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Marimekko Corporation, Interim Report, 2 November 2017 at 8.30 a.m.

Royalties and retail sales contributed to a good earnings trend in the third quarter

The third quarter in brief

- Net sales grew by 1 percent to EUR 27.2 million (Q3/2016: 26.9).
- Net sales were boosted by increased royalties resulting from a new licensing agreement in the Asia-Pacific region as well as a positive trend in retail sales, particularly in Finland. Finnish wholesale sales declined; the comparison period's wholesale sales included nonrecurring promotional deliveries, and none took place this year.
- Operating profit grew on the comparison period and was EUR 4.4 million (3.7).
- Operating profit was boosted by increased royalties in the Asia-Pacific region, growth in retail sales in Finland, and a rise in relative sales margin. A downturn in wholesale sales in Finland exerted a drag on results.

January-September in brief

- Net sales grew by 1 percent and were EUR 72.5 million (1-9/2016: 71.4).
- Operating profit improved on the same period last year to EUR 6.0 million (3.5). The comparison period's operating profit included a restructuring expense amounting to EUR 0.8 million. Comparable operating profit was EUR 6.2 million (4.3).
- Operating profit was improved by a rise in relative sales margin, growth in retail sales in Finland and Australia, smaller depreciation than in the comparison period, and increased royalties in the Asia-Pacific region. A drag was exerted on results by a downturn in Finnish wholesale sales; last year's wholesale sales for the third quarter included nonrecurring promotional deliveries, and none took place this year.

Financial guidance for 2017 (updated on 27 October 2017)

The Marimekko Group's net sales for 2017 are estimated to be at the same level as in the previous year and comparable operating profit is expected to be at the same level as or higher than in the previous year.

In its half-year financial report published on 10 August 2017, the company estimated that its net sales and comparable operating profit for 2017 would be at the same level as in the previous year.

KEY FIGURES

(EUR million)	7-9/ 2017	7-9/ 2016	Change, %	1-9/ 2017	1-9/ 2016	Change, %	1-12/ 2016
Net sales	27.2	26.9	1	72.5	71.4	1	99.6
International sales	12.2	11.3	8	33.2	32.2	3	43.8
<i>% of net sales</i>	45	42		46	45		44
EBITDA	5.2	4.8	9	8.5	6.7	27	9.4
Comparable EBITDA	5.2	4.8	9	8.7	7.6	16	10.2
Operating result	4.4	3.7	20	6.0	3.5	72	5.2
Comparable operating result	4.4	3.7	20	6.2	4.3	44	6.1
<i>Operating result margin, %</i>	16.2	13.6		8.2	4.9		5.3
<i>Comparable operating result margin, %</i>	16.2	13.6		8.6	6.1		6.1
Result for the period	3.3	2.8	18	3.9	2.5	57	4.0
Earnings per share, EUR	0.41	0.34	18	0.49	0.31	57	0.50
Cash flow from operating activities	3.6	1.4	155	0.9	-1.6		6.1
<i>Return on investment (ROI), %</i>	-	-		18.3	12.7		15.8
<i>Equity ratio, %</i>	-	-		61.9	55.2		58.5
Gross investments	0.3	1.0	-74	0.9	2.3	-60	2.7
Personnel at the end of the period	-	-		417	416	0	431
outside Finland	-	-		110	111	-1	111
Brand sales ¹	49.1	52.0	-5	134.7	149.5	-10	199.3
outside Finland	29.3	30.2	-3	82.3	95.3	-14	124.1
<i>proportion of international sales, %</i>	60	58		61	64		62
Number of stores	-	-		166	159	4	159

The change percentages in the table were calculated on exact figures before the amounts were rounded to millions of euros. Reconciliation of key figures to IFRS can be found in the table section of this interim report.

¹ Brand sales are given as an alternative non-IFRS key figure. Brand sales, consisting of estimated sales of Marimekko products at consumer prices, are calculated by adding together the company's own retail net 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 2017 figures has been restated for the coefficients used; to maintain comparability, the change also applies to the figures for 2016.

TIINA ALAHUHTA-KASKO

President and CEO

" Results for the third quarter were strong.

"In the July-September period, our net sales grew by 1 percent and our operating profit grew to EUR 4.4 million (3.7). The earnings were boosted by increased royalties resulting from a new licensing agreement in the Asia-Pacific region, by a positive trend in retail sales, particularly in Finland, and by a rise in relative sales margin. Key factors in the improvement in sales margin were a positive trend in our retail sales in general as well as growth in regular-priced sales. Our results were weakened by a downturn in Finnish wholesale sales, which was due to the fact that the comparison period's wholesale sales included nonrecurring promotional deliveries, and none took place this year.

