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Marimekko Corporation, Interim Report, 12 May 2015 at 8.30 a.m.

INTERIM REPORT OF MARIMEKKO CORPORATION, 1 January - 31 March 2015: Net sales grew, supported by international sales; operating result remained close to last year's level, as expected

The first quarter in brief

- Net sales grew by 4 percent to EUR 20.1 million (Q1 2014: 19.4).
- Net sales at comparable exchange rates were up 2 percent.
- Net sales were increased by the additional sales of stores opened in 2014 and in the early months of 2015, an increase in royalty income due to a licensing agreement concluded in North America, and a strong dollar.
- Operating result excluding nonrecurring items was EUR -1.3 million (-1.1). Operating result was decreased by the considerable expenses related to the closure of the Beverly Hills store and by a downturn in the sales margins on wholesale sales. Operating result was improved by an increase in royalty earnings in North America.
- Marimekko continues to invest in growth while focusing on enhancing the operations of its company-owned stores, on improving the general profitability of its business, and on creating even more attractive design and products.

Financial guidance for 2015

The full-year estimate for 2015 is unchanged: Based on the market outlook, estimated sales development in the company's market areas, especially in Finland, the company's growth targets as well as other estimated factors, the Marimekko Group's year 2015 net sales are forecast to be at the same level as in 2014 or lower. Operating profit excluding nonrecurring items in 2015 is estimated to be lower than in 2014.

President Tiina Alahuhta-Kasko:

"The development in Marimekko's net sales and results in the first quarter was in line with expectations. In the January-March period of 2015, our operating result excluding nonrecurring items declined compared to the same period last year. The operating result was decreased by the considerable expenses related to the closure of our Beverly Hills store as well as a downturn in sales margins on wholesale sales. However, the increased royalty income resulting from a licensing contract we made with a North American company boosted the period's operating result. We also succeeded in growing our net sales through the positive development in international sales, although the state of retailing in Finland, our important domestic market, continued to be difficult. Net sales were boosted by the additional sales of new stores and the strong dollar.

"We continue to focus on international growth, particularly in new markets in the Asia-Pacific region. During the spring, new markets were opened up in Bangkok and Singapore as well as Dubai in the Middle East. The main thrust in expansion this year will be on openings of retailer-owned Marimekko stores. Our goal is to open a total of 10-20 new Marimekko stores and shop-in-shops.

"Our investment in digital business continues. E-commerce has grown steadily as a proportion of our overall sales, and particularly in Finland it has developed well. Our aim is to enhance the customer experience and make it more inspiring and seamless between our online and offline stores. This also involves the recently started work on updating our store concept.

"We are also concentrating on strengthening our design and product development. We see opportunities particularly in making our fashion, bags and accessories even more attractive. We believe that the updates to be implemented in our collections based on the new creative direction, combined with our efforts to further enhance the customer experience, will make our brand even more appealing both to existing and to new customers around the world."

Key indicators

	1-3/ 2015	1-3/ 2014	Change, %	1-12/ 2014
Net sales, EUR million	20.1	19.4	4	94.2
International sales, EUR million	10.4	9.3	12	42.1
% of net sales	52	48		45
EBITDA, EUR million	-0.3	-0.7	58	9.9
EBITDA excluding nonrecurring items, EUR million	-0.3	0.0		10.5
Operating result, EUR million	-1.3	-1.7	24	5.6
Operating result excluding nonrecurring items, EUR million	-1.3	-1.1	-23	6.3
Operating result margin, %	-6.6	-9.0		5.9
Operating result margin excluding nonrecurring items, %	-6.6	-5.6		6.7
Result for the period, EUR million	-1.1	-1.5	27	4.1
Earnings per share, EUR	-0.14	-0.19	29	0.51
Cash flow from operating activities, EUR million	-1.6	-2.2	26	9.9
Return on investment (ROI), %	-12.4	-18.1		15.6
Equity ratio, %	60.0	53.4		61.6
Gross investments, EUR million	0.3	0.5	-42	2.1
Personnel at the end of the period	445	476	-7	479
outside Finland	115	111	4	129
Brand sales*, EUR million	45.0	39.7	13	186.8
outside Finland, EUR million	30.7	24.4	26	114.6
proportion of international sales, %	68	62		61
Number of stores**	148	136	8,8	144

The change percentages in the table were calculated on exact figures before the amounts were rounded to millions of euros.

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

** Includes the company's own retail stores, retailer-owned Marimekko stores and shop-in-shops with an area exceeding 30 sqm. The company's own retail stores numbered 53 at the end of March 2015 (52). Information on changes is available in the section Internationalisation and changes in the store network.

Financial calendar 2015

The interim report for January-June will be issued on Wednesday 19 August 2015 at 8.30 a.m. and the interim report for January-September on Thursday 5 November 2015 at 8.30 a.m.

