
| Corresponding commitments | 583 | 539 |
| Corporate mortgage and mortgaged promissory notes | 1 514 | 1 514 |
| Corresponding pension loan | 1 295 | 2 047 |
| For the liabilities of the Group company | | |
| Guarantees | 153 | 158 |
| For the liabilities of other companies | | |
| Guarantees | 1 140 | 1 304 |
| Other liabilities and commitments | | |
| Leasing liabilities | | |
| Payments due in the following financial year | 125 | 153 |
| Payments due later | 53 | 148 |
| Total | 178 | 301 |

The parent company has no liabilities from derivative contracts.

RELATED PARTY TRANSACTIONS

The parent company has granted a loan guarantee on behalf of Gemmi Furs Oy. At 31 Dec. 2005, the guarantee amounted to EUR 1,140 thousand. As a counter-guarantee, the debtor has given the parent company a counter-obligation and corporate mortgages amounting to EUR 1,177 thousand.

# Notes to the income statement

| (EUR 1,000) | 2005 | 2004 |
|---|---|---|
| 7. OTHER OPERATING INCOME | | |
| Rental income | 5 | 4 |
| Sale of fixed assets | 6 | 10 |
| Other income | 36 | 5 |
| Total | 47 | 19 |
| 8. MATERIALS AND SERVICES | | |
| Materials and supplies | | |
| Purchases during the financial period | 20 625 | 18 014 |
| Change in inventories | -905 | -652 |
| Total | 19 720 | 17 362 |
| External services | 10 232 | 9 943 |
| Total | 29 952 | 27 305 |
| 9. PERSONNEL EXPENSES | | |
| Salaries, wages and bonuses | 6 997 | 6 118 |
| Pension and pension insurance payments | 1 096 | 955 |
| Other personnel expenses | 427 | 349 |
| Total | 8 520 | 7 422 |
| Salaries and bonuses for management | | |
| Members of the Board of Directors and the president | 150 | 150 |
| Average personnel | | |
| Salaried employes | 197 | 177 |
| Total | 197 | 177 |
| 10. DEPRECIATION AND IMPAIRMENT | | |
| Intangible assets | | |
| Intangible rights | 26 | 22 |
| Other capitalised expenditure | 163 | 153 |
| Total | 189 | 175 |
| Tangible assets | | |
| Machinery and equipment | 421 | 331 |
| Total | 421 | 331 |
| Total | 610 | 506 |

| | 2005 | 2004 |
|---|---|---|
| 11. OTHER OPERATING EXPENSES | | |
| Rents | 2 879 | 2 810 |
| Marketing | 3 615 | 3 234 |
| Other expenses | 11 940 | 11 108 |
| Total | 18 434 | 17 152 |
| 12. FINANCIAL INCOME AND EXPENSES | | |
| Interest income and other financial income | | |
| From Group companies | 31 | 34 |
| From others | 87 | 82 |
| Total | 118 | 116 |
| Interest expenses and other financial expenses | | |
| To Group companies | 1 | 27 |
| To others | 139 | 167 |
| Total | 140 | 194 |
| Financial income and expenses, total | -22 | -78 |
| Financial income and expenses include exchange rate differences (net) | | |
| From Group companies | -2 | |
| From others | 28 | -11 |
| Total | 26 | -11 |
| 13. EXTRAORDINARY ITEMS | | |
| Group contribution | -14 | |
| 14. APPROPRIATIONS | | |
| Change in depreciation difference | -183 | -332 |
| 15. INCOME TAXES | | |
| Income taxes on extraordinary items | -3 | |
| Income taxes on operations | 2 784 | 2 791 |
| Income taxes for previous financial years | 13 | |
| Total | 2 794 | 2 791 |

# The Board of Directors' proposal for the distribution of profit

The Group's distributable funds on 31 December 2005 amounted to EUR 14,862,380.29.

Marimekko Corporation's distributable funds on 31 December 2005 amounted to EUR 13,237,859.91, of which the profit for the financial period accounts for EUR 7,918,233.97.