"In the January-September period of 2017, our net sales also grew by 1 percent; our operating profit grew on the comparison period to EUR 6.0 million (3.5), and our comparable operating profit was EUR 6.2 million (4.3). On 27 October 2017, we revised our estimate of comparable operating profit for 2017 due to better-than-expected relative sales margin and trend in our retail sales as well as increased royalties. Our comparable operating profit for 2017 is expected to be at the same level as or higher than in the previous year.

"On the whole, I think we can be pleased with the third quarter. We succeeded in continuing the improvement in relative sales margin which got underway in the second quarter. Cash flow from operating activities also strengthened. This provides a good basis for proceeding with improvements.

"During the autumn, we have continued our efforts to underpin the international profile of our brand and to reinforce our competitiveness. In mid-September, in collaboration with Slush (Europe's leading event for technology and start-ups) and Junction (the largest hackathon in Europe), we held the Marimekko Designathon competition in honour of Finland's centenary year. In the competition, we invited younger-generation talents to challenge the traditional conventions of the textile and clothing industry and to develop fresh, customer-centred solutions with the help of virtual reality and augmented reality technologies. It is important for us to invest in the opportunities offered by digitisation.

"At the beginning of October, we showcased our spring/summer 2018 ready-to-wear collection at Paris Fashion Week, which is globally one of the biggest events in our sector. The presentation was held at the Palais de Tokyo museum of modern art, and its creative concept was built on our tradition of pattern design and fabric printing based at our Helsinki headquarters, which attracted the attention of the fashion world's authenticity-appreciating media and influencers. We were also happy that our bold prints and colours were shown in Paris in Junya Watanabe's spring/summer 2018 collection for Comme des Garçons.

"In the remaining months of the year, we are continuing the long-term work by which we strive to underpin our competitiveness and to seek markedly stronger growth and profitability. As we have reported, delineating our product range and pricing strategies as well as enhancing the efficiency of our procurement chain play a strong part in this work. As is typical in our line of business, the share of holiday sales in particular of sales for the last quarter is considerable, and the outcome of the holiday season has a significant impact on results for the whole year. During the rest of the year, we will focus on ensuring successful holiday sales."



OPERATING ENVIRONMENT

All in all, there is considerable uncertainty over the global economy, due partly to the unpredictability of the political situation. Growth is accelerating, but there are several risk factors. The global economy is expected to grow at an annual rate of 3.5–4.0 percent over the next few years. Confidence indicators are strong in the USA, but a recession is made more likely by the fact that growth in the USA has continued since 2009. The risks are increased by uncertainty over the direction of US economic policy. Economic growth continues in China, but corporate debt levels are a significant risk. The most positive news in the global economy is that growth in the euro zone has picked up speed and diversified.

The positive vibe in the Finnish economy continues and prospects are brighter. Retailing has gone into a slight upswing after several weaker years, and growth is forecast to continue at a moderate pace. Retail trade confidence in October was still above the long-term average and at a good level, although below the peak of the previous month. Expectations for sales in the months ahead are favourable, and sales are forecast to grow. Consumer expectations for the Finnish economy were very optimistic and confidence was steady and strong.

(Confederation of Finnish Industries EK: Confidence Indicators, October 2017; Economic Review, September 2017; Business Tendency Survey, October 2017. Statistics Finland: Consumer Survey, October 2017.)

In the January-August period of 2017, Finnish retail sales grew by 2.0 percent relative to the same period last year. Sales in August grew at 2.8 percent. (Statistics Finland: Turnover of Trade, October 2017).

NET SALES

Net sales in the third quarter

In the July-September period of 2017, the Group's net sales grew by 1 percent relative to the same period last year and were EUR 27,220 thousand (26,949). Retail sales rose by 6 percent whereas wholesale sales fell by 9 percent. In Finland, net sales declined by 4 percent; international sales grew by 8 percent.

Net sales in Finland fell to EUR 15,059 thousand (15,673). The downturn in net sales was due to a decline in wholesale sales. The comparison period's wholesale sales included nonrecurring promotional deliveries, and none took place this year. Retail sales grew by 4 percent and comparable retail sales by 3 percent².

In the company's second-biggest market, the Asia-Pacific region, net sales grew by 13 percent and were EUR 5,455 thousand (4,821). In the market area's most important country, Japan, sales rose by 11 percent due to increased royalties resulting from a new licensing agreement. Wholesale sales in the Asia-Pacific region fell by 4 percent. Retail sales (Australia) grew by 30 percent; the growth was due in part to additional sales by a store opened in the last quarter of 2016.