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INTERIM REPORT OF MARIMEKKO CORPORATION, 1 January - 31 March 2015

OPERATING ENVIRONMENT

The global economy is growing at a moderate pace. Consumer expectations have strengthened in Europe and the United States, but corporate estimates remain uncertain. China and the United States continue to be the powerhouses of growth. Signs of a budding upswing are visible in Japan and the euro zone, but growth is modest. Economic conditions in Finland are still below average, but the downturn seems to be coming to an end. The outlook for the next few months is somewhat brighter, but no clear turn for the better is expected in the near future.

Retail trade confidence in Finland remains modest, although the confidence indicator rose in April. Confidence is still well below normal. Sales volume has fallen, and sales expectations are low. Both retail and wholesale trade declined in the winter. Wholesale sales are still falling, but retail trade has slightly recovered from a bad winter. (Confederation of Finnish Industries EK: Economic Review, 16 April 2015; Confidence Indicators, April 2015; Business Tendency Survey, May 2015.)

In the January-March period of 2015, the value of retail sales in Finland fell by 1.1 percent and the volume of sales, which measures real growth, declined by 0.1 percent (Statistics Finland: Turnover of Trade, retail trade flash estimate, March 2015).

INTERNATIONALISATION AND CHANGES IN THE STORE NETWORK

Marimekko is undergoing a dynamic phase of internationalisation. In 2015, the main thrust in expansion is on openings of retailer-owned Marimekko stores, particularly in the Asia-Pacific region. The goal is to open a total of 10-20 new Marimekko stores and shop-in-shops. Of these, 1-3 would be company-owned stores. The company will continue to enhance the operations of company-owned stores opened in recent years and to improve their profitability.

During the period under review, three Marimekko stores and one shop-in-shop were opened. Of the openings, a retailer-owned Marimekko store in Japan and a shop-in-shop in China are in the Asia-Pacific region. In Marimekko's new market of the Middle East, a retailer-owned Marimekko store was opened in Dubai. In March, Marimekko's company-owned stores were closed in London and Beverly Hills. After the end of the period, two retailer-owned Marimekko stores have been opened in the Asia-Pacific region, one in Bangkok, Thailand and the other in Singapore. A new store has also opened in Dubai.

Number of stores & shop-in-shops*	31.3.2015	31.3.2014	31.12.2014
Finland	63	57	62
Company-owned stores	24	23	24
Company-owned outlet stores	11	9	10
Retailer-owned stores	17	17	17
Retailer-owned shop-in-shops	11	8	11
Scandinavia	10	13	10
Company-owned stores	8	8	8
Company-owned outlet stores	-	-	-
Retailer-owned stores	-	3	-
Retailer-owned shop-in-shops	2	2	2
EMEA**	5	4	3
Company-owned stores	2	4	3
Company-owned outlet stores	-	-	-
Retailer-owned stores	1	-	-
Retailer-owned shop-in-shops	2	-	-
North America	22	23	23
Company-owned stores	4	5	5
Company-owned outlet stores	1	1	1
Retailer-owned stores	2	2	2
Retailer-owned shop-in-shops	15	15	15
Asia-Pacific	48	39	46
Company-owned stores	3	2	3
Company-owned outlet stores	-	-	-
Retailer-owned stores	40	34	39

Retailer-owned shop-in-shops	5	3	4
Total	148	136	144
Company-owned stores	41	42	43
Company-owned outlet stores	12	10	11
Retailer-owned stores	60	56	58
Retailer-owned shop-in-shops	35	28	32

* Includes shop-in-shops with an area exceeding 30 sqm.

** The market area of Central and Southern Europe previously referred to in Marimekko's financial disclosures has changed to EMEA (Europe and Middle East Area) as a result of the partnership initiated in the Middle East during the second quarter of 2014.

NET SALES

In the January-March period, consolidated net sales grew by 4 percent, reaching EUR 20,135 thousand (19,376). Net sales at comparable exchange rates were up 2 percent. International sales rose by 12 percent; net sales in Finland fell by 3 percent.

Retail sales grew by 3 percent. The growth was mainly due to the additional sales of the stores opened in 2014 and the appreciation the US dollar against the euro.

Wholesale sales rose by 1 percent. Sales grew in EMEA and in North America.

Royalty income grew markedly, especially due to a licensing agreement concluded in North America.

