



marimekko

Interim Report 1-3/2018

Marimekko Corporation, Interim Report, 9 May 2018 at 8.30 a.m.

Both net sales and earnings improved

The first quarter in brief

- Net sales rose by 7 percent to EUR 24.1 million (Q1/2017: 22.5). International sales grew by 14 percent.
- Growth in net sales was generated primarily by wholesale sales in Finland as well as wholesale sales and royalties in the Asia-Pacific region. The growth in Finnish wholesale sales was accounted for by nonrecurring promotional deliveries. Retail sales declined in Finland, which was due to a change in the timing of the company's annual spring sales promotion.
- Operating profit improved relative to the comparison period and was EUR 1.2 million (0.9). Comparable operating profit was EUR 1.2 million (1.1). The result was boosted by growth in net sales. A drag was exerted on results by a decline in relative sales margin, which was mainly due to wholesale sales accounting for a larger share of net sales than in the comparison period.

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)	1-3/2018	1-3/2017	Change, %	1-12/2017
Net sales	24.1	22.5	7	102.3
International sales	12.2	10.7	14	46.6
<i>% of net sales</i>	51	47		46
EBITDA	1.9	1.7	11	11.7
Comparable EBITDA	1.9	2.0	-2	11.9
Operating result	1.2	0.9	31	8.4
Comparable operating result	1.2	1.1	3	8.6
<i>Operating result margin, %</i>	4.8	3.9		8.2
<i>Comparable operating result margin, %</i>	4.8	5.0		8.4
Result for the period	0.6	0.6	11	5.7
Earnings per share, EUR	0.08	0.07	11	0.70
Cash flow from operating activities	-1.9	-1.1	64	9.8
<i>Return on investment (ROI), %</i>	20.9	20.0		21.6
<i>Equity ratio, %</i>	66.9	62.5		65.2
Gross investments	0.4	0.3	37	1.2
Personnel at the end of the period	416	414	0	446
outside Finland	103	99	4	122
Brand sales ¹	57.6	44.7	29	192.7
outside Finland	41.1	28.5	44	118.6
<i>proportion of international sales, %</i>	71	64		62
Number of stores	158	160	-1	161

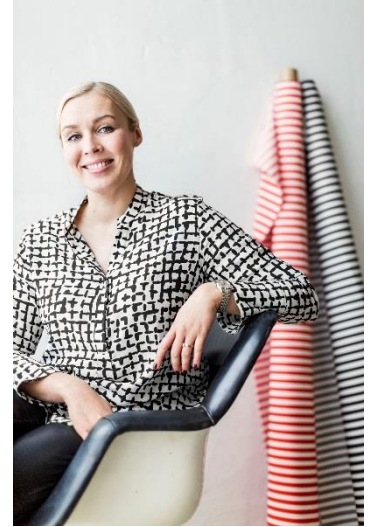
The change percentages in the table were calculated on exact figures before the amounts were rounded to millions of euros. Reconciliation of key figures to IFRS can be found in the table section of this interim report.

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.

TIINA ALAHUHTA-KASKO
President and CEO

“In the first quarter of 2018, our net sales grew by 7 percent and our international sales by 14 percent, mainly thanks to wholesale sales and royalties in the Asia-Pacific region.

“In the January-March period of 2018, our operating profit grew to EUR 1.2 million (0.9). The result was boosted by growth in net sales, which was generated primarily by wholesale sales in Finland as well as wholesale sales and royalties in the Asia-Pacific region. The growth in Finnish wholesale sales was accounted for by nonrecurring promotional deliveries. Retail sales declined in Finland, which was due to a change in the timing of our annual spring sales promotion. This year, the promotion took place entirely within the second quarter, whereas it was held last year at the turn of March and April. A drag was exerted on results by a decline in relative sales margin; this was mainly due to wholesale sales accounting for a larger share of net sales than in the comparison period.



