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Marimekko Corporation, Interim Report, 12 May 2016 at 8.30 a.m.

INTERIM REPORT OF MARIMEKKO CORPORATION 1 January - 31 March 2016: Net sales grew and comparable operating result improved, but was negative as is typical of the quarter

The first quarter in brief

- Net sales grew by 4 percent to EUR 20.9 million (Q1/2015: 20.1).
- Net sales were boosted by growth in retail sales in Finland as well as by the timing of large wholesale deliveries in the first quarter.
- Net sales at comparable exchange rates rose by 2 percent.
- Comparable operating result was EUR -0.3 million (-1.3). The company recorded a restructuring provision of EUR 0.8 million into the result, including which operating result was EUR -1.1 million.
- Operating result was improved by growth in Finnish retail sales, the timing of large wholesale deliveries in the first quarter, and a lower cost level. The comparison period's costs included considerable expenses related to the Beverly Hills store's closure. A drag was exerted on operating result by lower royalty income than in the comparison period and a decrease in relative wholesale margins.

Financial guidance for 2016

The Marimekko Group's net sales for 2016 are forecasted to be at the same level as in 2015. Operating profit excluding restructuring costs is expected to be higher than in the previous year.

Tiina Alahuhta-Kasko, President & CEO:

"Marimekko's net sales and operating result for the first quarter of 2016 were in line with our expectations. Market conditions continued to be challenging, but we nevertheless succeeded in increasing our net sales. Our comparable operating result was slightly negative, as is typical of the first quarter, although it was a clear improvement on the same period of last year. Both net sales and operating result were improved by growth in retail sales in Finland and by the timing of large wholesale deliveries in the first quarter. The fact that we have succeeded in reducing our fixed costs also contributed to the positive trend in operating result. The comparison period's operating result was negatively impacted by the substantial expenses associated with the closure of the store in Beverly Hills.

"During the early months of the year, we engaged in consultative negotiations in relation to all our operations in Finland with the exception of retail store staff. By means of the measures to be implemented and organisational changes, we aim to underpin our company's competitiveness and profitability. It is also important for us to secure processes and procedures that are cost-effective and appropriate for an international company. The annual savings from operational streamlining and reorganisations will be approximately EUR 2.1 million. A restructuring provision in the amount of EUR 0.8 million was recorded in the company's results in the first quarter of the year.

"We have continued our efforts to implement our renewed brand direction. At the beginning of March, we appeared for the second time at Paris Fashion Week, with the aim of reinforcing our position in the world of international fashion and supporting our brand development with fashion as a spearhead.

"Also in March, there was the announcement of a collection resulting from a licensing collaboration between Marimekko and the American retail chain Target. The limited-edition collection attracted great interest among the media and consumers alike in the United States and Finland. Marimekko has long traditions in the US market, and we are now focusing strongly on building our brand recognition among new generations. The wide visibility from the partnership with Target gives us a good basis for expanding our recognition in the long term.

"This year, we will continue to develop the operations and improve the profitability of Marimekko stores opened in recent years. We will also continue our international expansion, particularly in the Asia-Pacific region. The main thrust in expansion is on openings of retailer-owned Marimekko stores. Our goal is to open around 10-20 new Marimekko stores and shop-in-shops. Of these, 1-2 would be our own stores."

Key figures

The European Securities and Markets Authority (ESMA) has published Guidelines on Alternative Performance Measures to be used by listed companies in their financial reporting. These guidelines will enter into force on 3 July 2016. As of the first quarter of 2016, Marimekko Corporation will use the term "comparable" instead of previously used term "excluding nonrecurring items". In addition, Brand sales is presented as an alternative non-IFRS key figures.

The items affecting comparability involve items not influencing ordinary business operations or cash flow, which are items adjusted for comparability if they arise from write-downs of assets, sales of assets, expenses of terminating business operations, reorganisation expenses, changes in legislation or legal actions.

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 realised wholesale sales and royalty income, is unofficial and does not include VAT.