Net sales by market area

(EUR 1,000)	1-3/ 2015	1-3/ 2014	Change, %	Change, % In currency terms	1-12/ 2014
Finland	9,707	10,037	-3	-3	52,034
Retail sales	6,206	6,205	0	0	35,363
Wholesale sales	3,410	3,753	-9	-9	16,245
Royalties	92	79	16	16	425
Scandinavia	1,812	1,907	-5	-1	8,452
Retail sales	992	1,061	-7	-3	5,151
Wholesale sales	821	846	-3	1	3,301
Royalties	-	-	-	-	-
EMEA	2,268	1,837	23	23	7,554
Retail sales	343	319	7	7	1,509
Wholesale sales	1,884	1,480	27	27	5,882
Royalties	41	38	9	9	162
North America	2,102	1,511	39	14	8,584
Retail sales	1,287	1,129	14	-7	5,983
Wholesale sales	404	320	26	9	1,957
Royalties	411	62	-	-	644
Asia-Pacific	4,246	4,084	4	4	17,527
Retail sales	711	514	38	29	2,675
Wholesale sales	3,535	3,570	-1	-1	14,847
Royalties	-	-	-	-	5
International sales, total	10,428	9,339	12	3	42,116
Retail sales	3,332	3,023	10	-2	15,318
Wholesale sales	6,643	6,216	7	4	25,987
Royalties	452	100	-	-	811
Total	20,135	19,376	4	2	94,150
Retail sales	9,538	9,228	3	-1	50,682
Wholesale sales	10,053	9,969	1	3	42,232
Royalties	544	179	-	-	1,237

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

Finland

In the January-March period, net sales in Finland fell by 3 percent to EUR 9,707 thousand (10,037), which was attributable to a decrease in wholesale sales. Retail sales were on a par with last year. Retail sales were decreased by the three new stores opened in 2014. Comparable retail sales fell by 4 percent.

Scandinavia

Net sales in Scandinavia fell by 5 percent and were EUR 1,812 thousand (1,907). Retail sales declined by 7 percent. Wholesale sales fell by 3 percent in euro terms, but rose by 1 percent at comparable exchange rates.

EMEA

In EMEA, net sales grew by 23 percent to EUR 2,268 thousand (1,837). Wholesale sales rose by 27 percent, partly due to deliveries for the start-up stock of the retailer-owned store opened in Dubai. Growth was also seen in wholesale deliveries to Belgium, Germany and France. Retail sales grew by 7 percent. The Marimekko company-owned store in St Christopher's Place, London, was closed at the end of March.

North America

In North America, net sales grew by 39 percent to EUR 2,102 thousand (1,511). Net sales at comparable exchange rates rose by 14 percent, thanks to growth in wholesale sales and licensing income. Retail sales fell by 7 percent at comparable exchange rates. The fall in retail sales was due to the closure of the Beverly Hills store in March and a 11 percent decline in sales in comparable stores.

Asia-Pacific

Net sales in the Asia-Pacific region grew by 4 percent to EUR 4,246 thousand (4,084). Wholesale sales fell by 1 percent. In the most important country in this market area, Japan, wholesale sales declined by 6 percent. Retail sales (Australian stores in Sydney and Melbourne) grew thanks to the additional sales from the store opened in Melbourne in autumn 2014. Sales in comparable stores fell in euro terms by 7 percent and in terms of the currency of sales by 13 percent. The opening of a new store close to another Melbourne store impacted the comparable retail sales development negatively.

FINANCIAL RESULT

In the January-March period of 2015, the Group's operating result was EUR -1,325 thousand (-1,748). Operating result for the comparison period included EUR 669 thousand in nonrecurring expenses. The comparison period's operating result excluding nonrecurring items was EUR -1,079 thousand. Operating result was decreased by the considerable expenses related to the closure of the Beverly Hills store and by a downturn in the sales margins on wholesale sales. Operating result was improved by an increase in royalty earnings in North America.

Marketing expenses for the first quarter were EUR 1,107 thousand (1,001), or 5 percent of consolidated net sales (5).

The Group's depreciation and impairments totalled EUR 1,047 thousand (1,082), or 5 percent of net sales (6).

Operating result margin was -6.6 percent (-9.0). The comparison period's operating result margin excluding nonrecurring items was -5.6 percent.

Net financial items were EUR 133 thousand (-72), or 1 percent of net sales (0). Foreign exchange changes recorded in net financial items amounted to EUR 198 thousand (-3).

Result for the review period before taxes was EUR -1,192 thousand (-1,820). Result after taxes was EUR -1,095 thousand (-1,498) and earnings per share were EUR -0.14 (-0.19).

BALANCE SHEET

The consolidated balance sheet total as of 31 March 2015 was EUR 46,797 thousand (47,796). Equity attributable to the equity holders of the parent company was EUR 28,030 thousand (25,495) or EUR 3.46 per share (3.15).

Non-current assets at the end of March 2015 were EUR 17,813 thousand (20,024).

At the end of the period under review, net working capital was EUR 15,501 thousand (16,970). Inventories were EUR 19,463 thousand (18,719).

