

**MARIMEKKO CORPORATION'S INTERIM REPORT, 1 JANUARY -  
30 SEPTEMBER 2007, NET SALES RISE BY 6%, EARNINGS ARE AT THE SAME  
LEVEL AS THE YEAR BEFORE**

In the January-September period of 2007, Marimekko Group's net sales rose by 6% to EUR 54.6 million (EUR 51.3 million). Exports and income from international operations grew by 19%. Operating profit amounted to EUR 7.1 million (EUR 7.1 million). Net profit for the period was EUR 5.2 million (EUR 5.2 million). Earnings per share were EUR 0.65 (EUR 0.65). The company's forecast for the remainder of 2007 remains unchanged. The Group's full-year net sales growth for 2007 is forecast to stay at the same level as in 2006. Profitability is estimated to remain good although slightly weaker than in the previous year.

## **NET SALES**

### **July-September**

In the July-September period of 2007, the Group's net sales grew by 12.8% to EUR 20,699 thousand (EUR 18,357 thousand). Net sales in Finland increased by 10.9% to EUR 14,876 thousand (EUR 13,416 thousand). Exports and income from international operations grew by 17.8% and totalled EUR 5,823 thousand (EUR 4,941 thousand).

### **January-September**

In the January-September period of 2007, the Group's net sales grew by 6.5% to EUR 54,608 thousand (EUR 51,282 thousand). Net sales in Finland increased by 2.3% to EUR 39,319 thousand (EUR 38,453 thousand). Exports and income from international operations grew by 19.2% to EUR 15,289 thousand (EUR 12,829 thousand). Exports and income from international operations accounted for 28.0% (25.0%) of the Group's net sales.

The breakdown of the Group's net sales by product line was as follows: clothing 41.9%, interior decoration 42.5%, and bags 15.6%. Net sales by market area were the following: Finland 72.0%, the other Nordic countries 11.7%, the rest of Europe 6.8%, North America 5.2%, and other countries (Japan as well as other regions outside Europe and North America) 4.3%.

During the January-September period of 2007, sales in Marimekko's own retail shops in Finland rose by 0.1% (2.3%). Sales to retailers in Finland increased by 5.7% (-2.6%). The growth was primarily due to significant promotional purchases by retailers.

## **MARKET SITUATION**

Strong growth in the world economy has continued throughout the year. The briskest growth has been seen in Asia. Growth in Europe has also picked up noticeably. In the United States, growth

expectations have weakened due to economic instability. Total production in Finland has grown faster than anticipated as a result of higher exports and private consumption (ETLA, The Research Institute of the Finnish Economy, forecast 2007/2). In the January-August period of 2007, retail sales in Finland grew by 7.8% over the corresponding period of the previous year (Statistics Finland, Wholesale and retail trade 2007, August). Retail sales of clothing increased by 2.5% (Textile and Fashion Industries TMA). Sales of womenswear rose by 3.6% and menswear by 2.6%. Sales of childrenswear fell by 1.6%. Sales of bags rose by 7.7%. In the January-July period of 2007, exports of textile products (SITC 65) increased by 8% and imports by 5%. Exports of clothing (SITC 84) rose by 10% and imports by 4% (National Board of Customs, monthly review, August 2007).

## **REVIEWS BY BUSINESS UNIT**

### **Clothing**

In the January-September period of 2007, net sales of clothing fell by 0.5% to EUR 22,900 thousand (EUR 23,024 thousand). The fall was due to slower sales in Finland. In exports, sales growth was extremely good in all markets except the market area referred to as "other countries", which saw a fall in sales. The most notable sales growth was seen in the United States and the market area referred to as "the rest of Europe". Exports and income from international operations accounted for 24.2% of net sales of clothing.

### **Interior decoration**

Net sales of interior decoration products rose by 13.9% to EUR 23,194 thousand (EUR 20,356 thousand). Growth accelerated in almost all markets. The market areas referred to as "other Nordic countries" and "the rest of Europe" enjoyed the strongest growth in sales. Net sales declined in the market area referred to as "other countries". Exports and income from international operations accounted for 30.7% of net sales of interior decoration products.