EUR million	1-3/ 2016	1-3/ 2015	Change, %	2015
Net sales	20.9	20.1	4	95.7
International sales	10.8	10.4	4	43.0
% of net sales	52	52		45
EBITDA	0	-0.3	103	6.1
Comparable EBITDA	0.8	-0.3		6.1
Operating result	-1.1	-1.3	20	1.5
Comparable operating result	-0.3	-1.3	81	1.5
Operating result margin, %	-5.1	-6.6		1.6
Comparable operating result margin, %	-1.2	-6.6		1.6
Result for the period	-1.0	-1.1	12	0.8
Earnings per share, EUR	-0.12	-0.14	12	0.10
Cash flow from operating activities	-4.0	-1.6	-142	6.3
Return on investment (ROI), %*	4.4	17.9		4.5
Equity ratio, %	53.4	60.0		59.0
Gross investments	0.2	0.4	-53	3.6
Personnel at the end of the period	439	445	-1	476
outside Finland	113	115	-2	126
Brand sales**	43.0	40.4	6	176.7
outside Finland	28.7	26.1	10	105.4
proportion of international sales, %	67	65		60
Number of stores***	155	146	6	153

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

* ROI and ROE are reported as 12 month rolling values as of the first review period of 2016. Values of the comparison periods have been restated accordingly. The change improves comparability between review periods.

** 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 realised wholesale sales and royalty income, is unofficial and does not include VAT. The key figure is not audited. The calculation method for 2015 figures has been restated to correspond to the terms of licensing agreement.

*** 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 2016 (53). Information on changes is available in the section Changes in the store network.

Reconciliation of key figures to IFRS

EUR million	1-3/ 2016	1-3/ 2015	4-6/ 2015	7-9/ 2015	10-12/ 2015	2015
Items affecting comparability						
Restructuring (employee benefit expenses)	-0.8	-	-	-	-	-
Items affecting comparability in operating result	-0.8	-	-	-	-	-
EBITDA	0.0	-0.3	1.4	2.4	2.5	6.1
Items affecting comparability	-0.8	-	-	-	-	-
Comparable EBITDA	0.8	-0.3	1.4	2.4	2.5	6.1

Operating result	-1.1	-1.3	0.3	1.2	1.3	1.5
Items affecting comparability in operating result	-0.8	-	-	-	-	-
Comparable operating result	-0.3	-1.3	0.3	1.2	1.3	1.5
Net sales	20.9	20.1	23.4	25.0	27.5	95.7
Operating result, % of net sales	-5.1	-6.6	1.3	4.9	4.9	1.6
Comparable operating result, % of net sales	-1.2	-6.6	1.3	4.9	4.9	1.6

Financial calendar for 2016

The interim report for January-June will be issued on Thursday 11 August 2016 at 8.30 a.m. and the interim report for January-September on Thursday 3 November 2016 at 8.30 a.m.

Further information:

Tiina Alahuhta-Kasko, President and CEO, Tel +358 9 758 71
Elina Aalto, Chief Financial Officer, Tel +358 9 758 7261

MARIMEKKO CORPORATION
Corporate Communications

Asta Halme
Tel +358 9 7587 233
asta.halme@marimekko.com

DISTRIBUTION:
Nasdaq Helsinki Ltd
Key media

INTERIM REPORT FOR MARIMEKKO CORPORATION, 1 January - 31 March 2016**OPERATING ENVIRONMENT**

The global economic situation has remained challenging and growth is estimated to be slower than previously forecast. Growth estimates for the United States in 2016 have been revised downward, but strong employment and consumer confidence support consumption. In China, demand has fallen and growth is unbalanced. Growth in other emerging markets is also expected to be lower than the average for the past few years. In the EU, the pace of the economy is gradually picking up, and both business and consumer confidence is at a fairly good level although it has slightly deteriorated in the past few months. International economic trends are said to be clearly stronger than the trends in Finland.

In Finland, the economic trend in retail trade has remained clearly below the normal level. However, the outlook for the next six months is more positive and the downturn in the economy is estimated to end. Retail trade confidence strengthened in April, rising close to the long-term average. The downturn in sales slowed slightly during the first months of the year, and the volume of sales is estimated to return to slight growth in the next few months. In Finland, retail trade confidence was still the weakest in the EU in March. Consumer confidence rose in April relative to the February level, but it was still weaker than in the previous year. Consumers' views on unemployment are fairly bleak, but expectations of their personal and Finland's national economy improved in April.

(Confederation of Finnish Industries EK: Economic Review, 1 April 2016; Confidence Indicators, April 2016; Business Tendency Survey, May 2016; Statistics Finland: Consumer Survey, April 2016.)

In the January-March period, the value of retail sales in Finland fell by 0.2 percent relative to the same period last year. However, the volume of sales, which measures real growth, rose by 1.4 percent. The weaker trend in the value of net sales was due to a downturn in prices (Statistics Finland: Turnover of Trade, retail trade flash estimate, March 2016).

CHANGES IN THE STORE NETWORK

In 2016, the main thrust in expanding the Marimekko store network continues to be on openings of retailer-owned Marimekko stores. The goal is to open around 10-20 new Marimekko stores and shop-in-shops. Of these, 1-2 would be company-owned stores.