Net sales in the January-September period

In the January-September period of 2017, the Group's net sales grew by 1 percent and were EUR 72,483 thousand (71,440). Retail sales rose by 3 percent whereas wholesale sales fell by 2 percent. In Finland, net sales were on a par with the comparison period; international sales grew by 3 percent.

² Includes both bricks-and-mortar and online sales.

Net sales in Finland were EUR 39,297 thousand (39,252). Retail sales grew by 2 percent; comparable retail sales were on a par with last year's figures. Wholesale sales fell by 5 percent. Wholesale sales for the third quarter last year included nonrecurring promotional deliveries, and none took place this year.

In the Asia-Pacific region, net sales rose by 6 percent to EUR 14,668 thousand (13,875). In Japan, sales grew by 7 percent, which was due to increased royalties in Q3 from a new licensing agreement. Wholesale sales in the Asia-Pacific region fell by 2 percent. Retail sales (Australia) grew by 16 percent, primarily due to the additional sales by a store opened in the last quarter of 2016 as well as a clearance promotion carried out in Q2 this year.

NET SALES BY MARKET AREA

(EUR 1,000)	7-9/ 2017	7-9/ 2016	Change, %	Change, % in currency terms	1-9/ 2017	1-9/ 2016	Change, %	Change, % in currency terms	1-12/ 2016
Finland	15,059	15,673	-4	-4	39,297	39,252	0	0	55,770
Scandinavia	2,270	1,998	14	15	5,888	5,656	4	5	7,849
EMEA	2,216	2,448	-9	-9	6,616	6,771	-2	-2	9,246
North America	2,221	2,008	11	13	6,014	5,886	2	3	7,912
Asia-Pacific	5,455	4,821	13	15	14,668	13,875	6	6	18,837
International sales, total	12,162	11,276	8	13	33,186	32,188	3	4	43,844
Total	27,220	26,949	1	6	72,483	71,440	1	3	99,614

All figures in the table have been individually rounded to thousands of euros, so there may be rounding differences in the totals. A more comprehensive table with breakdown into retail sales, wholesale sales and royalties by market area can be found in the table section of this interim report.

FINANCIAL RESULT

In the July-September period of 2017, the Group's operating profit grew relative to the comparison period and was EUR 4,400 thousand (3,670). Operating profit was boosted by increased royalties in the Asia-Pacific, growth in retail sales in Finland, and a rise in relative sales margin. The improvement in relative sales margin was also partly due to growth in regular-priced sales. A drag was exerted on results by a downturn in wholesale sales in Finland. The comparison period's wholesale sales included nonrecurring promotional deliveries, and none took place this year.

In the January-September period of 2017, the Group's operating profit improved on the same period last year and was EUR 5,977 thousand (3,482). The comparison period's operating profit included a restructuring expense amounting to EUR 847 thousand. Comparable operating profit was EUR 6,214 thousand (4,329). Operating profit was improved by a rise in relative sales margin, growth in retail sales in Finland and Australia, smaller depreciation than in the comparison period, and increased royalties in the Asia-Pacific region. A drag was exerted on results by a downturn in Finnish wholesale sales. Last year's wholesale sales for Q3 included nonrecurring promotional deliveries, and none took place this year.

In the January-September period, marketing expenses were EUR 3,262 thousand (2,971), or 4 percent of the Group's net sales (4).

The Group's depreciation and impairments totalled EUR 2,531 thousand (3,221), or 3 percent of net sales (5).

In the January-September period, operating profit margin was 8.2 percent (4.9) and comparable

operating profit margin was 8.6 percent (6.1). In the third quarter of the year, operating profit margin was 16.2 percent (13.6).

Net financial expenses in the January-September period were EUR 1,013 thousand (275), or 1 percent of net sales (0). Foreign exchange changes recorded in net financial items were EUR -858 thousand (-97).

Result for the January-September period before taxes was EUR 4,964 thousand (3,207). Result after taxes was EUR 3,949 thousand (2,509) and earnings per share were EUR 0.49 (0.31).

BALANCE SHEET

The consolidated balance sheet total as of 30 September 2017 was EUR 47,163 thousand (48,504). Equity attributable to the equity holders of the parent company was EUR 29,156 thousand (26,743), or EUR 3.60 per share (3.31).

Non-current assets at the end of September 2017 stood at EUR 13,948 thousand (15,846).

At the end of the period under review, net working capital was EUR 21,035 thousand (20,779). Inventories were EUR 22,241 thousand (23,135).

CASH FLOW AND FINANCING

In the July-September period of 2017, cash flow from operating activities was EUR 3,628 thousand (1,425), or EUR 0.45 per share (0.18). Cash flow before cash flow from financing activities was EUR 3,406 thousand (916).

