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Marimekko Corporation, Financial Statements Bulletin, 15 February 2018 at 8.30 a.m.

Comparable operating profit grew by 41 percent and net sales by 3 percent

The fourth quarter in brief

- Net sales grew by 6 percent to EUR 29.8 million (Q4/2016: 28.2).
- Net sales were boosted by an upswing in retail sales driven by a successful holiday period, particularly in Finland. The good holiday season also boosted wholesale sales in Finland, which however declined because the comparison period's wholesale sales included nonrecurring promotional deliveries, of which there were none in 2017. International sales grew by 15 percent.
- Operating profit grew by 35 percent on the same period in the previous year and was EUR 2.4 million (1.8).
- Operating profit was improved by growth in net sales, particularly by increased retail sales in Finland. Results were also boosted by a better relative sales margin and lower depreciation than in the comparison period. A downturn in wholesale sales in Finland exerted a drag on results.

2017 in brief

- Net sales grew by 3 percent and were EUR 102.3 million (2016: 99.6).
- Growth in net sales was generated primarily by retail sales in Finland and Australia, by international wholesale sales and by royalties in the Asia-Pacific region.
- Operating profit grew to EUR 8.4 million (5.2). Operating profits for 2016 and 2017 included restructuring expenses of EUR 0.8 million and EUR 0.2 million respectively. Comparable operating profit grew by 41 percent and was EUR 8.6 million (6.1).
- Operating profit was improved by growth in net sales, a better sales margin than in the previous year, and reduced depreciation and personnel expenses. A drag was exerted on results by a downturn in wholesale sales in Finland, which was due to the fact that wholesale sales in the second half of 2016 included nonrecurring promotional deliveries, of which there were none in 2017. Results were also impacted by higher other fixed costs than in the previous year.
- The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.50 per share be paid for 2017.

Financial guidance for 2018

The Marimekko Group's net sales and comparable operating profit for 2018 are forecast to be at the same level as or higher than in the previous year.

KEY FIGURES

(EUR million)	10-12/ 2017	10-12/ 2016	Change %	1-12/ 2017	1-12/ 2016	Change, %
Net sales	29.8	28.2	6	102.3	99.6	3
International sales	13.4	11.7	15	46.6	43.8	6
<i>% of net sales</i>	45	41		46	44	
EBITDA	3.2	2.7	19	11.7	9.4	25
Comparable EBITDA	3.2	2.7	19	11.9	10.2	17
Operating result	2.4	1.8	35	8.4	5.2	59
Comparable operating result	2.4	1.8	35	8.6	6.1	41
<i>Operating result margin, %</i>	8.0	6.3		8.2	5.3	
<i>Comparable operating result margin, %</i>	8.0	6.3		8.4	6.1	
Result for the period	1.7	1.5	12	5.7	4.0	40
Earnings per share, EUR	0.21	0.19	12	0.70	0.50	40
Cash flow from operating activities	8.9	7.8	15	9.8	6.1	60
<i>Return on investment (ROI), %</i>				21.6	15.8	
<i>Equity ratio, %</i>				65.2	58.5	
Gross investments	0.3	0.4	-35	1.2	2.7	-56
Personnel at the end of the period				446	431	3
outside Finland				122	111	10
Brand sales ¹	58.0	49.9	16	192.7	199.3	-3
outside Finland	36.2	28.8	26	118.6	124.1	-4
<i>proportion of international sales, %</i>	62	58		62	62	
Number of stores				161	159	1

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 financial statements bulletin.

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 & CEO

"Our hard work was rewarded and a successful holiday season sealed an upturn in profitability.

"In the October-December period of 2017, our net sales grew by 6 percent and our operating profit rose to EUR 2.4 million (1.8). As is typical in our sector, the proportion of holiday sales is particularly significant in the fourth quarter. It was a high point of the closing months that our holiday season was even better than expected.

"By many indicators, we succeeded in making an improvement on the previous year in 2017. Our comparable operating profit grew by 41 percent and our net sales by 3 percent. Also, EBITDA, cash flow from operating activities and equity ratio improved. Our full-year operating profit was EUR 8.4 million (5.2) and our comparable operating profit amounted to EUR 8.6 million (6.1). The results were boosted by growth in net sales, generated primarily by retail sales in Finland and Australia, international wholesale sales, and royalties in the Asia-Pacific region. In addition, relative sales margin was an improvement on the previous year; this was thanks, among other factors, to growth in regular-priced sales. Operating profit was also improved by reduced depreciation and personnel expenses. A drag was exerted on results by a decline in wholesale sales in Finland. This was due to the fact that wholesale sales for the second half of the previous year included nonrecurring promotional deliveries, of which there were none in 2017.