In the January-March period two Marimekko stores and three shop-in-shops were opened, all in the company's growth market in the Asia-Pacific region. Two retailer-owned stores and one shop-in-shop were opened in Japan; the other shop-in-shops are in South Korea and Thailand.

During the period under review, Marimekko closed its company-owned store in Berlin and its store specialising in children's products in Helsinki. One retailer-owned store also closed, in Tokyo.

Number of stores and shop-in-shops*	31.3.2016	31.3.2015	31.12.2015
Finland	61	63	62
Company-owned stores	24	24	25
Company-owned outlet stores	11	11	11
Retailer-owned stores	16	17	16
Retailer-owned shop-in-shops	10	11	10
Scandinavia	11	10	11
Company-owned stores	8	8	8
Company-owned outlet stores	-	-	-
Retailer-owned stores	-	-	-
Retailer-owned shop-in-shops	3	2	3
EMEA	3	3	4
Company-owned stores	1	2	2
Company-owned outlet stores	-	-	-
Retailer-owned stores	2	1	2
Retailer-owned shop-in-shops	-	-	-

North America	24	22	24
Company-owned stores	4	4	4
Company-owned outlet stores	1	1	1
Retailer-owned stores	2	2	2
Retailer-owned shop-in-shops	17	15	17
Asia-Pacific	56	48	52
Company-owned stores	4	3	4
Company-owned outlet stores	-	-	-
Retailer-owned stores	45	40	44
Retailer-owned shop-in-shops	7	5	4
Total	155	146	153
Company-owned stores	41	41	43
Company-owned outlet stores	12	12	12
Retailer-owned stores	65	60	64
Retailer-owned shop-in-shops	37	33	34

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

NET SALES

In the January-March period, the Group's net sales grew by 4 percent to EUR 20,948 thousand (20,135). Both in Finland and internationally, growth amounted to 4 percent relative to the same period last year. The trend was positive in both retail and wholesale: retail sales grew by 4 percent and wholesale sales by 8 percent. The rise in wholesale sales was influenced by the timing of large wholesale deliveries in the first quarter. The downturn in royalty income in the January-March period was due primarily to substantial North American royalties recorded in the same period last year.

Net sales by market area

(EUR 1,000)	1-3/ 2016	1-3/ 2015	Change, %	Change, % in currency terms	2015
Finland	10,111	9,707	4	4	52,690
Retail sales	6,716	6,206	8	8	37,613
Wholesale sales	3,326	3,410	-2	-2	14,669
Royalties	69	92	-25	-25	408
Scandinavia	1,740	1,812	-4	-2	7,783
Retail sales	1,002	992	1	1	4,841
Wholesale sales	739	821	-10	-5	2,942
Royalties	-	-	-	-	-
EMEA	2,280	2,268	1	1	8,280
Retail sales	347	343	1	1	1,213
Wholesale sales	1,875	1,884	0	0	6,862
Royalties	58	41	41	41	205
North America	1,634	2,102	-22	-21	9,227
Retail sales	1,036	1,287	-20	-19	5,898
Wholesale sales	571	404	41	36	2,380
Royalties	27	411	-94	-93	949
Asia-Pacific	5,183	4,246	22	21	17,672
Retail sales	788	711	11	17	3,159
Wholesale sales	4,394	3,535	24	23	14,513
Royalties	-	-	-	-	-
International sales, total	10,837	10,428	4	2	42,962
Retail sales	3,173	3,332	-5	0	15,111
Wholesale sales	7,579	6,643	14	6	26,696
Royalties	85	452	-81	-82	1,154

Total	20,948	20,135	4	2	95,652
Retail sales	9,889	9,538	4	3	52,724
Wholesale sales	10,906	10,053	8	4	41,365
Royalties	153	544	-72	-73	1,563

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 rose by 4 percent to EUR 10,111 thousand (9,707). Comparable retail sales grew by 6 percent; for outlet stores the growth rate was 15 percent and for other stores 2 percent. Wholesale sales fell by 2 percent.

Scandinavia

Net sales in Scandinavia fell by 4 percent to EUR 1,740 thousand (1,812). Retail sales grew by 1 percent. Wholesale sales fell in euro terms by 10 percent and at comparable exchange rates by 5 percent.

EMEA

During the first quarter, sales rose by 1 percent to EUR 2,280 thousand (2,268). Retail sales grew by 1 percent, and wholesale sales held steady at the previous year's level.

North America

In the January-March period, net sales in North America were EUR 1,634 thousand (2,102). The decrease in net sales was due primarily to lower retail sales, which declined by 20 percent in euro terms and by 19 percent at comparable exchange rates. The decline in retail sales was partly attributable to the absence of sales from the Beverly Hills store, which was closed towards the end of the comparison period, and to long-lasting construction works in the vicinity of some stores, which have further reduced footfall.