In the January-September period of 2017, cash flow from operating activities was EUR 882 thousand (-1,607), or EUR 0.11 per share (-0.20). Cash flow before cash flow from financing activities was EUR 88 thousand (-3,700).

The Group's financial liabilities at the end of the period under review were EUR 8,212 thousand (12,615).

At the end of the review period, the Group's cash and cash equivalents amounted to EUR 2,385 thousand (2,905). In addition, the Group had unused committed long- and short-term credit lines of EUR 13,159 thousand (7,780).

The Group's equity ratio at the end of the period was 61.9 percent (55.2). Gearing was 20.0 percent (36.3).

INVESTMENTS

The Group's gross investments in the January-September period were EUR 935 thousand (2,322), or 1 percent of net sales (3). Most of the investments were devoted to the IT systems of the company and store premises.

STORE NETWORK

In 2017, the aim is to open around 10–20 new Marimekko stores; about half of the new stores will be shop-in-shops. In the January-September period of 2017, 11 stores were opened altogether, 1 of which was a company-owned store, 3 retailer-owned stores and 7 retailer-owned shop-in-shops. Marimekko's own e-commerce was extended to 17 new countries in Europe.

STORES AND SHOP-IN-SHOPS

	30.9.2017	30.9.2016	31.12.2016
Finland	66	63	63
Scandinavia	12	10	10
EMEA	2	3	3
North America	21	23	23
Asia-Pacific	65	60	60
Total	166	159	159

A more comprehensive table with breakdown into the company's own retail stores, retailer-owned Marimekko stores and shop-in-shops can be found in the table section of this interim report.

PERSONNEL

In the January-September period of 2017, the number of employees averaged 421 (447). At the end of the period, the Group had 417 employees (416), of whom 110 (111) worked outside Finland. The number of employees working outside Finland was broken down as follows: Scandinavia 45 (51), EMEA 5 (5), North America 34 (34) and the Asia-Pacific region 26 (21). The personnel at company-owned stores totalled 232 (232) at the end of the period.

CHANGES IN MANAGEMENT

On 11 July 2017, Marimekko announced its appointment of Tina Broman as the company's Chief Supply Chain Officer (CSCO) and member of the Management Group. She started in the position on 2 October 2017. Christina Ovensjö, Acting Supply Chain Director of Marimekko since autumn 2016, will continue with the company until the end of her fixed-term contract, 22 December 2017, to support the transition and strategic supply chain development initiatives.

SHARES AND SHAREHOLDERS**Share capital and number of shares**

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 8,089,610.

Shareholdings

According to the book-entry register, Marimekko had 7,438 shareholders at the end of September 2017 (7,345). Of the shares, 11.2 percent were owned by nominee-registered or non-Finnish holders (10.0).

Information on 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-September period of 2017, a total of 580,304 Marimekko shares were traded, representing 7.2 percent of the shares outstanding. The total value of the share turnover was EUR 5,836,109. The lowest price of the Marimekko share was EUR 9.10, the highest was EUR 10.99 and the average price was EUR 10.06. At the end of the review period, the closing price of the share was EUR 9.70. The company's market capitalisation on 30 September 2017 was EUR 78,469,217 (60,627,075).

Authorisations

At the end of the review period, the 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. The company holds none of its own shares.

ENQUIRIES CONCERNING THE COMPANY'S PREMISES IN HELSINKI

In its half-year financial report released on 10 August 2017, Marimekko announced that it was investigating the option of the sale and leaseback of the Marimekko Group-owned building, in the Herttoniemi district of Helsinki, which houses the company's head office and textile printing factory, and two of its stores.

Any decisions made in relation to this will be announced separately in due time.

MAJOR RISKS AND FACTORS OF UNCERTAINTY

The global economic cycle and factors of uncertainty affect consumers' purchasing behaviour and buying power in all of the company's market areas. The major strategic risks for the near future are associated with the trend in consumer confidence and overall economic trends especially in Finland and Japan, which are the company's biggest single countries for business.

Near-term strategic risks also include risks related to changes in the company's design, the focal points of collections, the product assortment and product pricing, as well as increased competition arising from the digitisation of retailing. The company's ability to design, develop and commercialise new products that meet consumers' expectations while ensuring effective production, sourcing and logistics has an impact on the company's sales and profitability. International e-commerce increases the options available to consumers and multichannel business is of growing importance in the retail trade. Strengthening competitiveness in a rapidly changing operating environment being revolutionised by digitisation demands agility, efficiency and constant re-evaluation of operations.