### **Bags**

Net sales of bags increased by 7.7% to EUR 8,514 thousand (EUR 7,902 thousand). Net sales in Finland grew slightly. Exports picked up significantly in all markets. Exports and income from international operations accounted for 30.9% of net sales of bags.

### **Business gifts and contract sales**

Business gift and contract sales declined by 5.9%.

### **Exports and international operations**

In the January-September period of 2007, the Group's exports and income from international operations grew by 19.2% to EUR 15,289 thousand (EUR 12,829 thousand). Strong growth continued in all export markets except the market area referred to as "other

countries", in which sales declined. The major export countries were Sweden, the United States, Japan, Denmark, Norway, Germany and Great Britain.

In the market area referred to as "other Nordic countries", the growth rate remained high. Net sales rose by 20.0% to EUR 6,423 thousand (EUR 5,353 thousand). Sales increased significantly in all product lines.

In the market area referred to as "the rest of Europe", sales growth was notable in all product lines. Net sales rose by 33.2% to EUR 3,708 thousand (EUR 2,783 thousand). Positive growth continued in Germany. The fastest relative growth in sales was seen in Great Britain and Italy. A retailer-established Marimekko concept store was opened in Graz, Austria at the end of June 2007.

In North America, growth remained strong. There was a significant increase in sales in all product lines. Net sales rose by 31.5% to EUR 2,817 thousand (EUR 2,143 thousand). The new Marimekko concept stores opened in the 2006 financial period played a major role in the growth of sales. There were a total of four retailer-established Marimekko concept stores in the United States at the end of the period under review. The newest one was opened in May 2007 in Silver Spring in metropolitan Washington DC.

In the market area referred to as "other countries", development was clearly slower than in the comparison period. Net sales fell by 8.2% to EUR 2,341 thousand (EUR 2,550 thousand). The termination of licensing operations in Japan at the end of 2006 reduced sales of interior decoration products and was partly responsible for the overall decline in sales. The difference compared with the corresponding period of the previous year was also partly due to the opening of Japanese concept stores, which then boosted sales significantly. Two new Marimekko concept stores were opened in Japan in the period under review: one in Yokohama in March and the other in Nagoya in September. At the end of September, there were a total of nine Marimekko concept stores in Japan.

## **Licensing**

Royalty earnings from sales of licensed products were down slightly. In Finland, royalty earnings remained at the same level as in the corresponding period of the previous year. Royalty earnings in the United States contracted noticeably while extremely strong growth was seen in the Netherlands. The termination of licensing operations in Japan at the end of 2006 resulted in a significant decline in earnings from licensed products.

## **Production**

The production volume of the Herttoniemi textile printing factory increased by 13% on the comparison period. Production volumes at

the factories in Kitee and Sulkava remained at the same level as in the corresponding period of the previous year.

Demand for some product groups exceeded expectations and increased the need for production capacity faster than anticipated; for this reason, delivery times had to be extended.

## **EARNINGS**

### **July-September**

In the July-September period of 2007, the Group's operating profit rose by 13.5% to EUR 3,965 thousand (EUR 3,492 thousand). The improvement was due to a rise in sales in Finland. Earnings per share were EUR 0.36 (EUR 0.32).

### **January-September**

In the January-September period of 2007, the Group's operating profit rose by 0.2% to EUR 7,105 thousand (EUR 7,088 thousand). Operating profit as a percentage of the Group's net sales amounted to 13.0% (13.8%). The Group's marketing expenses totalled EUR 2,945 thousand (EUR 2,892 thousand), or 5.4% (5.6%) of net sales.

The Group's depreciation amounted to EUR 982 thousand (EUR 846 thousand), or 1.8% (1.6%) of net sales. Net financial expenses totalled EUR 38 thousand (EUR 54 thousand), or 0.1% (0.1%) of net sales.