During the period under review, royalties from North America amounted to EUR 27 thousand, which was clearly less than in the comparison period (411). The downturn in royalty income in the January-March period was due to the booking of substantial royalties from the company's licensing partnership with Target in the same period last year.

Wholesale sales in North America rose by 41 percent in euro terms and by 36 percent in terms of comparable currency. The growth in sales was due to the timing of large, individual wholesale deliveries in the first quarter.

Asia-Pacific region

Net sales in the Asia-Pacific region grew during the first quarter by 22 percent to EUR 5,183 thousand (4,246). Wholesale sales rose by 24 percent in euro terms and by 23 percent in terms of comparable currency. The increase in wholesale sales was influenced by the timing of large wholesale deliveries in the first quarter and by start-up deliveries to newly opened stores in the market area. Retail sales (Australia) grew by 11 percent in euro terms and by 17 percent in terms of the sales currency. Sales by comparable stores rose in euro terms by 5 percent and in terms of the sales currency by 11 percent.

FINANCIAL RESULT

In the January-March period of 2016, the Group's operating result was EUR -1,059 thousand (-1,325), which includes a restructuring provision of EUR 803 thousand. Comparable operating result was EUR -256 thousand (-1,325). Operating result was improved by growth in Finnish retail sales, the timing of large wholesale deliveries in the first quarter, and a lower cost level. The comparison period's costs included considerable expenses related to the Beverly Hills store's closure. A drag was exerted on operating result by lower royalty income than in the comparison period and by decrease in relative wholesale margins.

Marketing expenses for the first quarter totalled EUR 847 thousand (1,107) or 4 percent of the Group's net sales (5).

The Group's depreciation and impairments in the January-March period were EUR 1,067 thousand (1,047) or 5 percent of net sales (5).

During the period under review, operating result margin was -5.1 percent (-6.6). Comparable operating result margin was -1.2 percent (-6.6).

Net financial expenses in the January-March period were EUR 128 thousand (net financial income 133) or 1 percent of net sales (1). Foreign exchange changes recorded in net financial items amounted to EUR -60 thousand (198).

Result for the review period before taxes was EUR -1,186 thousand (-1,192). Result after taxes was EUR -960 thousand (-1,095) and earnings per share were EUR -0.12 (-0.14).

BALANCE SHEET

The consolidated balance sheet total as of 31 March 2016 was EUR 49,080 thousand (46,797). Equity attributable to the equity holders of the parent company was EUR 26,166 thousand (28,030) or EUR 3.23 per share (3.46).

Non-current assets at the end of March 2016 were EUR 16,711 thousand (17,813).

At the end of the period under review, net working capital was EUR 17,135 thousand (15,501). Inventories were EUR 21,498 thousand (19,463).

CASH FLOW AND FINANCING

In the January-March period of 2016, cash flow from operating activities was EUR -3,963 thousand (-1,639) or EUR -0.49 per share (-0.20). Cash flow before cash flow from financing activities was EUR -4,381 thousand (-1,907).

The Group's financial liabilities at the end of the period under review stood at EUR 11,888 thousand (8,208).

At the end of the review period, the Group's cash and cash equivalents amounted to EUR 4,374 thousand (3,114). In addition, the Group had unused committed long- and short-term credit lines of EUR 8,583 thousand (21,302).

The Group's equity ratio at the end of March 2016 was 53.4 percent (60.0). Gearing was 28.7 percent (18.2).

INVESTMENTS

The Group's gross investments in the January-March period were EUR 193 thousand (412) 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, the number of employees averaged 443 (453). At the end of the period, the total was 439 (445) employees, of whom 113 (115) worked outside Finland. The number of employees working outside Finland was broken down as follows: Scandinavia 43 (38), EMEA 8 (12), North America 38 (47) and Asia-Pacific 24 (18). The personnel at company-owned stores totalled 222 (219) at the end of March.

SHARES AND SHAREHOLDERS

Share capital and number of shares

At the end of March 2016, 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 7,364 shareholders at the end of the period under review (7,151). Of the shares, 20.3 percent were owned by nominee-registered or non-Finnish holders (21.6). The number of shares owned either directly or indirectly by members of the Board of Directors and the President of the company as at 31

March 2016 was 1,325,806 (1,328,598), representing 16.4 percent of the number and voting rights of the company's shares (16.4).