“The present year started in style. The period under review saw the worldwide launch of two limited-edition collaboration collections, one of which was created together with the Japanese clothing brand Uniqlo and the other with the cosmetics brand Clinique. Both are renowned and prestigious global operators, and partnerships of this kind are particularly valuable for us as they enable us to raise our international profile and to reach new target groups. The exceptionally broad international visibility conferred by these brand collaborations was complemented by the positive reception we received at Paris Fashion Week in March.

“In the past few years, we have focused in particular on improving our profitability and our international competitiveness. In the current strategy period 2018–2022, we are continuing our long-term work and seeking markedly stronger growth than before. Expanding the customer base, enhancing operational efficiency and utilising the new opportunities afforded by digitisation play a central role in this work. The key drivers of our growth are e-commerce, partner-led retail in Asia, and boosting sales per square metre in Marimekko stores. It is gratifying that in the first quarter of 2018, we are already able to report positive news about the trend in our international sales, particularly in the Asia-Pacific region.

“After the end of the period under review, we announced that we have sold our head office building in the Herttoniemi district of Helsinki to a fund of OP Financial Group. At the same juncture, we signed a long-term lease and we will continue to operate in our current premises. We are pleased with this arrangement as the sale and leaseback of the head office building increases our financial flexibility and provides us with the opportunity to focus fully on building growth in the years ahead. The cash and debt free selling price of the building was EUR 10.4 million. We will book a nonrecurring taxable capital gain on this transaction in the amount of roughly EUR 6 million for the second quarter of 2018; the estimated cash flow impact before taxes will be about EUR 9 million. OP has also pledged to invest in renovating the building. As a result of the transaction, our expenses are forecast to grow by roughly EUR 1 million and depreciation is estimated to decline by about EUR 0.5 million annually.”

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 April 2018 and it was above the average for the EU countries. In February and March, the consumer confidence indicators were at a record high figure. Consumers' expectations for the Finnish economy were very optimistic and expectations for their own finances were good.

(Confederation of Finnish Industries EK: Economic Review, March 2018; Business Tendency Survey, January 2018 and May 2018; Confidence Indicators, April 2018. Statistics Finland: Consumer Survey, April 2018.)

In the January-March period of 2018, the volume of retail sales in Finland grew by 3.9 percent on the same period last year. In March, sales were growing at a rate of 3.8 percent. (Statistics Finland: Turnover of Trade, retail trade flash estimate, March 2018).

NET SALES

In the January-March period of 2018, the Group's net sales rose by 7 percent relative to the same period last year and were EUR 24,089 thousand (22,495). Retail sales declined by 4 percent, whereas wholesale sales grew by 15 percent. In Finland, net sales rose by 1 percent; international sales grew by 14 percent.

Net sales in Finland were EUR 11,911 thousand (11,821). Retail sales declined by 5 percent and comparable retail sales² by 10 percent. This was due to a change in the timing of the company's annual spring sales promotion; this year, the promotion took place entirely within the second quarter, whereas it was held last year at the turn of March and April. Wholesale sales grew by 13 percent due to nonrecurring promotional deliveries.

In the company's second-largest market, the Asia-Pacific region, net sales grew by 20 percent and reached EUR 6,077 thousand (5,050). The increase was due primarily to a favourable trend in wholesale sales and to royalties. Wholesale sales in the region grew by no less than 15 percent. In Japan, which is the most important country for Marimekko in this market area, sales rose by 5 percent. Retail sales (Australia) grew by 1 percent.

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

NET SALES BY MARKET AREA

(EUR 1,000)	1-3/2018	1-3/2017	Change, %	1-12/2017
Finland	11,911	11,821	1	55,690
Scandinavia	1,907	1,767	8	8,469
EMEA	2,613	2,144	22	9,743
North America	1,581	1,714	-8	8,261
Asia-Pacific	6,077	5,050	20	20,161
International sales, total	12,178	10,674	14	46,635
Total	24,089	22,495	7	102,324

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 January-March period of 2018, the Group's operating profit grew relative to the comparison period and was EUR 1,154 thousand (878). Comparable operating profit was EUR 1,154 thousand (1,115). The result was boosted by growth in net sales. A drag was exerted on results by a decline in relative sales margin, which was mainly due to wholesale sales accounting for a larger share of net sales than in the comparison period.