The distribution of Marimekko products is being expanded in all key market areas. Growth is based primarily on opening retailer-owned Marimekko stores and shop-in-shops and expanding e-commerce as well as setting up company-owned stores. Changes in distribution channel solutions may impact the company's sales and profitability. 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, and store lease agreements in Finland and abroad involve risks.

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 value and reputation of the company. Agreements with freelance designers and fees paid to designers based on these agreements are also an essential part of the management of intellectual property rights.

The company's operational risks prominently include those related to the management and success of modernisation and internationalisation, 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 to manufacture its products. Of the sustainability aspects of manufacturing, those related to the supply chain and enhancing its transparency, in particular, are of growing importance to customers. Any delays or disturbances in supply, or fluctuations in the quality of products, may have a harmful impact on business. As product distribution is expanded and operations are diversified, risks associated with inventory management also grow. As Marimekko is a small company, ongoing modernisation and development projects increase risks related to key personnel.

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

MARKET OUTLOOK AND GROWTH TARGETS FOR 2017

The general uncertainty in the global economy is forecast to continue, and the estimated consumer demand varies in Marimekko's market areas. Retailers are exercising caution in their additional purchases and in selecting new suppliers, which is expected to impact Marimekko's wholesale sales also in 2017.

Finland, Marimekko's important domestic market, accounts for about half of the company's net sales. There are signs of a more positive vibe for retailing, and the trend is forecast to be moderate. Nonrecurring promotional deliveries had a positive impact on the company's sales in 2016, but no similarly large deliveries are in sight for 2017. Marimekko's sales in Finland, excluding income from nonrecurring promotional deliveries, are expected to be roughly on a par with 2016.

The Asia-Pacific region, Marimekko's second-biggest market, plays a significant part in the company's internationalisation. Japan is clearly the most important country in this region to Marimekko; the other countries' combined share of the company's net sales is still relatively small, as operations in these markets are in fairly early stages. Japan already has a very comprehensive network of Marimekko stores, and new ones are being opened at a rate of a few stores per year. Sales are supported by enhancing the operations of stores and by optimising the product range. Sales in the Asia-Pacific region this year are forecast to be roughly on a par with the previous year. About half of the Marimekko stores and shop-in-shops to be opened in 2017 will be in the Asia-Pacific region, and the company sees growing demand for its products in this area especially in the longer term. In Australia, prospects are expected to continue to be positive.

In 2017, the main thrust in expansion continues to be on openings of retailer-owned Marimekko stores. The aim is to open around 10–20 new Marimekko stores and shop-in-shops. Roughly half of the new stores will be shop-in-shops. Furthermore, the company continues the enhancement of the operations of Marimekko stores opened in recent years. The company's own e-commerce and other online sales channels are forecast to continue to grow.

Royalty income is expected to grow in 2017. Most of the royalty income for the year as a whole was generated in the January-September period of 2017.

The expenses of marketing operations in 2017 are forecast to be higher than in 2016 (EUR 4.4 million). The total investments are estimated at approximately EUR 1.5 million (2.7).

Due to the seasonal nature of Marimekko's business, the major portion of the company's net sales and earnings are traditionally generated during the last two quarters of the year. The share of holiday sales in particular of the company's net sales for the last quarter is considerable and the outcome of the holiday season has a significant impact on results for the whole year.

FINANCIAL CALENDAR FOR 2018

Marimekko Corporation's financial statements bulletin for 2017 will be issued on Thursday 15 February 2018 at 8.30 a.m. The financial statements for 2017 will be published in week 12 at the latest. The interim reports and the half-year financial report for 2018 will be issued as follows: January-March on Wednesday 9 May 2018 at 8.30 a.m., January-June on Thursday 9 August 2018 at 8.30 a.m., and January-September on Thursday 1 November 2018 at 8.30 a.m.

The Annual General Meeting is planned to be held on Thursday 12 April 2018 at 2.00 p.m.

Helsinki, 1 November 2017

Marimekko Corporation
Board of Directors

The quarterly information for 2017 is not audited. There may be differences in totals due to rounding to the nearest thousand euros.

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 2016 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 2016. The adoption of new and updated standards has had no effect on the figures stated for the financial period.

During the period under review, the Group has undertaken a review of the effect on the registration of the Group's revenue of standard IFRS 15 Revenue from Contracts with Customers, which comes into force on 1 January 2018. The Group's revenue is generated roughly 98 percent by sales of goods and roughly 2 percent by royalties. The review has not flagged any significant deviations in the income recognition conventions relative to the requirements of IFRS 15. It is the Group's view that the cash effects on the consolidated net sales and expenses will be slight. The Group will adopt the standard as of 1 January 2018 using a modified retrospective approach. The comparison periods for the 2018 financial statements will not be adjusted.