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.65 per share be paid for the financial year to a total of EUR 5,226,000.00 and that the rest be retained as earnings.

Helsinki, 26 January 2006

Kari Miettinen

Matti Kavetvuo

Kirsti Paakkanen
President

# Auditors' report

**To the shareholders of Marimekko Corporation**

We have audited the accounting, the financial statements and the corporate governance of Marimekko Corporation for the financial period from 1 January to 31 December 2005. The Board of Directors and the President have prepared the report of the Board of Directors and the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) approved for use in the EU as well as the parent company's financial statements, which include the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements, in accordance with Finnish regulations. Based on the audit, we express an opinion on the consolidated financial statements and on the financial statements and corporate governance of the parent company.

We have conducted the audit in accordance with Finnish Auditing Standards. Those standards require that we perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The purpose of the audit of corporate governance is to examine that the Board of Directors and the President of the parent company have legally complied with the rules of the Companies Act.

**Consolidated financial statements**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved for use in the EU. The financial statements give a true and fair view, as defined in the Accounting Act and the IFRS standards approved for use in the EU, of the Group's result of operations as well as of the financial position. The consolidated financial statements can be adopted.

**Parent company's financial statements and administration**

The parent company's financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of the parent company's result of operations as well as of the financial position. The financial statements can be adopted and the members of the Board of Directors and the President of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the distribution of retained earnings is in compliance with the Companies Act.

Helsinki, 6 February 2006

Nexia Tilintarkastus Oy
Authorised Public Accountants
Seppo Tervo
Authorised Public Accountant

# Administration and auditors

## Board of Directors

**Kari Miettinen**, born 1951
B.Sc. (Econ.), Authorised Public Accountant
Chairman of the Board since 1991
Term of office 2005

**Matti Kavetvuo**, born 1944
M.Sc. (Eng.), B.Sc. (Econ.)
Member since 1997
Term of office 2005

**Kirsti Paakkanen**
Marimekko Corporation's president since 1991
Member since 1991
Term of office 2005

## Auditors

Regular auditor
Nexia Tilintarkastus Oy
Chief auditor: **Seppo Tervo**,
Authorised Public Accountant

Deputy auditor
**Matti Hartikainen**,
Authorised Public Accountant

## Management group, 1 Jan. 2006

**Chairman:**
**Kirsti Paakkanen**, President
Employed by the company since 1991

**Members:**
**Raija Anjala**, finance and administration
Employed by the company since 1999

**Riitta Koljonen**, product information
Employed by the company since 1986

**Marja Korkeela**, corporate communications and investor relations
Employed by the company since 1999

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

**Sirpa Loukamo**, product development, clothing
Employed by the company since 1973

**Merja Puntila**, domestic wholesale
Employed by the company since 1970

**Piia Rossi**, retail sales
Employed by the company since 1988

**Ritva Schoultz**, personnel affairs
Employed by the company since 1982

**Helinä Uotila**, production and purchases
Employed by the company since 1972

# Shares and shareholders

## Shares

Marimekko Corporation was listed on the I List of the Helsinki Stock Exchange in March 1999. In the public offering, the sales and subscription price was EUR 2.42 per share. The share has been quoted on the Main List of the Helsinki Stock Exchange since 27 December 2002.

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

## Share capital

Marimekko Corporation's paid-in share capital, as recorded in the Trade Register, amounts to EUR 8,040,000, consisting of 8,040,000 shares, each having an accounting countervalue of one (1) euro. According to the Articles of Association, the minimum share capital is EUR 3,000,000 and the maximum share capital is EUR 12,000,000. The minimum number of shares is 5,000,000 and the maximum number is 20,000,000.

## Changes in the share capital

**Split**
In 2003, the company's number of shares was doubled (split), without increasing the share capital, in proportion to the existing holdings of shareholders. Due to doubling the number of shares, each share with an accounting countervalue of two (2) euros was split into two shares with an accounting countervalue of one (1) euro each.