The Group's profit before taxes grew by 0.5% to EUR 7,067 thousand (EUR 7,034 thousand). Net profit for the period rose by 0.4% to EUR 5,231 thousand (EUR 5,211 thousand), or 9.6% (10.2%) of net sales. Earnings per share were EUR 0.65 (EUR 0.65).

Earnings for the period under review were boosted by increased wholesale sales in Finland in the third quarter. This growth was mainly due to large promotional purchases by retailers.

## **INVESTMENTS**

The Group's gross investments amounted to EUR 1,164 thousand (EUR 1,794 thousand), representing 2.1% (3.5%) of net sales. The major investments focused on production equipment renewal at the Herttoniemi textile printing factory and the construction of new premises for Marimekko's Joensuu shop.

## **EQUITY RATIO AND FINANCING**

The equity ratio was 68.1% at the end of the period (66.4% on 30 September 2006, 70.5% on 31 December 2006). The ratio of interest-bearing liabilities minus financial assets to shareholders' equity (gearing) was 5.8%, while it was 3.1% at the same time in the previous year (-11.7% on 31 December 2006).

At the end of the period, the Group's interest-bearing liabilities amounted to EUR 4,711 thousand (EUR 4,976 thousand). The Group's financing from operations was EUR 6,213 thousand (EUR 6,057 thousand) and its financial assets amounted to EUR 3,160 thousand (EUR 4,221 thousand).

## **SHARES AND SHARE PRICE TREND**

At the end of the review period, the company's fully paid-up share capital, as recorded in the Trade Register, amounted to EUR 8,040,000 and the number of shares totalled 8,040,000. The accounting countervalue of a share is one (1) euro.

According to the book-entry register, the company had 5,277 registered shareholders at the end of the period. 18.3% of the shares were registered in a nominee's name and 2.9% were in foreign ownership. The number of shares owned either directly or indirectly by members of the Board of Directors and the president of the company was 1,610,200, representing 20.0% of the total votes conferred by the company's shares.

At the end of the review period, the Board of Directors had no valid authorisations to carry out a share issue or issue of convertible bonds or bonds with warrants, or to acquire or dispose of the company's shares.

During the January-September period of 2007, a total of 1,950,758 Marimekko shares were traded, representing 24.3% of the outstanding shares. The total value of share turnover was EUR 29,739,349. In the review period, the lowest price of the Marimekko share was EUR 13.10, the highest was EUR 17.00 and the average price was EUR 15.24. At the end of the review period, the share price was EUR 14.05. On 30 September 2007, the company's market capitalisation was EUR 113,042,400 (EUR 104,118,000 on 30 September 2006, EUR 117,786,000 on 31 December 2006).

## **FLAGGING NOTIFICATIONS**

Morgan Stanley & Co International plc's share of Marimekko Corporation's share capital and voting rights rose to 5.08%, or 408,689 shares, as a result of a transaction made on 12 April 2007; and then fell to 4.77%, or 383,689 shares, as a result of a transaction made on 20 April 2007.

Grantham, Mayo, Van Otterloo & Co. LLC's share of Marimekko Corporation's share capital and voting rights fell to 4.75%, or 382,200 shares, as a result of a transaction made on 27 June 2007.

Largest shareholders according to the book-entry register on 30 September 2007

Percentage of holding and votes

1. Workidea Oy	20.00
2. Varma Mutual Employment Pension Insurance Company	4.10
3. ODIN Forvaltning AS	2.84
4. Säästöpankki Kotimaa	2.09
5. Evli Nordic Dividend	1.51
6. Nordea Nordic Small Cap Fund	1.33
7. Evli Select	1.18
8. Nordea Life Assurance Finland Ltd	1.14
9. Neste Oil Eläkesäätiö	1.12
10. Nordea Stable Return Fund	1.04
11. Nordea Pro Finland Fund	0.86
12. Ilmarinen Mutual Pension Insurance Company	0.70
13. Moisio Martti	0.67
14. Foundation for Economic Education	0.62
15. Miettinen Kari	0.60
Total	39.80
Nominee-registered	18.31
Others	41.89
	100.00

## PERSONNEL

During the period under review, the number of Group personnel averaged 402 (392). At the end of period, the Group employed 406 (392) people, of whom 16 (14) worked abroad. Kirsi Räikkönen was appointed the Group's marketing and development director as of 16 April 2007, when she also became a member of the management group.