Marketing expenses for the review period were EUR 1,236 thousand (1,175) or 5 percent of the Group's net sales (5).

The Group's depreciation amounted to EUR 765 thousand (851) or 3 percent of net sales (4).

Operating profit margin was 4.8 percent (3.9) and comparable operating profit margin was 4.8 percent (5.0).

Net financial expenses were EUR 361 thousand (156) or 1 percent of net sales (1). Foreign exchange changes recorded in net financial items amounted to EUR -329 thousand (-102).

Result for the review period before taxes was EUR 793 thousand (723). Result after taxes was EUR 626 thousand (566) and earnings per share were EUR 0.08 (0.07).

BALANCE SHEET

The consolidated balance sheet total as of 31 March 2018 was EUR 46,900 thousand (46,315). Equity attributable to the equity holders of the parent company was EUR 31,317 thousand (28,903) or EUR 3.87 per share (3.57).

Non-current assets at the end of the review period stood at EUR 12,934 thousand (15,082).

At the end of the period under review, net working capital was EUR 17,751 thousand (17,713). Inventories were EUR 21,022 thousand (21,732).

CASH FLOW AND FINANCING

In the January-March period of 2018, cash flow from operating activities was EUR -1,862 thousand (-1,134) or EUR -0.23 per share (-0.14). Cash flow before cash flow from financing activities was EUR -2,144 thousand (-1,364).

The Group's financial liabilities at the end of the period under review were EUR 3,342 thousand (6,626).

At the end of the review period, the Group's cash and cash equivalents amounted to EUR 3,992 thousand (2,733). In addition, the Group had unused committed long- and short-term credit lines of EUR 13,000 thousand (9,738).

The Group's equity ratio at the end of the period was 66.9 percent (62.5). Gearing was -2.1 percent (13.5).

INVESTMENTS

The Group's gross investments in the January-March period were EUR 360 thousand (262) or 1 percent of net sales (1). Most of the investments were devoted to the company's IT systems and store premises.

STORE NETWORK

In the January-March period of 2018, two retailer-owned Marimekko stores were opened, one in China and the other in Japan. The retailer-owned store in Dubai was closed. In February, Marimekko opened its revamped flagship store in Stockholm.

At the end of the period under review, there were 158 Marimekko stores and shop-in-shops and the company's online store reached customers in 30 countries. E-commerce is of growing importance in the company's business. In addition to its own online store, the company also has distribution through other online channels. However, the proportion of online sales is not reported separately, as the integration of e-commerce and in-store retailing is growing constantly with digital service solutions.

STORES AND SHOP-IN-SHOPS

	31.3.2018	31.3.2017	31.12.2017
Finland	63	64	66
Scandinavia	12	10	12
EMEA	1	3	2
North America	17	21	16
Asia-Pacific	65	62	65
Total	158	160	161

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-March period of 2018, the number of employees averaged 419 (410). At the end of the period, the Group had 416 employees (414), of whom 103 (99) worked outside Finland. The number of employees working outside Finland was broken down as follows: Scandinavia 34 (34), EMEA 5 (4), North America 36 (34) and the Asia-Pacific region 28 (27). The personnel at company-owned stores totalled 225 (235) at the end of the period.

CHANGES IN MANAGEMENT

Marimekko's Head of Business Development Riika Wikberg was appointed a member of the company's Management Group as of 15 February 2018.

LONG-TERM BONUS SYSTEM TARGETED AT THE COMPANY'S MANAGEMENT GROUP

The Board of Directors of Marimekko Corporation decided on 14 February 2018 on establishing a long-term bonus system targeted at the company's Management Group. The purpose of the bonus system is to encourage the Management Group to operate with a business mentality and to add to the company's value in the long term in particular. The aim is to combine the owners' and the Management Group's targets in order to increase the company's value and to elicit the Management Group's commitment to the company over a span of several years.