"We have behind us an eventful year filled with work. We continued to build a new direction for our collections and our brand. Progress was made in refining our product range and pricing strategies as well as in enhancing the efficiency of our procurement chain, and this long-term work continues.

"In spring and autumn 2017, we showcased our ready-to-wear collections at Paris Fashion Week, which is one of the top global events in our sector. We were happy that our bold prints and colours were also shown in Paris in Junya Watanabe's spring/summer 2018 collection for Comme des Garçons. We gained further positive visibility in October and December when two notable Tokyo galleries opened Marimekko Spirit exhibitions.

"The significance and role of digital business in our internationalisation strategy is continuously increasing. In 2017, we extended our e-commerce to 17 new countries in Europe and currently our online store already reaches customers in 30 countries. Our Chief Digital Officer (CDO) Kari Härkönen was appointed a member of our Management Group in December. In addition to online sales, he is also in charge of leading the digital transformation at Marimekko as well as developing our omnichannel operations and related digital solutions.

"The year 2018 has also got off to a brisk start. Satu Maaranen took up her duties as head designer of Marimekko's ready-to-wear, bags and accessories in January. Her highly international profile and experience, and – above all – her fresh and modern perspective were clinching factors in her appointment. In January we also announced our collaboration with two globally renowned and prestigious operators. One of these is the Japanese clothing brand Uniqlo and the other is the cosmetics brand Clinique.

"I am glad that we have succeeded in underpinning our international competitiveness in line with our objectives. All in all, I think we can be pleased with the steps we have recently taken. We are well poised to continue our long-term work by which we seek clearly stronger growth than before. Expanding the customer base, enhancing operational efficiency and utilising the new opportunities afforded by digitisation will play a central role in this work."



OPERATING ENVIRONMENT

Uncertainty over the global economy continues, due partly to the unpredictability of the political situation. Growth is picking up speed, but at the same time the risks are increasing. The global economy is forecast to grow at a rate of almost 4 percent in 2018. In Europe, the situation is on the whole very strong. In the US, political uncertainty continues but growth is expected to remain steady. Confidence indicators point to a strengthening rate of growth, but the likelihood of a recession is increased by the fact that growth in the US has continued since 2009. In Asia, growth is forecast to continue to be brisk. China's economic growth continues, but corporate indebtedness is a significant risk.

The Finnish economy has bottomed out. Export markets have strengthened, competitiveness has improved and there is growing confidence in the future. Current economic conditions are better than the average, and growth is expected to continue for at least the next half year. In retail trade, growth is forecast to continue to be at a fairly good level. Retail trade confidence remained good in January 2018 and it was above the average for the EU countries. The consumer confidence indicator was at a record high figure, and consumers' expectations for their own finances and for the Finnish economy were very optimistic.

(Confederation of Finnish Industries EK: Economic Review, December 2017; Business Tendency Survey, January 2018; Confidence Indicators, January 2018. Statistics Finland: Consumer Survey, January 2018.)

In 2017, the volume of retail sales in Finland grew by 2.3 percent on the previous year. In December, sales were growing at a rate of 3.5 percent. (Statistics Finland: Turnover of Trade, retail trade flash estimate, December 2017).

NET SALES

Net sales in the fourth quarter

In the October-December period of 2017, the Group's net sales grew by 6 percent in comparison with the same period in the previous year and were EUR 29,841 thousand (28,174). Retail sales rose by 10 percent and wholesale sales by 1 percent. In Finland, net sales fell by 1 percent, whereas international sales grew by 15 percent.

Net sales in Finland amounted to EUR 16,392 thousand (16,518). Retail sales grew by 12 percent, driven in particular by a successful holiday period; comparative retail sales² rose by 13 percent. The good holiday season also boosted wholesale sales, which however fell by 25 percent because the comparison period's wholesale sales included nonrecurring promotional deliveries, of which there were none in 2017.