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

Share trading and the company's market capitalisation

In the January-March period, a total of 500,891 Marimekko shares were traded, representing 6.2 percent of the shares outstanding. The total value of Marimekko's share turnover was EUR 3,643,984. The lowest price of the Marimekko share was EUR 6.06, the highest was EUR 8.70 and the average price was EUR 7.26. At the end of March 2016, the closing price of the share was EUR 8.07. The company's market capitalisation on 31 March 2016 was EUR 65,283,153 (85,345,386).

Authorisations

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

EVENTS AFTER THE END OF THE REVIEW PERIOD

Expansion of e-commerce to Australia

On 5 April 2016, Marimekko announced it was strengthening its presence in the Australian market with the opening of its own online store. Following the expansion to Australia, the company-owned online store serves customers in a total of 13 countries. Australia is an important country for Marimekko in the Asia-Pacific region, which is the company's biggest market area after the Finnish domestic market.

Changes in management and governance model

On 22 February 2016, Marimekko's Board of Directors resolved to change Marimekko Corporation's governance model, in which the duties of the CEO and the President were separate. Following the change, President Tiina Alahuhta-Kasko's role also includes the duties of the CEO. Tiina Alahuhta-Kasko has served as Marimekko's President since 9 April 2015. The previous CEO, Mika Ihamuotila, continues to serve the company as full-time Chairman of the Board of Directors under a separate executive service agreement.

The changes came into effect after the Annual General Meeting of 11 April 2016. Following the revised governance model, the total compensation of executive management will decline markedly.

Resolutions of the Annual General Meeting

The Annual General Meeting of Marimekko Corporation held on 11 April 2016 adopted the financial statements for 2015 and discharged the members of the Board of Directors and the President from liability. The Annual General Meeting approved the Board of Directors' proposal to pay a dividend of EUR 0.35 per share for the 2015 financial year, totalling EUR 2,831,364. The dividend payment record date was 13 April 2016 and the dividend payment date was 20 April 2016.

The General meeting resolved that the company's Board of Directors consist of six members. Elina Björklund, Arthur Engel, Mika Ihamuotila, Mikko-Heikki Inkeroinen, Joakim Karske and Catharina Stackelberg-Hammarén were re-elected to the Board. 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, EUR 30,000 to the Vice Chairman and EUR 22,000 to the other members. Approximately 40 percent of the annual remuneration will be paid in Marimekko Corporation's shares acquired from the market and the remainder in cash. Emoluments will be paid entirely in cash in the event that the Board member held company shares valued in excess of EUR 500,000 on the date of the AGM, 11 April 2016. 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 2016 or, if this is not possible due to insider regulations, on the first possible date thereafter.

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 Vice Chairman 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 approved by the company. Ylva Eriksson, Authorised Public Accountant, will continue to serve as chief auditor.

Changes in the ownership of Marimekko Corporation

On 28 April 2016, Marimekko declared it had received an announcement regarding a change in its ownership according to which Semerca Investments S.A.'s share of Marimekko Corporation's shares and voting rights had fallen below the thresholds of 10 percent and 5 percent. Following the change, the holding of Semerca Investments S.A. in Marimekko amounted to 400,377 shares, which equals 4.95 percent of the company's total number of shares.

On the same date, Marimekko received an announcement according to which Oy Moomin Characters Ltd.'s share of Marimekko Corporation's shares and voting rights had risen to over 5 percent. Following the change, the holding of Oy Moomin Characters Ltd. in Marimekko amounted to 585,000 shares, which equals 7.23 percent of the company's total number of shares.

MAJOR RISKS AND FACTORS OF UNCERTAINTY

The major strategic risks for the near future are associated with developments in consumer confidence, overall economic trends, and the consequent fluctuations in the operating environment especially in Finland. Near-term strategic risks also include risks related to the management of the company's expansion, digitisation of retailing, and changes in Marimekko's design, product assortment and the focal points of collections.

Marimekko products are sold in approximately 40 countries. The company's 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.

Marimekko is undergoing a phase of internationalisation and change. The distribution of products is being expanded in all key markets. Growth is based mainly 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 entirely 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, major partnership agreements, the selection of partners as well as store lease agreements in the company's key market areas involve risks. Maintaining competitiveness demands efficiency and the constant re-evaluation of operations.

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 also 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. The company primarily uses subcontractors for its manufacturing. The revamped collections have also brought new partners into the company's supply chain. 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 financial 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 2016

General uncertainty in the global economy is forecast to continue, and this is reflected in consumers' purchasing behaviour and consumption habits in all of Marimekko's market areas. The main thrust in Marimekko's operations in 2016 is on improving efficiency and results. Securing competitiveness will facilitate stronger growth potential in future years. Growth is forecast to be modest in 2016 and to focus on retailer-owned Marimekko stores. Retailers' wariness towards additional purchases and in selecting new suppliers continues to be reflected in Marimekko's wholesale sales expectations also in 2016. Furthermore, the significance of developing the company's own online store and other online sales channels is expected to grow. The first collections created entirely under the direction of the new Creative Director were brought to the market at the beginning of 2016. With the updated collections Marimekko is reaching out to also new target groups in addition to the company's current customers.