The system is composed of two earnings periods, which are 1 April 2018–30 September 2021 and 1 April 2018–31 January 2022. The possible bonus for each earnings period is based on the total yield on Marimekko Corporation's shares, including dividends. The possible bonus will be paid in cash and in the company's shares in two instalments, one in autumn 2021 and the other in spring 2022. The total maximum value of the bonus paid to a member of the Management Group in the bonus system cannot exceed the value of the member's gross salary for 48 months.

SHARES AND SHAREHOLDERS

Share capital and number of shares

At the end of March 2018, 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 7,763 shareholders at the end of the period under review (7,269). Of the shares, 11.8 percent were owned by nominee-registered or non-Finnish holders (10.7).

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-March period of 2018, a total of 294,213 Marimekko shares were traded, representing 3.6 percent of the shares outstanding. The total value of the share turnover was EUR 3,611,703. The lowest price of the Marimekko share was EUR 9.92, the highest was EUR 13.70 and the average price was EUR 12.28. At the end of March, the closing price of the share was EUR 13.25. The company's market capitalisation on 31 March 2018 was EUR 107,187,333 (82,514,022).

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.

EVENTS AFTER THE END OF THE REVIEW PERIOD

Sale and leaseback of the company's head office building in Helsinki

In its stock exchange release published on 11 April 2018, Marimekko announced that it has sold its head office building in Herttoniemi, Helsinki to the Finnish Real Estate Fund Finland III Ky, a fund of OP Financial Group. The building with total lettable area of approximately 11,000 square metres houses Marimekko's head office, textile printing factory, and retail space of two stores. Marimekko has signed a long-term lease agreement and will continue to operate in its current premises.

The cash and debt free selling price of the building was EUR 10.4 million. Marimekko will book a nonrecurring taxable capital gain on the transaction in the amount of roughly EUR 6 million for the second quarter of 2018; the estimated cash flow impact before taxes will be about EUR 9 million. In addition, OP has committed to invest in renovating the building. As a result of the transaction, Marimekko's expenses are estimated to increase by about EUR 1 million and depreciation to decrease by about EUR 0.5 million annually.

Resolutions of the Annual General Meeting

Marimekko Corporation's Annual General Meeting held on 12 April 2018 adopted the financial statements for 2017 and discharged the members of the Board of Directors and the President and CEO from liability. The Annual General Meeting approved the Board of Directors' proposal to pay a dividend of EUR 0.50 per share for the 2017 financial year, totalling EUR 4,044,805. The dividend payout record date was 16 April 2018 and the dividend payout date was 23 April 2018.

The General Meeting resolved that the company's Board of Directors consist of seven members. Rebekka Bay, Elina Björklund, Arthur Engel, Mika Ihamuotila, Mikko-Heikki Inkeroinen, Helle Priess and Catharina Stackelberg-Hammarén were re-elected as members of the Board of Directors. Their term of office ends at the conclusion of the next Annual General Meeting.

The annual remuneration payable to the members of the Board was approved as follows: EUR 40,000 to the Chairman, EUR 30,000 to the Vice Chairman and EUR 22,000 to the other members of the Board. According to the resolution by the Annual General Meeting, approximately 40 percent of the annual remuneration will be paid in Marimekko Corporation's shares acquired from the market and the rest in cash. The shares will be acquired directly on behalf of the Board members within two weeks from the release of the interim report for 1 January–31 March 2018 or, if this is not possible due to insider rules, as soon as possible thereafter. The annual remuneration will be paid entirely in cash, if the Board member on the date of the Annual General Meeting, 12 April 2018, holds the company's shares worth more than EUR 500,000. It was further resolved that no separate remuneration be paid for committee work to persons elected to any committee. In the remuneration payable to the Vice Chairman of the Board, chairing the Audit and Remuneration Committee has been taken into account.

It was decided to elect KPMG Oy Ab, Authorised Public Accountants, as the company's auditor, with Virpi Halonen, Authorised Public Accountant, as the auditor with principal responsibility. It was also resolved that the auditor's fee will be paid as per invoice approved by the company.