In the company's second-biggest market, the Asia-Pacific, net sales rose by 11 percent and were EUR 5,493 thousand (4,962). Wholesale sales in the region grew by 9 percent. In the market area's main country, Japan, sales rose by 3 percent. Retail sales (Australia) grew by 15 percent; part of the growth was accounted for by the additional sales of a store opened in November 2016.

Net sales in 2017

In 2017, the Group's net sales grew by 3 percent and were EUR 102,324 thousand (99,614). Retail sales rose by 5 percent, whereas wholesale sales fell by 1 percent. In Finland, net sales were on a par with the previous year; international sales grew by 6 percent.

Net sales in Finland amounted to EUR 55,690 thousand (55,770). Retail sales grew by 5 percent and

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

comparative retail sales by 4 percent. The rise in sales was partly attributable to growth in regular-priced sales. Wholesale sales fell by 12 percent. The decline was due to the fact that wholesale sales in Q3 and Q4 in the previous year included nonrecurring promotional deliveries, of which there were none in 2017. A successful holiday season boosted both retail and wholesale sales in the last quarter.

In the Asia-Pacific region, net sales grew by 7 percent to EUR 20,161 thousand (18,837). Wholesale sales rose by 1 percent. In Japan, sales grew by 4 percent; the growth was due to royalties received under a new licensing agreement in the third quarter. Retail sales (Australia) rose by 16 percent due to a clearance promotion carried out in the second quarter and the additional sales of a store opened in November 2016.

NET SALES BY MARKET AREA

(EUR 1,000)	10-12/ 2017	10-12/ 2016	Change, %	Change, % in currency terms	1-12/ 2017	1-12/ 2016	Change, %	Change, % in currency terms
Finland	16,392	16,518	-1	-1	55,690	55,770	0	0
Scandinavia	2,581	2,193	18	23	8,469	7,849	8	10
EMEA	3,127	2,475	26	26	9,743	9,246	5	5
North America	2,247	2,026	11	21	8,261	7,912	4	7
Asia-Pacific	5,493	4,962	11	13	20,161	18,837	7	8
International sales, total	13,449	11,656	15	20	46,635	43,844	6	9
Total	29,841	28,174	6	10	102,324	99,614	3	5

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 financial statements bulletin.

FINANCIAL RESULT

In the October-December period of 2017, the Group's operating profit grew relative to the same period in the previous year and was EUR 2,382 thousand (1,767). Operating profit was boosted by growth in net sales – particularly by increased retail sales in Finland –, an improvement in relative sales margin and lower depreciation. A drag was exerted on operating profit by the fact that the comparison period's wholesale sales included nonrecurring promotional deliveries, of which there were none in 2017. Furthermore, marketing expenses and other fixed costs in the quarter were higher than in the comparison period.

In 2017, the Group's operating profit improved on the previous year and was EUR 8,360 thousand (5,249). Operating profits for 2016 and 2017 included restructuring expenses of EUR 847 thousand and EUR 237 thousand respectively. Comparable operating profit for 2017 was EUR 8,596 thousand (6,096). Results were improved by growth in net sales, which was generated primarily by retail sales in Finland and Australia, international wholesale sales, and royalties in the Asia-Pacific region. Furthermore, relative sales margin was an improvement on the previous year; this was thanks, among other factors, to growth in regular-priced sales. Operating profit was also boosted by lower depreciation and personnel expenses. A drag was exerted on results by a downturn in wholesale sales in Finland. This was due to the fact that wholesale sales in the third and fourth quarters of the previous year included nonrecurring promotional deliveries, of which there were none in 2017. Results were also impacted by higher other fixed costs than in the previous year.

Marketing expenses for the year 2017 were EUR 4,498 thousand (4,440), or 4 percent of the Group's net sales (4).

The Group's depreciation and impairments were EUR 3,308 thousand (4,114), or 3 percent of net sales (4).

Operating profit margin for 2017 was 8.2 percent (5.3) and comparable operating profit margin was 8.4 percent (6.1). In the October-December period, operating profit margin was 8.0 percent (6.3).

Net financial expenses were EUR 1,230 thousand (79), or 1 percent of net sales (0). Foreign exchange changes recorded in net financial items amounted to EUR -1,034 thousand (144).

Result for 2017 before taxes was EUR 7,130 thousand (5,170). Result after taxes was EUR 5,660 thousand (4,032) and earnings per share were EUR 0.70 (0.50).