The situation in retail trade in Marimekko's important domestic market Finland has remained clearly below the normal level, but the outlook for the next six months is more positive. However, consumer confidence below the long-term average, weak purchasing power and uncertainty in the labour market are overshadowing prospects in 2016. Nonrecurring promotional deliveries will have a positive effect on the company's sales this year.

The Asia-Pacific region, Marimekko's second-biggest market, plays an important part in the company's internationalisation. In recent years, new markets have been opened up in China, Hong Kong, Taiwan, Singapore and Thailand. Although sales in new markets are expected to grow, their combined proportion of Marimekko's net sales is still relatively small compared with Japan, which is clearly the most important single country in this region to the company. This year and in the next few years, the trend in sales in Japan is expected to be more moderate than in the previous years. Sales are supported by developing the operations of Marimekko stores there and by optimising the product range. New stores will be opened in Japan at an estimated rate of a few stores per year. In addition, shop-in-shops located mainly in department stores are also planned to be opened in Japan. In Australia, the outlook is positive and the market is expected to grow through in-house retailing, quality department stores and the company's own online store. Most of the Marimekko stores to be opened in 2016 will be located in the Asia-Pacific region.

Marimekko's sales in North America are expected to remain approximately at the same level as in the previous year. Long-lasting construction works in the vicinity of some Marimekko stores continue to reduce footfall. The design partnership announced in March with the US retail chain Target is expected to support the building of Marimekko's international brand recognition in the long term. The company will continue to work to improve the profitability of its existing stores and to lighten the operational cost structure while seeking new sales channels to compensate for possible changes in wholesale agreements.

Sales expectations in Scandinavia are modest. A positive trend can be seen in the Swedish market. In Norway and Denmark, an update of the distribution channel structure is still under way. However, these markets are expected to offer potential for the brand in the long term.

Sales expectations are also modest in EMEA. In order to raise the global profile of the brand and to promote growth, Marimekko continues to focus on cooperation with well-known department stores and other distribution channels in this market area.

The main thrust in expansion in 2016 will continue to be on openings of retailer-owned Marimekko stores. The aim is to open around 10-20 new Marimekko stores and shop-in-shops. Of these, 1-2 would be company-owned. Also, the company focuses strongly on the operational enhancement and the improvement of profitability of Marimekko stores opened in recent years.

The expenses of marketing operations in 2016 are expected to be at the same level as or lower than in 2015 (EUR 5.1 million). The total investments for 2016 of the Marimekko Group are estimated at approximately EUR 3 million (3.2). Most of investments will be devoted to acquiring a new washing machine for the company's printing factory in Helsinki, building new store premises and purchases of fittings, as well as improving data systems supporting business operations.

FINANCIAL GUIDANCE FOR 2016

The Marimekko Group's net sales for 2016 are forecasted to be at the same level as in 2015. Operating profit excluding restructuring costs is expected to be higher than in the previous year.

Helsinki, 11 May 2016

Marimekko Corporation
Board of Directors

INTERIM REPORT, 1 January - 31 March 2016: TABLE SECTION

The quarterly information for 2016 is not audited. There may be differences in totals due to rounding to the nearest thousand euros.

APPENDICES

Accounting principles
Formulas for key figures
Consolidated income statement and comprehensive consolidated income statement
Consolidated balance sheet
Consolidated cash flow statement
Consolidated statement of changes in shareholders' equity
Consolidated key indicators
Segment information
Net sales by market area
Net sales by product line
Quarterly trend in net sales and earnings

ACCOUNTING PRINCIPLES

This interim report was prepared in compliance with IAS 34. Marimekko has applied the same accounting principles in this report as were applied in the 2015 financial statements, although at the start of the financial year the company adopted certain new and amended IFRS standards as described in the financial statements for 2015. The adoption of new and updated standards has had no effect on the figures stated for the period under review.