The General Meeting authorised the Board of Directors to decide on the acquisition of a maximum of 100,000 of the company's own shares. The authorisation is valid until 12 October 2019. The shares

would be acquired with funds from the company's unrestricted equity, which means that the acquisition would reduce funds available for distribution. The shares would be acquired otherwise than in proportion to the shareholdings of the shareholders through public trading on Nasdaq Helsinki Ltd at the market price prevailing at the time of acquisition. The shares would be acquired to be used as a part of the company's incentive compensation program, to be transferred for other purposes or to be cancelled. The authorisation includes the right of the Board of Directors to decide on all of the other terms and conditions of the acquisition of the shares.

The General Meeting also authorised the Board of Directors to decide on a share issue, against consideration in deviation from the shareholders' pre-emptive right, directed to the company's personnel or other personnel groups designated by the Board, including the company's freelance designers. The authorisation is valid until 12 October 2019. The total number of new shares to be offered for subscription pursuant to the authorisation may not exceed 150,000 shares. The authorisation includes the right of the Board of Directors to decide on all of the other terms and conditions of the share issue.

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.

MARKET OUTLOOK AND GROWTH TARGETS FOR 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; about half of the deliveries are due in the second quarter and the remainder is fairly evenly distributed over the other quarters of the year. 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.

FINANCIAL CALENDAR FOR 2018

The half-year financial report will be issued on Thursday 9 August 2018 at 8.30 a.m. and the interim report for the January-September period on Thursday 1 November 2018 at 8.30 a.m.

Helsinki, 8 May 2018

Marimekko Corporation
Board of Directors

The quarterly results for 2018 are unaudited. 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 interim report as were applied in its 2017 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 2017. The adoption of the IFRS 15 and IFRS 9 standards has had no effect on the Group's revenue recognition principles or, hence, on the figures stated for the financial year.

APPENDICES

Consolidated income statement and comprehensive consolidated income statement
Consolidated balance sheet
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CONSOLIDATED INCOME STATEMENT

(EUR 1,000)	1-3/2018	1-3/2017	1-12/2017
NET SALES	24,089	22,495	102,324
Other operating income	114	106	406
Increase or decrease in inventories of completed and unfinished products	25	650	294
Raw materials and consumables	-8,995	-8,484	-37,401
Employee benefit expenses	-6,349	-6,244	-24,543
Depreciation and impairments	-765	-851	-3,308
Other operating expenses	-6,965	-6,794	-29,413
OPERATING RESULT	1,154	878	8,360
Financial income	21	1	39
Financial expenses	-382	-157	-1,269
	-361	-156	-1,230
RESULT BEFORE TAXES	793	723	7,130
Income taxes	-166	-157	-1,470
NET RESULT FOR THE PERIOD	626	566	5,660
Distribution of net result to equity holders of the parent company	626	566	5,660
Basic and diluted earnings per share calculated on the result attributable to equity holders of the parent company, EUR	0.08	0.07	0.70

COMPREHENSIVE CONSOLIDATED INCOME STATEMENT

(EUR 1,000)	1-3/ 2018	1-3/ 2017	1-12/ 2017
Net result for the period	626	566	5,660
Items that could be reclassified to profit or loss at a future point in time			
Change in translation difference	22	21	-71
COMPREHENSIVE RESULT FOR THE PERIOD	648	586	5,589
Distribution of net result to equity holders of the parent company	648	586	5,589