BALANCE SHEET

The consolidated balance sheet total as of 31 December 2017 was EUR 47,113 thousand (48,493). Equity attributable to the equity holders of the parent company was EUR 30,669 thousand (28,316), or EUR 3.79 per share (3.50).

Non-current assets at the end of 2017 stood at EUR 13,333 thousand (15,633).

At the end of 2017, net working capital was EUR 14,496 thousand (15,277). Inventories were EUR 20,921 thousand (21,357).

CASH FLOW AND FINANCING

In the October-December period of 2017, cash flow from operating activities was EUR 8,929 thousand (7,732), or EUR 1.10 per share (0.96). Cash flow before cash flow from financing activities was EUR 8,744 thousand (7,266).

In 2017, cash flow from operating activities was EUR 9,810 thousand (6,125), or EUR 1.21 per share (0.76). Cash flow before cash flow from financing activities was EUR 8,833 thousand (3,566).

The Group's financial liabilities at the end of the year were EUR 3,341 thousand (5,979).

At the end of the year, the Group's cash and cash equivalents amounted to EUR 6,212 thousand (3,482). In addition, the Group had unused committed long- and short-term credit lines of EUR 18,000 thousand (14,406).

The Group's equity ratio at the end of the year was 65.2 percent (58.5). Gearing was -9.4 percent (8.8).

INVESTMENTS

The Group's gross investments in 2017 were EUR 1,210 thousand (2,721), or 1 percent of net sales (3). Most of the investments were devoted to the company's IT systems and store premises.

STORE NETWORK

In 2017, the main thrust in expanding the Marimekko store network continued to be on openings of retailer-owned Marimekko stores. The company achieved its aim of opening around 10–20 new

Marimekko stores and shop-in-shops. In the course of the year, a total of 12 stores were opened, one of which was company-owned, four were retailer-owned Marimekko stores, and seven were shop-in-shops. Of the stores opened, seven were located in the company's growth market in the Asia-Pacific region. Marimekko's own e-commerce was extended to 17 new countries in Europe; at the end of the year, the company's online store reached customers in 30 countries.

In the October-December period of 2017, five Marimekko shop-in-shops located in El Palacio de Hierro's department stores in Mexico were closed due to changes in the stores' assortment concept. The impact of these shop closures on wholesale sales in North America was very small.

STORES AND SHOP-IN-SHOPS

	31.12.2017	31.12.2016
Finland	66	63
Scandinavia	12	10
EMEA	2	3
North America	16	23
Asia-Pacific	65	60
Total	161	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 financial statements bulletin.

PERSONNEL

In 2017, the number of employees averaged 425 (441), and at the end of the year the total was 446 (431), of whom 122 (111) worked outside Finland. The number of employees working outside Finland was broken down as follows: Scandinavia 49 (40), EMEA 5 (4), North America 34 (33) and the Asia-Pacific region 34 (34). The personnel at company-owned stores totalled 259 (254) at the end of the year.

RESOLUTIONS OF THE ANNUAL GENERAL MEETING

The resolutions of Marimekko Corporation's Annual General Meeting for 2017 have been reported in the stock exchange release of 6 April 2017 and in the interim report of 10 May 2017.

CHANGES IN MANAGEMENT

The following changes in the company's management took place in 2017. Päivi Paltola started as the company's Chief Marketing Officer (CMO) on 30 January, Tanya Strohmayer became Human Resources Director on 10 February and Tina Broman took up duties as Chief Supply Chain Officer (CSCO) on 2 October. All of the aforementioned are also members of Marimekko's Management Group. The company's Chief Digital Officer (CDO) Kari Härkönen was appointed to the Management Group as of 14 December.

Creative Director and Management Group member Anna Teurnell stood down from her post on 27 February 2017. Marimekko reported on 7 December 2017 of its decision to transform its operational model in respect of design management and of its appointment of Satu Maaranen as head designer of ready-to-wear, bags and accessories from 8 January 2018.

Corporate governance statement

The corporate governance statement for 2017 can be found on the company's website at company.marimekko.com under Investors/Management/Corporate governance.

SHARES AND SHAREHOLDERS

Share capital and number of shares

At the end of 2017, 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 7,575 shareholders at the end of the year (7,270). Of the shares, 11.4 percent were held by nominee-registered or non-Finnish holders (10.5).