CASH FLOW AND FINANCING

In the January-March period, cash flow from operating activities was EUR -1,639 thousand (-2,219) or EUR -0.20 per share (-0.27). Cash flow before cash flow from financing activities was EUR -1,907 thousand (-2,684).

The Group's financial liabilities at the end of the period under review stood at EUR 8,208 thousand (13,193).

At the end of the period under review, the Group's cash and cash equivalents amounted to EUR 3,114 thousand (1,885). In addition, the Group had unused committed long- and short-term credit lines of EUR 21,302 thousand (16,180).

The Group's equity ratio at the end of the period was 60.0 percent (53.4). Gearing was 18.2 percent (44.4).

INVESTMENTS

The Group's gross investments in the first quarter were EUR 268 thousand (466), or 1 percent of net sales (2). Most of the investments were devoted to IT systems and building store premises.

PERSONNEL

In the January-March period of 2015, the number of employees averaged 453 (478). At the end of the period, the Group had 445 (476) employees, of whom 115 (111) worked outside Finland. The number of employees working outside Finland was broken down as follows: Scandinavia 38 (33), EMEA 12 (14), North America 47 (50) and Asia-Pacific 18 (14). The personnel at company-owned stores totalled 219 (227) at the end of the period.

SHARES AND SHAREHOLDERS

Share capital and number of shares

At the end of March 2015, 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 8,089,610.

Shareholdings

According to the book-entry register, Marimekko had 7,151 shareholders at the end of the period under review (7,292). Of the shares, 21.6 percent were owned by nominee-registered or non-Finnish holders (21.2). The number of shares owned either directly or indirectly by members of the Board of Directors and the President and CEO of the company was 1,328,598 (1,348,358), representing 16.4 percent of the number and voting rights of the company's shares (16.7).

Information about the largest shareholders can be found on the company's website company.marimekko.com under Investors/Share information.

Share trading and the company's market capitalisation

In the January-March period of 2015, a total of 216,812 Marimekko shares were traded, representing 2.7 percent of the shares outstanding. The total value of Marimekko's share turnover was EUR 2,189,943. The lowest price of the Marimekko share was EUR 9.00, the highest was EUR 10.90 and the average price was EUR 10.10. At the end of March, the closing price of the share was EUR 10.55. The company's market capitalisation on 31 March 2015 was EUR 85,345,386 (83,322,983).

Authorisations

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

EVENTS SINCE THE END OF THE REVIEW PERIOD

Changes in management and governance structure

On 11 February 2015, Marimekko's Board of Directors decided to appoint Tiina Alahuhta-Kasko as the new President of Marimekko Corporation. She has served as the company's Chief Operating Officer since 2014 and has also been the company's Chief Marketing Officer and member of the Management Group since 2011. Tiina Alahuhta-Kasko, M. Sc. (Econ.), CEMS MIM, has worked for Marimekko since 2005. The duties of the Chief Operating Officer will in the future be incorporated into the President's duties, so the company will not appoint a new Chief Operating Officer. A Marketing Director is being sought to lead marketing efforts.

In the same connection, Marimekko's Board of Directors decided on a full-time executive service agreement with Mika Ihamuotila. As CEO, his duties include, inter alia, responsibility for the development and implementation of Marimekko's strategy together with the President and Management Group as well as an active senior role in managing the company's financial affairs and stakeholder relations. Mika Ihamuotila also has a senior role in developing leadership within the Marimekko Group. Ihamuotila's CEO contract and the duties thereunder are not dependent on status as a member or chairman of the Board of Directors.

Both appointments took effect following the Annual General Meeting of 9 April 2015. At the constitutive meeting of Marimekko's Board of Directors held after the AGM, Mika Ihamuotila was elected chairman of the Board of Directors, and his position is thus Chairman and CEO.

In February, the Board of Directors also decided that, as part of the change in Marimekko's governance structure, the company will establish an Audit and Remuneration Committee, all members of which shall be independent of the company and its significant shareholders. The Board of Directors elected by the Annual General Meeting of 9 April 2015 appointed the first Audit and Remuneration Committee from among its members. Elina Björklund was elected as chair and the ordinary members are Joakim Karske and Catharina Stackelberg-Hammarén. In addition to the regular duties and supervision allocated to the Audit and Remuneration Committee, the committee also discusses and prepares matters related to the executive management's terms of contract and remuneration.

Resolutions of the Annual General Meeting

The Annual General Meeting of Marimekko Corporation held on 9 April 2015 adopted the financial statements for 2014 and discharged the members of the Board of Directors and the President and CEO from liability. The Annual General Meeting approved the Board of Directors' proposal to pay a dividend of EUR 0.35 per share for the 2014 financial year, totalling EUR 2,831,364. The dividend payment record date was 13 April 2015 and the dividend payment date was 20 April 2015.