APPENDICES

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CONSOLIDATED INCOME STATEMENT

(EUR 1,000)	7-9/2017	7-9/2016	1-9/2017	1-9/2016	1-12/2016
NET SALES	27,220	26,949	72,483	71,440	99,614
Other operating income	89	51	322	290	376
Increase or decrease in inventories of completed and unfinished products	-766	92	1,194	3,677	2,960
Raw materials and consumables	-8,954	-9,918	-26,695	-29,376	-40,199
Employee benefit expenses	-5,431	-5,589	-17,787	-19,087	-25,671
Depreciation and impairments	-835	-1,132	-2,531	-3,221	-4,114
Other operating expenses	-6,923	-6,782	-21,010	-20,242	-27,716
OPERATING RESULT	4,400	3,670	5,977	3,482	5,249
Financial income	20	23	23	26	164
Financial expenses	-323	-153	-1,036	-301	-243
	-303	-130	-1,013	-275	-79
RESULT BEFORE TAXES	4,098	3,540	4,964	3,207	5,170
Income taxes	-813	-758	-1,015	-698	-1,138
NET RESULT FOR THE PERIOD	3,285	2,782	3,949	2,509	4,032
Distribution of net result to equity holders of the parent company	3,285	2,782	3,949	2,509	4,032
Basic and diluted earnings per share calculated on the result attributable to equity holders of the parent company, EUR	0.41	0.34	0.49	0.31	0.50

COMPREHENSIVE CONSOLIDATED INCOME STATEMENT

(EUR 1,000)	7-9/ 2017	7-9/ 2016	1-9/ 2017	1-9/ 2016	1-12/ 2016
Net result for the period	3,285	2,782	3,949	2,509	4,032
Items that could be reclassified to profit or loss at a future point in time					
Change in translation difference		167	126	-64	-14
COMPREHENSIVE RESULT FOR THE PERIOD	3,285	2,949	4,075	2,445	4,018
Distribution of net result to equity holders of the parent company	3,285	2,949	4,075	2,445	4,018

CONSOLIDATED BALANCE SHEET

(EUR 1,000)	30.9.2017	30.9.2016	31.12.2016
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	761	1,499	1,493
Tangible assets	13,010	14,324	13,902
Available-for-sale financial assets	16	16	16
Deferred tax assets	161	8	222
	13,948	15,846	15,633
CURRENT ASSETS			
Inventories	22,241	23,135	21,357
Trade and other receivables	8,580	6,618	8,020
Current tax assets	10	-	-
Cash and cash equivalents	2,385	2,905	3,482
	33,216	32,657	32,860
ASSETS, TOTAL	47,163	48,504	48,493
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	150	-26	24
Retained earnings	20,464	18,227	19,751
Shareholders' equity, total	29,156	26,743	28,316
NON-CURRENT LIABILITIES			
Provisions	-	135	71
Financial liabilities	2,841	5,220	2,594
Finance lease liabilities	3,125	3,196	3,171
	5,966	8,550	5,836
CURRENT LIABILITIES			
Trade and other payables	9,258	8,580	13,156
Current tax liabilities	505	393	945
Provisions	32	38	26
Financial liabilities	2,000	4,000	-
Finance lease liabilities	246	200	214
	12,042	13,211	14,341
Liabilities, total	18,008	21,761	20,177
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL	47,163	48,504	48,493

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)	1-9/2017	1-9/2016	1-12/2016
CASH FLOW FROM OPERATING ACTIVITIES			
Net result for the period	3,949	2,509	4,032
Adjustments			
Depreciation and impairments	2,531	3,221	4,114
Financial income and expenses	1,013	275	79
Taxes	1,015	698	1,138
Cash flow before change in working capital	8,508	6,703	9,363
Change in working capital	-5,911	-7,793	-2,582
Increase (-) / decrease (+) in current non-interest-bearing trade receivables	-727	-652	-2,224
Increase (-) / decrease (+) in inventories	-883	-4,647	-2,803
Increase (+) / decrease (-) in current non-interest-bearing liabilities	-4,300	-2,495	2,445
Cash flow from operating activities before financial items and taxes	2,597	-1,090	6,781
Paid interest and payments on other financial expenses	-337	-222	-169
Interest received	23	10	33
Taxes paid	-1,401	-305	-520
CASH FLOW FROM OPERATING ACTIVITIES	882	-1,607	6,125
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in tangible and intangible assets	-793	-2,093	-2,559
CASH FLOW FROM INVESTING ACTIVITIES	-793	-2,093	-2,559
CASH FLOW FROM FINANCING ACTIVITIES			
Short-term loans drawn	2,000	4,000	4,000
Short-term loans paid	-	-	-4,000
Net change in long-term loans	247	1,385	-1,240
Finance lease liabilities paid	-198	-198	-261
Dividends paid	-3,236	-2,831	-2,831
CASH FLOW FROM FINANCING ACTIVITIES	-1,186	2,356	-4,332
Change in cash and cash equivalents	-1,098	-1,344	-766
Cash and cash equivalents at the beginning of the period	3,482	4,249	4,249
Cash and cash equivalents at the end of the period	2,385	2,905	3,482