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 2017, a total of 796,964 Marimekko shares were traded, representing 9.9 percent of the shares outstanding. The total value of the share turnover was EUR 8,042,982. The lowest price of the Marimekko share was EUR 9.10, the highest was EUR 10.99 and the average price was EUR 10.09. At the end of the year, the closing price of the share was EUR 10.10. The company's market capitalisation on 31 December 2017 was EUR 81,705,061 (76,689,503).

Authorisations

At the end of the year, 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 of 10 August 2017, Marimekko announced that it was investigating the option of the sale and leaseback of the building owned by the Marimekko Group in the Herttoniemi district of Helsinki housing the company's head office and textile printing factory and two of its stores.

Any decisions on the matter will be reported separately in due time.

MAJOR RISKS AND FACTORS OF UNCERTAINTY

Factors of uncertainty over the global economic trend affect the retail trade and consumer confidence in all of the company's market areas. The company's major strategic risks are associated with changes in consumers' purchasing behaviour and buying power, especially in Finland and Japan, which are the company's biggest single countries for business.

Near-term strategic risks include risks related to changes in the company's design, product assortment and product pricing. Digitisation in retail trade and the intensified competition and rapidly changing operating environment that this entails also bring risks. 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. Maintaining competitiveness in a rapidly changing operating environment being revolutionised by digitisation demands agility, efficiency and the constant re-evaluation of operations.

The company's 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 and concession shop-in-shops in the company's main market areas. The Asia-Pacific region is Marimekko's second-biggest market, and it plays an important role in the company's growth and internationalisation. Changes in distribution channel solutions may impact the company's sales and profitability. Major partnership choices, partnering contracts and other collaboration agreements involve considerable risks. Store lease agreements in Finland and abroad also contain 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, changes in procurement and logistics processes, and changes in the prices of raw materials and other procurement items. Information system functionality and reliability also involve risks; malfunctions, for example in data communications or in the company's own online store, can disrupt business momentarily. 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 significance to customers. Compliance with sustainable business methods is important in maintaining customers' confidence; any failures or errors in this area will involve reputation risks. 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.

RESEARCH AND DEVELOPMENT

Marimekko's product planning and development costs arise from the design of collections and collaboration on new materials. Design costs are recorded in expenses.

SUSTAINABILITY

Sustainability management at Marimekko is part of everyday leadership and operational development. Among the principal themes of Marimekko's sustainability strategy extending to the year 2020 are sustainable and timeless design, engagement of stakeholders, a responsible supply chain, resource efficiency, and caring for the environment and personnel. In the next few years, the company will focus on improving the transparency of the supply chain as well as increasing the proportion of more sustainably produced cotton and other more sustainable raw materials in its products.

The company has a Code of Conduct specifying the way of working for all employees and management. Marimekko's supplier partners also have to commit themselves to compliance with the guidelines drawn up for them, which among other things include a prohibition on child labour and forced labour.

Marimekko issues an annual sustainability review which can be found on the company's website at

company.marimekko.com under Sustainability/Sustainability review. The next review will be issued in summer 2018.

MARKET OUTLOOK AND GROWTH TARGETS IN 2018

Uncertainty in the global economy is forecast to continue, partly because of the unpredictability of the political situation. Consumer demand forecasts vary among Marimekko's different market areas.

Finland, Marimekko's important domestic market, represents about half of the company's net sales. Growth in retail trade is forecast to be at a fairly good level. Sales in 2018 will be impacted positively by nonrecurring promotional deliveries; in 2017 there were no similarly large deliveries. Marimekko's sales in Finland are expected to grow in 2018.

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 grow. The company sees increasing demand for its products in this area especially in the longer term.

In 2018, the main thrust in expansion remains on openings of retailer-owned Marimekko stores, and continuing growth is expected in the company's own e-commerce and other online sales channels. The aim is to open around 10–15 new Marimekko stores and shop-in-shops. The company will continue the enhancement of the operations of Marimekko stores opened in recent years.

Royalty income is forecast to be roughly on a par with the previous year.

The expenses of marketing operations in 2018 are forecast to be higher than in 2017 (EUR 4.5 million). The total investments are estimated to grow relative to the previous year (EUR 1.2 million).

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.