**Bonus issue**
In 2003, the company's share capital was increased by means of a bonus issue of EUR 2,680,000, from EUR 5,360,000 to EUR 8,040,000. In the bonus issue, 2,680,000 new shares with an accounting countervalue of one (1) euro were issued. The bonus issue was implemented by transferring EUR 2,680,000 to the share capital so that the funds from the premium fund and reserve fund were transferred in full and the rest from retained earnings. In the bonus issue, a shareholder received, without consideration, one (1) new share for each two (2) post-split shares with an accounting countervalue of one (1) euro. Trading in the split and bonus issue shares began on the Helsinki Stock Exchange on 7 April 2003.

## Authorisations

The Board of Directors has no valid authorisations to carry out a share issue or issue of convertible bonds or bonds with warrants, or to acquire or transfer the company's shares. Marimekko Corporation does not own any Marimekko shares.

## 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 2004

A dividend of EUR 0.50 per share was paid for 2004 in accordance with the decision of the Annual General Meeting held on 7 April 2005. The dividend was paid out on 19 April 2005.

## Proposal for the dividend for the 2005 financial year

The Board of Directors will propose to the Annual General Meeting that the dividend to be paid for the 2005 financial year be EUR 0.65 per share to a total of EUR 5,226,000. The proposed dividends amount to 62.0% of the Group's earnings per share for 2005.

## Shareholders

According to the book-entry register, Marimekko Corporation had 4,834 registered shareholders at the end of the financial year. At the turn of the year, 20.0% of the shares were registered in a nominee's name and 2.2% were owned by foreigners.

## Flagging notifications

Workidea Oy's share of Marimekko Corporation's share capital and voting rights declined from 32.28% to 20.00%, or 1,608,000 shares, as a result of a transaction made on 2 September 2005.

The American company Grantham, Mayo, Van Otterloo & Co. LLC's share of Marimekko Corporation's share capital and voting rights increased to 5.35%, or 430,200 shares, as a result of a transaction made on 2 September 2005.

## Management's shareholding

At the end of the financial year, the total number of shares owned either directly or indirectly by members of the Board of Directors and the president was 1,657,500, representing 20.6% of the total votes conferred by the company's shares.

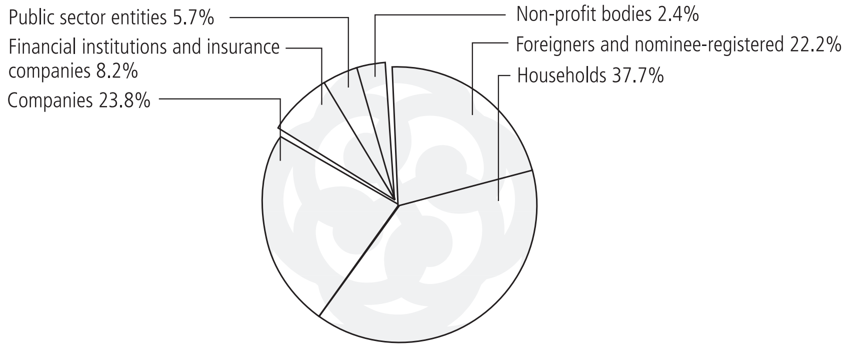
## Marimekko shares owned directly or indirectly by members of the Board of Directors, 31 Dec. 2005

| | Shares | Percentage of holding and votes |
|---|---|---|
| Matti Kavetvuo | 1,500 | 0.02 |
| Kari Miettinen | 48,000 | 0.60 |
| Kirsti Paakkanen | 1,608,000 | 20.00 |

## Breakdown of ownership by owner group, 31 Dec. 2005

| **Owner** | **Shareholders No.** | **%** | **Shares No.** | **%** | **Votes No.** | **%** |
|---|---|---|---|---|---|---|
| Companies | 173 | 3.58 | 1,913,740 | 23.80 | 1,913,740 | 23.80 |
| Financial institutions and insurance companies | 18 | 0.37 | 660,950 | 8.22 | 660,950 | 8.22 |
| Public sector entities | 5 | 0.10 | 454,500 | 5.65 | 454,500 | 5.65 |
| Non-profit bodies | 33 | 0.68 | 193,200 | 2.40 | 193,200 | 2.40 |
| Households | 4,580 | 94.75 | 3,029,223 | 37.68 | 3,029,223 | 37.68 |
| Foreigners and nominee-registered | 25 | 0.52 | 1,788,387 | 22.24 | 1,788,387 | 22.24 |
| TOTAL | 4,834 | 100.00 | 8,040,000 | 100.00 | 8,040,000 | 100.00 |