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(EUR 1,000)	Equity attributable to equity holders of the parent company				
	Share capital	Reserve for invested non-restricted equity	Translation differences	Retained earnings	Shareholders' equity, total
Shareholders' equity 1 January 2016	8,040	502	38	18,549	27,129
Comprehensive result					
Net result for the period				2,509	2,509
Translation differences			-64		-64
Total comprehensive result for the period			-64	2,509	2,445
Transactions with owners					
Dividends paid				-2,831	-2,831
Shareholders' equity 30 September 2016	8,040	502	-26	18,227	26,743
Shareholders' equity 1 January 2017	8,040	502	24	19,751	28,316
Comprehensive result					
Net result for the period				3,949	3,949
Translation differences			126		126
Total comprehensive result for the period			126	3,949	4,075
Transactions with owners					
Dividends paid				-3,236	-3,236
Shareholders' equity 30 September 2017	8,040	502	150	20,464	29,156

KEY FIGURES

	1-9/2017	1-9/2016	Change, %	1-12/2016
Earnings per share, EUR	0.49	0.31	57	0.50
Equity per share, EUR	3.60	3.31	9	3.50
Return on equity (ROE), %	19.6	14.2		14.5
Return on investment (ROI), %	18.3	12.7		15.8
Equity ratio, %	61.9	55.2		58.5
Gearing, %	20.0	36.3		8.8
Gross investments, EUR 1,000	935	2,322	-60	2,721
Gross investments, % of net sales	1	3		3
Contingent liabilities, EUR 1,000	27,191	31,553	-14	32,709
Average personnel	421	447	-6	441
Personnel at the end of the period	417	416	0	431
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

RECONCILIATION OF KEY FIGURES TO IFRS

(EUR million)	7-9/ 2017	7-9/ 2016	1-9/ 2017	1-9/ 2016	1-12/ 2016
Items affecting comparability					
Employee benefit expenses	-	-	-0.2	-0.8	-0.8
Other operating expenses	-	-	-	0.0	0.0
Items affecting comparability in operating result	-	-	-0.2	-0.8	-0.8
EBITDA	5.2	4.8	8.5	6.7	9.4
Items affecting comparability	-	-	-0.2	-0.8	-0.8
Comparable EBITDA	5.2	4.8	8.7	7.6	10.2
Operating result	4.4	3.7	6.0	3.5	5.2
Items affecting comparability in operating result	-	-	-0.2	-0.8	-0.8
Comparable operating result	4.4	3.7	6.2	4.3	6.1
Net sales	27.2	26.9	72.5	71.4	99.6
<i>Operating result margin, %</i>	<i>16.2</i>	<i>13.6</i>	<i>8.2</i>	<i>4.9</i>	<i>5.3</i>
<i>Comparable operating result margin, %</i>	<i>16.2</i>	<i>13.6</i>	<i>8.6</i>	<i>6.1</i>	<i>6.1</i>

SEGMENT INFORMATION

(EUR 1,000)	1-9/2017	1-9/2016	Change, %	1-12/2016
Marimekko business				
Net sales	72,483	71,440	1	99,614
Operating result	5,977	3,482	72	5,249
Assets	47,163	48,504	-3	48,493