THE BOARD OF DIRECTORS' PROPOSAL FOR THE DIVIDEND FOR THE 2017 FINANCIAL YEAR

On 31 December 2017, the parent company's distributable funds amounted to EUR 19,194,424.94; profit for the financial year was EUR 4,948,190.32. The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.50 per share be paid for 2017. The Board will propose 16 April 2018 as the dividend record date, and 23 April 2018 for the dividend payout. A dividend of EUR 0.40 per share was paid for 2016 to a total of EUR 3,235,844.

FINANCIAL CALENDAR FOR 2018

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 scheduled to be held on Thursday 12 April 2018 at 2.00 p.m.

Helsinki, 14 February 2018

Marimekko Corporation
Board of Directors

The quarterly results for 2017 are unaudited. There may be differences in totals due to rounding to the nearest thousand euros.

ACCOUNTING PRINCIPLES

This financial statements bulletin was prepared in compliance with IAS 34. Marimekko has applied the same accounting principles in this financial statements bulletin as were applied in its 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 year.

During the 2017 financial year, the Group has drawn up a report on the effects on the booking of the Group's revenues of the standard IFRS 15 Revenue from Contracts with Customers, which enters into force on 1 January 2018. The Group's revenues are generated roughly 98 percent from sales of goods and roughly 2 percent from royalties. The study did not identify significant divergences in income recognition principles in relation to the requirements of IFRS 15. It is the Group's view that the cash effect on the Group's net sales and expenses will be minimal. 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

Consolidated income statement and comprehensive consolidated income statement
Consolidated balance sheet
Consolidated cash flow statement
Consolidated statement of changes in shareholders' equity
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CONSOLIDATED INCOME STATEMENT

(EUR 1,000)	10-12/2017	10-12/2016	1-12/2017	1-12/2016
NET SALES	29,841	28,174	102,324	99,614
Other operating income	84	85	406	376
Increase or decrease in inventories of completed and unfinished products	-900	-718	294	2,960
Raw materials and consumables	-10,705	-10,823	-37,401	-40,199
Employee benefit expenses	-6,756	-6,585	-24,543	-25,671
Depreciation and impairments	-778	-893	-3,308	-4,114
Other operating expenses	-8,403	-7,473	-29,413	-27,716
OPERATING RESULT	2,382	1,767	8,360	5,249
Financial income	15	139	39	164
Financial expenses	-232	57	-1,269	-243
	-217	196	-1,230	-79
RESULT BEFORE TAXES	2,165	1,963	7,130	5,170
Income taxes	-455	-440	-1,470	-1,138
NET RESULT FOR THE PERIOD	1,711	1,524	5,660	4,032
Distribution of net result to equity holders of the parent company	1,711	1,524	5,660	4,032
Basic and diluted earnings per share calculated on the result attributable to equity holders of the parent company, EUR	0.21	0.19	0.70	0.50

COMPREHENSIVE CONSOLIDATED INCOME STATEMENT

(EUR 1,000)	10-12/ 2017	10-12/ 2016	1-12/ 2017	1-12/ 2016
Net result for the period	1,711	1,524	5,660	4,032
Items that could be reclassified to profit or loss at a future point in time				
Change in translation difference	-198	50	-71	-14
COMPREHENSIVE RESULT FOR THE PERIOD	1,513	1,573	5,589	4,018
Distribution of net result to equity holders of the parent company	1,513	1,573	5,589	4,018