FORMULAS FOR KEY FIGURES

Comparable EBITDA:

Operating result - depreciations - impairments - items affecting comparability

Comparable operating result:

Operating result - items affecting comparability in operating result

Comparable operating result, % of net sales:

Operating result - items affecting comparability x 100 / Net sales

Earnings per share (EPS), EUR:

(Profit before taxes - income taxes) / Number of shares (average for the financial year)

Equity per share, EUR:

Shareholders' equity / Number of shares, 31 March

Return on equity (ROE), %:

Rolling 12 months (Profit before taxes - income taxes) X 100 / Shareholders' equity (average for the financial year)

Return on investment (ROI), %:

Rolling 12 months (Profit before taxes + interest and other financial expenses) X 100 / Balance sheet total - non-interest-bearing liabilities (average for the financial year)

Equity ratio, %:

Shareholders' equity X 100 / (Balance sheet total - advances received)

Gearing, %:

Interest-bearing net debt X 100 / Shareholders' equity

Net working capital:

Inventories + trade and other receivables + current tax assets / - tax liability - current provisions - trade and other payables

CONSOLIDATED INCOME STATEMENT

(EUR 1,000)	1-3/2016	1-3/2015	2015
NET SALES	20,948	20,135	95,652
Other operating income	114	58	335
Increase or decrease in inventories of completed and unfinished products	2,799	1,260	367
Raw materials and consumables	-9,855	-7,931	-35,208
Employee benefit expenses	-7,455	-6,747	-26,232
Depreciation and impairments	-1,067	-1,047	-4,511
Other operating expenses	-6,543	-7,053	-28,861
OPERATING RESULT	-1,059	-1,325	1,542
Financial income	0	200	49
Financial expenses	-127	-67	-297
	-128	133	-247
RESULT BEFORE TAXES	-1,186	-1,192	1,294
Income taxes	227	97	-491
NET RESULT FOR THE PERIOD	-960	-1,095	803
Distribution of net result to equity holders of the parent company	-960	-1,095	803
Basic and diluted earnings per share calculated on the result attributable to equity holders of the parent company, EUR	-0.12	-0.14	0.10

COMPREHENSIVE CONSOLIDATED INCOME STATEMENT

(EUR 1,000)	1-3/2016	1-3/2015	2015
Net result for the period	-960	-1,095	803
Items that could be reclassified to profit or loss at a future point in time			
Change in translation difference	-3	80	112
COMPREHENSIVE RESULT FOR THE PERIOD	-963	-1,015	915
Distribution of net result to equity holders of the parent company	-963	-1,015	915

CONSOLIDATED BALANCE SHEET

(EUR 1,000)	31.3.2016	31.3.2015	31.12.2015
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	1,761	1,607	1,856
Tangible assets	14,707	16,187	15,486
Available-for-sale financial assets	16	16	16
Deferred tax assets	226	3	-
	16,711	17,813	17,359
CURRENT ASSETS			
Inventories	21,498	19,463	18,488
Trade and other receivables	6,498	6,241	5,966
Current tax assets	-	166	-
Cash and cash equivalents	4,374	3,114	4,249
	32,370	28,983	28,703
ASSETS, TOTAL	49,080	46,797	46,061
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	35	6	38
Retained earnings	17,589	19,482	18,549
Shareholders' equity, total	26,166	28,030	27,129
NON-CURRENT LIABILITIES			
Deferred tax liabilities	-	-	9
Provisions	166	190	190
Financial liabilities	8,417	4,698	3,834
Finance lease liabilities	3,209	3,285	3,231
	11,792	8,173	7,264
CURRENT LIABILITIES			
Trade and other payables	10,112	10,369	11,189
Current tax liabilities	-	-	226
Provisions	749	-	-
Finance lease liabilities	262	225	253
	11,123	10,594	11,668
Liabilities, total	22,914	18,767	18,932
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL	49,080	46,797	46,061

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)	1-3/2016	1-3/2015	2015
CASH FLOW FROM OPERATING ACTIVITIES			
Net result for the period	-960	-1,095	803
Adjustments			
Depreciation and impairments	1,067	1,047	4,511
Financial income and expenses	128	-133	247
Taxes	-227	-97	491
Cash flow before change in working capital	9	-279	6,054
Change in working capital	-3,675	-1,242	1,502
Increase (-) / decrease (+) in current non-interest-bearing trade receivables	-378	1,074	1,216
Increase (-) / decrease (+) in inventories	-3,009	-1,904	-930
Increase (+) / decrease (-) in current non-interest-bearing liabilities	-288	-412	1,216
Cash flow from operating activities before financial items and taxes	-3,666	-1,520	7,556
Paid interest and payments on other financial expenses	-68	-67	-305
Interest received	0	-1	49
Taxes paid	-229	-52	-986
CASH FLOW FROM OPERATING ACTIVITIES	-3,963	-1,639	6,313
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in tangible and intangible assets	-418	-268	-3,171
CASH FLOW FROM INVESTING ACTIVITIES	-418	-268	-3,171
CASH FLOW FROM FINANCING ACTIVITIES			
Long-term loans drawn	4,582	1,002	139
Finance lease liabilities paid	-75	-60	-280
Dividends paid	-	-	-2,831
CASH FLOW FROM FINANCING ACTIVITIES	4,507	943	-2,973
Change in cash and cash equivalents	126	-965	170
Cash and cash equivalents at the beginning of the period	4,249	4,079	4,079
Cash and cash equivalents at the end of the period	4,374	3,114	4,249