The number of members of the Board of Directors was confirmed as six. Elina Björklund, Arthur Engel, Mika Ihamuotila, Joakim Karske and Catharina Stackelberg-Hammarén were re-elected to the Board and Mikko-Heikki Inkeroinen was elected as a new member. Mika Ihamuotila serves as chairman and Elina Björklund as deputy chair. The term in office of the members of the Board of Directors lasts until the closing of the Annual General Meeting following the one at which they were elected.

It was decided that the annual remuneration payable to the members of the Board would be as follows: EUR 40,000 to the chairman and EUR 30,000 to the deputy chair and EUR 22,000 to the other members. According to the resolution by the Annual General Meeting, approximately 40 percent of the annual remuneration will be paid in Marimekko Corporation's shares acquired from the market and the remainder in cash. The shares will be acquired directly on behalf of the Board members within two weeks from the release of the interim report for 1 January - 31 March 2015 or, if this is not possible due to insider regulations, on the first possible date thereafter. It was also resolved that persons who have a full-time employment or service relationship with the company will receive no remuneration for their board membership or chairmanship. Mika Ihamuotila will therefore not be paid annual remuneration for chairing the Board of Directors.

It was further decided that no separate remuneration will be paid for committee work to people elected to committees. The remuneration to be paid to the deputy chair of the Board of Directors also takes into account work in chairing the Audit and Remuneration Committee.

The Annual General Meeting voted to re-elect PricewaterhouseCoopers Oy, Authorised Public Accountants, as the company's auditor and that the auditor's fee would be paid as per invoice. Ylva Eriksson, Authorised Public Accountant, will serve as chief auditor.

Reinforcing store operations in Helsinki

Marimekko announced at the end of April that it is reinforcing its store operations in the centre of Helsinki. Marimekko's flagship store in the Galleria Esplanad mall will be updated and will move to new premises in the shopping centre. The company will also open a totally new store in the Forum shopping mall. The new stores will open in the autumn. The changes are not estimated to have an essential impact on the company's results.

MAJOR RISKS AND FACTORS OF UNCERTAINTY

The key strategic risks for the near future are associated with the weakening of consumer confidence, overall economic trends, and the consequent uncertainty in the operating environment especially in Finland. Near-term strategic risks also include risks related to the management of the company's expansion, digitalisation of retail, and changes in Marimekko's design and product assortment.

Marimekko products are sold in approximately 40 countries. The key markets are Northern Europe, North America and the Asia-Pacific region. There are Marimekko stores in 17 countries. In addition to Finland, Marimekko has company-owned stores in other Nordic countries, Germany, the United States and Australia. The global economic cycle and factors of uncertainty affect consumers' purchasing behaviour and buying power in all of the company's market areas. The long-term problems in the global economy continue to dampen the prospects for retail as well as Marimekko's prospects for growth and earnings.

Marimekko is undergoing a phase of extensive internationalisation and change. The distribution of products is being expanded in all key market areas. Growth is based on opening retailer-owned Marimekko stores and shop-in-shops as well as on setting up company-owned stores and expanding e-commerce. In recent years, expansion has called for larger or new country organisations, which burdens the cost-effectiveness of the company. Expanding the network of company-owned stores and building international e-commerce have increased the company's investments, lease liabilities of store premises and inventories as well as the company's fixed costs. Furthermore, partnership agreements, the choice of partners as well as store lease agreements in the company's key market areas involve risks.

The company's ability to design, develop and commercialise new products that meet consumers' expectations while maintaining profitable in-house production, sustainable sourcing and effective logistics has an impact on the company's sales and profitability. Moreover, intellectual property rights play a vital role in the company's success, and the company's ability to manage these rights may have an impact on the company's value. Agreements with freelance designers and fees paid to designers based on these agreements are an essential part of the management of the intellectual property rights.

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

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

MARKET OUTLOOK AND GROWTH TARGETS IN 2015

Overall uncertainty in the global economy is forecast to continue, and this may impact consumers' purchasing behaviour in all of Marimekko's market areas.

In particular, the situation in the retail trade in Marimekko's important domestic market, Finland, has remained difficult and this trend seems set to continue. During the first quarter of the year, comparable retail sales fell by roughly 4 percent. In April, retail sales took a slightly better track due to growth in promotional sales by outlet stores and the webshop. Deteriorating consumer confidence, declining purchasing power and rising unemployment cast a significant shadow over Marimekko's retail sales expectations for 2015 and are reflected in retailers' increasing reluctance to

replenish their stocks. No major nonrecurring promotional deliveries which would support wholesale sales are in sight. However, the stores opened in 2014 are boosting sales.