CONSOLIDATED BALANCE SHEET

(EUR 1,000)	31.12.2017	31.12.2016
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	1,145	1,493
Tangible assets	12,107	13,902
Available-for-sale financial assets	16	16
Deferred tax assets	66	222
	13,333	15,633
CURRENT ASSETS		
Inventories	20,921	21,357
Trade and other receivables	6,647	8,020
Current tax assets	0	-
Cash and cash equivalents	6,212	3,482
	33,780	32,860
ASSETS, TOTAL	47,113	48,493
SHAREHOLDERS' EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		
Share capital	8,040	8,040
Reserve for invested non-restricted equity	502	502
Translation differences	-47	24
Retained earnings	22,175	19,751
Shareholders' equity, total	30,669	28,316
NON-CURRENT LIABILITIES		
Provisions	-	71
Financial liabilities	-	2,594
Finance lease liabilities	3,097	3,171
	3,097	5,836
CURRENT LIABILITIES		
Trade and other payables	12,519	13,156
Current tax liabilities	552	945
Provisions	32	26
Finance lease liabilities	244	214
	13,347	14,341
Liabilities, total	16,444	20,177
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL	47,113	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)	1-12/2017	1-12/2016
CASH FLOW FROM OPERATING ACTIVITIES		
Net result for the period	5,660	4,032
Adjustments		
Depreciation and impairments	3,308	4,114
Financial income and expenses	1,230	79
Taxes	1,470	1,138
Cash flow before change in working capital	11,668	9,363
Change in working capital	416	-2,582
Increase (-) / decrease (+) in current non-interest-bearing trade receivables	1,027	-2,224
Increase (-) / decrease (+) in inventories	437	-2,803
Increase (+) / decrease (-) in current non-interest-bearing liabilities	-1,047	2,445
Cash flow from operating activities before financial items and taxes	12,084	6,781
Paid interest and payments on other financial expenses	-433	-169
Interest received	22	33
Taxes paid	-1,863	-520
CASH FLOW FROM OPERATING ACTIVITIES	9,810	6,125
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in tangible and intangible assets	-978	-2,559
CASH FLOW FROM INVESTING ACTIVITIES	-978	-2,559
CASH FLOW FROM FINANCING ACTIVITIES		
Short-term loans drawn	2,000	4,000
Short-term loans paid	-2,000	-4,000
Net change in long-term loans	-2,594	-1,240
Finance lease liabilities paid	-273	-261
Dividends paid	-3,236	-2,831
CASH FLOW FROM FINANCING ACTIVITIES	-6,103	-4,332
Change in cash and cash equivalents	2,730	-766
Cash and cash equivalents at the beginning of the period	3,482	4,249
Cash and cash equivalents at the end of the period	6,212	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				4,032	4,032
Translation differences			-14		-14
Total comprehensive result for the period			-14	4,032	4,018
Transactions with owners					
Dividends paid				-2,831	-2,831
Shareholders' equity 31 December 2016	8,040	502	24	19,751	28,316
Shareholders' equity 1 January 2017	8,040	502	24	19,751	28,316
Comprehensive result					
Net result for the period				5,660	5,660
Translation differences			-71		-71
Total comprehensive result for the period			-71	5,660	5,589
Transactions with owners					
Dividends paid				-3,236	-3,236
Shareholders' equity 31 December 2017	8,040	502	-47	22,175	30,669

KEY FIGURES

	1-12/2017	1-12/2016	Change, %
Earnings per share, EUR	0.70	0.50	40
Equity per share, EUR	3.79	3.50	8
Return on equity (ROE), %	19.2	14.5	
Return on investment (ROI), %	21.6	15.8	
Equity ratio, %	65.2	58.5	
Gearing, %	-9.4	8.8	
Gross investments, EUR 1,000	1,210	2,721	-56
Gross investments, % of net sales	1	3	
Contingent liabilities, EUR 1,000	25,709	32,709	-21
Average personnel	425	441	-4
Personnel at the end of the period	446	431	3
Number of shares at the end of the period	8,089,610	8,089,610	
Number of shares outstanding, average	8,089,610	8,089,610	

RECONCILIATION OF KEY FIGURES TO IFRS

(EUR million)	10-12/ 2017	10-12/ 2016	1-12/ 2017	1-12/ 2016
Items affecting comparability				
Employee benefit expenses	-	-	-0.2	-0.8
Other operating expenses	-	-	0.0	0.0
Items affecting comparability in operating result	-	-	-0.2	-0.8
EBITDA	3.2	2.7	11.7	9.4
Items affecting comparability	-	-	-0.2	-0.8
Comparable EBITDA	3.2	2.7	11.9	10.2
Operating result	2.4	1.8	8.4	5.2
Items affecting comparability in operating result	-	-	-0.2	-0.8
Comparable operating result	2.4	1.8	8.6	6.1
Net sales	29.8	28.2	102.3	99.6
Operating result margin, %	8.0	6.3	8.2	5.3
Comparable operating result margin, %	8.0	6.3	8.4	6.1

SEGMENT INFORMATION

(EUR 1,000)	1-12/2017	1-12/2016	Change, %
Marimekko business			
Net sales	102,324	99,614	3
Operating result	8,360	5,249	59
Assets	47,113	48,493	-3