## RISK MANAGEMENT AND MAJOR RISKS

The major risks to Marimekko's business operations have been detailed in the company's 2006 Annual Report. No change in these risks occurred during the period under review.

## ANNUAL GENERAL MEETING

Marimekko Corporation's Annual General Meeting, held on 12 April 2007, adopted the company's accounts for 2006 and approved the Board of Directors' proposal for payment of a dividend for 2006 of EUR 0.65 per share, totalling EUR 5,226,000.00. The record date was 17 April 2007 and the dividend payout date 24 April 2007.

The Annual General Meeting resolved that the Board of Directors shall consist of three members. Mr Matti Kavetvuo, M.Sc. (Eng.), B.Sc. (Econ.), and Mrs Kirsti Paakkanen, President, were re-elected and Mrs Tarja Pääkkönen, Ph.D. (Eng., Business Strategies), was elected as a new member 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 Matti Kavetvuo as Chairman of the Board.

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

## **OUTLOOK FOR THE REMAINDER OF 2007**

Strong growth in the world economy is forecast to continue throughout the year. The fastest growth is expected in Asia. Economic growth outlook in the euro area has remained favourable. In the United States, total production growth is expected to slow down slightly. In Finland, consumption demand is expected to remain strong and total output is estimated to increase by 4.4% in 2007 (ETLA, The Research Institute of the Finnish Economy, forecast 2007/2). Based on the business climate outlook and the company's order book for the fourth quarter, growth in Marimekko Group's net sales in 2007 is estimated to remain at the same level as in 2006. Profitability is estimated to remain good although slightly weaker than in the previous year.

Helsinki, 31 October 2007

MARIMEKKO CORPORATION  
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## **APPENDICES TO THE INTERIM REPORT**

Consolidated income statement  
Consolidated balance sheet  
Consolidated cash flow statement  
Consolidated statement of changes in shareholders' equity  
Key indicators  
Consolidated net sales by market area and product line  
Segment information  
Quarterly trend in net sales and earnings

The information presented in this interim report has not been audited.

Marimekko's stock exchange releases are available on the company's website at [www.marimekko.com](http://www.marimekko.com) under Investors/Stock Exchange Releases.

DISTRIBUTION:   OMX Nordic Exchange Helsinki  
                  Principal media  
                  Marimekko's website [www.marimekko.com](http://www.marimekko.com)

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## APPENDICES

This interim report has been prepared in accordance with IAS 34: Interim Financial Reporting. The same accounting policy has been applied as in the 2006 financial statements. In addition, the following new or amended standards and interpretations have been adopted as from 1 January 2007:

IFRS 7 Financial Instruments: Disclosures. The Group estimates that the adoption of this standard primarily affects the scope of the notes to the annual financial statements.

IAS 1 (amended) Presentation of Financial Statements: Capital Disclosures. The amendment does not affect this interim report.

IFRIC 9 Reassessment of Embedded Derivatives. The application of the interpretation does not affect this interim report.

IFRIC 10 Interim Financial Reporting and Impairment. The application of the interpretation does not affect this interim report.