The Asia-Pacific region, Marimekko's second-biggest market, plays an important part in the company's internationalisation, and the company still sees a growing demand for its products in this area. In recent years, new markets have been opened up in China, Hong Kong and Taiwan, and the number of Marimekko stores in the region has more than doubled to 50. In 2015, new markets are being opened up at least in Singapore and Thailand (Bangkok). In Australia, the outlook is bright, and Marimekko's retail sales have developed well, even better than forecast. Although sales in these countries are expected to grow, their combined share of Marimekko's net sales is still relatively small compared with Japan, which is clearly the most important single country in this area to the company. The appreciation of the euro against the yen and an increase in sales tax which came into force last spring impacted negatively on Marimekko's Japanese wholesale sales in 2014. This year and in the years ahead, sales in Japan are forecast to develop more modestly than in past years. Potential sales growth in the Japanese market will increasingly be based on organic growth and new stores will be opened at the rate of a few per year. During the first quarter of the year, sales in Japan fell by 6 percent.

In the United States, the economy as a whole is growing, but the development in Marimekko's foreign-currency-denominated retail and wholesale sales in North America is expected to be on like-for-like terms roughly on a par with that of the previous year. The appreciation of the US dollar is expected to boost sales in euro terms markedly. However, owing to the loss-making nature of Marimekko's North American business, the appreciation of the dollar will impact negatively on the company's operating result in 2015. The Beverly Hills store was closed in March, which resulted in substantial expenses during the first quarter of the year. Royalty income from North America is forecast to grow in 2015 due to a licensing agreement concluded with a North American company.

Sales expectations in Scandinavia and EMEA are moderate. In the Middle East, two new stores were opened in Dubai in spring 2015. Deliveries of start-up stocks to the new stores boosted sales in the market area during the first quarter of the year.

In 2015, the main thrust in expansion is on openings of retailer-owned Marimekko stores. The aim is to open a total of 10-20 new Marimekko stores and shop-in-shops. Of these, 1-3 would be company-owned. Furthermore, the company will continue the operational enhancement and the improvement of profitability of company-owned stores opened in recent years. Changes in the business locations of company-owned stores may affect sales negatively during the current year.

The expenses of marketing measures scheduled for 2015 are expected to be higher than last year, meaning more than EUR 5 million (4.7). The total investments for 2015 of the Marimekko Group are estimated as being in excess of EUR 3 million (2.1). The majority of investments will be directed at building new store premises and purchasing new furniture as well as developing data systems in support of business operations.

FINANCIAL GUIDANCE FOR 2015

The full-year estimate for 2015 is unchanged: Based on the market outlook, estimated sales development in the company's market areas, especially in Finland, the company's growth targets as well as other estimated factors, the Marimekko Group's year 2015 net sales are forecast to be at the same level as in 2014 or lower. Operating profit excluding nonrecurring items in 2015 is estimated to be lower than in 2014.

Helsinki, 12 May 2015

MARIMEKKO CORPORATION

The Board of Directors

INTERIM REPORT 1 JANUARY - 31 MARCH 2015, TABLE SECTION

The information presented in the interim report has not been audited. There may be differences in totals due to rounding to the nearest thousand euros.

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Accounting principles
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ACCOUNTING PRINCIPLES

This interim report was prepared in accordance with IAS 34. Marimekko has applied the same accounting principles were applied as in the 2014 financial statements in this interim report, although at the start of the financial year the company adopted certain new and amended IFRS standards as described in the financial statements for 2014. The adoption of new and updated standards has had no effect on the figures stated during the period under review.

FORMULAS FOR KEY FIGURES

Earnings per share (EPS), EUR:
 $(\text{Profit before taxes} - \text{income taxes}) / \text{Number of shares (average for the financial year)}$

Equity per share, EUR:
 $\text{Shareholders' equity} / \text{Number of shares, 31 March}$

Return on equity (ROE), %:
 $(\text{Profit before taxes} - \text{income taxes}) \times 100 / \text{Shareholders' equity (average for the financial year)}$

Return on investment (ROI), %:
 $(\text{Profit before taxes} + \text{interest and other financial expenses}) \times 100 / (\text{Balance sheet total} - \text{non-interest-bearing liabilities (average for the financial year)})$

Equity ratio, %:
 $\text{Shareholders' equity} \times 100 / (\text{Balance sheet total} - \text{advances received})$

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

Net working capital:
 $\text{Inventories} + \text{trade and other receivables} + \text{current tax assets} - \text{trade and other payables} - \text{current tax liability}$