CONSOLIDATED BALANCE SHEET

(EUR 1,000)	31.3.2018	31.3.2017	31.12.2017
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	896	1,420	1,145
Tangible assets	11,934	13,391	12,107
Available-for-sale financial assets	16	16	16
Deferred tax assets	88	255	66
	12,934	15,082	13,333
CURRENT ASSETS			
Inventories	21,022	21,732	20,921
Trade and other receivables	8,948	6,767	6,647
Current tax assets	5	-	0
Cash and cash equivalents	3,992	2,733	6,212
	33,967	31,232	33,780
ASSETS, TOTAL	46,900	46,315	47,113
(EUR 1,000)	31.3.2018	31.3.2017	31.12.2017
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	-26	45	-47
Retained earnings	22,801	20,316	22,175
Shareholders' equity, total	31,317	28,903	30,669
NON-CURRENT LIABILITIES			
Financial liabilities	-	3,262	-
Finance lease liabilities	3,094	3,143	3,097
	3,094	6,405	3,097
CURRENT LIABILITIES			
Trade and other payables	11,806	9,732	12,519
Current tax liabilities	418	1,012	552
Provisions	18	42	32
Finance lease liabilities	248	220	244
	12,489	11,007	13,347
Liabilities, total	15,583	17,412	16,444
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL	46,900	46,315	47,113

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)	1-3/2018	1-3/2017	1-12/2017
CASH FLOW FROM OPERATING ACTIVITIES			
Net result for the period	626	566	5,660
Adjustments			
Depreciation and impairments	765	851	3,308
Financial income and expenses	361	156	1,230
Taxes	166	157	1,470
Cash flow before change in working capital	1,919	1,729	11,668
Change in working capital	-3,166	-2,687	416
Increase (-) / decrease (+) in current non-interest-bearing trade receivables	-2,327	1,235	1,027
Increase (-) / decrease (+) in inventories	-101	-375	437
Increase (+) / decrease (-) in current non-interest-bearing liabilities	-737	-3,547	-1,047
Cash flow from operating activities before financial items and taxes	-1,410	-958	12,084
Paid interest and payments on other financial expenses	-134	-109	-433
Interest received	15	22	22
Taxes paid	-332	-90	-1,863
CASH FLOW FROM OPERATING ACTIVITIES	-1,862	-1,134	9,810
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in tangible and intangible assets	-282	-230	-978
CASH FLOW FROM INVESTING ACTIVITIES	-282	-230	-978
CASH FLOW FROM FINANCING ACTIVITIES			
Short-term loans drawn	-	-	2,000
Short-term loans paid	-	-	-2,000
Net change in long-term loans	-	668	-2,594
Finance lease liabilities paid	-77	-54	-273
Dividends paid	-	-	-3,236
CASH FLOW FROM FINANCING ACTIVITIES	-77	615	-6,103
Change in cash and cash equivalents	-2,220	-749	2,730
Cash and cash equivalents at the beginning of the period	6,212	3,482	3,482
Cash and cash equivalents at the end of the period	3,992	2,733	6,212

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 2017	8,040	502	24	19,751	28,316
Comprehensive result					
Net result for the period				566	566
Translation differences			21		21
Total comprehensive result for the period			21	566	586
Shareholders' equity 31 March 2017	8,040	502	45	20,316	28,903
Shareholders' equity 1 January 2018	8,040	502	-47	22,175	30,669
Comprehensive result					
Net result for the period				626	626
Translation differences			22		22
Total comprehensive result for the period			22	626	648
Shareholders' equity 31 March 2018	8,040	502	-26	22,801	31,317

KEY FIGURES

	1-3/2018	1-3/2017	Change, %	1-12/2017
Earnings per share, EUR	0.08	0.07	11	0.70
Equity per share, EUR	3.87	3.57	8	3.79
Return on equity (ROE), %	19.0	20.2		19.2
Return on investment (ROI), %	20.9	20.0		21.6
Equity ratio, %	66.9	62.5		65.2
Gearing, %	-2.1	13.5		-9.4
Gross investments, EUR 1,000	360	262	37	1,210
Gross investments, % of net sales	1	1		1
Contingent liabilities, EUR 1,000	24,278	35,345	-31	25,709
Average personnel	419	410	2	425
Personnel at the end of the period	416	414	0	446
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)	1-3/2018	1-3/2017	1-12/2017
Items affecting comparability			
Employee benefit expenses	-	-0.2	-0.2
Other operating expenses	-	-	0.0
Items affecting comparability in operating result	-	-0.2	-0.2
EBITDA	1.9	1.7	11.7
Items affecting comparability	-	-0.2	-0.2
Comparable EBITDA	1.9	2.0	11.9
Operating result	1.2	0.9	8.4
Items affecting comparability in operating result	-	-0.2	-0.2
Comparable operating result	1.2	1.1	8.6
Net sales	24.1	22.5	102.3
Operating result margin, %	4.8	3.9	8.2
Comparable operating result margin, %	4.8	5.0	8.4