NET SALES BY MARKET AREA

(EUR 1,000)	7-9/ 2017	7-9/ 2016	Change, %	Change, % in currency terms	1-9/ 2017	1-9/ 2016	Change, %	Change, % in currency terms	1-12/ 2016
Finland	15,059	15,673	-4	-4	39,297	39,252	0	0	55,770
Retail sales	11,325	10,855	4	4	28,816	28,167	2	2	38,886
Wholesale sales	3,687	4,719	-22	-22	10,347	10,890	-5	-5	16,631
Royalties	46	99	-53	-53	134	196	-31	-31	253
Scandinavia	2,270	1,998	14	15	5,888	5,656	4	5	7,849
Retail sales	1,439	1,310	10	12	3,680	3,637	1	3	4,976
Wholesale sales	831	688	21	21	2,208	2,019	9	9	2,872
Royalties	-	-	-	-	-	-	-	-	-
EMEA	2,216	2,448	-9	-9	6,616	6,771	-2	-2	9,246
Retail sales	290	207	40	40	780	805	-3	-3	1,089
Wholesale sales	1,847	2,147	-14	-14	5,585	5,732	-3	-3	7,828
Royalties	79	94	-15	-15	251	235	7	7	328
North America	2,221	2,008	11	13	6,014	5,886	2	3	7,912
Retail sales	1,395	1,419	-2	3	3,892	3,807	2	2	5,234
Wholesale sales	744	526	42	32	1,651	1,621	2	1	2,177
Royalties	82	64	28	80	471	459	3	9	501
Asia-Pacific	5,455	4,821	13	15	14,668	13,875	6	6	18,837
Retail sales	876	674	30	31	2,697	2,321	16	13	3,460
Wholesale sales	3,966	4,146	-4	-3	11,357	11,554	-2	-2	15,377
Royalties	614	-	-	-	614	-	-	-	-
International sales, total	12,162	11,276	8	13	33,186	32,188	3	4	43,844
Retail sales	3,999	3,610	11	13	11,049	10,570	5	4	14,759
Wholesale sales	7,388	7,508	-2	9	20,802	20,925	-1	3	28,255
Royalties	775	158	-	-	1,335	693	93	90	829
Total	27,220	26,949	1	6	72,483	71,440	1	3	99,614
Retail sales	15,324	14,465	6	9	39,865	38,736	3	3	53,646
Wholesale sales	11,075	12,227	-9	-3	31,149	31,815	-2	0	44,886
Royalties	821	256	-	-	1,469	889	65	65	1,082

STORES AND SHOP-IN-SHOPS

	30.9.2017	30.9.2016	31.12.2016
Finland	66	63	63
Company-owned stores	25	25	25
Company-owned outlet stores	12	12	12
Retailer-owned stores	16	16	16
Retailer-owned shop-in-shops	13	10	10
Scandinavia	12	10	10
Company-owned stores	8	7	7
Company-owned outlet stores	-	-	-
Retailer-owned stores	-	-	-
Retailer-owned shop-in-shops	4	3	3
EMEA	2	3	3
Company-owned stores	1	1	1
Company-owned outlet stores	-	-	-
Retailer-owned stores	1	2	2
Retailer-owned shop-in-shops	-	-	-
North America	21	23	23
Company-owned stores	4	4	4
Company-owned outlet stores	1	1	1
Retailer-owned stores	1	1	1
Retailer-owned shop-in-shops	15	17	17
Asia-Pacific	65	60	60
Company-owned stores	5	4	5
Company-owned outlet stores	-	-	-
Retailer-owned stores	47	47	45
Retailer-owned shop-in-shops	13	9	10
Total	166	159	159
Company-owned stores	43	41	42
Company-owned outlet stores	13	13	13
Retailer-owned stores	65	66	64
Retailer-owned shop-in-shops	45	39	40

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 56 at the end of September 2017 (54).

NET SALES BY PRODUCT LINE

(EUR 1,000)	7-9/ 2017	7-9/ 2016	Change, %	1-9/ 2017	1-9/ 2016	Change, %	1-12/ 2016
Fashion	10,162	9,212	10	27,209	27,253	0	35,516
Home	9,052	10,293	-12	24,773	25,114	-1	37,763
Bags and accessories	8,005	7,444	8	20,502	19,073	7	26,335
Total	27,220	26,949	1	72,483	71,440	1	99,614

QUARTERLY TREND IN NET SALES AND EARNINGS

(EUR 1,000)	7-9/2017	4-6/2017	1-3/2017	10-12/2016
Net sales	27,220	22,769	22,495	28,174
Operating result	4,400	698	878	1,767
Earnings per share, EUR	0.41	0.01	0.07	0.19

(EUR 1,000)	7-9/2016	4-6/2016	1-3/2016	10-12/2015
Net sales	26,949	23,543	20,948	27,481
Operating result	3,670	871	-1,059	1,345
Earnings per share, EUR	0.34	0.08	-0.12	0.15

FORMULAS FOR KEY FIGURES

Comparable EBITDA:

Operating result - depreciation - impairments - items affecting comparability

Comparable operating result:

Operating result - items affecting comparability in operating result

Comparable operating result margin, %

Operating result - items affecting comparability in operating result x 100 / Net sales

Earnings per share (EPS), EUR:

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

Equity per share, EUR:

Shareholders' equity / Number of shares, 30 September

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 liabilities - current provisions - trade and other payables