NET SALES BY MARKET AREA

(EUR 1,000)	10-12/ 2017	10-12/ 2016	Change, %	Change, % in currency terms	1-12/ 2017	1-12/ 2016	Change, %	Change, % in currency terms
Finland	16,392	16,518	-1	-1	55,690	55,770	0	0
Retail sales	12,029	10,719	12	12	40,845	38,886	5	5
Wholesale sales	4,301	5,741	-25	-25	14,648	16,631	-12	-12
Royalties	62	57	9	9	197	253	-22	-22
Scandinavia	2,581	2,193	18	23	8,469	7,849	8	10
Retail sales	1,396	1,340	4	7	5,076	4,976	2	4
Wholesale sales	1,185	854	39	48	3,393	2,872	18	20
Royalties	-	-	-	-	-	-	-	-
EMEA	3,127	2,475	26	26	9,743	9,246	5	5
Retail sales	359	285	26	26	1,139	1,089	5	5
Wholesale sales	2,694	2,097	28	28	8,279	7,828	6	6
Royalties	74	94	-21	-21	325	328	-1	-1
North America	2,247	2,026	11	18	8,261	7,912	4	6
Retail sales	1,370	1,427	-4	3	5,262	5,234	1	2
Wholesale sales	839	556	51	59	2,490	2,177	14	16
Royalties	38	42	-9	-5	509	501	2	2
Asia-Pacific	5,493	4,962	11	13	20,161	18,837	7	8
Retail sales	1,311	1,139	15	20	4,007	3,460	16	15
Wholesale sales	4,182	3,823	9	11	15,540	15,377	1	2
Royalties	-	-	-	-	614	-	-	-
International sales, total	13,449	11,656	15	20	46,635	43,844	6	9
Retail sales	4,436	4,190	6	8	15,485	14,759	5	5
Wholesale sales	8,900	7,330	21	33	29,702	28,255	5	12
Royalties	113	136	-17	-16	1,448	829	75	74
Total	29,841	28,174	6	10	102,324	99,614	3	5
Retail sales	16,465	14,909	10	10	56,330	53,646	5	5
Wholesale sales	13,201	13,071	1	11	44,350	44,886	-1	3
Royalties	175	193	-9	8	1,644	1,082	52	52

STORES AND SHOP-IN-SHOPS

	31.12.2017	31.12.2016
Finland	66	63
Company-owned stores	25	25
Company-owned outlet stores	12	12
Retailer-owned stores	16	16
Retailer-owned shop-in-shops	13	10
Scandinavia	12	10
Company-owned stores	8	7
Company-owned outlet stores	-	-
Retailer-owned stores	-	-
Retailer-owned shop-in-shops	4	3
EMEA	2	3
Company-owned stores	1	1
Company-owned outlet stores	-	-
Retailer-owned stores	1	2
Retailer-owned shop-in-shops	-	-
North America	16	23
Company-owned stores	4	4
Company-owned outlet stores	1	1
Retailer-owned stores	1	1
Retailer-owned shop-in-shops	10	17
Asia-Pacific	65	60
Company-owned stores	5	5
Company-owned outlet stores	-	-
Retailer-owned stores	47	45
Retailer-owned shop-in-shops	13	10
Total	161	159
Company-owned stores	43	42
Company-owned outlet stores	13	13
Retailer-owned stores	65	64
Retailer-owned shop-in-shops	40	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 2017 (55).

NET SALES BY PRODUCT LINE

(EUR 1,000)	10-12/2017	10-12/2016	Change, %	1-12/2017	1-12/2016	Change, %
Fashion	8,806	8,263	7	36,014	35,516	1
Home	12,895	12,649	2	37,668	37,763	0
Bags and accessories	8,141	7,261	12	28,642	26,335	9
Total	29,841	28,174	6	102,324	99,614	3

QUARTERLY TREND IN NET SALES AND EARNINGS

(EUR 1,000)	10-12/2017	7-9/2017	4-6/2017	1-3/2017
Net sales	29,841	27,220	22,769	22,495
Operating result	2,382	4,400	698	878
Earnings per share, EUR	0.21	0.41	0.01	0.07

(EUR 1,000)	10-12/2016	7-9/2016	4-6/2016	1-3/2016
Net sales	28,174	26,949	23,543	20,948
Operating result	1,767	3,670	871	-1,059
Earnings per share, EUR	0.19	0.34	0.08	-0.12

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, 31 December

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