CONSOLIDATED INCOME STATEMENT

(EUR 1,000)	1-3/2015	1-3/2014	1-12/2014
NET SALES	20,135	19,376	94,150
Other operating income	58	54	230
Increase or decrease in inventories of completed and unfinished products	1,260	705	-692
Raw materials and consumables	-7,931	-7,761	-32,767
Employee benefit expenses	-6,747	-6,777	-25,543
Depreciation and impairments	-1,047	-1,082	-4,283
Other operating expenses	-7,053	-6,263	-25,503
OPERATING RESULT	-1,325	-1,748	5,592
Financial income	200	0	252
Financial expenses	-67	-72	-360
	133	-72	-108
RESULT BEFORE TAXES	-1,192	-1,820	5,485
Income taxes	97	322	-1,370
NET RESULT FOR THE PERIOD	-1,095	-1,498	4,114
Distribution of net result to equity holders of the parent company	-1,095	-1,498	4,114
Basic and diluted earnings per share calculated on the result attributable to equity holders of the parent company, EUR	-0,14	-0.19	0.51

COMPREHENSIVE CONSOLIDATED INCOME STATEMENT

(EUR 1,000)	1-3/2015	1-3/2014	1-12/2014
Net result for the period	-1,095	-1,498	4,114
Items that could be reclassified to profit or loss at a future point in time			
Change in translation difference	80	4	-36
COMPREHENSIVE RESULT FOR THE PERIOD	-1,015	-1,494	4,078
Distribution of net result to equity holders of the parent company	-1,015	-1,494	4,078

CONSOLIDATED BALANCE SHEET

(EUR 1,000)	31.3.2015	31.3.2014	31.12.2014
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	1,607	1,766	1,561
Tangible assets*	16,187	17,913	16,702
Available-for-sale financial assets	16	16	16
Deferred tax assets	3	330	-
	17,813	20,024	18,279
CURRENT ASSETS			
Inventories	19,463	18,719	17,558
Trade and other receivables	6,241	7,029	7,286
Current tax assets	166	140	-
Cash and cash equivalents	3,114	1,885	4,079
	28,983	27,772	28,924
ASSETS, TOTAL	46,797	47,796	47,203
SHAREHOLDERS' EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
Share capital	8,040	8,040	8,040
Reserve for invested non-restricted equity	502	502	502
Translation differences	6	-34	-74
Retained earnings	19,482	16,987	20,577
Shareholders' equity, total	28,030	25,495	29,045
NON-CURRENT LIABILITIES			
Deferred tax liabilities	-	-	4
Provisions	190	190	190
Financial liabilities	4,698	9,820	3,696
Finance lease obligations	3,285	3,276	3,261
	8,173	13,286	7,150
CURRENT LIABILITIES			
Trade and other payables	10,369	8,918	10,053
Current tax liabilities	-	-	778
Finance lease liabilities	225	97	176
	10,594	9,016	11,008
Liabilities, total	18,767	22,301	18,158
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL	46,797	47,796	47,203

* At the end of the review period, tangible assets included assets acquired under finance lease agreements in the amount of EUR 3,359 thousand (31 March 2014: 3,268; 31 December 2014: 3,298).

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)	1-3/2015	1-3/2014	1-12/2014
CASH FLOW FROM OPERATING ACTIVITIES			
Net result for the period	-1,095	-1,498	4,114
Adjustments			
Depreciation and impairments	1,047	1,082	4,283
Other non-cash transactions	0	89	89
Financial income and expenses	-133	72	108
Taxes	-97	-322	1,370
Cash flow before change in working capital	-279	-577	9,965
Change in working capital	-1,242	-1,432	45
Increase (-) / decrease (+) in current non-interest-bearing trade receivables	1,074	267	-460
Increase (-) / decrease (+) in inventories	-1,904	-613	547
Increase (+) / decrease (-) in current non-interest-bearing liabilities	-412	-1,086	-42
Cash flow from operating activities before financial items and taxes	-1,520	-2,009	10,010
Paid interest and payments on other financial expenses	-67	-71	-360
Interest received	-1	-	45
Taxes paid	-52	-139	156
CASH FLOW FROM OPERATING ACTIVITIES	-1,639	-2,219	9,851
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in tangible and intangible assets	-268	-466	-2,063
CASH FLOW FROM INVESTING ACTIVITIES	-268	-466	-2,063
CASH FLOW FROM FINANCING ACTIVITIES			
Long-term loans drawn	1 002	1,586	-
Long-term loans paid	-	-	-4,538
Finance lease liabilities paid	-60	-18	-150
Dividends paid	-	-	-2,022
CASH FLOW FROM FINANCING ACTIVITIES	943	1,568	-6,710
Change in cash and cash equivalents	-965	-1,116	1,078
Cash and cash equivalents at the beginning of the period	4,079	3,001	3,001
Cash and cash equivalents at the end of the period	3,114	1,885	4,079