Breakdown of ownership by owner group,
31 Dec. 2005




## Ownership by size of holding, 31 Dec. 2005

| **Shares No.** | **Shareholders No.** | **%** | **Shares No.** | **%** | **Votes No.** | **%** |
|---|---|---|---|---|---|---|
| 1 – 100 | 1,389 | 28.73 | 113,138 | 1.41 | 113,138 | 1.41 |
| 101 – 500 | 2,051 | 42.43 | 615,064 | 7.65 | 615,064 | 7.65 |
| 501 – 5,000 | 1,301 | 26.91 | 1,748,980 | 21.75 | 1,748,980 | 21.75 |
| 5,001 – 100,000 | 84 | 1.74 | 1,522,997 | 18.94 | 1,522,997 | 18.94 |
| 100,001 – 500,000 | 7 | 0.14 | 1,641,242 | 20.41 | 1,641,242 | 20.41 |
| 500,001 – | 2 | 0.04 | 2,398,579 | 29.83 | 2,398,579 | 29.83 |
| TOTAL | 4,834 | 100.00 | 8,040,000 | 100.00 | 8,040,000 | 100.00 |

## Largest shareholders according to the book-entry register, 31 Dec. 2005

| | | Percentage of holding and votes |
|---|---|---|
| 1. | Workidea Oy | 20.00 |
| 2. | Nordea Life Assurance Finland Ltd | 3.16 |
| 3. | Varma Mutual Employment Pension Insurance Company | 2.48 |
| 4. | ODIN Forvaltning AS | 2.12 |
| 5. | Mutual Insurance Company Pension-Fennia | 1.86 |
| 6. | Nordea Fennia Fund | 1.55 |
| 7. | Nordea Pro Finland Fund | 1.03 |
| 8. | Westerberg Olof | 0.82 |
| 9. | Nordea Optioma.fi Fund | 0.79 |
| 10. | Vidgrén Einari | 0.72 |
| 11. | Veritas Life Insurance Company | 0.69 |
| 12. | Foundation for Economic Education | 0.65 |
| 13. | Miettinen Kari | 0.60 |
| 14. | Neste Oil Eläkesäätiö | 0.55 |
| 15. | Gyllenberg Small Firm Fund | 0.50 |
| Other | | 37.10 |
| Nominee-registered | | 20.01 |

## Shareholder agreements

The company 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.