NET SALES BY MARKET AREA

(EUR 1,000)	1-3/2018	1-3/2017	Change, %	1-12/2017
Finland	11,911	11,821	1	55,690
Retail sales	7,665	8,056	-5	40,845
Wholesale sales	4,197	3,722	13	14,648
Royalties	49	43	16	197
Scandinavia	1,907	1,767	8	8,469
Retail sales	969	1,010	-4	5,076
Wholesale sales	938	757	24	3,393
Royalties	-	-	-	-
EMEA	2,613	2,144	22	9,743
Retail sales	385	246	57	1,139
Wholesale sales	2,130	1,813	17	8,279
Royalties	98	85	16	325
North America	1,581	1,714	-8	8,261
Retail sales	952	1,160	-18	5,262
Wholesale sales	530	517	2	2,490
Royalties	98	37	168	509
Asia-Pacific	6,077	5,050	20	20,161
Retail sales	886	879	1	4,007
Wholesale sales	4,788	4,171	15	15,540
Royalties	403	-	-	614
International sales, total	12,178	10,674	14	46,635
Retail sales	3,192	3,294	-3	15,485
Wholesale sales	8,386	7,259	16	29,702
Royalties	599	121	-	1,448
Total	24,089	22,495	7	102,324
Retail sales	10,858	11,350	-4	56,330
Wholesale sales	12,583	10,981	15	44,350
Royalties	649	164	-	1,644

STORES AND SHOP-IN-SHOPS

	31.3.2018	31.3.2017	31.12.2017
Finland	63	64	66
Company-owned stores	25	25	25
Company-owned outlet stores	12	12	12
Retailer-owned stores	13	16	16
Retailer-owned shop-in-shops	13	11	13
Scandinavia	12	10	12
Company-owned stores	8	7	8
Company-owned outlet stores	-	-	-
Retailer-owned stores	-	-	-
Retailer-owned shop-in-shops	4	3	4
EMEA	1	3	2
Company-owned stores	1	1	1
Company-owned outlet stores	-	-	-
Retailer-owned stores	-	2	1
Retailer-owned shop-in-shops	-	-	-
North America	17	21	16
Company-owned stores	4	4	4
Company-owned outlet stores	1	1	1
Retailer-owned stores	1	1	1
Retailer-owned shop-in-shops	11	15	10
Asia-Pacific	65	62	65
Company-owned stores	5	5	5
Company-owned outlet stores	-	-	-
Retailer-owned stores	48	47	47
Retailer-owned shop-in-shops	12	10	13
Total	158	160	161
Company-owned stores	43	42	43
Company-owned outlet stores	13	13	13
Retailer-owned stores	62	66	65
Retailer-owned shop-in-shops	40	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 March 2018 (55).

NET SALES BY PRODUCT LINE

(EUR 1,000)	1-3/2018	1-3/2017	Change, %	1-12/2017
Fashion	7,953	8,913	-11	36,014
Home	9,419	7,877	20	37,668
Bags and accessories	6,717	5,705	18	28,642
Total	24,089	22,495	7	102,324

QUARTERLY TREND IN NET SALES AND EARNINGS

(EUR 1,000)	1-3/2018	10-12/2017	7-9/2017	4-6/2017
Net sales	24,089	29,841	27,220	22,769
Operating result	1,154	2,382	4,400	698
Earnings per share, EUR	0.08	0.21	0.41	0.01

(EUR 1,000)	1-3/2017	10-12/2016	7-9/2016	4-6/2016
Net sales	22,495	28,174	26,949	23,543
Operating result	878	1,767	3,670	871
Earnings per share, EUR	0.07	0.19	0.34	0.08

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 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 liabilities - current provisions - trade and other payables