## CONSOLIDATED INCOME STATEMENT

(EUR 1,000)	7-9/ 2007	7-9/ 2006	1-9/ 2007	1-9/ 2006	1-12/ 2006
NET SALES	20,699	18,357	54,608	51,282	71,424
Other operating income	21	10	56	44	60
Increase or decrease in inventories of completed and unfinished products	204	-227	1,128	87	-33
Raw materials and consumables	8,625	6,826	22,670	20,209	27,868
Employee benefit expenses	3,745	3,596	11,985	11,215	15,407
Depreciation and impairment	327	297	982	846	1,158
Other operating expenses	4,262	3,929	13,050	12,055	16,154
OPERATING PROFIT	3,965	3,492	7,105	7,088	10,864
Financial income	34	34	116	88	124
Financial expenses	-68	-48	-154	-142	-192
	-34	-14	-38	-54	-68
PROFIT BEFORE TAXES	3,931	3,478	7,067	7,034	10,796
Income taxes	1,019	898	1,836	1,823	2,806
NET PROFIT FOR THE PERIOD	2,912	2,580	5,231	5,211	7,990
Distribution					
To equity holders of the parent company	2,912	2,580	5,231	5,211	7,990
Earnings per share calculated on the profit attributable to equity holders of the parent company, EUR	0.36	0.32	0.65	0.65	1.00

## CONSOLIDATED BALANCE SHEET

(EUR 1,000)	30.9.2007	30.9.2006	31.12.2006
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	10,242	9,569	9,992
Intangible assets	279	421	348
Available-for-sale investments	20	20	20
	10,541	10,010	10,360
CURRENT ASSETS			
Inventories	17,785	15,604	16,304
Trade and other receivables	7,758	6,443	5,717
Tax receivables	325	88	-
Cash and cash equivalents	3,160	4,221	5,789
	29,028	26,356	27,810
ASSETS, TOTAL	39,569	36,366	38,170
SHAREHOLDERS' EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
Share capital	8,040	8,040	8,040
Retained earnings	18,869	16,087	18,861
Shareholders' equity, total	26,909	24,127	26,901
NON-CURRENT LIABILITIES			
Deferred tax liabilities	644	544	614
Interest-bearing liabilities	370	1,371	841
	1,014	1,915	1,455
CURRENT LIABILITIES			
Trade and other payables	7,305	6,719	7,803
Tax liabilities	-	-	210
Interest-bearing liabilities	4,341	3,605	1,801
	11,646	10,324	9,814
Liabilities, total	12,660	12,239	11,269
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL	39,569	36,366	38,170

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

## CONSOLIDATED CASH FLOW STATEMENT

(EUR 1,000)	1-9/2007	1-9/2006	1-12/2006
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit for the period	5,231	5,211	7,990
Adjustments			
Depreciation and impairment	982	846	1,158
Financial income and expenses	-38	-54	-68
Taxes	1,836	1,823	2,806
Cash flow before change in working capital	8,087	7,934	12,022
Change in working capital	-4,098	-3,168	-2,069
Cash flow from operating activities before financial items and taxes	3,989	4,766	9,953
Paid interest and payments on other financial expenses	-141	-125	-194
Interest received	141	105	101
Taxes paid	-2,309	-2,259	-2,958
CASH FLOW FROM OPERATING ACTIVITIES	1,679	2,487	6,902
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in tangible and intangible assets	-1,164	-1,794	-2,301
CASH FLOW FROM INVESTING ACTIVITIES	-1,164	-1,794	-2,301
CASH FLOW FROM FINANCING ACTIVITIES			
Short-term loans drawn	4,000	3,000	3,000
Short-term loans repaid	-1,400	-1,250	-3,100
Long-term loans repaid	-471	-471	-946
Finance leasing debts paid	-60	-41	-55
Dividends paid	-5,226	-5,226	-5,226
CASH FLOW FROM FINANCING ACTIVITIES	-3,157	-3,988	-6,327
Change in cash and cash equivalents	-2,642	-3,294	-1,726
Cash and cash equivalents at the beginning of the period	5,789	7,515	7,515
Cash and cash equivalents at the end of the period	3,147	4,221	5,789

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Equity attributable to equity holders of the parent company

(EUR 1,000)	Share capital	Translation differences	Fair value and other reserves	Retained earnings	Shareholders' equity, total
Adjusted shareholders' equity 1 Jan. 2006	8,040			16,097	24,137
Net profit for the period				5,211	
Dividends paid				-5,226	
Shareholders' equity 30 Sept. 2006	8,040	5		16,082	24,127