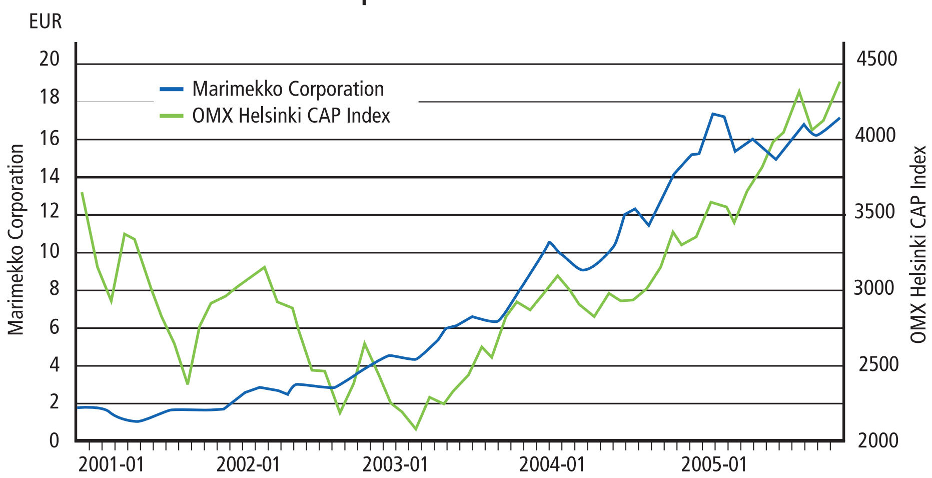
## Share turnover

In 2005, a total of 4,048,319 Marimekko shares were traded, representing 50.4% of the shares outstanding. The total value of share turnover was EUR 64,129,912. The company's market capitalisation at the end of the 2005 financial year was EUR 130,569,600 (EUR 118,188,000 on 31 Dec. 2004).

## Share price trend

| | 2005 | 2004 |
|---|---|---|
| Low, EUR | 13.53 | 8.80 |
| High, EUR | 18.40 | 15.45 |
| Average, EUR | 15.99 | 11.70 |
| Closing price (31 Dec.), EUR | 16.24 | 14.70 |

**Share price trend 2001–2005**

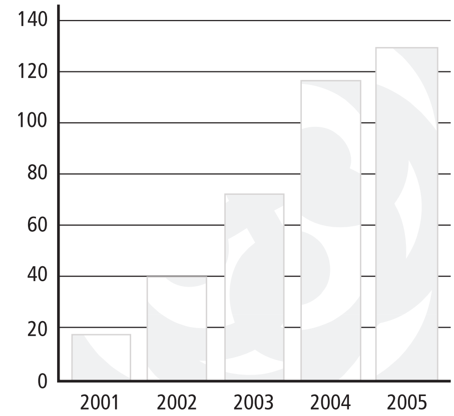



**Share data**

| | |
|---|---|
| Trading code: | MMO1V |
| ISIN code: | FI0009007660 |
| Listing date: | I list, 12 March 1999<br>Main list, 27 December 2002 |
| Sector: | Consumer discretionary |
| Round lot: | 100 shares |
| Taxable value of the share in 2005: | EUR 11.41 |

**Share price trend 2005, EUR**


**Market capitalisation 2001–2005, EUR million**



# Information for shareholders and investors

## Schedule for financial reporting in 2006

| | |
|---|---|
| Financial statement bulletin 2005 | Thursday, 26 Jan. 2006 |
| Annual Report 2005 | week 11 |
| Interim Report Jan.–March | Tuesday, 9 May 2006 |
| Interim Report Jan.–June | Thursday, 17 Aug. 2006 |
| Interim Report Jan.–Sept. | Thursday, 26 Oct. 2006 |

## Annual General Meeting

Marimekko Corporation's Annual General Meeting will be held from 14:00 onwards on Thursday, 6 April 2006 at Marimekko Corporation's head office, Puusepänkatu 4, 00880 Helsinki, Finland.

**Right to attend the Annual General Meeting**
Shareholders who have been registered by 27 March 2006 at the latest in the company's Shareholder Register, which is kept by Finnish Central Securities Depository Ltd, have the right to attend the Annual General Meeting.

**Registration in the Shareholder Register**
The shareholder in whose name the shares are registered is automatically entered in the company's Shareholder Register. Those owners of nominee-registered shares who wish to participate in the Annual General Meeting can be temporarily recorded in the Shareholder Register. This must be done by 27 March 2006 at the latest. For temporary registration, shareholders must contact their account operator.

**Notice of attendance at the Annual General Meeting**
Shareholders who wish to attend the Annual General Meeting must notify the company of their intention to do so before 16:00 on 31 March 2006 at the latest, either in writing or by telephone:
Marimekko Corporation, Share Register, P.O. Box 107, 00811 Helsinki, Finland, tel. +358 9 758 7238 (Marja Korkeela), fax +358 9 759 1676, email: marja.korkeela@marimekko.fi.

**Dividends**
The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.65 per share be paid for 2005. The dividend will be paid to shareholders who are registered, on the dividend payout record date of 11 April 2006, in the company's Shareholder Register kept by Finnish Central Securities Depository Ltd. The Board of Directors will propose to the Annual General Meeting that the dividend be paid on 20 April 2006.