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(EUR 1,000)	Equity attributable to equity holders of the parent company				
	Share capital	Invested non-restricted equity reserve	Translation differences	Retained earnings	Shareholders' equity, total
Shareholders' equity 1 January 2014	8,040	502	-38	18,485	26,989
Comprehensive result					
Net result for the period				-1,498	-1,498
Translation differences			4		4
Total comprehensive result for the period			4	-1,498	-1,494
Transactions with owners					
Dividends paid					
Shareholders' equity 31 March 2014	8,040	502	-34	16,987	25,495
Shareholders' equity 1 January 2015	8,040	502	-74	20,577	29,045
Comprehensive result					
Net result for the period				-1,095	-1,095
Translation differences			80		80
Total comprehensive result for the period			80	-1,095	-1,015
Transactions with owners					
Dividends paid					
Shareholders' equity 31 March 2015	8,040	502	6	19,482	28,030

KEY FIGURES

	1-3/2015	1-3/2014	Change, %	1-12/2014
Earnings per share, EUR	-0.14	-0.19	29	0.51
Equity per share, EUR	3.46	3.15	10	3.59
Return on equity (ROE), %	-15.4	-22.8		14.7
Return on investment (ROI), %	-12.4	-18.1		15.6
Equity ratio, %	60.0	53.4		61.6
Gearing, %	18.2	44.4		10.5
Gross investments, EUR 1,000	268	466	-42	2,063
Gross investments, % of net sales	1	2		2
Contingent liabilities, EUR 1,000	33,766	36,768	-8	34,310
Average personnel	453	478	-5	473
Personnel at the end of the period	445	476	-7	479
Number of shares at the end of the period	8,089,610	8,089,610		8,089,610
Number of shares outstanding, average	8,089,610	8,089,610		8,089,610

*Does not include machinery and equipment acquired under finance lease agreements EUR 133 thousand (74).

SEGMENT INFORMATION

(EUR 1,000)	1-3/2015	1-3/2014	Change, %	1-12/2014
Marimekko business				
Net sales	20,135	19,376	4	94,150
Operating result	-1,325	-1,748	24	5,592
Assets	46,797	47,796	-2	47,203

NET SALES BY MARKET AREA

(EUR 1,000)	1-3/ 2015	1-3/ 2014	Change, %	Change, % in currency terms	1-12/ 2014
Finland	9,707	10,037	-3	-3	52,034
Retail sales	6,206	6,205	0	0	35,363
Wholesale sales	3,410	3,753	-9	-9	16,245
Royalties	92	79	16	16	425
Scandinavia	1,812	1,907	-5	-1	8,452
Retail sales	992	1,061	-7	-3	5,151
Wholesale sales	821	846	-3	1	3,301
Royalties	-	-	-	-	-
EMEA	2,268	1,837	23	23	7,554
Retail sales	343	319	7	7	1,509
Wholesale sales	1,884	1,480	27	27	5,882
Royalties	41	38	9	9	162
North America	2,102	1,511	39	14	8,584
Retail sales	1,287	1,129	14	-7	5,983
Wholesale sales	404	320	26	9	1,957
Royalties	411	62	-	-	644
Asia-Pacific	4,246	4,084	4	4	17,527
Retail sales	711	514	38	29	2,675
Wholesale sales	3,535	3,570	-1	-1	14,847
Royalties	-	-	-	-	5
International sales, total	10,428	9,339	12	3	42,116
Retail sales	3,332	3,023	10	-2	15,318
Wholesale sales	6,643	6,216	7	4	25,987
Royalties	452	100	-	-	811
Total	20,135	19,376	4	2	94,150
Retail sales	9,538	9,228	3	-1	50,682
Wholesale sales	10,053	9,969	1	3	42,232
Royalties	544	179	-	-	1,237

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

NET SALES BY PRODUCT LINE

(EUR 1,000)	1-3/2015	1-3/2014	Change, %	1-12/2014
Fashion	8,845	8,027	10	36,256
Home	6,970	7,560	-8	37,703
Bags & accessories	4,319	3,789	14	20,191
TOTAL	20,135	19,376	4	94,150

QUARTERLY DEVELOPMENT OF NET SALES AND EARNINGS

(EUR 1,000)	1-3/2015	10-12/2014	7-9/2014	4-6/2014
Net sales	20,135	26,089	26,811	21,874
Operating result	-1,325	1,946	4,875	519
Earnings per share, EUR	-0.14	0.15	0.49	0.05
(EUR 1,000)	1-3/2014	10-12/2013	7-9/2013	4-6/2013
Net sales	19,376	25,465	24,875	22,957
Operating result	-1,748	-565	3,093	-1,158
Earnings per share, EUR	-0.19	-0.07	0.22	-0.13