Equity attributable to equity holders of the parent company

(EUR 1,000)	Share capital	Translation differences	Fair value and other reserves	Retained earnings	Shareholders' equity, total
Adjusted shareholders' equity 1 Jan. 2007	8,040			18,861	26,901
Net profit for the period				5,231	
Dividends paid				-5,226	
Shareholders' equity 30 Sept. 2007	8,040	3		18,869	26,909

## KEY INDICATORS

	1-9/ 2007	1-9/ 2006	Change, %	1-12/ 2006
Earnings per share, EUR	0.65	0.65	0.0	1.00
Equity per share, EUR	3.35	3.00	11.7	3.35
Share of exports and international operations, % of net sales	28.0	25.0		24.6
Return on equity (ROE), %	25.9	28.8		31.3
Return on investment (ROI), %	31.5	33.5		38.2
Equity ratio, %	68.1	66.4		70.5
Gross investments, EUR 1,000	1,164	1,793	-35.1	2,455
Gross investments, % of net sales	2.1	3.5		3.4
Contingent liabilities, EUR 1,000	13,957	15,097	-7.6	14,513
Average personnel	402	392	2.6	393
Personnel at the end of the period	406	392	3.6	396
Number of shares at the end of the period (1,000)	8,040	8,040		8,040
Number of shares outstanding average (1,000)	8,040	8,040		8,040

## NET SALES BY MARKET AREA AND PRODUCT LINE

## BY MARKET AREA, JULY-SEPTEMBER

(EUR 1,000)	7-9/2007	7-9/2006	Change, %
Finland	14,876	13,416	10.9
Other Nordic countries	2,558	2,025	26.3
Rest of Europe	1,284	1,065	20.6
North America	1,104	856	29.0
Other countries	877	995	-11.9
TOTAL	20,699	18,357	12.8

## BY PRODUCT LINE, JULY-SEPTEMBER

(EUR 1,000)	7-9/2007	7-9/2006	Change, %
Clothing	7,797	7,745	0.7
Interior decoration	9,367	7,232	29.5
Bags	3,534	3,380	4.6
TOTAL	20,699	18,357	12.8

## BY MARKET AREA, JANUARY-SEPTEMBER

(EUR 1,000)	1-9/2007	1-9/2006	Change, %	1-12/2006
Finland	39,319	38,453	2.3	53,826
Other Nordic countries	6,423	5,353	20.0	7,373
Rest of Europe	3,708	2,783	33.2	3,655
North America	2,817	2,143	31.5	3,410
Other countries	2,341	2,550	-8.2	3,160
TOTAL	54,608	51,282	6.5	71,424

## BY PRODUCT LINE, JANUARY-SEPTEMBER

(EUR 1,000)	1-9/2007	1-9/2006	Change, %	1-12/2006
Clothing	22,900	23,024	-0.5	30,309
Interior decoration	23,194	20,356	13.9	30,716
Bags	8,514	7,902	7.7	10,399
TOTAL	54,608	51,282	6.5	71,424

## SEGMENT INFORMATION

(EUR 1,000)	1-9/2007	1-9/2006	1-12/2006
Net sales			
Finland	39,319	38,453	53,826
Other countries	15,289	12,829	17,598
Total	54,608	51,282	71,424
Assets			
Finland	37,709	34,558	36,662
Other countries	1,860	1,808	2,228
Eliminations	-1,804	-1,610	-720
Total	39,569	36,366	38,170
Investments			
Finland	1,102	1,723	2,365
Other countries	62	70	90
Total	1,164	1,793	2,455

## QUARTERLY TREND IN NET SALES AND EARNINGS

(EUR 1,000)	III/2007	II/2007	I/2007	IV/2006
Net sales	20,699	16,997	16,912	20,142
Operating profit	3,965	1,643	1,497	3,776
Earnings per share, EUR	0.36	0.15	0.14	0.35
(EUR 1,000)	III/2006	II/2006	I/2006	
Net sales	18,357	16,751	16,174	
Operating profit	3,492	2,144	1,452	
Earnings per share, EUR	0.32	0.20	0.13	