## 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 Internet site in Finnish and English.

## Information sessions and closed period

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

## Financial reports

Marimekko Corporation's Annual Report and Interim Reports are published in Finnish and English. Annual Reports are mailed to all shareholders. Interim Reports are sent, upon request, to the address provided by the subscriber. Financial information is also posted on Marimekko Corporation's site: www.marimekko.com.

## To order publications, contact:

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

## Changes in personal information and addresses

We kindly request shareholders to submit changes of address or personal information to the operator of their book-entry account.

## Investor relations

Marja Korkeela, corporate communications

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

## Stock exchange releases in 2005

| | |
|---|---|
| 27 Jan. 2005 | Financial statement bulletin, 1 Jan.–31 Dec. 2004 |
| 16 March 2005 | Notice of Annual General Meeting on 7 April 2005 |
| 7 Apr. 2005 | Resolutions of the Annual General Meeting |
| 3 May 2005 | Comparative information on 2004 for the IFRS financial statements |
| 10 May 2005 | Interim Report 1 Jan.–1 March 2005 |
| 21 June 2005 | Marimekko strengthens its position in Japan by reorganising the distribution of its products |
| 18 Aug. 2005 | Interim Report, 1 Jan.–30 June 2005 |
| 2 Sept. 2005 | Disclosure of change in ownership of Marimekko Corporation |
| 8 Sept. 2005 | Disclosure of change in ownership of Marimekko Corporation |
| 27 Oct. 2005 | Interim Report, 1 Jan.–30 Sept. 2005 |
| 15 Dec. 2005 | Several Marimekko concept shops to open in Japan in 2006 |

## Banks and securities brokers analysing Marimekko

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E-mail: kalle.karppinen@eqonline.fi

Evli Bank Plc
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# ADDRESSES

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**E-mail: info@marimekko.fi**
**Corporate site: http://www.marimekko.com**

**MARIMEKKO STORES**

**Finland**

**Helsinki:**
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Urho Kekkosen katu 1,
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Kämp Galleria,
Pohjoisesplanadi 31,
00100 Helsinki,
tel. +358 9 686 0240
Eteläesplanadi 14,
00130 Helsinki,
tel. +358 9 170 704
Pohjoisesplanadi 2,
00130 Helsinki,
tel. +358 9 622 2317
Hakaniemi Market Hall,
00530 Helsinki,
tel. +358 9 753 6549
Itäkeskus Shopping Mall,
Itäkatu 1-5 a 27,
00930 Helsinki,
tel. +358 9 323 1772
Factory shop,
Kirvesmiehenkatu 7,
00880 Helsinki,
tel. +358 9 758 7244
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tel. +358 9 463 230
**Vantaa:**
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tel. +358 9 870 2110
**Humppila:**
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**Joensuu:**
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tel. +358 13 224 141
**Jyväskylä:**
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tel. +358 14 337 3400
**Kitee:**
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Karhutie 1,
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**Sulkava:**
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bigpond.com
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Design Mode International
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Fax +61 2 9998 8222
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Importer: bags, ready-made
interior decoration products

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Tel. & Fax +43 316 819262
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Doris Grüger
Weingartshofstrasse 10
4020 Linz
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ready-made interior
decoration products

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interior decoration products

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Shibuya-ku
Tokyo 150-0022
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Tel. +81 3 5795 3473
Fax +81 3 5795 3486
E-mail: izumi_higa@
mcfashion.co.jp
Importer: clothing, bags,
interior decoration products

Look Inc.
(Boutique Division)
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Fax +81 3 3794 9713
E-mail:
tada.kazuhiro@look-inc.jp
Distributor: clothing, bags,
interior decoration products

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Fax +32 9 252 59 32
E-mail:
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Fax +47 22 52 31 45
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Fax +358 9 2564663
E-mail: larissa.hatanpaa@netsonic.fi
Agent: clothing, bags, interior decoration products

**South Korea**
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Seoul 100-230
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Fax +82 2 2264-4064
E-mail: Lovebook@chol.net
Importer: bags, interior decoration products