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(EUR 1,000)	Equity attributable to equity holders of the parent company				Share-holders' equity, total
	Share capital	Reserve for invested non-restricted equity	Translation differences	Retained earnings	
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
Shareholders' equity 31 March 2015	8,040	502	6	19,482	28,030
Shareholders' equity 1 January 2016	8,040	502	38	18,549	27,129
Comprehensive result					
Net result for the period				-960	-960
Translation differences			-3		-3
Total comprehensive result for the period			-3	-960	-963
Shareholders' equity 31 March 2016	8,040	502	35	17,589	26,166

KEY FIGURES

	1-3/2016	1-3/2015	Change, %	2015
Earnings per share, EUR	-0.12	-0.14	12	0.10
Equity per share, EUR	3.23	3.46	-7	3.35
Return on equity (ROE)*, %	3.5	15.8		2.9
Return on investment (ROI)*, %	4.4	17.9		4.5
Equity ratio, %	53.4	60.0		59.0
Gearing, %	28.7	18.2		11.3
Gross investments, EUR 1,000	193	412	-53	3,591
Gross investments, % of net sales	1	2		4
Contingent liabilities, EUR 1,000	35,062	33,766	4	36,252
Average personnel	443	453	-2	460
Personnel at the end of the period	439	445	-1	476
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

* ROI and ROE are reported as 12 month rolling values as of the first review period of 2016. Values of the comparison periods have been restated accordingly. The change improves comparability between review periods.

SEGMENT INFORMATION

(EUR 1,000)	1-3/2016	1-3/2015	Change, %	2015
Net sales	20,948	20,135	4	95,652
Operating result	-1,059	-1,325	20	1,542
Assets	49,080	46,797	5	46,061

NET SALES BY MARKET AREA

(EUR 1,000)	1-3/ 2016	1-3/ 2015	Change, %	Change, % in currency terms	2015
Finland	10,111	9,707	4	4	52,690
Retail sales	6,716	6,206	8	8	37,613
Wholesale sales	3,326	3,410	-2	-2	14,669
Royalties	69	92	-25	-25	408
Scandinavia	1,740	1,812	-4	-2	7,783
Retail sales	1,002	992	1	1	4,841
Wholesale sales	739	821	-10	-5	2,942
Royalties	-	-	-	-	-
EMEA	2,280	2,268	1	1	8,280
Retail sales	347	343	1	1	1,213
Wholesale sales	1,875	1,884	0	0	6,862
Royalties	58	41	41	41	205
North America	1,634	2,102	-22	-21	9,227
Retail sales	1,036	1,287	-20	-19	5,898
Wholesale sales	571	404	41	36	2,380
Royalties	27	411	-94	-93	949
Asia-Pacific	5,183	4,246	22	21	17,672
Retail sales	788	711	11	17	3,159
Wholesale sales	4,394	3,535	24	23	14,513
Royalties	-	-	-	-	-
International sales, total	10,837	10,428	4	2	42,962
Retail sales	3,173	3,332	-5	0	15,111
Wholesale sales	7,579	6,643	14	6	26,696
Royalties	85	452	-81	-82	1,154
Total	20,948	20,135	4	2	95,652
Retail sales	9,889	9,538	4	3	52,724
Wholesale sales	10,906	10,053	8	4	41,365
Royalties	153	544	-72	-73	1,563

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)	1-3/2016	1-3/2015	Change, %	2015
Home	6,995	6,970	0	34,715
Bags and accessories	5,939	4,319	38	22,127
Total	20,948	20,135	4	95,652

QUARTERLY TREND IN NET SALES AND EARNINGS

(EUR 1,000)	1-3/2016	10-12/2015	7-9/2015	4-6/2015
Net sales	20,948	27,481	24,590	23,446
Operating result	-1,059	1,345	1,228	294
Earnings per share, EUR	-0.12	0.15	0.08	0.01

(EUR 1,000)	1-3/2015	10-12/2014	7-9/2014	4-6/2014
Operating result	-1,325	1,946	4,875	519
Earnings per share, EUR	-0.14	0.15	0.49	0.05