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Fax +34 93 785 75 69
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Fax +44 20 74864164
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Agent: clothing, bags, interior decoration products

**USA, Canada**
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E-mail: info@marimekko.us
Agent: clothing, bags, interior decoration products

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Fax +45 66 18 19 97
www.leklint.com
Lampshades

**Finland**
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00130 Helsinki, Finland
Tel. +358 9 134 511
Fax +358 9 1345 1232
E-mail: christa.eklund@berner.fi
www.berner.fi/ainu
Baby bottles, pacifiers

Iittala Oy Ab
Hämeentie 135
00560 Helsinki, Finland
Tel. +358 204 39 10
Fax +358 204 39 5180
www.iittala.com
Glassware, porcelain

ONE WAY Sport Oy
Nuijamiestentie 7
00400 Helsinki, Finland
Tel. +358 9 477 4970
Fax +358 9 4774 9720
E-mail: info@onewaysport.fi
www.onewaysport.com
Poles for Nordic walking

Pyrollpack Oy
Teollisuuskyläntie 2
37500 Lempäälä, Finland
Tel. +358 3 383 7700
Fax +358 3 383 7750
E-mail: erja.sulasaari-maki@pyroll.com
Multipurpose decorative paper

Suomen Kerta Oy
Runeberginkatu 25
48200 Kotka, Finland
Tel. +358 5 350 4400
Fax +358 5 350 4450
E-mail: riitta.lindeberg@suomenkerta.fi
www.suomenkerta.fi
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**Japan**
Nishikawa Sangyo Co. Ltd.
8-8 Tomizawa-cho
Nihonbashi, Chuo-ku
Tokyo 103-0006
Japan
Tel. +81 3 3664-3972
Fax +81 3 3664-8193
www.nishikawasangyo.co.jp
Bed linen, home textiles

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Tel. +31 73 615 4200
Fax +31 73 615 4201
E-mail: info@fatboy.nl
www.fatboy.nl
Beanbag chairs

SMEAD Europe BV
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9600 AA Hoogezand
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Tel. +31 598 329 214
Fax +31 598 329 812
E-mail: jos.kievitsbosch@smead-europe.com
www.smead.com
Notebooks, calendars, stationery

**USA**
Crate & Barrel
1250 Techny Road
Northbrook, IL 60062
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Tel. +1 847 272-2888
Fax +1 847 272-3607
www.crateandbarrel.com
Interior textiles

DelGreco Textiles, Inc.
232 East 59th Street, Ground Floor
New York, N.Y. 10022
USA
Tel. +1 212 688-5310
Fax +1 212 688-5207
www.delgrecoandcompany.com
Fabrics for outdoor use

Kenlo International Corp.
306 Fifth Avenue
New York, N.Y. 10001
USA
Tel. +1 212 695-8700
Fax +1 212 695-0213
www.kenlo.com
Umbrellas, bags, raincoats

Mara-Mi, Inc.
1515 Central Avenue N.E.
Minneapolis, MN 55413
USA
Tel. +1 800 627-2648
Fax +1 800 279-8787
www.mara-mi.com
Cards, notebooks, scrapbooks

Revman Industries, Inc.
1211 Avenue of the Americas, 30th Floor
New York, N.Y. 10036
USA
Tel. +1 212 278-0300
Fax +1 212 840-8446
www.revman.com
Bed linen, bathroom textiles

Sweet Potatoes, Inc.
2390 Fourth Street
Berkeley, CA 94710
USA
Tel. +1 510 982-4600
Fax +1 510 982-4651
www.sweetpotatoes.com
Children's clothing

Zak Designs Inc.
P.O. Box 19188
Spokane, WA 99219-9188
USA
Tel. +1 509 244-0555
Fax +1 509 244-0704
www.zak.com
Plastic tabletop products

Representative in the United States, licensing

Donna Gorman, Inc.
1115 Weed Street
New Canaan, CT 06840
USA
Tel. +1 203 972-3685
Fax +1 203 972-3281
E-mail: gormandw@optonline.net